

# Communauté européenne



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## INFORMATION NOTE

### BID TO LIMIT EC OIL IMPORTS

#### Need for joint energy stance stressed

The following remarks are based on a statement made by EC Energy Commissioner Guido Brunner at an International Energy Agency meeting in Paris on 5 October:

The Commission attaches great importance to its participation in the International Energy Agency (IEA) and reaffirms its commitment to the establishment and pursuit of convergent and compatible energy policies by the industrialized countries.

For the Community, however, a common energy policy is but one part of a broader process of policy integration over the whole range of economic and social activities.

However, in coming together on energy questions the industrialized countries cannot afford to adopt an exclusive attitude to the developing countries. The Conference on International Economic Cooperation (CIEC), although disappointing in some ways, made valuable progress in this direction. The Community is open to useful practical suggestions for the follow-up to this work.

Our energy situation and our policy response to it are very dependent on developments in the rest of the world, in the industrialized, OPEC and other developing countries.

#### Oil supply and demand

Quite apart from the political situation in the Middle East, there are physical and economic constraints on the ability or willingness of some Middle East countries to supply oil in the increasing quantities which will be required in the 1980s and beyond. The present slackness in the oil market is a temporary and misleading phenomenon. All the signs are that by the second half of the 1980s, there will be severe pressure on oil supplies and prices.

The impact of US demand for oil imports will have a major impact on the world oil market and hence on world politics. The degree of success of the U.S.A. in achieving the Carter objective for oil imports will be of the highest significance not only to the USA but to the rest of the oil importing world.

The Community's long-term objective is to secure an orderly transition from an oil-dominated energy economy to a more flexible and broadly based supply pattern where difficulties in any one sector will have a less damaging effect.

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More specifically, we aim to reduce dependence on imported energy, particularly imported oil. The Commission is therefore proposing that the Council of Ministers, when it meets on 25 October, should adopt as a new Community objective a limit on net Community imports of 500 million tons by 1985.

To reduce further our vulnerability to oil supply difficulties, we have established an emergency oil-sharing scheme, and are close to agreeing measures for the reduction of consumption in emergency circumstances. The final overall scheme will be complementary to that of the IEA.

The Commission's proposals for a wider supply base involve, for 1985, a fall in the share of oil to 50 per cent, a rise in the share of coal, increasing supplies of oil and gas from the North Sea, and elsewhere outside the Community, and an increase in the share of nuclear energy to almost 10 per cent.

#### Conservation target

Underlying all our other objectives is our energy conservation target of a 15 per cent reduction in the previously forecast consumption in 1985. So far we are on course - but to a large extent for the sad reason of prolonged economic recession, The Council is actively considering a variety of conservation measures, including a labour-intensive scheme for the insulation of existing buildings.

The build-up of Community energy production is another priority, and is the obverse of our aim to reduce external dependence. The medium-term prospect for natural gas and North Sea oil are very good, although their biggest contribution may be in the next 10-15 years. The achievement of Community targets for coal production and use is by no means certain, owing to the high cost of Community coal, compared with imports. The Council is considering a number of measures to strengthen the Community coal industry.

The position of nuclear energy is perhaps the least satisfactory. The expected shortfall from our original targets laid down in 1974 could add approximately 80 million tons of oil to Community requirements in 1985. This is a serious prospect. Any further deterioration would jeopardize the attainment of our proposed oil import ceiling, and would further increase fuel oil consumption by power stations.

The Community recognizes the genuine public doubts expressed about future nuclear developments. Such doubts have been one of the causes of the slippage in our nuclear programmes. In an attempt to bring the issues into the open and to resolve some of the difficulties, the Commission is holding a series of open discussions on nuclear issues in an atmosphere of informed and rational debate.

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