

Energy Security in APEC: What can really be done? A practical prospective

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Why APEC works on energy security?

- APEC economies are responsible for 57% of global energy consumption, and 58% of supply.
- Many APEC members are important importers of oil, gas, and coal. On the other hand, many APEC members are also important exporters.
- APEC is not for energy security. APEC pursues cooperation on energy security based on practical needs.
- But, before 2001, APEC had little efforts on energy security. Trade promotion and liberalisation were focus.

APEC Energy Security Initiative

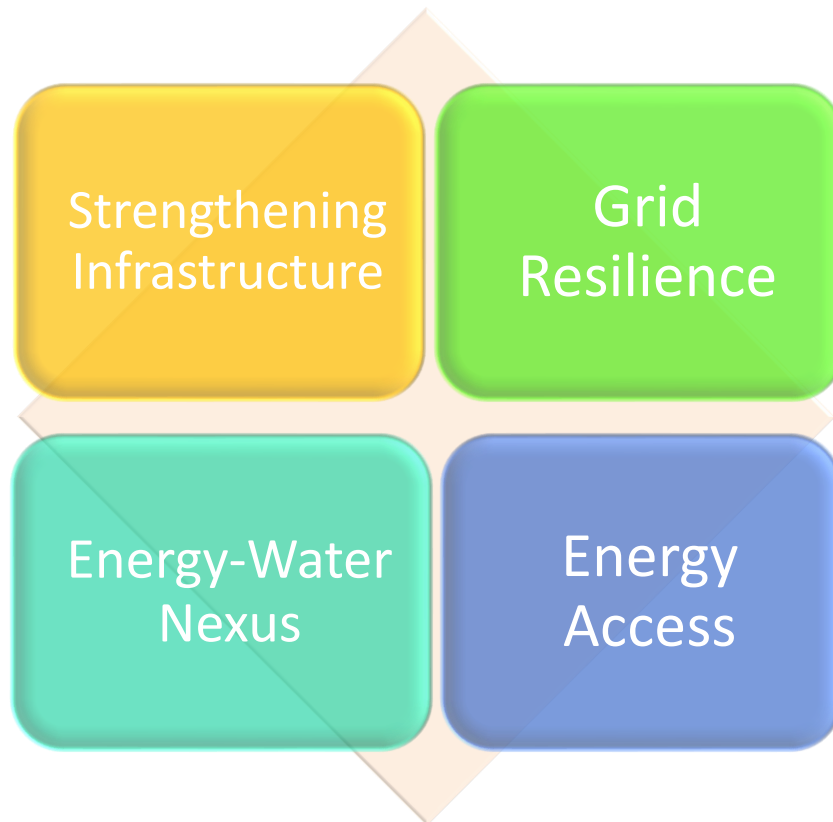
- After the terror attack on 11 September 2001, APEC Leaders endorsed an APEC Energy Security Initiative (ESI) as a means for counter-terrorism
- Leaders in 2002 further endorsed the five Principles Measures:
 - Real-Time Energy Information Sharing; Joint Oil Data Initiative; Sea-lane Security; Emergence Response of Oil Supply; Non-oil & Longer-term Measures
- Longer-term Measures specified in 2004 (CAIRNS Initiative)
 - Energy Investment; Natural Gas Trade; Energy Efficiency; Renewable Energy; Clean Fossil Energy; Hydrogen and Alternative Transportation Fuels; Methane Hydrates; Nuclear Energy; Petroleum infrastructure/Crude oil and refined products

Example: APEC Oil & Gas Security Initiative (OGSI)

- OGSI was approved in EWG 48 in 2014, and endorsed in EMM12 of 2015 in the Philippines with three pillars:
- **Oil & Gas Security Exercise (OGSE)** on a voluntary basis
 - Exercise Model Procedure (EMP)
 - Expert Review Team provides recommendations to enhance energy security
- **Oil & Gas Security Network (OGSN)** by officials in charge of oil and gas security policy in each Economy
 - Bi-monthly OGS Newsletters
 - Oil and Gas Security Forum
- **Oil & Gas Security Studies (OGSS)** on research topics related to oil and gas security in the APEC region.

Example: Energy Resiliency

Enhance the **ability and quality of energy infrastructure and facilities** to withstand extreme natural and man-made disasters and other climate change impacts, to **recover and return to normal conditions** in a timely and efficient manner and to build back better.



- APEC Guideline for Quality Electric Power Infrastructure
- Climate-Energy Security Nexus
- Cyber-Energy Nexus
- Energy-Water Planning and Policy Formulation
- Energy Workforce Resilience
- Solar-Powered Emergency Shelter Solutions (SPESS)
- Off Grid Electrification Option for Remote Regions
- Cloud-based Sharing Platform of Multi-Energy Microgrids

Suggestion for a practical APEC Energy Security

Dual Tracks for energy security

- There are conflicts of interests and common interests on energy security between APEC Members.
- **APEC track**
 - APEC relies on consensus, geopolitical concerns are not applicable
 - common interests, *e.g.* capacity building, resiliency, trade and investment
 - to identify key concerns and potential areas of cooperation
- **Mini-lateral tracks**
 - joint activity by a group interested member economies on specific sensitive issues
 - Example: the QUAD - the security cooperation by the US, Japan, Australia and India for maritime freedom of transit

Jointly, in APEC

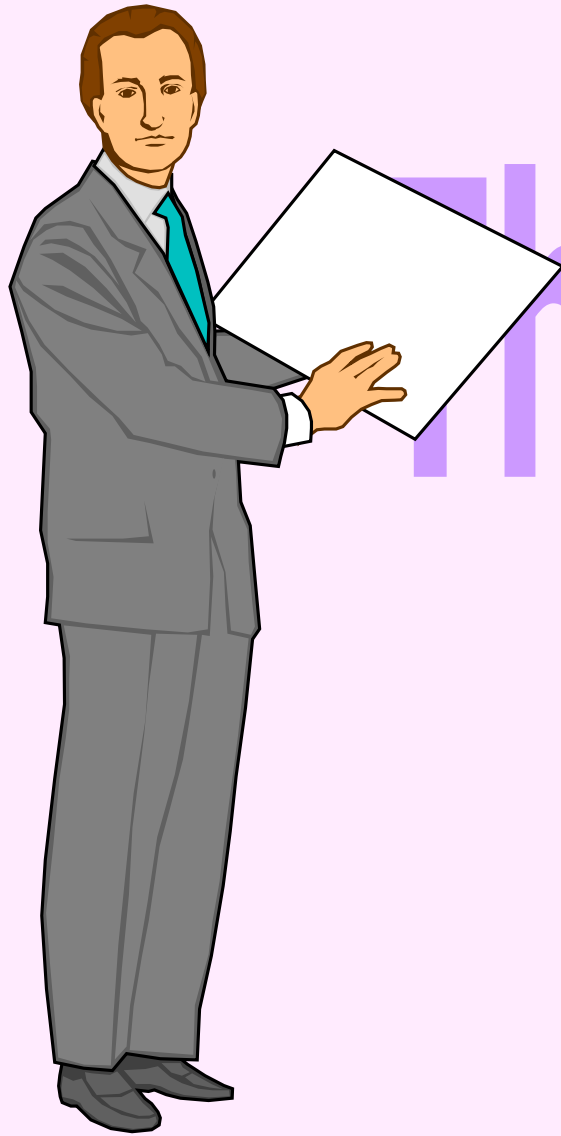
- To establish a new regional security organisation may not be feasible and effective
- To promote joint investments on the upstream oil & gas exploration and development
 - To increase supply, to remove uneasiness on resource ownership
- To promote regional trading centres of oil and gas
 - To promote flexibility and price indexing in NE Asia
- To promote energy resiliency, capacity building
- To promote information/dialogues for mutual understanding and to avoid mistakes on judgement
 - APEC EWG has been a good platform

Individually,

- Each should act as a responsible stakeholder
- Member economies are advised to join, individually, the existing international security framework, such as IEA and Energy Charter Treaty
- Each member economy is advised to establish stockpiles for oil, and possibly LNG
 - Insecurity in one economy will affect others
- Each member economy is advised to improve the robustness of energy infrastructure for resiliency
 - For both terror attacks and climate impact

Outreach

- To cooperate with IEA & others on the global energy investment, supply and demand forecast
 - Infrastructures and upstream developments are huge investments
 - Mismatch with demands create business cycles
 - Good information/prediction on both future supply and demand would be beneficial to alleviate business cycles
- To seek cooperation with other international fora on inter-connectivity
 - Regional power grids
 - Pipelines on gas



Thank You

