

Strasbourg, 13 November 1973  
Brussels

SUMMARY OF A STATEMENT MADE BY MR. SIMONET, VICE-PRESIDENT OF  
THE COMMISSION TO THE EUROPEAN PARLIAMENT ON PETROLEUM SUPPLIES  
(STRASBOURG, 13 NOVEMBER 1973)

On petroleum supplies for the European Community on "the priority guidelines and measures" which the Commission had submitted for a Community energy policy, Vice-President Simonet declared that the current crisis showed that its causes were more complex than they appeared at first sight, since it was basically due to a structural disequilibrium between the supply of and the demand for petroleum. The main factors were the rapid increase in the consumption of petroleum products, dependence on outside sources for supplies and rising production costs.

Analysing Europe's dependence on outside sources and lack of secure supplies, Mr. Simonet urged strongly that consideration be given at the highest level to the political solutions which the new relationships with the oil-producing countries now entailed.

Here, the gains made by the Community in the past must be defended, whatever the causes of the present difficulties. The main purpose of steps to be taken must be to achieve recognition of the common interests binding Europe and the producing countries, some of which have in fact shown an interest in co-operation work designed to assist their own economic development.

Mr. Simonet felt that the main lesson to be learned from the present crisis was a political one: the problem of reliable supply and the diversification of energy sources had now unquestionably become a problem for the public authorities.

The emergence of the oil problem into the political arena, involving a change desired by certain oil-producing countries, showed that responsibility was now in the hands of the public authorities. All the consumer countries were affected by problems connected with reliability of supplies and by the problem of rising energy costs. This was particularly true for the countries of the Third World, the development potential of which was liable to be hurt most by the current price increases.

Apart from the present crisis, the Commission's analysis and proposals both with regard to petroleum and with regard to the more general problem of the Community energy policy, were still completely valid.

It was only by taking an overall and long-term view that the right approach could be found to the threefold problem of Europe's dependence on outside sources, reliability of supply, and the need to diversify energy sources.

The crisis had brought out into the open a situation, the gravity of which had not previously been realised, and this should be an incentive to Europe to reach political agreements on the rational utilisation of energy, the development of energy sources other than petroleum and the adoption of the principles of a Community petroleum policy.

1. The Commission wished to undertake, with the Member States, a study on the optimum utilisation of all the Community resources. In the energy field, this study must be backed by detailed consideration of:

Ways and means of curtailing losses;  
action to be taken to economise on resources becoming rare and costly.

If it leads to the adoption of certain measures, this study could be implemented only within a harmonised framework: economy measures or measures for curtailing consumption must -

neither prevent the pursuit of economic and social progress;  
nor introduce distortions into the competitiveness of the various economies.

A curtailment or a stabilisation of the consumption of petroleum, in particular would make it possible to put off the time when quantitative problems would arise and to make better preparations for the replacement of oil by other energy sources, particularly nuclear energy.

2. Action must be taken to ensure the full development of any energy source which, in economically and socially acceptable conditions, could replace the utilisation of petroleum.

Support of programmes with regard to coal, nuclear energy or other energy sources which at the present time were no more than vague hopes (solar energy, geothermic energy, nuclear fusion) must have as its objective the greatest possible degree of independence with regard to energy.

On the question of coal, the Commission's staff was at present carrying out an area-to-area survey of the desirable level of production, having due regard to social and economic needs governing operations in each coal basin.

In the nuclear field, the Commission intends to confirm the priority which it had emphasised in its communication on priority guidelines and action in the energy field, examined favourably by the Council when it considered energy problems on 22 May 1973.

Nuclear energy must take the place of petroleum wherever possible. But the nuclear sector must be developed with two needs in mind; the independence of outside sources and co-operation within the Community.

One of the first tasks in this field was to ensure reliable supplies of enriched uranium. Accordingly, the Commission would submit in the near future its proposals with regard to the creation of a European uranium enrich-

ment capacity. A decision should be taken promptly.

3. However, the introduction of a petroleum policy was just as urgent.

The Commission had laid before the Council and tabled in the Parliament a number of proposals on this subject. These proposals were based on three principles which the Commission believed to be complementary and inseparable from each other if policy choices were really to be backed by the necessary facilities:

- action to be concerted between the consumer countries;
- action to be concerted with the producer countries;
- organisation of the market.

The basic idea underlining the proposals was that of the fullest co-operation between all parties involved: the producer countries, the consumer countries and the oil companies.

The Commission's proposals were in line with this new approach: in any case, their aim was the creation of Community cohesion.

Summarising the proposals which the Commission had made for the implementation of a Community petroleum policy, Mr. Simonet emphasised that they were of great political value: adoption of the Commission's proposals would -

- enable the Community to act as a responsible and credible negotiator;
- be an incentive to consumer and producer countries to give more attention to an association, the importance of which had been strengthened by its cohesion;
- reduce the temptation to which certain governments or certain companies were exposed to base their strategy on the present lack of cohesion between the Member States and to make the most of differences between them.

The Commission had responded to the demands made on it . Its proposals were designed to achieve three objectives:

- the Community's credibility in the energy policy sector;
- curtailment of the Community's dependence and insecurity through long-term measures;
- furtherance of the Community interest which was the European ideal, the proposals also being based on the minimum reciprocal concessions which each State could reasonably make and ask of the other States at the present stage of integration.

Concluding, Mr. Simonet said that he was convinced that there was no point in seeking only national solutions to problems arising at Community level.