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ANNEX

to the report drawn up by Mr ADAM

on behalf of the Committee on Energy, Research and
Technology

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OPINION

of the Committee on Economic and Monetary Affairs and
Industrial Policy

OPINION

of the Committee on Regional Policy and Regional Planning

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OPINION

of the

COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS
AND INDUSTRIAL POLICY

for the Committee on Energy, Research and Technology

Dear Mr Poniatowski,

At its meeting of 24 to 26 February 1986¹ the Committee on Economic and Monetary Affairs and Industrial Policy considered the communication from the Commission (COM(85) 245 final) on new Community energy objectives for 1995.

The Committee on Economic and Monetary Affairs and Industrial Policy emphasized the need for efforts to improve the Community's energy situation to be pursued up to the end of the century, particularly by greater control over energy consumption, a policy of diversifying sources of energy and the alignment of national programmes.

The committee noted the following recommendations with interest:

- greater integration of the Community energy market, particularly for gas and electricity;
- a coordinated price strategy for energy, which would encourage investment;
- encouragement of new technology for energy;
- measures to limit oil imports to less than one third of the Community's total energy consumption and a corresponding increase in the market share of natural gas and solid fuels.

¹ Present: Mr SEAL, chairman; Mr BEAZLEY, vice-chairman; Mr AMARAL (deputizing for Mr DE GUCHT), Mr BEUMER, Mr CASSIDY, Mr GAUTIER, Mr HERMAN, Mr PATTERSON, Mr ROGALLA, Mrs VAN HEMELDONCK and Mr WEDEKIND

27 February 1986
CO/CB/fm

The improvement of the energy situation is essential for the carrying out of the Community's economic and social objectives.

Please accept this letter as expressing a favourable opinion by the Committee on Economic and Monetary Affairs and Industrial Policy.

Yours sincerely,

OPINION

(Rule 101 of the Rules of Procedure)

of the Committee on Regional Policy and Regional Planning

Draftsman: Mr Vincenzo GIUMMARRA

At its meeting of 16 September 1985, the Committee on Regional Policy and Regional Planning appointed Mr Vincenzo GIUMMARRA draftsman of an opinion.

The committee considered the draft opinion at its meetings of 19 December 1985, 24 January 1986 and 27 February 1986 and, at the latter meeting, adopted its conclusions with 22 votes in favour, none against and 1 abstention.

As the draftsman was not present the opinion was presented by Mr DE PASQUALE, chairman.

The following took part in the vote: Mr DE PASQUALE, chairman; Mr PERERIRA, first vice-chairman; Mr NEWMAN, second vice-chairman; Mr CHIABRANDO, third vice-chairman; Mr ARBEOLA MURU, Mr AVGERINOS, Mr BARRETT, Mr C. BEAZLEY, Mrs BOOT, Mr BRITO APOLONIA, Mr GANGOITI LLAGUNO, Mr GOMES, Mr HUTTON, Mr LAMBRIAS, Mrs LEMASS, Mr LLORENS BARGES, Mr D. MARTIN, Mr O'DONNELL, Mr OLIVA GARCIA, Mr POETSCHKI, Mr SAKELLARIOU, Mr SANCHEZ-CUENCA, Mr SCHREIBER, Mr TAYLOR and Mrs VIEHOFF (deputizing for Mr HUME).

A. INTRODUCTION

This opinion gives the Committee on Regional Policy its first opportunity to state its views on energy sources, supplies and infrastructures and their impact on the economic and social growth of the regions. There can be no doubt that the availability or, at least, the accessibility of energy sources is one of the fundamental prerequisites for regional development.

The Commission is to be commended for having explicitly, and for the first time, included the objective of regional development among the horizontal objectives of Community energy policy.

It has to be made clear at the outset, however, that, despite the Commission's efforts, the Community is still without a genuine common energy policy except in the coal sector.

But even in this specific sector, while the production of coal is undoubtedly subject to Community control, the same does not hold true for the importation of coal.

Furthermore, EURATOM Treaty projects are undoubtedly far more concerned with nuclear research than with the actual tapping of electric energy from nuclear sources.

In short, it has to be recognized that the Community's energy policy is merely an aggregate of the various national policies introduced by the Member States.

While it is clear that certain Community measures in the energy sector have had regional effects, it is equally clear that up till now these have been minimal compared with those of the national energy policies.

Moreover, the latest set of energy objectives, in common with those established in 1974 (for 1985) and in 1980 (for 1990), are global objectives deriving from the sum total of widely differing national policies.

The positive results obtained in working towards the 1990 objectives, which the present proposal is designed to update, are likewise the outcome of energy policies and situations that differ radically from one State to the next. To illustrate this point, the quadrupling of production of electric energy of nuclear origin between 1973 and 1983 resulted not from a balanced increase in output in all the Member States, but from an exceptional increase in certain countries such as France and Belgium. In Italy and the Netherlands, on the other hand, the increase was negligible.

In short, in considering the Community's energy objectives, we cannot and must not lose sight of the fact that there are very substantial national differences and that, as far as the production and consumption of energy and the availability and/or accessibility of energy sources are concerned, these differences are even more pronounced at the regional level.

Hence the need and the validity of a 'regional' perspective to guarantee that while it is necessary to take account of energy objectives for the entire Community this does not distort or misrepresent the energy situation and problems of the individual States, which may be regarded as 'regions' of the Community as a whole, and of the regions as such.

The need for such a perspective is further illustrated by the problem of reducing our dependence on imported oil. Thanks in particular to North Sea oil, this accounted for only 32% of total energy requirements in 1983, as compared with 62% ten years earlier, i.e. in 1973.

For the Community considered as a whole there has clearly been a reduction in the 'oil bill', but for the individual Member States the picture is different. Those States which are able to benefit from North Sea oil have certainly contributed enormously to reducing dependence on imported oil in the Community as a whole and have made huge dollar savings.

For those States which do not have their own oil resources the situation is altogether different: for them, saving energy through the rational use of available resources and, above all, exploiting alternative energy sources are the only possible courses of action.

In certain States traditional sources of energy are scarce or virtually non-existent. These have to rely almost exclusively on sources which technological research has so far failed to make truly competitive or which have a somewhat limited potential.

These States are, *inter alia*, precisely those which are the most severely affected by problems of under-development, and it is obvious that a serious shortage of energy resources constitutes a further impediment to their economic growth, draining away capital which could be used for the regeneration of their most backward regions.

B. CONCLUSIONS

In the light of the foregoing, the Committee on Regional Policy and Regional Planning:

1. Draws attention first and foremost to the need for a genuine Community energy policy designed to secure and diversify supplies and to minimize costs, bearing in mind the importance of energy for economic and social growth;
2. Is convinced that such a policy must consist of common measures for the production, exploration, exploitation and importation of energy and that these measures must take account of the different conditions obtaining in the various countries and regions of the Community;
3. With that in mind, considers the establishment of global energy objectives for the Community to be necessary but insufficient;

4. Strongly approves of the decision to include regional development among the horizontal objectives for 1995 and considers this to be fully consonant with Article 1(1) of the new European Regional Development Fund (ERDF) Regulation¹ concerning the coordination of Community policies to the extent that they impinge on regional development;
5. Points out, moreover, that taking account of the 'regional dimension' is fully justified:
 - by the impact which measures in the energy sector have on the regional economies and on employment, and
 - by the close interaction between regional development and the other horizontal objectives, particularly environmental protection and technological research and development;
6. Calls attention to the urgent need for appropriate Community action to tackle the extremely diverse and serious problems posed by the energy situation in two distinct types of region, namely:
 - (a) the backward regions which, apart from Ireland and the French Overseas Departments (FOD), are mainly located in the southern part of Europe; these regions are so vast that they virtually cover the entire territory of some Member States, and they are almost entirely dependent on imported energy,
 - (b) many of the declining industrial regions, which are also coal-producing regions in which rationalization and concentration on the most profitable coalfields have led to serious unemployment problems;
7. Is convinced in particular that the structural problems of the first type of region, which impose an increasingly burdensome and damaging energy 'bill' on the economy as a whole, must be solved as soon as possible through the adoption of Community measures which encourage, inter alia:
 - an increasingly rational and efficient use of energy resources,
 - the financing of research aimed at improving the yield and the competitiveness of local new and renewable energy resources,
 - consistent development and the marketing of such energy resources and the dissemination of information concerning their use and their advantages, not least from the point of view of employment and the protection of the environment;

¹Council Regulation (EEC) No. 1787/84 of 19.6.1984: OJ No. L 169 of 28.6.1984

8. As a first step towards attaining these goals, calls on the Commission of the European Communities to submit without delay and in conformity with the existing ERDF Regulation the Community programme aimed at promoting the initiatives in the energy sector outlined in the communication to the Council under consideration¹;
9. Considers it only right to point out that, within the limits of the meagre and inadequate resources allotted to the Regional Fund, a significant contribution was made by this financial instrument to energy projects over the period 1975 to 1984:
 - of the 9 478 m ECU paid out of the quota section for infrastructure projects, as much as 1 572 m ECU were granted to the energy sector, i.e. approximately 16.6%²,
 - of the 2 079 m ECU paid out of the quota section for production projects, however, only 79 m ECU, i.e. about 3.8%, were earmarked for the energy sector²;
10. Draws attention to the failure of the specific Community regional development measure (non-quota section of the ERDF) designed to increase the security of energy supplies in certain internal and mountainous regions in southern Italy and the Greek islands through a better use of the new hydroelectricity and alternative energy technologies³;
11. Calls on the European Commission to examine with the Member States concerned the obstacles and/or rigidities responsible for the present implementing difficulties with a view to proposing suitable modifications to the regulations in force; it may reasonably be held, for example, that to confine implementation of the specific measure in the Mezzogiorno to the internal and mountainous areas is an obstacle to the exploitation of wind power since the windiest areas are generally along the coast, particularly in the islands;
12. Points out that small hydro-electric power plants play an important part in water management and electricity supply in outlying regions; therefore requests the Commission to put forward proposals for promoting investment in such plants;

¹See COM(85) 245 final, paragraph 50.

²Tenth report on the ERDF (1984): COM(85) 516 final: Tables 34 and 37

³Regulation No. 2618/80 (OJ No. L 271 of 15.10.1980) and Regulation No. 218/84 (OJ No. L 27 of 31.1.1984)

13. While pointing out that the European Investment Bank (EIB) has made a notable contribution to the implementation of energy projects (between 1958 and 1982 it granted loans worth 7 300 m ECU, i.e. more than 32% of the 22 500 m ECU paid out for the financing of all types of project in the Community over the same period)¹, insists that the EIB should increase its aid - partly by drawing on NCI resources - particularly in the disadvantaged areas, with the aim of reinforcing supply infrastructures and distribution networks and encouraging the exploitation of both traditional and new and renewable local energy sources;
14. Urgently requests that the instruments of the ECSC, the EIB and, where possible, the European Social Fund (ESF) and the ERDF should be used to boost economic conversion and occupational redeployment schemes in the declining industrial regions which are also adversely affected by the coal production rationalization process;
15. Draws attention to the key role of technological research in steadily bringing down the costs of energy, making it safer for man and the environment and ensuring that enough energy is available to meet economic and social requirements, whether it comes from traditional sources or from new and renewable sources;
16. Supports the view that there should be an increase in Community contributions for research and demonstration projects associated with the development of alternative energy sources, energy savings and efforts to find replacements for hydrocarbons and the liquefaction and gasification of solid fuels;
17. Calls on the ERDF to finance studies to evaluate potential local energy sources, especially in the declining and backward regions, with a view to compiling a 'Charter of energy sources in the Community regions';
18. Considers it necessary for the third periodic report on the situation and socio-economic development of the European regions to examine the energy situation, problems and potentialities of those regions;
18. Requests that paragraph 7 of the draft Council resolution be amplified as follows: '... particularly through the adoption of suitable programmes financed in a coordinated way by the structural funds and the Community loan instruments and implemented first and foremost in the backward areas that rely heavily on external agencies for their energy supplies'.

¹ See the report on the 25 years of activity of the EIB, page