**Syllabus subtopic:** Bilateral, regional and global groupings and agreements involving India and/or affecting India’s interests

**Prelims and Mains focus:** About IEA findings on India’s oil demand; about India’s strategic oil reserves; IEA: members and mandate

**News:** India’s oil demand growth will overtake China by mid-2020s, the International Energy Agency (IEA) said on Friday asking the world’s third-largest energy consumer to raise the capacity of strategic oil storages as insurance against disruptions.

**India 2020 ‘Energy Policy Review’**

- India’s current strategic oil storage of 10 days of its imports is not enough to protect it in the rainy days in the oil market

- India imports more than 80 per cent of its oil needs, of which 65 per cent is from the Middle East through the Strait of Hormuz, the IEA said, adding that the country’s oil refining capacity will rise to about 8 million bpd by 2025 from about 5 million bpd at present.

- IEA projected India’s oil demand to reach 6 million barrels per day (bpd) by 2024 from 4.4 million bpd in 2017. China’s demand growth is likely to be slightly lower than that of India by the mid-2020s.

- India is the world’s third-largest consumer of oil (behind the US and China), the fourth-largest oil refiner and a net exporter of refined (petroleum) products. The rate of growth of India’s oil consumption is expected to surpass that of China in the mid-2020s, making India a very attractive market for refinery investment.

- Its “demand will go up significantly in the next years to come” on the back rise in oil consumption for mobility, as cooking fuel and in the petrochemical industry.
India’s strategic oil reserves

- India has built **underground storages** at Padur and Vishakapatnam in **Andhra Pradesh** and Mangalore and Padur in **Karnataka** to stock 5.33 million tonnes of crude oil. The storage capacity is equivalent to less than 10 days of India’s oil imports.
- In the second phase, similar storages are planned at Chandikhol in **Odisha** and Padur in **Karnataka** for another 6.5 million tonnes of oil.

**About IEA**

- Established in 1974 as per framework of the **OECD**.
- **MISSION** – The IEA works to ensure reliable, affordable and clean energy for its 30 member countries and beyond. Our mission is guided by four main areas of focus: energy security, economic development, environmental awareness and engagement worldwide.
- Headquarters (Secretariat): Paris, France.
- A candidate country must be a member country of the **OECD**. But all OECD members are not IEA members (Ex: Chile, Iceland, Israel, Latvia and Slovenia).
- **India** currently is an associate member.
- It coordinates the **release of strategic petroleum reserves (SPR)** among developed countries in times of emergency.

**To become member a candidate country must demonstrate that it has:**

- crude oil and/or product reserves **equivalent to 90 days of the previous year’s net imports**, to which the government has immediate access (even if it does not own them directly) and could be used to address disruptions to global oil supply
- a demand restraint programme to reduce national oil consumption by up to 10%
- legislation and organisation to operate the **Co-ordinated Emergency Response Measures (CERM)** on a national basis
- legislation and measures to ensure that all oil companies under its jurisdiction report information upon request;
- measures in place to ensure the capability of contributing its share of an IEA collective action.

**Mandate of IEA**
To focus on the “3Es” of effectual energy policy:

1. Energy security.
2. Economic development.
3. Environmental protection.

**Reports by IEA:**

- World Energy Outlook.
- Energy Technology Perspectives.

**About OECD**

- Founded in 1961 to stimulate economic progress and world trade
- Headquarter — Paris, France

**Origin**

- Organisation for European Economic Co-operation (OEEC) was founded in 1948 to help administer the Marshall Plan.
- In 1961, the OEEC was reformed into the Organisation for Economic Co-operation and Development by the Convention on the Organisation for Economic Co-operation and Development and membership was extended to non-European states
- Intergovernmental economic organisation
- Official United Nations observer
- It works through consensus to develop policy recommendations and other “soft law” instruments to encourage policy reform in member countries.

**Membership**

- Currently 36 members
- **India is not a member** but key partner (the countries which are invited for annual ministerial conference. Other key partners are – Brazil, China, Indonesia and South Africa )
- It is forum of countries describing themselves as committed to democracy and the market economy.
- Most OECD members are high-income economies with a very high Human Development Index (HDI) and are regarded as developed countries
- It provides a platform to compare policy experiences, seeking answers to...
common problems, identify good practices and coordinate domestic and international policies of its members.

- Its programs are funded by contributions from member states at varying rates

**How it works?**

- **OECD Council** — provide direction and guidance to the work of Organisation. Each member country is represented.
- **OECD Substantive Committees** — oversee all the work on each theme (publications, task forces, conferences, and so on)
- **OECD Secretariat** — led by the Secretary-General provides support to Standing and Substantive Committees

**Special bodies and entities**

- International Transport Forum (ITF) (formally known as the European Conference of Ministers of Transport)
- International Energy Agency
- Nuclear Energy Agency
- Partnership for Democratic Governance (PDG)
- Trade Union Advisory Committee (TUAC)

**Reports and Publications**

- OECD Economic survey of India
- Government at a Glance
- Education at a Glance
- Agricultural Outlook 2017-2026 (in association with FAO)
- Multilateral Automatic Exchange of Financial Account Information (MCAA) — multilateral convention on administrative assistance in taxation matters
- Employment Protection Index
- Your Better Life Index