

ENERGY SECURITY INITIATIVE

(a) Background

In September 2000 the Senior Officials Meeting discussed what action APEC could take to respond to oil price volatility and called upon the Energy Working Group (EWG) to analyse the situation and make recommendations on issues surrounding energy security.

As part of a broader response, at EWG20 in Peru (October 2000) members considered what further cooperation should be taken to minimise the impact of oil supply-side shocks. An initiative addressing oil supply disruptions was put forward by the United States, with suggested text agreed for submission to SOM and Economic Leaders. The objective of the initiative is to voluntarily “...provide member economies with further options to consider in addressing the economic impacts of oil market volatility and more fundamental energy security concerns...”, with the initiative to be addressed through a series of informal workshops.

At EWG20, the Co-chair, recognising both the importance and urgency of the oil market situation, raised the question of the submission of an urgent project proposal to execute the Initiative. It was agreed that this would be pursued.

Economic Leaders, in their Declaration on November 16 2000, noted “*the risks to the world economy posed by volatility in the oil market*” and called “*for appropriate measures to promote stability in the mutual interests of consumers and producers*”¹. Leaders also “*welcomed the new energy security initiative*”².

Subsequently a series of workshops (in Tokyo, Houston, Seoul, Bangkok and Port Moresby) identified the need to develop a strategic approach to the issue. The outcome was the development of an Energy Security Initiative, which was endorsed at EWG22 in Port Moresby (September 2001). The initiative was then forwarded for APEC Leaders and Ministers at their October 2001 meetings in Shanghai. A copy of the Energy Security Initiative is at [Attachment A](#).

Accelerated by the events in the United States of 11 September 2001, the subsequent Leaders’ Statement on Counter-terrorism, released on 21 October, determined that a key measure of enhancing counter-terrorism cooperation would be: “*Strengthening of energy security in the region through the mechanism of the APEC Energy Security Initiative*”. APEC Economic Ministers also called on the EWG to intensify its work on strengthening the security and reliability of affordable energy to all in APEC.

The Energy Security Initiative comprises measures to respond to temporary supply disruptions and longer-term policy responses to address the broader challenges facing the region’s energy supply that are practical in a policy context and politically acceptable. The Initiative also addresses energy for sustainable development through strengthening the security and reliability of affordable energy.

¹ APEC Economic Leaders Declaration, Brunei Darussalam: Delivering to the Community, Bandar Seri Begawan, 16 Nov 2000, pg 1.

² Ibid, pg 6.

The United States leads the implementation of the Energy Security Initiative, with input provided by other member economies.

(b) Energy Security Activities

The Energy Security Initiative lists a series of actions:

Sea Lane Disruption Simulation Exercise

To deal with the possibility of sea-lane disruption, a simulation exercise was held in Tokyo on 18-19 April 2002, as part of APERC's energy security activities. Recognising that oil imports to Asia are growing rapidly and are highly dependent on tanker transport, this exercise simulated possible disruptions of energy supplies through sea-lanes in the APEC region. The essence of the exercise was to simulate real decision making by responding to changing scenarios.

The results of this exercise were reported to the Energy Security Initiative Workshop held 23-24 April 2002 in Chinese Taipei. A report will be provided by APERC to EWG23.

Energy Security Initiative Workshop

An Energy Security Initiative Workshop was held on 23-24 April in Chinese Taipei. The purpose of the workshop was to discuss relevant issues with respect to energy security, with an emphasis on oil, and to draw recommendations for future actions. Major topics included:

- Oil supply disruption measures;
- Oil supply emergency response; and
- Non-petroleum – ie. coal, natural gas and renewable energy – and longer term concerns.

A report of the workshop will be provided to EWG23.

Workshop on Sharing Information on the Oil Data Initiative

The Institute of Energy Economics of Japan has coordinated a monthly oil data collection exercise on behalf of the Expert Group on Energy Data and Analysis. An evaluation of this exercise is to be presented to the Energy Security Workshop in Chinese Taipei (above). A further workshop is to be held in conjunction with EWG23 in Bangkok, 13 May. Outcomes will be reported to the EWG23.

Action Proposed for the Twenty-Third Meeting

- Members to note the progress on the Energy Security Initiative and provide comment.