

# **Oil Emergency Guide**

**(GERMANY)**

**AFM+E**

Aussenhandelsverband  
für Mineralöl und Energie e. V.

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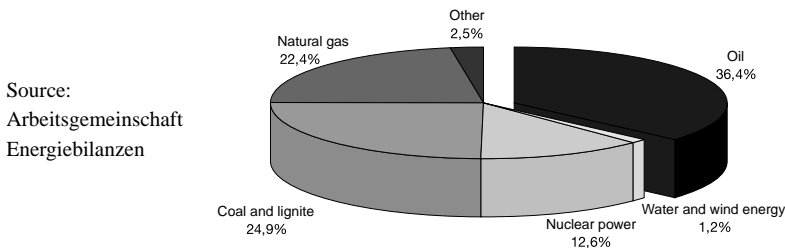
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Petroleum continues to be the most important source of primary energy in Germany (see diagram). In view of the country's own limited resources, the availability of petroleum is characterized by a very high degree of dependence on imports of crude oil and petroleum products. This situation can present risks with regard to supplies.

To cater for the need for constant security of supplies, Germany has an efficient system of crisis precautions and crisis management.

### Primary energy consumption 2004 (Germany)

- in million tonnes of coal equivalent (TCE) -



An extensive range of instruments based on international agreements and on national laws and ordinances is available for dealing with civil disturbances to oil supplies. The emergency organizations and the system are in the hands of the International Energy Agency (IEA), the European Union (EU) and the national emergency organization (NESO).

In this Guide, AFM + E seeks to outline in concise and easily understood form the basic system for interactive crisis management by the national and international organizations.

Although the contents of this Guide have been compiled with the greatest care, we cannot accept any liability for the contents being correct, complete and up to date.

## **International responsibility**

In view of the international character of the petroleum markets, efficient precautions for emergencies can only be implemented in a context of international cooperation. The national emergency precautions are embedded in central systems for managing a disturbance of oil supplies that has an impact on civil tonnages. The International Energy Agency and the European Union are the relevant entities that take action in the event of an emergency and cooperate closely with the national emergency organizations.

### **IEA**

The International Energy Agency (IEA) was established in the wake of the first oil crisis in 1973/74 under the Agreement on an International Energy Program (IEP). This agreement, of which Germany is also a signatory, has been signed by all OECD states with the exception of Iceland, Mexico, Poland and Slovakia.

The object of the IEP is to ensure solidarity of behaviour by the IEA member states in the event of a supply emergency.

In accordance with decisions by the Governing Board of the IEA, so-called trigger activation in the event of a crisis may be preceded by co-ordinated emergency response measures (CERM).

This means that the IEA, in the light of the market situation, decides what measures the IEA states should adopt to combat supply problems. The consultations within the IEA may result in some countries making a coordinated reduction in stocks, for example, while others take supplementary measures, and yet others do both. This is intended to permit a flexible response to anticipated supply problems.

If these measures prove insufficient and the shortfall exceeds 7%, the Governing Board may decide to “activate the trigger”. This common emergency

strategy provides for an internal equalization of supplies in which all available crude oils and petroleum products from imports and domestic production are brought into a common oil sharing system. These oil quantities are to be distributed so that each participating state suffers the same percentage reduction in its market supplies on the basis of its consumption during the reference period.

This distribution system is flanked by the obligation to comply with certain demand restraints and/or to reduce emergency stocks.

One of the preconditions for this was the establishment of a comprehensive permanent system of information on the international oil market which not only has a general transparency function, but is also of importance for the quantitative basis of the emergency mechanism.

**The main features of the IEA system are:**

- the **Trigger Mechanism**, on the basis of which emergency measures are put into force
- the **National Measures** to be undertaken before and during a crisis by every member state
- the achievement of **Fair Sharing** of the existing quantities between the participating states through the international equalization system.

The trigger mechanism comes into action as a result of a decision by the Governing Board if the CERM's do not have the desired effect and a reduction of more than 7% in normal oil supplies is found to occur, either in all states (general trigger) or in at least one participating state (selective trigger).

The national measures that each participating state is obliged to take under the IEP include in the first instance the precautionary establishment of an emergency reserve of petroleum stocks designed to cover a failure of oil imports for 90 days. This has been done in Germany under the Petroleum Stockholding Act.

The equalization system lays down that in the event of an emergency arising from failure of supplies amounting to at least 7%, measured in terms of the average monthly base period final consumption (BPFC), the participating states are to reduce their consumption by 7% (demand restraint). If the supply failure exceeds 12%, they are obliged to reduce their consumption by 10% of normal supplies.

If the supply failure exceeds 7% or 12%, any failure in excess of these figures is to be met by reducing stocks, i.e. by using each country's compulsory stocks (Emergency Reserve Drawdown Obligation). This is not mandatory, however. The participating states may wholly or partially dispense with drawing on their compulsory stocks and may instead reduce their consumption still further. Conversely they may, instead of the prescribed cuts in consumption, make use of any stocks they hold in excess of the IEA compulsory stocks. Regardless of these possible individual national decisions, the IEA equalization calculation is based on the "permitted consumption" resulting from the IEP rules.

The demand restraints and reductions in stocks ensure equalization of available quantities and demand in the group of participating states as a whole. However, this need not necessarily apply equally to the individual participating states. To ensure fair sharing of the available quantities, the under-supplied participating states therefore have a corresponding Allocation Right in relation to the over-supplied participating states, which are subject to an Allocation Obligation. The **redistribution** can be effected within the following framework:

**Type I:** The petroleum companies adjust their internal supply plans to the emergency situation on a voluntary basis, in other words independently of any request by the IEA, i.e. they take account of the allocation rights of the individual participating states.

**Type II:** Upon being requested by the IEA, the petroleum companies make voluntary cross-company adjustments to their plans. These transactions are intended to achieve a balance between allocation rights and allocation obligations of the participating states. IEA and NESO coordinate this equalization of supplies.

**Type III:** If additional measures should prove necessary to meet the allocation rights of the participating states despite the voluntary efforts by the petroleum industry, the governments decide on the necessary measures. These may include direct instructions by governments to companies.

To meet the IEP obligations, the German Government may if the statutory conditions are satisfied require individual companies to export and sell petroleum, and may take measures to enforce the necessary demand restraints and may release compulsory stocks.

To manage its international tasks, the IEA has created an emergency organization based in Paris which is headed by a Governing Board – consisting of high-ranking government representatives of the participating states. Under it

is a Standing Group on Emergency Questions (SEQ), which also consists of government representatives from the participating states.

The organization also has an advisory board (IAB = Industry Advisory Board), which in times of crisis is in contact with the group of supply experts in the petroleum industry (ISAG = Industry Supply Advisory Group), plus the Allocation Coordinator and the IEA Secretariat. All instructions that ensure trouble-free cooperation between the national and international bodies and the participation of the oil industry are laid down in the Emergency Management Manual (EMM) – the crisis manual of the IEA.

## EU

In addition to the requirements imposed by the IEA, the Member States of the **European Union** are obliged under an EU Directive to maintain emergency reserve stocks. Implementation of this directive is a matter of national competence and is entirely in the hands of the individual Member States, which means that national transposition varies from one Member State to another.

The central legal basis is the Council Directive of 20 December 1968, as most recently amended by Council Directive 98/93 EC of 14 December 1998, which centres round an obligation on the Member States of the EU to maintain certain minimum stocks of oil and/or petroleum products. This Directive is subject to the principle of national transposition. The individual forms of oil stockholding vary, and they pursue different strategies. A central role here is played by different developments in the individual petroleum markets.

## Emergency precautions and emergency management in Germany

When the IEA emergency mechanism is triggered, the national emergency sharing organizations (NESO) also step into action. They cooperate with the IEA, the oil companies and the national authorities of their country.

### NESO

The German NESO is based on close cooperation between politics and industry, supported by the will of all concerned to play their part in crisis management in this pragmatic form. Within the NESO, the organizations BMWA, BAFA, EBV and the supply experts of the petroleum industry cooperate to perform the emergency management tasks arising from the IEP and national legislation.

The bodies of the German NESO are:

- Emergency supply council (KVR)
- Supply coordination group (KGV)
- NESO Secretariat

The **Emergency Supply Council (KVR)** is a body whose primary focus is on political and fundamental issues. The Emergency Supply Council consists of the chairman and vice-chairman of the advisory council of the EBV and chairman of the Supply Coordination Group (KGV).

Another body, the Supply Coordination Group (KGV), has operational functions. In addition to seven experts from the petroleum industry (five representatives of the oil industry and two representatives of the trade), who are nominated by the EBV stockholding committee and confirmed by the EBV advisory council, the Federal Ministry for Economic Affairs and Employment (BMA) and the implementing agencies BAFA and EBV are also represented. The Supply Coordination Group prepares decision models for the ministry, solves detailed aspects of emergency supply problems and plays a part in “fair sharing”, i.e. equitable equalization of supplies between the domestic companies; it also organizes fair sharing with other countries. This

fair sharing encompasses the companies contributing to primary tonnage (BAFA survey group).

The activities of the various entities involved in the NESO are coordinated by the NESO Secretariat, which is based at the Petroleum Stockholding Association (EBV) in Hamburg. The NESO Secretariat assists the KGV in performing its tasks and maintains contact not only with the Ministry but also, in consultation with the latter, with the International Energy Agency in Paris.

## Tasks and Responsibilities in Emergency Situations

### BMWA

#### Political requirements

- Demand restraints
- Stockholding policy
- Fuel switching

#### International coordination

- in SEQ and Governing Board
- with other member states

#### Qualitative consultation with Federal Länder

### EBV

#### Implementing Stockholding Policy

- EBV release concept (fee-based formula)
- Contract processing EBV quantities
- Local replenishment

### KVR

#### Advising BMWA on political requirements

Consultation of petroleum industry associations, especially on issues such as demand restraint, substitution etc.

Mediation function (in national sphere given voluntary submission of companies)

### BAFA

#### Statistical basis

- IM statistics
- QuA / QuB
- QuB derivation

#### Analysis programs

- Analyses
- NESO Supply Statement

#### Redistribution basis

- FAG / VO collection
- Supply update

#### Relinquishment orders in administrative equalization

### KGV

#### Assessment of current and future supply situation

#### Analysis and assessment of emergency data

Drawing up proposals for dealing with any supply bottlenecks that occur

Representing the interests of the Non Reporting Companies (NRC) in particular in international redistribution of oil

Communication of supply equalization

Advising BMWA and BAFA on administrative equalization

Under the rules, the NESO moves into action when the IEA emergency mechanism is triggered. However, this does not rule out the possibility that the NESO or one of its bodies may, independently of the triggering of the emergency mechanism, meet at the request of one of the parties concerned or the IEA – e.g. within the context of CERM or for emergency tests.

Like the IEP, the NESO also effects a national supply equalization process between the primary tonnage companies that is based on the historical tonnage structure of the petroleum industry.

This equalization process between the companies concerned is supposed to take place on a voluntary basis. Only if such fair sharing remains totally or partially unsuccessful can the supply equalization process be implemented on an enforced basis under the Petroleum Equalization Ordinance.

Whereas international fair sharing has the primary purpose of equalizing the unequal burdens on individual IEA member states caused by a supply emergency, national fair sharing is intended to achieve national equalization of unequal burdens on individual petroleum companies within a country. The aim is to preserve traditional supply structures and avoid market distortion as far as possible.

Application of this principle is achieved by ensuring that only those responsible for the primary tonnage – the importers and producers of petroleum and petroleum products – are included in the formal equalization process. Distribution is to be safeguarded having regard to historical supply structures and the principle of non-discrimination. The precondition for equalization of supplies is the determination of the various companies' supply situations.

Whether the petroleum companies are over or under supplied is determined by comparing current supplies with historical average supplies, less the demand restraints decided. The reduction rate is announced by the Ministry.

# Form for NESO Supply Statement (NVR)

## NESO-VERSORGUNGSRECHNUNG (in 1.000 Tonnen)

Laufender Monat:  
Vergleichszeitraum:  
Monat (M):  
Firma:

	Produkte gesamt		Leichte Produkte				Mittelschwere Produkte				Schwere Produkte	
	(01)		FG (02)	RB (03)	VK/BK (04)	übrige (05)	DK (06)	EL/MK (07)	FS (08)	übrige (09)	HS/HK (10)	übrige (11)
01	0											
02	0											
<b>= zul. Absatz im Inland lfd. Monat (Versorgungsrecht)</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
04	0											
05	0											
06	0											
<b>= Gesamtaufkommen lfd. Monat</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
08	0											
09	0											
10	0		0	0	0	0	0	0	0	0	0	0

### Ermittlung der Ausgleichsmengen für administrativen Versorgungsausgleich gem. Mineralblausgleichs-Verordnung

- Ausgleichstoleranz	0	0	0	0	0	0	0	0	0	0	0	0
<b>= Zuteilungsmengen (+) / Abgabemengen (+)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Nachrichtlich:

	Rohöl gesamt		Leichte Produkte				Mittelschwere Produkte				Schwere Produkte	
			FG (02)	RB (03)	VK/BK (04)	übrige (05)	DK (06)	EL/MK (07)	FS (08)	übrige (09)	HS/HK (10)	übrige (11)
13	0		0	0	0	0	0	0	0	0	0	0
14	0		0	0	0	0	0	0	0	0	0	0
15	0		0	0	0	0	0	0	0	0	0	0

	Rohöl		IEA-Erzeugnisgruppe		
	Ausland	Inland	1	2	3
16	0	0	0	0	0
17	0	0	0	0	0

Abweichungen bei Summen- und Differenzbildung sind rundungsbedingt.

The relevant figures are based on the reporting system of the Integrated Oil Report (IM). In emergency situations this covers five reporting months, including two future ones. When reporting future data it is to be assumed that supply streams unaffected by the crisis continue to flow without restriction.

Adjustment of over or under supplies is undertaken independently by the companies concerned. Only if such equalization does not take place are companies ordered to relinquish supplies by means of an administrative act by the BAFA. In such situations the prices can also be set on the basis of the Petroleum Equalization Ordinance.

This administrative equalization system permits tolerances with the aim of catering for supply uncertainties in future months and leaving incentives for individual initiative. The more current the month in view, the more precisely the equalization should be effected.

The equalization is monitored by the German NESO and the oil industry experts belonging to it, and their help can be requested at any time.

The system described is used when the IEA activates the trigger.

The products formally included in the equalization system – essentially the main products of the three distillation stages – and the organizational work-flows can be seen from the Petroleum Equalization Ordinance.

Regional clearing centres may be established in the event of problems at the lower distribution levels.

## NESO Supply Statement

The primary purpose of the NESO Supply Statement (NVR) is to present the supply situation and to determine the allocation rights and allocation obligations of the domestic oil companies under the national emergency equalization system. Evaluation tables supplementary to the NVR make it possible to determine company-specific disparities in product supplies that have to be taken into account in the national reallocation process. In addition, the NVR provides the KGV with an indication of the urgency of crude oil / product allocations to individual companies.

Core items of the NVR are:

- **Permitted sales**  
(previous year's sales less restriction on consumption)
- **Total supply deficit / surplus**  
(product supply deficit / surplus less the included yield from crude oil stocks)
- **Allocation rights / allocation obligations**  
(total supply deficit / surplus less the equalization tolerances specified in the Petroleum Equalization Ordinance of 10% for the current month, 20% for the following month.)

Existing supply differences from preceding months are carried over to the following months.

The NVR is prepared for each of the companies in the survey group and for Germany as a whole for each survey period. The data needed for the NVR are taken from the IM (recalculating the products as crude oil equivalents) or take the form of external specifications based on the Ministry's decisions regarding national adjustment to the emergency situation (demand restraints, EBV releases).

As already mentioned, the supply equalization system is intended to be practised primarily by the companies in direct contact with each other. To support these efforts, the KGV will act as broker. Information about the products requested or offered is summarized with the aid of a form; these are known as voluntary requests and offers (FAG).

The basis for brokering between the companies participating in the national supply equalization system is the form “Voluntary Offers and Requests” (FAG) / VO. Important items in this form are the month, quantity and product. The forms also contain logistics information (transfer location / transfer date) that should be taken into account by the KGV in its brokering activities. If supply and demand are balanced, one speaks of a “closed” FAG.

To support these brokering activities, the BAFA makes available to the KGV a computer-based information system that facilitates the selection of FAGs in accordance with various categories and permits a constantly up-to-date picture of the supply situation.

## **Reporting**

The basic data for the national petroleum statistics are provided by the Integrated Petroleum Report (IM), which the great majority of the companies operating in the petroleum industry are obliged to submit periodically to the BAFA. The “primary tonnage companies” (producers and importers) are grouped in the survey group (EK) and represent some 95% of the volume of the German petroleum market.

The IM also forms the basis for the international emergency information system. In an emergency situation the IM is drawn up for a 5-month reporting period, starting with the month before last and ending with the month after next (M-2 to M+2). The current month (M) is the calendar month in which the data are to be reported. From the IM data, the NESO determines company-specific supply deficits or surpluses and the national supply statement.

# Form for Voluntary Offers and Requests (FAG)

<b>DEUTSCHE NESO FREIWILLIGE ANGBOTE UND GESUCHE (FAG) / VO</b>					
Identifizierende Merkmale	Firma	<input type="text"/>	Ansprechpartner		<input type="text"/>
	Monat	<input type="text"/>	Datum		<input type="text"/>
	FAG-Nr.	<input type="text"/>	Telefon		<input type="text"/>
Angebot / Gesuch		<b>G</b>	Offen / Geschlossen		<b>O</b>
Laufzeit	FAG wird bis zu diesem Datum aufrechterhalten				<input type="text"/>
Partner-Angaben	Land	<input type="text"/>	oder Firma	<input type="text"/>	FAG-Nr. <input type="text"/>
Übergabe (Region / Ort)	<input type="text"/>				
Übergabetag	ab/bis	<input type="text"/>	Datum (TT.MM.JJJJ)		<input type="text"/>
<b>Sortencode und Mengen</b>					
Rohöl	Menge in to	<input type="text"/>	Land	<input type="text"/>	
	Sortenbezeichnung	<input type="text"/>	Sorte	<input type="text"/>	<input type="text"/>
<b>Produkte</b>					
	Flüssiggas	<b>Bei Rohöl bitte Menge auf die einzelnen Produkte verteilen, bei Produkt-FAG Eingaben nur bei einer Sorte zulässig</b>	in Tonnen	<input type="text"/>	bei Produkt-FAG bitte Art angeben          bei Produkt-FAG bitte Art angeben
	Rohbenzin		<input type="text"/>		
	Ottokraftstoff / Benzinkomponenten		<input type="text"/>		
	übrige leichte Produkte		<input type="text"/>		
	Diesekraftstoff		<input type="text"/>		
	Heizöl leicht und MD-Komponenten		<input type="text"/>		
	Flugturbinenkraftstoff schwer		<input type="text"/>		
	übrige mittelschwere Produkte		<input type="text"/>		
	Heizöl schwer und HS-Komponenten		<input type="text"/>		
	übrige schwere Produkte		<input type="text"/>		
	Eigenverbrauch / Verluste	<input type="text"/>			
Erläuterungen:					
<input type="text"/>					

The IEA emergency system is based on two surveys, QuA and QuB. In an emergency situation, these questionnaires serve to indicate the current and foreseeable petroleum streams to and from the individual participating states, also for a 5-month period.

Questionnaire A (QuA) is prepared by the RCs (Reporting Companies). For each company it contains information about crude oil production and product and crude oil stocks worldwide and on imports to / exports from the states, and also marine bunker stocks. In general, these activities of the RCs and their affiliates account for about 75% of the oil quantities available in the group of participating companies. The QuA is sent direct to the IEA.

From the integrated petroleum reports of the companies it is possible to draw up the company-specific QuB. The BAFA aggregates these company reports to a national QuB. This contains the national information on the petroleum movements of all oil companies operating in the relevant state. A comparison by the IEA of the QuA and QuB information serves to establish the consistency of the supply picture shown by the companies with that shown by the participating countries. This is intended to avoid duplication or non-inclusion of oil quantities. From the data in the QuB, the IEA determines the national allocation rights (AR) and allocation obligations (AO).

## A. Civil supply problems

### **1) Purely regional problem (supply shortfall under 7%)**

Responsible bodies: BMWA and BAFA; EBV in executive function  
in response to requests by BMWA and BAFA

### **2) International pre-emergency (supply shortfall under 7%)**

Basis: Energy Security Act

Measures: Management by means of stock releases and  
demand restraint

Responsible bodies: BMWA und BAFA; NESO in beratender und  
ausführender Funktion

### **3a) Trigger supply problem (supply shortfall over 7%; voluntary redistribution)**

Basis: Energy Security Act

Measures: Putting into operation CERM and/or IEA  
sharing system  
Petroleum Equalization Ordinance is yardstick,  
but only partially in force

Responsible bodies: BMWA and BAFA; EBV in executive function;  
NESO with the function of coordinating and  
advising companies on redistribution  
**(official release)**

**3b) Trigger supply problem (supply shortfall over 7%;  
mandatory redistribution)**

Basis: Energy Security Act

Measures: Petroleum Equalization Ordinance, all parts may be  
in force

Responsible bodies: BMWA and BAFA; advice for BMWA and BAFA  
from NESO regarding relinquishing orders  
**(administrative equalization)**

**B. Supply problems in tension and defence situations**

Basis: Economy Security Act

Responsible body: NOMIN

## Oil Stockholding Association (EBV)

In view of growing dependence on oil imports, a statutory obligation to maintain compulsory stocks of oil in Germany was introduced for the first time on 01.01.1966 – initially to cover 65 days’ consumption. The compulsory stockholding requirement introduced to take account of international developments at the time was initially imposed on the individual market participants. However, different situations for importers and refiners soon resulted in demands for compulsory stockholding to be implemented in a way that had a neutral impact on competition for both groups. In 1978 these demands were met with the enactment of the Petroleum Stockholding Act (ErdölBevG) and the resulting establishment of the Petroleum Stockholding Association (EBV).

With the entry into force of the most recent amendment to the Act on 15.04.1998, the stocks that the Association is required to hold were increased to 90 days’ consumption.

### Compulsory Stockholding

To ensure security of energy supplies, the Petroleum Stockholding Association (EBV) permanently maintains stocks in the product categories:

- |                                |   |
|--------------------------------|---|
| <b>EZ 1 Motor gasoline</b>     | (motor gasoline, aviation spirit, gasoline-based jet fuel)          |
| <b>EZ 2 Middle distillates</b> | (diesel fuel, light heating oil, kerosene, kerosene-based jet fuel) |
| <b>EZ 3 Heavy oils</b>         | (medium heavy or heavy fuel oil)                                    |

The EBV also keeps crude oil stocks that count towards the stockholding requirements. 90% of the EBV stocks are own stocks, the remaining 10% consist of “delegated quantities”.

## **Members**

Under the Petroleum Stockholding Act, all companies which by way of business import and/or produce petroleum products in the product categories in question are compulsory members of the EBV. In 2005 the Association had 121 members.

## **Supervision**

The EBV is subject to supervision by the Federal Ministry for Economic Affairs and Employment (BMWA).

## **Funding**

Under the Petroleum Stockholding Act there is no provision for making public funds or state guarantees available to the EBV – despite its status as a “public-law entity”; neither is there any provision for oil companies to participate as shareholders. Current costs are covered by membership fees. These are due as soon as the petroleum product reaches the finished product tank or the petroleum product has crossed the border into Germany. The amount of the fee varies depending on the product category (see above)

Membership fees since 01.04.2003:

EZ 1	€ 6,13 / tonne	(€ 4,60 / 1.000 litres)
EZ 2	€ 4,62 / tonne	(€ 3,90 / 1.000 litres)
EZ 3	€ 4,10 / tonne	

The members pass on the fees to their customers, and ultimately to the end consumer. The EBV membership fees currently total around € 500 million.

## **Bodies of the Petroleum Stockholding Association:**

### **The General Meeting**

An ordinary general meeting is held once a year. It elects the six petroleum industry representatives to the Advisory Council for a period of three years.

### **The Advisory Council**

The Advisory Council has nine members. These are one representative each from the Economics Ministry, the Finance Ministry and the Bundesrat (upper house of parliament), and six representatives of the petroleum industry (three from the refinery companies and three from the import and trading companies). The Advisory Council appoints the Board and monitors its activities.

### **The Board**

The Board conducts the affairs of the EBV; it consists of two persons. The term of office of the board members is five years; re-appointment is possible.

## Legal Basis (Germany)

1. The agreement of 18 November 1974 on an **International Energy Program** (IEP), which was promulgated for Germany by the Act of 30 April 1975 (Federal Law Gazette II, p. 701) and entered into force on 19 January 1976.

In the IEP the participating countries have undertaken to take common measures to deal with the consequences of oil supply emergencies. To this end they maintain stocks equivalent to 90 days of the previous year's net imports, undertake to comply with demand restraints and take part in the agreed oil redistribution mechanism.

2. The **Energy Security Act** (EnSG) 1975 of 20 December 1974 (Federal Law Gazette I, p. 3681), as most recently amended by the Eighth Competence Reassignment Ordinance of 25 November 2003 (Federal Law Gazette I, p. 2304, 2319).

If supply emergencies cannot be managed by market means, the Federal Government may under the Energy Security Act enact provisions relating to production, transport, storage, distribution, sale, purchase, use and maximum prices of petroleum and petroleum products.

The Energy Security Act also empowers the Federal Government to impose provisions concerning restrictions on imports, obligations to export and the sale of petroleum, if this is necessary to discharge Germany's obligations under the IEP.

3. **Petroleum Equalization Ordinance** (MinÖlAusglV) of 13 December 1985 (Federal Law Gazette I, p. 2267), as most recently amended by the Act of 21 December 2000 concerning the Amalgamation of the Federal office for Industry with the Federal Exports Office (Federal Law Gazette I, p. 1956, 1965)

The Ordinance empowers the government to take administrative measures in the context of international oil redistribution under the IEP. It also obliges petroleum producers and importers to take part in a supply equalization system in which better supplied companies have to relinquish oil to less well supplied companies.

4. **Motor Fuel Supply Restrictions Ordinance** (KraftstoffLBV) of 26 April 1982 (Federal Law Gazette I, p. 520), as most recently amended by the Eighth Competence Reassignment Ordinance of 25 November 2003 (Federal Law Gazette I, p. 2304, 2341).

The ordinance provides for demand restraints for motor fuel through the issuing of ration coupons for specified supply periods.

5. **Heating Oil Supply Restrictions Ordinance** (HeizölLBV) of 26 April 1982 (Federal Law Gazette I, p. 536)

Under the ordinance, consumption of light heating oil may be restricted by prescribing that deliveries by dealers may be a specified percentage compared with a reference period.

6. The **Petroleum Stockholding Act** (ErdölBevG) of 25 July 1978 (Federal Law Gazette I, p. 1073), most recently announced in the Federal Law Gazette I, p. 680 on 14 April 1998, as most recently amended by the Eighth Competence Reassignment Ordinance of 25 November 2003.

The Act obliges the Petroleum Stockholding Association (EBV) to maintain stocks equivalent to 90 days cover for production and imports of specific product categories in the previous year.

7. Council Directive of 14 December 1998 amending **Directive 68/414/EEC** imposing an obligation on Member States of the EEC to maintain minimum stocks of crude oil and/or petroleum products (98/93/EC; OJ L 358 of 31 December 1998), and Council Decision of 7 November 1977 on the setting of a Community target for a reduction in the consumption of primary sources of energy in the event of difficulties in the supply of crude oil and petroleum products (77/706/EEC; OJ L 292 of 16 November 1977, page 9) and the relevant implementing regulations of the EC.

8. The **Economic Security Act** (WiSG) of 3 October 1968 (Federal Law Gazette I, p. 1069, most recently 11 October 1968) and the associated **Petroleum Resource Management Ordinance** (MinölBewV) of 19 April 1988 (Federal Law Gazette I, p. 530), both as most recently amended by the Eighth Competence Reassignment Ordinance of 25 November 2003 (Federal Law Gazette I, p. 2304, 2341)

The Act and Ordinance make it possible to introduce state-controlled resource management.

9. The **Petroleum Data Act** (MinÖlDatG) of 20 December 1988 (Federal Law Gazette I, p. 2353), as most recently amended by the Eighth Competence Reassignment Ordinance of 25 November 2003 (Federal Law Gazette I, p. 2304, 2341).

## Glossary

<b>AO</b>	<b>Allocation Obligation:</b> National obligation to hand over oil to another IEA state. Where an AO exists, the NESO calls upon the companies to submit → VOs.
<b>AR</b>	<b>Allocation Right:</b> National right to obtain oil from other IEA states if a supply shortfall exists. Where an AR exists, the NESO informs the domestic companies of the possibilities of obtaining oil.
<b>BAFA</b>	<b>Bundesamt für Wirtschaft und Ausfuhrkontrolle:</b> <i>Federal Agency for Industry and Export Control.</i> BAFA performs the necessary national and company-specific data collection, calculations etc. In the administrative supply equalization system it also acts by issuing instructions to relinquish oil.
<b>Base period</b>	→ BPFC
<b>BMWA</b>	<b>Bundesministerium für Wirtschaft und Arbeit:</b> <i>Federal Ministry for Economic Affairs and Employment.</i> The Ministry decides on demand restraints and releases of stocks.
<b>BPFC</b>	<b>Base Period Final Consumption:</b> Delivery to final consumer in normal times during the base period, which is the last four quarters for which statistics exist before the start of the emergency.
<b>CERM</b>	<b>Coordinated Emergency Response Measurement</b> Coordinated behaviour by the IEA states in sub-crisis and crisis situations without trigger activation. BMWA, BAFA or NESO announce which measures are to be taken.
<b>DR</b>	<b>Demand Restraint</b> Measures laid down by the BMWA to reduce consumption.

<b>EBV</b>	<b>Erdölbevorratungsverband:</b> <i>Oil Stockholding Association</i> . If the decision is taken to use its stocks, the EBV offers quantities to the companies in accordance with the fees-paid formula.
<b>EK</b>	<b>Erhebungskreis:</b> <i>Survey Group</i> . The survey group companies in BAFA are contributors to primary tonnage; they take part in the supply equalization system.
<b>EMM</b>	<b>Emergency Management Manual:</b> The IEA's crisis manual
<b>ERDO</b>	<b>Emergency Reserve Drawdown Obligation</b> EBV stocks are used to meet the supply shortfall.
<b>ERE</b>	<b>Emergency Response Exercise</b>
<b>EU</b>	<b>European Union:</b> The central basis for compulsory stockholding in the EU is Directive 68/414/EEC. Legislation in the Member States differs in part from the IEA.
<b>EZ</b>	<b>Erzeugnisgruppe:</b> <i>Product category</i> .
<b>FAG</b>	<b>Freiwillige Angebote und Gesuche:</b> <i>Voluntary Offers and Requests</i> . In order to bring about supply equalization within the country, companies with surplus supplies are supposed to make offers. Companies with a supply deficit use the FAG form to request quantities. Two types of FAG are distinguished: - closed FAG: Notification to the NESO that two companies have already agreed on the transfer of a specific quantity, - open FAG: Notification to the NESO that a company has not found a company ready to take or supply quantities and therefore wishes the → KGV to act as broker.
<b>IAB</b>	<b>Industry Advisory Board</b>

<b>IEA</b>	<b>International Energy Agency:</b> IEA announces → trigger activation and coordinates the international AO and AR.
<b>IEP</b>	<b>International Energy Program:</b> Among other things, this lays down the rules for crisis management.
<b>IM</b>	<b>Integrierter Mineralölbericht:</b> <i>Integrated Petroleum Report</i> . The survey group (EK) companies report movements of quantities once a month in the IM. In an emergency situation, the IM forms the basis for calculating the supply situations of the EK companies and of Germany as a whole.
<b>ISAG</b>	<b>Industry Supply Advisory Group</b>
<b>KGV</b>	<b>Koordinierungsgruppe Versorgung:</b> <i>Supply Coordination Group</i> . KGV is the body within the NESO that handles operational implementation of the political measures and the supply equalization system.
<b>KVR</b>	<b>Krisenversorgungsrat:</b> <i>Emergency Supply Council</i> . Representatives of the petroleum industry who advise the Economics Ministry on the political measures to be taken on the basis of the supply analysis by the Supply Coordination Group (KGV).
<b>M</b>	<b>Month:</b> In an emergency situation, the IM is prepared for the current month (M), the month before last (M-2), the previous month (M-1), the next month (M+1) and the month after next (M+2).
<b>NEK</b>	<b>Nichterhebungskreis:</b> <i>Non-survey group</i> . Companies that do not belong to the → EK (survey group), but continue to be supplied by the primary tonnage level (uniformly reduced).

<b>NESO</b>	<b>National Emergency Sharing Organization</b> Representatives of the petroleum industry and the authorities work together in the NESO in accordance with the rules in the NESO Manual in order to manage the crisis.
<b>NOMIN</b>	<b>Notstandsorganisation Mineralöl:</b> <i>Petroleum Emergency Organization</i> . NOMIN comes into action in tension and defence situations in accordance with prepared procedures.
<b>NRC</b>	<b>Non-Reporting Company:</b> A petroleum industry company that does not cooperate directly with the IEA, but only with the responsible NESO.
<b>NVR</b>	<b>NESO-Versorgungsrechnung:</b> <i>NESO Supply Statement</i> . The NVR is derived from the IM in order to assess the supply situation of the supply group (EK) companies.
<b>Primary tonnage</b>	Domestic production of crude oil plus imports of crude oil and products.
<b>QuA</b>	<b>Questionnaire A:</b> Form for collecting data on the international activities of → RCs and RCAs.
<b>QuB</b>	<b>Questionnaire B:</b> Form for collecting company-specific data for each individual company within the national sphere, in aggregated form as a national report.
<b>RC</b>	<b>Reporting Company:</b> Internationally operating petroleum company that reports both directly to the IEA and to the national NESOs.
<b>RCA</b>	<b>Reporting Company's Affiliate:</b> Subsidiary and sister companies of a RC whose data are recorded in the QuA for the RC.

<b>SEQ</b>	<b>Standing Group on Emergency Questions:</b> IEA working group consisting of government representatives for constantly assessing the situation and advising the Governing Board.
<b>SOM</b>	<b>Standing Group on the Oil Market</b> at the IEA
<b>Trigger</b>	The IEP mechanism can be set in motion if a supply shortfall of 7% or more is found to exist.
<b>Type I- Allocation</b>	RCs, RCAs and NRCs redirect their supply streams on a voluntary basis and independently of any request from the IEA in such a way that they serve to improve the balance between under-supplied and over-supplied companies and IEA states.
<b>Type II- Allocation</b>	In response to a request from the IEA or NESO, the RCs, RCAs and NRCs seek to support allocation on a voluntary and inter-company basis by submitting → VOs.
<b>Type III- Allocation</b>	If voluntary equalization does not result in a balanced supply situation, allocation obligations are imposed on the basis of the Petroleum Equalization Ordinance.
<b>VO</b>	<b>Voluntary Offer:</b> Unlike the FAGs, these are transboundary offers and requests for international supply equalization. As in the case of FAGs, a distinction is made here too between closed and open VOs.

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