

ASIA-PACIFIC ECONOMIC CO-OPERATION
SUMMARY RECORD OF THE
SEVENTH ENERGY WORKING GROUP MEETING
20 - 21 OCTOBER 1993
EAST - WEST CENTER, HONOLULU
HAWAII

INTRODUCTION

The seventh meeting of the APEC Energy Working Group was held in Honolulu, Hawaii on 20-21 October 1993 to consider progress and new initiatives under the Group's four themes, projects for 1994 funding, and policy issues which warrant priority attention by the Group. The four themes are: energy supply and demand; energy and the environment; energy conservation and efficiency; and energy research, development and technology transfer.

The meeting was co-chaired by the USA and Australia. Attendance comprised delegations from Australia, Canada, the People's Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, the Philippines, Singapore, Chinese Taipei, Thailand, and the United States of America, together with representatives from the Energy Working Group Secretariat, the APEC Secretariat, the PECC Minerals and Energy Forum, the South Pacific Forum Secretariat and the East-West Center.

The Agenda as adopted is at Annex 1. A list of participants is at Annex 2.

OPENING ADDRESS

Dr. Michel Oksenberg, President of the East-West Center presented a brief address and welcoming comments.

The Co-Chairmen, Mr. Richard Williamson, USA and Mr. Russell Higgins, Australia presented opening statements and outlined issues relevant to discussions during the meeting. A welcoming letter from the U.S. Secretary of Energy Hazel O'Leary was tabled at the meeting (see Annex 3).

ROUND TABLE STATEMENTS ON NOTABLE ENERGY DEVELOPMENTS AND ACTIVITIES

Each delegation presented a brief overview of key domestic energy developments in their economy since the last meeting and responded to questions. Delegations provided summaries of their presentations, which are included in the record at Annex 4. These exchanges enhance the understanding of energy issues in member economies.

WORK THEMES

Energy Supply and Demand Theme

Japan presented a progress report on the APEC energy database and the publication "APEC Energy Statistics 1991" prepared by the Expert Group and printed through arrangements with the APEC Secretariat was tabled at the meeting. Further copies to each member economy will be provided by the APEC Secretariat. Publication of the report cost \$8,000 and was financed from the APEC Central Fund. Members expressed their appreciation for the efforts of the Expert Group and to the APEC Secretariat for the timely presentation of the report. They noted progress on the third trial of the Energy Database. All economies were urged to submit their data in the approved format by the end of November to facilitate an effective trial. It was noted the proposed activities for 1994 and 1995 involved further production and publication of the APEC Energy Statistics and this was supported.

Members considered the proposal that the Group change its name to the Energy Data and Projection Expert Group and that it extend its focus to also provide analysis and projections of energy supply and demand in the APEC region. Members did not support attempts to develop a central model for projections at this time, but agreed the Expert Group might consider the issues associated with compiling member economy projections. However, priority should be given to consolidating the data base first. It was agreed that the name of the Expert Group would remain unchanged.

Members agreed to analyze data as it becomes available for relevance to consideration of policy issues and projects for cooperation. This is to be discussed at future meetings.

Members considered a proposal by Japan for the establishment of an Expert Group on supply/demand forecasts for coal, and a seminar involving the business sector and government experts on coal supply and demand. Members agree that developing a better understanding of present and future coal supply and demand issues is important, but stressed the need to avoid duplicating activity already done or underway. Members did not support the establishment of a new Expert Group. It was agreed that the existing Expert Groups on Supply and Demand and Energy and the Environment should be asked to consider a revised proposal for future work on coal supply and demand against the background of information

currently available from APEC and other sources to more clearly define the issues that would provide support for a seminar.

The Chairman of the Expert Group on Energy and the Environment agreed to consider this matter at its forthcoming meeting. The delegation from Japan agreed to raise this with the Chairman of the Expert Group on Supply and Demand, with the objective of defining a proposal for a seminar, if justified, to be considered by the Working Group out of session if necessary.

Action Arising/Next Step

- APEC Secretariat to distribute a further 30 copies of the APEC Energy Statistics 1991 report to member economies.
- Data to be provided to the Institute of Energy Economics, Japan by all member economies to facilitate the third trial run by the end of November 1993.
- The Expert Group is scheduled to meet in Jakarta in May 1994, to review the third trial run, and to consider future development of the database.
- The Expert Group will consider issues associated with compiling individual economy forecasts as priorities permit, having regard to the need to focus on more firmly establishing the database, and report on any progress at future meetings of the Energy Working Group.
- The Expert Groups on Supply and Demand and Energy and the Environment are to liaise and consider the proposed seminar on coal supply and demand against the background of information already available, reporting to the Working Group on their conclusions out of session via the Working Group Secretariat. The Expert Groups should aim to report by end January 1994.

Energy and the Environment Theme

The Chairman of the Expert Group presented a progress report on activities under this theme. Members expressed their appreciation for the progress made and noted the activities completed.

Members endorsed the program developed by the Expert Group and noted that the first of a series of technical seminars on Clean Coal Technologies (CCTs), held in Chiang Mai and Bangkok, Thailand from 6-10 September 1993 was very successful. The Expert Group's further work will be based on a careful evaluation of this seminar. The technical seminar cost \$6,954 and the publication of proceedings cost \$16,455 out of an APEC Central Fund

allocation of \$40,000. The representative of the APEC Secretariat advised the meeting the APEC Secretariat would process the claim for the project after receiving all relevant receipts and supporting documents. The Indonesian delegation confirmed that Indonesia is prepared to provide the venue for the next seminar in this program which is to be held in 1994.

Members welcomed the generous grant by the Japanese Government through the New Energy and Industrial Technology Development Organisation of Japan to provide \$500,000 to support activities under this program. They endorsed the arrangements proposed by the Expert Group for managing the development of the projects for approval by the Working Group that will draw upon these funds. These funds are to complement and not replace finance from the APEC Central Fund.

Action Arising/Next Step

- The Expert Group Chairman and the APEC Secretariat to finalise action to facilitate the speedy reimbursement of funds spent for the 1993 CCT seminar in Thailand.

Energy Efficiency and Conservation Theme

The Chairman of the Expert Group presented a progress report on activities under this theme which are grouped under seven strategies. Members noted the progress made and that the next meeting of this Expert Group is scheduled for 1-2 November 1993, in Canada. Members endorsed the program, although the question of the effectiveness of compendia was raised, and noted that many of the projects approved for 1993 have been completed or are nearing completion.

Major projects completed are the "Energy Efficiency and Conservation" compendium, a computerised energy technical document data base and the demand side management workshop. Some US\$54,250 of the US\$80,000 allocated to projects under this theme from the APEC Central Fund has been spent to date.

Members drew attention to the relevance of the (draft) policy paper "Measures to Improve Rational Energy Consumption" to the work of this Group.

Drafts on the "compendium of APEC regional energy efficiency policies and regulations in the building and industrial sector" and on the "compendium of energy efficiency practices and conservation measures in the food and beverage industry" will be considered at the next meeting of the Expert Group. Followup action to the workshop on energy demand side management in the electricity sector, and planning in regard to "energy audit" and "waste heat recovery" activity is in progress. The Peoples Republic of China commented that activities are subject to approval at Senior Officials Meetings. Further work on the Energy

Efficiency and Conservation Information System/database will be suspended until more is known about the electronic communication system being implemented by APEC.

In response to a question raised at the last meeting of the Working Group, Australia advised that a check on the practices of other working groups revealed that none received central funding to support secretariat and technical services for ongoing operations.

Members noted that funding difficulties have arisen in connection with the "urban transportation workshop" which will include a component on natural gas vehicles, proposed for 1994. Discussions on funding options are continuing between the Expert Group Chairman, the APEC Secretariat and the Working Group Secretariat in an endeavor to resolve this issue. There are also discussions between Canada and the USA on planning for the workshop. Members consider this an important project and expressed the desire that the difficulties be resolved expeditiously.

The representative from the APEC Secretariat advised that a number of publications produced by the Expert Group had not been received by the Secretariat and requested four of each. These will be provided as soon as practicable.

Action Arising/Next Steps

- Member economies have been asked to report to the next meeting of the Expert Group on topics and issues they would like to have included in the Workshop on Energy Efficiency and Alternative Fuels Issues in Urban Transportation Systems.
- The next meeting of the Expert Group is scheduled for 1-2 November 1993, in Canada and the Chairman of the Expert Group was requested to furnish a report on the meeting to the Working Group Secretariat in time for reporting to the Senior Officials Meeting scheduled for 15-16 November 1993.
- The APEC Secretariat will make a presentation to the next Energy Working Group Meeting about the computer network/system that APEC has adopted.
- The Chairman of the Expert Group is to provide the APEC Secretariat with four copies of publications issued to date as soon as practical.

Research, Development and Technology Transfer Theme

On behalf of the Thai Chairman of the Expert Group, the Energy Working Group Secretariat presented a progress report under this theme, which was followed by a report by the Japanese delegation on preparation for the next seminar "Energy Technology for the Next Decade" planned for the first quarter of 1994 in Chinese Taipei. This seminar follows the

first very successful seminar on "New Energy Co-operation" sponsored by Japan and held in Bali in November 1992.

Members noted the progress on the work program and endorsed the issues being addressed. The Working Group noted that Dr Priyambodo Mulyosudirjo, of LEMIGAS Indonesia, has assumed responsibility for chairing this Expert Group. The Working Group expressed its appreciation to Indonesia for taking responsibility for this Expert Group and also expressed appreciation for the leadership and contributions made by the past chairman Dr Piyasvasti of Thailand.

Members noted that the prototype tour of photovoltaic installations in Australia took place during July and August 1993 and that the Expert Group is seeking detailed feedback from participants on the value to them of the program for report to the Working Group at its next meeting. From the reports received so far from participants, a number of economies suggested that the Expert Group consider similar programs for biomass and wind energy.

Members noted that the Technology Cooperation Guide is not yet complete and the Expert Group's recommendation that an expert be engaged to progress the collection of data necessary for the Guide. It was agreed that measures to finance this work should be further considered before the project is advanced.

The Group noted that the status report on "The Use of Natural Gas as a Vehicle Fuel" will be finalised in November 1993. Members endorsed the Expert Groups decision that the next step in this project, developing a means of information exchange on this topic, should make use of existing networks. It was agreed that it would not be appropriated to establish duplicate networks to those already established by the International Association for Natural Gas Vehicles, the International Gas Union and the IEA. Members noted the Expert Group's view that the money sought for the 1994 project may not be sufficient and options for raising funds may need to be considered. About US\$50,000 of the US\$100,000 approved from the APEC Central Fund for projects under this theme has been spent to date.

The Group noted progress on the Compendium of Renewable Energy Technologies in APEC Economies and expressed their appreciation of the offer by the USA to augment the \$20,000 allocated by the APEC Central Fund by \$25,000 to complete this project. Members also noted the progress to date on the Survey of Renewable Energy Technology Priorities in the region being undertaken by the Republic of Korea and those economies that have not as yet responded to the survey were urged to do so. Members endorsed the offer from Australia to undertake a project as part of the 1994 program for the development of an Energy Research and Development Data Bank that will not require finance from the APEC Central Fund.

Members noted a list of high priority projects that could be implemented in 1995, and that detailed proposals would be developed by the Expert Group prior to the next meeting of the Energy Working Group. The delegate from the Peoples Republic of China indicated that the PRC would be prepared to consider hosting a workshop on renewable energy.

Action Arising/Next Steps

- Australia is to facilitate reconsideration of means to finance the development of the Technology Co-operation Guide.
- Those member economies that have not already done so are requested to respond direct to the Republic of Korea on the questionnaire on technology needs and priorities.
- Australia is to provide a detailed evaluation of the photovoltaic program visit for consideration at the next meeting of the Working Group.
- The Expert Group to develop proposals on high priority projects post 1994.

REPORT BY PECC/MEF ON SURVEY OF ENERGY POLICIES IN MEMBER ECONOMIES

The PECC/MEF representative presented a report on the activities of MEF, including progress on the review of energy policy in the region. Details concerning MEF6, to be held in Beijing from 16-18 March 1994 were provided and a proposal that a representative from the Energy Working Group make a presentation to MEF6 was accepted. Members agreed that if circumstances permit, Mr. Higgins, as Chairman of the Working Group, should make the presentation.

The Canadian delegate noted that the MEF survey of training institutions had not been received, and the Working Group Secretariat advised that a copy would be forwarded expeditiously.

Action Arising/Next Steps

- PECC/MEF will progress the survey of energy policy in the region and report to the next Energy Working Group meeting.
- The Energy Working Group Secretariat will liase with MEF on design of the APEC session at MEF6, and keep members informed.
- Mr. Higgins to confirm his availability to make a presentation on the EWG at MEF6.
- The Working Group Secretariat is to provide the delegate from Canada with copies of the survey of training institutions.

OPERATIONAL ARRANGEMENTS

Representatives from the Energy Working Group Secretariat and the APEC Secretariat presented reports on operational arrangements that are important to the Energy Working Group's activities. Members noted the reports. These covered issues raised in the report from the Senior Officials Meeting held in September 1993, the operation of the APEC Secretariat, budget matters, and guidelines and a proposed code of practice concerning non-member participation.

The APEC Secretariat representative provided the Working Group Secretariat with a document outlining a procedure for assisting in development of funding proposals. This was welcomed, and will be circulated to the Chairmen of the Expert Groups for consideration and discussion. He also noted that suggestions concerning amendment to the financial guidelines employed by the APEC Secretariat would be drawn to the attention of the APEC member economies.

The Working Group Secretariat representative advised that the Secretariat will assemble a kit of key documents for circulation to members.

Action Arising/Next Steps

- The Energy Working Group Secretariat, with the assistance of the APEC Secretariat, will compile APEC documents pertaining to operational arrangements and circulate a copy to all member economies.
- The Energy Working Group Secretariat will provide a copy of the discussion paper on Working Group Funding Request Procedures to the Chairmen of the Expert Groups for consideration and discussion.
- The representative from the APEC Secretariat will seek comments from APEC member economies on the proposed changes to the financial guidelines.

ALLOCATIONS FOR 1994 PROJECTS

In the light of the recommendation to the Senior Officials that Working Group bids for 1994 APEC Central funding be reduced to fit the APEC budget, members agreed on setting priorities for the Group's 1994 proposals.

Members agreed that determining the priority of each project would ensure that funds are allocated to the projects considered most important. Within the ceilings advised by the APEC Secretariat it was agreed that the 1994 priority projects, not necessarily ranked in order would be:

Publication of Energy Database
Training Program on Clean Coal Technologies
Seminar on Clean Coal Technologies
Survey on Commercialisation Strategies
Survey of Impediments to the Use of New and Renewable Technologies
Electricity Demand Management - Vendors List
Urban Transportation Workshop, including Natural Gas Vehicles

This means that the project "Directory of Urban Transportation Vendors" may not be fully funded from the APEC Central Fund for 1994. Members suggested, however, that the Working Group Secretariat explore whether savings from other projects could be applied to this activity.

Action Arising/Next Steps

- The Energy Working Group Secretariat will advise the APEC Secretariat of the priority projects that can be financed within the level of funds indicated and seek support for any savings to be applied to meeting the costs of the "Directory of Urban Transportation Vendors List."

Consideration of Options for Attracting Funds to Support Energy Working Group Sponsored Activities

Members agreed that it was important to retain some flexibility in funding options for projects undertaken by the Group. Members supported the options presented, with some reservations being expressed about charging for attendance at seminars and workshops, and agreed that innovative ways to attract funds for future projects need to be considered by the Expert Groups. Sponsorship of elements of projects by the business sector was thought to represent a good opportunity for augmenting funds without jeopardising the autonomy of APEC management and the integrity of the projects.

Members discussed the issue of recovering funds from the sale of publications, however, for a number of reasons this is not considered a particularly productive source of funding for the Working Group. Members noted that the APEC publications policy appears to be inconsistent with the objective of self-sustaining projects as any funds generated are returned to the Central Fund. The Working Group Secretariat will raise this issue with the Senior Officials.

Members agreed that the APEC Central Fund reserve, which is retained for unforeseen emergencies, ought to be directed to the next tranche of unfunded priority projects as the likelihood of needing these funds declines through the year, rather than be rolled over. The Working Group Secretariat was requested to pursue this issue.

Action Arising/Next Steps

- Each Expert Group will consider options for attracting funds and build these into proposals for future projects for consideration by the Working Group. If complexities arise, the Working Group is to be advised together with suggestions that would assist in developing guidelines.
- The Working Group Secretariat is to pursue with the APEC Secretariat the feasibility of directing APEC Central Funding reserves to projects once the contingency perceived for the reserve has expired.
- The Working Group Secretariat is to pursue the Working Groups' concerns about the APEC Publication Policy with Senior Officials.

POLICY ISSUES

Members noted that the Energy Policy issues (Overview) paper was presented to the Senior Officials Meeting in September 1993 and will be presented to the Ministers Meeting in November. Following a suggestion by the delegate from Canada, it was agreed that the Working Group Secretariat, in consultation with members would prepare a document for consideration that draws together the objectives of APEC and the Energy Working Group, the Overview Policy Issues Paper, the Vision Statement, and Working and Expert Group activities to provide a strategic focus for future endeavors.

The delegation from the Peoples Republic of China suggested amendments to the Groups Vision Statement and the Overview Policy Issues Paper agreed at the last meeting. As members did not have copies of the Vision Statement to facilitate discussion, it was agreed that the PRC would advise the Working Group Secretariat of changes sought for circulation to members out of session and discussions at the next meeting.

Members considered the preliminary draft paper on Measures to Improve Rational Energy Consumption prepared by Australia based on comments received from some members. Australia advised that the paper was provided for the purpose of facilitating discussion within the Working Group and that following discussion issues may emerge that warrant noting or decision by Ministers. However, any document that was appropriate for the attention of Ministers would only emerge after detailed discussion and agreement.

Members agreed that the draft was a useful background for the purpose of internal discussion, but suggested that a new document be prepared that more directly relates to the activities of the Working Group and includes examples of practice that illustrate the policy points. It was noted that the policy application will vary from economy to economy and that

all economies apply government intervention policies to a greater or lesser extent. Common ground should be sought.

Members agreed that the paper should be amended by Australia in the light of comments made at the meeting, and provided to the Working Group Secretariat out of session with the objective of further discussions at the next Working Group Meeting.

Japan made a presentation on "3 E's" (economic growth, energy security, and environmental protection), noting that it intends to carry out a study on these issues under the framework of the APEC Ad Hoc Group on Economic Trends and Issues. The Japanese delegate advised that Japan would present a progress report at the next Energy Working Group Meeting and seek comment on a draft from members of the Energy Working Group.

Members supported the initiative of Japan in undertaking the preparation of this paper and welcomed the opportunity to comment on the draft, noting its relevance to the Energy Working Group.

Action Arising/Next Steps

- The Working Group secretariat to consult with members in preparing a link document between the APEC objectives, the Policy Overview paper, and activities of the Group for consideration at the next meeting.
- Members are to provide any further comments to Australia on the "Measures to Improve Rational Energy Consumption" paper before the end of December 1993 to facilitate re-drafting on the lines agreed.
- Australia will prepare a revised draft for circulation one month before the next Energy Working Group meeting.
- The Peoples Republic of China to advise the Working Group Secretariat of changes proposed to the Groups Vision Statement and the Overview Policy Issues Paper.
- The Working Group Secretariat is to circulate proposed changes to the Vision Statement and the Overview Policy Issues Paper to members for discussion at the next Working Group meeting.

OTHER BUSINESS

Proposed Seminar on "Energy Technology for the Next Decade"

Delegates from the Peoples Republic of China expressed, as a result of previous experience, their disagreement to the venue of Chinese Taipei proposed for the seminar on "Energy Technology for the Next Decade." In the spirit of co-operation, the delegates stated that it would not oppose the seminar providing certain requirements were fully met in order to test faithful trust once again.

The requirements stated related to

- Facilitating non-discriminatory entry to and exit from Chinese Taipei for seminar participants;
- The requirement that all documents, publications, name tags, etc used in the context of the seminar use the designation of Chinese Taipei in reference to the host economy.
- Attendance of officials be limited to experts, economic and APEC related officers, and to APEC members and APEC observers.
- The size of the participation from APEC economies, other than Chinese Taipei, be limited to 30 or 40 in total.

Chinese Taipei accepted the first three of the requirements, noting that they are covered by and consistent with, arrangements agreed for membership of APEC. However, Chinese Taipei did not agree with limiting the number of participants from member economies as this would create an undesirable precedent for future APEC activities.

To facilitate continued co-operation all parties agreed to discuss the point in dispute outside of the formal session of the Working Group with the firm objective of reaching agreement to enable the seminar to proceed.

International Energy Agency

Following an approach by the International Energy Agency, members agreed in principle with the idea of holding a joint APEC-IEA conference on a topic of mutual interest. It was agreed that proposals would be provided by the Expert Groups for consideration by the Working Group at its next meeting.

Action Arising/Next Steps

- Expert Groups will consider themes suitable for cooperation between APEC and the IEA and furnish any proposals for consideration at the next Energy Working Group meeting.

NEXT MEETING

The next meeting will be held in Japan in May or June 1994 at a date to be advised out of session. Thailand will consider hosting a meeting in November 1994.

Action Arising/Next Steps

- The Energy Working Group Secretariat will advise member economies of the date and venue for the next meeting, following advice from Japan.

REPORT TO SENIOR OFFICIALS

A report to Senior Officials was agreed.