



(c) FreeFoto.com

Directorate-General
for Energy
and Transport

- **The new EU Directive on Minimum stocks of crude oil and/or petroleum products**

Klaus-Dietmar Jacoby EC TREN C3

1st Oil Forum of the Energy Community
Belgrade, 24-25 September 2009



● Adoption

- Energy Council of 12 June 2009, Luxembourg
 - » Ministers reached a political agreement on the new directive
- Legal linguists' revision during summer
 - » <http://register.consilium.europa.eu/pdf/en/09/st11/st11297.en09.pdf>
- Adopted by the General Affairs and External Relations Council without debate on 14 September 2009

● Implementation

- **Entry into force**
 - » 20 days after publication in the Official Journal
- **Transposition**
 - » By 31 December 2012
- **An additional 2-year transition period for some non-IEA Member States**
 - » With respect to the new stockholding obligation
- **Review of functioning and implementation**
 - » By 31 December 2015
- **Comitology envisaged to modify**
 - » Methodology of calculating obligation and compliance
 - » Reporting issues (scope, content, frequency)
 - » Handling of biofuels

● Old Directives and Council Decisions will be repealed from 31.12.2012

- Current oil stock directives 2006/67/EC (stock obligation) and 73/238/EE (mitigation measures) and Council decision 68/416/EE (bilateral agreements) will be replaced by the new directive
- Circumstances changed over time
 - » internal market: completion, enlargements
 - » globalization of oil markets, role of financial markets
 - » IEA established in 1974
 - » decreasing indigenous production
 - » increasing risk of supply disruptions

Change is needed

- Current system: no hard proof of failure but some concerns about e.g.:
 - » availability of some stocks in a major crisis
 - » use of “tickets”; use of stocks as assets; etc.
 - » efficient interaction with IEA system



- The March 2007 European Council called for the review of EU oil stocks mechanisms with emphasis on:
 - » availability of stocks in the event of a crisis
 - » complementarity with the IEA crisis mechanism

● Main elements of the new Directive (I)

- Adopting IEA methodology to maximum possible extent
 - » 90-day obligation based on net imports (not consumption)
 - » but retaining current consumption-based obligation for producing countries
- Showing preference for government/agency stocks
 - » though no obligation (Member States retain flexibility)
- Establishing a minimum presence of product stocks (~ 1/3 of stocks)

● Main elements of the new Directive (II)

- **Clarification of the procedures for emergency situations**
 - » enabling the whole EU to contribute better to an IEA action
- **Reinforced verification**
 - » possibility of audits, spot checks
- **Provisions facilitating the reporting of commercial stocks**
 - » weekly frequency possible in the future

● How this will impact security of oil supply ? (I)

- Improved assurance about the availability of stocks
 - » clarifying criteria of availability
 - no pledging
 - identification of stocks
 - restrictions on “tickets”
 - » indicated preference for partial government/agency stocks, held as products (“specific stocks”)
 - » audits/inspections

● How this will impact security of oil supply ? (II)

- **Better crisis management, in conjunction with the IEA**
 - » adapting IEA methodology helps to establish a common basis for evaluating the emergency preparedness of MS
 - » simplified/streamlined procedures for participation in IEA actions
 - » possibility to involve also non-IEA Member States

● Next steps (1)

- Revising the MOS questionnaire
 - » TREN/EUROSTAT/IEA technical working group established
 - » Objective
 - To have a single reporting tool which satisfies the requirements of all three parties
 - To reduce reporting burden
 - » In particular
 - To incorporate the reporting on commercial stocks
 - To incorporate specific stocks
 - To take other specific elements of the EU directive into account

● Next steps (2)

● Study on the reporting of commercial stocks

- » Monthly frequency specified in the final version of the directive
- » Nevertheless, Commission continues the execution of the external study on weekly reporting
 - Cost and benefit analysis
 - How to establish a weekly reporting mechanism
- » Terms of reference were presented in the 2008 Berlin Forum Plenary
- » Mott MacDonald selected in mid-2009
- » Inception report expected by end of September

● Next steps (3)

- Longer-term actions
 - » Emergency planning and preparations
 - To revise internal emergency response procedures
 - To clarify with Member States and the IEA the tools for coordination of crisis management
 - Assisting non-IEA Member States and Energy Community Members
 - » Consulting the Coordination Group “by electronic means”
 - To create an IT-based communication tool
 - » Reviews of Member States’ emergency preparedness and stockholding
 - To develop procedures and standards
 - To coordinate with the IEA



(c) FreeFoto.com

Directorate-General
for Energy
and Transport

Thank you for your attention



EUROPEAN
COMMISSION

DG TREN: http://ec.europa.eu/dgs/energy_transport/index_en.html