

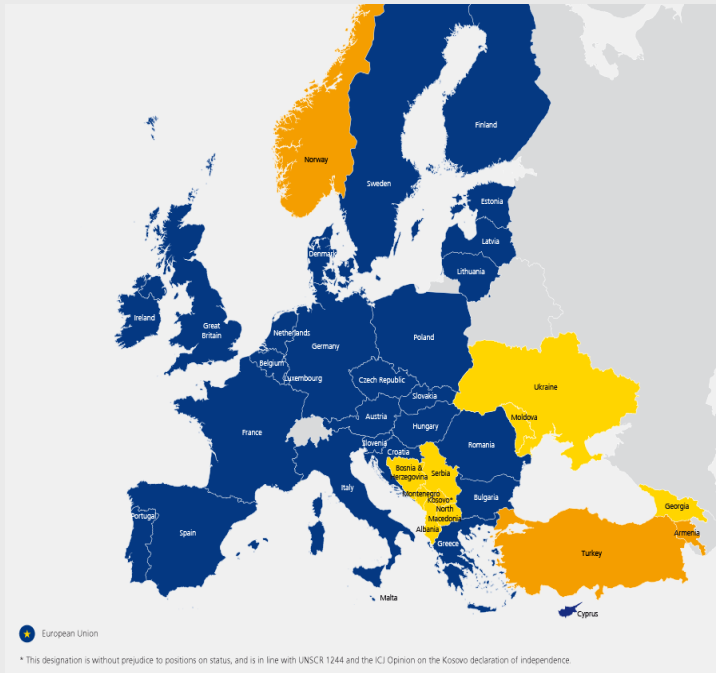


*Current progress on oil stocks
transposition/implementation in the
Energy Community*

12th Oil Forum

15/16 September 2020

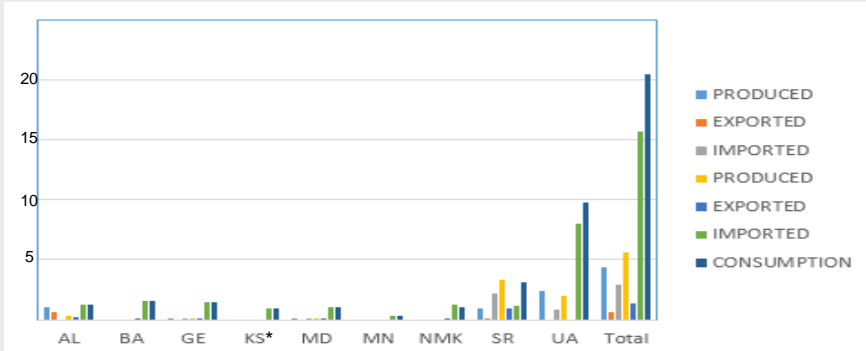
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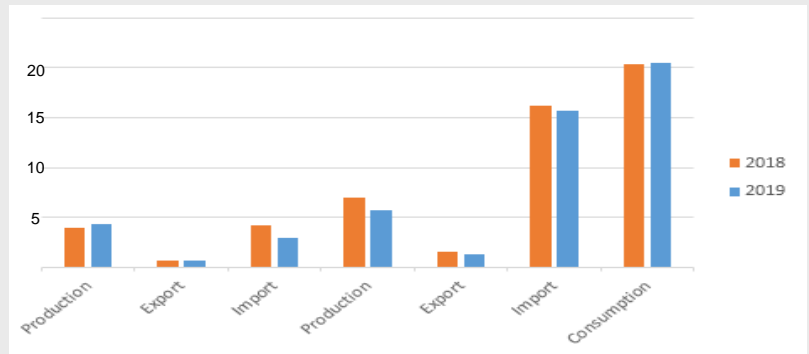
- *Oil Data 2019*
- *Oil activity in the Contracting Parties*
- *Current progress on oil stocks in the Energy Community*
- *Next steps/Priorities*

Oil Data – 2019

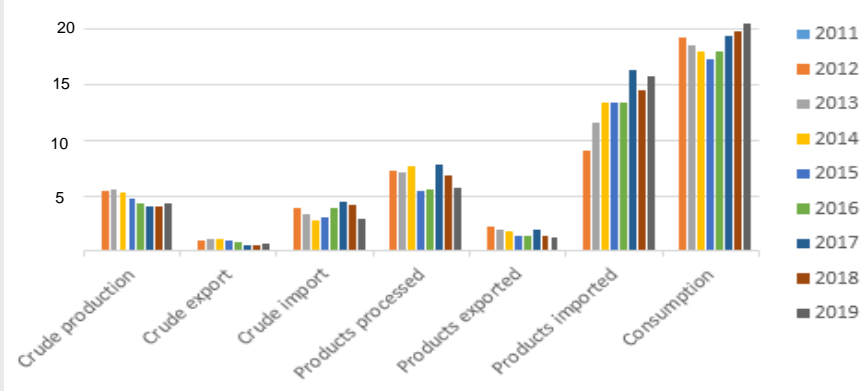
2019 Crude Oil and Petroleum Production – in million tonnes



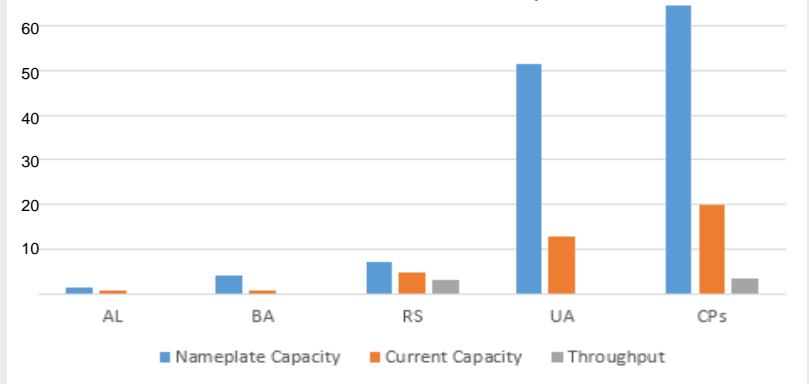
2019 vs 2018 Crude Oil and Petroleum Production – in million tonnes



Crude Oil and Petroleum Production 2011 to 2019 – in million tonnes



Refineries 2019 - Million tonnes/year



Note: Abbreviations used for the CPs

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.

- ENI signed a HC Agreement with the Albanian Government for Dumrea block
- SHELL activity in Shpirag block is going on. Commercial petroleum products are already discovered
- Oil production in 2019 was 1.052 mt and for this year is expected to be around 0.9 mt. Oil export in 2019 increased by 10% - 642 mt in total. Import of PP was around 1.28 mt and its consumption was more or less the same – around 1.24 mt
- Albania is currently not connected to any international oil pipeline
- Covid-19 impact: Oil extraction was stopped. The loss of crude oil production might be around 15% in 2020. Operations restarted in May 2020. Downstream sector: April-May 2020 significant decrease on fuel consumption (decreased by 70%) and fuel prices dropped significantly
- **Oil Stocks progress:**
 - Draft Law relevant to emergency oil stockholding is ready and it will be submitted soon to the Government for endorsement
 - However, definitive decisions on the most suitable draft Law have not been yet taken.
 - Currently, the representatives of different institutions are discussing the Law in order to reach a final draft, which should then be approved by the Government and afterwards by the Albanian Parliament

- **No domestic production of crude oil. Crude oil is imported mainly from Russia**
- **Oil refinery Brod - shut down since October 2018. No domestic PP processed in the country. All PP are exported**
- **The overall consumption PP (2019) was around 1,6 mt – a decrease of around 7% compared to 2018**
- **The oil and petroleum products market has been opened and liberalised since 2000**
- **Prices are set by the oil companies**
- **Oil Stocks progress:**
 - **Unfortunately no progress. No legislation on compulsory stocks of oil and petroleum products in place on State level**
 - **However - both entities have adopted/amended their respective laws**
 - **The Secretariat considers the transposition of the Council Directive 2009/119/EC on the state level legislation as a priority**

- Georgia is almost 100% dependent on foreign imports of crude oil and refined petroleum products to satisfy its domestic demand. Oil production in Georgia is insignificant – around 35kt for 2019
- Even though oil resources and production are insignificant, the country compensates this drawback by serving as a corridor for oil transit
- 2019 import of oil products was around 1.42 and mainly from Romania, Azerbaijan, Russia, Bulgaria, Greece, and Turkmenistan
- 2019 oil consumption is roughly 1,46 million tonnes, an increase by 8,5% compared to 2018
- Oil Stocks progress:
 - Georgia holds no emergency oil stocks at present and no progress during the reporting period of two Oil FORA
 - The current draft of Oil Stockholding Act is under consultation with the economic operators.
 - So far, several questions are raised: lack of storage facilities, the impact of the oil stocks obligations on small importers, market competition, retail prices – and still open
 - Legal procedures (because of the parliamentary elections in 31 October 2020) could be started by the end of this year

- **Without domestic oil production or a refinery, Kosovo is a net importer of petroleum products**
- **Petroleum products imported in 2019 amounted to around 0,92 an increase of 6% compared to 2018. The same goes for the overall consumption of petroleum products in 2019**
- **The oil market in Kosovo is completely reliant on imports of petroleum products and the market is fully liberalized**
- **Oil Stocks progress:**
 - **The existing Oil Market Law imposes an obligation on industry to keep oil stocks in the amount of 5% of the company's oil storage capacity - dedicated for purposes other than those prescribed by Oil Stocks Directive**
 - **The draft Law on emergency oil stockholding prepared in March 2014 is not yet adopted**
 - **The adoption of the new draft Law establishing the emergency oil stocks policy and the subsequent regulations should be the priority for Kosovo during 2020/2021**

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- **Moldova is completely reliant on imports of petroleum products to meet domestic oil demand**
- **The domestic oil production is insignificant – 4,8 kt**
- **Imported and consumed petroleum products in the amount of 1.03 mt in 2019 – more or less the same as in 2018**
- **During first half of 2020 the retail prices for oil products decreased by 20 % and its market is liberalized**
- **Oil Stocks progress:**
 - **Law on creating and maintaining a minimum level of oil product stocks drafted in 2017 is adjusted according to the new EU Directive 2018/1581**
 - **Moldova plans to submit the draft Law for a final coordination to stakeholders and then to submit it for adoption to the Government and Parliament till the end of this year**

- Montenegro has no domestic crude oil production. There are also no refineries for crude oil processing or oil pipelines. The majority of petroleum products are imported from Greece, Serbia and other neighbouring countries.
- Oil market is highly dominated by one company – owned by Hellenic Petroleum. The prices of oil and petroleum products are established by the State, according to the Decree on the Method of Setting Maximum Retail Prices of Petroleum Products (in force since 1 January 2011)
- The import and consumption of petroleum products in Montenegro was at a level of around 357 kt in 2019. Increased by 7% compared to 2018
- Offshore exploration activities are going on. Two concession contracts for the production of HCs have been concluded: the first with Eni and Novatek for four blocks and the second with Energean for two blocks. The first geophysical data was acquired in 2018 by Eni and Novatek. The Government has approved the extension of the first exploration period and the exploration phase of the concession contracts, for a period of one year
- Oil Stocks progress:
- Unfortunately no progress. A new draft Law on Security of Supply of Oil Products, was finalized during the third quarter of 2016 and transposes all provisions of Directive 2009/119/EC
- The draft Law is still being considered by different ministries
- Due to this, the adoption of the new draft Law in line with Directive 2009/119/EC is still pending

- North Macedonia has no domestic crude oil production. No refinery in operation and therefore no import of crude oil for 2019
- The export of petroleum products has increased by 20% to 159 kt
- The import of petroleum products has also increased by 13 % to a level of around 1,25 mt in 2019. The overall consumption of petroleum products in 2019 was around 1,02 mt – increased by 7.5 % compared to 2018
- Oil Stocks progress:
 - The Law on Compulsory Oil Reserves entered into force in September 2014 - Applicable as of 1 January 2015 but the Parliament has adopted five subsequent Laws Amending the Law on Compulsory Oil Reserves, each time postponing the application of the Law by one year
 - According to the latest amendment, the Law is envisaged to enter into force as of 1 January 2021
 - The approval of the necessary by-laws and action plans is expected by the end of this year
 - The country's oil stocks corresponded to 80 days of average daily consumption in September 2020, an increase from August 2019 when stocks stood at 74 days

- Oil production in 2019 was 0,92, mt an increase by less than 1% compared to 2018
- Oil export in 2019 was 32,4 kt in total. Import of petroleum products was around 1.2 mt and domestic production processed by NIS Pančevo Refinery was 3.34 mt. The export of petroleum products was 0.9 mt, whereas its consumption was around 3.1 mt - a decrease by 5.4% compared to 2018
- Oils Stocks progress:
 - One regulation has been adopted during this reporting period between two Fora, namely:
 - The Rulebook on Defining the Yearly Programme of Emergency Oil for 2020
 - During 2019/2020, activities on the formation of emergency oil stocks reserves have continued:
 - Two public procurements took place, one on the purchase of crude oil in the amount of 16 kt and Euro Diesel in the amount of 6 kt
 - Tickets' public procurement for 50 kt of petroleum products - accomplished
 - The estimated number of days of emergency reserves calculated based on inland consumption is currently around 20

- **Ukraine is currently dependent on crude oil and petroleum products imports. More than 90% of the overall consumption of petroleum products in the country is imported. Crude oil production was around 2,43 mt in 2019. No Crude oil exports in 2019. Import of crude oil increased by 3% to 0.8 kt in 2019**
- **Domestic production of petroleum products was around 2 mt. There are no data for import/export of 2019 petroleum products**
- **The overall consumption of petroleum products in 2019 was 9,76 mt – steady for the past decade**
- **Oil Stocks progress:**
 - **Ukraine has currently no legal framework on emergency oil stocks**
 - **Draft Law : “On minimum stocks of crude oil and petroleum products”– is still pending**
 - **No final decision has been yet made on a specific model for emergency oil stockholding**
 - **EU4Energy Governance is supporting Ukraine in introducing the Oil Stocks Directive by developing secondary legal acts**

Oil supply security is a matter of national security and a social responsibility. Every CP must undertake this responsibility irrespective of any international obligations

No real progress in the Contracting Parties and it would not be enough time to ensure a quick transposition and consequently full implementation of the Oil Stocks Directive by 1 January 2023

Key priority for all Contracting Parties should be considered the transposition of primary and secondary legislation in compliance with the Oil Stocks Directive 2009/119/EC

By establishing the necessary framework for data reporting under the Directive, more timely and detailed information on oil supply and demand will become available and should be used to increase market transparency and openness

The background is a satellite-style image of the Earth at night, showing city lights. Overlaid on this is a complex network of glowing blue lines that connect various points across the globe, representing a global energy or communication network.

*Thank you
for your attention!*

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