



The 53<sup>rd</sup> Meeting of APEC Energy Working Group (EWG)

Singapore, 26-27 April, 2017

# 12.e. Oil and Gas Security Initiatives (OGSI)

Takato OJIMI  
President, APERC



## 12.e. (1) Introduction of OGSi

- **APEC Oil & Gas Security Initiative (OGSI)** was approved as an **APEC Self-Funded** project in **EWG 48** in **November 2014** in **Port Moresby, Papua New Guinea**.
- **APEC Energy Ministers** instructed “the **EWG**, with the support of **APERC** and other organizations such as **IEA** to strengthen oil and gas emergency response mechanisms in the **APEC** region through **OGSI**” in the **12<sup>th</sup> EMM** in **October 2015** in **Cebu, the Philippines**.
- **OGSI** consists of three pillars:
  - **Oil & Gas Security Exercise (OGSE)** on a **voluntary** basis;
  - **Oil & Gas Security Network (OGSN)** by officials in charge of oil and gas security policy in each **Economy**; and
  - **Oil & Gas Security Studies (OGSS)** on research topics related to oil and gas security in the **APEC** region.

## 12.e. (2) Progress of OGSI: OGSE

- **OGSE in Australia** was held in Melbourne on 29-31 March 2017 with a focus on regional capacity building.
- Expert Review Team was composed of **7 members** – IEA, ACE, ERIA, Australia, Japan, USA and IEEJ.
- **28 participants** including representatives from Indonesia, the Philippines and Thailand participated in the exercise.
- **1 common scenario** for oil supply emergency exercise and **4 individual scenarios** for gas supply emergency exercise were presented to Australia, Indonesia, the Philippines and Thailand.



# 12.e. (2) Progress of OGSi: OGSN

**APERC**  
Asia Pacific Energy Research Centre

February 2017  
Issue No. 14

## APEC Oil and Gas Security Newsletter

Production Cut by OPEC and Non-OPEC and the US Shale, Revival?  
*by Tetsuo Morikawa*

Through the regular OPEC Meeting in November 2016, and the OPEC and Non-OPEC Ministerial Meeting in December, OPEC members agreed to cut production by about 1.2 million barrels per day (mb/d) from September levels, and the ten non-OPEC countries agreed to cut production by about 0.56 mb/d from October-November levels, for six months starting from January 2017. This is the first time in 15 years that OPEC and non-OPEC countries have agreed on a joint production cut, and it resulted in oil prices returning to the \$50 range in the fourth quarter 2016.

According to the International Energy Agency (IEA), OPEC crude production fell to 32.06 mb/d in January, and the compliance rate turned out to be about 90%. Considering the historical rate of around 80%, this time OPEC members observed the agreement relatively well. Non-OPEC countries might be less compliant, although it is hard to figure out the compliance rate as a whole. As majority of the non-OPEC production cut is supposed to come from Russia that agreed to decrease production by 0.3 mb/d, IEA data reveals, however, the production cut was only 0.12 mb/d. Nevertheless, as far as OPEC is concerned, production cut is proceeding almost as planned. Thus, Saudi energy minister Khalid al-Falih projects that oil supply and demand will rebalance by the time of the next OPEC meeting in May.

Meanwhile, according to US Energy Information Administration, the US crude output was 8.81 mb/d in November 2016, up 0.23 mb/d month-on-month. The number of operating rigs has been rising since May 2016, and shale oil productivity continues to improve. The oil (*next page*)

**In this issue**

- Production Cut by OPEC and Non-OPEC and the US Shale, Revival? ..... 1
- Electric Vehicle Growth in China Set to Shrink Oil Demand ..... 2
- Middle East Update ..... 3
- Interview with Dr. Jyung-Shiau Chen ..... 4
- Sudden Increase in Spot LNG Price and its Implication to Gas Security ..... 7

**Highlights**

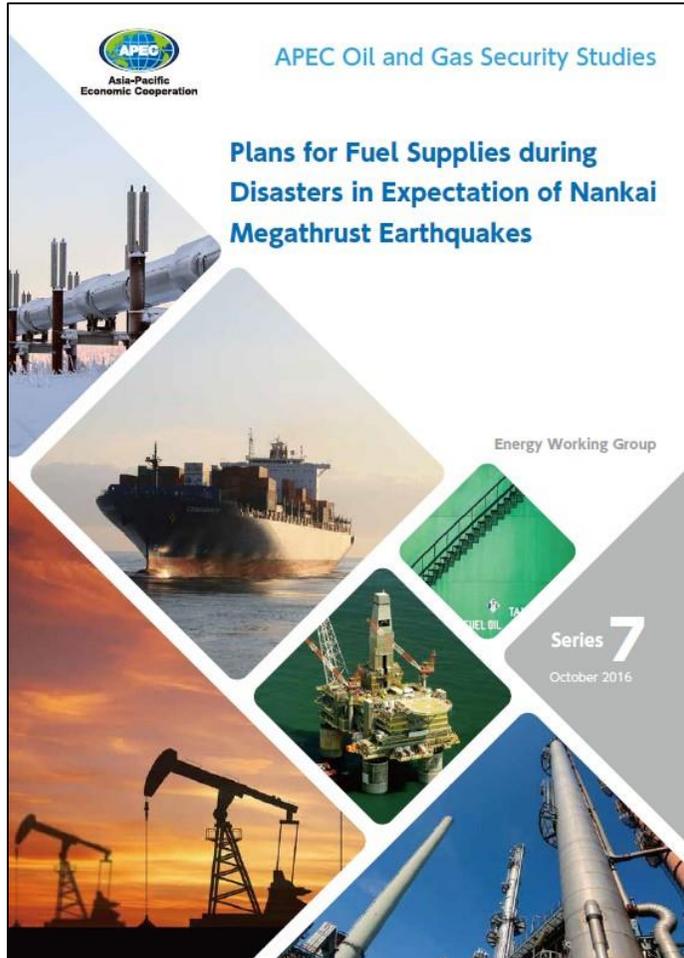
- Upcoming Event - 3rd Oil and Gas Security Network Forum
- Upcoming Event - Oil and Gas Security Exercise in Australia for Regional Capacity Building
- Crude Oil Spot Price (WTI and Brent)
- Natural Gas Spot Price (Henry Hub)
- Photo and Photo Story

**CRUDE OIL SPOT PRICES**

WTI—USD 54.02 (Feb. 24)  
Source : US Energy Information Administration

- **14 bi-monthly OGS Newsletters were already issued and circulated since December 2014.**
- **The 3rd Oil and Gas Security Forum is under planning to be held on 29-30 June 2017 in Irkutsk, Russia, for the first time outside Japan.**

## 12.e. (2) Progress of OGSI: OGSS



- In addition to six studies already published, **one study** was published after endorsement by EWG.
  - Plans for the Fuel Supplies during Disasters in Expectation of Nankai Megathrust Earthquakes
- **Four studies** were completed.
  - Energy Security Indexation
  - Impact of Low Oil Price on Energy Security
  - Natural Gas Security in APEC
  - Superiority of LPG: A Disaster-Resistant Energy Source
- **Two new topics** were chosen.
  - Energy Security of APEC Economies in a Changing Refinery Environment
  - Investments in the Natural Gas Supply-chain in Asia Pacific

### 1. OGSE

- **Peru has shown interest in hosting OGSE in 2017.**

### 2. OGSN

- **The 15<sup>th</sup> issue of OGS Newsletter will be released in April 2017.**
- **The 3rd OGSN Forum will be on 29-30 June 2017 in Irkutsk, Russia.**

### 3. OGSS

- **2 studies now underway will be completed in the first half of 2018.**



**APERC welcomes all eligible economies to volunteer  
hosting **future OGSE.****

**If interested, please contact: [master@aperc.iecej.or.jp](mailto:master@aperc.iecej.or.jp).**



**Thank you for your kind attention**

<http://aperc.ieej.or.jp/>