



HANDA
CROATIAN COMPULSORY
OIL STOCKS AGENCY

CROATIAN STOCKPILING PROGRAM - overview

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SECURITY OF SUPPLY & EMERGENCY PREPAREDNESS

- it is a matter of national security and social responsibility
- each Party must deal with this issue irrespectively when it will became member of the EU and who owns the national oil industry

SETTING UP AN AGENCY STRUCTURE CROATIA - CASE STUDY

LEGAL FRAMEWORK

Act on Oil and Petroleum Products Market (OG 57/2006)

- regulates the issue of compulsory oil stocks in accordance with EU directives
- provides for the establishment of *Croatian Compulsory Oil Stocks Agency*
- defines the time framework to form the compulsory oil stocks at the level of a 90-day consumption – 31st July 2012
- defines the quantity of stocks to be held by producers and importers of petroleum products

CROATIAN COMPULSORY OIL STOCKS AGENCY – HANDA ⁽¹⁾

- Founder:** Republic of Croatia
- Legal form:** Entity under Public Law (Independent, autonomous and non-profit public institution)
- Bodies:** Administrative Council (5 members, appointed by the Government of the Republic of Croatia) and Director General (elected by the Administrative Council)
- Task:** To form the state compulsory oil stocks at the level of a 90-day consumption by 31st July 2012, in line with EU directives
- Basic principle:** Transparent, market-neutral operation at the lowest possible cost

CROATIAN COMPULSORY OIL STOCKS AGENCY – HANDA ⁽²⁾ FINANCING

- The producers and importers of petroleum products are obliged to pay the fee into account of HANDA
- The fee is included in the price of petroleum products
- The fee is determined once a year by the Government of the Republic of Croatia, according to HANDA's proposal based on calculation
- Fee amount for 2010: ≈ 2 eurocent/liter of gasoline, ≈ 3.4 eurocent/liter of diesel and gas oil
- Additional funds needed for acquiring oil volumes: loans, bonds, PPP

CROATIAN COMPULSORY OIL STOCKS AGENCY – HANDA ⁽³⁾

MAIN ACTIVITIES

- collection of fee for compulsory stocks of crude oil and petroleum products,
- purchase and sale of crude oil and petroleum products in order to establish and maintain stocks,
- organization, supervision and management of compulsory stocks of crude oil and petroleum products,
- supervision of the quantity and quality of crude oil, petroleum products and services related thereto.

STAFFING

- Small group of people (up to 10 people)
- Industry experienced
- English fluency
- Close contact with industry and state authorities
- Salary issue
- Timely engagement and continuity

START UP QUESTIONS

- What to hold?
- What amount to hold?
- Where to hold?
- When to hold what?
- How to finance?
- What to finance?
- Timeframe?

QUANTITY AND STRUCTURE OF HANDA'S COMPULSORY STOCKS (estimation)

Quantity and structure of HANDA's compulsory stocks in line with Council Directive 2006/67/EC when 40% of Category I and Category II and 50% of Category III are maintained as crude oil type REB (Russian Export Blend), optimized to diesel fuel (tons)

Year		2008	2009	2010	2011	2012
	Crude oil	245,000	290,000	330,000	370,000	275,000 (420,000)*
Category I	Motor gasoline	46,200	56,400	65,400	75,000	84,000 (57,000)*
	Diesel oil	99,000	118,200	138,000	157,800	177,600 (128,000)*
Category II	Gas oil	21,600	25,200	29,400	33,874	48,618 (25,000)*
	Jet fuel	3,600	4,800	5,400	6,000	7,200 (5,000)*
Category III	Fuel oil	38,500	47,000	54,500	62,500	133,840 (54,000)*

*(figures in brackets represent obligation in line with new Council Directive 2009/119/EC with 30 days specific stocks)

CROATIA - FULFILMENT OF THE OBLIGATION ⁽¹⁾

Final goal:

**Stocks in kind hold on the territory of the Republic of Croatia
by 31st July 2012!**

Current situation:

- no sufficient, proper storage capacity
- to store abroad – allowed, but no bilateral agreements
- tickets abroad – allowed, but no bilateral agreements

HANDA - FULFILMENT OF THE OBLIGATION ⁽²⁾ (May 2010)



Crude oil:

- 295,000 MT (2.2 million bbl)

Petroleum products:

- 30,000 MT of motor gasoline (delegation)
- 35,000 MT of diesel oil (delegation)
- 10,000 MT of diesel oil
- 35,000 MT of fuel oil (delegation)



CROATIA - FULFILMENT OF THE OBLIGATION ⁽³⁾

Construction of additional storage capacities

- for petroleum products (cca 260,000 m³)
- for crude oil (480,000 m³)
- HANDA has become a shareholder of JANAF; money paid for new shares to be used for construction of storage capacities needed
- long term agreements on storage signed on May 13, 2010
- **huge opportunity for regional cooperation (joint utilization, financing)**

Intergovernmental agreements

- Ministry of economy and Ministry of foreign affairs launched the procedure of conclusion of bilateral agreements



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