



US SPR's international role

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Martin Young
Head, Emergency Policy Division
IEA

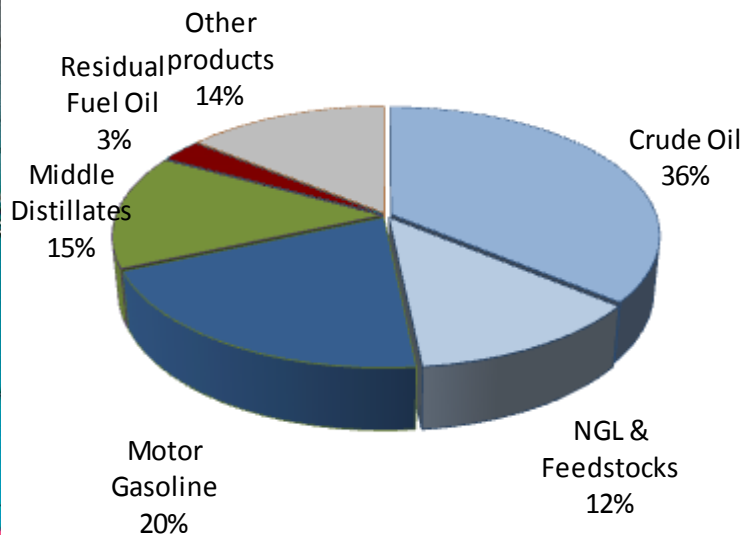
- Context
- Structure & function
- Possible reforms
- Role in global system

US stock levels

Stocks

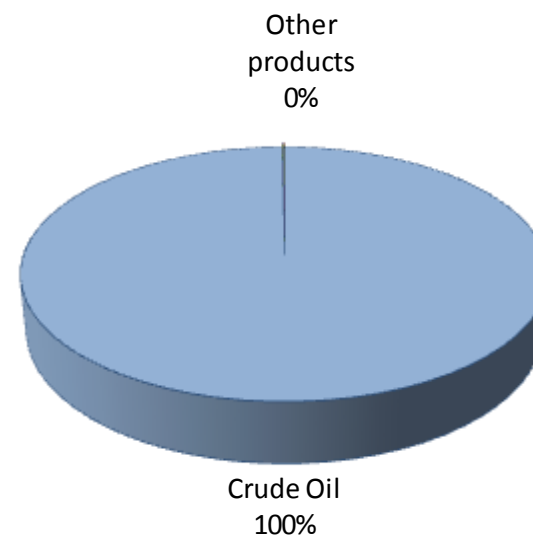
Total Stocks* in United States at end Jan 2015

Industry



1 205.4 mb

Public



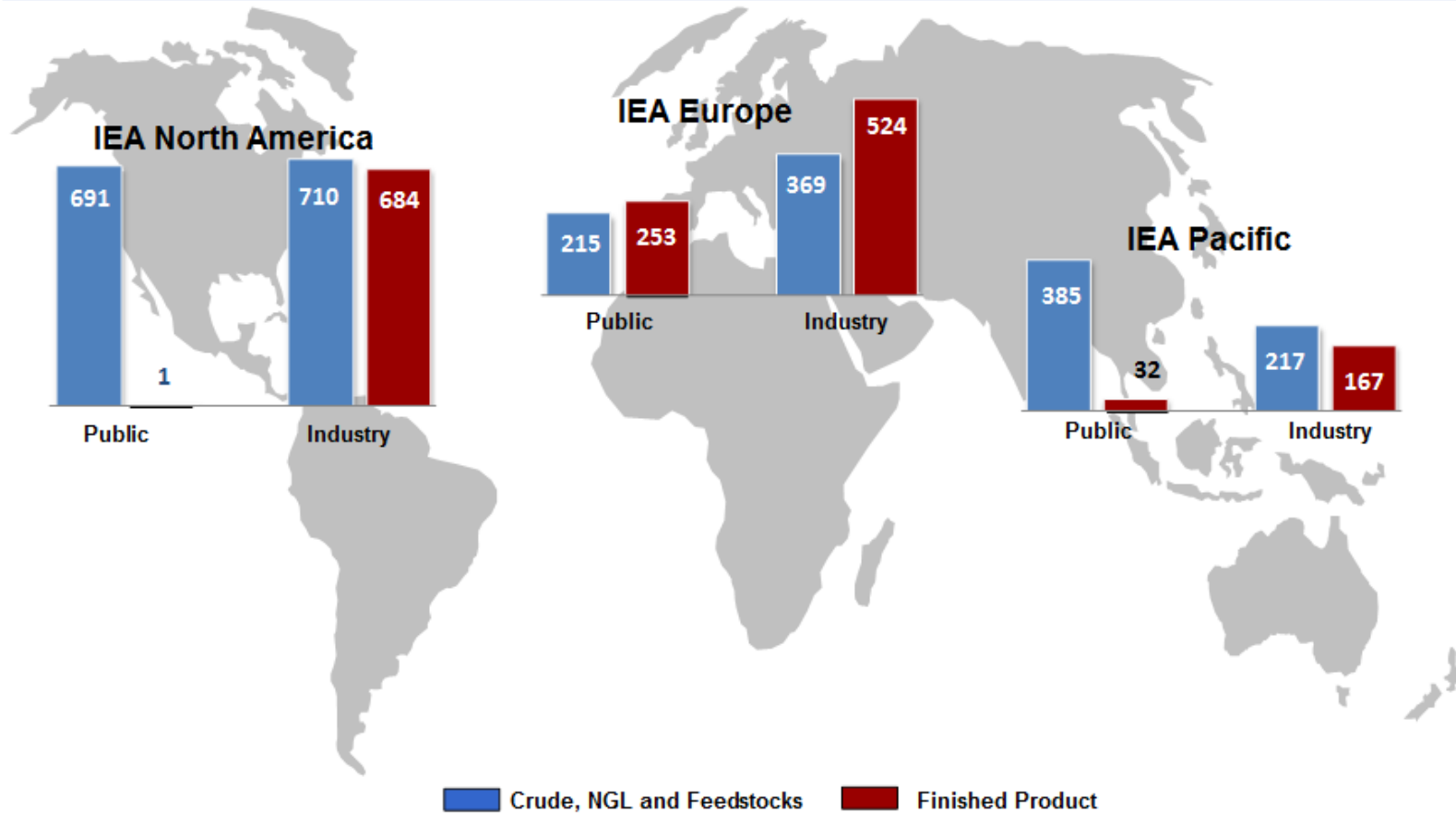
692.0 mb

* "Stocks on National Territory", as in OMR Table 5. These exclude utility stocks and including pipeline and entrepot stocks where known.

Stockholding in IEA Regions

IEA Total Oil Stocks at end January 2015

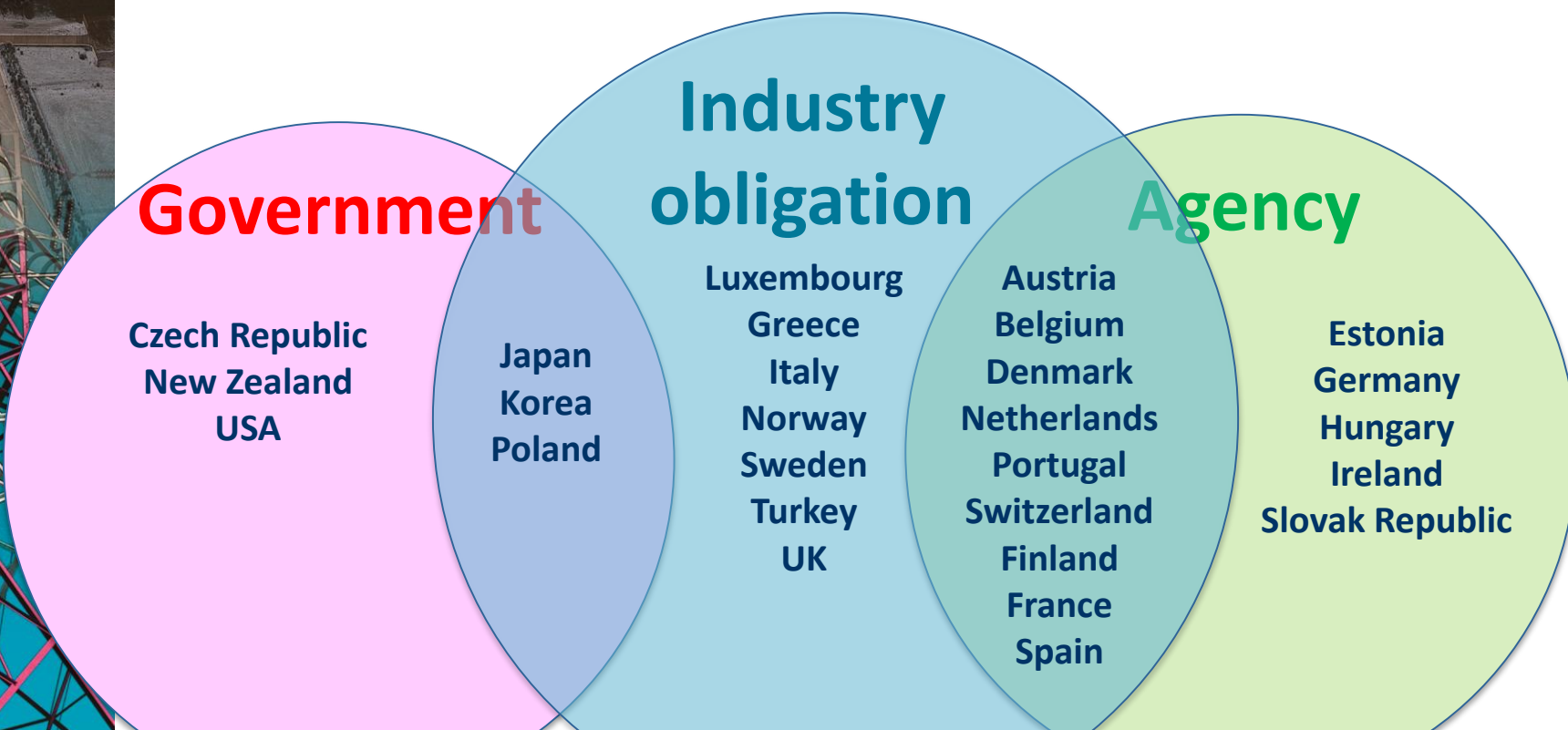
Million Barrels

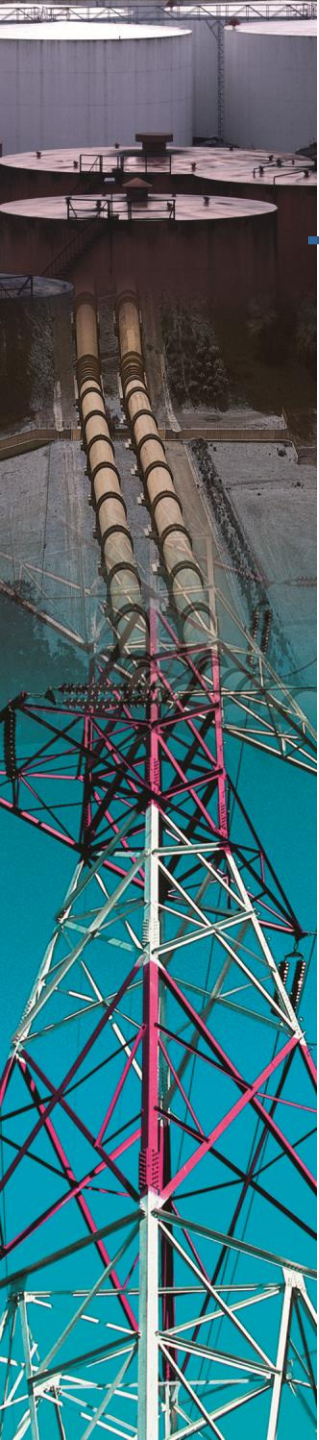


Total IEA Stocks = 4.1 billion barrels

SPR Model Relatively Unique in IEA

Different Stockholding Structures in IEA Countries





Structure & function

- SPR was set up to be an important insurance policy for US economy in event of serious oil supply disruptions
- Retains this function but the subsequent evolution of oil market since its creation means that the SPR's structure might need also to evolve
- Welcome the Quadrennial Review and last year's test sale as clear demonstration of commitment to ensure that the SPR can continue to fulfil this role
- IEA has previously encouraged the SPR to hold product stocks near key demand centers



Possible Reforms

- Welcome broader view of energy security that aligns with IEA perspective
- Support more flexible wording in EPCA for global disruptions and anticipatory action
 - *But price of itself alone cannot be a trigger for an SPR release – should be clear link to actual or anticipated physical disruption*
- Regard recommendation on optimizing SPR emergency response capability as business as usual to ensure it continues to be effective as possible
- Support analysis for regional product reserves with integrated release authorization

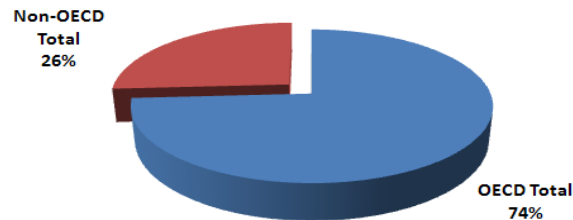


Role in Global Energy Security

- US & SPR part of global oil security system coordinated by the IEA
 - Discourage use of oil supply disruption as political weapon – clear IEP aim & has arguably discouraged producers doing so
 - Prevent economic harm - mitigate impact of oil supply disruptions on economic activity for IEA member countries collectively & individually
- Only 3 IEA coordinated actions to release emergency stocks:
 - 1991 – Iraqi invasion of Kuwait
 - 2005 – Hurricanes Katrina & Rita
 - 2011 – Libya Collective Action
- ***But will this system remain effective?***

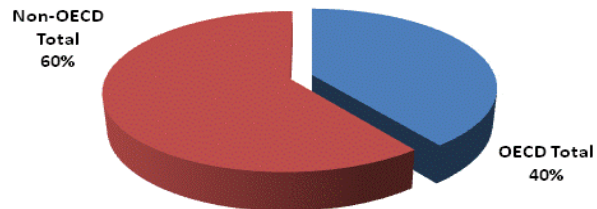
More Need for Global Cooperation

World Oil Demand in 1973



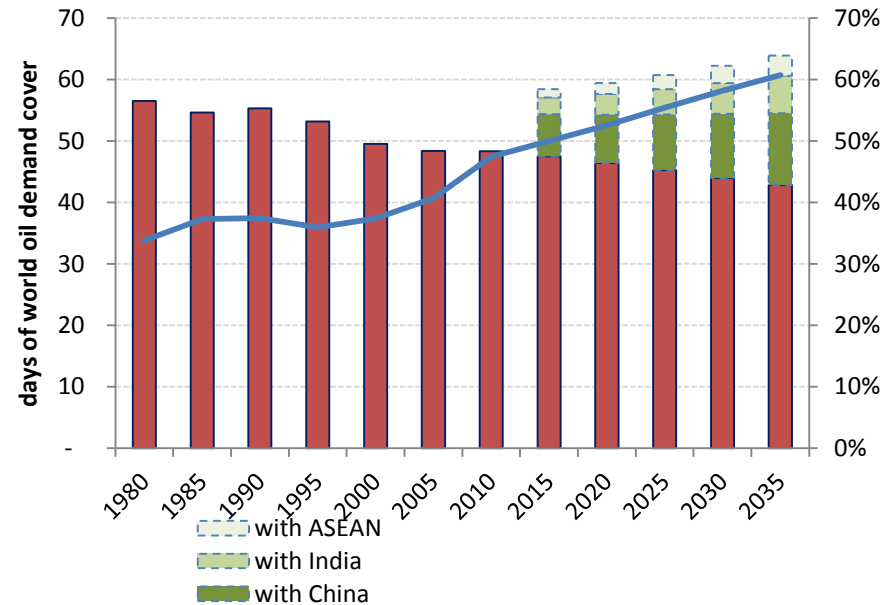
57.2 million barrels per day

World Oil Demand in 2035



99.4 million barrels per day

(WEO2011)



- Growing non-OECD oil demand results in less global demand cover from IEA emergency oil stocks
- Need to cooperate with others to maintain effectiveness of oil emergency response policies
- US SPR can share expertise with new SPRs being developed in China, India & others