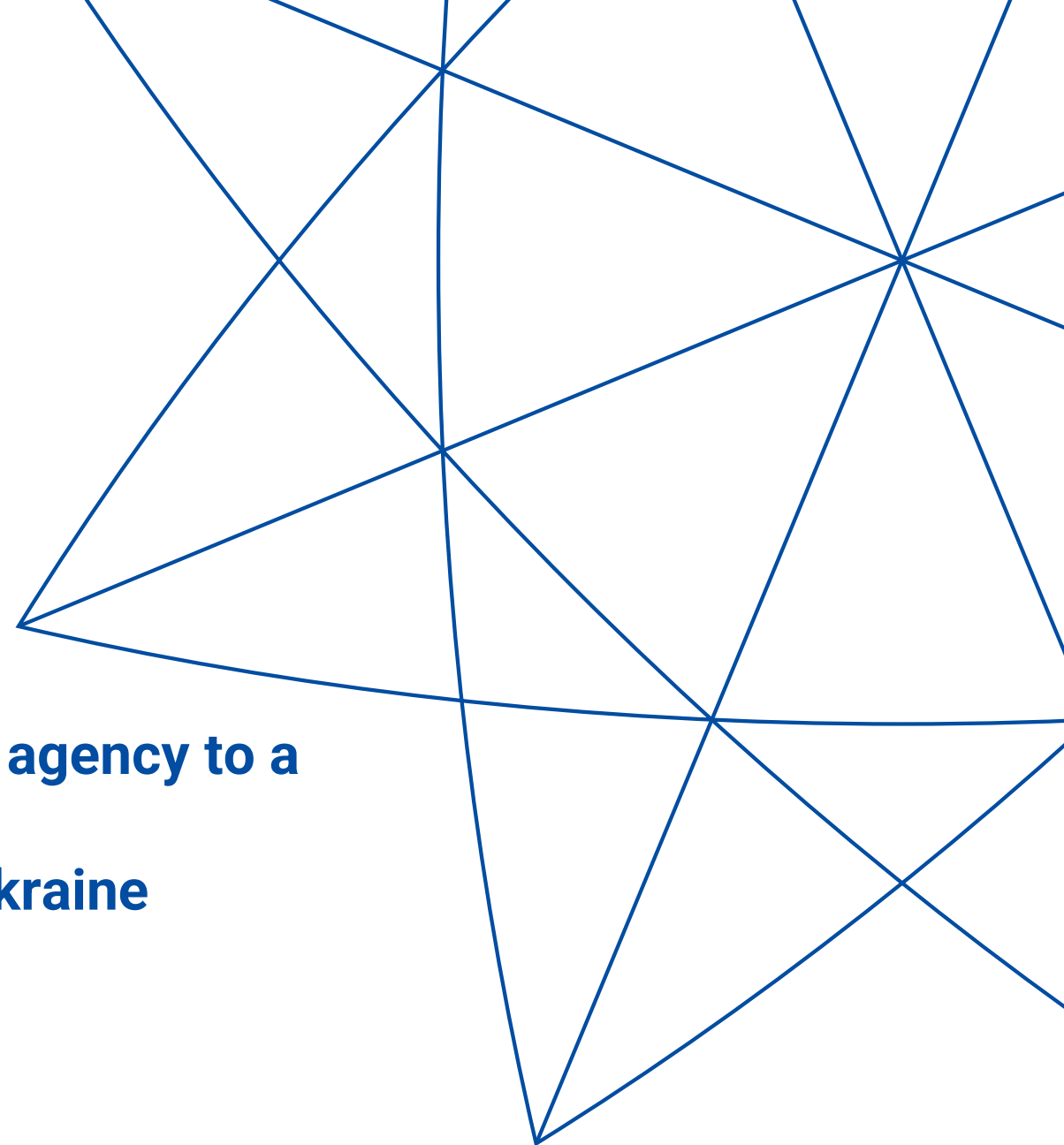


Estonian Stockpiling Agency

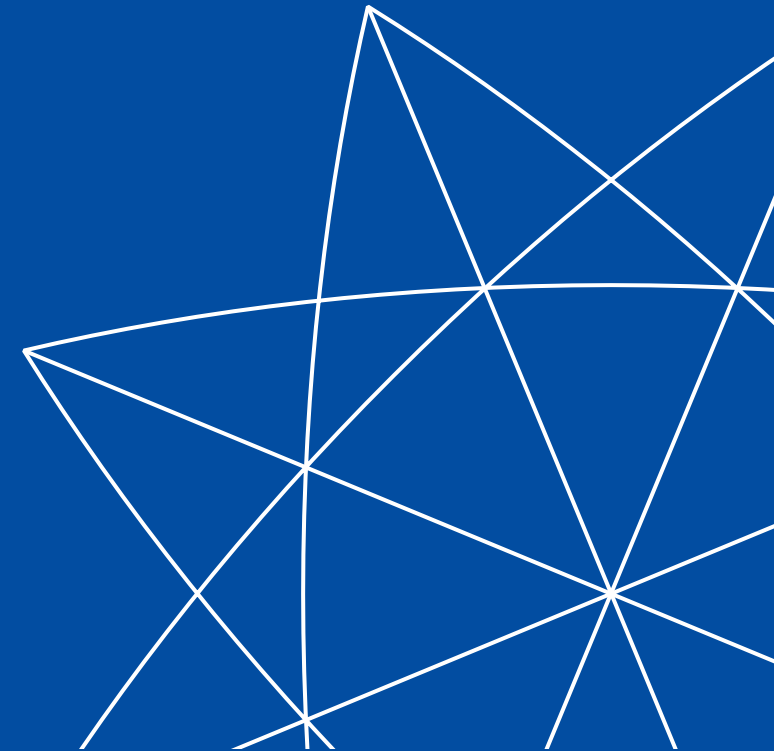
**Estonia: Change from an oil stockholding agency to a national supply entity
Lessons learnt from the Russian war in Ukraine**

Priit Enok



- The **Estonian Stockpiling Agency** is the central security of supply institution effective from July 2021
- Responsible for the creation and management of **strategic stocks** necessary for resolving or preventing an emergency, and ensuring the security of supply
- **Mission** is to organise the national security of supply smartly and in cooperation with partners
- Our values and operating principles
 - The sustainability of the state and good stewardship of assets
 - Thoughtfulness and flexibility
 - Initiative and the courage to act

Growing from the National Oil Stocks Agency to Emergency Stockpiling Agency



Learning by Doing

How We Can Be Better
Prepared For the
Next Crisis

Diplomaatia 24.04.2020

At the beginning of April 2020 the first shipment of personal protection equipment arrived to Estonia.

Photo: Äripäev/Scanpix



Key considerations (lessons learnt from COVID)

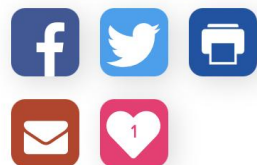
- It is necessary to create a stable resource base for crisis preparedness
- Regulations related to supplies should be reorganised into a unified system and should constitute a purposeful whole
- It is useful to ensure centralised stock management, to prevent fragmented responsibility among different offices

Government announces national stockpiling center plans

NEWS

ERR

31.07.2020 16:11

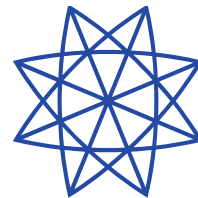


Minister of Economic Affairs and Infrastructure Taavi Aas Source: Siim Lõvi /ERR

“The government is to establish a centralized, national stockpiling center by mid-2021” ERR 31.07.2020

Core

to develop Estonian Stockpiling Agency as the central security of supply institution by expanding the tasks of Oil Stockpiling Agency by July 2021



Estonian Stockpiling Agency

ESPA – Estonian Stockpiling Agency



Fuel stockpiling



Food supply



Medical
stockpiling



Critical supply

Ensure supply chain functioning
Support vital business continuity

ESPA – Estonian Stockpiling Agency

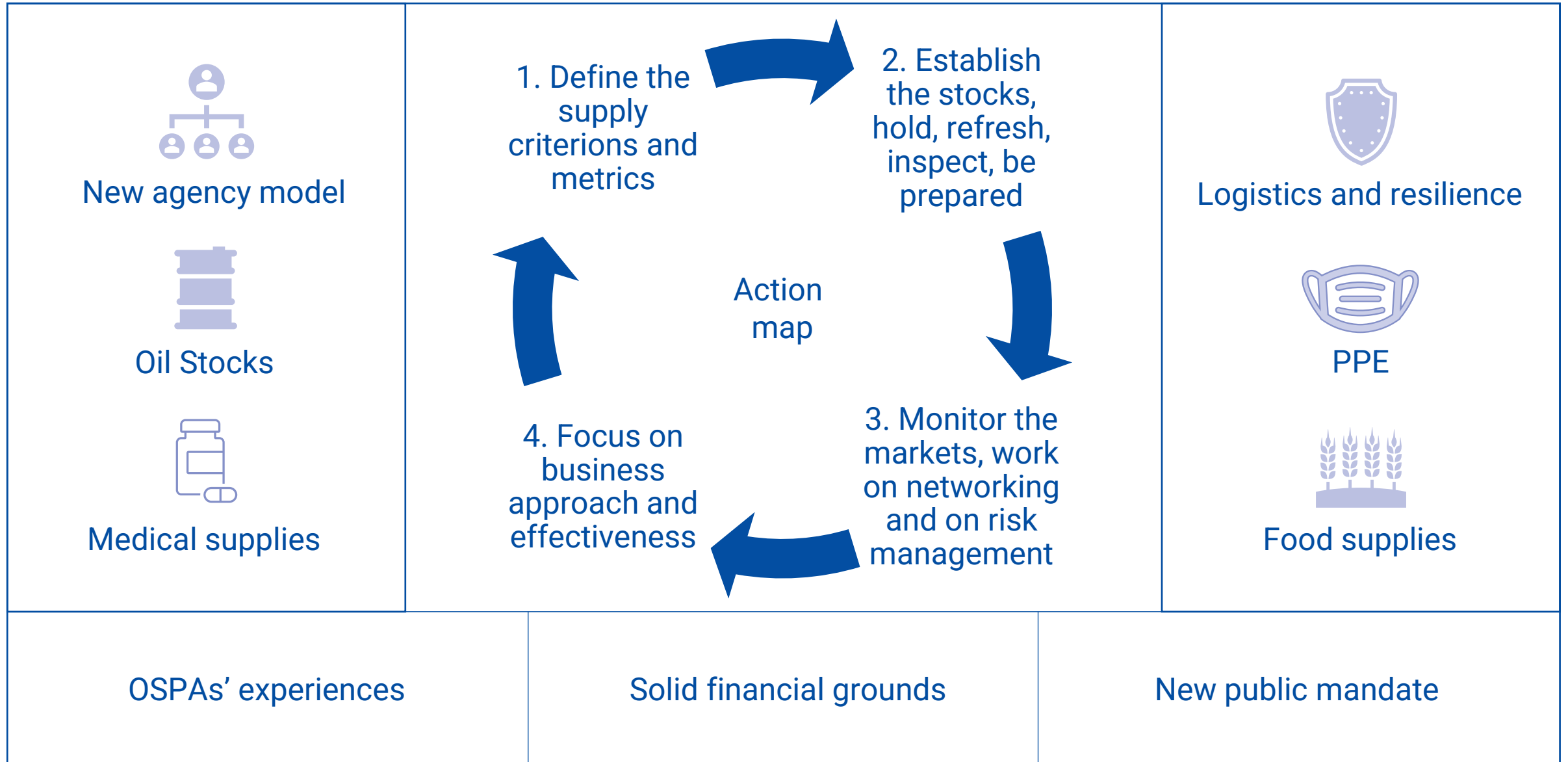
Stocks are established and held by a state-owned company

The representative of the shareholder is the Minister of Economic Affairs and Infrastructure

Supervisory Board

- Consists of up to six members – split equally between government and private sector representatives
- At least one of the members are to be selected from among the candidates nominated by the oil industry

One-page strategy – 2020



Sector-specific clusters

Intention to establish dedicated clusters to implement sector-specific supply security and business continuity action plans

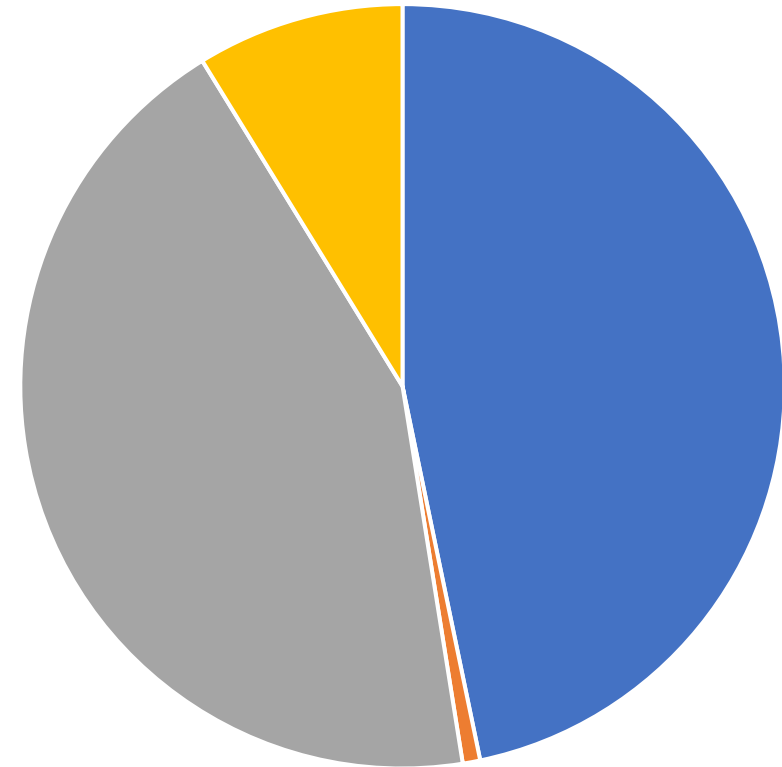


Responsibilities of the clusters

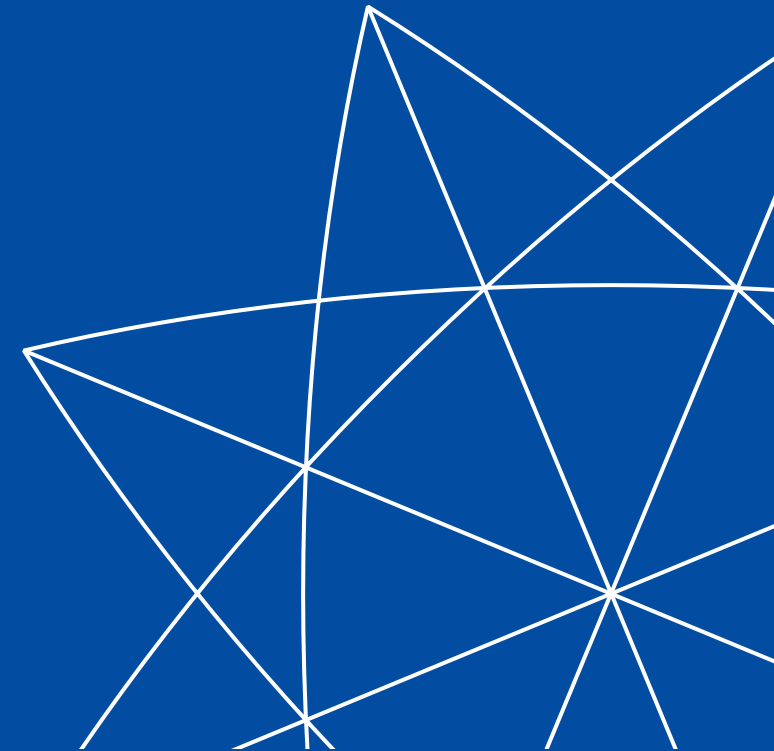
- Monitor and assess the general state of sector preparedness
- Determine the stockpile nomenclature and quantities
- Plan the modes for building, holding and rotation of the stockpiles
- Make recommendations regarding the supplies and logistics
- Take part in emergency exercises and trainings

- ESPA shares are owned by the state, with the Ministry of Economic Affairs and Communications acting as the shareholder
- Main funding of operational costs:
 - through stockpiling fee approx. 6 MEUR/year to cover liquid fuel and gas stockholding costs
 - from the state budget up to 6 MEUR/year to cover the costs of managing other strategic stockpiles and security of supply measures
- Stocks are purchased through state budget allocations
- 14 people in the team

ESPA balance sheet
Approx. 400 MEUR



Lessons learnt from the Russian war in Ukraine



The owner's expectations

The Estonian Stockpiling Agency has been designated as a company of strategic importance to the state, operating primarily for public purposes. Its objectives align with the expectations of its owners as follows:

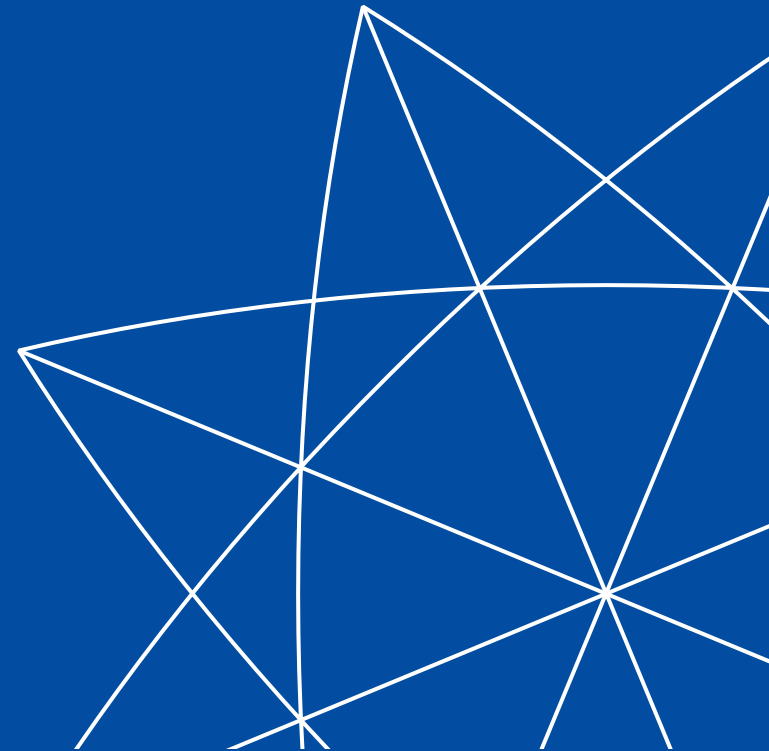
- to **fulfil the strategic objectives set forth by the state** in accordance with the legal acts, regulations, and development plans that the company is subject to;
- to **act as a competence centre** in the area of security of supply, to contribute to the crisis preparedness of the society and crisis resolution;
- to **invest in the cyber security and digitalisation** of the services of the company;
- to manage the company efficiently, conservatively, and profitably within the limits established by the law;
- to act as a role model to Estonian companies in terms of good governance, social responsibility, and high-quality business culture, following the principles of responsible company management and integrating these principles into the daily activity, management, and strategies of the company;
- to refrain from business relations with the sanctioned countries

Self-confidence – something Estonia must learn from Ukraine

Alar Karis, President of Estonia

„...Another vital thing we can learn from Ukraine is the need to maintain a functioning state even in war...”

It starts with simple things. You must keep the country running: public services, the police, rescue workers, the availability of medical assistance, the work of banks, the payment of salaries and pensions and benefits. Then there is working with companies and local governments to ensure the supply of gas and electricity and communications and food and water, as well as emergency reserves of all of them.



Strategy for 2025–2028

Main security of supply risks to be prepared for:

- Supply chain disruptions (production, including availability of raw materials, logistics, storing, retail sale, consumption, pricing, compliance, etc.)
- Interruptions to critical services (dependencies on electricity, communications, fuel, good condition of roads, water, etc.)
- Hybrid attacks against infrastructure, equipment, and people

Strategy for 2025–2028

- We are ready to **react to market changes with the fuel stockpile** and are a reliable partner in national and international cooperation networks. We will **build the infrastructure needed to store aviation fuel in Estonia**. We will ensure rapid access to fuel for first responders and **expand the network of resilient filling stations**.
- In order to ensure security of natural gas supply, we are **ready to make use of the Port of Pakrineeme at any time**, in cooperation with the gas network operator.
- In terms of healthcare stockpile, we will **support the development of domestic manufacturing capacity** to better ensure security of supply for critical medicines. We will contribute to **the resilience of general pharmacies** in times of crisis.
- To ensure access to food and essential goods in a crisis, we will **establish a network of generator-equipped crisis stores** to ensure access to food, essential goods and cash in the event of power outages and other crises.

**Avio Fuel
Terminal**

Estonian Stockpiling Agency

Warehouse

**Fuel
stockpile**

**VSP fuel
stockpile**

**Natural
Gas
stockpile**

**Food
stockpiles**

**Medicines
for
animals**

**Drugs for
general
public**

**Medical
devices**

**PPE
stockpiles**

**VSP filling
stations**

**Crisis filling
stations**

**Pakrineeme
harbor**

**Crisis retail
stores**

**Generators for
continuation of
services**

Liquid fuel stocks

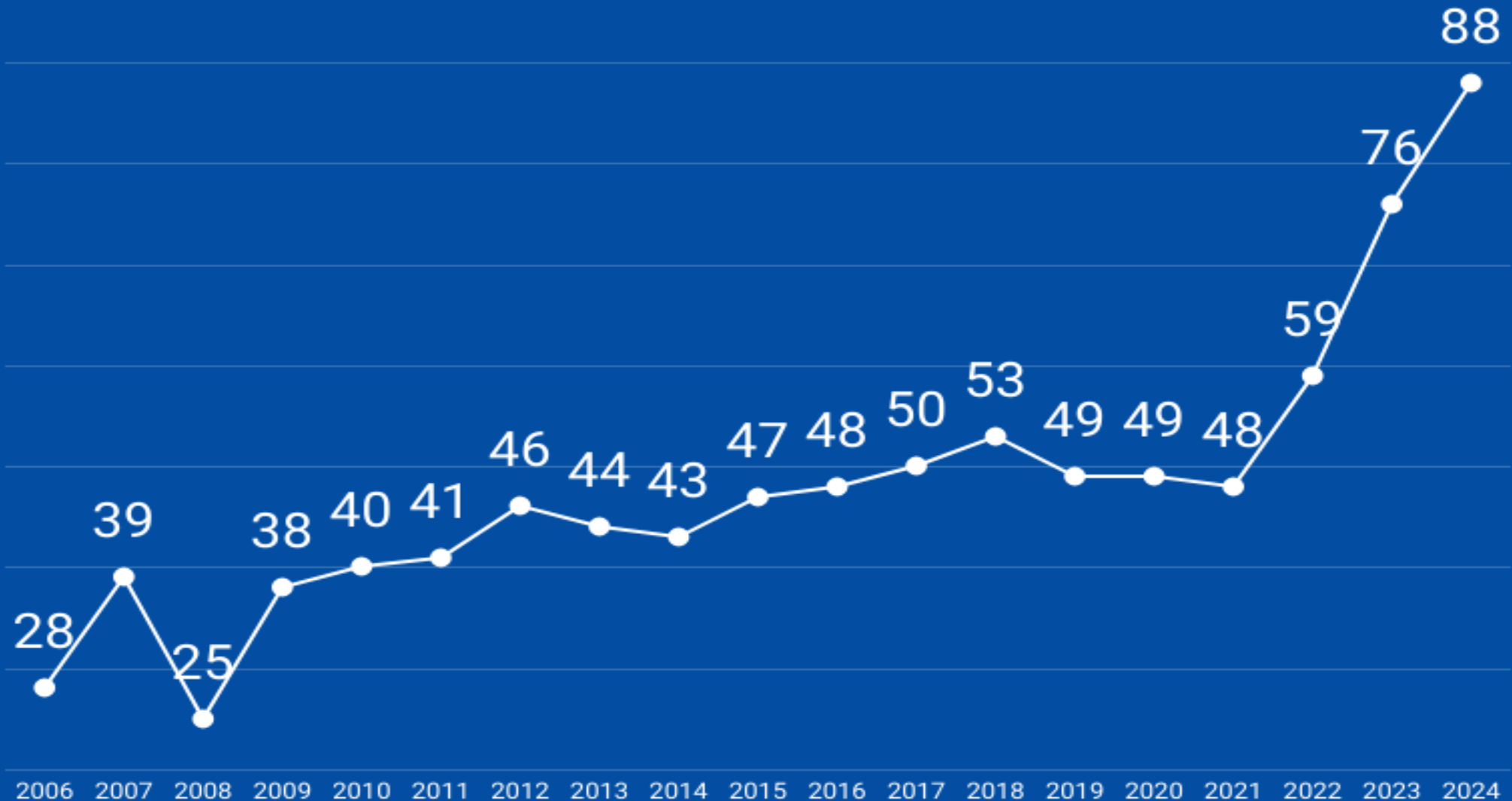
National fuel stockpiles are established to ensure:

- a high level of security of fuel supply on the national level
- security and normal functioning of the state and society
- fulfillment of obligations under international agreements

- All stockpiles are established in the form of final product
- Stockpiles are partially held in neighboring EU Member States
- ESPA does not manage military stockpiles or the commercial stockpiles of businesses
- ESPA collects stockpiling fee to cover the management and storage costs

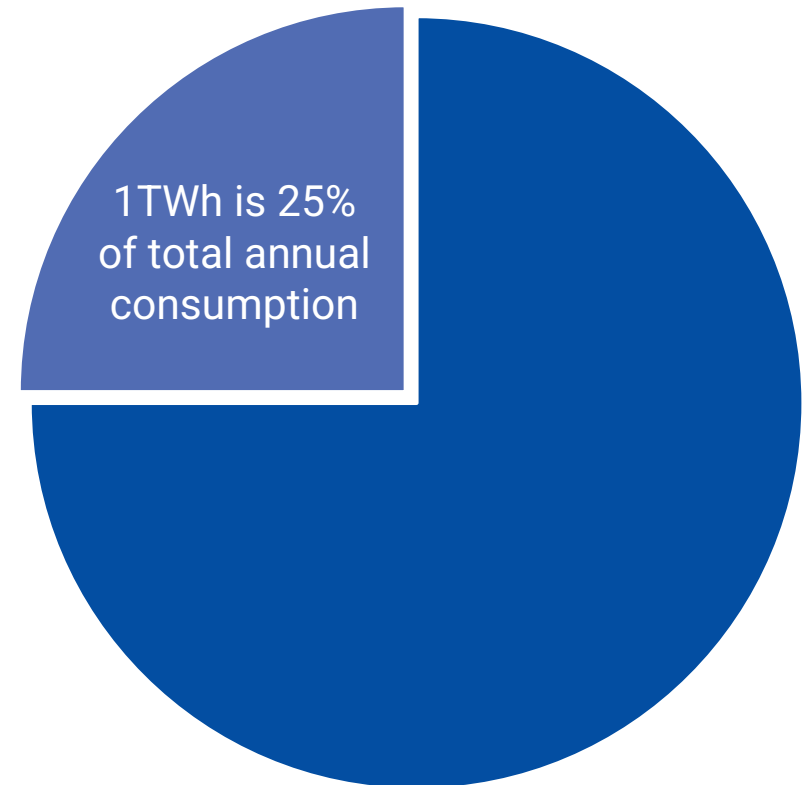
Liquid fuel stocks in the level of 90 days of annual consumption.

Share of the liquid fuel stocks in Estonia



Strategic natural gas stockpile

- In May 2022 Estonian Government tasked ESPA to form 1TWh of natural gas stock by the end of 2022
- The aim was to prepare for mitigating of possible gas supply disruptions
- In the event of supply difficulties reserves are sold at market price or with average purchase price
- Starting from 01.05.2023 gas consumers are obliged to pay gas stockpiling fee



Security of natural gas supply

- In July 2022 Government tasked ESPA to secure availability of jetty to receive FSRU by December 2022
- Full scale port in accordance of the international maritime standards
- Baltic – Finnish cooperation



Food reserves

- Various ready-to-eat product groups and grain stocks
- To ensure catering and provision of vital services to the affected population in the event of a large-scale crisis
- Delegated stockpile contracts - stock is in the warehouses of producers and wholesalers, with priority purchase rights for ESPA



Grains



Dried fruits and nuts



Canned and ready-to-eat food

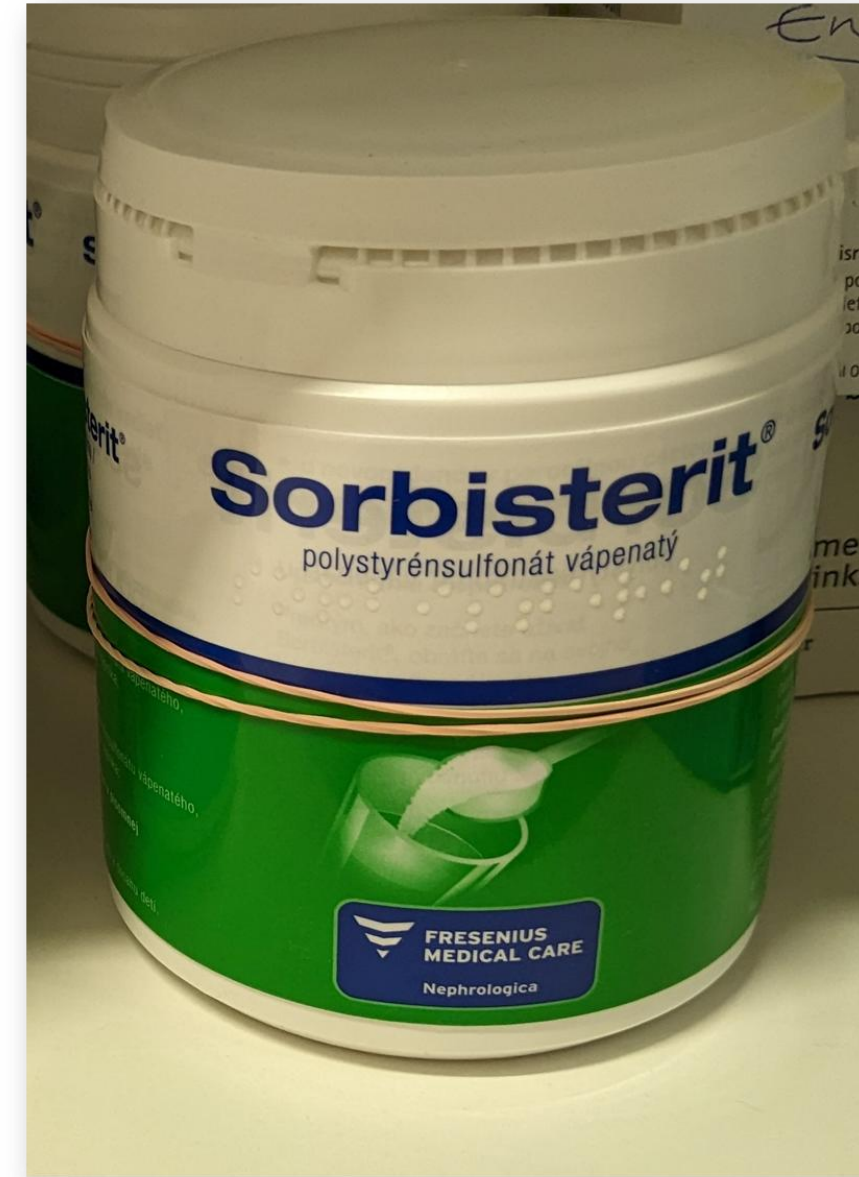


Bottled water and juice

Estonia's level of food self-sufficiency is good. Producers, wholesalers and retailers commercial stocks. Most households hold several days' food supply at home.

Pharmaceutical stockpile for general pharmacies

- Intended for the population, i.e. for provision through retail pharmacies
- Purpose is to prevent a threat to public health
- Approx. 200 most widely used drugs sold in general pharmacies
- In addition, drugs with a small number of users, but with no alternatives
- Input from the advisory board to develop the principles for catalogue
- Catalogue approved by the Minister of Health
- The amount of normal consumption for 1 month is stocked
- Formed as delegated stock held by drug wholesalers



Personal protective equipment – for hospitals, ambulances and social care

- The reserve was formed during the COVID crisis
- The assessment of the need for the stock is based on the recommendation of the Board of Health
- The aim is to keep products in the volume of peak consumption of hospitals, ambulances and social welfare institutions for one month
- From the fall of 2021 it is managed by the ESPA
- To date, ESPA has replaced products that allow for rotation under normal circumstances with delegated stock and replaced obsolete products
- Solutions are being sought to dispose of unused but expired stock



Medical equipment stockpile

- Target group is the population
- Accessories for measuring blood sugar, equipment for ostomy care, bladder catheters etc
- Equipment essential for survival



Veterinary medicines

- Medicines for agricultural animals necessary for food production
- Several dozen medicines: vaccines, antibiotics
- Not for pets



Resilience and logistics

Organization and logistics of inventory deployment

- ESPA has a logistics partners + integrated dynamic procurement system
- At several key locations, a buffering capability of short term stockpiling

Ensuring the continuity of services of ESPA and contractual partners

- Requirement to ensure continuity in service contracts
- Backup of generators, communication capacity
- Crisis filling stations for first responders (police, rescue board, vital service providers etc.)
- Crisis stores
- Updated storage contract requirements for the vital service providers

Security of supply is interdisciplinary





Eesti Varude Keskus

Thank you!

