

## Fourth Meeting of APEC Energy Ministers

### "Turning Vision into Reality"

San Diego, United States

May 12, 2000

#### **Declaration**

APEC Energy Ministers met for the fourth time in San Diego, California, May 12, 2000, to discuss regional energy cooperation and the role of energy in meeting APEC's goals in the 21<sup>st</sup> Century.

#### **Message to APEC Economic Leaders:**

Under the theme of "Turning Vision into Reality" Ministers committed to the implementation of energy initiatives on a voluntary basis, taking into consideration the different stages of development of APEC member economies, endorsed a new implementation strategy, and agreed to send the following message to APEC Economic Leaders.

- 1. We, APEC Energy Ministers, meeting on the eve of the new millennium, convey our conviction to make the best effort for the simultaneous pursuit of economic growth, energy security and environmental protection, recognizing that energy is central to maintaining the region's economic recovery, building the region's economic and social future, strengthening the marketplace, and promoting clean and sustainable development.*
- 2. Over the past few years we have endorsed energy policy and regulatory initiatives that provide sound guidance for sustaining the momentum for reform, creating the conditions under which private capital can flow and energy can contribute to the betterment of peoples' lives, and increasing energy security by creating conditions for providing adequate supplies at reasonable prices.*
- 3. We have endorsed technology cooperation initiatives that provide benefits to all citizens, give a human face to development, provide new options for the clean development and use of energy, and contribute to energy security by diversifying the energy mix, improving energy efficiency, deploying new and renewable energy technology, reducing costs, facilitating energy business and trade, and mitigating damages on energy infrastructure after natural disasters, according to each economy's particular circumstances.*
- 4. We believe that the time is right to focus on how to implement our initiatives because (1) many of our economies are undergoing energy sector reform and stand to benefit from the shared experiences of other economies in coping with the transition to a more open, competitive markets and (2) rising demand and resulting dependence on oil*

*supplies from outside the region have made energy security a major concern in many of our economies.*

*5. We are also responding to your directions to translate vision into action and to pay more attention to implementation and practical results.*

*6. We commit to implement the Framework for the Integration of Women in APEC, which is a significant step to enhance the ability of women to contribute to and benefit from prosperity of the region.*

*7. We noted the existence of disparities in terms of technical skills, human resources development and business sector capabilities within APEC Economies. We hereby believe that in all our endeavors we must strive to ensure that the disparities among the developed and developing economies should be narrowed in our effort to turn vision into reality.*

*8. We hereby commit to the implementation of our energy initiatives and to better integration of trade and investment liberalization and facilitation goals with mutually supportive economic and technical cooperation goals.*

*9. We also commit to a new implementation strategy, which features a program of implementation facilitation to member economies as requested on a voluntary basis and a system of self-reporting on progress in implementation by member economies to you through the Energy Working Group and the APEC system.*

## **Energy Initiatives**

10. Our implementation commitment and strategy cover the following initiatives which progress and fulfil our directions from the Third APEC Energy Ministers' Meeting:

Fourteen non-binding energy policy principles that recognize the need for a common frame of reference and to work together to give impetus to energy policy reform;

Strengthening policy dialogue among member economies on issues such as energy security, energy infrastructure, energy market reform, energy efficiency and energy and the environment;

Asia Pacific Energy Research Centre (APEREC's) Energy Demand and Supply Outlook, which examines energy trends in the APEC region over the 15 year period from 1995 to 2010, greatly fostering member economies' understanding of energy issues and future energy supply and demand trends;

*A Manual of Best Practice Principles for Independent Power Producers and a Natural Gas Initiative*, developed in close cooperation with the business community, that recommends non-binding policy principles and best practices for improving investor and member economy confidence and reducing the risks and costs of financing energy infrastructure development;

An *Environmentally Sound Energy Infrastructure in APEC* initiative that recommends non-binding principles and best practice principles for incorporating good environmental practices into the development of power projects, and is now being broadened to encompass other aspects of energy infrastructure development;

A voluntary pledge and review energy efficiency initiative for improving industrial competitiveness, reducing the environmental impacts of energy production, delivery, and use, and producing energy savings;

A general policy framework for cooperation on energy standards, including support for inclusion of energy efficiency with the mutual recognition agreements being developed in the APEC region, and establishment of the position of an APEC Energy Efficiency Test Procedures Coordinator to facilitate the implementation of a product-by-product approach to the greater alignment of energy performance test procedures;

Broad technology cooperation programs in energy efficiency and conservation, renewable energy technology, and clean fossil energy;

Close cooperation with the Energy Working Group Business Network and the Energy Regulators' Forum;

The initiation of information sharing on oil markets, which will foster member economies' understanding of oil supply and demand trends and contribute to the enhancement of oil security; timely and accurate data on oil supplies, demand, and inventories can assist the goal of achieving a more transparent, secure, and less volatile oil marketplace;

Close cooperation with the APERC, generously hosted and supported by Japan, on analyses and studies related to energy policy deliberations;

A response cooperation initiative to mitigate damages on energy infrastructure after natural disasters, including earthquakes;

An initiative to advance cooperation in the development and deployment of new and renewable energy technology, especially in developing economies, and to hold an APEC private sector renewable energy forum to promote private sector involvement in the identification and implementation of collaborative efforts under this initiative;

A program to identify best practices for energy services consisting of a series of workshops throughout the region that will provide education on the nature and benefits of energy services and identify appropriate government policies and practices.

The identification of further initiatives to advance our common goal of sustainable development.

### **Primary Principles in Our Initiatives**

11. Our initiatives embody a number of primary principles to guide and assist the development of our individual and collective activities, including:

A common understanding on regional energy issues and future energy supply and demand trends;

Complementary regulatory, institutional and procedural regimes with no impediments to trade and investment in energy infrastructure, products and services;

Open, efficient and competitive markets for energy services and products, both within and among economies;

Energy pricing principles and practices of member economies which: (a) reflect the economic cost of supplying and using energy across the full cycle of energy assets and infrastructure: and (b) have regard to environmental impacts;

Non-discriminatory, transparent and predictable policy, regulatory, environmental and administrative regimes in the energy sectors of member economies;

Cooperation in the development of domestic and intra-regional energy infrastructure and energy trading networks;

Sustainable development through the harmonization of economic development, energy security and the environmental impacts of energy production and use;

Energy supply diversification (including renewable energy) and improved energy efficiency.

### **Implementation Strategy**

12. We commit to an implementation strategy which features:

A program of implementation facilitation under which invited teams will visit economies to share experiences on our initiatives and agreed principles; A system of voluntary, annual self reports on implementation progress by member economies that will be forwarded to Economic Leaders through the Energy Working Group and the APEC system;

An agreed and consistent reporting framework to be developed by the Energy Working Group that each economy may use.

13. A detailed description of the implementation strategy is attached.

14. Ministers welcomed the opportunity to meet and discuss recent developments in the energy sector and the opportunity afforded by this meeting to give direction to the future of the work of the Energy Working Group. Ministers recognized that clean and sustainable energy policies are likely to remain of paramount importance in the years to come as growing populations, economic development, new technologies, and rapidly changing circumstances present new challenges and opportunities. They directed the Energy Working Group to chart the progress in the implementation of the initiatives mentioned above and to report back to them at the next Ministers' meeting on the effectiveness of the new implementation strategy.

## **Implementation Strategy for APEC's Energy Program**

### **Objectives**

To integrate APEC's broad and active energy program and make it more effective. To demonstrate to Economic Leaders the leading role of energy in maintaining economic recovery, continuing the momentum for reform, and building a clean and sustainable future in the region.

To strengthen APEC's ability to simultaneously pursue economic growth, energy security and environmental protection (Economic Leaders' 3E's initiative).

To respond to Economic Leaders' direction to pay more attention to implementation and concrete results, to translate vision into action, and to deliver on commitments.

To respond to Economic Leaders' direction to actively involve the business community.

To more closely integrate trade and investment liberalization and facilitation (TILF) and economic and technical cooperation (EcoTech) activities and initiatives, in recognition of their close and mutually supportive linkages.

To respond to the great energy security concern of many of our economies by implementing strategies that strengthen energy markets, improve energy efficiency,

increase the use of renewable energy, mobilize private capital, promote investment in clean energy sources and production systems and diversify our energy supply.

To promote the implementation of the fourteen non-binding energy policy principles and other agreed initiatives.

To integrate the Framework for the Integration of Women in APEC.

### **Major Elements**

Implementation will be assisted by two major programs: (1) a program of implementation facilitation, as requested on a voluntary basis by member economies; and (2) a system of self-reporting on a voluntary basis by members economies that measures progress in implementation.

It is recognized that the strategy may evolve along with the development of APEC's energy program and initiatives. At a minimum, the strategy will be re-evaluated after 3 years.

### **Implementation Facilitation**

Many of our economies are considering and undergoing energy sector reform and stand to benefit from the shared experiences of other economies. The comprehensive implementation strategy therefore features shared experiences and assistance for developing the capacities of our economies to cope with the transition to more open, competitive markets.

The APEC Energy Working Group will establish a program under which, as invited by member economies, implementation facilitation teams visit economies to share experiences on our initiatives. Team members are drawn from the Energy Working Group (EWG), the EWG's Expert Groups, the EWG Business Network, the Energy Regulators' Forum, other designated experts and the EWG Secretariat.

Requests for an implementation facilitation team visit are made by member economies to the Chair of the Energy Working Group. Requests should detail as much as possible what the host economy expects to gain from the visit. In response to the invitation, the Chair of the Energy Working Group requests that an implementation facilitation team be formed that is appropriate to the needs of the host economy.

In recognition of the close linkages between trade and investment issues and technology issues and the broad nature of the APEC energy program, host economies are encouraged to consider trade and investment requirements as well as technology requirements in offering invitations. For instance, a host economy may request that an implementation facilitation team focus on the best practice and policy recommendations of the Natural Gas Initiative, with their implications for policy and regulatory reform and related technology issues. Alternatively, the host economy may choose to focus on only trade and investment issues or only on technology issues.

Implementation facilitation team visits are planned on an ad hoc basis to ensure that visits meet the needs of volunteer host economies and that the best practices, principles and experiences are presented in a context relevant to the host economy.

The preparations for the visit include interactions between the team and the host economy to ensure that the visit team is well prepared and focused and that the needs of the host economy are met.

The implementation facilitation teams are encouraged to emphasize practical applications.

The format and substantive focus for the visit is determined by the host economy; however, emphasis is placed on open and free dialogue between business and government participants, such as are available in a workshop or seminar.

The membership of the team is deliberately kept to a minimum (approximately 5-7); however, aware of the objective of building capacity as well as advising governments, host economies are encouraged to open local participation as widely as possible to public and private participants.

A report of the results of the visit is prepared by both the visiting team and the host

economy and made available to the Energy Working Group Chair. These reports should include a summary of topics discussed and conclusions drawn. The host economies are encouraged to identify in their reports expected follow-on activities resulting from the visit, as well as the need for possible additional team visits on more specific topics.

## **Reporting and Measuring Implementation**

Economies may measure progress in the implementation of energy initiatives endorsed by Ministers by a system of voluntary, annual self-reports that will be forwarded to Economic Leaders through Energy Working Group and the APEC system.

The self-report is prepared within the context of the fourteen non-binding energy policy principles and the other agreed energy initiatives.

The self-report specifically includes progress on the implementation of and issues relating to initiatives on: (1) independent power producers, natural gas and environmentally sound energy infrastructure; and (2) energy efficiency, including the voluntary pledge and review and the harmonization of performance testing standards. The report may also include progress on and issues relating to the implementation of other principles to which Ministers have agreed, such as on energy security, and to programs on energy technology. The report will be expanded as Ministers endorse other initiatives.

The self-reports should stress short, medium and long term issues and goals related to each initiative and should include, initially, self-identified indicators and benchmarks of progress.

The Energy Working Group will give priority to developing an agreed and consistent reporting framework that each economy may use.

The annual self-reports are made to the Energy Working Group at its September/October meeting, as the basis for a general discussion of implementation progress and issues by the Energy Working Group. The Chair of the Energy Working Group prepares a summary of implementation progress and issues and forwards it along with the individual self-reports to APEC Economic Leaders through the APEC system.