

APEC ENERGY MINISTERS STATEMENT

Objectives

1. We, APEC Energy Ministers, meeting for the fourth time at the beginning of APEC's second decade, convey to APEC Economic Leaders our conviction that energy deserves greater attention in APEC in 2000 and beyond.
 - . Energy issues, and the steps we have taken to address those issues, are central to building the region's economic and social future, attaining clean and sustainable development, and strengthening markets.
 - . We believe that we have energy initiatives, such as on natural gas and independent power production, that provide policy and practical guidance for sustaining the momentum for reform and for strengthening the marketplace.
2. We are responding to instructions from Economic Leaders to translate vision into action, to pay more attention to implementation and practical results, to deliver on commitments, and to do a better job of reaching the Bogor Goals.
3. As the theme for our meeting, therefore, we commit individually and collectively to a comprehensive implementation strategy for our energy agreements, initiatives, including the natural gas initiative, and programs. Our intention is to assist the process of building and strengthening the marketplace so that competition can flourish on a safe and sustainable basis, private capital can flow, new employment can be created, and that energy can contribute to the betterment of people's lives in our economies.
4. We believe the timing is right for a comprehensive energy implementation strategy. Energy security is a great concern for many of our economies.
 - . Economic forecasts indicate that the region's demand for energy is expected to significantly outpace regional energy production; dependence on external supplies of oil and gas from outside the region, particularly from the Middle East, is a reality faced by many of us. We need to enhance our individual and collective energy security by implementing strategies that strengthen energy markets, mobilize private capital on an unprecedented scale, promote investment in clean energy sources and production systems and diversify our energy supply.
 - . Many of our economies are considering and undergoing energy sector reform and stand to benefit from the shared experiences of other economies. Our implementation strategy features sharing experiences in reform and restructuring and helps develop the capacity of our economies to cope with the transition to more open, competitive markets.

Recommitment

5. APEC's goals and that are responsive to the Leaders 3Es initiative for the simultaneous pursuit of economic growth, energy security and environmental protection:
 - . Recognizing the need for a common frame of reference and the need to work together to give impetus to energy policy reform, we have endorsed 14 non-binding energy policy principles. We agreed to implement the policies vigorously in a flexible manner in line with each member's domestic circumstances.
 - . We have endorsed two initiatives that address the need to attract the huge amounts of private capital, which governments alone can not provide, needed for energy infrastructure development. The *Manual of Best Practice Principles for Independent Power Producers* and the *Natural Gas Initiative* were developed in close cooperation with the business community and recommend non-binding policy principles and best practices aimed at improving investor confidence and reducing the risks and costs of investment in, and financing of, energy infrastructure.
 - . We have endorsed an initiative and are implementing a work program on *Environmentally Sound Infrastructure In APEC Electricity Sectors*. The initiative contains non-binding principles promoting the incorporation of good environmental practices into the development of power projects.
 - . Recognizing the importance of energy efficiency for improving industrial competitiveness, reducing the environmental impacts of energy production, delivery, and use, and savings made available for other uses, we have endorsed a voluntary pledge and review program comprising: developing and implementing programs to achieve efficiency gains where economic to do so; reporting on the programs developed, their specific objectives and results achieved; sharing information and experience in achieving improved energy efficiency; and developing indicators and databases that will enable the measurement of performance over time.
 - . We are initiating a program to increase harmonization of energy standards, including the mutual recognition of testing protocols, acceptance of test results, and accreditation of laboratories, and, in the longer term, energy standards on specific products. This program will enhance the achievement of energy efficiency goals and will reduce costs in trade in products subject to energy standards. A Standards Notification Procedure will increase transparency to business and facilitate trade.
 - . We incorporate the business perspective into our initiatives through the Energy Working Group (EWG) Energy Business Network, which has two members from each economy. The EWG Energy Business Network has been particularly instrumental in developing our implementation strategy. We have established the custom of holding Energy Ministers meetings back-to-back with a public-private workshop, in which Ministers participate.

- . Given the APEC region's growing demand for energy and its growing import dependence, we agree that energy security is a primary concern. We agree that energy security can be improved primarily through the enhancement of open, efficient regional markets, diversity of energy mix, and measures to achieve efficient energy production, distribution and consumption.
 - . The Energy Working Group works closely with the Asia Pacific Energy Research Center, generously hosted and supported by Japan, which provides significant analyses on energy supply and demand issues and other issues relating to energy security policy deliberations.
6. Our agreements, initiatives and programs embody a number of primary principles that we acknowledge need further development and achievement, individually and collectively, in line with each members' domestic circumstances. These principles, to which we recommit, include:
- . Complimentary 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 and administrative regimes in the energy services sectors of members economies;
 - . Domestic and intra-regional energy infrastructure and energy trading networks;
 - . Sustainable development through transparent and non-discriminatory environmental practices and the promotion of energy efficiency having regard to the harmonization of energy development, energy security and the environmental impacts of energy usages;
 - . Energy supply diversification for electricity generation.

Comprehensive Implementation Strategy

7. Leaders have stressed the importance of economic and technical cooperation and their benefits to all citizens and their ability to give a human face to development, including by, inter alia, harnessing technologies of the future. We believe we need to do a better job of integrating our trade and investment liberalization and facilitation (TILF) initiatives with our programs in economic and technical cooperation (EcoTech) because work in one area supports and complements work in the other area.
8. As a result, we are endorsing the attached Comprehensive Implementation Strategy. It has two major elements: (1) a program of implementation assistance, as requested on a voluntary basis; and (2) a system of self-reporting on and measuring progress in implementation. It is recognized that the strategy may evolve along with APEC's goals and energy development. At a minimum, the strategy will be re-evaluated after 3 years.
9. Implementation assistance will consist of a program of communication, education, consultation and capacity building under which advisory teams visit economies, as invited, to share experiences related to our agreed principles and best practices on policy and regulatory reform and /or experiences and practices related to energy technology. The emphasis of these visits is to find ways to apply the principles, best practices and experiences to the specific requirements of individual economies. The advisory teams are tailored to the specific needs of individual economies.
10. Self-reporting consists of a voluntary consolidated annual self-report that will be forwarded to Economic Leaders and that is prepared within the context of the 14 non-binding energy policy principles and the principles identified in paragraph 8 above. The report will be expanded as Ministers endorse other initiatives.
11. The self-reviews stress short, medium and long term issues and goals and will initially include self-identified measurements (benchmarks) of progress. The Energy Working Group will work on ways to systemize measurement.
12. The Energy Working Group will discuss the issues in the individual annual reports and prepare a brief summary of progress and issues for Economic Leaders. The first report will be made to Economic Leaders in 2000.