

By letter of 2 November 1972 the President of the Council of the European Communities, acting in an instance in which consultation of the Parliament was not compulsory, requested the European Parliament to deliver an opinion on the communications from the Commission of the European Communities to the Council on

- a) the progress necessary in Community energy policy, and
- b) energy policy: problems and resources, 1975 - 85.

On 13 November 1972 the President referred these communications to the Committee on Energy, Research and Atomic Problems as the committee responsible and to the Committee for Finance and Budgets, the Economic Affairs Committee, the Transport Committee and the Committee on External Trade Relations for their opinions.

On 24 November 1972 the Committee on Energy, Research and Atomic Problems appointed Mr Giraud rapporteur. It considered the communications at its meetings of 19 December 1972, 25 January, 5 February, 20 February, 5 March and 20 March 1973.

On 17 April 1973 the Committee on Energy, Research and Technology adopted the motion for a resolution and explanatory statement unanimously with two abstentions.

The following were present: Mr Springorum, chairman; Mr Bousch, vice-chairman; Mr Giraud, rapporteur; Lord Bessborough, Mr Bos, Mr Covelli, Mr Flämig, Mr Hougardy, Mr Jakobsen, Mr Kollwelter (deputizing for Mr Glesener), Mr Lautenschlager, Mr Leonardi, Mr Noé, Mr Normanton, Mr Petersen, Mr Pêtre (invited by the chairman as draftsman of an opinion), Mr Radoux (deputizing for Mr Ballardini).

The opinions of the Committee on Economic and Monetary Affairs, the Committee on Budgets, the Committee on Regional Policy and Transport and the Committee on External Economic Relations will be published separately.

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

Motion for a Resolution

on the communications from the Commission to the Council on
a) the progress necessary in Community energy policy, and
b) energy policy: problems and resources 1975-85.

The European Parliament,

- having regard to the communications from the Commission of the European Communities to the Council (COM(72) 1200/fin. and COM(72) 1201/fin.),
- having been consulted by the Council although in this instance consultation was not compulsory (Doc. 175/72, Parts (a) and (b)),
- having regard to the report of the Committee on Energy, Research and Technology (Doc. 36/73) and the opinions of the Committee on Economic and Monetary Affairs, the Committee on Budgets, the Committee on Regional Policy and Transport and the Committee on External Economic Relations,
- having regard to the Final Communiqué of the Conference of Heads of State or Government of the Member States of the European Communities, held at The Hague on 1-2 December 1969,
- having regard to the Final Declaration of the Conference of Heads of State or Government of the countries of the enlarged Community, held in Paris on 19-21 October 1972,
- referring to its previous resolutions on energy policy, in particular those on
 - common energy policy of 11 March 1970¹;
 - the Commission's proposal for a regulation on the grant of the status of joint undertaking in respect of activities within the hydrocarbon industry²;
 - means of securing adequate energy supplies to satisfy the Community's requirements and guarantee, promote and further improve the Community's competitiveness on the world market as a prerequisite for economic growth, full employment and a forward-looking social policy³;

1 OJ C40/1970, p.25 (not available in English)

2 Resolutions, March-December 1972, January 1973, pp. 45-48.

3 European Parliament, 1972-1973; Resolutions, March-December 1972, January 1973, pp. 196-200.

1. Recognizes that in view of the Declaration of Intent of the Heads of State or Government of 21 October 1972 and the vital interest of the Community and its Member States in a Community energy policy, those powers or prerogatives that are necessary for its realization should be accorded by Member States to the organs of the Community with the least possible delay;
2. Draws attention to the fact that the growing imbalance in the supplies of primary energy to the Community has helped to aggravate the monetary crises of the past and that disturbances from this quarter must be reckoned with in future;
3. Notes that the Commission, in its communications, has indicated the measures it considers necessary for a future Community energy policy;
4. Nevertheless takes the view that in particular the planned list of priorities for the preparation of individual measures is lacking and must be furnished before these individual measures are prepared;
5. Therefore requests the Commission to take into consideration the list of priorities contained in the Annex to this motion for a resolution when carrying out the measures it has in mind, with particular reference to the additions and deletions proposed in that list;
6. Emphasizes once more, with regard to the carrying out of these measures, that,
 - a) the Community's terms of reference for the conduct of research with a view to coordinating and improving the supply of energy from reliable sources must be widened; the European Parliament therefore urges the Council and Member States once again to accord the necessary powers to the Community without delay;
 - b) in view of the urgency of these problems, it is necessary to convene Council Meetings for the discussion of energy questions every three months, and therefore calls upon the Council, in view of the Declaration of Intent of the Heads of State or Government of 21 October 1972, to deal as soon as possible with those proposals that are still outstanding for regulations and directives concerning energy policy;
7. Calls upon the Commission, in accordance with its own communications, to lay the necessary proposals for regulations and directives before the European Parliament and the Council, one by one, as they become available;
8. Further calls upon the Commission, for the same reason, to submit, in so far as they have not been rendered obsolete by subsequent developments, the proposals still outstanding from the 'First Guideline on a Community Energy Policy', taking into account the resolution of the European Parliament of 11 March 1970.

9. Regards accompanying measures in the spheres of competition, monetary, foreign trade, development, budgetary and transport policy as essential to achieving the highest possible degree of relative security of supplies for the Community;
10. Instructs its appropriate committee to keep a close watch on the development of national energy policies and the initial stages of a Community energy policy, bearing in mind the world situation, and, where appropriate, to report to it on the subject;
11. Instructs its president to forward this resolution and committee's report to the Commission and Council of the European Communities.

Annex to Paragraph 5 of the motion for a resolution on the communications from the Commission to the Council on

- a) the progress necessary in Community energy policy, and
- b) energy policy: problems and resources 1975-85

List of priorities for the measures planned to promote a Community energy policy

I. Measures already being carried out by the Institutions:

Petroleum: Measures 13, 15, 19

Natural Gas: Measure 23

Coal: Measure 28

II. Measures not yet begun: Priority No. 1:

General: Measures 1, 3 (including hydrogen research) to 10

Petroleum: Measures 11, 12, 14, 17, 20, additional measure 47

(development aid through the provision of technical and scientific knowledge)

Natural Gas: Measures 21 and 24

Coal: Measures 27, 29, 30, 31, 32, additional measure 49 (gasification of coal)

Electricity and atomic energy: measures 33, 37, 38, 41, 42, 46, additional measure 50 (atmospheric load plan)

III. Measures not yet begun: Priority No. 2:

General: Measure 2

Petroleum: Measures 16, 18, measure supplementary to No. 15 (regulation supplementing the directive on measures to combat petroleum supply crises)

Natural Gas: Measures 25 and 26 (the latter extended to constitute a parallel to Measure 17 on the creation of joint natural gas undertakings)

Electricity and atomic energy: Measures 40, 41, 43

IV. Measures not yet begun: Priority No. 3:

Petroleum: Measure 13 (except for deletions indicated below)

Natural Gas: Measure 22 (except for deletions indicated below), additional measure 48 (control measures in the event of supply difficulties)

Electricity and atomic energy: Measures 34, 35, 36, 39, 45

V. Partial measures to be deleted:

Measure 13: Community rules on the construction and design standardization of petrol stations to be cancelled.

Measure 22: Standardization of natural gas pipelines to be cancelled.

EXPLANATORY STATEMENTI. Introduction

1. On 18 December 1968, the Commission submitted its 'First guideline for a Community energy policy' (Doc. 197/68). The Commission believed at that time that the measures proposed therein could provide the basis for a common energy policy. Through its chairman at that time, Mr Leemans, the committee gave this document due recognition in a report on the common energy policy (Doc. 191/69).

The outline of the situation given in this document in fact served as the basis for a number of specific decisions by the Council of Ministers. They were, however, too few to prompt a fundamental advance towards a Community energy policy. In addition, the documents submitted by the Commission were not dealt with quickly enough.

2. The constant warnings of Parliament were responsible as much as anything else for the Commission's realization that more must be done. Another cause was the stiffening attitude of the petroleum-exporting countries. The Commission was forced to recognize that, in view of the Community's steadily growing dependence on energy imports - already representing two-thirds of the consumption - and the US' policy of reserving the energy available in the western hemisphere primarily for its own needs, only a Community energy policy, if anything, might offer a solution.

3. On the basis of the 'First guideline' alone, the Commission wanted, together with the Council, to take some forty individual measures. So far as is known to the European Parliament scarcely a third were set in motion, and of these only one-half entered into force. The Commission did everything it could as High Authority without invoking Article 95 of the ECSC Treaty, which corresponds to Article 235 of the EEC Treaty. In general, however, the Council proved to be a delaying factor, and it is to be feared that it will largely remain such in future, despite all hopeful statements by the Heads of State or Government at the Summit Conference in Paris on the need for a Community energy policy. This is certainly not due to any lack of goodwill on the Council's part. The fact that the Council is bound to slow things down by the insistence upon unanimity in certain of its decisions inevitably raises the question whether it is not, in its present constitution, overloaded as a legislator. The Committee has already noted this problem on one occasion - namely, in a report by Mr GLESENER (Doc. 57/72), which, among other things, called for submission of the multi-year research programme. Parliament confirmed this in its resolution on the subject.

This is a fundamental political problem to which attention must once again be drawn. An urgent case is cited below as evidence that the pursuance of a common energy policy, despite the familiar long-term trends, demands on occasion rapid decisions.

II. Points of departure for our study

1. List of Priorities

4. In its part-session of October 1972, the European Parliament, on the basis of a report by Mr BURGBACHER on ensuring so far as is possible a constantly adequate supply of energy to the Community (Doc. 141/72), adopted a resolution suggesting numerous individual measures in various spheres. The examination of the documents here in question must, therefore, be based on the question whether, and how far, their content corresponds to these suggestions.

5. The scope of the documents submitted by the Commission shows how much ground must be covered by the measures required. They must therefore be classified, not only according to subject, but also according to their degree of urgency within their subject and also among all the measures as a whole. This, unfortunately, has not been done. However, it may be supposed that the measures already under way - namely:

- a new system of subsidies for coking coal and coke,
 - a Community regulation for trans-frontier oil and gas pipelines,
 - emergency measures in the sphere of petroleum,
 - a future policy on hydrocarbon imports, and
 - the setting up of a Community uranium enrichment facility,
- are regarded by the Commission as particularly urgent. This can hardly be disputed, with the possible exception of the Community regulation for trans-frontier oil and gas pipelines.

Naturally there is little purpose to be served in waiting until a proposal is submitted for the execution of a particular measure before considering what has priority at that particular moment. In this way, the overall picture of priorities would not become apparent.

6. The Committee must try to provide guidance from the political angle. By doing so, its intention is to help assure the Community of a supply of energy that shall be reliable for a long time to come, regular and capable of expansion.

This is the aim that the priorities must serve. In this connection, account must also be taken of the aims set with regard to energy policy in the final communiqué of the Conference of Heads of State or Government of 19-21 October 1972.

2. Availability of energy

7. The prognosis of the demand for energy given by the Commission in its document 'Energy Policy: Problems and Resources, 1975-85' indicates when the energy that is already known to be available will be exhausted.

8. Much petroleum still remains to be discovered, as many borings off the coast of Africa, for example, show; but what is waiting to be discovered there will probably not become available by 1985. The North Sea deposits, where numerous and successful borings have been made, will not be in full exploitation until 1985.

It must therefore be reckoned that whatever new oilfields are discovered now will not become fully exploitable for ten years, i.e., not until 1983; whatever is discovered in five years' time will not be exploitable until 1988. Any study relating to the decade in question, therefore, must be based on the resources already available. The Committee on Economic and Monetary Affairs, asked for its opinion, points out that, by the year 2000, 87% of the world's resources of petroleum and 73% of those of natural gas will have been used up, but only 2% of those of coal. This may well mean that coal will experience a new boom.

9. All this does not, however, imply that these known reserves, quoted here by way of example, have already become fully available. For this, a certain infrastructure is, of course, necessary, and this applies not only to petroleum.

Soviet experts, for example, are aware of the existence of considerable petroleum resources, especially in eastern Siberia. They are also, however, aware that since no infrastructure exists at present these resources can only be drawn upon in ten or perhaps even in twenty years' time.

10. For this reason, the question is being raised in the USSR how Soviet delivery commitments can, in such circumstances, be met without simultaneously incurring shortages at home as a result of the constantly growing domestic demand. The USSR's treaty partners may well, therefore, have to relieve her of some of these commitments, if asked to do so. This, however, may have repercussions upon their relations with other suppliers of natural gas outside the Community; what is conceded to one treaty partner can hardly be refused to another.

Such an attitude is impossible toward a supplier of natural gas who belongs to the Community. The Community is supposed to be - and will continue to be - a single economic area. Consequently, Article 34 of the EEC Treaty explicitly states that quantitative restrictions on exports, and all measures having equivalent effect, are prohibited between Member States.

11. The Commission, however, so far as imports of hydrocarbons from third countries are concerned, appears to take a more positive view of the possibilities of development: in its communication on energy problems and resources for the period 1975-85, it seems to have taken the demand until 1985 as its point of departure, but not the resources available in the various branches. This is a dubious approach.

3. Gaps in energy supplies

12. If petroleum is to come to the rescue in the event of an excess of demand over supply, it must be borne in mind that the demand for petroleum will more than double by 1985; the supply of petroleum will, however, at best be doubled by that year, so that here too there will be a gap to be filled.

Furthermore, not only the USA and Japan but also the developing countries want to have a far greater share of petroleum supplies than they have had hitherto. According to the Commission's own data,¹ the consumption of liquid fuel in the developing countries alone is expected to rise from 330 million tons coal equivalent in 1970 to 1,100 million tons CE in 1985 - i.e. three and one-half times as much. The demand in Japan is expected to rise from 290 to 760 million tons CE or two and a half times over and that in the USA from 1,050 million tons to 1,700 million tons CE, i.e. not even twice as much. Whether these prognoses are not too optimistic is an open question; at all events the latest trends show that they are certainly not too pessimistic.

13. In the Community, demand is expected to rise from 685 to 1,410 million tons CE - i.e. to more than twice the present level. According to the Commission's estimates, consumption of fuel oil by power stations will be trebled, the rest being covered by nuclear energy.

The second provisional programme for the development of nuclear energy estimates the time needed to build a nuclear power station at between five and eight years. It is known, however, that at present the time required is between eight and ten years, and the appropriate ministries of one big Member State give even longer periods in their estimates.

¹ Energy policy: problems and resources, p.5

14. This means that the application of nuclear energy in practice will take some time, and from this fact the appropriate conclusions must be drawn. If no new sources of energy, hitherto in the developmental stage, can be made available before the gap between supply and demand of energy makes itself felt (this question will be dealt with later), we shall have, whether we want to or not, to resort once more, to a greater extent than has been expected, to energy sources which have in part been written off by certain experts. This can only be avoided if we allow ourselves to be drawn into a 'scramble' for available sources of energy. General questions of a political nature would then have to be taken into account. In any case, this committee cannot recommend such a course. Instead, it draws attention to the following three possibilities:

- a more intensive exploitation of domestic sources of energy that are already available;
- an intensification of research into new sources of energy to the point where they become ripe for exploitation; and
- an intensification of research aimed at achieving a more complete and at the same time more efficient exploitation of all energy resources already available, and the application of its results as soon as possible - if necessary, by state intervention.

These three possibilities combined should make it possible to reduce, perhaps even to close, the gap by 1985.

The Economic Committee, asked for its opinion, warns that in the present circumstances the Community may have to pay any price, even the highest, for petroleum if its economy is not to come to a standstill. A solution, it says, must be found as soon as possible.

4. Influences exerted by other sectors of the economy

15. In view of the situation on the energy market, the seemingly paradoxical danger exists that the petroleum-producing countries may reduce their production as prices rise. If the purchasing power of our currency system continues to fall at the present rate, these countries would no longer be obliged to produce more than they required in the way of foreign currency to meet the needs of consumers and immediate investments. They would rather leave their petroleum underground than sell it for some constantly depreciating currency, which they might then, in an emergency, out of the need for self-preservation and not because of any evil intentions, have to change into some other currency and so bring a monetary crisis, already latent to a head. The Economic Committee has also drawn attention to difficulties of this kind.

16. It is not the task of this committee to determine whether these countries' needs to meet expenditures on infrastructure or to raise their standard of living will increase as rapidly as the petroleum needs of the rest of the world. The committee must, however, point out the danger of shortages that might occur if the producer countries, for whatever reason, proved incapable of more than doubling their production in the next fifteen years.

17. The Economic Committee stresses that a growing shortage of petroleum, whether real or manipulated, in conjunction with the Community's dependence upon imports, its high degrees of industrialization and the importance of petroleum in the generation of secondary energy, is resulting in a considerable inelasticity of demand.

18. Even if these sources of petroleum were not to dry up but, on the contrary, by 1985 to produce 40 million barrels per day - i.e., to double their output -, the Middle East countries, according to the calculations of one big American bank, would make a profit of 227,000 million dollars. If they were to succeed in investing at least half of this - and that would be a great deal - at home, they would still have a reserve of over 100,000 million dollars in 1985.

The President of the World Bank is reported to have regarded such a possibility as providing an opportunity for helping the developing countries, but at least one petroleum-producing country in the Western Hemisphere has expressed the view that these countries should themselves develop the economic possibilities arising from this income.

19. According to another American source, all the petroleum countries between the Arabian and Persian Gulfs, taken together, have accumulated 27,000 million dollars within twelve years, while the foreign currency reserves of another, smaller country in this region increased in three years by 1,700 million dollars.

During the dollar crisis of February-March 1973, a single one of these petroleum states is reported to have moved 2,000 million dollars on the European market.

All this leads to the conclusion that in future the degree to which the European industrial countries depend upon the petroleum-producing countries will become evident not only in the sector of energy but also, and particularly, in that of monetary policy.

20. Seen from this point of view, not only the necessary restoration of the world monetary system but also the policy of improving living standards in the developing countries acquires importance for energy problems. We are not thinking here of the well-known ever-widening gap between the prices of raw materials imported by us and those of the industrial goods exported to the petroleum-producing countries: in this connection, these countries, as members of OPEC, have already applied an effective lever. Far more important is that we must create stimuli to prevent the supply of petroleum from drying up. The Economic Committee points out that important petroleum-producing countries whose general economic structure is underdeveloped could have been drawn into the Community's industrial and trading activities in such a way as to enhance the regularity of the Community's supplies on the basis of mutual interests, and that the Community has neglected this opportunity for fifteen years.

21. Consequently, the experts in monetary and development problems should be asked when preparing their plans to bear these energy requirements in mind. In view of the high degree of its dependence upon imports from third countries, the energy sector of the economy is as interested in a stable situation on the world monetary market as it is in the producer countries' achieving a steady rate of economic and social progress.

5. Energy policy and types of economy

22. One of the tasks of the Committee on Energy, Research and Technology has been to examine whether tendencies characteristic of the market economy or state intervention should have the upper hand in the energy field. The treaties are clear enough: there should be as much freedom as possible, but state control where necessary, is admissible. This, however, can only be decided by practical considerations.

23. In any case, the Community must intervene when the abuse of a dominant position within the common market may affect trade between Member States (Article 86 of the EEC Treaty). All agreements and concerted practices to this end are also prohibited (Article 85). Directives and regulations dealing with these questions have already been issued by the Council on proposals from the Commission; they will, however, have to be supplemented.

In general, this is taken into account in the measures proposed by the Commission in the documents under discussion. Naturally, individual measures proposed may be too dirigiste: these should be dropped, partly or entirely.

24. Certain sectors of primary energy, production and energy distribution are the property of public undertakings, as, for example, the state-owned mines in Great Britain and France and also those (now closed) in the Netherlands. The generation and supply of gas and electricity in France and Great Britain are mostly in state, but also, in some local cases, in private hands. In Germany and other countries, they are run either by the local authorities or privately, or by a mixture of the two. From this it is evident that there is quite a variety of forms of organization. The supply of gas and electricity to households and small-scale commercial undertakings is obligatory; this, in conjunction with the state monopoly of the supply network, makes it difficult to leave any particular sector of the energy economy exclusively in the hands of private enterprise.

25. The nationalization of the coal-mines is due to the former importance of this source of energy. As in so many other cases, it amounts to a socialization of losses, for in a number of countries there has been no corresponding nationalization of the ever-flourishing lignite industry. It must, however, be added that one of the main reasons for such nationalization was the desire to ensure a reliable supply of primary energy. Otherwise, there would be no justification for a policy of subsidizing those branches of industry that produce or make use of hard coal. The committee has always maintained the absolute necessity of such a policy for the reasons given above. Even before nationalization, of course, state-owned mines had existed as an aftermath of the mining royalties which in certain Member States date back to the Middle Ages or even earlier.

26. In the energy sphere, the question - market economy or state intervention? - is not a matter of dogma. The criterion in each case is the best way to ensure regular supplies. Supplying energy means supplying the infrastructures essential to a prosperous economy.

III. The measures proposed by the Commission

1. General

27. In its communication on the 'progress necessary,' the Commission submits no fewer than forty-six proposed measures. For five of them, enumerated in Paragraph 5 above, individual drafts have already been submitted. Its 'First guideline' (Doc.197/68 with annex) contained thirty-seven, of which only about fifteen were carried out. Thus, of the total of eighty-three measures submitted, twenty-two from the 'First guideline' and forty-one from the 'Progress necessary' are, so far as the Commission is concerned, still awaiting realization.

28. For its tardiness over the 'First guideline', the Commission has only one excuse: the slowness displayed by the Council, referred to above. It is therefore to be feared that things will continue at the same pace, despite all the professions of devotion to a Community energy policy.

A source of future opposition to this tendency may, one hopes, be found in the Final Communiqué of the Heads of State or Government of 21 October 1972, which stressed the need for an energy policy, to be worked out in the near future by the organs of the Community, which should provide a reliable and permanent supply under satisfactory economic conditions.

29. In this connexion, the Heads of Government promised by 30 June 1973 to take practical measures to improve the procedure for making Council decisions and the coordination of Community activities. They stressed unanimously that all provisions of the treaties, including Article 235 of the EEC Treaty, should be fully exploited in order to achieve the tasks laid down in the programmes of measures.

30. The Committee on Energy, Research and Technology takes the view that the Community energy policy called for by the Heads of Government can, under the present Community régime, only be achieved when Article 235 of the EEC Treaty, the corresponding Article 203 of the EAEC Treaty and Article 95 of the ECSC Treaty have been further applied. In the end, however, a treaty amendment, in accordance with Article 236 of the EEC Treaty, according to the Community general powers in energy matters, will be inevitable.

Up to the time of writing, the Council has not even succeeded in adopting within the time laid down a Community system for subsidizing coking coal by applying Article 95 of the ECSC Treaty. One must add, however, that the corresponding proposal was submitted by the Commission with very considerable delay.

31. If the 'First guideline' and the 'Progress necessary ...' - here under consideration - really constitute the programme of measures demanded by the Council on the subject of energy policy, then Commission, Council and Member States must all draw their immediate conclusions from the statements of the Paris Summit Conference.

The committee has repeatedly drawn attention to the need for applying the provisions referred to above, since under the narrow interpretation to which the treaties have been subjected so far the Community has been given powers only in the fields of hard coal (and not always there) and nuclear energy (with equally disappointing results).

The committee hopes that Council and Member States will manage to agree on a comprehensive energy policy before, quite literally, the lights go out over Europe: such an eventuality is quite conceivable around the year 1980 if nothing conclusive is done.

32. This is not to say that the committee approves of all the Commission's proposed measures; but at least they carry the beginning made in the 'First guideline' a step further. After the disappointing experiences of previous years, the Commission seems to have lost the courage to turn the points of its programme into formal proposals in so far as they require the Council's approval. No wonder! Nevertheless, now is the time for the Commission to lay its proposals upon the Council's table in a continual stream and in an order of importance to be adopted. Only in this way will it be possible for the Council to deal with energy problems more than just once every six months. The committee especially deplores the postponement until May 1973 of a meeting of the energy ministers planned for March.

33. As its contribution to a Community energy policy, the committee proposes to attempt to establish a list of priorities for the Commission's proposals, to supplement these proposals and also delete whatever appears superfluous. It will first proceed by sources of energy, then deal with the general measures, since these derive from the sectoral problems, and finally propose an overall list of priorities.

2. Petroleum

34. The following list of priorities, advocated also by the Economic Committee, derives from the European Parliament's resolution of 12 October 1972:

- (a) the diversification of sources should result soon in appropriate proposals.
- (b) exploration within the EEC and in third countries (non-Member States) is to be promoted by Community resources; prospecting companies of the Community are to participate at the earliest possible date in concessions which are already being worked in third countries, shares possibly being secured in foreign oil fields,

(c) obligatory petroleum stocks must be increased to 120 days.

35. In the petroleum sector, the Commission proposes ten different measures (Nos. 11-20). In the committee's opinion, this, like similar proposals, is little more than a declaration of intentions that have still to be translated into practical policies. This, however, is possible only under a system of priorities.

36. Of the measures already launched, the Commission itself regards the following as enjoying priority:

- Measure 13 : Community rules for conveyance by pipeline; see committee report (rapporteur: Mr HOUGARDY);

- Measure 19 : Common import system; see committee report (rapporteur: Mr De BROGLIE);

- Measure 15 : Coordinated solution of supply difficulties; see committee report (rapporteur : Mr HOUGARDY).

For details, we refer to the appropriate reports and motions for resolutions, which are being submitted to the plenary session of Parliament simultaneously with this report.

37. Apart from these three measures already in progress, first priority should, in the committee's view, be given to the following :

- (a) Measure 11 : A regulation on the regular supply of information on petroleum exploration and extraction in the Community,
- (b) Measure 14 : Guidelines for the further development of the common supply policy,
- (c) Measure 17 : A regulation on the encouragement of large-scale exploration projects, in particular by the Joint Undertaking,
- (d) Measure 20 : A framework regulation laying down common principles for the guaranteeing of future preferential trade agreements and generalized preferences relating to petroleum products.

In addition, the committee proposes assigning the same degree of priority to a supplementary measure (No. 47) according to petroleum-exporting countries' development aid, particularly in the industrial sphere, in the form of technical and scientific knowledge for the purpose of enhancing complementary interests. Material aid should not be necessary, since these countries receive sufficient resources from petroleum exports.

On these four measures, the following remarks may be made :

38. Measure 11 : Experience of the way Community institutions handled the two proposals for regulations on the notification of investment projects of interest to the Community in the petroleum, natural gas and electricity sectors (rapporteur : Mr BIAGGI, Doc. 51/70) and on planned imports of hydrocarbons (rapporteur : Mr HOUGARDY, Doc. 50/70) suggests that the required regulation should be submitted as soon as possible to enable the matter to be settled within a relatively short space of time. The regulation should be based on the principles of the resolutions adopted by Parliament on 15 June 1970 in connexion with two reports concerning the first steps towards a common energy policy, i.e. a widely diversified supply, for the realization of which the Commission needs certain information, which, however, can be fully made use of only if it is incorporated in a general policy governing investments and the supply of energy to the Community.

39. Measure 14 : However welcome and urgent this measure is, it is a typical case where the difference between good intentions and the creation of appropriate conditions should not be overlooked.

- (a) The stockpiling policies of Member States must be coordinated, and this requires the issue of a guideline in the near future. The financial considerations to which the Commission refers must, however, be clarified.

The Committee on Budgets, asked for its opinion, has put to the Commission the necessary questions on budgetary policy. The Commission is at present preparing its reply.

- (b) The setting up of joint undertakings for stockpiling projects of interest to the Community presupposes that the Council accepts the Commission's proposal (which has been examined by Parliament) for a regulation on applying the rules of the 'Joint Undertaking' to the hydrocarbon industry (Doc.12/72, rapporteur : Mr HOUGARDY), on which this committee delivered its opinion as the committee responsible. The committee must, however, repeat its view that recognition of the status of joint undertaking would at first be no more than a purely political decision.

The Committee on Budgets, asked for its opinion, has taken up the question of budgetary principles relating to stockpiling policy. The Commission will be examining this matter.

- (c) The intention to examine the technical and financial problems connected with the proposal to increase minimum petroleum stocks to 120 days is to be welcomed, and the committee has urged the need for this on more than one occasion. The committee notes, however, that no approximate time is indicated for carrying out this measure.

The Commission must therefore press for an immediate extension of the minimum from 90 days to 120 days. The Economic Committee also advocates raising the minimum to 120 days.

Naturally, care should be taken to ensure that these decisions are reflected in reality. Nothing could be more disadvantageous for the Community than an emergency in which Member States which had not recognized their obligations had to live on the supplies of those which had done so. The Commission should therefore take steps to ensure that at least the minimum of 65 days, which in practice is still currently valid, has, in fact, everywhere been observed.

The Committee on Budgets, asked for its opinion, has taken up the question of the budgetary principles applicable to storage costs. Here, too, the Commission intends to carry out the necessary studies.

40. Measure 17: The encouragement of exploration projects by the Joint Undertaking appears to the committee to be desirable provided the Council accepts the corresponding proposal. The same remark applies here as to the setting up of joint undertakings for stockpiling projects of interest to the Community.

The committee would like to point out that this measure should be supplemented by measures for coordinating the granting of concessions. This has been proposed with regard to natural gas (Measure 26), although there nothing is said about the setting up of joint undertakings.

41. Measure 20: On the subject of the definition of common principles concerning the achievement of sufficient coherence for preferential trade agreements and generalized preferences relating to petroleum products, the Committee on External Economic Relations, asked for its opinion, states that when proposals from the Commission are being considered it will also be possible to examine and adapt exceptional arrangements contained in the trade and association agreements. This would certainly help to achieve the maximum regularity of petroleum supplies to the Community. The same applies in equal degree to preferential trade agreements and generalized preferences, now the centre of attention.

The Committee on Energy, Research and Technology agrees with this view.

42. Second priority should, in the committee's view, be given to the following:

Measure 16: Creation of a suitable framework at Community level for investments in port installations for petroleum.

Measure 18: A Community system for speeding up the granting of exploration permits and making them less specific and for improving the conditions for the granting of concessions in the context of the harmonization and impartial restructuring of taxation systems and of the exemption from the obligation to hold emergency stocks.

The Committee further suggests an additional measure within the framework of Measure 15, to be treated with the same degree of urgency, consisting in the solution of supply difficulties by means of regulations. During the discussion of the proposal for a guideline on emergency measures in the petroleum sector (rapporteur: Mr. HOUGARDY), the committee came to the conclusion that the measures proposed, thanks to their nature as guidelines, will inevitably lead to national measures, and that a harmonization or coordination on any considerable scale is an illusion. It is, of course, aware of the difficulties which stand in the way of any considerable harmonization because a genuine Community energy policy still does not exist. In order to be

realistic, it gives only second priority to its demand for the proposal for a regulation. If a common energy policy existed already, such a regulation, in view of the Community's dependence upon imports, would naturally have to head the list of measures.

The following remarks may be made on the two measures, taken separately:

43. Measure 16: The Transport Committee, asked for an opinion, states that the number of ports for receiving petroleum is declining, because only a few ports are still accessible to large tankers. It refers to the report presented on its behalf by Mr. Seefeld (Doc. 10/72), in which it called for more intensive cooperation among ports of the Community in connection with the large-scale investments required for the unloading of petroleum. The danger of bad investments and excess capacities could be avoided by comparing the costs of different undertakings.

Consequently, the Transport Committee returns to its proposal that this coordination should first concern the question as to which ports of the Community should be made accessible to super-tankers.

The Committee on Energy, Research and Technology agrees with the view of the Transport Committee, since the creation of excess capacities causes costs to rise. As it is, the steadily increasing demands of the petroleum-exporting countries have to be met by the consumer. Even if the age of cheap energy, so far as is foreseeable, has come to an end, increased expenditure of one's own making should be avoided. The idea of trans-frontier oil pipelines of interest to the Community should also be seen in this light. The coordination measures to be proposed by the Commission with regard to petroleum ports will show which pipelines particularly correspond to this requirement.

44. Measure 18: It may be taken that petroleum (and natural gas) found off the North Sea coasts of Member States will to a considerable extent be disposed of by extracting firms outside the Community. The sale of this petroleum to third countries is, in view of certain critical developments in the energy economy of these countries, predictable and, according to the laws currently in force, unavoidable. It is, of course, possible to prohibit exports to third countries; but such a course, except in cases of serious supply difficulties, would constitute an example of that political struggle for foreign energy sources which the committee is so anxious to see avoided. To this extent the areas where this energy is obtained must be regarded as belonging to the sovereign territory of Member States. In principle, the committee supports the Commission's intention to speed up and to generalize a harmonization of the distribution of exploration permits in such areas and also to

even the level of 100 million tons will be assured. In view of the ever-growing need for energy, a much greater contribution will be required from the Community coal industry. Quite apart from the needs of the iron industry, the supply of fuel to thermal power stations is particularly important, for, as will be explained below, the Community can only under the most favorable circumstances count on nuclear power stations to cover the increasing demand for electricity. The lights will indeed be going out in 1985 if thermal stations are not supplied with a maximum share of the Community's output of hard coal.

64. It may be pointed out that the Commission enjoys far greater opportunities for action as High Authority than in its capacity as Commission of the EEC. For this reason as well as on account of the situation described and the prospects for the future, all other measures are to be regarded as enjoying equal and first priority. The following observations may be made on the individual measures :

65. Measure 27 : Medium-term guidelines for the coal sector.

In principle, the committee agrees, but such guidelines have some meaning only when they amount to a declaration of political intent, and this must be to ensure the highest possible consumption of coal. The extraction rate of 100 million tons aimed at for the old Community in the year 1985 is too little, quite apart from what Great Britain may demand and also offer. Article 46 (3) of the ECSC Treaty obliges the Commission to lay down periodically 'general objectives' for modernization and expansion of productive capacity. The committee must insist that the Commission fulfil this obligation so far as it possibly can.

66. Measure 29 : The improvements in the general system of financial measures in favour of hard-coal mining are necessary and to be welcomed. The 'proper time' is now! It is obvious that differences in the aid contributed by the different Member States disturb the proper functioning of the Common Market. At the moment, they attain, roughly speaking, the ratio of 1 : 5.5; and this may well impede the aim of rationalizing coal-mining and concentrating upon the mines with the most efficient production. Within the limits of any one Member State, this situation creates no particular problems. Unfortunately, however, there are Member States with only a highly subsidized coal industry, whose economic structure would consequently be seriously affected by a radical policy of closing down unprofitable mines. Here, therefore, we must proceed by stages. The measures entailed must be combined with a reorganization of the sectors concerned and a retraining of the workers affected in accordance with Articles 54 and 56 of the ECSC Treaty. Attention is drawn in this connection to the report of the Social Committee on the social aspects of the reorganization (Mr PETRE, Doc. 51/66) and the resolution of the European Parliament of 29 June 1966.

To this extent the measure needs to be supplemented.

67. Measure 30: Specific common provisions for the stockpiling of Community coal according to Decision No. 3/71/ECSC.

The outline authorization, contained in Article 8 of this Decision, to maintain coal stocks with a view to increasing the flexibility of supply has proved to be inadequate. No Member State has used it as a basis for appropriate measures. The committee therefore welcomes the proposal to work out 'specific' common provisions, reserving the right to make a final comment on the individual measures.

68. Measure 31: Gradual formation of a coordinated policy on coal imports.

There are Member States which cover their entire coal needs from outside the Community. This practice becomes dubious when these States buy at dumping prices, i.e. when the supplying country sells at prices below the cost of production in order to obtain urgently needed foreign currency. The practice is not new. It makes it impossible to achieve a reliable supply of energy, because it discourages the Community's hard-coal mining industry from working for an optimal level of production which would enhance the reliability of energy supplies. The committee therefore awaits with interest a proposal to coordinate national import policies and programmes. In this connexion, it looks forward to seeing instruments for regulating imports that have so far been used solely on the national plane become superfluous as an effective Community policy on coal imports is gradually realized. Naturally, the requisite control and restriction of imports must be ensured; but these national instruments can be dismantled only gradually in proportion as a Community regulation comes into force. In any other way it would be impossible to achieve a common policy on coal imports.

The Committee on External Economic Relations, asked for its opinion, states that after trade in petroleum and petroleum products has been liberalized, an attempt should be made to liberalize trade in other sources of energy, including hard coal. Since, however, the committee also states that the exploitation of the Community's own sources of primary energy, again including hard coal, must be given optimal protection, it confines the liberalization of the coal trade to the limits dictated by the need for maintaining a hard-coal mining industry capable of guaranteeing this energy supply. The same applies, naturally, to other sources of energy, such as lignite, natural gas and atomic energy.

Within these limits the Committee on Energy, Research and Technology, as the committee responsible, subscribes to the principle of liberalization; it must, however, reserve its final opinion in each specific case.

69. Measure 32: Introduction of security stockpiling for hard coal as for petroleum.

Certain regions of the Community, apart from the cases of dumping mentioned above, are dependent upon third countries for their coal. From this point of view, security stockpiling is to be welcomed. The committee, however, must, as will be seen from what has already been said, resist all undercutting of prices. This applies not only to state-trading countries, which must be confronted with a demand for liberalization of the market, but also to certain countries overseas which are enabled to offer cheap coal by their low wage systems. For socio-ethical reasons, and in the interests of its own export trade, the Community should prohibit imports of goods produced under such conditions. The socio-ethical considerations need not be dwelt upon here; economic interests require that the workers of these countries should be enabled to buy goods exported by the Community.

For the rest, Community stockpiling should be given first priority because even countries which normally export coal are at present interested in coal deliveries from the Community.

70. The committee regrets the absence of measures to promote coal research with a view to the further use of coal as a raw material without direct combustion. It fully realizes that coal research has been largely promoted by the Commission in accordance with the provisions of the ECSC Treaty, and has been able to form some idea of the details by consulting the office concerned. It welcomes every step calculated to develop research in this sphere. While appreciating that further mechanization of coal-face operations will doubtless be possible only in exceptional cases, the committee has the impression that in auxiliary operations some opportunities still exist that are more than incidental.

The committee consequently takes the view that Measures 4 and 5 from among those of a general character are inadequate for promoting research into coal, and proposes an additional measure as No. 49, also enjoying first priority, aimed at promoting research into the use of coal not only as a raw material but also for complete gasification. It is aware that for the latter purpose the further development of high-temperature reactors may furnish an important contribution. In this connexion help may also be drawn from the terms of reference laid down in the Euratom (EAEC) Treaty with regard to research. For this reason, the work of the Joint Research Centre, begun in such promising fashion, should be continued. The Committee expects the Commission to make appropriate proposals in the near future.

5. Electricity and atomic energy

71. For practical reasons, electricity may be dealt with together with atomic energy. The following list of priorities, supported by the Economic Affairs Committee, is derived from the resolution of the European Parliament of 12 October 1972:

- a) Electricity is becoming increasingly important; for this reason, Community sources of energy, including atomic energy, should be used for at least 75% of the current generated, hard coal contributing, in absolute terms, at least as much as it does today.
- b) The Commission should soon make proposals on how to achieve, together with the power and reactor industries, the conditions necessary for covering most of the increase in demand by means of atomic energy.
- c) The Commission should instruct the technical establishments of the Community to conduct further research into the fusion method and the exploitation of solar energy and make the necessary resources available jointly with the electricity industry.
- d) The Commission should take every opportunity of encouraging the construction of uranium-enrichment plants and, if necessary, take over this construction itself.

72. Theoretically, a distinction should be made between electricity as a primary source of energy (derived from water power) and as a secondary form (derived from fuels available in, or imported by, the Community, viz., hard coal, lignite, peat, petroleum, natural gas). The Commission proposes fourteen measures, of which Nos. 33 - 38 relate to electricity and Nos. 39 - 46 to atomic energy.

First priority should be given to :

Measure 33: Investigation of the possibilities of improving the coordination of national policies and programmes relating to the power industry;

Measure 37: Development of a policy on the stockpiling of fuel for conventional thermal stations;

Measure 38: Guideline on the supply of fuel to power stations;

Measure 41: Harmonization of criteria and standards for the construction and operation of nuclear power stations;

Measure 42: Study of the development of reserves and deposits of natural uranium;

Measure 46: Formation of commercial stocks of natural and enriched uranium.

It should be pointed out that the creation of enrichment facilities in the Community must be regarded as a particularly urgent task of the Commission, although not formulated as a 'measure'. The relevant proposal was approved on 16 March 1973 on the basis of a report by Mr NOE' (Doc. 296/72).¹ The committee has consistently stressed the importance of creating a Community uranium-enrichment capacity, but is naturally not in a position to recommend either of the two systems.

73. Here again, the committee has had to consider whether these proposals are not too dirigiste. Even though, as already explained elsewhere, the state should be entitled to intervene only so far as is absolutely necessary (as in the EEC Treaty), it must be pointed out that atomic energy is a special case in which, so far as protection of the environment is concerned, new ground is being broken. If no provision were made here for state intervention, damage might well be done that was irreparable for generations to come. It is precisely the intervention by public authorities that has so far prevented even greater damage to the environment.

74. The committee regrets the absence, among the measures proposed, of what it terms an 'atmospheric load plan.' It is a well-known fact that no method of generating energy is entirely without undesirable effects upon the environment. This question has become acute - not altogether with good reason - in connection with the planning of nuclear installations.

The air vital to every living creature is increasingly exposed to all kinds of immissions. In areas where there is much heavy industry, it has a high SO₂ and CO₂ content; here it is advisable to reinforce the energy supply with nuclear power stations. In areas where other industries have already erected numerous cooling towers, nuclear power stations (which also require cooling towers) should not be built; preference should be given instead to power stations of the conventional type.

¹ OJ C April 1973 p.

75. Even though, under normal conditions, the amount of ionizing radiation emitted by nuclear power stations is very small and makes only a negligible contribution to the radio-activity of our environment, this radiation contains nuclide whose half-life is very long. The limits of environmental toleration must therefore be constantly re-examined.

There are also areas where cooling towers are built to prevent the overheating of rivercourses whose temperature should not exceed a certain limit. The existence of a large number of such towers could, however, have secondary effects upon crops. The Commission is therefore asked to propose, as an additional measure No 50, a guideline for the drawing up of atmospheric load plans. This measure is urgent because it is a precondition for determining the siting of installations.

The following observations concern the individual first-priority measures:

76. Measure 33: Coordination of national policies and programmes for developing the power industry.

In contrast to the USA, national and international grids within the Community and beyond its borders have attained a high degree of perfection - seen, of course, from the point of view of private economic interests. It is doubtful whether, apart from the special sphere of hydroelectricity, these grid systems can be further improved on any considerable scale. On the other hand, the coordination of national policies and programmes is very important.

As for hydroelectric power stations, a distinction should be made between those situated on lakes in mountainous areas and those situated on rivercourses. With the exception of certain parts of Italy, France and possibly also Scotland, all possibilities of developing the former type at costs comparable to those entailed by other sources of energy have been more or less exhausted.

77. Every additional installation of hydroelectric plant therefore increases, in these areas, the cost per kilowatt-hour generated, although it must be admitted that the Community is at present in a situation that forces it to employ conventional means to increase the power output.

Similar considerations apply to the power stations situated on rivercourses. In an exchange of views with the committee, the Commission pointed out that the large-scale construction of such power stations called for by the committee, would inevitably lead to a considerable increase in costs. Nevertheless, this course should be followed and allowed for in national policies and programmes. In this connexion the increasing tendency to channelize rivers and build sluices and weirs should be exploited.

78. The committee has also studied the French example of a tidal generating station on the estuary of the Rance. The experiment is a tempting one on account of the technical achievement it represents, but it requires very special geographical conditions that are seldom to be found on the Community's coasts. Wherever the opportunity presents itself it should be exploited, but under the circumstances such cases will always be exceptional.

The committee therefore recommends including in Measure 33 the further construction of hydroelectric stations in accordance with the foregoing considerations.

79. Measure 37: Stockpiling of fuel at thermal power stations of the conventional type.

It goes without saying that the committee welcomes this measure. As for the cost, this must in the end, here as elsewhere, be met by the consumer. It seems fairer to follow this principle since coal-mining must in any case be subsidized. Possibly the tariffs for current will have to be raised in order to ensure reliable supplies of hard coal.

Certain objections, have, however, been put forward by the electricity-generating industry, which maintains that neither state nor mining industry is in a position to guarantee the supply of coal to power stations, so that the electricity consumer cannot be asked to pay such a 'security premium.' Since the committee has always taken the view that regularity of supplies can never be more than relative, this argument becomes pointless. If this proposal for increasing fuel stocks were not followed, the degree of security would be constantly reduced.

The committee's approval of the proposed Measure 37 is conditioned by the fact that that here account is taken of its idea that power stations should make long-term use of lignite at the present absolute level and so continue to satisfy their principal needs on this basis. In the above-mentioned exchange of views, the Commission expressed the opinion that this is a regional problem for Member States and there is no crisis in the lignite sector. In view of the increasing exchange of electricity this argument loses its force, and the Commission should take the committee's wishes into account when carrying out Measure 37.

80. Measure 38: Guideline on fuel supplies to power stations.

In this connection, the Commission intends to investigate the conditions under which a capacity for consuming coal could be maintained or developed.

The remarks made on the subject of lignite in connexion with Measure 37 apply here also. In addition, for reasons that have been stated many times before, the committee must adhere to its principle that the contribution of hard coal to the generation of electricity should remain at least as high in the future. Under the present circumstances, the idea behind Measure 38 is no more than a declaration of political intent which is in urgent need of specification. Consequently, the proposed guideline must aim at a maximum security of supplies and take due account of the potential contribution of Community coal and lignite to this end. The Commission has repeatedly drawn attention to the disproportionate increase in consumption of fuel oil by power stations; it should therefore, in all consistency, appeal for a weighty contribution to electricity supplies from the Community's conventional energy sources. The investigation proposed in Measure 38 should therefore aim at furnishing information on the means of achieving this end, and should be launched at the first possible opportunity.

81. Measure 41: Harmonizing criteria and standards for the construction and operation of nuclear power stations.

The committee states its agreement in principle, but must reserve its final opinion until it has acquainted itself with such a project. In view of technical progress, possibilities certainly exist for undertaking a harmonization of the necessary standards. As regards cooperation with the specialist circles concerned for the purpose of determining the sectors to be dealt with, the possibility should not be excluded of drawing upon the services of the JRC, as a neutral body devoted exclusively to the interests of the Community, and entrusting it with the task of examining the series of tests proposed. Obviously, methods must be standardized, as the Commission itself advocates.

82. Measure 42: Study of the development of natural uranium deposits.

This measure also meets with the committee's approval, although it will not be easy to obtain the requisite data. Attention should here be drawn to the memorandum by Mr MICHAELIS, former Director General of the Commission, who calls for a suitable economic policy vis-à-vis third countries with regard to raw materials. This corresponds to what has already been said about relations with the petroleum-producing countries.

Mr MICHAELIS points out that the lack of appropriate provisions in the Treaty makes it necessary, with regard to the question of supplies, to adopt a policy primarily based on a sectoral approach - in this case that of energy and, more particularly, of its subdivision relating to fissile materials. Among the various measures of a general nature recommended by Mr MICHAELIS, the following deserve especial attention in this particular case:

- (a) cooperation of national geological services on the basis of a jointly-established programme;
- (b) drawing up of a harmonized research and development programme for improving methods of prospecting for, processing and transporting fissile materials;
- (c) coordination of national measures for promoting prospecting and exploration in countries overseas for the purpose of ensuring that Community undertakings are not placed at a disadvantage vis-à-vis the undertakings of other Western industrial countries;
- (d) formulation of an appropriate trade policy and its harmonization with policy on development aid;
- (e) development of new forms of cooperation with third countries.

Certain features of these proposals also concern Measures 43 and 46.

83. Measure 46: Accumulation of commercial stocks of natural and enriched uranium.

On more than one occasion, the committee has taken a positive attitude toward such a proposal. It should not be forgotten that the Agency established in Chapter VI of the EAEC Treaty can render substantial assistance. In its report on the revision of this chapter, the Economic Affairs Committee (rapporteur: Mr BOS; draftsman of this committee's opinion: Mr FLÄMIG) (Doc. 166/71) gave this proposal its unambiguous support. The Council has so far not succeeded in getting the national authorities to set the required modification procedure in motion. The implementation of this measure is therefore largely dependent upon the revision of Chapter VI of the EAEC Treaty. By nevertheless insisting that the Commission make proposals as rapidly as possible for the purpose of achieving an accumulation of commercial stocks of the various kinds of uranium, the committee hopes to prompt the responsible authorities of Member States to speed up the revision of the aforesaid chapter of the Treaty.

84. Measures 40, 41 and 43 have been given second priority because not all the forecasts expected from the advocates of nuclear reactors have been received in time. It is still an open question whether the nuclear reactor programme can really be carried out according to schedule, as we have been hoping for so long. Uranium, for example, is supposed to exist in adequate quantities, but the same applies here as was said at the beginning of this explanatory statement - namely, the infrastructure required for exploitation has still to be provided.

The planning and construction of nuclear power stations too, is taking longer than originally expected; the normal length of time is from eight to ten years. Furthermore, many objections to their construction have been registered; whether or not these are justified is of no importance here. In the Federal German Republic alone, about 1,500 objections are reported to have been registered per nuclear power station, and two or three years will be required to deal with them. This means that the approval procedure will have to be altered. (This is the reason for the priority accorded to Measure 41, relating to this procedure.) But this needs time, and so one must reckon with the possibility that nuclear energy will not be able to close all the gaps it is scheduled to do on time. This means that the conventional sources of energy must close these gaps too - at least for the present.

85. If the Commission considers it necessary to subordinate current national and Community provisions to a single common policy on the security of nuclear energy (Measure 40), it deserves our support. It has a good legal foundation for this in the relevant chapters of the EAEC Treaty. Herein lies a reason for giving this measure second priority, for here the application of Article 203 of the EAEC Treaty is not required.

Also connected with the security of nuclear energy installations is the harmonization of provisions on the storage of radioactive waste, which has been included in Measure 1, i.e. in the measures of a general nature. This will be dealt with later.

86. Measure 44 embodies the Commission's intention, so far as necessary, to take the steps relating to prices stipulated in Articles 68 and 69 of the EAEC Treaty. Unfortunately, the application of Articles 68 (2) and 69 (2) requires smooth functioning on the part of the Agency. These articles are part of the chapter that has to be revised (Chapter VI), and cannot acquire their full effect before the Agency has been made workable. However desirable the steps laid down in these articles may be (and are), their application - even if their content remains unchanged - presupposes a revision of the entire chapter. This question has already been discussed.

87. The other measures, i.e. Nos. 34, 35, 36, 39 and 45, appear to be less urgent than those that have been given first or second priority.

A harmonization of security criteria and technical standards by means of a résumé of the experience acquired (Measure 34) would be useful, but is not urgent in the present circumstances. Measure 35, on the harmonization of different national provisions and administrative procedures will not be pressing for some time - if at all. The siting, construction and operation of electrical generating and transmission plants and the granting of concessions for the execution and distribution of such projects have so far been satisfactorily dealt with at the national level - despite the existence of an international grid. The establishment of common standards for the drawing up of provisions on supplies to industrial consumers (Measure 36) is probably of no great urgency at the moment. This is not, however, to say that this measure should not be undertaken at a later date.

88. As for Measure 39, on the use of nuclear energy and, in particular, intervention by the European Investment Bank, it may be recalled that at the moment it is technical, not economic difficulties that are hindering the construction of nuclear power stations. The Commission has already made a proposal for contributing to the financing of nuclear power stations, which Parliament approved on 17 January 1972 on the basis of a report by Mr ADAMS (Doc. 236/71).

This measure has, however, produced no great effect, apparently because sufficient funds are available. There is no need to stress that it might be advantageous to help the Community's capital goods industry to develop its exports by means of export credits on favourable terms, since this could improve and cheapen the production of equipment for the nuclear industry.

It is in this sector that success may be hoped for in applying Measure 39. All the rest is absolutely unpredictable and unlikely to bring any direct profit for the next ten years.

89. In Measure 45, the Commission considers it necessary to encourage an agreement among producers of electricity for the purpose of specializing certain reactors in the re-utilization of plutonium. The aim of this measure is to accelerate and promote the perfecting of this technique. Financial aid, in particular, is to be given.

After hearing the experts last year, the committee assumes that there is some advantage in perfecting fast breeder reactors. At the same time, plutonium can also be used in light water reactors. Doubtless because it is a very technical matter, the Commission has not been able to give the committee any definite information on the question. Such a measure deserves to be promoted in the interests of saving valuable raw materials, but the JRC should be involved right from the start.

6. Proposals of a general nature

90. In its main document, the Commission submits ten proposals of a general nature, which relate to all the individual sectors but also extend much further. The committees asked for an opinion have also expressed their views on the subject, but some of these measures had already been dealt with exhaustively in the European Parliament's resolution of 12 October 1972 based on Mr. BURGBACHER's report.

91. Measure 1: Issue of legal and administrative regulations concerning emissions, thermal dissipation, the influence of nuclear installations and the storage of radioactive waste.

The Committee on Social Affairs and Employment has expressed its views on the programme for environmental protection in two reports by Mr. JAHN (opinion of this committee drafted by Mr. JARROT) - namely, First communication by the Commission on measures of environmental protection (Doc. 9/72) and Programme for environmental protection (Doc. 26/72). The committee refers attention to the corresponding resolution of the European Parliament of 18 April 1972. At the same time, it would like to draw attention to what it had to say on atmospheric load plans in Paragraph 74 and on the dissipation of heat from power stations in surface-waters in Paragraph 75. These elements constitute, in the committee's view, the measure called for in the paragraphs mentioned, i.e., Measure 50, since they concern not only sulphur dioxide and thermal dissipation but also the emission of carbon dioxide and the dangers associated with large-scale construction of cooling towers. As regards the danger of accidents arising from the operation of nuclear installations - and to these the danger to the environment may be added, since the injurious effects upon human beings, animals and plants are the same in this instance - attention is drawn to the provisions of the EAEC Treaty relating to health protection; if these prove inadequate, the Commission is asked to secure the requisite powers in accordance with Article 203 of the EAEC Treaty.

92. The committee must nevertheless point out that with regard to the definitive storage of radioactive waste it invited the Commission, through the interim report of Mr. BALLARDINI (Doc. 217/72) and the accompanying resolution of the European Parliament of 17 January 1973,¹ to submit as soon as possible, in

¹ OJ C4, 14 February 1973, p.10

accordance with Article 203 of the EAEC Treaty, specific proposals for the creation of a Community network of storage zones for radioactive waste and for the introduction of a Community system for their operation. The committee has also approached the six original Member States on the question of securing the requisite powers in so far as these are wanting; in reply, it received only one entirely positive response, three half-hearted ones and in one case even an indication that such waste could be sunk in the sea. (The state that gave this last reply has in the meantime signed a UN agreement obliging the signatories to avoid such action.) The committee has further, through the agency of its individual Members, approached the three new Member States to determine their attitude, and will take up the subject once more in a supplementary report after receiving all the replies. The Commission should nevertheless submit without delay the regulation asked for, possibly supplemented by a guideline for national measures.

93. Not only the measures enumerated in Measure 1 which have not yet been carried out but also the elements mentioned here, which in extended form are to make up the new measure, must be given first priority. The committee accordingly expects the appropriate proposals for regulations and guidelines to be submitted shortly.

94. Equally urgent is Measure 3. In this connection, Mr. BURGBACHER, in his aforementioned report (Doc. 141/72), in Paragraph 2 (h) of the motion for a resolution contained therein, advocated that thermal dissipation in all sectors be reduced by economizing or recovering energy. Furthermore, as draftsman of the opinion of the Committee on Economic and Monetary Affairs, he has reiterated this demand and urged that the Commission be asked to support research projects in this field or to commission such projects itself. The committee accordingly supports the Commission's demands - or rather, praiseworthy declarations of intent - formulated in Paragraph 3. At the same time, it would like to point out once more that the Commission, properly speaking, does not merely prompt such demands: it coordinates them and, wherever possible, assumes the responsibility of at least supervising them. Staff members released by the Joint Research Centre might possibly find a new field of action here after suitable retraining. Attention is drawn to the relevant passages in the opinion delivered by Mr. GERLACH on behalf of your committee à propos of the report by Miss FLESCHE on special measures applicable to redundant staff members of the JRC (Doc. 22 /73).

95. These principles also apply to the execution of Measures 4 and 5, which belong together. The Commission wishes to draw up a list of the research projects in the energy field now under way in the Community and then investigate the possibility of collaborating with other countries (Measure 4); further, to determine the prospects of success of the techniques envisaged and their effects upon the situation in the energy sector and, as appropriate, draw up specific research programmes in the light of the results of these preliminary studies. To this must be added the reference to research into ways of applying the results already obtained in this field, particularly with regard to hydrogen.

Within the limits just indicated, the committee supports these measures, while establishing the following order of importance: the reference to the improvement of hydrogen research, on which Ispra is already working, should be incorporated in Measure 3, which is of first priority. The prospects of success, etc., mentioned in Measure 5, run parallel to Measure 4. Both are of first priority.

96. Measures 6 - 10 also deserve first priority. Whether it is a question of talks with energy-importing countries such as the USA, Japan, etc. (Measure 6), improving the procedure for exchanges of information in the OECD or the procedure for contacts with exporting countries (Measure 8), all these measures presuppose that the Community itself takes the initiative for developing a Community energy policy. At the moment, we are still at the beginning of the process of working out a common energy policy for the Nine. The Community must first take common steps towards achieving such a policy and authorize the Commission to pursue it before the Commission can venture into the field of negotiations with third countries. And that is an eminently political matter. If negotiations between these 'great powers' on the one hand and powerful customers and suppliers on the other were to begin before the question of competences had been clarified, the danger would exist that the other party to the negotiations might adopt the principle of 'divide and rule'. This should be avoided from the start. The steps listed under additional Measure 47 (development aid furnished in the form of technical and scientific knowledge), which, as explained in Paragraph 39, enjoy first priority, have nothing to do with the procedure for contacts with exporting countries.

The vital interests of the Commission require that both Council and Member States, with the help of Article 235 of the EEC Treaty, accord it, with the very minimum of delay, the powers necessary for establishing a general energy policy. As recent experience shows, the vital interests of Member States are at stake, and these can only be protected by granting the Community the authority it needs.

97. First priority should further be given to the procedure advocated in Measure 8 for contacts with exporting countries and the exchange of groups of industrialists between the Community and the exporting countries, envisaged in Measure 9. If specific opportunities for cooperation are sought, as envisaged in Measure 9, such delegations should include authorized representatives of the trade unions. Measure 9 should be extended in this sense. Only then can there be any point in taking up Measure 10 on the negotiation of cooperation agreements.

The Committee on External Economic Relations, asked for an opinion, urges specifically that in view of political developments in the petroleum-producing countries no efforts should be spared to protect petroleum imports from dislocation. It further stresses that in connexion with the present monetary problems agreements on deliveries of petroleum should be so formulated as to avoid provoking any inflationary effects.

This coincides exactly with what the Committee on Energy, Research and Technology, as the committee responsible, has already urged. It means, however, that in connexion with the plans envisaged in Measures 8 - 10, precautions must be taken to ensure that the exporting countries invest their profits as rapidly as possible and distribute these investments over as many sectors as possible in their own territory or even in other developing countries in order to reduce to a minimum the flow of roving capital.

98. Measure 2, demanding an intensification of research aimed at suppressing pollution and other undesirable effects resulting from the application of certain sources of energy, should not be confused with the atmospheric load plan called for in the additional Measure 50, since Measure 2 concerns pollution of the soil, of water, etc. In view of the general programme for environmental protection, special measures of this kind could be given second priority, since the general programme, established by the Commission, is of primary importance.

IV Conclusion

99. In view of what has been said in detail on the various measures, the following will suffice by way of conclusion:

- a) With reference to previous resolutions of the European Parliament and the final communiqué of the Paris summit conference of 21 October 1972, it is first of all essential that the Community, in the vital interest of all Member States, be given as soon as possible the powers it lacks

to create a Community energy policy in accordance with Article 235 of the EEC Treaty, Article 203 of the EAEC Treaty and Article 95 of the ECSC Treaty. A modification of the corresponding paragraphs of the three treaties is desirable, but cannot be achieved in the immediate future; in the end, it will be inevitable.

- b) In this connexion, both Council and Member States should realize that the present monetary confusion has been provoked in no small measure by the surplus dollar holdings of the petroleum-producing countries, and that similar disturbances of this kind will be inevitable in the future. Consequently, the investment policies of these countries must, for monetary reasons, be oriented towards the general interest. On the other hand, in view of the continually growing demand for imported primary energy, efforts should be made to reduce the share of these imports in the total supply of energy at the Community's disposal. This is as important for the security of supplies as it is for ensuring an effective monetary policy. Even if the dollar were replaced by another currency as the basis of international trade, the problem would remain unchanged.
- c) The Community's powers with regard to research must be extended so as to improve the supply of energy from domestic sources. As for cooperation with third countries, which could, if appropriate, be organized in the form of new COST agreements, the demands put forward in the resolution of the European Parliament of 15 June 1972 (rapporteur : Mr GLESENER, Doc. 57/72) should be respected.
- d) Finally, the Commission should draw up a list of priorities for the measures to be taken. The committee has attempted to draw up such a list, which is annexed in concise form to the motion for a resolution. This list is based, not on technical, but on political considerations.
- e) It should further be remembered that the thirty-seven measures enumerated in the 'First guideline for a common energy policy' (Doc. 197/68) must, insofar as they have not yet been carried out or are in the course of execution, be completed as soon as possible. This does not apply if these measures, which at present amount to nothing more than declarations of intent, conflict with what has been said in the 'Progress necessary ...' or are supplemented by this latter document.

Finally, the Commission should produce, with the minimum of delay, the proposals for all these measures in the order of importance decided upon. The Council of Ministers responsible for the energy sector must be prevented from interrupting their work by excessively long intervals. The committee cannot sit back while the Council restricts its meetings to once every six months, if not longer. Under the present circumstances, the Council should - after Parliament has examined the various proposals - meet at least once every three months, in order to ensure that the idea of a Community energy policy is made reality as rapidly as possible.

