

Our View

The IEA Has Failed

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The IEA will meet on October 15 to discuss releasing emergency diesel stocks. At noon on Sunday, October 11, Nayla Razzouk noted the following in a Bloomberg report:

The International Energy Agency urged members to speed up pledged diesel releases and consider supplying more as global markets tighten.

IEA Executive Director Fatih Birol urged governments that have yet to fully deliver oil stocks promised under the March collective action to accelerate those releases where possible, with priority given to diesel, according to a statement ahead of the agency's Oct. 15 governing board meeting.

Birol also encouraged all members—including those that have already completed their pledged releases—to assess whether further diesel releases are needed, and set out their scale and timing.¹

Razzouk also offered this quote from Birol:

“Current market conditions merit immediate attention and can best be managed through continued cooperation among IEA members.”

What a surprise! On July 27 here, I wrote of “a more severe disruption,” adding that “the diesel market disruption could push diesel prices to \$2000 per metric ton or \$20 per gallon.” As I explained, “Distillate markets are now reflecting the advent of shortages and hoarding.”

Almost three months later, Birol and the IEA awoke from their hibernation.

While Birol's statement is correct, he and the IEA are three months late and billions of dollars short. Put simply, **the IEA has failed to fulfill its mission of addressing energy-market disruptions**. The ministers who are meeting in Paris now should terminate the institution and go home.

If that does not happen, and it will not, the United States should withdraw from the agency because of its continuing inability to stabilize energy markets during crises. The current inaction stems from European nations taking the US for a ride while Wright slept at the wheel. Put simply, Europe is determined to “drain the US first” when it comes to diesel supplies.

¹ Nayla Razzouk, “IEA Urges More Diesel Releases as Global Market Tightens,” Bloomberg, October 11, 2026 [<https://tinyurl.com/yyy4mpb3>].

The IEA's failure began in mid-July when Ukraine began attacking Russian refineries. At the time, US diesel prices were \$4.76 per gallon, according to the US Energy Information Administration. Since then, they have increased by \$1.44 to \$6.20 per gallon. AAA's well-known fuel price survey puts the national average price at \$6.37.

Despite these attacks and their impacts on diesel supplies and prices, Germany started rebuilding its diesel reserves that month. One blog noted that "Germany's EBV [German National Petroleum Stockpiling Agency] is refilling strategic diesel reserves via tender as European supply stays tight, while Berlin separately drafts a state gas reserve plan to guard against future energy shocks."² The blog added that the EBV issued a tender for 760,000 barrels of diesel in the first week of July, after a tender for 630,000 barrels in June. France did the same.

Germany's and France's actions highlight the breakdown of the IEA program for managing energy crises. As Henry Kissinger and the other IEA founders originally envisioned, consuming nations would implement mandatory crude oil and petroleum product conservation programs and then share their reserves during periods of diminished supplies and/or high prices caused by disruptions.

Germany did the opposite. Its answer to high prices, instead, was to cut its fuel taxes:

Germany will cut taxes on gasoline and diesel by €0.17 (\$0.1952) a liter, the government said on Friday, days after Chancellor Friedrich Merz promised relief for consumers and businesses hit by soaring fuel prices.

The price reduction amounts to \$0.74 per gallon. In other words, German consumers saw a price increase half as large as the one US consumers absorbed thanks to the German government's intervention. Meanwhile, Germany continues to sit on its strategic diesel reserves. Americans might wonder why they are sacrificing while Germany's citizens keep speeding down the country's autobahns.

The situation today would be very different if Europeans had released their strategic diesel stocks when news of a potential Russian embargo first appeared. At the time, EU countries held 272 million barrels in reserve. These nations could have begun a modest release of, say, 400,000 per day in August and September. This would have reduced their strategic stocks by less than 10% but likely would have substantially moderated price increases.

Indeed, prices might have remained essentially unchanged because the release would have accompanied the increase in US diesel exports after Ukraine's attacks on Russian refineries began (almost 200,000 barrels per day) and the resumption of Chinese exports. Unfortunately, the Europeans decided to sit on their diesel and let prices surge.

Over the last three months, Birol and the IEA did nothing, as France, Germany, and other European countries sat on their reserves while cutting consumer prices. Birol's actions constitute a dereliction of duty and a failure to exercise leadership when it was needed.

² Eamonn Sheridan, "Germany moves to refill diesel reserves and build new gas stockpile," Investing Live, July 7, 2026 [<https://tinyurl.com/bdh74287>].

American farmers have lost billions due to Birol's failure. The US has lost perhaps \$20 billion as Europeans sat on their huge strategic diesel stocks while sucking America dry.

Meanwhile, the IEA shirked its fundamental responsibility. The agency should be terminated.