

No. 20/1978

October 18, 1978

EUROPEAN COMMUNITY, OAPEC SET REGULAR TALKS

Guido Brunner, European Community commissioner in charge of energy, and Sheikh Ali Khalifa Sabah, chairman of the Organization of Arab Petroleum Exporting Countries, announced jointly in Brussels this week that talks between the European Community and the OAPEC will now take place officially on a twice-yearly basis.

The two days of talks between Brunner and Khalifa in Brussels, headquarters for the Commission of the nine-nation European Community, marked the second occasion the two sides have met to discuss mutual problems relating to energy. Brunner had visited Kuwait in May, and Khalifa paid a return visit to the EC capital this week following the Vienna symposium of Organization of Petroleum Exporting Companies (OPEC), of which he is also chairman.

It was also announced at the joint press conference that the EC and the OAPEC would exchange public documents on energy. Brunner and Khalifa expressed the hope that this would aid a more correct market analysis. The EC would also accept OAPEC trainees, Brunner said.

The EC energy commissioner said he considered the establishment of twice-yearly meetings with OAPEC as a "revitalization" of the Community's Euro-Arab Dialogue and a contribution to the EC Mediterranean policy. The Community and the Arab nations launched a dialogue in 1973 in the aftermath of the Arab-Israeli war of 1973 and the subsequent oil embargo. Over the years, views have been exchanged between the Europeans and Arabs on transfer of technology, protection and promotion of investments, trade cooperation, labor and agriculture. The EC Mediterranean policy involves treaties with Israel, the Mashreq countries of Egypt, Jordan, Lebanon and Syria, and the Maghreb nations of Algeria, Morocco and Tunisia.

In energy terms, the European Community has been concerned for several years about the overcapacity of European refineries. At one point this overcapacity had climbed to 140 million tons, but it has now been reduced to 60 million metric tons. European refineries have also been losing money because the net-back -- the difference between the consumer sales price and the refiner's cost plus delivery costs -- has been less than the cost of crude oil.

In February, the Commission proposed a refineries program that sought, on a purely voluntary basis, to strengthen self-discipline within the industry, to encourage consultation among governments, industry and labor unions to permit surveillance of import levels and discourage new refinery construction. It also sought to increase the transparency in oil prices, and for six months this year the Commission initiated a "trial run" price check among 13 oil companies, 12 independent traders and six large industrial buyers on the Rotterdam market.

The portion of the energy package that would rationalize European refineries has not yet been accepted by the Council of Ministers because of differences primarily between Italy and Britain, Brunner noted at the press conference, but he said it would be discussed again by the Council on October 30.

Khalifa acknowledged in Brussels that the Arab oil exporters are seeking to increase their refinery production, but he denied the statement attributed to him at the Vienna meeting indicating that customers of Arab crude oil would then have to buy Arab refined oil as well. He said this was not the policy of his organization at the moment. Khalifa said the Arab refinery capacity was now at 2.2 million barrels a day, which was being used essentially for local economic development needs. He said the OAPEC members eventually plan to increase their refinery capacity to 4.5 million barrels a day.

	EUR - 9	FEDERAL REPUBLIC OF GERMANY	FRANCE	ITALY	NETHERLANDS	BELGIUM	LUXEMBOURG	UNITED KINGDOM	IRELAND	DENMARK
					CRUDE OIL 1000 metric tons PRODUCTION					
1976	21021	5524	1082	1144	1546	-	-	11531	-	194
1977	47226	5401	1062	1122	1598	-	-	37540	-	503
1977 JAN	3070	466	93	98	139	-	-	2243	-	31
FEB	3173	425	80	80	132	-	-	2411	-	45
MAR	3820	470	87	82	135	-	-	3018	-	28
APR	3704	450	88	86	135	-	-	2920	-	25
MAI	4317	462	91	89	136	-	-	3495	-	44
JUN	4124	444	87	75	130	-	-	3336	-	52
1978 JAN	4551	438	90	119	127	-	-	3766	-	11
FEB	4356	392	85	113	116	-	-	3611	-	39
MAR	:	439	92	134	:	-	-	3683	-	38
APR	:	423	91	:	:	-	-	3985	-	34
MAI	:	432	92	:	:	-	-	4626	-	32
JUN	:	417	90	:	:	-	-	4493	-	6
77 JAN-JUN	22208	2717	526	510	807	-	-	17423	-	225
78 JAN-JUN	:	2541	540	:	:	-	-	24164	-	160
1978/77%	:	- 6.5	2.7	:	:	-	-	38.7	-	-28.9

	EUR - 9	FEDERAL REPUBLIC OF GERMANY	FRANCE	ITALY	NETHERLANDS	BELGIUM	LUXEMBOURG	UNITED KINGDOM	IRELAND	DENMARK
IMPORTS FROM THIRD-PARTY COUNTRIES										
1976	511669	99848	120797	101958	62626	28893	-	88091	1819	7637
1977	484858	95302	115732	105177	56060	35420	-	68735	2178	6254
1977 JAN	44748	8887	11358	9464	4516	3311	-	6306	158	748
FEB	40290	7693	9572	8324	5205	2742	-	6223	127	404
MAR	40634	7662	8422	8696	5519	3027	-	6340	231	737
APR	40897	6839	10346	9815	4540	3061	-	5574	118	604
MAY	40252	7820	8107	9107	5074	2904	-	6557	205	478
JUN	37650	7614	8422	8283	4406	2406	-	5761	167	591
1978 JAN	:	7313	8911	:	7354	2625	-	5977	164	500
FEB	:	6264	9905	:	:	2310	-	5940	209	390
MAR	:	7337	9692	:	:	2913	-	5151	153	396
APR	:	6949	9996	:	:	2451	-	5816	169	390
MAY	:	7541	9301	:	:	3272	-	5382	185	415
JUN	:	7091	7738	:	:	2892	-	4707	146	482
77 JAN-JUN	244471	46515	56227	53689	29260	17451	-		1006	3562
78 JAN-JUN	:	42495	55543	:	:	16463	-	36761	1026	2573
1978/77%	:	-8.6	-1.2	:	:	-5.7	-	32973 -10.3	2.0	-27.8

	EUR - 9	FEDERAL REPUBLIC OF GERMANY	FRANCE	ITALY	NETHERLANDS	BELGIUM	LUXEMBOURG	UNITED KINGDOM	IRELAND	DENMARK	
				UNREFINED PETROLEUM TREATED IN REFINERIES							
1976	532737	105027	121902	104101	65085	29371	-	97092	1944	8215	
1977	530511	102143	119073	108756	60850	36466	-	92933	2314	7976	
1977 JAN	48790	9363	11564	9695	5876	3212	-	8145	190	745	
FEB	45507	8543	10597	8849	5621	3082	-	7981	167	667	
MAR	46705	8361	10546	9936	5460	3069	-	8410	200	723	
APR	41989	7993	9034	8828	4337	2904	-	8066	152	675	
MAY	41026	8120	8383	8382	4621	2935	-	7766	154	665	
JUN	42538	8422	9345	8587	5256	2575	-	7501	174	678	
1978 JAN	:	8441	11257	:	5197	2386	-	8391	198	742	
FEB	:	7539	9506	:	4432	2559	-	7527	158	702	
MAR	:	8234	10349	:	:	2789	-	8558	176	714	
APR	:	7543	10221	:	:	2684	-	7958	200	730	
MAY	:	8230	8788	:	:	3150	-	7646	175	591	
JUN	:	8038	8325	:	:	2705	-	7049	180	682	
77 JAN-JUN	266555	50802	59469	54277	31171	17777	-	47869	1087	4153	
78 JAN-JUN	:	48025	58446	:	:	16273	-	47129	1087	4161	
1978/77%	:	-5.5	-1.7	:	:	-8.5	-	-1.5	4.8	0.2	

	EUR - 9	FEDERAL REPUBLIC OF GERMANY	FRANCE	ITALY	NETHERLANDS	BELGIUM	LUXEMBOURG	UNITED KINGDOM	IRELAND	DENMARK
--	---------	-----------------------------------	--------	-------	-------------	---------	------------	-------------------	---------	---------

ALL PETROLEUM PRODUCTS
1000 metric tons
NET PRODUCTION IN REFINERIES

1976	494186	95266	113159	97274	61645	27685	-	89592	1848	7717
1977	493717	93750	110910	101505	57416	34621	-	85656	2217	7642
1977 JAN	45705	8659	10774	9092	5557	3199	-	7516	192	716
FEB	42143	7775	9698	8301	5225	2916	-	7420	166	642
MAR	43876	7877	9790	9299	5218	2981	-	7815	187	709
APR	39336	7558	8460	8262	4078	2729	-	7454	149	646
MAY	38076	7382	7800	7798	4360	2820	-	7150	140	626
JUN	39299	7672	8309	8031	5046	2501	-	6888	185	667
1978 JAN	:	7625	10462	:	5137	2303	-	7761	189	704
FEB	:	6959	8981	:	4455	2428	-	6876	151	659
MAR	:	7606	9709	:	:	2706	-	7934	167	540
APR	:	6903	9372	:	:	2460	-	7340	186	660
MAY	:	7403	8200	:	:	2956	-	7073	181	507
JUN	:	7360	7833	:	:	2677	-	6502	170	552