

BEUC Study Days on  
Consumers and Energy  
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OPENING ADDRESS TO BEUC STUDY DAYS ON CONSUMERS AND ENERGY.

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BY

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Madam Chairman, Ladies and Gentlemen,

I greatly appreciate the opportunity you have given me to address this European consumer conference on energy questions. At this moment, there are no questions more urgent than this topic of energy, its sources, its supply, its cost and its use. It is an obsessive and often painful topic for us all, whether we admit to the name of "consumer" or not. As I recall, President Kennedy said a good many years ago and in another context that "we are all consumers". You might remember that certain distinguished French consumer lawyers contested President Kennedy's statement, qualifying it as totally wrong and erroneous. But I think that even those consumer experts would not disagree with the declaration by BEUC in the introductory remarks that "energy is a matter which concerns us all".

The Commission of the European Communities therefore welcomes this conference gladly. It is the first of its kind in the Community and it will, I hope, be followed by others, whether at national or at Community level. We wish you, the organizers, good luck in your initiative, and we hope that you will gain from this exercise many new perceptions and indeed new solutions to problems which are of primary importance to everyone in the Community, and to the solution of which consumers should contribute as much as they can.

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I am glad to say that the Commission was able to assist the organizers financially and administratively in the preparation of the conference. I should, however, make it clear that the fixing of the programme, the choice of rapporteurs and the various other arrangements have been the entire and exclusive responsibility of the organizers, and that the Commission was not involved in that part of the conference's preparation. Neither did we formally sponsor the event, as the programme indicates, despite the fact that its financial and administrative support clearly affirms our interest in its successful outcome.

A propos of the idea of sponsorship, I am reminded that the French term for sponsor, "parrain", can also be translated by the English word "godfather". I wish to make it quite clear, in all modesty and with due realism, that the Commission is, in matters of energy or of consumer policy, very far from being a "godfather" in either the traditional sense of that word, or in the sense established some years ago by the powerful films of the same name. We have not found solutions to the diverse energy problems now existing, nor can we confidently predict the future as regards developments in this field. Goethe's Faust declared in some despair: "I know that nothing can be known; that knowledge cuts me to the bone". As concerns energy developments, we all are, I am afraid much nearer to that situation than we would wish.

The EEC Treaty itself does not mention energy questions, though you are all familiar with the Treaty establishing the European Coal and Steel Community and the European Atomic Energy Community. These two instruments referred to two rather specific energy sectors and did not, I believe, lay down the criteria for a general, overall energy policy of the Community. In the sixties, little was done to go beyond these sectoral Treaties. In 1968 the Commission sent to the Council of Ministers of the EEC a first orientation for a Community Energy Policy. This orientation paper was followed in 1972 by papers on the "Problems and Resources of the Energy Policy for 1975 to 1985", and on "Necessary Progress in Community Energy Policy". At the same time that these communications were sent to the Council, in October 1972, the Heads of State or Government at their Paris summit meeting asked the Community institutions to formulate "as soon as possible an energy policy guaranteeing assured and lasting supplies under satisfactory economic conditions". One might reasonably consider that this political mandate, which was given to the Community institutions by a summit meeting, is the cornerstone of all attempts to reach a Community Energy Policy which could be worthy of the name.

I say "attempts", because in its resolution of 14 February 1980 the European Parliament noted "with consternation" that "the most important objective of the basic principles of a common energy policy enunciated in Council resolutions, namely adequate medium-term energy supplies, has not been implemented and that these principles therefore still amount simply to declarations of intent."

The Parliament then regretted what it called "the constant inability of the Council of Energy Ministers to implement European Council decisions on the common energy policy...."

If this statement is true - and the least you can say is that there is a lot of truth in it - it leads to the conclusion that we are far away from the political objective formulated by the Heads of State or Government in 1972 and that we have relatively little hope of reaching this objective - at least in the near future. The representative of the Energy Directorate-General in the Commission, who will take the floor after me, intends, I believe, to dwell in more detail on the specifics of the common energy policy, so I shall rather concentrate on some aspects of the consumer impact of these political choices.

The Commission submitted in early 1974 a series of proposals to the Council which aimed to co-ordinate and strengthen the Member States' efforts for energy savings. The Council did not feel able to adopt these proposals, which were later withdrawn.

Since then every Member country has pursued its own policy on energy-saving - an approach which led the European Parliament in a resolution of three months ago to repeat its request for an "effective realisation of an energy-saving policy which is binding on all Member States".

Actions at Community level in the energy-saving field are relatively scarce. But - is this astonishing? Is the Community at present ready and able to pursue a common policy on energy supplies or on energy saving? What do consumers think on the issue?

Ladies and Gentlemen, you are not only consumers, but also citizens who vote, in national and European elections. Now, are consumers in the Community ready to share energy resources such as North Sea oil or natural gas? Are they ready to bear increased costs for developing coal transformation? Are consumers in this or that region ready to support the renunciation of nuclear energy or - on the contrary - the increased production of such energy? I think that we have to admit that neither individual consumers, nor consumer organisations, nor public opinion in general are at present ready to adopt finally a Community Energy Policy encompassing all these issues, with their economic, financial, social and cultural consequences. We can agree in theory on the need for sharing resources and spreading risks; but we have to admit that people in our Member countries are not in practice fully prepared to do these things. And where no effective consensus on such basic issues is shared by the people of the Community, it is not at all surprising to find that Community actions prove to be of limited scope.

I wish to go even a step further and question the Community concept of the consumer, at least as far as energy matters are concerned. Are the interests of a consumer in a country with sufficient energy resources for the near future the same or similar to those of a consumer in an energy-deprived area? Is a consumer in a country with high unemployment, limited energy resources and high inflation in the same or in a similar position to a consumer who comes from a country with a sophisticated social security system, high standard of living and alternative energy resources, at least if the nuclear

risk is accepted? I wish we could identify the European consumer in this bewildering context, and I wish also that we could get a coherent answer from all national consumer organisations to such questions, including the question of nuclear energy.

So much for the supply side with all its variations from state to state. On the equally important demand side, it is clear that effective net savings are, if anything better than additional supply, provided they are not made at the expense of essential services. But, even here, the Community will for common measures is feeble. The list of specific measures adopted in the field of energy saving, which the Commission sent to the Council in June 1979, enumerates nine recommendations and only two directives, which concern energy labelling.

That list was part of a report on the Community's programme for energy saving, which has, up to now, developed the following main lines of activity:

1. regular review of Member States energy programmes and objectives;
2. studies on themes of general interest to all Member States. These studies include fact-finding research into energy prices in the market, market forecasts and scenarios which examine the evolution of energy demand;
3. promotion of the use of best-practice technology and design, and development of a market for energy-saving equipment and materials;
4. examination of the cost-effectiveness of specific measures in buildings, selected industries, domestic appliances and

I have no intention of boring you with figures that prove in all detail that enough energy can be saved in the forthcoming years in order to permit our survival. Such figures exist, they have their merits and disadvantages - and they all are heavily contested. The Commission's report mentions, among factors which influence consumers' attitudes toward energy consumption: energy pricing practices, the rate of investment in new energy-efficient equipment and buildings; information and education. The Commission report formed the basis of a proposal for a Council decision on EEC orientations in the energy saving area, which the Commission sent to the Council in June 1979. This proposal suggests energy-saving measures for buildings, energy pricing practices, energy savings in transport, information and other areas. It is left to Member States to decide in detail what action they will take, whether it shall be obligatory or merely recommended, and so on. The Commission hopes that the adoption of this proposal and its implementation by Member States will increase the effectiveness of energy-saving efforts inside the Community.

As Commissioner for Transport I would like to dwell particularly on those aspects of our proposal which involve the transport sector. The communication of last June recognized that:

- firstly, private cars account for over half of the oil fuel used in transport in the European Community,
- secondly, that changes in consumer attitudes to fuel economy are at least as important as technical improvements to vehicles,



- thirdly, that the best way to make rapid progress is through voluntary co-operation between the Community, Member Governments and the motor and oil industries.

The essential first step is to adopt a standard consumption test for new cars, so that consumers can base their choice not only on traditional factors such as speed, performance, comfort, appearance and so on but also on fuel economy. Such a test has already been introduced in France, the United Kingdom and Germany, and should soon be adopted as a universal Community standard.

In the United States, a mandatory target has been established for reducing fuel consumption, or as they would say, improving economy of the new car fleet dramatically by 1985.

If the targets are achieved, the average American car in 1985 will be about as economic as the present day European car. In Europe, we shall have to concentrate largely on the medium-sized cars which form the bulk of the fleet and to aim for increases in efficiency, rather than in straightforward reductions in size or weight.

Our car manufacturers are being encouraged on a voluntary basis to make use of the various technical possibilities including improved streamlining, better matching of engines to fuels, and improvements to engine design in order to produce a range of more efficient models.

But while promoting improvements in the vehicle itself, we must encourage consumers to take an interest in fuel-efficient models, to maintain their cars correctly, and choose their next car with fuel efficiency very much in mind.

The Commission expressly states that it does not propose, at present, to follow the American example of imposing mandatory fuel consumption standards in order to encourage an accelerated improvement in fuel economy. We believe efficiency is an important selling-point for cars, and that European manufacturers seem to be well aware of the need to achieve further advances in fuel efficiency. "In the long run, however", the Commission has said, "stringent mandatory measures can only be avoided if the industry can show significant achievements as a result of its own efforts."

This is not intended as a threat to the manufacturers. It is only a sober statement of what will unavoidably happen in certain circumstances. I should add, however, that this statement in respect of energy economy is, *mutatis mutandis*, also applicable to other consumer goods such as domestic appliances or building materials.

Let me now briefly turn to the question of a pricing policy. I understand quite well the BEUC and consumer organisations reject an energy policy which consists in the permanent increase of energy prices, and of nothing else, on grounds of discouraging unnecessary consumption. Price is one of the factors which influence the consumer's behaviour, but we have

to take into consideration that consumers, when acquiring energy in order to use it, have practically no alternative. The general market conditions of supply and demand are not simply applicable, since energy is not just a product like any other, but is vital, scarce and without substitute. The Commission nevertheless suggested to Member States that they maintain taxes at their present levels, or even increase them, in order to demonstrate the scarcity of energy, to link energy prices to the long-term cost of developing new energy sources, and to make them as transparent as possible. The Commission is aware of the fact that social measures in Member States are necessary in order to avoid a situation where the poorest consumers pay most for energy and their family budget is overburdened.

If the energy crisis has resulted in painful new impositions for consumers and governments, it has by contrast - as everyone knows - provided a spectacular windfall for the oil companies. It is therefore hardly surprising that there should be some popular demand for action to be taken against the massive profits of the companies and of other suppliers. The idea of diverting these revenues towards state or Community-sponsored research into energy saving is certainly an attractive one, at first glance. But it needs to be treated with great caution, if for no other reason than that a Community policy - even if we had one - would of itself be inadequate. Any attempt to change the present system in such a radical way would have to be agreed among all the larger Western countries - and such an agreement is not now foreseeable.

What we can insist on is a far greater degree of transparency in the financial affairs of the oil companies. This is an attainable objective, and is, I would suggest, certainly overdue. What should also be within our grasp is an adequate programme of consumer information and education which should be prominent among any measures intended to diminish our dependence on imported energy. Individual consumers very often do not know how to save energy and I hope that this Congress will give new impetus to consumer organisations and other interested groups to increase their efforts in this area. We certainly need sustained and convincing efforts in order to bring the message to the consumer that he himself can improve his financial situation and at the same time contribute to the general energy saving necessity. Virtue in this respect is very near to being its own reward.

With these - as I hope - comforting words on a difficult topic I conclude these opening remarks and wish you a successful conference.