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** A ten-minute documentary FILM ON INDUSTRY AND SOCIETY IN THE COMMUNITY, which the Press and Information department of the Commission of the European Communities produced on the occasion of the conference organized in Venice (see IRT Nos. 138 and 141) and which obtained the Grand Prix at the International Symposium on Television for Information and Business Training recently held in Biarritz, is available in five different languages - Dutch, English, French, German and Italian.

ORGANIZATIONS OR FIRMS WISHING TO HIRE a copy of this film may apply to the Directorate-General for Press and Information, 200 rue de la Loi, 1040 Brussels, Belgium (please state language required).

ANNEX 1 gives the text of a short summary of the conclusions drawn by Mr Robert Toulemon, Director-General for Industrial, Technological and Scientific Affairs, from the proceedings of the Conference on Industry and Society in the Community.

** The share of NATURAL GAS in the total primary energy consumption of the Community increased from 2.7% in 1960 to 9% in 1970. This spectacular progress of natural gas and the accompanying change in supply patterns have been a feature of Community gas supply in recent years.

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The information and articles published in this Bulletin concern European scientific cooperation and industrial development in Europe. Hence they are not simply confined to reports on the decisions or views of the Commission of the European Communities, but cover the whole field of questions discussed in the different circles concerned.

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The annual expenditure on investment in the gas industry doubled from 1963 to 1970, reaching \$800 million a year. According to industrial estimates, this sum should continue to increase and will exceed \$1,000 million in 1972. The estimates for the period 1971-75 give a total of \$5,000 million, including 2% for production, 45% for transport and 53% for distribution.

The present situation in the gas industry, future trends and the problems connected with it have been analysed by the Commission in a document on the MEDIUM-TERM ESTIMATES AND GUIDELINES FOR THE GAS SECTOR IN THE COMMUNITY, which is intended to serve as a basis for the framing of proposals for measures to be adopted in this sector, under a Community energy policy. ANNEX 2 gives a summary of this document.

** The Community Group on Scientific and Technical Research Policy (the PREST Group, consisting of experts of the six Member States and observers from the three acceding countries) met on 25 October 1972, mainly for an exchange of views on the broadening, rationalization and improvement of METHODS OF COMPARING NATIONAL RESEARCH PROGRAMMES AND BUDGETS. It also received a note from the German Delegation concerning THE PROMOTION OF CONCERTED ACTION by the Community on fundamental research, the discussion of which is to continue at the next meeting of the Group on 15 December.

** THE GENERAL CONSULTATIVE COMMITTEE OF THE JOINT RESEARCH CENTRE, consisting of representatives of the Member States together with observers from the three acceding countries, at its meeting on 26 and 27 October formulated its formal opinion on the PROPOSAL FOR THE MULTIANNUAL PROGRAMME of the Joint Research Centre, submitted to it by the Director-General of the Joint Research Centre (see IRT No. 161). After mentioning a previous

resolution of the Committee, according to which the Joint Research Centre should be enabled to work as soon as possible under a multiannual programme in concerted harmony with the national efforts and requirements, the majority of the Committee rendered A GENERALLY FAVOURABLE OPINION on the content of the programme proposals, since it felt that the hesitations or reservations - which were moreover expressed in detail - concerning certain items should not compromise the necessary multiannual character of the programme as a whole.

On the same subject, the Euratom Scientific and Technical Committee, consisting of experts of the Member States appointed on a personal basis and observers from the acceding countries, also formulated a broadly favourable opinion on the programme proposals, while urging the need for studies in a Community framework on the TREATMENT AND STORAGE OF RADIOACTIVE WASTE.

** Two Commission memoranda have been published as printed supplements to the Bulletin of the European Communities. These are the memoranda on:

- A COMMUNITY PROGRAMME CONCERNING THE ENVIRONMENT (a summary of which appeared in IRT No. 138);
- OBJECTIVES AND INSTRUMENTS OF A COMMON POLICY FOR SCIENTIFIC RESEARCH AND TECHNOLOGICAL DEVELOPMENT (a summary of which appeared in IRT No. 148).

These documents are available in Dutch, English, French, German and Italian from the Official Publications Office of the European Communities (Case postale 1003, Luxembourg 1).

** THE ANNUAL REPORT FOR 1971 OF THE JOINT RESEARCH CENTRE'S ISPRA ESTABLISHMENT was recently published in English by the Commission of the European Communities. This report, which bears the reference number EUR 4842 E, is available at a price of Bfrs 500 from the Official Publications Office of the European Communities (Case postale 1003, Luxembourg 1).

After the Conference on Industry and Society
BUILDING A BETTER INDUSTRIAL SOCIETY IN THE COMMUNITY
(a summary of the conclusions drawn by Mr Robert Toulemon,
Director-General for Industrial, Technological and Scientific
Affairs in the Commission of the European Communities, from the
proceedings of the Conference on Industry and Society in the
Community)

The lines which Community action should now take in order to meet the new needs which are becoming increasingly evident in our industrial societies were a central feature of the debates at the Conference held in Venice in April 1972 by the Commission of the European Communities on the theme of Industry and Society (see IRT Nos. 138 and 141).

The Community is on the eve of a profound change, not only because of the approaching accession of three new Member States, but also because of the greater tasks to be fulfilled by the enlarged Community.

Over the last 14 years, the Commission has worked with generally acknowledged success on raising production and prosperity, this being to mean increasing availability of consumer goods.

This economic development, which is certainly a source of gratification nevertheless leaves many unsolved problems which had not yet arisen when the Community was created. Particular mention may be made of the improvement of the environment, which is not limited to the protection of nature but also concerns the condition of man in his place of work, his enslavement to repetitive production methods, such as conveyor belt work, which represented progress in its time but is now being tolerated less and less by workers who have reached a higher standard of education and culture.

At the social and regional levels, too, there are still disparities, which it was hoped 12 years ago would diminish automatically as the economy expanded; it must, however, be admitted today that the differences between the incomes of various social classes have not been reduced to any great extent and that, despite an undoubted alignment in the average development of the six countries as a whole, regional differences have become aggravated in certain cases. Finally, the steadily increasing gap between the rich nations and the Third World should not be forgotten.

These are problems which have not solved themselves by industrial growth and which it is now necessary to face in the framework of the enlarged Community in the coming years.

It was a relatively easy matter to liberalize trade and guarantee free competition. It is much more difficult to build a better society, to preserve and improve the surroundings in which we live, to reduce inequalities and to help the Third World to develop. It presupposes a Community with more effective and more democratic institutions.

In order to find solutions to these problems, points of view must first be compared; this was the purpose of the Venice Conference. Although we did not expect full agreement in discussions between trade union and employers' representatives, it was at least possible to open the debate and in some cases to obtain a consensus on general lines to be taken.

The first of the three basic subjects tackled concerned the reduction of social and regional disparities. All were agreed on recognizing the existence of these disparities and also the fact that economic development alone was not sufficient to eliminate them. On the industrial and employers' side, reliance is being

placed on firms themselves to help reduce these disparities and it is thought that the system of free enterprise and a market economy is still the one which offers the best chance of solving these problems. On the trade union side, there was some scepticism and greater intervention by the public authorities was advocated. Some trade union representatives questioned the market economy system or at least the relationship of forces as they existed in our society.

The same divergences of view occurred on the second subject, which concerned public works and the quality of life, covering, of course, the protection of the environment. Industry emphasized the fact that it was not only industrial firms which caused pollution, but also consumers (because they used industrial products) and local authorities and cities with their sewerage and waste disposal facilities. The trade unions recommended that environmental policies should not cause a reduction of workers' incomes, which were still too often inadequate. Though it was recommended that living conditions should be improved and cities made more habitable, the emphasis was placed mainly on working conditions in the factory, in view of the fact that man spent the greater part of his time as work.

Finally, concerning the subject of the Community in the world (which included matters as wide-ranging as technological development, the rise of multinational companies and the industrialization of the developing countries), agreement was reached on the need for greater guidance of technological development towards the satisfaction of social needs rather than prestige projects. With regard to multinational companies, it was noted that such firms were necessary in Europe to balance the power of American multinational firms and could make an important contribution to European integration; however, the trade unions underlined the absence of a compensating power and feared that a plethora of such giant companies would cause further disparities of power.

It was gratifying that differing points of view were thus expressed at the Conference. Such a comparison is essential in order to arrive at democratic and balanced solutions. What was true for the Member States individually was also true at Community level: all decisions, even the most technical, should be preceded by a broad comparison of ideas and viewpoints between social and political forces. Therefore, ultimately, the essential choices should be made subject to the will of the people, i.e., their qualified representatives; the Europe which we wish to create should naturally be a Europe of nations, since the nations must conserve their personality and diversity, but it should also be a Europe of the people.

MEDIUM-TERM ESTIMATES AND GUIDELINES FOR THE
GAS SECTOR IN THE COMMUNITY

The share of natural gas in the total primary energy consumption of the Community increased from 2.7% in 1960 to 9% in 1970. This spectacular progress of natural gas and the accompanying change in supply patterns (the creation of a European and even extra-European transport network to replace the old supply structures confined to national and regional frontiers, and the progressive closure of manufactured gas production plants) have been a feature of the Community gas market in recent years.

The present situation in the gas sector, future trends and the problems connected with it have been analysed by the Commission of the European Communities in a document on the "Medium-term estimates and guidelines for the gas sector in the Community", which is intended to serve as a basis for the framing of proposals for joint measures to be adopted in this sector, under a Community energy policy.

The document is devoted mainly to natural gas. The importance of gases of other origins continues to diminish. In 1975, town gas will represent about 1% of the total Community production. In the next 15 years, a slight drop in the production of coking plant gas is to be anticipated; this gas will still find outlets in the regions in the immediate vicinity of coking plants and in steelworks and electric power plants.

The trend of natural gas supply and consumption

Natural gas is a particularly good source of energy for the Community. Its use as a fuel has very little effect on the environment and may help to solve the problems of air and water pollution, notably in large conurbations. Moreover, the supply of natural gas, thanks to the long-term contracts for distribution by pipeline, must be

regarded as reliable and as a factor tending to stabilize prices.

Community supplies of natural gas rose in 1970 to about 67,000 million cubic metres. By 1975, they will more than double, increasing to 150,000 million cubic metres. In 1980, it is estimated that, if no significant deposit is discovered in the Community and if no new import contracts are concluded, the available supplies will be about 183-196,000 million cubic metres. From 1980 to 1985, they should still increase to some 218-232,000 million cubic metres.

Since the potential demand for natural gas is expected to rise rapidly in the coming years and in view of the immense advantages of stepping up the Community's supply of natural gas, efforts should be made to increase supplies by means of prospecting for new deposits and concluding new long-term import agreements, in order to avoid a shortage.

Storage and transport

The system used for transporting, storing and distributing natural gas is of particular importance for industrial and domestic supplies.

The total transport capacity of Community pipelines increased more than tenfold between 1960 and 1970. By 1975, it is likely that many of the major transport routes will be doubled and the distribution networks will be enlarged, involving a total capital cost of the order of \$6,000 million.

Moreover, Member States natural gas transport networks, which were relatively isolated a few years ago, are integrating more and more. In the coming years, natural gas transit agreements, which can already be foreseen will increase in importance. Efforts should be made to ensure that intra-Community trade and the transit of natural gas from non-member countries do not come up against obstacles

resulting from differences of structure between the gas industries of the Member States and differences in laws. To this end the Commission of the European Communities has recently proposed to the Council of Ministers a regulation on gas and oil pipelines which cross frontiers (see IRT No. 161).

Efforts should also be made to harmonize at Community level the laws and technical requirements on safety in the field of gas pipelines, to ensure that the disparity of national provisions is not a source of obstacles to intra-Community trade in natural gas and trade in capital equipment for the transport of natural gas.

Increasing fluctuations in natural gas consumption between winter and summer might in the future pose certain problems of security of supply. The natural limits to the construction of underground storage installations in the Community affect overall capacity less than they do regional capacities. It might be useful to have a study carried out on the overall facilities for natural gas storage in the Community, in order to arrive at an optimum storage situation which takes account of geological conditions. The study should include the possibility of setting up large storage installations as "Joint Undertakings" for the storage of natural gas imported by various firms established in different Member States.

Cost

In order to ensure that a rapidly growing demand for gas is satisfied, considerable sums of money have had to be invested in recent years, and these represent a large part of the cost of supply. Annual investment in the gas industry doubled between 1963 and 1970, reaching \$800 million a year. According to industrial estimates, this sum should continue to increase and will exceed \$1,000 million in 1972.

The estimates for the period 1971-75 give a total of \$5,000 million, including 2% for gas production, 45% for transport and 53% for distribution.

Aid, taxes and royalties

The cost of gas supplies is affected by various types of taxation, ranging from royalties which must be paid at the production stage to local taxes on consumption.

The charges and taxes on gas show great diversity in the various Member States and frequently constitute an infringement of common law. Royalties on natural gas payable at the production stage range from 5 to 20% of the production value depending on the country. It is desirable to harmonize this tax in order to avoid differences in the competitive position of companies in the Member States and to limit it to a minimum in order to promote natural gas prospecting.

With regard to VAT, which will have been introduced in all the Member States by 1 January 1973, the rates for gas vary from one country to another and range from 4 to 17.6%. Efforts are being made to standardize these rates in the context of the attempt to solve the general problem of the harmonization of VAT rates.

On the other hand, the harmonization of charges levied by local authorities seems to be very problematical, because of the varying degrees of financial difficulty encountered by the local authorities in all the countries.

The system of aid varies very greatly depending on the country. Harmonization of the objectives and methods would be desirable, both in order to promote natural gas prospecting and to prevent distortions of competition.

Prices

Gas pricing policies are by no means the same in all the Member States. The extremes range from the fixing of prices by the State to a free market. Gas prices are to a great extent clear-cut in the consumption categories covered by price scales, but in the case of large users (industry and power plants) this is less so.

Efforts should be made to render prices more clear-cut and to align the rules on prices in the various countries in order to prevent distortion of competition between the different users.

The structure of companies

The structure of companies in the gas sector varies considerably in the different Member States. The range extends from companies enjoying a de facto or de jure monopoly to a multitude of companies which have concluded contracts with each other which to some extent fence off their respective areas of activity.

The discovery of new deposits and the importation of natural gas from non-member countries might improve the competitive situation and limit the dominant position which may be enjoyed by a single producer as a result of natural conditions. The creation of Joint Undertakings for natural gas prospecting and extraction might also contribute to this development.

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Natural gas resources in the Community for 1970, 1975, 1980 and 1985

In 10^3 Tcal UCV (10^3 Tcal UCV = 120 million m^3)

	Community			
	<u>1970</u>	<u>1975</u>	<u>1980</u>	<u>1985</u>
Production	561.3	1,135.2	1,290.0-1,305.0	1,482.0-1,511.0
Intra-Community trade	(95.2)	(372.4)	(435.0)	(465.0)
Imports from non-member countries	5.5	114.4	272.6-341.6	353.5-445.5
Exports	95.2	375.0	440.0	475.0
Available supplies	566.8	1,247.0	1,557.6-1,641.6	1,825.5-1,946.5