

SIXTH MEETING OF APEC ENERGY MINISTERS

ENERGY SECURITY IN APEC: COOPERATION FOR A SUSTAINABLE FUTURE

Manila, the Philippines, 10 June 2004

Message from APEC Energy Ministers

We, Energy Ministers of the APEC economies, gathered for the 6th time in Manila, the Philippines, on 10 June 2004 under the theme “Energy Security in APEC: Cooperation for a Sustainable Future”.

We agreed that access to adequate, reliable and affordable energy is fundamental to achieving the region’s economic, social and environmental objectives, that energy security challenges faced by the APEC region are constantly evolving, and that our efforts to enhance energy security must be flexible and responsive.

The importance of these efforts is further highlighted by the recent rise in global oil prices and its potential impact on economic growth and sustainable development within the APEC region. Having concern for the impact of recent high oil prices on our economies, we welcome efforts by oil producers to provide adequate supply to help stabilise the oil market. We recognise, however, that a variety of factors influence global markets, and in that context we commit our own efforts to enhance energy security.

We agreed that common ground exists for strong cooperation on energy security, with regional and global benefits. We agreed that our cooperation must acknowledge the individual circumstances of each member economy, and that our diversity of views is the foundation for meaningful dialogue.

We instruct the Energy Working Group (EWG) to continue its broad-based approach to energy security. We commit to continued development of response mechanisms for short-term disruptions while pursuing longer-term energy security objectives. We agreed that initiatives should be developed and implemented in close cooperation with the business, research and financial communities.

These initiatives include:

- *preparing for energy supply disruptions;*
- *facilitating energy investment;*
- *using energy more efficiently;*
- *expanding energy choices; and*
- *capitalising on technological innovation.*

Responding to Our Energy Security Challenges

We respond to the direction by APEC Economic Leaders in their 2003 Bangkok Declaration, to “accelerate the implementation of the Energy Security Initiative by endorsing its Implementation Plan and, as appropriate, a new Action Plan to enhance regional and global energy security.” We also commit to the continued implementation of our Type II Partnership Initiative, “Energy for Sustainable Development”, submitted to the World Summit on Sustainable Development in 2002.

Prepare for Energy Supply Disruptions. Oil remains the region’s dominant fuel and oil demand, particularly for transport, is growing rapidly. APEC has oil exporters and importers, but as a whole the region is a growing net oil importer. Historical experience indicates that oil supplies can be seriously interrupted by factors such as geopolitical instability, natural disasters, piracy on key sea lanes, terrorism, and the intrinsic infrastructure and production features of oil supply systems. Today, power plants, pipelines, port facilities, transmission hubs, hydroelectric structures and other parts of our energy infrastructure face some inherent vulnerabilities. Our challenge is to protect our economies from the adverse effects of oil supply disruptions and infrastructure damage.

To meet this challenge:

- We commit to having emergency mechanisms and contingency plans in place, appropriate to our individual member economies’ energy situations, that will provide us with the capacity to respond to energy emergencies, including oil supply disruptions, and damage to our infrastructure systems.
- We commit to establishing and maintaining, as appropriate to the needs of individual member economies, readiness to respond to oil market disruptions and oil market volatility by sharing data, information and experiences, and to cooperate and communicate as appropriate during emergencies.
- We direct the EWG to continue to build the capacity of member economies to collect data and report to the Joint Oil Data Initiative, to monitor efforts to strengthen sea-lane security and respond as appropriate, and to implement the Real-Time Emergency Information Sharing System. We encourage interested member economies to move towards best practice as identified in ‘Best Practice Principles for the Establishment and Management of Strategic Oil Stocks’; encourage consideration of the feasibility of joint stocks among interested parties; and encourage continued cooperation under the Earthquake Response Cooperation Initiative.

Facilitate Energy Investment. To meet the APEC region’s energy needs significant investment is required, and finance from the private sector and financial institutions is essential. Our challenge is for economies to find ways to engage the private sector and financial institutions and to reduce investment risk through policy and regulatory mechanisms that help create an environment to facilitate investment in the full range of energy projects, including energy efficiency, renewable energy and energy infrastructure.

To meet this challenge:

- We direct the EWG to implement the recommendations of the ‘Energy Investment Report: Facilitating Energy Investment in the APEC Region’, recognising the

important contribution of the private sector and financial community in developing the recommendations.

- We reaffirm our commitment to encourage the implementation of best practices previously endorsed for investment in the natural gas and electricity sectors.

Use Energy More Efficiently. The potential to reduce energy use through more efficient production, distribution and consumption of energy is great, with energy efficiency enhancing regional energy security and sustainable development through lower energy demand, reduced energy costs and lesser environmental impacts. Cooperation between member economies has proved effective in facilitating improved energy efficiency through the sharing of information and experiences on policies and programs in individual economies. Our challenge is to continue and build on these efforts.

To meet this challenge:

- We commit to implement, as much as possible, an invigorated energy efficiency Pledge and Review Program that includes exploring ways to monitor the implementation of policies and programs.
- We encourage all member economies to participate in the Energy Standards and Labelling Cooperation Initiative and the web-based APEC Standards Notification Procedure aimed to facilitate trade in efficient energy using equipment used within the region.
- We also encourage broadening the scope of work on energy efficiency to include other energy intensive sectors, and to monitor the development of new technologies that could have significant impacts on, and synergy with, energy efficiency and conservation.

Expand Our Energy Choices. Energy diversification broadens our choice of energy sources and technologies and in doing so, strengthens energy security and sustainable development within the APEC region. The region's move towards a more diverse energy mix includes a growing demand for natural gas, through cross-border pipelines and Liquefied Natural Gas (LNG), recognition that, for some member economies, nuclear power plays a significant role in their energy mix, and increased development and deployment of renewable energy technologies. In the longer term, research on methane hydrates may yield an important complement to other sources of natural gas. Our challenge is to continue to diversify in ways that support the region's economic, social and environmental objectives.

To meet this challenge:

- We support the creation of a competitive and transparent marketplace for gas trade and encourage member economies to move towards best practice as identified in 'Facilitating the Development of LNG Trade in the APEC Region', recognising the important contribution of the private sector in developing these principles, and direct the EWG to implement its recommendations. We also direct the EWG to continue work to improve the security of natural gas supply by identifying vulnerabilities, supporting trade promotion and establishing convenient information links to gas market data available in existing data systems.

- Recognising that some Member Economies consider nuclear power as an option for their energy mix, while others do not, interested Member Economies are encouraged to cooperate on the nuclear framework as endorsed by the EWG. We emphasise that security, seismic and health concerns, including trans-border effects, should be adequately addressed’
- We support research on the potential of methane hydrates as a future energy source and direct the EWG to communicate research developments within their economies.

Capitalise on Technological Innovation. Innovative technologies enable us to discover, produce, transport and use energy in new and more efficient ways, increasing our access to more adequate, reliable and affordable energy. They also strengthen energy security and sustainable development through energy diversification, lower energy costs and the provision of cost-effective solutions to reduce environmental impacts. Innovations include technologies for cleaner and more efficient fossil energy production, carbon dioxide capture and geological sequestration, the production, storage and distribution of hydrogen for use in fuel cell vehicles and electricity generation, and the development of renewable energy technologies and alternative transportation fuels. Our challenge is to capitalise on these and other technological innovations.

To meet this challenge:

- We direct the EWG to continue its work in the areas of clean fossil energy, carbon dioxide capture and geological sequestration and, under the 21st Century Renewable Energy Development Initiative, renewable energy, working closely with the EWG Business Network and the APEC business and research communities.
- We direct the EWG to implement the recommendations identified in the ‘Interim Framework Document on Hydrogen and Fuel Cells’ that highlights the potential for a hydrogen economy in the APEC region. In doing so we note that APEC Science Ministers, at their meeting in New Zealand in March 2004, directed the Industrial Science and Technology Working Group and the APEC Center for Technology Foresight to collaborate with the EWG in its research on the hydrogen economy, and ask that the EWG support these efforts.
- We call for accelerated cooperation on the development of alternative transportation fuels.

To meet all of these challenges, we call upon the EWG to work closely with the APEC business and financial communities, including through the EWG Business Network, and to draw upon the expertise and resources of the EWG Expert Groups and APERC, of which we endorse the APERC strategic plan that outlines the cooperation sought from member economies for further improving its research activity.

We encourage the EWG to continue cooperation with other organisations, where it is in our interest to do so, and commit to making our activities and achievements known, as appropriate, to other relevant fora.