

COMMISSION OF THE EUROPEAN COMMUNITIES

COM (75) 443 final

Brussels, 25 July 1975

DRAFT

REGULATION (EEC) OF THE COUNCIL

regulating a Community procedure for information and
consultation on the prices of crude oil and petroleum products in
the Community.

(Submitted to the Council by the Commission)

COM (75) 443 final

EXPLANATORY STATEMENT

I. PURPOSE

In its Resolution of 13 February 1975 concerning Community policy on hydrocarbons, the Council considered that the consumer price policy should be based on competition and cost and price transparency. These principles could contribute towards ensuring that the levels of these prices based on real trends in supply conditions, were consistent throughout the Member States.

As a result of the studies carried out by the Energy Committee's Working Party on ways and means of establishing a Community oil pricing system, the Commission plans to forward to the Council details of a procedure designed to ensure a greater degree of transparency in the markets for crude oil and oil products.

The purpose of the procedure for information is two-fold:

- to obtain knowledge of and to compare price levels in the Community countries, and
- to analyse trends in oil product prices and in the costs of crude oil supplies.

To achieve these aims, the guidelines set out below could be applied in the Community:

- the Community should arm itself with an information system, which implies a working knowledge of conditions governing crude oil supplies and oil product prices in the various Community markets. Such a Community system of price information will not prevent Member States from adopting or keeping their chosen pricing systems;
- the Commission would use the price levels for oil products to make comparisons using a method devised to ensure that the information gathered from each Member State is comparable. These comparisons will require consultations at the Community level. If necessary, the oil companies would be invited to express their opinion of the results obtained.

II. MEANS OF APPLICATION

The principle is for companies operating in the Community to forward figures to each Member State, who in turn will pass them to the Commission. The Commission will then make comparisons of oil product prices and of crude oil supply costs and present the results in an appropriate form for discussion with the Member States.

Each Member State will decide what criteria to apply in choosing the companies which will submit their figures to ensure that the following are covered:

- as regards import prices: at least 90% of the total quantity of crude oil and 80% of oil products;
- as regards consumer prices: at least 75% of domestic consumption in each country.

The procedures for application intended to provide knowledge and permit comparisons (this being the aim of a Community system of oil price transparency) are set out below.

A. Information required to obtain knowledge of oil prices

1. Price of crude oil and imported oil products

The importing companies will communicate the following information to the governments of the Member States for forwarding to the Commission within the first fifteen days of each quarter:

(a) For crude oil

- the CIF and FOB prices for supplies of crude in the preceding quarter, broken down as follows:
 - the principal types of imported crude oil originating in non-member countries which export supplies to the country concerned;
 - the crude oils produced in the Community and refined in the State concerned. These crude oils may be either

produced in the State concerned or imported from production areas in other member countries of the Community.

These prices will be expressed in dollars per barrel and in dollars per metric ton with an indication of the average density - degree API.

- the total quantities of crude oil to which the prices given respectively for imported crude and crude produced in the Community refer.

(b) For oil products

- the average CIF price and the corresponding quantities for each of the principal oil products - normal and super petrol, gas-oil and residual fuel-oil - imported in each quarter, both from non-member countries and from other Member States of the Community.

2. Prices of oil products in consumer markets

(a) Maximum prices

This information is required only for Member States which have an official system of maximum prices.

On the first day of each quarter the governments will communicate to the Commission the maximum consumer price for each of the main oil products. The maximum price (sometimes also known as the scheduled price) is set by the public authorities or by agreements between the State and the companies. It may or may not be published. In most cases it represents the maximum sales price for a given product to a defined category of consumer, e.g.:

- for fuels intended for use in road transport, regular gasoline, super gasoline and gas-oil: the maximum pump price;
- for fuels intended for use in domestic heating: the maximum price to consumers using between 2,000 and 5,000 litres per delivery;
- for residual fuel-oils the maximum price for deliveries to the wholesale market made by road or rail.

The governments will also forward to the Commission the total figures for duties and charges on each of these products.

(b) Actual prices for certain categories of consumer

On the first day of each quarter companies engaged in refining/distributing or distributing, will communicate to the governments of the Member States, for forwarding to the Commission, information on current actual pre-tax prices for the main categories of oil products.

The price concerned would be the true net delivered price (excluding taxes) offered by the companies to all consumers in any given category.

- for fuels intended for use in road transport, i.e. regular gasoline, super gasoline and gas-oil: the actual pump price;
- for heating fuel: gas-oil, light fuel-oil and kerosene, the actual price to consumers using between 2,000 and 5,000 litres per delivery;
- for residual fuel-oils of high and low sulphur content the actual price to the wholesale market for delivery by road or rail.

B. Further information necessary for an inter-country comparison of prices and for relating consumer prices to the costs of crude oil supplies

The figures for the CIF prices of crude oils and imported oil products together with the pre-tax consumer prices are a rapid source of information on price trends in each country, but give only an approximate indication of price differences in the markets and do not allow a sufficiently accurate evaluation of either the actual price levels or the connection between trends in consumer prices and trends in the costs of crude oil supplies.

Figures on consumer prices cover only some categories of consumer, and differences in the pattern of consumption and in distribution costs, in the various markets, further undermine accurate comparison.

In order to ensure a valid comparison of price levels in the various States as well as a comparison of the relationship between trends in consumer prices and supply costs, these figures should be supplemented by:

- for each of the principal types of oil product: the ex-refinery realisation. The use of this figure eliminates the effect of distribution costs and makes possible a preliminary evaluation of the actual absolute price levels current in the Member States;
- for the full range of oil products extracted from crude oil: the average ex-refinery realisation per tonne calculated for the consumption pattern. This information, which is complementary to the previous item, indicates the total realisation per tonne of crude processed, the trend in which can be related to the CIF cost of crude oil supplies.

The information on ex-refinery realisation for each product is supplied by the companies to the Member States, who will communicate them to the Commission. The average total ex-refinery return per tonne will be calculated by the Commission for each Member States on the basis of information received from them.

The elements constituting the ex-refinery realisation for each product will be supplied by the companies to the Member States who will communicate this information to the Commission. The total average ex-refinery valorization per tonne will be calculated by the Commission at Member State level and at Community level.

The elements constituting the ex-refinery realisation, and the method of calculating this realisation for each member country, are made up of a large number of parameters which may vary from one Community region to another, depending particularly on the types of crude imported in each region, the domestic consumption pattern, the distribution costs, and the method of apportioning general costs. To ensure the homogeneous presentation of the elements to be compared, a technical committee will be set up. Its task will be to work out the most appropriate method for calculating the ex-refinery realisations per product and the average return for all products. This committee may call upon industry experts for assistance.

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regarding a Community procedure for information and
consultation on the prices of crude oil and petroleum
products in the Community

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,
and particularly Articles 5 and 213,

Having regard to the draft . . . of the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas the establishment of a common energy policy is one of the objectives of the Communities, and it is the task of the Commission to propose measures for this purpose,

Whereas knowledge of supply conditions and of the market constitutes one of the basic elements of such a Community energy policy,

Whereas transparency of costs and of prices of petroleum products is an indispensable element for the sound functioning of the market, and particularly for the free movement of goods within the Community,

Whereas the Council, by its Resolution of the 13th February, 1975, approved the principle of a consumer price policy based upon the transparency of costs and prices,

Whereas, in consequence, it is necessary for this purpose to set up a Community procedure for information and consultation on the prices of crude oil and of oil products,

Whereas, moreover, the achievement of this task requires the knowledge, at regular intervals, of certain data regarding prices and realisations for the principal oil products and for crude oil, both at the level of the Member States and of the individuals and companies concerned,

Whereas it is appropriate that the Member States should nominate, by reference to objective criteria, the individuals and companies who are to provide such information,

Whereas it would be well, on the basis of the information collected, to carry out a comparison of the trend of costs and of ruling oil prices in the Community,

Whereas this comparison, in order to take account of differences of structure in the market, should cover both the pre-tax price levels of the main oil products and realisations at the refinery gate,

Whereas it is timely, on the basis of the data collected, to carry out an analysis, for each member ./ country and for the Community, of the trend in the average ex-refinery value per ton of crude processed,

Whereas the information collected and the results of the study made by the Commission should be the subject, at Community level, of information to the Member States and of consultation between them and the Commission,

Whereas the information provided, particularly by the companies, should have a confidential status,

Whereas the Commission should be able, in the event of a significant change in the market situation, to shorten the time allowed, for reporting or to modify periodicity,

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Whereas the Commission should be able to specify, when necessary, the manner in which communications are to be made, such as their form, their content and their confidential nature,

HAS ADOPTED THIS REGULATION :

Article 1

The Member States shall forward to the Commission, within the first 30 days of each quarter, in the form provided for in Annexe II, the following information :

a) for each Member State

- where applicable, the maximum consumer price for each of the main petroleum products in force on the first day of the current quarter ;
- the amount of duties and taxes levied on each of the main oil products on the first day of the current quarter.

b) for each person and undertaking designated under Article 2

- the average c.i.f. price for the main types of crude oil and petroleum products imported from third countries in the preceding quarter ;
- the average c.i.f. price by type of crude oil produced in the Community and refined in the Member State concerned in the preceding quarter ;
- the average c.i.f. price for main oil products originating from other Community countries ;
- the current actual pre-tax consumer price applicable on the first day of the current quarter for each of the main oil products;
- the average realisation at the refinery gate for each of the main oil products in the preceding quarter.

Article 2

1. The Member States shall forward to the Commission a list of individuals and companies to communicate the information called for by this regulation so as to cover a significant part of the operations carried out on their territories,

- as regards the import price: at least 90% of the total quantity of crude oil imported and at least 80% of the oil products imported;

- as regards consumer prices: at least 75% of the total inland consumption of each country.

2. The Member States shall include in this list, in descending order of importance, all the persons and undertakings necessary to reach the percentages indicated in the above paragraph for each type of activity.

Article 3

The persons and undertakings nominated in accordance with Article 2 will be required to forward to the Member States in whose territory they operate, in the first fifteen days of the current quarter, on the lines set out in Annex III, the information necessary for them to fulfil the obligation defined in Article 1 (b).

Article 4

The Commission, on the basis of the information collected under Article 1, will, in particular, set out and communicate quarterly to the Member States:

- summary data on the prices of crude oil and of oil products;
- a comparison of the levels of oil product prices ruling in the Community;
- the trend, for each Member State and for the Community, in the average ex-refinery value per ton of crude processed;
- a comparison of the trend in the terms of supply for crude and petroleum products and the sales proceeds in the markets for oil products.

Article 5

1. The Member States and the Commission will consult together quarterly or at shorter intervals, at the request of a Member State or at the initiative of the Commission, if circumstances so require.
2. These consultations will relate particularly to the communications made by the Commission in accordance with Article 4 and to the measures, if any, to be adopted.

Article 6

The information communicated under Articles 1 b) and 3 is of a confidential character. This provision shall not prevent the distribution of general or summary information which does not include data for individual undertaking.

Article 7

In the event of significant changes in supply conditions, and in order to allow it to assess the market situation, the Commission may require the data provided for in Articles 1 and 3 to be made within changed time limits or for other periods.

Article 8

The Commission, within the limits fixed by the present regulation and its annexes, shall issue implementing provisions regarding the form, the content, the confidential nature and the other aspects of communications covered in Articles 1 and 3.

Article 9

Member States shall take appropriate measures to ensure observance of the obligations arising under Articles 3 and 6.

Article 10

This Regulation shall enter into force one month after its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council

The President

DEFINITIONS

Imports

To be considered as imports, in the sense of Article 1 b), are all imports of crude oil and petroleum products which enter the customs territory of the Community, for purposes other than transit or finishing en route to third countries, and are destined for a particular Member State and not in transit to other Member Countries.

Community Production

To be considered as crude oil produced in the Community, in the sense of Article 1 b), are all crude oils produced and refined in the Community. These crudes may be produced in the Member State concerned or delivered to Member Countries other than the country where the production centres are located.

Petroleum products of Community origin

To be considered as petroleum products originating in other countries of the Community, in the sense of Article 1 b), are all the petroleum products which an individual or a company purchases in a Community country other than that where these products are consumed.

Maximum prices

To be considered as maximum consumer prices, in the sense of Article 1 a), are maximum selling prices, whether published or not, of a given product, sold to a specified category of consumer, and fixed either by the authorities or by agreement between the authorities and the companies.

Current actual prices

To be considered as current actual pre-tax prices, in the sense of Article 1 b), are the delivered prices which the companies apply to all consumers of a given category.

Average realisation

To be considered as average ex-refinery realisation, in the sense of Article 1 b), is the weighted average proceeds which the companies receive at the refinery gate for each of the main oil products in respect of all sales whether made directly to consumers or through distribution companies.

Average value per ton of crude oil processed

To be considered as average ex-refinery value, in the sense of Article 4, are the estimated average proceeds at the refinery gate for the oil products derived from a ton of crude oil.

COMMUNICATIONS BY MEMBER STATES TO THE COMMISSION

The communications will include the following data:

A. For the maximum consumer price

This information is only required for Member States which have a system of maximum prices.

Maximum selling price expressed in national currency for the following products and consumer categories:

- a) maximum pump price for fuels used in road transport:
 - premium motor gasoline
 - regular motor gasoline
 - automotive gasoil

- b) maximum price for consumers taking deliveries of 2000 to 5000 litres for fuels used in domestic heating:
 - heating gasoil
 - domestic fuel oil
 - kerosene

- c) maximum price for wholesale deliveries by road or rail tank-wagon:
 - heavy fuel oil (max.3.5% sulphur)
 - heavy fuel oil (max.1.0% sulphur)

B. For the value of duties and taxes levied by the Member States on the sale of oil products

- All the states must forward this information whether or not they have a maximum price system.

C. For the net pre-tax prices ruling for certain categories of consumer

In countries where there is a system of maximum prices fixed by agreement between the State and the companies, the current actual price may be confused with the maximum price.

- 1. Name and head office of the person and of the undertaking.
- 2. Price expressed in national currency representing the average of the prices ruling on the first day of the particular quarter for the following categories of consumer:
 - a) the pump price actually in force for fuels for road transport use:
 - premium motor gasoline
 - regular motor gasoline
 - automotive gasoil
 - b) the price actually applied to consumers of 2000 to 5000 litres per delivery for fuels for domestic heating:
 - heating gasoil
 - domestic fuel oil
 - kerosene
 - c) price actually applied for wholesale deliveries by road or rail tank-wagon:
 - heavy fuel oil (max.3.5% sulphur)
 - heavy fuel oil (max.1% sulphur)

D. For the average realisation at refinery gate

- 1. Name and head office of the person and of the undertaking.
- 2. Types of product:
 - premium motor gasoline
 - regular motor gasoline
 - automotive gasoil
 - heating gas. oil

- domestic fuel oil
- kerosene
- heavy fuel oil (max.3.5% sulphur)
- heavy fuel oil (max.1.0% sulphur)

3. Volume in metric tons or litres
4. Average proceeds expressed in national currency representing the average of ex-refinery proceeds in the previous quarter for each of the above-mentioned products resulting from the total sales made directly to consumers and through intermediary of distributing companies.

ANNEX IIICOMMUNICATIONS BY INDIVIDUALS AND COMPANIES TO THE
MEMBER STATES

These communications will include the following data:

A. For imports from third countries and purchases of crude oil
in the Community in the past quarter

1. Name and head office of the person or the undertaking
2. Quality of crude, nominal degrees API
3. Total volume expressed in barrels and/or metric tons
4. Average c.i.f. price expressed in dollars per barrel and/or per metric ton representing the average of the prices for the quarter for the same quality of crude, broken down, where applicable into:
 - average f.o.b. price
 - marine freight
 - insurance
 - other incidental expenses

B. For imports from third countries and purchases of oil products
in the Community in the past quarter

1. Name and head office of the person or the undertaking
2. Country of origin where the crude oil was refined
3. Types of product:
 - super motor gasoline
 - regular motor gasoline
 - automotive gasoil
 - heating gasoil
 - kerosene
 - domestic fuel oil
 - heavy fuel oil (max.3.5% sulphur)
 - heavy fuel oil (max.1.0% sulphur)
4. Total volume expressed in metric tons or litres
5. Average c.i.f. price expressed in national currency or dollars representing the average price for the past quarter.

Duties and taxes levied on the following oil products:

- premium motor gasoline
- regular motor gasoline
- automotive gasoil
- heating gasoil
- kerosene
- domestic fuel oil
- heavy fuel oil (max.3.5% sulphur)
- heavy fuel oil (max.1.0% sulphur)

C. For the information provided for in Annex III and collected by the governments of the Member States from individuals or companies

The data collected to be forwarded complete and in detail including the names of the persons and head offices of the undertakings.