APEC Energy Ministers Adopt the “St. Petersburg Declaration” Seeking to Achieve the 3 E’s

Ken Koyama, PhD
Chief Economist, Managing Director
The Institute of Energy Economics, Japan

On June 24 and 25, the energy ministers from the member economies of the Asia-Pacific Economic Cooperation forum met in Russia’s St. Petersburg to discuss energy security, global warming and sustainable development, and economic growth and efficiency. As a result, they adopted the St. Petersburg Declaration calling for achieving the so-called three E’s – energy security, environmental protection and economic growth.

The declaration in its first half provides an analysis and conception of energy problems and the present international situation involving APEC. It indicates that the ministers commonly recognize the presence of concerns and risks regarding the future course of energy markets including the international oil market under the destabilization and growing uncertainties of the global economic situation and the Middle East and North Africa situation. It provides a new view that fossil fuels play a very important role in the APEC energy market while non-fossil energy demand is expected to grow substantially. The declaration recognizes that as great expectations are placed on the role of natural gas, it will become important to promote the development and utilization of abundant unconventional gas resources including shale gas in APEC region.

The declaration also positions improved energy efficiency as one of the fastest, most environmentally sound and cost-effective ways to simultaneously achieve the three E’s, calling for improving energy efficiency in all sectors ranging from transportation, industry, commercial and power generation sectors. As for the supply side, the declaration points out that it will be imperative to promote the development and utilization of clean energy sources such as natural gas and renewable energy. It also points to the significance of promoting plans and projects for the “Energy Smart Communities Initiative” to improve energy efficiency and use more clean energy.

Another noteworthy point is that the declaration clearly states that utilization of nuclear power generation after the thorough enhancement of safety is important. APEC economies that attempt to learn lessons from the Fukushima Daiichi nuclear plant accident and promote nuclear

1 See the following website for the St. Petersburg Declaration:
power generation should strengthen cooperation with the International Atomic Energy Agency (IAEA) and other international organizations, along with regional cooperation to enhance safety, it states. The declaration then spells out important roles that nuclear energy can play in diversifying energy sources, meeting electricity demand growth and reducing greenhouse gas emissions. In the context of enhanced safety and international cooperation, the declaration states, Japan should contribute to the approaches and efforts to enhance nuclear safety by sharing its information on lessons learned from the Fukushima accident and relevant experiences with other APEC economies.

Based on the analysis and conception of the present situation, the declaration specifies 10 instructions indicating key points for future actions for APEC. While all of these instructions are interesting, the author is particularly interested in three of them. First, the declaration instructs the APEC Energy Working Group (EWG) to review the current state and prospects of the energy markets of the APEC region, with emphasis on the role of natural gas in the total energy balance, in cooperation with such relevant organizations as the Asia Pacific Energy Research Center (APERC). We may have to pay attention to the possibility of the EWG making policy proposals regarding natural gas trade and investment based on the market analysis.

Second, the declaration encourages the EWG and APERC to work on activities to improve the response to oil and natural gas emergency situations in the APEC region, while considering the Middle East situation and other geopolitical risks. In this respect, the EWG and APERC are urged to collaborate with such international organizations as the International Energy Agency and implement workshops and exercises regarding emergency response. So far, APEC and other regional frameworks, and individual countries, have promoted response to oil emergency situations. But the declaration indicates an unique case where response to natural gas emergency situations is taken up. It is important to follow up on how efforts would be made to improve response to emergency situations.

Third, the EWG is instructed to consider the potential for cooperation on nuclear power generation and its enhanced safety with such international organizations as the IAEA and the Nuclear Energy Agency (NEA) within the Organization for Economic Cooperation and Development (OECD). The declaration states that the EWG should prepare a list of measures and recommendations for the creation of conditions for the organization of APEC economies’ cooperation in the field of peaceful use of nuclear energy as well as enhanced safety at nuclear facilities. At a time when some APEC economies are aiming to enhance nuclear energy uses, the declaration indicates that the APEC region should address relevant problems while deepening cooperation with international organizations.

The St. Petersburg Declaration presents an APEC’s conception of energy problems and principles for its action plan shared by the energy ministers. As the September APEC summit in Vladivostok is expected to position energy problems as one of the most important challenges, the
declaration is very interesting as a harbinger of APEC summit discussions. Important challenges such as natural gas and nuclear power generation problems specified in the declaration may likely be taken up as key topics on the agenda at the summit. All aspects of these problems are important for Japan. Over the coming two months, key points for analyzing the international energy situation will be how APEC will act in addressing energy problems toward the summit and what initiatives Russia will come up with as the summit host.

Contact: report@tky.ieej.or.jp
The back issues are available at the following URL http://eneken.ieej.or.jp/en/whatsnew/JPOIEL.html