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REPORT

drawn up on behalf of the Committee on Energy, Research  
and Technology

on the communication from the Commission of the European  
Communities to the Council (Doc. C2-48/85 - COM(85) 245 final)  
for a proposal for a Resolution concerning new Community  
energy policy objectives for 1995 and convergence of the  
policies of the Member States

Rapporteur: Mr Gordon J. ADAM

PE 102.098/fin.

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By letter of 14 June 1985, the President of the Council of the European Communities requested the European Parliament to deliver an opinion, pursuant to Article 235 of the EEC Treaty, on the communication from the Commission of the European Communities to the Council on the Community Energy Objectives and the Draft Council Resolution contained therein.

On 8 July 1985, the President of the European Parliament referred this proposal to the Committee on Energy, Research and Technology as the committee responsible and to the Committee on Economic and Monetary Affairs and Industrial Policy, the Committee on Regional Policy and Regional Planning and the Committee on the Environment, Public Health and Consumer Protection for an opinion.

At its meeting on 23 May 1985, the Committee on Energy, Research and Technology appointed Mr ADAM rapporteur.

The Committee considered the Commission's proposal and the draft report at its meetings of 15 October and 29 November 1985 and 22 January and 4 and 25 February 1986. The proposed amendments to the communication from the Commission of the EC to the Council and the draft motion for a resolution were adopted at the latter meeting by 19 votes in favour with none against and three abstentions.

Present at the time of vote were:- Mr PONIATOWSKI, Chairman; Mr ADAM, vice-chairman and rapporteur; Mr SELIGMAN, vice-chairman; Mrs BLOCH VON BLOTTNITZ (deputising for Mr Staes); Mr BONACCINI (deputising for Mr Valenzi); Mr BUENO VICENTE (deputising for Mr Lienemann); Mr COTTRELL (deputising for Mr Toksvig); Mr DUARTE CENDAN; Mr ESTGEN; Mr FORD (deputizing for Mr Smith); Mr GARCIA-AMIGO (deputising for Mr Kilby); Mr KOLOKOTRONIS; Mr LINKOHR; Mr MALLET; Mr PETRONIO; Mr PINTO; Mr RINSCHKE; Mr SANZ; Mr SCHINZEL; Mr TRIDENTE; Mr TURNER; Mrs VIEHOFF; Mr WEST

The report was tabled on 26 February 1986.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the session at which it will be examined.

The opinions of the Committee on Economic and Monetary Affairs and Industrial Policy, the Committee on Regional Policy and Regional Planning and the Committee on the Environment, Public Health and Consumer Protection will be published separately.

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The Committee on Energy, Research and Technology hereby submits to the European Parliament the following amendments to the Commission's proposal and motion for a resolution together with explanatory statement:

I. Draft Council Resolution concerning new Community energy objectives for 1995 and convergence of the policies of the Member States

Text proposed by the Commission

Amendments tabled by the Committee of Energy, Research and Technology

Preamble

Recitals one to seven unchanged

Amendment no. 1

Eighth recital

Whereas the adequate and secure availability of energy on a satisfactory economic basis remains a prerequisite for the pursuit of the economic and social objective of the Community and of the Member States;

Whereas the adequate and environmentally acceptable availability of energy  
(rest unchanged)

Amendment no. 2

Ninth recital\*

Whereas it is essential that the substantial progress made so far to restructure the energy economy be maintained and, if necessary, reinforced within the Community;

Delete the word "substantial"

Amendment no. 3

Tenth recital

Whereas in order to achieve this goal, priority should be given, on the demand side, to containing energy consumption to a greater extent and to restricting oil's share in total energy consumption and, on the supply side, to ensuring that the level of dependence on imported energy, and in particular imported oil, is not unreasonable;

Whereas in order to achieve this goal, priority should be given, on the demand side, to achieving greater energy efficiency and, on the supply side, to limiting dependence on imported energy, especially imported oil;

Recitals eleven and twelve unchanged

Amendment no. 4

Thirteenth recital

Having regard to the Member States' rôle, in the energy policy context, enabling market forces to operate;

Delete this recital

\* This recital appears to have been omitted from the German version of the Commission text

Recitals fourteen to sixteen and  
paragraphs 15a unchanged

greater integration of the common market  
for energy in order to improve security  
of supply, reduce costs and improve  
competitiveness as a result of greater  
competition

Amendment no. 5

Paragraph 5(b)

greater integration of the common market  
for energy in order to improve security  
of supply, reduce costs and improve  
competitiveness as a result of greater  
competition by expanding Community gas  
and electricity grids to link all  
Member States and by the provision of  
gas storage facilities as an insurance  
against a sudden shortfall in supplies;

To achieve even greater energy efficiency  
in all sectors

Amendment no. 6

Paragraph 6(a)

To achieve even greater energy efficiency  
in all sectors, and to highlight  
particular opportunities for energy  
savings through monitoring and evaluation  
of each Member State.

To achieve even greater energy efficiency  
in all sectors;

For the Community as a whole, the  
objective is to improve the efficiency  
of final energy demand<sup>6</sup> by one quarter  
by 1995;

Amendment no. 7

Paragraph 6(a)

To achieve even greater efficiency  
in all sectors;

For the Community as a whole, the  
objective is to improve the energy  
intensity<sup>6</sup> by one quarter by 1995;

To keep oil imports from non-Community  
countries to reasonable proportions by  
means of appropriate efforts to promote  
oil and natural gas exploration and  
production in the Community and by  
continuing with an oil-substitution  
policy;

For the Community as a whole, the  
objective is to maintain net oil imports  
at less than one third of total energy  
consumption in the Community in 1995;

Amendment no. 8

Paragraph 6(b)

To keep oil imports from non-  
Community countries to reasonable  
proportions by promoting oil and  
natural gas exploration and  
production in the Community and  
continuing the oil-substitution  
policy;

For the Community as a whole, the  
objective is to ensure that oil  
imports do not increase by more  
than 10% of the 1983 figure;

Text proposed by the Commission

Amendments tabled by the Committee  
of Energy, Research and Technology

Paragraph 6(c) unchanged

Amendment no. 9

Paragraph 6(d)

Delete "and to restructure the solid fuels producing industry in the Community"

To pursue and support efforts to facilitate consumption of solid fuels and to restructure the solid fuels producing industry in the Community;

Amendment no. 10

Paragraph 6(d), first paragraph

To pursue and support efforts to facilitate consumption of solid fuels and to restructure the solid fuels industries in the Community, taking account of the new market possibilities for higher added value coal applications such as liquefaction and gasification;

To pursue and support efforts to facilitate consumption of solid fuels and to restructure the solid fuels producing industry in the Community;

Amendment no. 11

Paragraph 6(e), first paragraph

Delete "and nuclear power;"

To continue with the measures taken to reduce as much as possible the share of oil and natural gas in the production of electricity, in particular by giving priority to solid fuels and nuclear power;

Amendment no. 12

Paragraph 6(e) second paragraph

Delete "and to raise the proportion of nuclear power to approximately 40% in 1995"

For the Community as a whole, the objective is to reduce the proportion of electricity generated from oil and natural gas to less than 10% and to raise the proportion of nuclear power to approximately 40% in 1995;

Amendment no. 13

Article 6(f), second paragraph

For the Community as a whole, the objective is to triple the output from new and renewable energy resources before the end of the century, enabling them thereby to make a significant contribution to the Community's energy requirements.

For the Community as a whole, the objective is to triple the output from new and renewable energy resources by 1995, enabling them thereby to make a significant contribution to the Community's energy requirements.

Amendment no. 14

Paragraph 6(f)

To maintain the development of new and renewable energy resources, in particular by continuing with the effort made and placing greater emphasis on the dissemination of results and the replication of successful projects;

To maintain the development of new and renewable energy resources, in particular by continuing with the effort made and placing greater emphasis on the dissemination of results and the replication of successful projects;

For the Community as a whole, the objective is to triple the output from new and renewable energy resources before the end of the century, enabling them thereby to make a significant contribution to the Community's energy requirements;

For the Community as a whole, the objective is to triple the output from new and renewable energy resources before the end of the century;

Amendment no. 15

Paragraph 7

Requests the Commission to make recommendations and proposals with a view to increasing the convergence of the Member States' energy policies and ensuring that the above objectives are achieved.

Requests the Commission to make recommendations and proposals with a view to increasing the convergence of the Member States' energy policies and ensuring that the above objectives are achieved, particularly through the adoption of suitable programmes financed in a coordinated way by the structural funds and the Community loan instruments, with priority for those areas which rely most heavily on imported energy from third countries.

Paragraphs 8 and 9 unchanged.

Amendment no. 16

Paragraph 10

Requests the Commission to submit, every two years or so, on its own responsibility and in the light of the above information, a detailed examination of the progress made in each Member State and in the Community as a whole towards achieving the above objectives.

Requests the Commission to submit every two years, on its own responsibility and in the light of the above information a detailed examination of the progress made in each Member State and in the Community as a whole towards achieving the above objectives.



MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the communication from the Commission of the European Communities to the Council for a proposal for a Resolution concerning new Community energy policy objectives for 1995 and convergence of the policies of the Member States

The European Parliament,

- having regard to the proposal from the Commission to the Council (COM(85) 245 final),
  - having been consulted by the Council pursuant to Article 235 of the EEC Treaty (Doc. C 2-48/85),
  - having regard to its resolution of 14.2.80,<sup>1</sup>
  - having regard to the report of the Committee on Energy, Research and Technology and the opinions of the Committee on Economic and Monetary Affairs and Industrial Policy, the Committee on Regional Policy and Regional Planning and the Committee on the Environment, Public Health and Consumer Protection, (Doc. A 2-223/85),
  - having regard to the result of the vote on the Commission's proposal,
- a) whereas the progress made by the European Community towards the 1990 energy objectives defined in 1980 must not be jeopardised by lack of political will during a temporary period of declining oil prices,
  - b) whereas the Community must not expose itself to the effects of any new energy crisis, which would restrict economic recovery and the creation of jobs,
  - c) drawing attention to the continued importance of oil in the total energy consumption of the Community, approximately 46 per cent in 1985,
  - d) whereas pollution by nitrogen oxides and sulphur dioxide can be rapidly curbed by fitting appropriate equipment at coal-fired power stations,
1. Welcomes the Commission's initiative in bringing forward in good time proposals for 1995 Community energy objectives and congratulates the Commission on its part in the effort to attain the 1990 objectives;
  2. Regrets, however, that the proposed objectives are not more ambitious and are not defined in more specific and rigorous terms;
  3. Deplores the continuing failure of the governments of the Member States to agree on a Community energy policy;
  4. Warns of the risk of increased oil consumption in the Community as energy demand revives with economic growth and some depreciation of the United States dollar, and of the risk that in time the worldwide cumulative effect on oil demand could generate another oil crisis in the 1990's;

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<sup>1</sup> OJ no. C 59, 10.3.80, p. 41

5. Calls on the Commission to adopt, on the basis of Article 149, second paragraph, of the EEC Treaty, the amendments to the Draft Council Resolution which are proposed in the present report; subject to these amendments being adopted, approves the Draft Council Resolution;
6. Invites the Commission to propose a series of Community measures designed to help the Community to attain the 1995 energy objectives;
7. Requests the Commission, in seeking ways of attaining the objectives, to give particular consideration to:
  - (i) providing Community financial aid to those Member States and regions which have the furthest distance to catch up if the objectives are to be reached;
  - (ii) facilitating the distribution of gas and electricity on a Community-wide basis by promoting the interconnection of gas and electricity grids;
  - (iii) industrial proving of higher added value uses of solid fuels;
  - (iv) provision of gas and oil storage facilities in order to provide insurance stocks against a sudden shortfall in supplies;
8. Requests the Commission to report annual statistics on the depletion of the Community's gas, oil and coal reserves and annual statistics for new proven reserves of gas, oil and coal in the Community;
9. Requests the Commission to promote the use of the ECU in energy transactions;
10. Requests the Commission, in pursuing the objective of developing the Community's external relations in the energy sector, to reinforce its efforts to maintain good relations with the Organisation of Petroleum Exporting Countries;
11. Believes that the security of the Community's oil supplies merit urgent examination by the Commission and Council, and requests the Commission to submit to Parliament and Council as assessment of the possible risks and measures to be taken to anticipate them;
12. Considers that the ten-year time-span envisaged for the attainment of the 1995 energy objectives is not long enough to effect a material difference, and invites the Commission to review the position in 1990 with a view to putting forward new objectives to cover the following fifteen-year period;
13. Requests its President to forward to the Council and the Commission, as Parliament's opinion, the Commission's proposal as voted by Parliament and the corresponding resolution.

EXPLANATORY STATEMENT**I. SUMMARY OF THE REPORT'S FINDINGS**

1. The main findings are as follows:

- (i) For the period up to 1995, the main issues facing the Community in the energy sector are:-
  - (a) security of supply,
  - (b) the promotion of energy efficiency,
  - (c) the reduction of environmental pollution;
- (ii) The Commission has not been ambitious or rigorous enough in setting Community energy objectives for 1995;
- (iii) The targets which it proposes to set do not, in most cases, require any extra effort over and above what is likely to be achieved anyway given the extrapolation of existing trends, and no firm plans are announced in the Commission's document for Community action at the points where problems could arise;
- (iv) The Commission should have been even clearer and firmer on its analysis of oil supply and demand trends and on its plans for avoiding excessive dependence on imports; it should likewise have been clearer and firmer on the whole question of energy security, not only as regards oil, but coal and gas as well;
- (v) The Commission has not been explicit enough about developments which it would like to see in intra-Community trade in energy.
- (vi) The Commission should look for ways of aiding Member States with a long way to catch up; it should also encourage interconnection of gas grids;
- (vii) The Commission should promote use of the ECU in energy transactions;
- (viii) The Commission should foster good relations with OPEC.

**II. INTRODUCTION**

2. The Commission Communication under consideration proposes a new set of energy objectives for the Community to attain by 1995. Community energy policy at present is guided by a set of objectives for the year 1990 which was set by the Council in 1980<sup>1</sup>. Although the target date for the first set of objectives - 1990 - has not yet been reached, the Commission considers that the Community is on the way to attaining these objectives, and that we should start thinking now about the succeeding phase of EEC energy policy.

<sup>1</sup>-----  
Council Resolution of 9 June 1980; OJ No.

3. Among the objectives set for 1990 were the following:

- to cut to 0.7 or less the average ratio for the whole EC of the rate of growth in gross primary energy consumption to the rate of growth of gross domestic production;
- to cut oil consumption to about 40% of gross primary consumption;
- to cover 70-75% of primary energy requirements for the production of electricity by means of solid fuels and nuclear energy;
- to encourage the use of renewable energy sources so as to increase their contribution to the EC's energy supplies;
- to pursue an energy pricing policy that was realistic enough to encourage energy saving and to protect investment in substitutes, with the greatest possible degree of transparency.

4. In its consideration of the Commission proposals in 1980 the European Parliament put forward the following priorities for the Community's energy objectives for 1990:

- the effective realization of an energy-saving policy which is binding on all Member States;
- the reduction of imports of energy, especially oil, together with a common effort to develop the use of the Community's indigenous energy sources, in particular coal;
- research development and production of new energy sources;
- is of the opinion that nuclear energy should not be further developed until the problem of safety and radioactive waste has been solved and the consent of a clear majority of the public has been obtained.

5. The Commission considers that the exercise undertaken in 1980 of the setting of energy objectives has been a success. It believes that these have been achieved and that we must now try to repeat that success in the coming decade.

6. In February 1985, the Commission produced a staff paper<sup>1</sup> entitled "ENERGY 2000 - A reference projection and its variants for the European Community and World to the year 2000". This contained forecasts of energy trends in the EEC based on explicit socio-economic assumptions. The document can be taken as a technical and statistical background paper to the 1995 objectives. Its major findings were as follows:

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<sup>1</sup> SEC (85) 324 (28 February 1985)

- progress in the rational use of energy will be crucial and have a bigger impact on the energy market than variations arising from a higher or lower rate of long term economic growth;
- environmental protection will be a main issue; the Commission attaches great importance to the proposed directive to limit atmospheric emissions from large combustion elements;
- stable or slightly falling energy prices do not necessarily hinder the restructuring of the energy market because they can stimulate GDP and encourage investment;
- electricity could be the fastest growing energy sector between now and 2000;
- natural gas is likely to increase in the residential and services sectors, replacing oil products;
- oil consumption will be concentrated on specific uses, favouring light and medium oil products against heavy products; this justifies continued efforts to rationalise the refineries sector;
- the more oil is replaced by solid fuels or gas, the more imports of the latter will rise, increasing the risk of over-dependence;
- every effort should therefore be made to boost Community energy production, even marginally;
- the ability of the world market to supply the EC's import needs will be influenced by consumption trends in the other industrialised countries and in the developing countries.

### III. THE PROPOSED OBJECTIVES FOR 1995

7. These are set out in a draft Council resolution attached to the Commission's Communication. They are divided into two categories; sectoral objectives and horizontal objectives.

8. The sectoral objectives are:

- (a) greater **energy efficiency** in all sectors, defined not as the ratio between GDP and primary energy demand (the energy ratio) but that between GDP and final energy demand (energy intensity) with the aim of a 25% improvement in the latter by the mid-1990's;
- (b) to keep oil imports in check by promoting exploration, production and oil-substitution in the EC, with a view to maintaining **net oil imports at less than 33.3% of total energy consumption in the Community in 1995;**

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<sup>1</sup> Annex 1, pp1-4

- (c) to maintain and, if possible, **increase the role of natural gas**, which accounted in 1983 for about 18% of EC primary energy consumption;
- (d) to facilitate consumption of solid fuels and restructure the producing industry, with a view to **maintaining and, if possible increasing the share of solid fuels** in the energy balance;
- (e) to **cut the proportion of electricity generated from oil and natural gas to less than 10% and to raise the proportion generated by nuclear power to approximately 40% in 1995;**
- (f) to **triple the output from new and renewable energy sources** before the end of the century.

9. The horizontal objectives are as follows:

- (a) the **development of coordinated external relations** in the energy sector (e.g. with OAPEC and OPEC and with developing countries);
- (b) greater **integration of the common market for energy** in the EC;
- (c) **greater security of supplies** through development of the EC's energy resources, geographical diversification of sources of supply, flexibility of energy systems and crises measures;
- (d) the **application of Community principles for energy pricing** in all consumption sectors;
- (e) new initiatives on energy and **the environment;**
- (f) the continuous development of **technological innovations** through R, D & D programmes;
- (g) the reinforcement of EC energy policy for appropriate **measures in less favoured regions.**

#### IV. THE ASSESSMENT OF THE PROPOSED OBJECTIVES

10. The background to the proposal for new objectives is the current soft oil market exacerbated by a fall in the dollar, which is breeding complacency in the industrialised oil-consuming countries. Much as lower oil prices are to be welcomed for the stimulating effect which they ought to have on the economies of EC Member States, they represent a disincentive to investment in energy-saving and energy substitution. The European Parliament has consistently supported measures designed to promote such investment, in order to protect Europe from the harmful consequences of any future major disruption of imported energy supplies comparable to the oil crisis of the 1970's. It should be noted that the ratios of production to reserves will in due course leave the major reserves in OPEC member countries and any increase in imports to Community countries must come from that source.

11. The temptation must be resisted to weaken our efforts to secure more rational and economical use of our limited energy resources and to strike a balance between short-term economic advantages and the outlook in the longer-term. Much depends on the level of importance which European countries attach to the pursuit of an effective energy policy and in particular to security of energy supplies. The Community must have a view on the level of energy self-sufficiency at which it is aiming.

12. It is also important not to weaken efforts to reduce environmental pollution caused by either the production or consumption of the various types of energy. At a time when more and more of the technological problems involved in combatting such pollution are being solved, it would be imprudent not to make the necessary investments, which are likely to become more costly as time goes by.

13. To turn to the particular question of the energy objectives, it is not self-evident what the purpose of such objectives should be. The objectives as they have been proposed fall short of a fully-fledged Community energy policy. Indeed, they are only a summary of existing national intentions and established statistical trends. They give little or no evidence of any firm attempt to influence events in the short- or long-term. There is no convincing indication that the adoption of the objectives will result in any changes in national policies.

14. There are two reasons for making this assessment:

(i) None of the sectoral objectives are expressed in absolute quantities; this is a serious weakness because the objective in any plan of action must be expressed as a testable proposal. Unless a target has defined boundaries, it is impossible to know whether or not it has been reached. It is legitimate to express some of the objectives as ratios (i.e. in percentage terms), since they are, in some cases, conditional on unforeseeable events, but a total absence of fully quantified objectives is unacceptable. Moreover, a percentage reduction can still be a absolute increase. For example, when the Commission says that oil imports in 1995 should be less than 33.3% of total EC energy consumption it obscures the fact that if total energy consumption happened to rise sharply enough, a share of one-third in 1995 could, in absolute terms, be larger than, say, one half in 1985;

(ii) The two categories which the Commission has used - "horizontal objectives" and "sectoral objectives" are not exhaustive: a third category of "diagonal objectives" is needed which would apply either to a limited number of Member States or a limited number of energy sectors; for example, the Commission's proposal that 40% of electricity should be generated by nuclear power by 1995 could, statistically, be achieved if only two or three of the twelve Member States made a determined effort to increase their nuclear output; yet this could hardly count as a "Community" achievement since it could be accomplished without altering the situation in the other nine countries at all.

15. Clearly the Commission faces two major and debilitating problems: first, to produce a set of objectives to which all of the Member States can agree and, second, to produce objectives which the Member States will actually pursue. The Commission has very few means at its disposal to ensure either of these two things.

16. The Commission would have been wrong, however, to have been paralysed into inaction by these constraints, and it is to be congratulated on putting forward new EC objectives in good time.

17. A possible answer to the problem involved in attempting to set quantified objectives is to express them as trends. To require, for example, that energy output from renewable resources should increase across the Community is to present a testable proposal. In 1995 it will be possible to see whether there has been an increase or not and to assess achievement in each member country.

18. All objectives, however expressed, are subject to the arbitrary influence of maverick factors. Although this cannot be allowed for in advance, one should at least be clear what sort of factors of this type could arise. They include:

- the possibility of political upheaval in a sensitive region;
- a major nuclear incident causing the precautionary shut-down of plants for an indefinite period;
- technological developments (such as, hypothetically, a reduction in personal transport caused by advances in teleconferencing techniques;
- politico-economic developments like the privatisation of British Gas;
- a sudden increase in energy demand by developing countries.

#### **V. THE MEANS AT THE COMMISSION'S DISPOSAL**

19. The Commission's first aim is to get the Member States to commit themselves to the 1995 objectives by adopting its draft Council resolution. In the resolution itself the Commission proposes that the Member States be asked to base themselves on the objectives when framing their national energy policy and "having regard to their own particular energy situation, to make efforts of an equivalent intensity, thereby strengthening the Community's energy policy".

20. The problem is, of course, that a formal Community energy policy still does not exist, in spite of the Council Resolution adopted as long ago as 1974 which said that such a policy was urgently needed.

21. No-one can tell whether Community countries can be kept on the right path by exhortation in a period when oil prices are relatively weak, nor can the foreign exchange markets be relied on to impose discipline since, as has recently been seen, the value of the dollar can fall as well as rise.

22. Much depends on two crucial factors: first, the willingness of the Commission to come forward with proposals for bold Community measures in the energy sector, and, second the willingness of the Council to act on these proposals.



23. Under the terms of the proposed Council resolution, the Commission would be requested "to make recommendations and proposals with a view to increasing the convergence of the Member States' energy policies" and ensuring that the objectives for 1995 are achieved.

24. The Commission must come forward with such recommendations and proposals, but it would be unrealistic to imagine that the Council will readily agree to such measures receiving an adequate amount of funding from the EC Budget unless there is massive pressure from the European Parliament and from all interested parties in the Community at large.

#### **VI. RECOMMENDATIONS FOR FURTHER ACTION**

25. The development of coordinated external relations has a particular importance when considering energy security because within the time span under consideration the Community will remain dependent on imported energy. There are measures which Parliament would particularly stress under this horizontal objective:

- a) closer relations with OPEC and other oil supplying countries;
- b) the Community acting as a purchasing agent for imports of oil, natural gas and coal;
- c) the development of the use of the ECU as the settlement currency for energy transactions;
- d) Community measures to ensure that the costs of imported energy reflect through production and transport costs and that the Community is not used as a dumping ground for imports;
- e) Community measures to ensure fair internal trade in energy.

26. The time span during which the 1995 objectives will operate is too short (at ten years) for major impact by national policies given that the time is needed to plan new energy installations such as power stations or new coal mines. It is therefore suggested that the objectives should be restated in not less than five years for a period up to 2005 AD.

27. The financial policies of the Community should be adjusted to give priority to encourage activities in assisted areas and in those countries whose current position is furthest from the objectives, either as a whole or in any particular sector.

28. The draft Council resolution requests the Member States to give the Commission full information about their energy situation and forecasts every year end and to inform it of any significant change of direction in national energy policy.

29. It must be borne in mind, however, that the willingness of Member States to give general cooperation in pursuit of the 1995 objectives will depend, not only on their individual circumstances, but also on their assessment of the seriousness with which this Community initiative is being undertaken.

Cooperation, in this sector as in others, means that all parties must be ready to make concessions in return for benefits. Individual countries will be unwilling to make concessions, however, if they do not feel that the whole enterprise is being managed with toughness and a sense of purpose.

30. Recently, instability of oil prices has been accompanied by instability in the value of the dollar. It would be unrealistic to expect actors in the world oil market to drop the present practice of setting reference prices for different types of crude oil in dollars, but there is scope for greater use of the ECU in the settlement of actual contracts. The Commission should encourage wider use of the ECU in energy transactions - not only for oil, but also for coal and other energy commodities where appropriate.

31. In view of the increasing rôle which natural gas is expected to play in the Community's energy economy, the Commission should further encourage interconnection of gas distribution grids.

32. The Community's objectives represent a greater challenge to some Member States than to others. The Commission should look for ways of providing financial aid to those which have the greatest distance to catch up.