

# EUROPEAN BACKGROUND INFORMATION COMMUNITY

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BACKGROUND NOTE

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## THE COMMUNITY ENERGY SITUATION

In an important statement to the European Parliament on February 8, 1977, Dr. Guido Brunner, a member of the European Commission, outlined the Community's energy situation and underlined the need for solidarity among the member states in dealing with energy problems.

*Dr. Brunner's statement follows:*

The oil price increase on January 1, 1977, hits the Community hard, harder than the United States or Japan. The price rise decided by OPEC in Doha may, however, be somewhat less burdensome than some pessimists feared. Even so, the two-tier oil price will mean an extra \$3.2 billion on the Community's balance of payments this year. The growth rate will fall by one third of 1 per cent. For the United States, the price rise this year will mean an increase in costs of only \$2.7 billion; Japan only \$1.7 billion.

For the Community, this development is especially threatening because we have not yet overcome the effects of the big oil price increase of 1973 and the recession. In 1976, the balance-of-payments deficit in the Community amounted to about \$9 billion, a sum only a little less than the \$11 billion after the price increase in 1974. Those member countries who anyway had the biggest balance-of-payments deficits suffered particularly seriously. Economic divergencies in the Community are therefore made greater because of higher oil prices. Economic convergence in the Community makes a common energy policy more necessary.

(over)

In 1974, the Community set itself targets for its energy needs up to 1985. Today we have to admit that these aims cannot be reached: Atomic power is lagging, oil is still dominant. In the past year, oil consumption in the Community rose by 5.5 per cent. Oil imports approached those of just before the oil crisis. In 1985, imported oil will still amount to 44 per cent of our energy consumption.

The necessities of our balance-of-payments and the loss of growth leave us no choice. We need

- development of our own sources of energy,
- energy saving measures,
- solidarity of all members of the Community.

In the development of our own energy sources, oil and natural gas play a great role. North Sea oil production will rise from today's figure of half a million barrels a day to a forecast three million barrels a day in 1985. But that is not enough to cover our growing energy needs.

On the other hand, the possibilities of producing greater amounts of energy from water power and domestic coal deposits are limited. In addition, we cannot expect miracles from solar power or from the exploitation of geothermal energy sources. Therefore, atomic energy has to fill the gap. However, this source of energy is facing increasing opposition. In energy-saving measures, the Community has registered certain progress. The Council agreed on six recommendations in April 1976, and these are now being carried into effect by the member states. In these we are certainly ahead of the United States. But there remains a great deal to do. In the future, the Community should concentrate on questions such as the insulation of buildings and the better use of waste heat from power stations. Here the Community should promote exchanges of experience, make general recommendations and finance pilot projects.