

# EUROPEAN BACKGROUND INFORMATION COMMUNITY

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BACKGROUND NOTE

## EC COMMISSION'S "ENERGY MESSAGE"

Almost simultaneously with President Richard M. Nixon's April 18 "Energy Message," the European Community (EC) released an energy message of its own. The guidelines and priorities for a Community energy policy were contained in an April 19 communication from the EC Commission to the Council of Ministers.

The Commission called for international cooperation to meet worldwide energy demands that are expected to double roughly every 15 years. Specifically, the Commission called for cooperation among the major energy-importing areas -- the United States, Japan, and the Community. Other importing countries would be associated.

### Needless and Expensive Counterbidding

"The most immediate benefit and the most urgent objective of the cooperation envisaged is the avoidance, by means of a continuous exchange of information and appropriate consultation, of needless and expensive counterbidding for crude oil by the importing countries," the Commission said. Such international cooperation would also entail contingency arrangements against unexpected supply shortages and collaboration in scientific and technical research.

While not recommending an institutional framework for cooperation between the United States, Japan, and the Community, the Commission did suggest the creation of a joint consultative body to meet periodically.

The Commission emphasized that cooperation among the energy-importing countries should not work "against the legitimate interests of the energy-exporting countries." On the contrary, such cooperation should "contribute indirectly to the growth of the developing countries, in particular those which have no energy resources."

Vis-à-vis the energy-exporting countries, the Community must establish "a climate of mutual trust" in order to guarantee the stability of the Community's energy supplies. "To be permanent," the Commission said, "this trust must go along with cooperation based on satisfaction of the interests of both sides."

#### Organization of the EC's Oil Market

The Commission called for stepped-up cooperation not only on an international level but within the Community itself. Basic to this intra-Community cooperation would be common rules and laws and closer contacts between public authorities and private oil companies.

A first step would be the harmonization of petroleum product specifications to remove technical obstacles to competition and freedom of movement within the Community. A unified system should be set up to monitor supply conditions and structures. This system would include notifying public authorities of crude oil prices at the time of entry into the Community and consumer price criteria harmonized at the Community level.

To ensure a consistent and economically rational pattern of oil supplies, oil companies would present to public authorities five-year importation and investment plans. In addition, the Commission said, the oil companies should concert with public authorities before opening negotiations with producer countries.

#### Energy and Environment

"The aim of ensuring that the Community is adequately supplied with energy has to be reconciled with the demands of environmental conservation," the Commission stated. Nuclear energy provides the obvious answer.

The Commission aims for a minimum installed nuclear capacity of 130,000 megawatts by 1985. Toward this end, the Commission will submit to the Council by the end of this year proposals for an enriched uranium supply policy. The harmonization of nuclear standards would continue, and the safety of nuclear installations would be improved.

In the meantime, other sources of energy should be fully utilized, the Commission said. Given the EC's coal production potential, coal should cover as large a share as possible of the Community's total energy demands. Since the use of natural gas in the Community remains relatively rare (despite efforts to the contrary), the Commission concluded that it should be "put to the best possible use."

Environmental problems still to be solved, the Commission said, include auto exhausts, sulphur in fuels, and waste coolants from thermal power stations.