

### Context: Renewed Focus on Oil Reserves in a Volatile Geopolitical Environment

Recent geopolitical developments, including disruptions affecting key global shipping routes in the Middle East and increased instability in energy supply chains, have brought **renewed attention to the resilience of oil supply systems in Europe**. Although no immediate supply shortage has materialized so far, the current environment has heightened concerns regarding the reliability, accessibility and availability of petroleum products across the EU.

In this context, **strategic oil reserves**, long regarded as a largely technical compliance requirement, are re-emerging as a central component of energy security policy. EU institutions and Member States are expected to place greater emphasis on ensuring that existing **stockholding mechanisms** are robust, enforceable and capable of responding effectively to potential supply disruptions.

This may occur in the context of **EU Oil Stocks Directive** (Directive 2009/119/EC of 14 September 2009, available here), which imposes an **obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products**.

As a result, **companies operating in the oil and refined products markets should anticipate increased regulatory scrutiny, particularly in relation to compliance with stockholding obligations and the effectiveness of their underlying arrangements**.

### Legal Framework: EU Obligations on Oil Stockholding

The relevant core obligation is established under Article 3(1) of the Oil Stocks Directive. Member States must **maintain minimum stocks** equivalent to at least 90 days of average daily net imports, or 61 days of average daily inland consumption, whichever is greater.

This obligation is formally imposed on Member States. In practice, however, it is typically implemented **through national legislation** that places corresponding **obligations on economic operators, including refiners, importers and traders**.

The directive allows significant flexibility in implementation. As a result, **differences exist between jurisdictions** in the identification of concerned entities, the **methodologies** used to calculate stockholding requirements, the **products covered** and the applicable **reference periods**. Divergences

also arise in the use of **central stockholding entities**, the availability of compliance mechanisms such as **ticketing arrangements** as opposed to **physical storage** and the rules governing **cross-border storage** and the recognition of stocks held in other Member States.

This fragmentation creates a **complex compliance landscape** for companies operating across multiple jurisdictions.

### Impact on Affected Companies

So far, no changes have been made to the regulatory framework, despite the geopolitical situation. Nevertheless, the current outlook increases both **regulatory and operational exposure** for companies subject to stockholding obligations.

Companies should **reassess their compliance frameworks**, considering the possibility of heightened scrutiny. This includes verifying the accuracy of stock calculations under applicable national rules, confirming the correct classification of eligible products and ensuring that reporting processes and audit trails are robust and defensible.

Companies should **prepare to monitor and respond to potential national measures**. These may include compulsory stock release obligations, export restrictions or measures prioritizing domestic supply. Each of these scenarios may have significant legal and contractual implications, particularly for companies relying on cross-border arrangements or third-party storage.

National authorities are expected to intensify **oversight activities**. Increased audit activity and stricter enforcement of compliance requirements are likely to be in the near term.

### How We Can Support

In this environment, companies benefit from **targeted legal and regulatory support** designed to ensure compliance under conditions of heightened scrutiny. This includes comprehensive assessments of stockholding obligations across relevant jurisdictions and detailed analysis of compliance methodologies under national law.

Support may also include **regulatory stress testing** to assess exposure under potential emergency measures, as well as assistance in **audits, investigations and enforcement proceedings**. Strategic advice on the structuring of stockholding arrangements can help companies balance compliance obligations with cost considerations and operational flexibility.

We have experience advising companies on obligations arising from the implementation of Directive 2009/119/EC at the national level across several jurisdictions, including in cross-border contexts. This allows us to deliver practical and commercially focused advice tailored to the regulatory frameworks applicable to each client.

In the current climate of geopolitical uncertainty, the ability to combine legal expertise with strategic insight is critical. Squire Patton Boggs' Public Policy Practice, with offices in key jurisdictions, enables us to monitor regulatory developments closely, anticipate policy shifts and provide forward-looking guidance.

We are well-positioned to assist companies in navigating increased regulatory scrutiny, mitigating compliance risks and adapting their stockholding strategies to an evolving and uncertain energy landscape.

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