



Asia-Pacific Economic Cooperation

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APEC Action Plan to Enhance Energy Security

Purpose: Consideration
Submitted by: United States



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APEC Action Plan to Enhance Energy Security

APEC Leaders, cognizant that stable supplies of energy are critical to sustained economic growth, endorsed the **Energy Security Initiative (ESI)** in 2001 and 2002. The ESI responds directly to the energy security challenges faced by the region and has demonstrated how voluntary partnerships between economies can successfully address potential threats to economic growth and development. In the short-term, the ESI calls for energy data-sharing and emergency preparedness, and over a longer horizon, for the development of clean, reliable, and sustainable energy sources. APEC members agree to enhance energy security by endorsing an Action Plan that focuses on facilitating natural gas trade, enhancing preparations for energy emergencies, and developing clean and sustainable energy. This Action Plan, in coordination with the Energy Security Initiative Implementation Plan, accelerates the Energy Security Initiative and other work in the energy program. Economies would implement this Action Plan on a voluntary basis.

I. Short-Term Solutions to Expand Trade, Build Markets, and Increase Market Stability

Facilitate Natural Gas Trade and Promote Private Sector Investment: APEC members account for over half of the world's natural gas production, consumption, and exports. Moreover, Asia-Pacific is the heart of the global liquefied natural gas (LNG) market, with half of the world's exports and 70 percent of imports. APEC members commit to the creation of a competitive and transparent marketplace for international gas trade. In order to support the development of natural gas trade, the Energy Working Group (EWG) should be directed to develop a framework for making natural gas market information available to all economies in a standard format. This framework could include a methodology for economies to use for reporting natural gas data to an on-line Gas Market Data System. The EWG should also be directed to recommend best practices to facilitate the growth of LNG trade in the region by the June 2004 (tentative date) energy ministers' meeting.

Enhance Emergency Response Mechanisms: In 2002, Leaders encouraged economies to put emergency plans in place, including the option of strategic oil stocks, and to share information during supply disruptions. Economies commit to continued and accelerated development of energy emergency response plans, including strategic oil stocks and other response mechanisms. By June 2004, EWG will recommend, for energy ministers' approval, best-practice principles for managing strategic stocks and will establish a program to provide capacity-building assistance on technical and policy issues. In addition, by June 2004, the EWG should develop a system for sharing real-time information and for sharing perspectives on the situation.

II. Articulating a Vision for the Future through Clean Energy Technologies

Energy Investment: APEC members commit to working with the private sector and financial institutions to facilitate investment in clean and more efficient energy infrastructure and technology. The EWG should work jointly with the private sector and financial institutions to identify best practices to facilitate this investment by the June 2004 (tentative) energy ministers'

meeting. The EWG should draw upon previous work on facilitating investment in energy in identifying these best practices.

APEC Hydrogen Economy: Hydrogen holds great potential as a clean and efficient means of storing and carrying energy. Several APEC economies are already working in this area. APEC members agree to accelerate the development of an "APEC Hydrogen Economy" as follows:

- Cooperate with the International Energy Agency and the International Partnership for the Hydrogen Economy (IPHE);
- Direct the EWG to work with the IEA and IPHE to develop an Interim Framework Document to identify opportunities and obstacles in developing hydrogen and fuel cell technologies, including work to;
- Develop a program for capacity building assistance on policy and regulatory issues; and
- Work in a long view toward harmonized codes, standards, and regulations.

Methane Hydrates: The APEC region's natural gas consumption is projected to increase at least 50 percent by 2020. Potential natural gas resources from methane hydrate represent double the energy of all other fossil fuels combined. Methane hydrates exist offshore in nearly all APEC economies and in the Arctic areas of Canada, Russia, and the U.S. APEC members endorse the formation of the Methane Hydrate International Research Consortium and direct the EWG to work with research institutions to develop a Consortium Research Plan by the June 2004 (tentative date) energy ministers' meeting.