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MONDAY MORNING QUARTERBACK

ENERGY MARKETS WEEKLY BRIEFING NOTE

Europe's New Energy Security Doctrine Should be Built on Competitiveness & Strategic Autonomy

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ENERGY MARKETS WEEKLY BRIEFING NOTE – July 13th

Europe's New Energy Security Doctrine Should be Built on Competitiveness & Strategic Autonomy

By Sean Evers, Managing Partner, Gulf Intelligence

For much of the past three decades, Europe's energy security strategy was built around a relatively straightforward objective: diversify fuel supplies, maintain strategic oil stocks and allow integrated markets to deliver affordable energy. That model is no longer sufficient.

The Russo-Ukraine war, the weaponisation of energy trade, attacks on Red Sea shipping, the 2025-26 Strait of Hormuz crisis and Europe's accelerating dependence on imported refined products have exposed a more complex reality. Energy security is no longer simply about securing molecules of oil and gas. It is about protecting the infrastructure, logistics, capital and industrial capacity that allow Europe's economy to function during prolonged geopolitical disruption.

Three recently published reports—the Federation of European Tank Storage Associations (FETSA) Position Paper on Oil Stocks Reform, the GI European Underground Gas Storage Industry report 2026, and discussions at FII PRIORITY Europe in Rome—approach this challenge from different perspectives.

Yet they reach remarkably similar conclusions. Europe possesses the capital, technology and industrial capability to strengthen its resilience. What it lacks is an integrated strategy that connects energy security, investment policy, industrial competitiveness and defence preparedness. Taken together, the reports echo each other as they point towards five strategic priorities that could redefine Europe's approach to energy security for the next generation.

Move Beyond Strategic Oil Stocks Towards Strategic Energy Storage

The first and most fundamental priority for Europe is to redefine what it means by energy security.

The current Oil Stocks Directive requires Member States to maintain emergency reserves equivalent to 90 days of net oil imports or 61 days of inland consumption. This framework was developed when Europe's principal concern was crude oil supply. Today's vulnerabilities are very different. As refining capacity steadily migrates to the Middle East, Asia and North America, Europe has become increasingly dependent on imported diesel, aviation fuel and marine gasoil. According to FETSA, around two-thirds of strategic reserves remain weighted towards crude oil, even though refined products now represent Europe's greatest supply risk. The Russo-Ukraine war and the Strait of Hormuz crisis demonstrated that shortages of middle distillates—not crude—pose the greatest threat to both industry and society.

FETSA therefore argues that the Oil Stocks Directive should evolve into a broader Energy Security Act for Liquids, Gas and Electricity. Strategic reserves should expand beyond crude oil to include dedicated stocks of diesel, Jet A-1, LNG and future energy carriers such as Sustainable Aviation Fuel (SAF), Hydrotreated Vegetable Oil (HVO), ammonia, methanol and hydrogen carriers.

The recommendation is reinforced by the GI European Underground Gas Storage Industry report, which argues that underground gas storage has evolved from a seasonal winter buffer into one of Europe's most important strategic assets. Storage now underpins LNG flexibility, electricity markets, industrial production and market confidence. The policy question is no longer how much fuel Europe stores, but whether those reserves are sufficiently diversified, flexible and geographically accessible to withstand extended geopolitical disruption.

Europe's future resilience will therefore depend less on maintaining minimum oil stocks and more on building a comprehensive strategic storage system capable of supporting the continent's evolving energy mix.

Transform Energy Security into Europe's Next Investment Supercycle

Building that new infrastructure will require unprecedented investment—but report after report argue capital is not the problem.

At FII PRIORITY Europe, Alexis Kohler, Executive Vice President of Société Générale, highlighted Europe's defining financial paradox. The continent faces an annual investment gap estimated at €800 billion to €1.2 trillion, yet exports €200-300 billion of capital to the United States every year. Banks continue to provide roughly 70% of project finance, even as tighter capital requirements constrain lending, while an estimated €11 trillion remains parked in household bank deposits earning minimal returns.

The reports therefore argue that Europe's energy transition should be reframed as an investment opportunity rather than a fiscal burden.

Priority projects include underground gas storage, LNG import terminals, electricity interconnectors, hydrogen infrastructure, strategic fuel terminals, AI-enabled energy systems, cyber resilience and port logistics. These are no longer simply commercial investments. They are strategic assets underpinning Europe's economic security.

International investors have already demonstrated their appetite. Speaking in Rome last month at the annual FII Europe summit, Yasir Al-Rumayyan, Governor of Saudi Arabia's Public Investment Fund and Chairman of Aramco, noted that PIF has invested approximately €98 billion across Europe and the United Kingdom since 2017, supporting around 160,000 jobs while contributing approximately €70 billion to GDP. Looking ahead, PIF intends to present 140 investment opportunities worth €10.4 billion through 2030, while Aramco itself has spent around €80 billion with European suppliers.

His message was unambiguous: long-term capital remains available. The challenge is creating an investment environment capable of attracting it.

Build One European Energy Security System

Infrastructure alone will not be enough. Europe must also rethink how it organises its energy security. Today's system remains largely national despite increasingly integrated energy markets. According to Gas Storage Europe, its members operate approximately 102 underground storage facilities across 20 countries, representing around 91 bcm of working capacity—roughly 84% of EU technical storage capacity. Yet much of that infrastructure is concentrated in Germany, Italy, France, Austria and the Netherlands, leaving many Member States dependent upon neighbouring markets during crises.

FETSA argues that future disruptions—whether at the Strait of Hormuz, Bab el Mandeb, Suez Canal or Strait of Malacca—will affect multiple European economies simultaneously. Energy security therefore requires greater regional coordination rather than isolated national stockholding policies.

This means developing integrated regional fuel hubs, linking Northwest Europe's storage assets with Mediterranean LNG infrastructure, Central European logistics corridors and Nordic aviation fuel reserves. It also means modernising Europe's "ticketing" arrangements to ensure strategic reserves represent physically accessible fuel rather than contractual obligations.

Just as importantly, energy planning must become more closely integrated with defence, industrial and foreign policy. Strategic reserves, storage operators, regulators, national governments and NATO planners should increasingly work within a common resilience framework capable of responding rapidly to cross-border emergencies.

Europe's energy market has already become continental. Its security architecture must now follow.

Protect Energy Infrastructure as Critical Defence Infrastructure

There is an immediate need for a fundamental shift in how Europe views its energy infrastructure. The sabotage of Nord Stream, attacks on Red Sea shipping and increasingly sophisticated cyber threats have demonstrated that pipelines, storage terminals, LNG facilities, ports and electricity networks should no longer be regarded simply as commercial assets. They are strategic national infrastructure.

FETSA warns that military and civilian fuel systems have become inseparable. High-intensity conflict would generate extraordinary demand for aviation fuel, diesel and marine fuels, while civilian economies must continue operating to support logistics, manufacturing and essential services.

Research commissioned from the Hague Centre for Strategic Studies concluded that Europe's existing stockholding arrangements were designed for civilian supply disruptions—not prolonged military mobilisation.

To address this gap, FETSA proposes creating a European Strategic Defence Energy Base, bringing together the European Commission, NATO, national governments, defence planners and commercial storage operators to coordinate fuel planning, emergency logistics and infrastructure resilience.

Future investment priorities should therefore extend beyond new energy projects to include cyber resilience, physical hardening, emergency repair capability and greater redundancy throughout Europe's logistics network.

Security no longer begins at Europe's borders. Increasingly, it begins at the storage terminal, LNG import facility and electricity substation.

Regulatory Reform is the Missing Link

Underlying every recommendation is a common conclusion: Europe's greatest barrier is neither finance nor technology—it is regulation.

Throughout the FII discussions, participants repeatedly argued that Europe possesses ample pools of long-term capital but struggles to deploy them efficiently. Andrea Bonomi, Chairman of Investindustrial, observed that Europe often appears to “close up” just as international investment begins arriving. Israfil Mammadov, Chief Executive of the State Oil Fund of Azerbaijan, argued that sovereign wealth funds already operate under internationally recognised governance standards and should be viewed as long-term development partners rather than geopolitical risks. Olivier Bélorgey of Crédit Agricole went further, describing financial sovereignty as the foundation upon which every other form of sovereignty depends.

Europe's industrial capabilities remain highly attractive to most international investors. What discourages investment is regulatory uncertainty that changes faster than infrastructure can be built.

Completing Capital Markets Union, simplifying permitting, accelerating approvals for strategic infrastructure and providing stable regulatory frameworks may therefore become Europe's most important energy security reforms. Without them, even abundant capital will struggle to finance the infrastructure that resilience requires.

Conclusion: Energy Security Is Now Economic Security

Collectively, the three reports signal the emergence of a new European doctrine. Energy security can no longer be treated as a narrow question of emergency fuel stocks. It has become inseparable from industrial competitiveness, defence preparedness, financial markets and long-term investment.

The next phase of Europe's energy strategy will not be defined by how many barrels of oil or cubic metres of gas it stores. It will be defined by whether it can build an integrated system that combines strategic storage, resilient infrastructure, coordinated logistics and patient capital into a single framework for economic security.

In that sense, Europe's challenge is no longer simply to survive the next energy crisis. It is to use this moment to build a more resilient, more competitive and more strategically autonomous economy. ■

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