

EUROPEAN ECONOMIC COMMUNITY • EUROPEAN COAL AND STEEL COMMUNITY • EUROPEAN ATOMIC ENERGY COMMUNITY

Information Service Washington Office: Suite 808, The Farragut Building, Washington DC, 20006 • Telephone: 296-5131, Area Code 202 • Cable: EUROCOM • Telex: WN-065

March 3, 1967  
BACKGROUND NOTE**COMMUNITY ENERGY SITUATION****Imports Rising**

WASHINGTON, D. C., March 3 -- This year for the first time over half of the European Community's energy sources will be imported.

Oil will account for just over half of all fuels used, while coal will further decline to less than a third. Natural gas will continue to advance and should account for over 5 per cent of requirements this year.

With lower overall growth and depressed steel output in particular, 1966 energy demands fell short of predictions. This slower growth had serious effects on coal, and surplus production last year was higher than ever before, despite major production cutbacks. This has forced great efforts for re-employment of workers and regional redevelopment.

**Gas and Oil Grow in Importance**

Total Community energy consumption in 1966 was nearly 620 million metric tons coal equivalent. Half of the energy was locally-produced. This year total consumption should rise to 644 million tons with the demand for oil rising by 10 per cent and that for natural gas by 25 per cent. The market for coal will decline by another 3 per cent.

**Percent Share of Energy Requirements**

	1965	1966 (est.)	1967 (forecast)
Coal	37.7	33.7	31.3
Lignite	5.7	5.6	5.4
Oil	45.3	48.4	50.9
Natural gas	3.8	4.4	5.2
Hydroelectric & other	7.5	7.9	7.2
Community origin	53.8	50.4	48.2
(of which coal)	33.8	30.0	27.7
Imports	46.2	49.6	51.8

### Steel Changes Over to Oil Injection

The Community steel industry consumed 61.2 million tons coal equivalent in 1965, but this year its requirements should drop to 57.7 million tons. Coke consumption in steel production fell three million tons last year, and should fall a further 2 million tons this year. The industry's use of oil on the other hand, grew by more than 10 percent. This is due to the increase of oil-injection blast furnaces, particularly notable in countries like Luxembourg which are less favorably placed for obtaining coal.

### Energy Production Rising with Nuclear Capacity Up

The Community coal industry expects to provide 192 million tons coal equivalent this year, a 7 million-ton reduction from 1966. On the other hand this level of production would result in a 13 million-ton surplus, which suggests the necessity for further cutbacks.

Community crude oil supplies increased further last year, with Africa raising her share to 27½ per cent. Community output declined to 6 per cent of needs. Middle Eastern oil continued to account for 57-58 per cent of supplies.

Domestic natural gas output is rising rapidly and will total 25 billion cubic meters (33½ million tons c. e.) this year.

Total installed electricity-generating capacity rose from 104,000 MW at the end of 1965 to 111,200 at the end of last year and should reach 118,000 at the end of this. Nuclear power-generation capacity more than doubled last year to 2248 MW; the share is still small and will likely not surpass 2 per cent of this year's total.

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