

III. E n e r g y

7. We must break the existing link between economic growth and consumption of oil, and we mean to do so in this decade. This strategy requires conserving oil and substantially increasing production and use of alternative energy sources. To this end, maximum reliance should be placed on the price mechanism, and domestic prices for oil should take into account representative world prices. Market forces should be supplemented, where appropriate, by effective fiscal incentives and administrative measures. Energy investment will contribute substantially to economic growth and employment.

8. We welcome the recent decisions of the European Community (EC), the International Energy Agency (IEA) and the Organization for Economic Cooperation and Development (OECD) regarding the need for long term structural changes to reduce oil consumption, continuing procedures to monitor progress, the possible use of oil ceilings to deal with tight market conditions, and coordination of stock policies to mitigate the effect of market disruption. We note that the member countries of the IEA have agreed that their energy policies should result in their collective 1985 net oil imports being substantially less than their existing 1985 group objective, and that they will quantify the reduction as part of their continuing monitoring efforts. The potential for reduction has been estimated by the IEA Secretariat, given existing uncertainties, at around 4 million barrels a day (MBD).

9. To conserve oil in our countries:

- We are agreed that no new base-load, oil-fired generating capacity should be constructed, save in exceptional circumstances, and that the conversion of oil-fired capacity to other fuels should be accelerated.
- We will increase efforts, including fiscal incentives where necessary, to accelerate the substitution of oil in industry.
- We will encourage oil saving investments in residential and commercial buildings, where necessary by financial incentives and by establishing insulation standards. We look to the public sector to set an example.

Energy

Structural Change
Energy

Energy