IEA Fuel Stockholding Obligations fact sheet

What has the IEA agreed to? What is a collective action?

IEA members can agree to take collective action to try to stabilise the oil market. This involves releasing oil supply into the market. The IEA has proposed the release of 400 million barrels of oil by members. This is significantly greater in volume than what was agreed to by IEA members for collective action in response to the Russia-Ukraine conflict.

When will New Zealand be implementing its obligations under the collective action?

New Zealand will implement its obligations once the IEA agrees to collective action and advises its members when they need to respond. Further information on this will be available in coming weeks.

Is the 90-day stock reserves in addition to our domestic Minimum Stockholding Obligations?

No, the MSO strengthens domestic fuel security and contributes to NZ’s 90-day IEA requirement, but it is not an extra 90 days on top — it forms part of the overall 90-day compliance picture.

What happens when the IEA releases supply (through a collective action) to member countries during a major fuel disruption? Do we have to take it?

When the IEA releases emergency oil stocks, it adds supply to the global market, not to individual member countries. Member states are not required to take or import physical oil as part of the release.

However, all IEA members — including New Zealand — must participate in the collective action. Under the Agreement on an International Energy Programme, countries must contribute through one or more of the following measures:

- Releasing stocks to market
- Demand restraint
- Fuel switching
- Increasing domestic production
- Sharing available oil.

How could New Zealand contribute to a collective action?

New Zealand could contribute by:

- **Releasing "oil tickets" (offshore emergency reserves).** These can be released into the global market for others to buy as NZ's contribution during a collective action.
- **Purchase the stock held under "oil tickets" for delivery to New Zealand.** While this option is technically possible, because purchase will be at the prevailing market price and shipping will need to be arranged, it may not be cost effective in practice compared to normal purchase channels.
- **Allowing commercial stocks to be used.** The Government could lower stock obligations or direct industry to make commercially held stocks available, as other IEA members do with obligated industry stocks.
- **Implementing domestic demand restraint measures.** New Zealand legislation (through the Petroleum Demand Restraint Act) allows for temporary demand reduction measures if needed to support IEA actions.
- **Administrative participation and reporting.** New Zealand must document its contribution and work with the IEA on monitoring global market impacts.

Is collective action mandatory or voluntary?

All IEA Members – including New Zealand – must participate in the collective action if it is agreed by IEA members. However, New Zealand has the freedom to choose how it responds to collective action – whether that be through the release of oil tickets, purchase of oil for shipment to New Zealand, or demand response. We must meet the quota allocated to us for response.

What happens when a member country is non-compliant with its 90-day stock obligation?

Non-compliance with the IEA's 90-day stockholding obligation does not result in formal penalties. However, it triggers public reporting and peer review, pressure to produce a compliance plan, possible political or reputational consequences and theoretical risk of reparations if harm resulted.

The system relies on co-operation and shared interest, not enforcement.

Is New Zealand currently compliant with its IEA 90-day stockholding obligation?

Yes, New Zealand is currently compliant with its IEA 90-day stockholding obligation.

What will this do to New Zealand's access to fuel and remaining stock? Shouldn't New Zealand be holding on to these for ourselves?

New Zealand's allocation in the proposed collective action corresponds to around 20 per cent of the volume of oil tickets currently held by New Zealand.

Collective action is intended to stabilise oil prices and increase supply during times of crisis. Releasing our oil tickets would form part of New Zealand's contribution to collective action, in line with our treaty obligations.