

ASEAN REGIONAL FORUM SEMINAR ON ENERGY SECURITY

Crowne Plaza Hotel, Brussels, Belgium

5-6 October 2006

Co-Chairs' Summary

Introduction

1. The 1st ARF Seminar on Energy Security was held on 5-6 October 2006 in Brussels. The Workshop was organised by the European Union and the Republic of Singapore. It was co-chaired by Ambassador Esko Hamilo, ARF Special Envoy for the EU Presidency, and Mr Khoo Chin Hean, Chief Executive, Energy Market Authority of Singapore. The Seminar was made possible by a financial contribution from the Government of the Netherlands.

2. The meeting was attended by representatives of the ASEAN Secretariat, Australia, Brunei Darussalam, Cambodia, Canada, China, the European Union, Indonesia, Japan, the Republic of Korea, the Lao People's Democratic Republic, Malaysia, Mongolia, New Zealand, Pakistan, the Philippines, Russia, Singapore, Thailand, Timor Leste, United States of America, and Vietnam. The list of delegates is attached as Annex I. The Agenda and Programme is attached as Annex II.

Opening Session

3. At the opening session, the EU and Singapore Co-Chairs delivered their welcome remarks (attached as Annex III). Ms Helga Schmid, Director of Policy Unit, EU Council Secretariat, delivered an opening speech (attached as Annex IV). This was followed by an introduction to the question of energy security by Mr Yo Osumi, Head of Division (Non-Member Countries), International Energy Agency, and a photo-taking session. Copies of the statements and presentations by Mr Osumi and other speakers that were available at the Seminar are attached as Annex V.

4. Participants at the Seminar were privileged to have the Member of the European Commission responsible for Energy, Mr Andris Piebalgs, share with them an overview of sector policy (attached as Annex VI).

Summary of Seminar Sessions:

Session 1 - Views from the Industry

5. Session 1 was chaired by Singapore. Presentations were made by two representatives from the industry:

- (a) Mr Bernie Delaney, Advisor to the Australian Delegation, and Vice-President for Government Relations, BHP Billiton; and
- (b) Mr Md Idris Nasarudin, Vice-President for Corporate Planning & Development, PETRONAS

Co-Chair Khoo Chin Hean invited delegations to comment on the presentations and to share their views. Interventions were made by the delegations of the United States, Thailand, Indonesia, China, and Singapore.

Session 2 - Preventive Measures

6. Session 2 was chaired by the EU. Presentations were made by:

- (a) Mr Klaus Gretschmann, Director General, EU Council Secretariat; and
- (b) Mr Hilal A. Raza, Director General, Hydrocarbon Institute of Pakistan

The EU's Chair for this session, Mr Tomasz Kozlowski, invited delegations to comment on the presentations and to share their views. Interventions were made by the delegations of Indonesia, the Philippines, Canada, Thailand, Singapore, the United States, the ASEAN Secretariat, Japan, and ROK.

Session 3 - Security of Transit Routes

7. Session 3 was chaired by the EU. Presentations were made as follows:

- (a) 'Pipeline Protection' by Mr Christian Pibitz, Senior Advisor to the EU, and Chief Security Officer, Corporate OMV;
- (b) 'Maritime Security' by Dr Zhang Haiwen, Deputy Director, China Institute for Marine Affairs; and

- (c) 'Maritime Security' by Mr Douglas Rasmussen, Senior Maritime Advisor and ARF Coordinator, US Department of State

The EU's Chair for this session, Mr J P Decaestecker, invited delegations to comment on the presentations and to share their views. Interventions were made by the delegations of Malaysia, Singapore, Thailand, Pakistan, Canada, Russia and Vietnam.

Session 4 - Emergency Response

8. Session 4 was chaired by Singapore. A presentation was made by Mr. Yoshihiro Nakayama, Deputy Director of the National Security Policy Division at the Ministry of Foreign Affairs, Japan. Following the presentation by Mr Nakayama, the Singapore Co-Chair, Mr Khoo Chin Hean, invited delegations to comment on the presentations and to share their views. Interventions were made by the delegations of Laos, Pakistan, Republic of Korea and the ASEAN Secretariat.

Closing session

9. The Co-Chairs presented the draft Co-Chairs' Summary for participants' comments. Views were expressed by delegations Indonesia, Pakistan and China. Following brief statements of appreciation, the Seminar was formally closed at 17:30 pm. The United States drew participants' attention to a seminar on strategic oil stock. The finalised Co-Chairs' Summary was circulated to the delegations by 18:30 pm. A copy is attached as Annex VII.

Co-chairs' Summary

10. The participants welcomed the Seminar as a timely and useful initiative. They noted that the format of this seminar, with its mix of participants from different backgrounds, provided the variety of experience needed to address energy security issues. Participants recognised that energy security driven by high energy prices and growing demand for energy, has become a priority for many governments, and that the factors driving these high prices, including strong demand growth from emerging economies, limited spare production capacity, inadequate refining capacity worldwide,

supply disruptions caused by natural disasters, concerns with terrorism, political instability in regions with concentrations of oil and gas, and concerns about future hydrocarbon availability, will remain for the foreseeable future.

11. Participants regarded this Seminar as a first occasion within the ARF to discuss energy security, laying the foundation for future exchanges on this matter. The opportunity was taken to discuss frankly the strengths and weaknesses of various approaches to enhancing energy security, and to learn from each other's experiences and best practices. In this regard, participants acknowledged the invaluable contributions made by the various industry representatives and experts from outside the Track 1 process who had been invited by the organisers to address the Seminar.

12. Participants shared their respective national efforts to enhance energy security, and exchanged views on how to deal with the challenges facing the governments and industry. They also commented on views and recommendations expressed by the speakers and presenters.

13. There was agreement among participants that energy security encompasses a broader agenda that includes not only energy diversification and mix, but also energy diplomacy, energy conservation, infrastructural challenges, environmental protection, and the development of alternative and renewable sources of energy. Participants shared the view that governments should take a holistic approach to enhancing energy security in an increasingly interdependent world. There was recognition that this interdependence also opened opportunities for greater regional and international cooperation on difficult energy issues. Some delegations referred in this respect to the continuing need for transparency to cement constructive exchanges at the international level. Other delegations expressed the view that energy security was essential for sustainable development and peace, and proposed the collective development of alternative and indigenous energy sources, such as biofuels, solar energy and non-conventional hydro-carbon resources. Other modalities for enhancing energy security include demand management and the importance of oil stockpiles.

14. Participants noted that in the global push towards greater energy security and sustainability, a number of ARF countries were looking at nuclear energy as an alternative source of energy. In considering nuclear

energy as an option, the participants agreed that security, seismic and health concerns, including trans-border effects need also to be adequately addressed. There was agreement that all efforts should be taken to ensure that nuclear installations meet the highest operational safety requirements, that adequate security is in place, and that proliferation concerns are fully addressed. It was recognised that greater regional cooperation would be necessary to enhance nuclear safety, safeguards and security to complement and strengthen the various international and national efforts undertaken in these areas.

15. Participants acknowledged that the safety and security of vessels transiting through the Straits of Malacca and the Singapore Straits would be crucial to the energy security concerns of all ARF Member States. Any disruption to vessel traffic through the Straits will have massive repercussions on the world economy. Participants noted that the littoral states have long recognised the strategic and economic importance of the Straits, and were fully committed to ensuring that the Straits remain safe, secure and open to international shipping and trade at all times. The littoral states also recognised that the users of the Straits can play an important role in the Straits, as long as the cooperative measures respect the littoral states' sovereignty and are in accordance with international law. Participants also acknowledged that cooperation and engagement between littoral States and user States have evolved steadily from confidence building to greater concrete cooperation in recent times, including through enhanced information-sharing, capacity building and making good use of their partnership with the private sector. Examples include the forthcoming ARF Maritime Security Shore Exercise, the upcoming establishment of the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) Information Sharing Centre, and the development of a Cooperative Mechanism for littoral-user States cooperation on navigational safety and environmental protection. All stakeholders in the Straits were called upon to continue to support and build on such practical and effective frameworks of multilateral cooperation in the Straits.

16. Security of transit routes by land or by sea as a key aspect of energy security received broad recognition by the participants. The high risk posed to sensitive transit routes by man-made and natural disasters underline the need for a concerted international effort.

17. Regarding emergency responses, the representative of the ASEAN

Secretariat informed the Seminar that ASEAN was in the process of updating the 1986 ASEAN Petroleum Security Agreement (APSA) to provide the mechanism for timely responses and measures during periods of petroleum shortages and convergences brought about by possible oil supply disruptions and infrastructure damage. The ASEAN Senior Officials of Energy (SOE) has been tasked by the ASEAN Ministers of Energy to finalise the APSA and its annex on coordinated emergency response measures. The new APSA will replace the 1986 version and is expected to enhance petroleum security in ASEAN collectively by minimising risk to an emergency situation (including diversification to alternative fuels and exploring for new petroleum resources).

18. While supporting the convening of this Seminar, some delegations shared the view that the ARF should take note of the existing mechanisms and forums for regional energy cooperation to ensure that its own activities are complementary and not duplicative. Linkages between the ARF and other regional energy cooperation mechanisms such as those in ASEAN and APEC may be established to attain greater synergy.

Conclusion

19. Participants expressed appreciation for the Seminar, which they found helpful for the development of their own domestic policies regarding energy security and as the groundwork for future ARF exchanges. This Seminar provided a number of recommendations that can be pursued by the partners. They welcomed the call by many speakers to strengthen international and regional cooperation, and acknowledged that competitive approaches to achieving energy security could lead to conflict. However, the development of an efficient and transparent market mechanism could provide a sustainable model for international and regional cooperation. Participants concluded that the Seminar had been useful for the sharing of views, and as a reflection of the multiplicity of perspectives and experience within the ARF. Good progress was reported by some delegations in strengthening their energy security. Participants, however, recognized that more still needed to be done, and in this context expressed their willingness to continue closer co-operation and a possible follow-up Seminar on Energy Security in the near future.

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