

Our View

The IEA Has No Bite

Philip Verleger

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Fatih Birol, the executive director of the toothless IEA, told *Financial Times* on Saturday, April 4, that countries should resist hoarding “oil and fuel during the energy crisis triggered by the US-Israeli war on Iran.”¹ He then explained the reason for his plea:

“I urge all countries not to impose bans or restrictions on exports,” Fatih Birol told the FT. “It is the worst time when you look at the global oil markets. Their trade partners, their allies and their neighbors will suffer as a result.”

Malcom Moore, who wrote the *FT* article, indicated that Birol’s comments appeared to be aimed at the Chinese because “China is the only major country to have banned the export of petrol, diesel and jet fuel in response to the five-week-old war.” Moore also reported this warning:

Birol said “major countries in Asia who hold major refineries” should rethink any ban. “If those countries continue to restrict or totally ban exports, the impact on the Asian markets will be dramatic.”

Birol criticized other countries for hoarding, a step that undermines the effectiveness of the IEA’s release of 400 million barrels of oil:

“Unfortunately we see that some countries are adding to their existing stocks during our co-ordinated oil stock release,” he said. “They are stocking up. This is not helpful. In my view this is a time for all countries to prove they are a responsible member of the international community.”

Moore observed that the two nations that have added to existing stocks were the United States and China. He noted that the United States supported a G7 call for no export bans but that US Energy Secretary “Chris Wright **has so far only ruled out a ban on crude oil exports**” [emphasis added].

Birol indirectly chastised the oil industry by asserting “there were ‘no physical shortages of jet fuel or diesel in Europe at the moment’ but added that ‘the situation may change in coming weeks if the disruption continues.’” This quote reminds me of energy officials who asserted, again and again over the years, that there was no reason for the price increases occurring at the time.

¹ Malcolm Moore, “Countries must not hoard fuel during Iran war, warns IEA,” *Financial Times*, April 4, 2026 [<https://tinyurl.com/yf633nhy>].

Birol sounds like oil expert John Lichtblau, who offered the following observation to *The Washington Post* in August 1990 when Iraq invaded Kuwait and prices surged:

“The problem right now is that mathematically it [the oil market] is in balance. Psychologically it’s in imbalance. It’s a strange situation.”²

Neither Lichtblau nor Birol demonstrated an understanding of the role of expectations. Birol also seems not to understand that private-sector firms control most industries, not governments.

Under the current circumstances, a barrel of diesel, gasoline, or crude in a firm’s tank will be worth perhaps twice as much tomorrow as today. The message, then, is that holding onto stocks is the profitable decision absent significant pressure from governments.

European Union regulations make the situation worse. Firms in EU nations that are International Energy Agency members must hold stocks that are considered part of their country’s strategic reserves. The companies that own them understand that, should they be ordered to release stocks, they will also be required to replenish their inventories after the inciting event has passed. As an intern at IFRI in 2011, Devin Glick wrote a paper concluding that it was impossible to determine whether companies actually released their reserve stocks when ordered to do so during the Libyan disruption that year.³ He also concluded that the volumes released by European countries were less than the amounts they had agreed to sell as IEA members.

The same problem is likely occurring today. It will worsen if the Strait of Hormuz is not reopened quickly and the G7 heads of state continue to refrain from any kind of coordinated response to the Iran war disruption.

At this juncture, the United States government has shown no interest in initiating or implementing such an effort. Without US participation, it will likely not happen.

Meanwhile, the IEA’s executive director stands toothless, lacking the power to influence the energy impacts of this disruption without Donald Trump’s support.

² "Price of Oil Defies Logic of Supply," *The Washington Post*, September 30, 1990.

³ David Glick, "A Look at the IEA 2011 Release of Strategic Oil Reserves," IFRI, 2011 [<https://tinyurl.com/58mhf7ws>].