International Association of Oil & Gas Producers

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To: Energy Council
Cc: COREPER I, Working Party on Energy

13th March 2026, Brussels

Ensuring Energy Security and Market Stability in the EU

Dear Ministers,

Ahead of the Energy Council meeting, I am writing to highlight several pressing concerns regarding the security of the European Union's energy supply and the need for a regulatory environment that safeguards both market stability and the EU's strategic autonomy.

Flexibility remains essential to ensure the reliable supply of crude oil and natural gas, particularly in a context of rapidly shifting market conditions and potential disruptions due to the war in Iran and the effective closure of the Strait of Hormuz. At the same time, exporters and investors require more predictable and stable regulatory conditions if the EU is to remain an attractive and reliable destination for energy trade and investment.

It is equally important to recognize that interventions in energy markets carry significant risks. Such measures can distort the functioning of markets, place additional pressure on public finances, and ultimately lead to higher costs for consumers. Allowing markets to operate and send the appropriate signals remains the most effective way to ensure supply and address imbalances.

The current geopolitical context further exacerbates security of supply concerns that were already emerging in the course of implementing the EU Methane Regulation. According to a recent study by Wood Mackenzie, from 2027 the EU risks losing up to 43% of its gas supply and up to 87% of its oil supply due to importer compliance requirements. In absolute terms, this could mean that around 114 bcm of natural gas and approximately 9.8 million barrels per day of crude oil may become non-compliant with EU import standards. That would raise gas prices to historically high levels and increase crude oil prices by about $9 per barrel (11%). Gasoline prices would rise by around 24%, while diesel prices would increase by approximately 16%[1]. Even assuming a flexible and pragmatic implementation, which would require amending the country-level equivalency criteria to enable all supplies from 10 countries (incl. US, Norway, Qatar, Canada), the findings show that the shock would be even more drastic than today's impact of the Strait of Hormuz crisis, with gas prices reaching 64€/MWh.

Given the magnitude of these potential disruptions and impact on energy prices, urgent action is needed. Introducing a temporary "stop the clock" mechanism would provide the necessary time to make targeted amendments to EU Methane Regulation, as part of the on-going EU Simplification agenda, thereby preventing the risk of another supply shock in the coming months while preserving the EU's long-term climate and energy objectives.

[1] Wood Mackenzie, EU Methane Emissions Regulation – Analysis of Market Impacts, March 2026

Strengthening domestic oil and gas production must also be part of the solution in the medium and long term. Supporting European production capacity would contribute significantly to reinforcing the EU's autonomy and resilience within the global energy system, while helping mitigate risks associated with external supply shocks and price volatility.

We respectfully encourage the Council to consider this pragmatic approach in order to safeguard Europe's energy security, maintain market stability, and protect consumers during this period of heightened geopolitical uncertainty.

Yours sincerely,

François-Régis Mouton de Lostalot
Managing Director, IOGP Europe