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Brussels, October , 1963

INFORMATION MEMO

The EEC Commission has just published two reports prepared by a group of experts and recently adopted by the Member States' senior officials responsible for petroleum matters.

The first deals with oil imports into the Community from non-member countries, and particularly from the Eastern block (1).

In 1962 Community countries imported 123 million tons of crude oil and 21.6 million tons of refined products - a rise of 12% and 50% respectively on 1961. According to initial estimates made in the course of the year, imports in 1963 will total 138 million tons of crude and 20.5 million tons of refined products.

The Middle East is still the Community's main source of supply for crude, accounting for 75.3% of total imports in 1962. Then comes the Western Hemisphere with 9.8%, Africa (excluding the Sahara) with 7.6% and the Eastern block with 6.6%. Little change in these figures is expected for 1963.

Imports from the Eastern block (including refined products) came to 10.7 million tons in 1962, as against 9.2 million tons in 1961. Despite the increase in absolute terms, the share of these imports in total supply, i.e. including home production, remained steady at 6.8%. The figure is expected to be about the same in 1963. Imports by country in 1962 were as follows: Italy 6 million tons, Germany 3.2 million tons, France 1.1 million tons and Belgium 400 000 tons. There were no direct imports into the Netherlands.

The second report, dealing with investments in the oil industry in the Community, gives an overall view of what was done in 1962 as regards prospecting, production, refinery plant and pipelines, and makes initial forecasts for 1963. It also contains estimates of investment planned as far ahead as 1966 (2).

In 1962 the Community countries continued the search for oil and natural gas. Although proven reserves of oil, at about 1 000 million tons, increased but little on 1961, those of natural gas rose from 2 250 million cubic metres to more than 3 000 million cubic metres, mainly as a result of discoveries in the Netherlands.

The Community's total refinery capacity, calculated on the average of beginning- and end-of-year figures, rose to 150 million tons a year in 1961 and 165 million tons a year in 1962. This 10.3% increase, however, was less than the rise in demand, which was almost 21%. To fill the gap, several countries increased their imports of refined products, which rose from 14.4 to 21.6 million tons; exports remained fairly steady at 28 million tons.

- (1) Community imports of crude oil and petroleum products from non-member countries in 1961 and 1962; estimates for 1963.
- (2) Investment in the oil industry in the Community (at 1 January 1963).

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The oil companies' plans indicate that refinery capacity may reach 260 million tons by 1966 - an average yearly increase of about 10%. This capacity would enable an estimated home demand of almost 200 million tons to be met, while maintaining a sizeable flow of exports to non-member countries. This rapid extension of refinery capacity is warranted by the high growth rates of consumption in recent years. However, the experts stress that a development as rapid as this depends on a high rate of economic growth being kept up, and they believe that close attention will have to be given in coming years to the actual trend of consumption so that, if need be, estimates made at a particularly favourable point in the business cycle can be revised.

There was also some progress in transport by pipeline in 1962. With the commissioning of the South European pipeline, linking the oil port of Lavéra, near Marseilles, with Strasbourg and Karlsruhe, capacity rose from 28 to more than 40 million tons a year, while total pipeline length increased from 1 205 to 2 018 kilometres. In 1963, when the pipeline from Genoa to Switzerland and Bavaria comes into service, total capacity will rise to 57 million tons a year. Lastly, three branches are being installed to serve new refineries near Kelsterbach, Ingolstadt and Mannheim.

The proportion of refinery capacity fed by pipeline - which was 27% of total used capacity at the end of 1961 - will be about 35% in 1965. These figures confirm the tendency that has been evident for several years to build new refineries as close as possible to centres of consumption, taking advantage of the relatively low cost of transport by pipeline.

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Corrigendum à la Note d'Information P-41

Au 7ème paragraphe de la note d'information P-41, une faute de frappe a été relevée; il faut lire : " ... les réserves ..... sont passées de 2.250 milliards de mètres cubes (et non : 2,25) à plus de 3.000 milliards de mètres cubes (et non 3 milliards)."