

COMMISSION OF THE EUROPEAN COMMUNITIES

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FIRST ACTIONS OF COOPERATION WITH CERTAIN DEVELOPING COUNTRIES IN THE FIELD OF ENERGY

(Communication from the Commission to the Council)

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COUNTRIES IN THE FIELD OF ENERGY

I. INTRODUCTION

At its 141st meeting of 30 October 1978 in Luxembourg the Council invited the Commission to draw up a study of operations undertaken in the field of energy cooperation, both internationally and bilaterally (with special regard to action by Member States), and to investigate whether further action was required.

The Commission has already described the energy activities of several important international organisations and the cooperation programmes of those Member States which had forwarded a list of their measures in this sector.

In this communication, the Commission outlines an energy action programme to be carried out with the developing countries. At first and parallel to what perhaps might be done in Convention following the Lomé Agreement, this programme would apply to certain Latin-American countries and the Latin-American Energy Organisation (OLADE). During Mr. Brunner's recent visit to Venezuela and Ecuador, these countries and the organisation in question expressed their interest in stepping up cooperation with the Community in the energy sector. Moreover, through the intervention of OLADE, the whole of Latin America could become involved.

This programme is intended for other countries in Africa and Asia which make the request; it provides a model on which the Commission would like the Council's opinion. Clearly, the countries signatories to the Lomé Convention would also be likely to draw particular benefit from Community cooperation in this field, under the new provisions concerning energy which could be incorporated into the next Convention.*

II. GENERAL

From the contacts Community representatives have had with the developing countries, it is clear that the latter want to step up cooperation in energy matters with the Community. Cooperation of this type with countries - some of which are members of OPEC and most of which have large and varied resources, could not but be advantageous. Even the countries with not insignificant oil resources are already considering diversifying their

* See the Communication COM(79)130 final of the 14th of March 1979 - "Instruments of mining and energy cooperation with the ACP countries".

sources of energy in order to be prepared for any eventuality and to avoid having their growth impeded by shortage of supplies. They also wish to extend the range of countries with which they intend to develop relations. From both points of view, energy cooperation with the European Community fits the bill perfectly because in the long run the interests of both groups of countries coincide.

In the first instance three types of action would seem to be particularly beneficial for these countries, namely

- a) assistance in the form of highly qualified experts - not so much specialists as persons with a wide knowledge of the field of energy as a whole - who would be capable of helping the countries concerned to draw up their energy balance, and, on the basis of the latter to shape their policy for the next few years;
- b) assistance in establishing an inventory of the countries' resources particularly by contributing towards geological surveys and mining exploration; and
- c) practical measures, based on the above preparatory work, to maximise profits from the exploitation of the resources involved.

In all three fields aid and programmes for training skilled personnel would naturally go hand in hand. In this connection, provision has been made for bringing technicians to Europe, as well as for sending European experts to Latin America. The Joint Research Centre could play an increasingly important part in training the technicians.

The interest shown in seminars and conferences organised by the Commission, or in which the Commission is participating, should also be mentioned e.g. solar energy in Varese in March 1979, oil drilling in Luxembourg in April 1979 and reactor safety in Berlin in August 1979.

III. FIRST ACTIONS OF ENERGY COOPERATION

A. LATIN AMERICA

A certain number of actions are foreseen for Latin America. They involve on the one hand the Organisation for Energy of Latin America (OLADE) and on the other hand two countries, Ecuador and Venezuela, with which conversations have already taken place. It is of course understood that those first actions could be followed by others, with other Latin American countries, as and when contacts would be made with them and that these countries would express their interest in cooperation with the Community. Moreover, in its contacts with these countries, the Commission will

take into consideration the bilateral actions already put in operation by the Member States, in order to avoid any duplication.

1. LATIN AMERICAN ENERGY ORGANISATION (OLADE)

It would be particularly desirable for the Community to establish relations with OLADE - which represents all Latin American countries - as this would provide a single platform for projecting the Community to all the countries in that part of the world in a field in which there are very real prospects of cooperation, namely energy.

In view of the fact that formal ties are to be established with Peru, the point that the headquarters of OLADE is in Quito could only facilitate cooperation between the Community and the Latin American Energy Organisation.

The Commission and OLADE together are already contributing 600 000 u.a. towards financing a geothermal project involving Peru, Ecuador, the Dominican Republic and Haiti. The project is already under way and is to be expanded.

Action in the following areas is also under consideration:

- i) the drawing-up of regional energy balances covering the territory of several member states of the Organisation;
- ii) a study of the potential of the various sources of alternative forms of energy - particularly solar, wind and geothermal energies - and agricultural applications; the Organisation is particularly interested in the latter;
- iii) a more detailed inventory of potential resources in certain sectors, particularly uranium.

The requirements of Latin American countries looking towards the Community to help them in evaluating their uranium potential are basically twofold:

- i) in those countries where very little work has been carried out, large regional surveys are required to identify those areas that have some potential for uranium;
- ii) in those countries where specific uranium targets have already been identified, detailed local evaluation programmes - including extensive drilling - is required to determine the real value of the uranium occurrences.

Companies do not generally move in before this evaluation has been completed.

It should be stressed that the practical details of cooperation between OLADE and the Community are to be worked out at the next visit by the Secretary-General of the Organisation.

2. ECUADOR

The Ecuador government has embarked on the determination and diversification of the country's sources of energy. A National Institute of Energy, whose activities and authority will extend to all sectors, has been set up. The Institute will be a suitable partner for the Community experts.

Three main areas have been singled out for cooperation:

i) Assistance from experts in energy savings.

The main aspects covered will be: drawing up an energy balance for the country, determining priorities in terms of economic programmes, the national use of energy - particularly in industry and transport - and the possibility of the total or partial replacement of hydrocarbons by other fields.

ii) Uranium prospecting. Nuclear-based electricity generation.

This will involve cooperation in prospecting for radioactive minerals and determining the conditions under which nuclear-based energy might be used, including the aspects of security, waste reprocessing and environmental protection.

iii) Evaluation of natural resources, particularly energy resources.

Cooperation in this area will involve aerial surveys (particularly for uranium), the use of magnetometers and other sensors, and radar techniques.

Uranium exploration in Ecuador to date has been limited because of the rugged nature of the terrain and to gain an idea of the uranium potential, regional airborne and ground spectrometric surveys will be required. The airborne surveys carried out by a mission from the UN in 1966/67 will provide a basis for these surveys. Most of the radiometric anomalies detected so far in Ecuador are related to the granitic intrusions; consequently the significance of these intrusions specifically where they are related to continental sediments, will be a primary exploration target. Following this, ground follow-up will be required to determine the significance of any uranium occurrences discovered.

3. VENEZUELA

Faced with the possibility of a gradual reduction in oil production and the technological difficulties connected with exploiting new deposits on its territory, Venezuela, one of the founders of OPEC, has for some time been reconsidering its energy policy. Given the circumstances, it has to try to perfect its techniques for exploiting such traditional sources of energy as oil and coal. In both fields the Community has available experts and techniques which could help Venezuela expand production. Thus the Venezuelans involved in this field consider the symposium on new technologies for the exploration and exploitation of oil and gas resources to be particularly pertinent. Venezuelan participation in this symposium could be the beginning of more intensive cooperation in other fields to be discussed there.

Venezuela is also aware of a certain amount of waste in the use of its hydrocarbon fuels and intends to implement a policy for the efficient use of energy. Here, too, coordination with the Community's experts would be a real advantage.

In addition to developing its traditional sources of energy, Venezuela intends to diversify into other sources. In this connection it is particularly interested in solar, geothermal and nuclear energy, the main concern as to the latter being the problems of safety and environmental protection, where cooperation could be arranged.

Similarly, special emphasis is placed on uranium exploration. Though radiometric investigations have been undertaken in Venezuela since 1939, they have been limited. Previous studies have shown uranium potential in uranium phosphatic shales, low-grade placer deposits and in deposits of carnotite or copper uranium-bearing sandstones. Large scale ground surveys and detailed local airborne radiometric surveys will require to be carried out, to test especially the unconformity at the base of the proterozoic Roraima formation, as this is a favourable setting for uranium deposits.

Cooperation with Venezuela should focus on assisting the Venezuelans to evaluate the uranium potential of this and other uranium targets and training of Venezuelan personnel.

In all three types of action, the training and further training of scientific and technical personnel will lead to two-way exchanges with Community experts going to Venezuela and Venezuelan experts going to Community centres for training.

The details of this type of cooperation will be finalised in the course of 1979 with the aim of implementation from the end of the year and in 1980.

B. OTHER REGIONS

The type of cooperation proposed could be extended to other countries or groupings in other parts of the world. If the energy sector appears to be one of the fields allowing fruitful cooperation with Latin America in view of the traditional ties linking Europe with this continent, the same type of argument could be used for similar cooperation with other areas of the world, in particular those countries linked to the Community by special ties.

Actual cooperation programmes will be drawn up in line with the progress made in negotiations and contacts between the Community's representatives and these countries under existing agreements.

Two examples could be mentioned, as they relate to talks which have already begun.

a) TURKEY

Turkey's energy imports are a heavy burden on its current balance of payments. They are a very ^{heavy} burden on the reserves of a country which also requires a considerable amount of capital goods and manufactured products (normally, Turkish exports scarcely cover the oil bill).

Reduction in energy dependence is thus a major problem for Turkey.

Four sectors of cooperation were proposed during a mission to Turkey by Commission experts :

- cooperation on geological studies and exploration with the Institute of mining studies and research, Ankara (MTA);
- cooperation with this same Institute in the research and development of new energy sources : geothermal energy, biogases, solar energy. Fruitful cooperation could be established in the solar energy sector between the Turkish centre of Marmaris and the Community's specialized centres;
- Like the abovementioned Latin American countries, the Turkish authorities are worried by the waste of energy in some branches of the Turkish economy. They are aware of the need to implement the latest energy-saving techniques as soon as possible;
- Cooperation in the nuclear sector. As a modest oil producer, Turkey plans to switch substantially to nuclear energy in the nineties. The Turkish electricity company plans to build two 600 MWe plants in the near future. It possesses some exploitable uranium resources in Western Anatolia; the Black Sea resources have still to be prospected (the MTA has been commissioned to carry^{out} this prospecting).

The Community's cooperation in uranium prospecting and the utilization of nuclear material is of indisputable interest to Turkey.

b) NIGERIA

Recent prospecting activities in Nigeria have revealed the presence of uranium. The Nigerian authorities have marked their interest to collaborate with the Community in stepping up the prospecting of their resources. Cooperation in the geological sector as well as in the establishment of an energy plan is likely to be beneficial with a country as important as Nigeria, which is also an OPEC member.

The next steps that are required to evaluate their uranium potential are as follows :

- Following the large-scale general surveys carried out during 1973-75, specific low-level airborne gamma spectrometric surveys should be carried out with close grid spacing over the areas of interest that were recognised during the initial survey. Following this, detailed ground geochemical and radiometric surveys should be carried out to isolate specific uranium targets so that further reconnaissance can be orientated towards specific uranium targets. Next, a provision has to be made for a significant amount of drilling to be carried out to test the potential of the uranium anomalies identified.

- At the same time training should be provided for Nigerian uranium exploration personnel within Article 70 (of the Euratom Treaty) uranium exploration programmes of the Community. It is envisaged that they will be attached to those uranium exploration programmes that are examining similar geological environments to those that are to be found in Nigeria. Experts from the Community should also be available to Nigeria to advise them on the formulation of their uranium exploration planning. Within Nigeria it is imagined that most of the uranium programmes will be related to porphyry and vein-type uranium targets within the basement complex and to sedimentary targets in the overlying Cretaceous sandstones. Possibilities of finding pre-Cambrian unconformity-related deposits should also be tested.

C. BUDGETARY ASPECTS

To ensure a satisfactory outcome to these activities - the need for which is increasing day by day and which should include the conduct of practical projects with the Community's financial aid - the consequences should be drawn in budgetary procedure. The appropriations specifically needed in the financial year 1980 for measures of the

type described in this document may be estimated, in the current state of evaluation at 30 million u.a. As and when an agreement with the States involved about precise actions would be foreseen, costed proposals would be prepared which would contain detailed financial information.

For 1979 following the meetings which have already been held with those countries mentioned in this Communication, a certain number of actions could be started in the coming months: these actions leading to expenditures of a sum which could be up to 10 million u.a., conforming to what was announced in the communication on cooperation with the developing countries in the energy sector.*

CONCLUSION

By submitting this initial programme to the Council, the Commission feels that it is satisfying the wishes expressed by the Council at its meeting of 30 October 1978 and the objectives laid down more recently by the European Council in Paris, which stressed the responsibility of the importing countries and the producer countries and stated that the latter should seek balanced management of their resources to ensure the continued development of the world economy.

Rational and permanent cooperation could lead to a network of information and contacts between the Community and the developing countries, allowing better understanding of energy problems and thus better management of resources in the years to come.

The Commission asks the Council to approve the above guidelines.

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* COM(78)355 final.