COMMISSION

COMMISSION RECOMMENDATION

of 7 December 2005

on the release of security oil stocks following the supply disruption caused by Hurricane Katrina

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(2005/885/EC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community, and in particular Article 211, second indent, thereof,

Whereas:

(1) Council Directive 68/414/EEC [1] imposes an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products.

(2) The losses in production of crude oil and petroleum products caused by Hurricane Katrina disrupted the world's oil supply, therefore also affecting the Community's oil supplies.

(3) In the wake of Hurricane Katrina the International Energy Agency (IEA) asked a number of Member States to participate in an international initial collective action in response to the supply disruptions caused by the hurricane, to cover the loss of oil production during the period from 2 September 2005 to 2 October 2005, but which may also entail action beyond 2 October 2005 in some Member States.

(4) Member States which are not member countries of the IEA have expressed their support for the emergency action taken by the Member States participating in the stock releases.

(5) Participation in the initial collective action could result in some Member States reducing their security oil stocks below the compulsory minimum levels laid down by Directive 68/414/EEC.

(6) The second paragraph of Article 7 of Directive 68/414/EEC requires Member States to refrain from drawing on their stocks to any extent which would reduce those stocks to below the compulsory minimum level, prior to the consultation provided for in the first paragraph of Article 7 of that Directive.

(7) The amounts of security oil stocks to be released by individual Member States are not expected to bring the overall level of security oil stocks in the Community below the compulsory minimum levels.

(8) The overall level of security stocks of gasoline (Category I) in the Community is well above the compulsory minimum level and far greater, in terms of number of days of daily internal consumption of the Community, than the level of stocks of gas oils (Category II).

(9) Once the release of stocks has finished, Member States will need to replenish their security oil stocks up to the compulsory minimum levels. In order to avoid placing unnecessary pressure on the oil market, such replenishment is expected to take place over an extended period of time, including the year 2006.

(10) Article 1 of Council Directive 73/238/EEC of 24 July 1973 on measures to mitigate the effects of difficulties in the supply of crude oil and petroleum products [2] indicates that the powers provided to competent authorities of Member States in the event of difficulties arising in the supply of crude oil or petroleum products should enable them to impose, amongst other measures, specific or broad restrictions on consumption.

[1] OJ L 308, 23.12.1968, p. 14. Directive as last amended by Directive 98/93/EC (OJ L 358, 31.12.1998, p. 10).

[2] OJ L 228, 16.8.1973, p. 1.

(11) Article 3 of Directive 73/238/EEC states that consultations between the Member States and the Commission are due to take place through a group (i.e. the Oil Supply Group) to ensure the coordination of measures taken or proposed by Member States under Article 1 of that Directive.

(12) The measures referred to in this Recommendation correspond to the results of the consultations carried out pursuant to the first paragraph of Article 7 of Directive 68/414/EEC and Article 3 of Directive 73/238/EEC,

HEREBY RECOMMENDS:

1. In their plans for releasing security oil stocks following the supply disruption caused by Hurricane Katrina, Member States should give preference to the release of gasoline stocks, which belong to Category I, rather than gas oil stocks belonging to Category II.

2. Member States should proceed with their plans for releasing security oil stocks in order to participate in the international collective action following the supply disruption caused by Hurricane Katrina, to cover the loss of oil production during the period from 2 September to 2 October 2005, even if such stock release temporarily brings their security oil stocks below the compulsory minimum levels.

3. Member States should replenish their security oil stocks in coordination with the Commission which will facilitate, on a country-by-country basis, the adoption by Member States of flexible schemes taking due account of the market conditions. Member States should submit their replenishment plans once they have released all the security oil stocks they intend to release.

4. At meetings of the Oil Supply Group, starting with the meeting before the end of year 2005, Member States should explore possible measures for restricting oil consumption, including demand restraint measures, in the event of further oil supply disruptions. In particular, Member States should consider two separate sets of demand restraint measures, one set of 'soft' and highly cost-effective measures for minor oil supply disruptions and another set for major ones. Member States should commit to coordinate the implementation of such measures through the Oil Supply Group.

5. This Recommendation is addressed to the Member States.

Done at Brussels, 7 December 2005.

For the Commission
Andris PIEBALGS
Member of the Commission