

A Way Forward to Enhance ASEAN+3 Energy Security

Petrostocks 2009:

Stockpiling in New Market Realities

February 9-11, 2009. Huston, Texas, USA

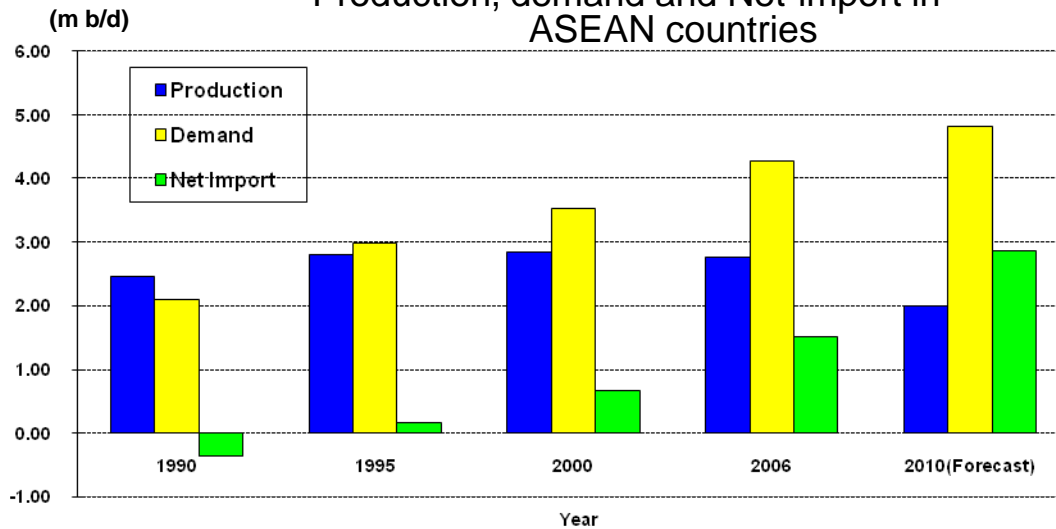
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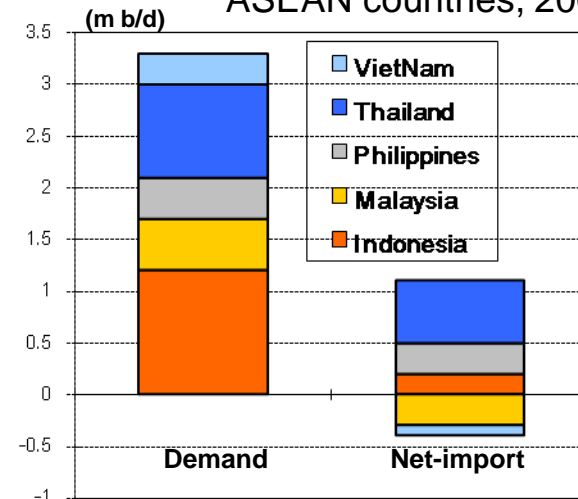
**Japan Oil, Gas and Metals National Corporation
(JOGMEC)**

- ASEAN countries are under the global oil energy risk. With regard to 'oil burden', it became 5% share of the GDP in 2008.
- Major oil producing country such as Indonesia and Malaysia became oil importing country and many ASEAN oil consuming countries like Thailand, Philippines and Viet Nam show relatively high demand growth.
- However, ASEAN countries do not have so far safety-net scheme to reduce energy risk under the severe circumstance on oil market globalization.
- China and India are forecasting continuous increase of their economic growth, oil demand and oil import. Meanwhile oil import in Japan and Korea will be maintained high level because of their relatively high oil demand.

Production, demand and Net-import in ASEAN countries



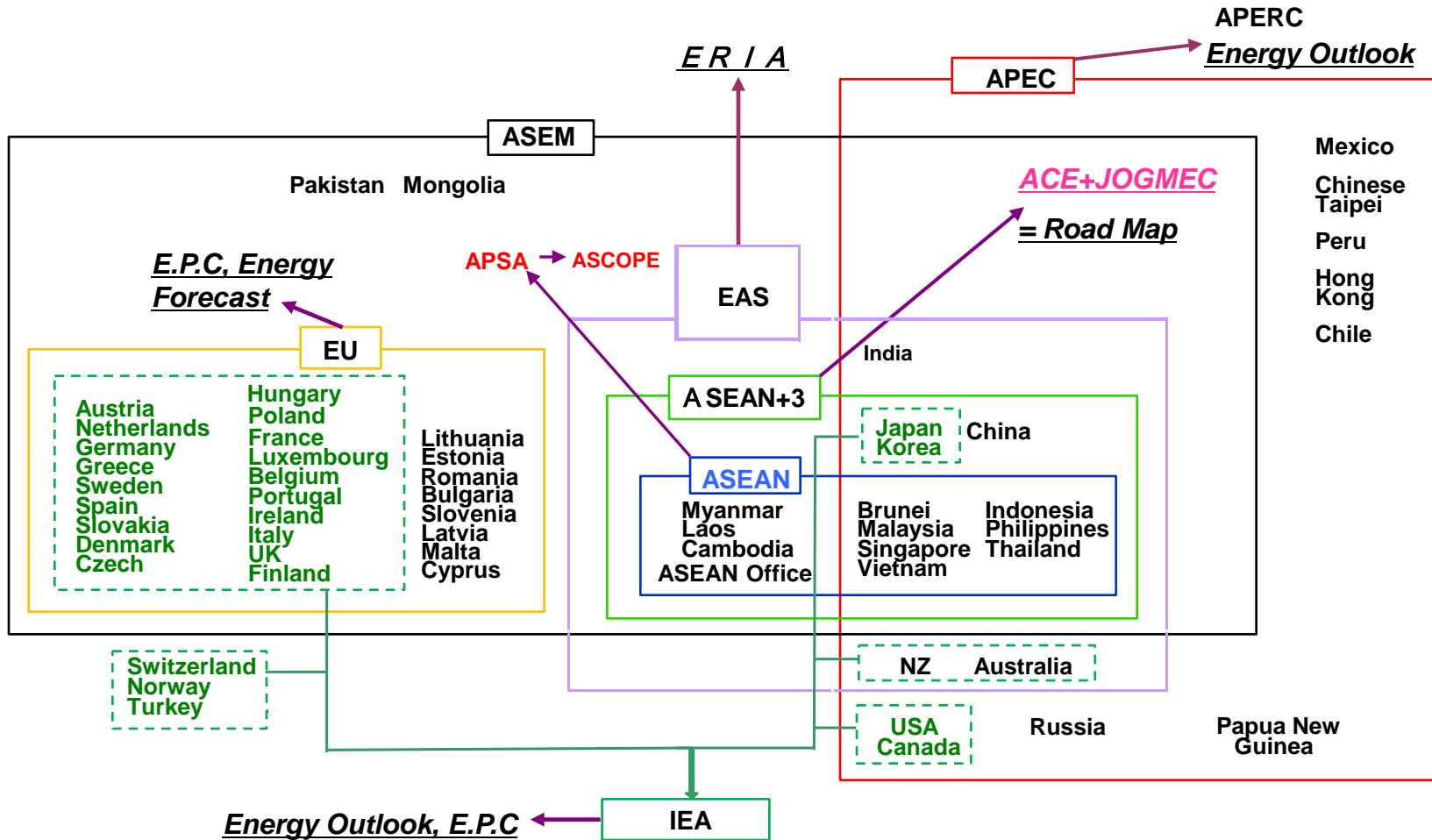
Demand and Net-import in selected ASEAN countries, 2006



(Source: IEA Oil Supply Security 2007)

- The ASEAN region becomes a net oil-importer.
 - Oil import dependency: 35% in 2006, forecast 60% by 2010
 - Import in ASEAN vs Japan: 2.0(1.5(Net Import)) vs 5.1 million b/d (2006)
- ⇒ Need strong emergency preparedness to maintain a sustainable economy in a future situation where there is disruption of oil

Current Framework on International Energy Cooperation



1. Representative secretariats of various existing energy alliance activities

- Energy Outlook / EWG for APEC ⇒ APEREC
- Oil Stockpiling Roadmap for ASEAN + 3 ⇒ ACE + JOGMEC
- APSEA (ASEAN Petroleum Security Agreement) for ASEAN ⇒ ASCOPE
- *Energy Security Analysis* ⇒ ERIA (*Economic Research Institute for ASEAN and East Asia*)

2. An example of energy international collaboration (in IEA)

- Oil Stockpiling cooperation ⇒ *New Zealand and Japan using bilateral oil ticket system*

	Government Stocks	Private stocks
Indonesia	△	△
Philippines	×	○
Thailand	△(under discussion)	○
Vietnam	△(under discussion)	-
Malaysia	×	-
Singapore	×	-
China	○	?
Korea	○	○
Japan	○	○
Mongol	○	○

1. Japan (METI) initiative on Feasibility Study (FS) for oil stockpiling for ASEAN countries.
Japan proposed to ready for the FS at the 1st ASEAN+3 Stockpiling Forum.
As result, there were 3 countries studies on FS with Thailand, Vietnam and Philippines during 2004 -2005, respectively.

2. Bilateral meeting: National Oil Reserve Center (NORC), China (March, and December, 2008)
The meetings were held with very mutual understanding and both meetings highlighted the need for further cooperation in the area of oil strategic reserve system etc.

3. Bilateral Meeting: KNOC under SAA *(June, 2008)

The meeting highlighted the need for further cooperation in the area of stockpiling, not only for KNOC and JOGMEC but also for the ASEAN regional to enhance energy security.

*SAA: Strategic Alliance Agreement. SAA has focus on furthermore strong cooperation and development of exchange information on petroleum stockpile business.

Two working group (technical and international issues) (October ,November ,2008 respectively)

Each working group discussed on the concrete cooperation based on the result of the Bilateral Meeting.

4. Technical seminar on 'Oil stockpiling': OADB/ISPRL (Oct. 2008, Delhi, India)

This seminar was held as a concrete cooperation related to oil stockpiling system under the memorandum between Ministry of Petroleum & Natural Gas (MOPNG) and Petroleum and Reserve Division in Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry (METI) and discussed on the future cooperation in the area of oil stockpiling

- MoEN (Ministry of Energy, Thailand) /IEA joint Workshop on 'Oil security and national emergency preparedness', 17-18 September 2007, Bangkok, Thailand

- Japan made efforts to promote Asian countries for deepening mutual understanding on the following points.
 - (1) *Establishing oil stocks,*
 - (2) *Strengthening ties within the region, and*
 - (3) *Closely cooperating with the IEA*

1. January 30th, 2008. The 5th ASEAN+3 Stockpiling Forum was held in KL, Malaysia
 - ✓ ACE (ASEAN Center for Energy) proposed to commence the activity for oil stockpiling roadmap for ASEAN+3 with condition of SOME+3 and AMEM+3 approval.
 - ✓ METI of Japan, JOGMEC supported the proposal by ACE and all member supported this offer at the meeting.

2. August 6 -7, 2008, SOME+3 and AMEM+3 were held in Bangkok, Thailand
 - ✓ SOME+3 and AMEM+3's Joint Ministerial Statement was adopted. It mentioned the activity of oil stockpiling roadmap would commence, a working group would be organized and ACE (ASEAN Center for Energy) would be secretariat with support by JOGMEC, so on.

➤ **Purpose**

Enhance energy security for ASEAN + 3 countries in the future by further improve oil stockpiling

➤ **4 principles**

- Voluntary and non-binding cooperation
- Mutual benefits
- Respect for each country's national stockpiling policy and regional oil stockpiling cooperation
- Step-by-step approach with long-term perspective

➤ **Organization**

Coordinators: for ASEAN, Philippines Department of Energy
for + 3 , Each Government respectively

Working Group: Nominated experts from government and industry in
ASEAN + 3 .

➤ **Secretariat**

ACE supported by JOGMEC

➤ **Timeline**

The first WG was held as kick off meeting on Nov.28 in Manila, Phillipines and reported to 7th ASEAN + 3 Oil Stockpiling Forum held on the same date.

4 successive meeting will be held (one of them will be held in Japan together with inspecting public stockpiling base) .

Report final oil stockpiling roadmap to the 9th SOME + 3 and 7th AMEM + 3 in 2010.

Key Messages

- Asian countries continue to face with significant challenge to oil energy security in new oil market realities and under continuous Asian economic growth.
- For ASEAN countries, it is essential to develop oil energy security measures to ensure sustainable economic growth including preparedness for potential oil disruption.
- As such, Oil Stockpiling Roadmap Activity among ASEAN+3 becomes useful opportunity to establish a new regional cooperation responding to the future energy risk.
- JOGMEC is ready to develop further collaborations on multilateral and mutual basis including several regional collaborations in Asia-Pacific, IEA as well as bilateral collaboration with Asian countries.
- Several efforts are developed by different multilateral fora, cross coordination among several secretariats, including APREC, ERIA, IEA, ACE and JOGMEC becomes essential for efficient and fruitful development of those efforts.