

COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT

PRESS RELEASE

11742/80 (Presse 177)

672nd meeting of the Council

- Energy -

Brussels, 27 November 1980

President: Mr Josy BARTHEL,

Minister for Energy of the
Grand Duchy of Luxembourg

The Governments of the Member States and the Commission of the European Communities were represented as follows:

Belgium:

Mr Willy CLAES Minister for Economic Affairs

Denmark:

Mr Paul NIELSSON Minister for Energy

Germany:

Mr Dieter von WURZEN State Secretary,
Ministry of Economic Affairs

France:

Mr André GIRAUD Minister for Industry

Ireland:

Mr George COLLEY Minister for Energy

Italy:

Mrs Maria MAGNANI NOYA State Secretary,
Ministry of Industry

27.XI.80

Luxembourg:

Mr Josy BARTHEL

Minister for Energy

Netherlands:

Mr G.M.V. van AARDENNE

Minister for Economic Affairs

United Kingdom:

Mr David HOWELL

Secretary of State for Energy

Commission:

Mr François-Xavier ORTOLI

Vice-President

Viscount Etienne DAVIGNON

Member

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Attending as an observer:

Greece:

Mr Stephanos MANOS

Minister for Industry
and Energy

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CLARIFICATION OF ENERGY OBJECTIVES

The Council heard a statement by Mr DAVIGNON, Member of the Commission, on the clarification of energy objectives and the means to be implemented to obtain the targets set in particular at the European Council in Venice.

The Council held a wide-ranging exchange of views which enabled delegations to voice their reactions to the Commission's ideas and to state their general approach to these problems. Mr DAVIGNON's statement was welcomed by the Council.

At the close of the discussion the Council agreed to give further thought to these major problems in the light of the day's proceedings, with the intention of continuing the development of a common approach to energy problems.

ENERGY AND ECONOMIC POLICY

The Council noted a statement by Mr ORTOLI highlighting the main points of the Commission communication concerning energy and economic policy. This communication is also under examination by the Economy/Finance Council.

The Council expressed the wish that in the further preparation of this dossier, notably in the Permanent Representatives Committee, due account be taken of the problems relating more specifically to energy in the more general context of the Community's economic policy.

OIL SUPPLY PROBLEMS

General measures

1. The Council held an exchange of views on the oil supply situation as a result of the stoppage of deliveries from Iraq and Iran.
2. Demand has been reduced considerably, particularly because of the present levels of economic activity, but also owing to the results obtained as regards oil savings and the substitution of alternative energy sources. For this reason, and taking into account the withdrawals which will be made against the large stocks held, there is no overall oil shortfall, even though there may be some limited difficulties for certain countries and certain companies.
3. The Council welcomes the increase in oil production decided on by certain OPEC Governments in order to prevent the situation from deteriorating and to help the consumer countries which are most affected.
4. In the present circumstances, price increases on the oil markets are unjustified and both producer and consumer countries have a common responsibility for and interest in preventing speculative upward trends.

5. The Council expresses its determination to do everything in its power to prevent tension on the oil markets during the coming months. Bearing in mind the very rapid rate of increase which has occurred over the past few years, a further price increase would seriously handicap world economic prospects and, in particular, would heighten the problems of the oil-importing developing countries.

6. Provided that other industrialized consumer countries do likewise, the Member States of the Community undertake to adopt the following course of action:
 - (a) ask oil companies to use stocks in excess of regulation reserve obligations. The significant measures which they have agreed on will be implemented in a comparable and equitable manner insofar as they are necessary to avoid tension on the market.

The Member States and the Commission will collaborate on the co-ordination and verification of these measures.

- (b) - take all the necessary measures, in conjunction with the oil companies, to prevent import prices varying from normal prices

- or ask the oil companies to refrain from making abnormal purchases.

- (c) encourage adjustment of supplies in such a way as to correct imbalances which pose particular problems for some Member States and encourage the relevant International Organizations to assist the oil companies in remedying specific imbalances which may occur between them.
- (d) further encourage the saving of oil and its replacement by other forms of energy in both the public and the private sector in order to reduce consumption.
- (e) support domestic production at a high level.

The main objective will be to avoid an overall demand for imported oil at a higher level than that which can be made available by the producing countries. Trends in supply and demand and in stocks will be closely followed by the Commission in conjunction with the Member States. If necessary, policies will be adapted to moderate import requirements, taking account of the varying degrees of dependence vis-à-vis these policies.

The Council has invited the Member States to take appropriate measures in close co-operation with the Commission.

European spot markets

The Council took note of a Commission communication on European spot markets for oil products and endorsed the Commission's approach.

Registration of oil transactions

The Council briefly discussed the extension of the Regulations in force regarding the registration of crude oil and petroleum product imports. It instructed the Permanent Representatives Committee to continue its proceedings with a view to reaching a decision.

ELECTRICITY TARIFF STRUCTURES IN THE COMMUNITY

The Council held a policy debate on the draft Recommendation on electricity tariff structures in the Community and concluded that there were no objections to it.

The Council will discuss this draft again in the light of the Opinion to be delivered by the European Parliament in the next few weeks.

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The items on the agenda relating to coal and gas were deferred to the next meeting on energy.

MISCELLANEOUS DECISIONS

Other decisions in the energy sector

The Council adopted in the official languages of the Communities the Decisions:

- amending Decision No 77/186/EEC on the exporting of crude oil and petroleum products from one Member State to another in the event of supply difficulties (inclusion of liquified petroleum gas among the products covered by this Decision);
- issuing directives to the Commission for the renegotiation of the conditions referred to in paragraph (e) of the amendment of the Euratom/Canada Agreement of 1959 concluded by the exchange of letters of 16 January 1978.

Customs union and commercial policy

The Council adopted in the official languages of the Communities the Regulations:

- temporarily suspending the autonomous Common Customs Tariff duties on certain industrial products (first six months of 1981);
 - imposing a definitive countervailing duty on certain seamless tubes of non-alloy steels originating in Spain.
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Bruxelles, le 26 novembre 1980
Note BIC(80)484 aux Bureaux Nationaux
cc. aux membres du Groupe

PREPARATION CONSEIL ENERGIE DU 27 NOVEMBRE 1980 (R. Elphick)

Les Ministres de l'énergie se réuniront demain à partir de 10h30 avec l'assistance de M. Davignon pour une session selon l'ordre du jour plutôt politique que technique.

Les débats se concentreront sur la situation actuelle de l'approvisionnement de la Communauté en pétrole et les perspectives à plus long terme. On peut rappeler que notre situation à ce moment est assez satisfaisante malgré le conflit entre l'Iraq et l'Iran. Notre approvisionnement est assuré et nous avons en stock l'équivalent de quelques 125 jours de consommation représentant environ 140 millions de tonnes.

Le débat devrait clarifier nos objectifs dans tout le domaine de l'énergie, et nous donner des orientations pour le futur. (Voir aussi COM(80)701 et 707)

Les Ministres sont aussi appelés à proroger notre système d'enregistrement des importations de pétrole brut et de produits pétroliers au-delà du 31 décembre 1980.

Les ministres ont également signalé leur intention de débattre sur la base de la communication de la Commission (COM(80)583) les liens existants entre les problèmes énergétiques et la politique économique, de sorte que le Conseil ECO/FIN de décembre puisse être saisi de ses conclusions.

CHARBON. Les Ministres seront saisis du rapport de la Commission (COM(80)117, voir aussi P-17 de mars 1980) qui porte sur les tendances purement économiques du marché charbonnier. Nous espérons que l'échange de vues se déroulera dans la perspective d'une action plus substantielle que la Communauté pourrait entreprendre l'année prochaine dans ce domaine.

GAZ ET STRUCTURES TARIFAIRES DE L'ENERGIE ELECTRIQUE: Les deux derniers points pour le Conseil. En ce qui concerne le gaz, la Commission a préconisé le maintien d'un approvisionnement en gaz naturel sûr et durable pour la Communauté, fondé sur la production à l'intérieur, la diversification des importations, et le développement de gaz de substitution (voir COM(80)295 et P-42 de juin 1980). Pour les structures tarifaires, la Commission a présenté un projet de recommandations du Conseil visant un accord sur les principes de base qui devraient inspirer les structures. (Voir COM(80)356 et P-44 de juin 1980).

Amitiés,
P. Cerf COMEUR

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Brussels, 28 November 1980
No. BIC(80)484 (suite 1 et fin) aux Bureaux Nationaux
cc. aux membres du Groupe

ENERGY COUNCIL (R. Elphick)

Energy Ministers of the Community ended their meeting in Brussels last night (Thursday) with a declaration of their determination to maintain current rhythms of oil supplies despite the lengthening conflict in the Middle East. They called on oil companies to use the oil they have in stock in an equitable manner so as to avoid tensions on the market. Much of the time was spent by ministers in restricted session. After the text was agreed Commissioner Davignon described the day's work as politically important and significant in that it assured that the Community had the necessary instruments to ensure that we do not have to undergo difficulties additional to those we already have. Answering questions the Commissioner also made clear that the other industrialised countries would have to introduce similar advice to their suppliers and that the opportunity would be taken to get this agreement at the ministerial meeting of the International Energy Agency taking place in Paris on December 8 and 9.

The ministers' statement makes clear that the present market situation cannot justify any further price increases but that both producer and consumer countries had a responsibility and common interest in avoiding speculative movements upwards.

Coordination and verification of the measures they proposed would be done by the Member States and the Commission in collaboration.

The ministers also expressed their resolve to take all necessary measures in liaison with the oil companies to avoid importing oil at abnormally high prices, and to ask the companies to abstain from purchasing abnormal quantities.

They favoured adjusting supplies so as to correct any disequilibrium which might pose problems for some Member States, and encouraging the international organisations concerned to help them.

The ministers said they would further encourage measures to save oil and its substitution by other forms of energy, in both private and public sectors so as to reduce consumption. They wished to sustain national production at a high level.

The ministers stated that the essential objective was to avoid the situation where demand for oil imports was greater than the amount that could be provided by the producing countries. The supply and demand and the stock situation would be carefully observed by the Commission in liaison with the Member States. If necessary, policies would be adapted in order to moderate import needs taking account of the varying degrees of dependence.

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Talking to journalists at the final press conference, Mr Davignon estimated that the effect of the Iraq-Iran conflict was to leave the importing countries short of about one to one and a half million barrels of oil a day. It was clearly prudent to carry out the policy now described in case the conflict proved prolonged. (It also came out during the day that the Community has about 125 days of average consumption of oil in stock which should prove adequate to prevent tensions on the market. Minimum stock level required under Community and IEA agreements is 90 days).

The full text of the Ministerial declaration will be sent to you by express.

Otherwise the ministers sought to clarify the Community's energy objectives and the means of achieving them in a debate which will be followed up later, They also heard a presentation from Vice-President Ortoli on the impact of energy on the economic picture which will be discussed at the ECO-FIN Council next month.

The Council also expressed the general will to extend the register purchases of oil and oil products for at least until the end of next June, although they left open the question of its extension for the full year as proposed by the Commission. They accepted the report on electricity tariff structures subject to a reserve d'attente from Denmark, but put off discussion on the coal and gas papers until next time

Regards,

M. Santarelli COMEUR

