

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(74) 1964 final

Bruxelles, 27 november 1974

PROPOSAL FOR A COUNCIL DECISION (EEC)

on the measures to be taken
in the event of oil supply difficulties

(submitted to the Council by the Commission)

EXPLANATORY MEMORANDUM

A sudden drop in imports of crude oil and petroleum products, which is a sign of a difficult supply situation, is, by and large, affecting all importing countries. To cope with the situation far-reaching international cooperation is necessary. The problem of allocating available oil supplies in the event of supply difficulties must therefore be examined in the context of the Community's external relations.

Nevertheless, special Community arrangements should be introduced in order to safeguard the unity of the common market in the event of supply difficulties. This is an obligation under the Treaty, but it is also essential if within the Community all users of energy are to shoulder their fair share of the burden resulting from the crisis.

When supply difficulties arise it is necessary:

- (a) to set for the whole of the Community a specific target for the reduction of energy consumption. This target must relate to all forms of energy and not only to crude oil and petroleum products, since the share of these fuels in total energy consumption varies greatly from country to country;
- (b) to coordinate national measures to restrict consumption so that the various countries' economies are affected as uniformly as possible;
- (c) to prevent price movements which could enable certain regions to obtain supplies more advantageously, which would be at the others' expense;
- (d) to base export policy in respect of third countries on uniform principles, with Community decision-taking procedures.

If these four conditions are satisfied it should normally be possible to maintain free movement of the products within the Community. However, especially if the shortage affects Member States unevenly, it can not be ruled out that disturbances in intra-Community trade might seriously jeopardize supplies to certain parts of the Community and might require the introduction of protective measures. And other supplementary measures may be needed to ensure the satisfactory organization of the supply of crude oil and oil products to the entire Community, on which decisions will have to be taken quickly.

Several of these points are already covered by instruments in force or by Commission proposals which are being discussed by the Council.

Directive No 68/414/EEC, as amended by Directive No 72/425/EEC, which imposed the obligation to maintain emergency stocks of crude oil and petroleum products corresponding to 90 days' consumption, provides for consultation between the Member States and the Commission with respect to withdrawals from those stocks. Council Directive No 73/238/EEC has as its object the coordination of measures to mitigate the effects of supply difficulties. A proposal for a Council Regulation (Annex III to Doc COM(74)550 final) provides for the introduction of common rules for imports and exports of hydrocarbons. Pricing policy is being studied by a special working party of the Energy Committee. The Commission will present a proposal to the Council on the basis of the working party's conclusions.

The two proposals contained in Annexes I and II provide the legal basis for the other measures, which would be put into effect only in the event of a crisis. One concerns the setting of a Community target for the reduction of energy consumption; the other provides for the introduction of arrangements for supervising intra-Community trade and specifies that protective measures may be applied if supplies to one or more Member States are seriously endangered.

In both cases, to enable the measures envisaged to be put into effect immediately, it is proposed that the decision in question be adopted by the Commission and applied without delay by the Member States. The Council may amend or repeal the Commission's decision within ten days.

PROPOSAL FOR A COUNCIL DECISION ON THE SETTING OF A COMMUNITY
TARGET FOR A REDUCTION IN THE CONSUMPTION OF PRIMARY FORMS OF
ENERGY IN THE EVENT OF DIFFICULTIES IN THE SUPPLY OF CRUDE
OIL OR PETROLEUM PRODUCTS

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 103(4) thereof;

Having regard to the proposal from the Commission;

Having regard to Council Directive No 73/238/EEC¹ of 24 July 1973 on measures to mitigate the effects of difficulties in the supply of crude oil and petroleum products;

Having regard to Council Directive No 68/414/EEC² of 20 December 1968 imposing an obligation on Member States of the EEC to maintain minimum stocks of crude oil and/or petroleum products;

Whereas in the event of supply difficulties the consumption of energy products in the Community should be reduced by reference to the foreseeable trend of supplies and of withdrawals, if any, from the emergency stocks;

Whereas, in taking measures to meet the target for a reduction in energy consumption set for the whole of the Community, Member States will have regard to the structure of their particular market;

¹ OJ No L 228, 16 August 1973, p. 1.

² OJ No L 308, 23 December 1968, p. 14.

HAS ADOPTED THIS DECISION:

Article 1

1. Where difficulties arise in the supply of crude oil or petroleum products in one or more Member States, the Commission, acting at the request of a Member State or on its own initiative, may, after consulting the Member States, set for the Community as a whole a target for reducing the total consumption of primary forms of energy. In the event of a slight shortfall in supplies, the reduction in consumption may be confined to petroleum products.
2. Where intervention by the Commission has been requested by a Member State, the Commission shall take a decision within a maximum of five working days following receipt of such request.
3. Any decision taken by the Commission to set a target for reducing consumption pursuant to paragraph 1 shall be communicated to the Council and to the Member States. Any Member State may, within ten working days following the day of communication, refer such decision to the Council. The Council, acting by a qualified majority, may repeal or amend the Commission's decision.
4. Decisions taken by the Commission shall apply as soon as they have been communicated to Member States.

Article 2

Member States shall without delay take all measures necessary to reduce their consumption of petroleum products and/or other primary forms of energy by at least their share of the reduction target set for the whole Community pursuant to Article 1.

Article 3

The Member States shall inform the Commission, as soon as they are put into effect, of all the measures taken pursuant to Article 2.

Article 4

This Decision is addressed to the Member States.

Done at Brussels,

For the Council

The President

PROPOSAL FOR A COUNCIL DECISION ON INTRA-
COMMUNITY TRADE IN CRUDE OIL AND PETROLEUM
PRODUCTS IN THE EVENT OF SUPPLY DIFFICULTIES

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,
and in particular Article 103(4) thereof;

Having regard to the proposal from the Commission;

Having regard to Council Directive No 73/238/EEC¹ of 24 July 1973 on measures
to mitigate the effects of difficulties in the supply of crude oil and
petroleum products;

Whereas, it is necessary to prevent such supply difficulties from causing
disturbances in trade within the Community which would seriously jeopardize
supplies to one or more Member States;

Whereas it is necessary to be continuously informed regarding intra-Community
trade in order to keep a check on the development of the situation;

Whereas a system of automatic authorizations is an appropriate means which
least affects trade within the Community;

Whereas protective measures may prove necessary;

Whereas that other supplementary measures may also be necessary for the
satisfactory organization of the supply of crude oil and oil products to
the entire Community.

¹OJ No L 228, 18 August 1973, p. 1.

HAS ADOPTED THIS DECISION:

Article 1

1. Where difficulties arise in the supply of crude oil or petroleum products in one or more Member States, the Commission, acting at the request of a Member State or on its own initiative, may decide to make intra-Community trade in products falling within heading No 27.09 and subheading Nos 27.10 A, B, C I and C II of the Common Customs Tariff subject to automatic authorization, to be granted by the exporting Member State.

Authorizations shall be granted without delay and free of administrative charges in respect of any quantity requested and for a maximum period of one month.

2. Where intervention by the Commission has been requested by a Member State, the Commission shall take a decision within a maximum of five working days following receipt of such request.
3. Any decision taken by the Commission to introduce a system of authorizations pursuant to paragraph 1 shall be communicated to the Council and to the Member States. Any Member State may, within ten working days following the day of communication, refer such decision to the Council. The Council, acting by a qualified majority, may repeal the Commission's decision or alter the conditions and procedures laid down therein.
4. Decisions taken by the Commission shall apply as soon as they have been communicated to Member States. They shall not apply to products which are already under way.

Article 2

1. The Member States concerned shall inform the Commission every other Wednesday and for the first time on the second Wednesday following the day of communication of a decision taken pursuant to Article 1:
 - (a) of authorizations delivered during the period of two weeks expiring at midnight on the Sunday preceding the day of communication by ten days;
 - (b) of exports actually effected during that period.

2. The information referred to in paragraph 1 shall relate to the volume and value of products exported, broken down by country of destination and by relevant heading and subheading of the Common Customs Tariff.

Article 3

The Commission shall, within eight days of receipt, forward to the Member States the information transmitted under Article 2 of this Decision and shall organize, on its own initiative or at the request of a Member State, the necessary consultations.

Article 4

If, following such consultation, the Commission finds that the oil supply of a Member State is seriously imperilled, it may, in order to ensure a balanced supply throughout the Community, authorize such Member State to suspend, subject to conditions laid down by it, the issue of the authorizations provided for in Article 1.

Article 5

In the event of a sudden crisis in a Member State, such that any delay would cause serious harm to its economy, such Member State may, as a protective measure, suspend the issue of authorizations pending a decision by the Commission. Such State shall immediately inform the Commission and the other Member States thereof. The Commission shall take a decision thereon within five working days.

Article 6

The Council will decide within ten days on any supplementary proposal which the Commission may put forward aimed at creating a satisfactory organization of the supply of crude oil and oil products to the entire Community.

Article 7

The Commission shall lay down the procedures for the communications provided for in Article 2.

Article 8

This Decision is addressed to the Member States.

Done at Brussels,

For the Council

The President