

IEA Decides on the Largest-Ever Coordinated Release of Emergency Oil Stocks to Stabilize the International Petroleum Market

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On March 11, the International Energy Agency (IEA), with the unanimous agreement of all 32 member countries, resolved to undertake an unprecedented coordinated release of a total of 400 million barrels of petroleum reserves. This decision, announced immediately thereafter, was adopted in response to the growing instability of the international oil market induced by the ongoing conflict in the Middle East and the de facto blockade of the Strait of Hormuz accompanying the hostilities.

In announcing the decision, IEA Executive Director, Dr. Fatih Birol, stated that *“The oil market challenges we are facing are unprecedented in scale, therefore I am very glad that IEA Member countries have responded with an emergency collective action of unprecedented size.”* Indeed, the IEA is now undertaking a release of oil stocks, which commensurate with the unprecedented disruption of crude oil flows from the Middle East.

Although announced on the same day, Japan had, in fact, declared—prior to the IEA’s decision—that it would independently initiate a release of its petroleum reserves as early as March 16, a policy publicly articulated by Prime Minister Takaichi. Given Japan’s exceptionally high dependence on crude oil imports from the Middle East, the disruption of safe transit of the Strait of Hormuz immediately raises a serious concern over oil supply insecurity for Japan. Concurrently, with gasoline prices visibly increasing, the government resolved to release oil stocks and introduce a separate price-stabilization measure.

Japan’s planned release consists of 15 days’ worth of private-sector reserves and one month’s worth of government owned reserves—together amounting to 45 days, the largest release on record. In volume terms, this corresponds to approximately 80 million barrels. In the face of the uncertain outlook for the Middle East, Japan has demonstrated a determination to take swift decisions and implement necessary measures to ensure stable energy supplies.

Although Japan made its decision ahead of the IEA, it fully recognizes the critical importance of international coordination. In large-scale supply disruptions, coordinated releases of oil reserves among consumer nations offer a far greater stabilizing effect. Historically, Japan has consistently acted in coordination with the IEA in responding to major disruptions. While the timing diverged slightly on this

occasion, the IEA's decision to undertake the largest stock release in its history is unquestionably beneficial for Japan, and Tokyo will proceed in close cooperation with the IEA in addressing the current emergency.

The necessity for Japan and the IEA to take such measures stems from the extraordinary severity of the present disruption. The decision to release oil stocks on an unprecedented scale reflects the possibility that the magnitude of supply losses could reach levels without historical precedent. Following the military campaign against Iran—launched on February 28 with “regime change” seemingly within scope—Iran has begun what can only be described as “desperate retaliation.” While the possibility of a full blockade of the Strait of Hormuz has been discussed for years, such a complete shutdown had never occurred. In the present crisis, however, the strait has become effectively inaccessible, and this condition largely persists. Moreover, Iran's attacks on refineries, LNG facilities, and other critical energy infrastructure in neighboring states have resulted in substantial damage and shutdowns.

Under normal circumstances, approximately 20 million barrels per day (b/d) of crude oil and oil products transit the Strait of Hormuz, a volume that accounts for roughly one-fifth of total global oil supply. Should this magnitude of supply be disrupted, no spare production capacity exists that could compensate for such a loss. While global spare crude oil production capacity is estimated at around 4 million b/d, the vast majority of it is located “inside the Persian Gulf”—notably in Saudi Arabia, the United Arab Emirates, and Kuwait—and would therefore be effectively inaccessible in the event of a blockade of the strait. Although both Saudi Arabia and the UAE possess pipelines designed to bypass the Strait of Hormuz, their throughput capacities fall far short of offsetting the full volume ordinarily transported through the strait.

Consequently, the longer hostilities continue and the de facto blockade persists, the more the global oil supply will erode. For countries such as Japan, whose import dependence on Middle Eastern crude is exceptionally high, the threat to supply security is acute. Driven by these anxieties, crude prices surged, briefly spiking to the \$119 per barrel range on March 9. While prices subsequently retreated following President Trump's remarks that the “war is almost over,” they remain elevated in the \$80–\$90 range. The persistent elevation in crude oil prices is primarily attributable to the ongoing de facto closure of the Strait of Hormuz, which has prevented any meaningful halt to the decline in global oil supply.

At present, it remains exceedingly difficult to discern any clear path toward the cessation of hostilities between Iran and the military forces engaged in operations against it. As long as the state of war persists, the de facto closure of the Strait of Hormuz is likewise expected to continue. More recently, incidents involving attacks on, and damage to, commercial vessels and oil tankers in the surrounding maritime areas have also begun to surface with increasing frequency. Taking these developments into

account, concerns have grown that crude oil prices may once again experience a pronounced upward surge in the coming period.

Even the current crude oil price level—hovering around 90 dollars per barrel—can impose a substantial burden on consuming economies, as well as on households and daily economic activity. The rise in readily visible energy prices, most notably gasoline prices, exerts significant social and economic pressures, which in turn have profound political ramifications. For the United States, which faces midterm elections; for Europe, grappling with declining industrial competitiveness; and for Japan, where countermeasures against inflation remain a policy priority, the upward movement of oil prices has become a major political and economic issue that can no longer be overlooked, even among advanced economies. It is precisely for these reasons that I have long maintained—ever since the onset of the de facto closure of the Strait of Hormuz—that, should this situation persist, the IEA member countries would inevitably be compelled to release their strategic petroleum reserves sooner rather than later. The present developments may thus be regarded as the very realization of my personal expectation.

The newly announced IEA release of 400 million barrels is thus of exceptional importance. In situations where large-scale disruptions cause supply anxiety and sharp price increases, consumer countries have several possible responses: maximum conservation of oil use, substitution with other energy sources where feasible, and, crucially, the release of strategic oil reserves. The latter is an essential component of national emergency strategy—one that can be executed rapidly when circumstances demand. The IEA's prompt decision to release stocks on this unprecedented scale is therefore highly significant. It is also noteworthy that the IEA—recently perceived as focusing primarily on decarbonization—has now reaffirmed its foundational mission of safeguarding international energy security, thereby reasserting its relevance and global presence.

However, even after the announcement of the largest-ever coordinated stock release, crude prices did not decline. Rather, on March 11, WTI futures closed \$3.80 higher at \$87.25, and Brent rose \$4.18 to \$91.98. While the decision itself is meaningful, there exists an inevitable time lag before the decision for stock release materially increases oil supply in the real market. Should the blockade persist during this period, supply losses will continue to accumulate. Furthermore, concerns remain—both regarding the total release volume and the adequacy of the daily release rate—about whether the action is sufficient to offset the scale of the disruption. These concerns likely contributed to the observed price movements. In this regard, while close attention must be paid to the materialization of the forthcoming reserve releases and their eventual impact, the single most decisive factor for stabilizing the market remains the speed with which safe passage through the Strait of Hormuz can be restored.

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