



THE RIGHT RESOURCES AT THE RIGHT TIME



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COMPETENCE

The Administration of State Material Reserves (ASMR) is a central government agency in the sphere of economic measures for emergencies, oil security and the state's material reserves.

The following laws currently regulate the work of the ASMR:

- Act No. 97/1993 Coll., on the competence of the Administration of State Material Reserves, as amended;
- Act No. 241/2000 Coll., on emergency economic measures and amending certain related acts, as amended;
- Ordinance No. 498/2000 Coll., on the planning and implementation of emergency economic measures, as amended by Ordinance No. 542/2002 Coll. and Ordinance No. 394/2012 Coll.;
- Act No. 189/1999 Coll., on emergency oil stocks, on oil emergency management and amending certain related acts (Act on Emergency Oil Stocks), as amended;
- Ordinance No. 452/2002 Coll., stipulating the list and specifications of oil, petroleum semi-finished products and selected petroleum products that may be stored as a part of emergency oil stocks, and procedures for calculating the quantity of emergency oil reserves and conditions for storage thereof.

The guiding principles of the ASMR's operations and organisation are defined by the Statute of the Administration of State Material Reserves, approved by a resolution of the government of the Czech Republic. The ASMR is headed by a chairman appointed and recalled by the government as proposed by the Minister of Industry and Trade in agreement with the Minister of Finance.

The ASMR comprises:

- a) the headquarters in Prague;
- b) special-purpose organisational components (plants, depots and the Gall training centre).



POLICY-MAKING

The policy-making activities of the Administration of State Material Reserves as a central government agency stem from its competence as defined by law and from its position in the security system of the Czech Republic.

The ASMR performs a coordinating role in planning and implementing emergency economic measures. As a matter of priority, it makes use of material resources of private business entities and, according to the requirements of the concerned ministries, creates and manages material reserves in those commodities whose ordinary production would not cover the expected increased need in emergency situations.

Changes in the security situation after 1990 have gradually reduced the significance of the threat of military conflict. At the same time, the focus of attention has increasingly shifted towards various non-military threats. These changes resulted in the adoption of an appropriate concept of emergency economic measures based on Act No. 241/2000 Coll.

When developing the principles of national policy on emergency economic measures, the ASMR works with other central government bodies. It analyses results, adopts and implements measures to resolve current problems and drafts legislation. In connection with developments in the international security situation, influenced mainly by international terrorism, the Czech Republic, like other countries, has been strengthening its security systems. Accordingly, the principal intention and objective of the ASMR is to ensure the transformation, development and improvement of the emergency economic measures system in line with the requirements of the state and its capabilities in specific security conditions.

Emergency economic measures enable the effective use of material resources when responding to emergencies of a military and non-military nature. The ASMR performs a coordinating role in ensuring the availability of material resources. The comprehensiveness and effectiveness of procedures ensuring the availability of material resources are linked to the fact that the quantity of these resources in the Czech Republic is limited and their specific use must always correspond to the scale of the emergency. The current composition of state material reserves is adapted primarily to the needs of responding to potential non-military emergencies.

The ASMR plays an important role in the Czech Republic's involvement in humanitarian operations led by the UN, NATO or the European Union and in the provision of humanitarian aid to other countries in emergencies.



EMERGENCY ECONOMIC MEASURES

Emergency economic measures are organisational, material and financial measures planned and adopted by administrative authorities with a view to making available the material resources necessary for resolving crisis situations in the form of critical supplies.

The emergency economic measures system comprises the following:

1. Emergency economic management system, the purpose of which is to ensure the necessary supplies are available to meet the basic needs of the population, to support the operations of fire rescue units, emergency services, medical rescue services and the Police of the Czech Republic and to support the exercise of state administration. The overriding principle is that these supplies should come from the existing resources of private business entities in the manner customary for non-emergency situations.

2. Economic mobilisation system, the purpose of which is to ensure mobilisation supplies for the armed forces and armed security services at times of a threat to the state and of war. This is provided by business entities solely on a contractual basis.

3. State material reserves utilisation system, which serves to create and maintain reserves of the raw materials, products and materials necessary to meet the increased requirements for managing emergencies where the existing and available resources of business entities are insufficient.

4. Regulatory measures, which are designed to reduce or regulate the consumption of scarce raw materials, products and services or to regulate consumption and supplies in line with crisis plans in cases where standard economic measures are insufficiently effective to deliver critical supplies. Regulatory measures may only be declared on an exceptional basis and for the necessary period of time.

5. Development and maintenance of infrastructure, meaning structures designated for the purposes of emergency economic measures or structures owned by business entities, including their technological facilities, internal utilities and telecommunication networks and information systems, and possibly also access roads.

In the process of preparing emergency economic measures, the Administration of State Material Reserves:

- performs a coordinating and control role;
- is responsible for the planning, creation, protection, storage and utilisation of the state's material reserves created to cover increased requirements in emergencies;
- sees to the professional training of personnel in crisis management bodies;
- provides information support for emergency economic measures.

For coordination and management purposes the ASMR issues methodologies governing the procedures laid down by the legislation; it organises and arranges regular coordination meetings and working meetings with representatives of central government bodies and local government; it assesses the current state of affairs and, in collaboration with the appropriate government departments, proposes systemic measures. In collaboration with central government agencies the ASMR coordinates the development of the Plan for the Creation and Maintenance of



State Material Reserves for Ensuring the Security of the Czech Republic for the relevant two-year planning period. The Plan's principal purpose is to secure material resources in commodities with increased consumption in times of emergency. The ASMR is responsible for the creation of state material reserves, which are divided up according to their purpose.

The ASMR is responsible for the protection of state material reserves in its own storage facilities or, contractually, in those of "custodians" (its commercial partners). It prescribes the technical conditions for storage and checks compliance. In emergencies, it coordinates the use of state material reserves with central government bodies.

The ASMR takes part in assessing the effectiveness of mobilisation supplies, helps coordinate the contracting process and checks suppliers' preparedness. In the case of proposed measures, it performs a systematic analysis and assessment of their need and effectiveness; it sets the priorities for proposed measures in terms of meeting the requirements of beneficiary organisations and the tasks of civilian support for the armed forces.

As regards emergency economic measures, the ASMR exercises oversight and control of the performance of local government, administrative offices, entities subject to economic mobilisation and critical supplies contractors; it performs the set tasks in respect of mobilisation supplies contractors, entities subject to economic mobilisation and the custodians of state material reserves.

The ASMR appoints and recalls entities subject to economic mobilisation, prepares documents for appeals proceedings and creates and systematically maintains a comprehensive register of entities subject to economic mobilisation. Within its purview it inspects administrative offices and entities subject to economic mobilisation with regard to the preparation of economic measures and checks their effectiveness. It also drafts relevant legislation.

The ASMR is responsible for coordinating specialist training in emergency economic measures in the Czech Republic. In line with the Crisis Management Training Policy, the ASMR organises professional training for employees of central government

bodies, senior staff and officers of local government involved in preparing and implementing emergency economic measures. It also arranges specialist training for managers, executives and employees of entities subject to economic mobilisation and custodians of state material reserves.

The ASMR also provides instruction during preparations for the attainment of a certificate of special expert qualification awarded to personnel engaging in emergency economic operations and in the training of senior officers provided by the Institute of Crisis Management of the University of Economics in Prague. In collaboration with the Ministry of the Interior – General Directorate of the Fire Rescue Service of the Czech Republic, the ASMR participates in providing training for mayors.


The ASMR provides information support for emergency economic measures by developing and operating the following information systems:

- ARGIS information system for civilian resources planning – provides information support for planning and decision-making processes by crisis management bodies as regards procuring material resources for responding to emergencies, and in particular drawing up Critical Supplies Plans;
- KISKAN ASMR crisis information system – the principal information support tool for emergency economic measures in the sphere of the creation and use of state material reserves;
- KRIZKOM crisis communication information system – a tool for coordinating and supporting processes when addressing requirements for material resources which the crisis management authorities need to respond to an emergency or deal with its consequences;
- KRIZDATA software – without requiring internet access this tool provides information about critical supplies suppliers and about supplies or services that these suppliers of critical supplies are able to provide to respond to emergencies or deal with the consequences thereof.



OIL SECURITY

In the field of oil security, the Administration of State Material Reserves prepares measures for times of oil emergencies in the event of a serious disruption in crude oil and petroleum product supplies and at all envisaged stages of oil emergency developments and escalations.



This involves preparing for a state of oil emergency at a time of reduced imports, production or distribution of crude oil and petroleum products, when a state of oil emergency is declared, in response to emergencies affecting the production or distribution of crude oil and petroleum products, and also when tackling situations once the crude oil and petroleum products shortage situation has been stabilised and when a declared state of oil emergency has been revoked.

The ASMR prepares appropriate measures for reducing the consumption of crude oil and petroleum products during a state of oil emergency and coordinates the activities of the relevant units of central and local government in terms of oil security.


It draws up the oil security concept and draws up and updates the plan for responding to crises of “large-scale disruption of supplies of crude oil and petroleum products”. It proposes the composition and amount of emergency stocks of crude oil and petroleum products for the following calendar year and performs a monthly evaluation of the amount of these emergency stocks and the degree to which the Czech Republic’s international commitments in this area are covered.

The ASMR Chairman’s advisory body is the National Emergency Sharing Organisation (NESO), established under the rules of the International Energy Agency (IEA) of countries of the Organisation for Economic Cooperation and Development (OECD) and the EU. NESO sessions are chaired by the deputy chairman of the ASMR. The NESO performs tasks defined by its statute and rules of procedure and in line with the law and with IEA

and EU decisions. It draws up documents needed for drafting proposals for declaring and revoking states of oil emergency and proposals for measures to reduce consumption of crude oil and petroleum products and for the extent of use of emergency stocks in states of oil emergency. It prepares and manages methodological exercises for training responses to states of oil emergency and takes part in drills simulating states of oil emergency organised by international organisations of which the Czech Republic is a member.

Contact with the secretariat and participation in sessions of IEA committees and working groups, contact with the relevant committees and directorates general of the European Commission and with NATO committees and agencies come under the ASMR’s authority and are enshrined in the applicable legislation.

In the field of oil security the ASMR cooperates with the specialist units of the Ministry of Foreign Affairs, Ministry of the Interior, Ministry of Industry and Trade, the General Directorate of the Fire Rescue Service, the Czech Statistical Office, other ministries and central government agencies, and with representatives of the Czech oil industry and affiliations of foreign oil corporations. The ASMR plays a major role in defining components of critical infrastructure in the Czech Republic in connection with crude oil and petroleum products. It performs checks of Crisis Preparedness Plans at entities linked to the defined critical infrastructure components.



STATE MATERIAL RESERVES LOGISTICS

In the sphere of state material reserves the ASMR has the authority to manage these reserves and carries out all the policy-making and implementation work associated primarily with their creation, protection and use during emergencies.

The creation of state material reserves is part of crisis plans. The ASMR procures these material reserves on the basis of the requirements of central government agencies and sees to their financing, replacement, loan, release, rent, sale, storage, protection, inspection and use during emergencies.



■ **Material reserves** comprise selected fundamental raw materials, materials, semi-finished products and products. They are intended to ensure national defence capability, to tackle the consequences of emergencies and to protect vital national economic interests. They chiefly comprise basic raw materials used in the petrochemical, metallurgical, chemical and food industries. The major part of material reserves consists of emergency stocks of crude oil and selected petroleum products in a quantity and structure meeting the requirements of Act No. 189/1999 Coll., on emergency oil reserves, as amended, and the requirements of EU Directive 119/2009/EC of 14 September 2009.

■ **Mobilisation reserves** comprise selected fundamental raw materials, materials, semi-finished products, products, machines and other assets designated for ensuring the production of necessary resources of the armed forces and armed security services, especially for the eventuality of war or a national war threat.

■ **Emergency stocks** comprise selected materials and products intended primarily to ensure critical supplies for the population and for the work of the emergency and fire rescue services. These stocks are acquired in cases where the necessary materials and products for resolving crisis situations fall short of the required amount or are not available in the country at the required time.



■ **Stocks for humanitarian aid comprise** selected fundamental materials and products intended to cover, for a limited period of time, the basic needs of people who have been seriously affected by the consequences of an on-going emergency. This mainly consists of food for individual consumption, essential sanitary products etc. In justified cases they are transferred to local government authorities for distribution to citizens.

■ Another part of state material resources is movable property that is donated to the Czech Republic under humanitarian aid at times of emergency.

In cases where emergency stocks are declared surplus to requirements, some components of these stocks are then used by organisational components of the state. This mainly involves motor vehicles, electricity generators and other apparatus that the ASMR then mainly transfers, free of charge, to the Fire Rescue Service of the Czech Republic for use in the integrated rescue system. In recent years, special equipment worth over CZK 8 million has been transferred in this way. In addition, the ASMR, acting in the public interest, provided surplus components of bridge structures and other equipment worth over CZK 14 million primarily to municipalities and towns.

State material reserves are stored both in the ASMR's own storage facilities and, on a contractual basis, on the premises of business entities in the Czech



DEPOTS

The Administration of State Material Reserves now possesses its own storage capacity of 241,000 m²; as part of the optimisation process, this will be reduced by 78,846 m² to 162,650 m².



In storage terms, the ASMR's facilities constitute independently functioning units and are built on the principle of unification. Their individual storage facilities have a uniform design. There are two types, based on the nature of the material being stockpiled. The depots also have outdoor storage areas. The depots store and protect state material reserves in the prescribed quantity, types and quality. Based on technical standards for storage, the ASMR facilities define technology standards and are responsible for preserving the quality of the stocks. According to instructions from the ASMR headquarters they put items into storage and take them out of storage.

The existing system of the state material reserves storage management is currently undergoing an optimisation process intended to ensure that the ASMR's depots and other storage facilities are transformed into a single rational logistical system.

Another objective in relation to the emergency stocks and stocks for humanitarian aid is to turn the ASMR plants and other storage facilities into natural centres that will not be mere storage capacity administrators but will become fully fledged components of the emergency economic management system.





CRISIS MANAGEMENT, PROVISION OF STATE MATERIAL RESERVES AND HUMANITARIAN AID DURING EMERGENCIES

The Administration of State Material Reserves is an important part of the crisis management system in the Czech Republic. It plays an active role in the work of the Central Crisis Staff as an active member and is responsible mainly for coordinating the entire area of material resources necessary for dealing with emergencies.

That is one reason that the ASMR plays the lead role in the Central Crisis Staff's working group for coordinating the provision of material resources.

By a decision of the government of the Czech Republic, in emergencies the ASMR coordinates the provision of state material reserves according to the requirements of the crisis staffs of municipalities, regions, ministries and the Central Crisis Staff.

First and foremost, in cooperation with the Ministry of the Interior the ASMR sees to the transfer and distribution and provision of humanitarian aid in the Czech Republic; secondly, it participates with the said ministries in providing material humanitarian aid abroad.

The Administration of State Material Reserves is the guarantor of the response to oil emergency situations in the Czech Republic.



EMERGENCY PREPAREDNESS EXERCISES

In times of recurring natural disasters and terrorist attacks, one of the key factors for successful emergency management is a state of constant readiness in the crisis management authorities. For that reason the Administration of State Material Reserves, in compliance with “The Principles for the Preparation and Performance of Exercises by Crisis Management Authorities of the Czech Republic”, stages regular domestic exercises for these authorities.

The Administration of State Material Reserves took part in a three-day exercise called ZÓNA 2013 (“ZONE 2013”; 26-28 March 2013), which simulated an industrial accident at the Dukovany nuclear power station. Here the ASMR tested, for example, the KRIZKOM crisis communication information system, which had previously only been used in routine operation. The KRIZKOM information system, which is the key tool for submitting requests for material resources and coordinating their provision, was used by the crisis staffs of the municipal authorities of municipalities with extended competence, regional authorities, ministries, the Central Crisis Staff and material reserves custodians. During the exercise, the ASMR used KRIZKOM to deal with critical supplies for medical support, emergency provision for evacuees and anti-chemical protection. It also responded to requests for state material reserves in the sphere of decontamination and emergency supplies of drinking water. The ASMR handed over the designated equipment to the fire service of the South Bohemian Region in the municipality of Unanov and to fire services of the Vysočina region in the municipality of Kožichovice. The exercise tested the preparedness of crisis staffs, expert working groups for coordinating the material resources of the Central Crisis Staff, the practicality of the KRIZKOM information system, and the preparedness of government departments and material reserves custodians. The aim of the exercise was to see how prepared central government agencies, local government bodies, basic and other components of the integrated rescue system and other entities are for the eventuality of a nuclear accident. The exercise as a whole was conducted under the direction of the Ministry of the Interior, specifically the General Directorate of the Fire Rescue Service of the Czech Republic.

The Administration of State Material Reserves also participates regularly in preparedness exercises targeting oil emergencies

and exercises for the collection of statistical data conducted by the International Energy Agency. The data collection exercise is organised in cooperation with the Czech Statistical Office and selected respondents that are member organisations of the Czech Association of Petroleum Industry and Trade. At a time of concerns about disruptions of oil supplies caused by growing consumption, a shortage of extraction and processing capacities and geopolitical risks, these exercises become particularly important. Hurricanes Katrina and Rita, which damaged a considerable part of the extraction and refining facilities in the USA in 2005, tested the joint procedures of IEA and EU member states in practice.

All the exercises helped further improve all aspects of the provision of material resources for emergency management and also helped raise public awareness.

In addition to exercises organised within its purview, the ASMR also plays a significant role in practically all exercises staged by the crisis management authorities, thus contributing to the Czech Republic’s improved ability and readiness to respond to emergencies.





HUMANITARIAN AID ROLE

Humanitarian aid is organised in compliance with Act No. 151/2010 Coll., on foreign development cooperation and humanitarian aid provided abroad, and Government Ordinance No. 463/2000 Coll. and the subsequently adopted, more specific resolutions of the government of the Czech Republic. Through the Administration of State Material Reserves and other appropriate bodies of state administration, the Czech Republic takes part in international humanitarian aid in affected areas.

One significant humanitarian aid action was aid for the victims of an earthquake in Pakistan in October 2005. After rescuers and medical personnel with the necessary support and equipment, the ASMR dispatched inflatable tent shelters, blankets, sleeping bags and water treatment devices to the affected area. This material was transported by truck to the NATO base at Rammstein in Germany and from there airlifted to its destination.

The ASMR took part in delivering humanitarian aid to the United States of America in the aftermath of Hurricane Katrina in August 2005 after the government of the Czech Republic approved total aid worth CZK 25 million. This was material aid in the form of 24,000 blankets, 20,000 of which were provided by the ASMR. For the first time, the NATO Response Force was used to transport the material to the USA.

In July 2005, humanitarian aid was transported by truck from ASMR depots to assist victims of floods in Romania. Following a Romanian request to the European Union and NATO, supplies of the requested canned food (4,500 units), sanitary kits (4,500 units) and 9 electricity generators rated from 24 to 75 kVA were dispatched. The material was received in the town of Comanesti by the prefect of Bacau county, who thanked the Czech ambassador in Romania for the speed with which the aid had been provided.

In cooperation with the Ministry of Foreign Affairs, the Ministry of the Interior of the Czech Republic decided to provide further humanitarian aid worth CZK 2 million in the form of drinking water treatment units, which Romania had identified as one of the necessary items. By agreement with the Ministry of the Interior – General Directorate of the Fire Rescue Service, the aid was provided through the ASMR. The VIWA 05 COUNTRY equipment is designed to produce potable water in field conditions.

Similarly, the ASMR provided humanitarian aid to flood-stricken Bulgaria. The Czech Republic, represented by the ASMR, provided a total of 60 portable floating pumps.

The ASMR also participated in the provision of aid in Asian countries affected by the earthquake and tsunami. The aid was handed over by a delegation headed by the foreign affairs minister of the Czech Republic. School articles and accessories for children in Sri Lanka and Indonesia worth approx. CZK 2.5 million were supplied by the Meta Trans disabled people's production cooperative in Prague. At the same time, 23,000 packs of drinking water were delivered to the affected areas.

ECONOMIC ASPECTS

The activities of the Administration of State Material Reserves, both its operations and its assets replacement, are funded via the dedicated budget heading 374.

Total expenditure on the ASMR's activities has been roughly constant in recent years at around CZK 1.7–1.9 billion. In 2006 it exceeded CZK 2 billion for the first time as a result of the high cost of funding oil security.

Since Act No. 189/1999 Coll., on emergency stocks of oil and petroleum products, took effect, the proportion of budget finances used to cover expenditure associated with protecting emergency oil stocks in line with the National Programme of the Czech Republic for Accession to the EU has grown gradually. Up to 2005 this expenditure accounted for 45–50% of total expenditure (with a slight 2–7% year-on-year increase). In 2006 expenditure associated with guaranteeing oil security exceeded 47% of total expenditure for the first time; in 2007 this share increased to as much as 55%. The reason for this trend was the unusually high year-on-year increases in domestic consumption of petroleum products, which must be accompanied by an increase in stocks to represent at least 90 days' consumption of petroleum products in the previous year. The increase in the stored quantity of this group of state material reserves thus results in a constant increase in the cost of safeguarding the stocks.

As regards the use of budget funds, expenditure on maintaining and protecting material reserves of an agricultural and food nature is another significant item.

Another important area of the ASMR's expenditure in the past 2 or 3 years has been the implementation of Act No. 241/2000 Coll., on emergency economic measures. In this area, the proportion of expenditure associated with preparing economic

measures for responding to emergencies primarily of a non-military nature is growing.

Expenditure on the running of the central body and its depots has hovered around 11% of annual total expenditure in the budget heading; in the last two years this item has decreased slightly.

Revenues paid into the budget by the ASMR are the counter-balance to budget expenditure on the state material reserves system. As the state budget funding of oil security has increased, however, the ASMR has been tasked to generate higher revenues.

The vast majority of the ASMR's work is preventive in nature, i.e. steps are taken to prepare measures necessary for coping with sudden emergencies impacting on various areas of the life of citizens and the Czech economy.





CONCLUSION

The global security environment is in a state of constant flux. The Czech Republic reacts to any new developments and updates its scenarios for the impacts of potential security threats on the citizen, the economy and the environment in our country, strengthening all measures intended to guarantee national security in a more effective and efficient manner.

The preparedness of the necessary material resources is an essential aspect of the adopted measures. The Administration of State Material Reserves therefore works together with all other government departments to develop, improve and rationalise the system of material resources to deal with the consequences of potential emergencies.

The ASMR regards emergency economic management as the principal tool for emergency economic measures. Consequently, it is preparing further information support projects to improve the speed and effectiveness of the work of crisis staffs when the necessary material resources are provided in an emergency. The ASMR is highly appreciative of the understanding and cooperative approach of the private sector, from which it obtains information about business entities' ability to supply the necessary material resources. It also appreciates the positive attitude of fire rescue service personnel in the regions, who collect this information.

Within the system of creating state material reserves, the ASMR will continue to procure the material resources necessary for tackling crisis situations such as floods, pandemics or terrorism. At the same time, it is prepared to play its role in further improving the state's oil or food security.

The Administration of State Material Resources will continue to develop its training of public administration personnel who deal with the issue of economic measures.

The ASMR welcomes any ideas or proposals for improving the emergency economic measures system as a whole so that, in cooperation with the executive, public administration, business and all the citizens of the country, it is able to guarantee the security of the Czech Republic more reliably and more effectively.





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