



COUNCIL OF THE EUROPEAN COMMUNITIES  
GENERAL SECRETARIAT



PRESS RELEASE

7580/79 (Presse 72)

585th Council meeting

- Energy -

Luxembourg, 18 June 1979

President: Mr André GIRAUD,  
Minister for Industry  
of the French Republic



The Governments of the Member States and the Commission of the European Communities were represented as follows:

Belgium:

Mr Willy CLAES Deputy Prime Minister,  
Minister for Economic Affairs

Denmark:

Mr Arne CHRISTIANSEN Minister for Commerce

Germany:

Mr Otto Graf LAMBSDORFF Federal Minister for Economic  
Affairs

France:

Mr André GIRAUD Minister for Industry

Ireland:

Mr Desmond O'MALLEY Minister for Industry, Commerce  
and Energy

Italy:

Mr Franco NICOLAZZI Minister for Industry, Trade  
and Craft Trades

Luxembourg:

Mr Josy BARTHEL Minister for Energy

Netherlands:

Mr G.M.V. van AARDENNE

Minister for Economic Affairs

United Kingdom:

Mr David HOWELL

Secretary of State for Energy

Commission:

Mr Guido BRUNNER

Member

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MEASURES TO BE UNDERTAKEN IN THE FIELD OF ENERGY

In preparation for the European Council's deliberations on energy at its meeting in Strasbourg on 21 and 22 June, the Council discussed, on the basis of a memorandum from the Presidency and proposals from the Commission, the measures to be undertaken by the Community with regard to energy problems arising out of disturbances in oil deliveries from certain producer countries and simultaneous appreciable price rises.

The discussions firstly focussed on improving the information of the Governments and the public on price trends by means of the preparation by the Commission of a weekly analysis of the prices voluntarily communicated by certain operators on the free market and of consumer prices for the principal products, in a form such that those prices could be compared with the monthly information on the cost of imported oil.

With a view to achieving greater transparency of oil markets the Council also discussed the creation of an instrument which would facilitate the compulsory recording of oil purchases so as to enable the Governments and the Commission to monitor oil prices directly. The Regulation prepared to this end would be put into effect after the Tokyo Economic Summit provided that the other major oil importers had agreed to take similar measures.

As regards longer-term measures, the Council, noting that the oil situation demanded extreme moderation in the use of oil and sustained efforts to develop other sources of energy, worked out Community guidelines firstly for stabilizing and subsequently for reducing oil imports and for achieving a redeployment of energy by changing the pattern of consumption.

The guidelines worked out on all these points will be forwarded to the European Council.

#### DIALOGUE WITH THE PRODUCER COUNTRIES

The Council noted that its current President and its President for the second half of 1979 together with Commissioner BRUNNER would be holding technical discussions on 30 June with representatives of the producer countries.

#### ECONOMIC CONSEQUENCES OF THE OIL SITUATION

The Council had before it a Commission communication on the economic consequences of the oil situation which was also discussed at the meeting of the Ministers of Economic and Financial Affairs today in preparation for the European Council.

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NOTE BIO(79)193 AUX BUREAUX NATIONAUX  
CC. AUX MEMBRES DU GROUPE, ■■ A M. BURGHARDT, DG I, ET A M. LECOMTE  
DG VIII

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OBJECT: PREPARATION DU CONSEIL ENERGIE (R■■■■ ELPHICK)

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LES MINISTRES DE L ENERGIE SE ■■■■■■■■■■ REUNISSENT LUNDI A  
LUXEMBOURG (10H30) POUR DISCUTER LA CRISE PETROLIERE.

IL N Y AURA AUCUN ORDRE D ■U JOUR EN TANT QUE TEL. LA DISCUSSION  
SERA PLUTOT GLOBAL ET PREVOIT UN EXAMEN D UN MEMORANDUM DE LA  
PRESIDENCE FRANCAISE ET DE DEUX DOCUMENTS DE LA COMMISSION; LE  
PREMIER DESTINE AU CONSEIL EUROPEEN ET LE DEUXIEME SE REFERANT  
AU REGLEMENT SUR L ■ENREGISTREMENT DES TRANSACTIONS SUR LES  
MARCHES LIBRES COMME ROTTERDAM.

COMME VOUS ■■■■ VOUS SOUVENEZ M BRUNNER S EST REFERE A CETTE  
PROPOSITION LORS DE SA ■■■■CONFERENCE DE PRESSE MERCREDI. A  
PART LA DISCUSSION SUR LES PROBLEMES POSES PAR LES MARCHES  
LIBRES, LES MINISTRES DEVRAIENT AUSSI PRENDRE POSITION SUR LES  
MODALITES ET LA PORTEE DES CONTACTS PROPOSES ENTRE LA COMMUNAU-  
TE ET LES PAYS PRODUCTEURS AINSI ■QUE DES AUTRE PAYS INTERESSES.  
11H30

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NOTE B I O (79) 193 (SUITE 1) AUX BUREAUX NATIONAUX  
C.C. AUX MEMBRES DU GROUPE, AUX ASSISTANTS DG I ET VIII

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E N E R G Y C O U N C I L 18 JUNE  
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THE ENERGY COUNCIL BEGAN WORK UNDER CHAIRMAN ANDRE GIRAUD THIS MORNING AT 10H45 PROCEEDING IMMEDIATELY TO A DISCUSSION ABOUT THE SUGGESTIONS THE COMMUNITY WILL PUT FORWARD AT THE TOKYO SUMMIT OF INDUSTRIALISED COUNTRIES TO CALM WORLD OIL MARKETS. MINISTERS ACCEPTED IN PRINCIPLE THE COMMISSION'S PROPOSALS PUT FORWARD BY MR GUIDO BRUNNER AND WHICH IT IS HOPED WILL TAKE SOME OF THE STEAM OUT OF THE FREE MARKETS LIKE ROTTERDAM. THESE PROPOSALS INCLUDE REGULAR PUBLICATION BY THE COMMISSION OF PRICE TRENDS ON THE SPOT MARKET AND OF CONSUMER PRICES FOR THE MAIN PRODUCTS IN A FORM WHICH WILL ENABLE COMPARISONS TO BE MADE BETWEEN THEM. SECONDLY THE MINISTERS AGREED IN PRINCIPLE ON SETTING UP A REGISTER UNDER WHICH OIL COMPANIES WILL BE REQUIRED TO NOTIFY ALL OIL TRANSACTIONS. IN ADDITION GOVERNMENTS WOULD GIVE STRONG GUIDANCE TO OIL COMPANIES NOT TO BUY OIL ON SPOT MARKETS AT EXCESSIVE PRICES. MR. BRUNNER SAID HE BELIEVED THESE METHODS OF MONITORING THE FREE MARKETS WOULD PROVIDE A STRONG DETERRENT AGAINST SPECULATIVE PURCHASES. SEVERAL DELEGATIONS SAID THE MONITORING SYSTEM SHOULD BE EXTENDED WORLDWIDE TO INCLUDE THE CARIBBEAN AND SINGAPORE MARKETS (WHERE THE UNITED STATES AND JAPAN TRADE). IT WAS AGREED THAT THE COUNCIL WOULD RECOMMEND THIS IDEA FOR DISCUSSION AT THE TOKYO ECONOMIC SUMMIT AND MR. GIRAUD SAID FURTHER DISCUSSION ON THE REGULATION WOULD BE UNDERTAKEN ON THE REGISTER IN THE LIGHT OF WHAT TOKYO ACHIEVED.

IN HIS OPENING REMARKS, MR BRUNNER GAVE MINISTERS A FIRST REPORT ON THE COMMISSION'S NEW CHECK RUN BEING CONDUCTED INTO THE OPERATION OF THE MARKETS NOT ONLY IN ROTTERDAM (THEY INCLUDE THIS TIME MARKETS IN LE HAVRE, ANTWERP, ROTTERDAM, AMSTERDAM, HAMBURG, UNITED KINGDOM, AND THE MEDITERRANEAN MARKETS IN ITALY AND THE SOUTH OF FRANCE). THIS SHOWS THAT PRICES FOR THE CONSUMER HAD NOT, REPEAT NOT, FOLLOWED THE SKYHIGH PRICES BEING TRADED IN THE FREE MARKETS. CONSUMER PRICES HAD IN FACT KEPT REASONABLY CLOSELY TO THE RISES IN OPEC SELLING PRICES. THE MOST RECENT FIGURES SUGGEST THAT WHILE CRUDE PRICES FROM PRODUCER COUNTRIES HAD RISEN THIRTY PERCENT SINCE THE BEGINNING OF THE YEAR CONSUMER PRICES LESS TAX FOR REFINED PRODUCTS HAD RISEN ONLY BY ABOUT 22 PERCENT. IF CONSUMER PRICES HAD MATCHED THE SPECULATIVE QUOTATIONS BEING SUPPLIED ON THE FREE MARKETS, PRICES WOULD HAVE HAD TO RISE BY SOME 86 PERCENT. IN ANOTHER REFERENCE TO WHAT IS ACTUALLY HAPPENING ON THE FREE MARKETS, MR BRUNNER REVEALED THAT IN TERMS OF VOLUME TRADED, THE AMOUNTS COMING INTO THE EUROPEAN SYSTEM WERE IN THE WEEK OF 7 TO 11 JUNE ONLY ABOUT HALF THOSE TRADED THIS TIME LAST YEAR AS REVEALED BY THE COMMISSION'S FIRST CHECK RUN. THIS CHECK RUN CONFIRMED THE FACT THAT VOLUMES TRADED AT ROTTERDAM WERE ONLY MARGINAL, AMOUNTING TO LESS THAN 5 PERCENT OF EUROPE'S TRADE.

SPEAKING TO JOURNALISTS AFTERWARDS MR BRUNNER MADE THE POINT THAT TODAY'S AGREEMENTS IN PRINCIPLE BY THE COUNCIL SHOULD HELP THE COMMUNITY IN TALKING TO BOTH THE UNITED STATES AND JAPAN. SHOWING THAT WE WERE SERIOUS ABOUT GETTING STABILITY IN THE SPECULATIVE FREE MARKETS WOULD ALSO BE A BIG FACTOR IN THE DIALOGUE THE COMMUNITY WANTED TO SET UP WITH THE PRODUCING COUNTRIES.

MORE POSSIBLE LATER.  
ROBERT ELPHICK



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NOTE B I O (79) 193 (SUITE 2 ET FIN) AUX BUREAUX NATIONAUX  
C.C. AUX MEMBRES DU GROUPE, AUX ASSISTANTS DG I ET VIII

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ENERGY COUNCIL ( ROBERT ELPHICK )  
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MUCH OF THE AFTERNOON SESSION WAS TAKEN UP BY DISCUSSION OF THE WORKING PAPER FOR THE EUROPEAN COUNCIL SUBMITTED BY THE FRENCH PRESIDENCY. THIS SUGGESTS NOT ONLY A FREEZE ON OIL IMPORTS BUT REDUCTIONS AS FAR AS POSSIBLE. IT ALSO SETS OUT THE NEED TO DEVELOP OTHER ENERGY SOURCES INCLUDING COAL AND NUCLEAR AS WELL AS NEW SOURCES. THERE IS A REFERENCE TO THE NEED TO HELP THE UNDERDEVELOPED COUNTRIES WITH THEIR ENERGY PROBLEMS AND THE COMING DIALOGUE WITH THE OIL PRODUCERS.

IN THE CONCLUDING PRESS CONFERENCE MR GIRAUD REFERRED TO THE OIL REGISTER SAYING THAT THE COMMISSION DID NOT WISH TO ACT ALONE IN MONITORING THE MARKETS. SUCH A COURSE COULD LEAD TO OIL BEING DIVERTED TO OTHER MARKETS. IT WOULD BE IMPLEMENTED IF THE OTHERS AT TOKYO SHOWED THEMSELVES WILLING TO ADOPT SIMILAR MEASURES.

MR BRUNNER SAID THE FIRST REPORT FROM THE COMMISSION COMPARING SPOT PRICES WITH CONSUMER PRICES WOULD BE ISSUED NEXT WEEK.

THERE WERE SOME LAST MINUTE HITCHES ON THE TEXT OF THE REGULATION WHICH HE EXPECTED TO BE CLEARED UP TOMORROW.

HE THOUGHT PRACTICAL PROGRESS HAD BEEN ACHIEVED BY THE COUNCIL WHICH WOULD PERMIT THE COMMUNITY TO

ACHIEVE STABILITY IN THE MARKETS. THE REGISTER WOULD COVER ALL TRANSACTIONS COVERING OIL COMING TO EUROPEE AND TRADE WITHIN EUROPE AND BOTH CRUDE AND PRODUCTS. IN SETTING UP A REGISTER THE COMMUNITY WOULD BE SETTING AN EXAMPLE TO THE UNITED STATES AND JAPAN TO ACCEPT SIMILAR DISCIPLINE. A NETWORK OF REGISTERS COVERING THE WORLD WOULD FULFIL A USEFUL ROLE.

THE MINISTERS ALSO GAVE THEIR GENERAL AGREEMENT TO THE TECHNICAL TALKS THE COMMUNITY INTENDS TO TAKE UP WITH THE STRATEGY GROUP OF OPEC HEADED BY SHEIKH YAMANI. THESE WOULD COVER QUESTIONS OF SUPPLY AND DEMAND BUT NOT GO INTO PRICING POLICIES. THE TALKS WILL TAKE PLACE ON JUNE 30 (DIS PROBABLY IN LONDON END DIS) AND THE COMMUNITY WILL BE REPRESENTED BY THE PRESIDENT IN OFFICE OF THE COUNCIL (I.E. MR GIRAUD UNTIL MIDNIGHT ON JUNE 30, THEN THE IRISH INCUMBENT MR OMALLEY.) AS WELL AS EXPERTS FROM THE COMMISSION AND FROM MEMBER STATES. AT HIS PRESS CONFERENCE MR GIRAUD STRESSED THESE CONTACTS WITH OPEC MUST NOT BE LOOKED UPON AS NEGOTIATIONS.

END

REGARDS

ROBERT ELPHICK

Reply via RCA: call 212-248-7000

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