EMBARGO: 17 APRIL 1980
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EXTRACTS FROM THE SPEECH BY THE RT HON ROY JENKINS,
PRESIDENT OF THE COMMISSION OF THE EUROPEAN COMMUNITIES,
TO THE FORUM ON "ENERGY PROSPECTS FOR THE YEAR 2000",
AT THE HANOVER FAIR, THURSDAY 17 APRIL 1980

It is no easy task to look forward 20 years to assess our future energy needs. A measure of the difficulty can be seen by looking back at what we were saying only ten years ago. 1970 represented about the last summer — almost as 1913 - of an age now past and beyond resurrection. Whether or not we can chart a precise course of events for the next two decades, the necessary direction of our efforts is now abundantly clear. It will be the primary task for us all to encourage the process of social change towards a new low energy age. This will require fundamental changes in attitudes.

We have allowed a massive and growing part of our prosperity to be built on imported oil. If we are to maintain the competitiveness of our economies, if we are to resume growth, if we are to preserve and extend standards of living, we must now begin the difficult transition process away from oil-dominated supply patterns. The external oil bill of the Community has risen from $50 billion in 1978 to $75 billion in 1979, and it will most likely exceed $100 billion this year. This represents continuing, and indeed fast-rising drain of wealth away from the European economy.

The cornerstone of our policy must be energy conservation. Next we shall need new, large-scale investment both for the substitution of oil by energy from sources such as coal and nuclear power and for the development of synthetic fuels and of renewable resources. On present planning, about 2% of Community GDP is likely to be spent on energy investment. Such a level of investment simply will not be sufficient to launch us upon a new road towards the greater energy self-dependence which must be our aim.

At present the efforts of Member States in meeting the energy crisis vary widely. There are enormous variations in energy pricing and taxation policies, and the different relationship between the various forms of energy used have created trade distortions and distortions of consumption.

It is the Commission's view that the distorting effects of these anomalies and differences make it essential to achieve a progressive harmonisation of energy prices and taxes within the Community. This would enable the Community to measure and control the effects of energy price increases of inflation and unemployment and give the Community the instruments of macro-economic management which will help it to respond to challenges from inside and out.

It may seem somewhat contradictory to argue for higher energy prices. The fact is, however, that the real price of energy to the consumer has actually declined in some Member States since 1973. If, as I believe we must, we use the proceeds of higher energy prices to achieve less oil-dominated consumption patterns, there is the prospect of greater economic stability, a stimulus to growth and employment, and increased and more secure longer-term prosperity. We need to face the energy crisis with a new energy crusade operating at every level of society. Time is running short. 1980 might be the last breathing space we will have in which to tackle the energy problems lying ahead of us, and to do so in an orderly and constructive fashion.

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