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EC COMMISSION RECOMMENDS NEW ENERGY SAVING PROGRAM

The European Community's executive Commission has recommended a new energy saving program to its nine member states. The proposed program, which was put forward last month by EC Energy Commissioner Guido Brunner, includes energy pricing guidelines and measures to encourage the rational use of energy in industry, the office, transportation and the home.

"Energy conservation could well become the single most important contributor, other than oil, to the energy balance of the Community by the turn of the century", the Commission states in its Communication to the EC Council of Ministers outlining the program.

The new program would play a vital role in helping the Community meet the commitment undertaken by the heads of state or government of its nine member countries in Strasbourg last month to limit annual oil imports to 9.4 million barrels per day (the Community's 1978 level) until 1985. At the Tokyo Summit, four European Community nations (France, Germany, the United Kingdom and Italy) each agreed to restrict their individual oil import levels to the 1978 amount each year until 1985.

Since 1973, the European Community has made progress towards using energy more efficiently, depending less on imports, increasing domestic production and moving away from oil to a more broadly based supply pattern. Its overall dependence on energy imports is down to 54%, from 63% in 1973. Oil has been reduced to 55% of the Community's total energy consumption, from 62% in 1973.

Despite a 7% increase in economic activity in the Community between 1973 and 1977, those four years saw no increase in energy consumption.

In 1977 alone, the Community estimates it saved the equivalent of 1.6 million barrels per day (or 8% of its requirements) as a result of the energy saving programs already in force. (Details of changes in EC energy consumption between 1973 and 1978 and comparisons with U.S. figures are attached.)

Compared to the United States, Europe's potential for domestic energy production is limited. At its peak in the mid-1980's, North Sea oil is unlikely to supply more than 25% of the Community's oil requirements. Europe's coal reserves are costly to mine and the Community's coal production has declined since 1973. In addition, production from natural gas fields in the Netherlands and the North Sea is expected to decline in the 1980's.

Currently dependent on oil imports for almost 50% of its energy requirements (the comparable U.S. figure is 21%), the European Community is placing new emphasis on coal, nuclear energy and the development of "clean" alternatives, such as solar and geothermal energy. But since these sources now account for only 28% of the Community's requirements, energy conservation remains as high a priority as energy supply.

"The energy saving potential of the European economy is considerable", states the Commission's communication on the new energy saving program, which also proposes a new 1990 objective of reducing the ratio between economic growth and the growth in energy requirements to below 0.7.

The Commission does not underrate the difficulties in achieving this objective. Its report accompanying its Communication to the EC Council of Ministers explains: "Consumers are now facing shortages and rising prices. There is therefore a renewed incentive to reduce energy requirements, but the margins for eliminating waste are smaller than they were in 1974. Future savings will increasingly require investment in new equipment or buildings, or retrofitting the old, and more energy-conscious behavior from both investors and consumers."

The text of the outline of the proposed program follows:-

.../...

"Outline of a basic programme for saving energy,
recommended to every Member State of the European Community

A. Energy pricing practices

Energy pricing practices should reflect the following principles:

- (i) Taxes on energy should be maintained or even increased to reflect the scarcity of energy as a factor of production.
- (ii) Energy prices should be linked to the long run costs of replacing and developing energy resources.
- (iii) Energy prices in the market should be subject to the greatest possible degree of transparency. Publicity about energy prices and the costs and consumption of equipment using energy should be developed as widely as possible.

B. Specific measures to encourage the rational use of energy

1. Energy saving in the home

- A substantial upward revision in mandatory thermal performance requirements for new buildings and heating systems;
- Regulations to ensure individual metering and billing and control of heating systems in multi-occupied buildings;
- Performance standards and control of servicing of heating systems;
- Publicity campaigns and advice centers for energy saving in the home;
- Financial aids for retrofitting as necessary existing houses, an exemplary programme for dwellings in public ownership;
- Labelling to indicate the energy consumption of domestic appliances.

.../...

2. Energy saving in industry

- Requirements for energy audits, especially in industries consuming large volumes of energy;
- Financial aids for advice and expertise for small and medium-sized businesses, publicity campaigns;
- Financial aids, tax credits to support investment to save energy;
- Financial aids to promote the commercialization of new technologies, equipment, designs for energy saving (demonstration projects).

3. Energy saving in offices, commerce

- An exemplary public sector programme;
- Mandatory building codes for new offices;
- Performance standards and control of servicing of heating, cooling and ventilation systems.

4. Energy saving in transport

- Information and publicity campaigns;
- Implementing standard tests of the efficiency of fuel use, and publicity;
- Discussions with industry on voluntary targets for the efficiency of fuel use of new cars.

5. Energy production

- Measures to encourage the rational production and use of heat and power.

6. Information and education

- Sustained programs of publicity about energy saving;
- Educational programs in schools, technical colleges and universities and for professional retraining.

7. Sustained efforts in research, development and demonstration "

COMPARATIVE ENERGY CONSUMPTION: THE E.C., U.S. AND JAPAN

	* 1978 Gross Energy Consumption	1977 GDP (\$ billion)	1977 Popula- tion (million)	Consumption of Energy per head **
European Community (EC estimates)	19.5	1581	259	3.8
United States (Dept of Energy figures)	38.7	1878	217	8.9
Japan (OECD estimates)	7.2	694	114	3.2

* millions barrels of oil equivalent per day

** metric tons of oil equivalent

E.C. - U.S. ENERGY CONSUMPTION: OIL

1973	Oil as % of total Energy Consumption	Gross Oil Consumption	Domestic Oil Production	Net Imports
European Community (EC figures)	62	11.9	0.2 (2%)	11.7 (98%)
United States (Dept of Energy figures)	47	17.3	10.9 (63%)	6.4 (37%)

1978				
European Community (EC estimates)	55	10.8	1.3 (12%)	9.4 (88%)
United States (Dept of Energy figures)	49	18.8	10.5 (56%)	8.3 (44%)

All figures in millions of barrels of oil per day

E.C. - U.S. ENERGY CONSUMPTION: COAL

1973	Coal as % of Total Energy Consumption	Gross Coal Consumption	Domestic Coal Production	Net Imports
European Community (EC figures)	23	4.4	4.0	0.4
United States (Dept of Energy figures)	18	6.6	7.3	(0.7)
1978				
European Community (EC estimates)	21	4.1	3.4	0.5
United States (Depart of Energy figures)	18	7.0	7.5	(0.5)

E.C. - U.S. ENERGY CONSUMPTION: NATURAL GAS

1973	Natural Gas as % of Total Energy Consum.	Gross Natural Gas Consumption	Domestic Nat. Gas Production	Net Imports
European Community (EC figures)	12	2.2	2.3	0.1
United States (Dept of Energy figures)	30	11.1	10.6	0.5
1978				
European Community (EC estimates)	17	3.3	2.7	0.6
United States (Dept of Energy figures)	25	9.8	9.3	0.5

All figures in millions of barrels of oil equivalent per day

EC - US ENERGY CONSUMPTION: NUCLEAR ENERGY

1973	Nuclear Energy as % of Total Energy Consumption	Gross Consumption	Domestic Production	Net Imports
European Community (EC figures)	1	0.3	0.3	-
United States (Dept of Energy figures)	1	0.5	0.5	-
1978				
European Community (EC estimates)	3	0.6	0.6	-
United States (Dept of Energy figures)	4	1.5	1.5	-

EC - US ENERGY CONSUMPTION: OTHER ENERGY SOURCES

1973	Other sources as % of Total Energy Consumption	Gross Consumption of other sources	Domestic Production	Net Imports
European Community (EC figures)	3	0.5	0.5	-
United States (Dept of Energy figures)	4	1.5	1.5	-
1978				
European Community (. estimates)	4	0.7	0.6	0.1
United States (Department of Energy figures)	4	1.6	1.6	-

All figures in millions of barrels of oil equivalent per day

