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Commission welcomes the Council agreement on oil stocks which improves EU's readiness in case of supply crises

Energy Commissioner Andris Piebalgs has welcomed today the Energy Council's decision on the new directive on emergency oil stocks, which the Commission adopted last November as a part of its security of supply package. "Whilst the Council did not retain some elements of our original proposal, I'm satisfied that the new legislation will bring the EU system of oil stocks closer to current international practices and strengthen the Community's capacity to use the stocks effectively so as to minimize the negative effect on consumers in case of a supply crisis", said Commissioner Piebalgs.

The proposal sought to reinforce the current legislation, originating in 1968, with a set of up-to-date rules aligning the EU methodologies and usage with those of the International Energy Agency (IEA). IEA Members should also hold emergency oil stocks that can be released under the coordination of the Agency. Since some European Member States are not Members of the IEA, the new directive will assure a coordinated EU-IEA response in case of an oil crisis.

The overall stockholding obligations of most Member States will not substantially change in custom, continuing to be based on the "90-days" rule. In line with the IEA practice, Member States will now be required to hold emergency reserves equivalent to at least 90 days of net oil imports. However, the availability of such emergency stocks will be improved as the new directive makes it very clear that stocks may not be pledged or otherwise encumbered. The new directive also requires that at least one-third of the emergency stocks must be composed of products in proportions corresponding to consumption patterns of the Member States. These stocks will have to be owned by the Member State or its stockholding agency, or held in arrangements ensuring the same level of public control.

The new legislation also gives the EU new powers, such as allowing it to review and audit the stockholdings maintained by the different Member States to enable it to react more efficiently in situations of crises since no significant use of stocks will in practice be possible without an agreement at EU-level on its appropriateness. In case of an IEA action, the Commission will be able to ensure a coordinated and timely contribution of the whole European Union to the IEA efforts on equal terms.

The new directive will enter into force shortly after its publication in the Official Journal. Member States will have to transpose its provisions in their national laws by 31 December 2012. Some Member States who are not members of the IEA on that date will dispose of an additional two years to bring their stocks to the newly required levels.