

International Energy Agency

[UPSC Notes]

What is International Energy Agency?

IAE was formed by OECD (Organization for Economic Cooperation and Development) by the Agreement on an International Energy Program, called IEP Agreement, with the aim to make sure that its member countries get reliable, clean, and affordable oil energy initially. However, later IEA expanded its interests and role toward the traditional and faster energy sources such as biofuels, gas, coal, solar photovoltaic, etc.

Today, IEA is not only confined to its member countries only, instead, but International Energy Agency also acts as the policy adviser for its non-member states including the major economic emerging powers (Brazil, Argentina, China, India, South Africa, and Indonesia).

International Energy Agency Overview

Initially, the International Energy Agency was formed with the vision to respond to the oil crisis but later it became the global controller for the other energy sources. Below is a basic overview of the International Energy Agency-

Highlights	Details
IEA full form	International Energy Agency
International Energy Agency formation	18 November 1974
Headquarter of international energy agency	Paris, France
IEA Members	31 members
International Energy Agency was formed by	Members of the Organization for Economic Cooperation and Development (OECD).
International Energy Agency Deputy Executive Director	Mary Burce Warlick
International Energy Agency Executive Director	Faith Birol

International Energy Agency's official website

www.iea.org

Origin of International Energy Agency

The 1970s oil crisis made the Organisation for Economic Co-operation and Development (OECD) think about meeting the energy demands of the major oil-importing countries. As a result of the increasing demands, the members of OECD formed International Energy Agency in Paris. The Agency followed the framework of the Organisation for Economic Co-operation and Development.

The idea behind the establishment of IEA was to come up with a fully functional mandate on energy security and other issues including information transparency, long-term supply, security of supply, research and development, and maintaining international energy relations. However, later it widened its spectrum and involved other sources of energy as well globally. International Energy Agency ensures that its members must have affordability, sustainability, and reliability of the energy.

International Energy Agency has 3 controlling bodies that coordinate to meet the demand during the crisis. These are

- **Governing board:** It includes ministers of all the member governments. The board deals with the oil market, long-term cooperation, and emergency questions. It is responsible for making decisions.
- **Management committee:** The committee deals with the management of non-member countries, research and development, and energy.
- **The Secretariat:** it maintains a quick response mechanism and import-monitoring system. The Executive Committee is the head of the Secretariat.

Member Composition of International Energy Agency

There are 31 member countries of the International Energy Agency in 2022. As per the IEA, all the members have to maintain the stock of oil, equal in amount to what they imported in the last 3 months.

Initially, there were 29 members. However, Mexico became the 30th member in 2018 and later it was joined by Lithuania in 2022. Apart from these 31 countries, 3 countries are trying to get on the board.

Member composition of International Energy Agency are-

- Austria
- Australia
- Belgium
- Czech Republic
- Canada
- Denmark
- Estonia
- France
- Finland
- Greece
- Germany
- Hungary
- Italy
- Ireland
- Japan
- Luxembourg
- Lithuania
- Mexico
- New Zealand
- Norway
- The Netherlands
- Portugal
- Poland
- Spain
- South Korea
- Sweden
- Slovakia
- Switzerland
- Turkey
- The United States
- The United Kingdom

Apart from these members, IEA has 10 associated countries that joined the agency, and these include-

- Argentina
- Brazil
- China
- Egypt
- Indonesia

- India
- Morocco
- South Africa
- Singapore
- Thailand

Eligibility Criteria for International Energy Agency Member

Since the International Energy Agency was established by OCED, it is subjected that only the member countries of the Organization for Economic Cooperation and Development. However, because of the globalization of the agency, there are a few associate members that enjoy the benefits of IEA. The eligibility criteria for a country to be a member of the International Energy Agency include:

- **Strategic Oil Resources:** The candidate country must maintain the stock of oil, equal in amount to what they imported in the last 3 months (90 days of the previous year's net imports)
- **Demand restraint program:** This program is required to reduce the consumption of national oil by up to 10%
- **Legislation, measures, and organization:** The individual country must have legislation for the operation of CERM nationally. Along with this, they must have the measures to make sure that all oil companies under its jurisdiction report information upon request.
- Lastly, it must be able to contribute to IEA's collective action.

Objectives of International Energy Agency

International Energy Agency was formed with an objective to develop a mechanism for oil-sharing for use during supply difficulties among participating countries. IEA has its main focus on the 3 E's of IEA that is environmental protection, energy security, and lastly economic development.

Functions of International Energy Agency

International Energy Agency functions for promoting sound energy policy, tracking the global key energy trends, and analyzing it. It also functions to forest the multinational energy technology cooperation. It focuses on energy security, economic development, engagement worldwide, and environmental awareness.

India and IEA

India was an engaging country with International Energy Agency for quite a long time but it became a member of the Associates in March 2017. India became a contributor to the Declaration of Cooperation, signed in 1998. This cooperation is responsible for matters related to the energy sector statistics and its security. Along with this, India has signed 3 joint statements with the International Energy Agency. IEA has formally covered about 70% of the world's energy consumption by considering India as an associate member of the IEA.

India enjoys the benefits of being an Associate member of IEA and these are-

- India can participate in meetings of communities constituting the governance structure of IEA, standing groups, and working groups.
- India is allowed to take the lead in the geopolitical platform on climate and energy issues that have happened because of the increasing role of the International Energy Agency in combating climate change.
- IEA helps India to achieve the goal of ensuring 24×7 affordable and environment-friendly 'Power for All'.
- IEA also helps India in moving toward the International Solar Alliance framework with other countries.
- It helps India to set up its own robust integrated database on energy.

As per the reports in 2022, Indian oil demand growth has been revised down by 20 kb/d to 300 kb/d and oil deliveries will be 20 kb/d above 2019 levels.

Major Reports of International Energy Agency

With the aim to reduce the global recession during the time of crisis. By far, IEA has released the oil stocks four times. These include-

- In 1991- During the Gulf War.
- In 2005- After Hurricane Katrina affected US production.
- In 2011- After the Libyan Civil War.
- In 2022- The Russian Federation's invasion of Ukraine.

In 2005, in collaboration with APEC, OPEC, OLADE, UNSD, and Eurostat, the International Energy Agency released the Joint Oil Data Exercise. Later, the Joint Oil Data Exercise changed to Joint Organisations Data Initiative. Most Recently, in 2014, IEA warned its members that there is a need to invest over

US\$40 trillion to maintain an ample amount of supplies by 2035, in its World Energy Outlook. Now, in recent years, IEA has increased its efforts in the assessment of nuclear issues, as public and governmental support for use of power-generating nuclear reactors has declined.

International Energy Agency has released 5 major reports and these are-

- Global Energy & CO2 Status Report.
- World Energy Outlook.
- World Energy Statistics.
- World Energy Balances.
- Energy Technology Perspectives.

International Energy Agency Criticism

Though the International Energy Agency has worked tremendously in meeting the energy needs of the world, it has to face some criticism from time to time. One major criticism was regarding the underestimation of the importance of renewable energy sources such as photovoltaics in future energy systems.

In 2017, IEA released a report considering a safer climate scenario than their current 450S. But according to research organization Oil Change International, this doesn't result as per the expectations because of which, IEA has to stop updating this safer climate scenario.

The International Energy Agency was criticized globally by more than 3 international academics and researchers in 2021. IEA was responsible for publishing the detailed global energy data behind paywalls at "Our World in Data" that "made it unusable in the public discourse and [preventing] many researchers from accessing it".