

## Conclusions

### 5th Oil Forum of the Energy Community

Belgrade 10 - 11 October 2013

#### **I. INTRODUCTION**

1. The Forum was chaired by Mr. Zsolt Tasnadi, representing the European Commission.
2. The Agenda was adopted by the Forum without any modifications.
3. Mr. Petar Stanojevic, Assistant Minister for oil and gas in the Ministry of Energy, Development and Environmental Protection of the Republic of Serbia, welcomed the Forum on behalf of the Government of Serbia, emphasizing Serbia's efforts since the previous Oil Forum to establish the legal framework for compliance with Council Directive 2009/119/EC of 14 September 2009 imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products (Directive 2009/119/EC). As Presidency in office, Serbia re-confirmed both its and the Energy Community's priority on oil security as part of security of supply, given the vital need to guarantee consumers continuous access to petroleum products. The Assistant Minister appreciated and encouraged the continuation of steps taken by the Energy Community Secretariat to coordinate technical assistance on oil stockholding policy in the Energy Community.
4. The Forum which was attended by high-level representatives from governments, public and private oil companies and investors, was also welcomed by Mr. Freek Janmaat, representing the Vice-Presidency.

#### **II. OIL DIMENSION IN THE ENERGY COMMUNITY AS PART OF SECURITY OF ENERGY SUPPLY**

5. The Secretariat presented the main steps in the evolution of the Oil Dimension over the previous 5 years which culminated in the adoption of Decision 2012/03/MC-EnC on the implementation of Directive 2009/119/EC in the Energy Community, taken by the Ministerial Council in Budva on 18 October 2012.
6. The Secretariat noted the progress made to date on the oil dimension and pointed out that many challenges lie ahead, in particular with respect to the full implementation of the oil stock directive as a needed step in the context of security of supply. The Forum considers this task as a key priority for the Energy Community in the upcoming years and encouraged the Contracting Parties to start without further delays.
7. The Forum welcomed the IEA presentation on the global aspect of security of energy supply, which provided the IEA's outlook on key trends in global energy markets and emphasised critical aspects which could impact security of supply in the coming years. It also provided an overview of how the IEA emergency response system could be activated in the case of a significant disruption to world oil supplies and the clear decision making structure and policy for emergency stock management with well-defined procedures for stock drawdown and well-trained personnel.
8. The Forum welcomed the presentation made by JBC Austria which provided an overview of the main elements of oil supply security in South East Europe (SEE) considering it as a net importer of oil, with the biggest share of crude oil imports coming from the Former Soviet Union (FSU) region. In terms of existing refining capacity, the region is self-sufficient in oil products supply, with regional refining capacity far exceeding regional products demand. The biggest share of refining capacity is controlled by Russian oil companies. Europe as a whole

is facing refining consolidation and the same is the case for the SEE region. However, as a significant share of regional refining capacity is owned by the less margin-sensitive FSU players, refineries are able to keep running, ensuring ample supply of products in the region. In addition, with many countries in the region located near the coast with plenty of import terminal capacities, the region's oil supply security is comparatively favourable.

### **III. IMPLEMENTATION OF DIRECTIVE 2009/119/EC ON EMERGENCY OIL STOCKS**

9. The Forum welcomed the presentation made by the European Commission which outlined the latest progress on the transposition of Directive 2009/119/EC in EU Member States. The Forum appreciated the detailed information about various aspects of implementation, including the impact on stockholding regimes, the level and composition of stocks, cross-border stockholding and reporting.
10. The Secretariat presented a detailed overview of the progress in the Contracting Parties since the last Oil Forum as well as the next steps necessary to prepare national legislation and to set up an emergency response system in order to comply with Directive 2009/119/EC. The Forum acknowledged the progress made so far, however it also noted that all Contracting Parties still have a long way to go to achieve full compliance with the directive. The Forum noted as a key priority the Secretariat's proposal to the Contracting Parties on the transposition of Directive 2009/119/EC into national law by the end of 2014.
11. The Forum welcomed the presentations delivered by the Serbian representatives (Ministry of Energy, Development and Environmental Protection and Transnafta) on their latest progress related to stockholding policy as part of the security of oil supply. The Ministry presented the main achievements so far as well as the current proposal for the establishment of a more complex organisational structure. In order to align the national legislation with EU legislation a new Commodity Reserves Law is under consideration by the Parliament. Transnafta then gave a presentation highlighting their efforts to ensure regional security of energy supplies, and the Forum thanked Transnafta for its continuous support over the last years.

### **IV. EU EXPERIENCES IN EMERGENCY PREPAREDNESS AND RESPONSE**

12. The European Commission highlighted the importance of emergency procedures and measures for releasing emergency stocks quickly and efficiently in case of a supply disruption. The presentation outlined the use of emergency response policies and mechanisms in practice, in case of exercises and actual disruptions. Organizational arrangements and the technical tools used to support communication during a supply disruption were presented.
13. The Forum welcomed the presentation of the Hungarian Hydrocarbon Stockpiling Association (HUSA), an independent and non-profit company focused currently on the full implementation of the new requirements of Directive 2009/119/EC. The stockholding law of 1993 was amended in 2013 in order to comply with Directive 2009/119/EC. HUSA was founded, financed and is operated by the Hungarian oil and gas industry, while the government has special control rights. HUSA's public oil stocks are equivalent to some 115 days of net imports. All the emergency stocks are owned by HUSA and separated from commercial stocks.
14. The Forum thanked the representative of the Estonian Oil Stockpiling Agency for their comprehensive message on how Directive 2009/119/EC can be transposed and implemented fully relying on the state-owned stockholding agency. Estonia has a simple, streamlined stockholding policy where all stocks are held in form of finished products, a large part of which is held in neighbouring countries.

## **V. FROM ROADMAPS TO IMPLEMENTATION OF DIRECTIVE 2009/119/EC**

15. The Secretariat presented the main steps undertaken since the last Forum where all Contracting Parties were urged to consider coordinated assistance from experienced oil stockholding experts in preparing their national legislation on emergency oil stocks and their emergency response system. In this respect, the Secretariat reiterated its invitation to all Contracting Parties to submit their specific technical assistance requirements which they perceive as key to preparing their national legislation.
16. The Forum supported the latest efforts made by the Secretariat (at PHLG meetings: 27, 28 and 29) in considering how to institutionally organize such assistance and to evaluate means of financing/funding such assistance with the support of the European Commission.
17. The Forum welcomed and thanked the Secretariat for being able within a short period of time to finalise the contract on coordinated technical assistance on oil stockholding policy with two experienced experts who both have provided extensive support in introducing and promoting the importance of oil stockholding at the Oil Fora and the oil workshops of the Energy Community.
18. The Forum noted that the establishment of emergency oil stocks and an effective and reliable emergency response system is a big challenge from a financial, legal, political, technical and an organizational point of view. The Forum also noted that so far only one Contracting Party (the former Yugoslav Republic of Macedonia) has used this opportunity by inviting the Secretariat and the experts. In this context the Forum urged all Contracting Parties to promptly act and submit to the Secretariat their specific technical assistance requirements which they perceive as key to preparing their national legislation on emergency oil stocks and emergency response systems.
19. The Forum considered all topics discussed during the round table session as constructive and very useful. In particular, the Forum noted that each Contracting Party needs to establish the main milestones (updated Roadmap) to be achieved over the coming 10-year period and the planned steps to be taken during the upcoming years (2014/2015) towards the establishment of emergency oil stocks and of an effective and reliable emergency response system.
20. The Forum noted the benefit of considering a regional approach towards emergency oil stockholding in terms of enhancing the security of supply, building joint storage capacities and cost minimisation.
21. The next Oil Forum will probably be held in late September, 2014.