

APERC Workshop The 49<sup>th</sup> APEC Energy Working Group and Associated Meetings Gyeongju, Republic of Korea, 22 June, 2015

4. APEC Oil and Gas Security Initiative 4-3. Oil and Gas Security Network Report (Newsletter and Forum)

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Asia-Pacific Economic Cooperation



### **OUTLINE OF PRESENTATION**



### BACKGROUND

Mewsletter is one of the important projects under the pillar APEC Oil and Gas Security Network (OGSN);

### **OBJECTIVE:**

- Generally, aims to report on the development of oil and gas security initiatives in the APEC region;
- The coverage was expanded to include global oil and gas issues;
- The APERC Secretariat monitors the development by initially establishing a network within the region;
- Published every other month.





### **PROGRESS**

### Three Issuances to date

- 1<sup>st</sup> Issue December 2014
- 2<sup>nd</sup> Issue February 2015
- 3<sup>rd</sup> Issue April 2015
- 4<sup>th</sup> Issue June 2015

**Editorial Board Composition** 

- APERC
- IEEJ

### Meetings

Once a month

### 1<sup>st</sup> Issue Sample

#### APERC Asia Pacific Energy Research Centre

December 2014 Issue No. 1

### APEC Oil and Gas Security Newsletter

#### APERC's President Message

Energy security has been a global concern and will remain to pose a great challenge for the APEC region. With foreseen economic expansion of the APEC region, energy demand is expected to speed up and thus securing energy supply would be a serious issue that needs utmost attention and priority. As we all know, oil is and will still be a major fuel particularly for the transport sector and will continue to have significant portion in the primary supply mix. On the other hand, natural gas, being relatively a clean fuel compared with other fossil energy resources, is becoming a popular fuel in the region with increasing share in the supply mix profile of most Economies.

It is in this context that the Oil and Gas Security Initiative (OGSI) has been launched in order to strengthen the preparedness of the APEC economies to emergency situations in oil and/or gas supply. One of the three pillars of OGSI is the Oil and Gas Security Network (OGSN) which consists of those who are in charge of oil and gas security in each APEC economy. As one of the major outputs of the OGSN, a newsletter has been conceptualized and released to provide important information on global developments and insights relating to oil and gas supply security issues to the OGSN members.

The newsletter will be a bi-monthly issue to capture latest events in oil and gas markets including Middle East updates that may have some impacts on supply security of APEC members. It is likewise a venue for sharing of perspectives and experiences as revealed in the interview with experts on oil and gas issues and in featured APEC economy's practices and measures in addressing supplyrelated threats. We hope that the modest volume of knowledge to be reaped from the newsletter may serve as good reference to aid policy makers and government entities in the region involved in energy supply security to revisit and enhance existing policies, programs and measures to ensure greater supply security and be resilient to any potential supply emergency threats in the future.

But more important than the newsletter is the unceasing collaboration and closer partnership we have built and our common desire to collectively address and deal with the various energy supply security issues that the region may confront in the future. Lastly, let me thank those people who worked hard to put the pieces together for the release of the newsletter, including the experts who devoted a portion of their precious time to be interviewed and featured in the newsletter.

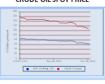


Mr. Takata OIIMI is the President of Aria Pacific Energy Research Centre (APERC). He served various important posts in

Japan's Ministry of Energy, Trade and Industry He has had a lot of international working experiences in such organizations as OECD, Trade Directomte and as a dialamat at the Japanese Delegation to the OECD in Paris. He also served as APEC Senior Official repre-

senting Japan. He araduated from Keia University (B.A.) and from Cambridge University, U.K. (M.A.) (Photo courtesy of Mr. Ojimi)

### CRUDE OIL SPOT PRICE



WTI-USD 63.82 (Dec. 12) ource : US Energy Information Administration

sovernment officials, business leaders and prominent experts on asof gas security signed session's topics. ergy system to arried out to For more information, please visit http://aperc.ieei.or.jp/ publications/presentations/Ing\_conference\_detail.php vo supply dis article info id=179 orts to the EL

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ovisions of APSA?

Charge, addressed the oil & gas resources in many different ways

es, monitoring the supply & demand issues and prices. He partic

nal and technical fora to share studies/opinions and knowledge

our term when APSA was conceptualized? Who initiated

conceptualization of APSA, were there any disagreements

1986 in Manila, Philippines, the ASEAN Member Countries

roleum Security Agreement (APSA). This agreement was

during the 17th AMEM in Bangkok. Thailand had tasked

Petroleum (ASCOPE) to review the provisions of APSA

the ASEAN Members States signed the revised APSA in

vears under review underwent various changes, consulta-

proaches, strategies & language use. It was not easy as it

Part 1 of APERC Secretariat's interview with Mr. Bala

adopted and



Each session had panel discussions with presentations from senior

#### Key Points of the Discussions at the Second Meeting of the Multilateral Joint Study Group on LNG

On 9 September 2014, the second meeting of the Multilateral Joint Study Group on LNG was held in Tokyo. The Study Group was established following a proposal and agreement during the Second LNG Producer-Consumer Conference held in September last year. The purpose of the Study Group is to invite renowned experts from around the slobe to discuss the various issues of the LNG market including possible measures to achieve sound market development.

In the meeting, higher LNG price and its impact on demand were discussed particularly on cost competitiveness against other energy resources, which might suppress the growth in demand. Members of the Study Group had expressed varied opinions on the scale of impact. If "diversification of risk by diversifying energy supply structure" will be regarded as the basis of energy security, limited use of natural gas could be an opportunity loss for APEC economies to improve their energy supply security. Natural gas is said to have an advantage in terms of lowest carbon footprint among the fossil fuels, and thus its utilization is one of the ways to realize a low carbon society. However, since higher price may prejudice the efforts to promote and expand the use of LNG, its price must be therefore at an affordable level to consumers. On the other hand, the LNG supply chain would require huge capital and (next page)

was not hard too. ASEAN has to work painstakingly slow but sure and thru con-OPE as his family. He stated, he have known them for almost 10 with them, had fun memories: wonderful golf fellowships, deep sensus. cultures & traditions, food & drinks, similarities & differences in

- APERC-When will APSA be implemented? Is there anything more you wish to do for the ASCOPE? Would you consider the implementation of APSA your best accomplishment?
- Mr. Bala-The concept of APSA works inherently in ASEAN as this have been tested several times before when ASEAN faced oil crisis. The ASEAN culture of sharing exists thru bilateral talks and cooperation
- While APSA technically needs to have the APSA operational manual/guidelines to make it to be a real working tool of cooperation during emergency or oil disruption or crisis. This manual will set the rule or guide on who does what, when how, with whom, at what costs during time of crisis.
- APSA is an ASEAN instrument. An ASEAN tool of cooperation during emergency It is an instrument of cooperation that is uniquely ASEAN, in character & spirit. ASCOPE was only a cooperating ASEAN body to do its share in the conduct of review and implementation of APSA. ASCOPE being an expert body on oil & gas matter
- In ASEAN, works is done on a collectively & consensus ways

APSA is a great work of ASEAN. But of course, with the help & advise of our international cooperating partners like IEA, APERC, etc., (To be continued)

#### Varied and Evolving Concept of Natural Gas Security

Energy security has bee

cy agenda in many APEC economies. While oil supply security was a critical issue for many importing economies especially in the 1970s, the recent development seems to also focus on natural gas security. The concept of natural gas security differ. significantly, depending on the specific ene gy challenges an economy faces. For instance, importers concern about physica supply stability at affordable price, while orters call for security of demand to have a steady gas export flow at a price that uld not only enco but support overall economic developme The concept also has evolving nature, too. ndonesia and the U.S. are prime examples of such evolving nature. Indonesia was once the largest LNG exporters in world, but now will import potentially significant amount of producnatural gas. Thus, the concept of supply security for Indonesia becomes a policy is is restor. sue, which was not before a concern for the economy. On the other hand, 10 years ago the U.S. expected massive gas imports to meet its domestic demand. However, with p call fo the shale gas revolution, the economy is transforming into a net exporter of natural following aas, and therefore security of natural aas dent for s not a pressing issue any more. In in neighstead, the U.S. natural aas policy may be ity oriented, especially in the situation where the competitiveness of the U.S. LNG is undermined by higher s on key nny Hub and Inwer caude oil ario al settle These two examples are perhaps extreme e a deal. However, it might be useful for policy mak eotiatine ers to understand the varied and evolving concept of natural gas security. wn little of OPEC.

Supply and Asia In the early 2000s, transportation cost was about 8.0% to 10.0% of total crude oil acquisition cost. that the core principle of cation. While crude oil supated by Middle Fast there

Photo and Photo Story

crease of new non-Middle

to Asia in recent years.

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Now, it is below 5.0% because, while oil price level has increased, tanker tonnage has a surplus balance and the freight rate has become lower. Nontraditional long-haul crude oil transportation from non-Middle Eastern countries to Asia is now less of a revolution has changed the

> ow The increased domestic .S. is pushing out from its doanal crude oil supply (coming d Latin America) to go someingly directed towards the factors have a structural na-I phenomenon, and thus it is oil import continues to be

rowing expectation that new de of Pacific Ocean may also increase non-Middle East nay be a new crude oil supply ing regulation for crude oil m Canada, if transportation cific coast is developed; and, ing reform in its oil and gas nd raise its crude oil produc-

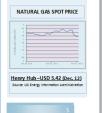
hat such enhanced diversifiecurity for crude oil importne time, finding a new export anada and Mexico to expand re active cross-Pacific crude peficial to both sides of the solidify economic ties in Asia

Mr. Yoshikazu Kobayashi

es Gelindon

-Chief

The Min Rong tanker berthed at angguh liquefied natural gas (LNG) his Edition . Indonesia is the second largest natural Mr. Tetsuo Morikawa Mr. Knichiro Tanaka



plant in Indonesia.

gas producer in Asia. Source : BP 2014

### 2<sup>nd</sup> Issue Sample

#### APERC **Asia Pacific Energy Research Centre**

February 2015 ssue No. Z

### APEC Oil and Gas Security Newsletter

#### Positive and Negative Impacts of Rapid Oil Price Drops

Crude oil prices have been declining since mid of last year. Dr. Ken Koyama, Chief Economist and Managing Director of the Institute of Energy Economics, Japan (IEEJ) made an analysis on the rapid oil price drops in his article for the December 2014 issue of IEEJ's Special Bulletin: A Japanese Perspective on the International Energy Landscape (198) entitled "Positive and Negative Impacts of Rapid Oil Price Drops". The following is an excerpt from this article

He mentioned that oil prices are unlikely to turn upward unless 1) OPEC (the Organization of the Petroleum Exporting Countries) decides on an emergency production cut in response to an excessive price fall; 2) excessive oil price drops cause social and economic destabilization in major oil producing countries to disrupt oil supply; or 3) an unexpected accidents or geopolitical risks bring about oil supply disruptions.

He indicated in his analysis that the positive impacts of the oil price drop include those on the world economy. Oil price drops cause an income transfer from oil producing countries to consuming countries with higher propensity to consume, becoming a factor to invigorate the world economy. In oil consuming countries, oil price drops bring about an increase in disposable income to raise consumption (from levels under higher oil prices). In Japan and other countries that are heavily dependent on oil imports, positive impacts will be more remarkable

However, there are also clearly negatives impacts on some areas and he mentioned them as follows. First, weakening oil prices will seriously affect oil producing countries (net oil exporter) that heavily dependent on oil revenue and lack economic capability to resist low oil price. Second, weak oil prices will deteriorate companies and industries involved in the oil/gas upstream sector, exerting adverse economic effects. Third, weak oil prices will exert negative impacts on oil and gas investment plans and future production capacity in line with such impacts on the oil/gas upstream sector. (next page)

es and make e investment played a role Positive and Negative Impacts of Rapid Oil rket. visit http:// "Refining at Home" - Implications to Oil Security Interview with Mr. Victorino S. Bala (Last nort hill have nacities Indo-Malampaya Deep Water-to-Gas Power st year that it di Aramco, Si-Ukraine's Energy Security, More Than Gas t Nam, Petro ng Quat with Upcoming Event The 1st APEC Oil and Gas and's PTT and Security Network Forum. approval to



In this issue

Price Drops

Supply Security

Part of 2 Parts)

Facility Shutdown.

Middle East Update.

### CRUDE OIL SPOT PRICE



🔹 6/%Cubleg.06 🍙 Briet-Europie WTI-USD 52.99 (Feb. 13) Source : US Energy Information Administration Photo and Photo Story The Malampaya Gas Platform Off Discovered in 1992 and inau in October 16, 2001. The Malampaya Deep Water Gas-to-Power Project supplies gas to fuel the Philip pines' three combined cycle gas tur one (CCGT) power plants with a con



#### Middle East Update

Mr. Bala together with APERC President Mi

um. April 2013 in Tokyo.

Dilmi during the 1st Oil and Gas Security Fo

"To President Takato

Ojimi thanks for your

inspiring leadership

(label) lover & con-

noisseur."

and for being a wine

The instability of the Middle East and North America (MENA) region has been expanding. It is not only the ISIS atrocity originating in Iraq and Syria that is most worrying. The surge of the militant groups in Libva, the takeover of the capital by one of the rebel groups in Yemen and the brutal advancement of radical extremists in Nigeria could all pose a threat to the stable energy supply to any economy, it's not only because these countries are energy producers, but also these incidents are inspiring radical extremists in many different countries.

What the Charlie Hebdo incident in Paris has shown to us is that radical extremism is not confined to the region where violence is evident anymore. The threat can be transmitted to the other parts of the world undetected through "returnees" from the battlefields or "lone wolves" who are incited by the radical ideology propagated with films and statements spread by extremists. Although energy supply has not been directly affected by these terrorists so far, each government should be even more prepared today for any kind of escalation that could lead to energy supply disruption. Such cases may include attacks against oil and a sease sector in which MENIA sections have also



Irag has the fifth largest proved crude

ine label lover & connoisseu

and for all the cherry blossom experiences. We hope we can, meet, work, together again, in the future

2014 Mr. Nopporn Chuchinda from Thailand is the new

#### Interview with Mr. Bala.... (from page 3) Mr. Bala-None. We experienced various kind of threat but those threa became manageable. The effects of the Middle East geopolitical crises im-

pact on the supply & prices instability in the region but our internal mecha-APERC-As APSA is not yet being implemented, when you were confronted

with these threats, how did you address the supply (or potential) disruption? Please explain briefly. Does ASCOPE or that member country in particular have any oil and gas supply contingency plan in place? If yes, would you mind describing briefly the salient points of the contingency plan? Mr. Bala -The bilateral & multilateral arrangements between and amongst ASEAN Member States are operating quietly well

Vulnerability affects all in many different forms and qualificat

APERC-We appreciate very much your participation and being one of our experts during the conduct of the APEC OII and Gas Security Exercises (OGSE) in 2013 (1st and 2nd forum, Bangkok and Jakarta Exercises). What is your mpression about the OPEC OGSE? Do you think the exercises we had in Bangkok and Jakarta were important and useful especially for the Southeast Asian members in dealing with emergency situation on oil and gas? Do you have any advice on how APERC can improve more to dispense the task that the APEC Leaders/Ministers bestowed on us? Do you think we should continue this kind of exercise?

Mr. Rala-The APEC/APERC initiative on Oil & Gas Security Exercises are truly outstanding and excellent in substance & form. I have learned a lot. Indeed, I have to congratulate President Takato Oimi and his key officials & staff for making this initiative a great success and making the ASEAN a bene-

ficiary of these exercises. We want this template duplicated or replicated in the future APSA exercises As I have been suggesting to APERC that you conduct this kind of exercises too in other APEC Member Countries.. perhaps on a different region because APEC is composed of different regions with different ecor interest. And in here we can learn & study the level of energy cooperation needed to establish as emergency protocol

We should understand that this could be very different from APSA. APERC-Any happy moments during your term as Secretary In Charge? Any

Mr. Bala-In ASCOPE, memories, friendships, fellowships, good relations and love, abound, In ASCOPE, happy moments are everywhere, anytime with everybody. I love ASCOPE, and I hope ASCOPE loves ... me... too! ha.ha.ha...

APERC-Any final words? (next page)

#### Ukraine's Energy Security....(from page 6)

Untaine's Energy Security....(nonin page o) with its gas supply lisuse. Most of the coal used for power generation in Ukraine is produced around Donetsk in the eastern Ukraine and transported by railway. However, the continued confrontation with pro-fussian sepa-ratists in this are has indeed the production and transportation of coal. There are no prospects for converging the independence movement to a steady state, therefore, it is unclear when the coal supply will be normalized. Since 40% of electricity supply (as of 2012) in Ukraine depends on coal, the lack of coal has a substantial impact on the operation of electricity repera-Jack of coal has a substantial impact on the operation of electricity genera-tion. While University is training to maintain its call subply by imports, it is uneasy to dramatically increase the import volume in a short time be-rian meet the burning characteristics of its meet the burning characteristics of Miry. In the short term, Usraine has no electronic dramatic term, burning that the burning characteristics of Miry. In the short term, Usraine has no mire that the burning characteristics of

oal-fired power generation with gasestablish respective platforms to discuss the po d shape in terms of capacity. However ential and challenges of Asian again das htoket Porum was first held in Shangho China in 2022 and then in Delhi, India in 2023 The Srif forum attracted obout 170 attendees urden on the payment of gas import. sue is more serious pply issue. Energy Economics, Japan (IEEJ) and car sovernment of Ukraine is aiming to

generation, which is another main Nuclear power generation is recog-pected to increase their energy selfshared view on weaker market balance of na tal gas in Asia. While many presenters arg raise expectations on nuclear power ir than expected demand for LND in Asia, i y is uncertain. crisis, Ukraine has launched a variety pt to build a competitive market like ligopoly with state-owned enterprises aine is also trying to reduce the burestment of natural gas. Lower oil prices energy saving by abolishing subsidies agined that they face public criticism tion is inherent in every reform tion. If Ukraine wants to put

for the US UIG projects whose produ only just begin. We wish that the rend other countries should take kraine as well as re-examining dishment of Asian benc

Asia Gas Market Forum

of companies such as China Na

search Centre (APERC) organized the 3rd UIO Producer-Consumer Conference in November 2014 in Tokyo, the 3rd Asia Gas Market Forum

was held in Beijing on 17th December2014. Thi

Oil Corporation (CNOOC). Both conferences on

supply disrup-

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forum was initiated mainly by Chinese natio

indexed LNB prices which by itse is welcoming for Asian gas imp lower all-indexation prices could be a challeng viced in relation to the US Henry Hub price hirdly, market players are aware of the need : replace oil-indexation pricing for natural gas fo mork price

natural gas in near future, the possible LNG all and abalishing destination clause in term

...shutdown could have adverse impact on Luzon arid's power sup-

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To President Takato Olimi thanks for your inspiring leadership and for being

Thanks to you all hardworking APERC people... Virang, Pak Anditya, Mich

Mr. Bala's term as Secretary-in-Charge (SIC) of ASCOPE ended in Na

The Malampava Deen Water to Gas Power Facility in Palawan Philip-

The Malampaya consortium led by Shell Philippines Exploration B.V.

fully will also be featured in one of the issues of the APEC-DdS News

Malampaya Deep Water-to-Gas Power Facility, Shutdown

pines will proceed with its month-long maintenance shutdown in Mar

year despite the tight power supply situation expected in the summer of 2015.

(SPEx), Chevron Malampaya LLC, and the state-owned Philippine National Oil Co. -Exploration Corp. is scheduled to shut down the facility starting 15 March to 13

April 2015 (30 days) as part of the preparation for the third phase of its expan

sion program. One of major maintenance activities to be undertaken will be the

coupling of the existing platform to the new platform, which currently being con-

Ine gas neid, which is focated at interfets for three is not the set of a standard is land, has about 2.7 trillion cubic feet of natural gas reserves and S5 million bar-rels of condensate found some 3,000 meters below sea level. Off-takers from

the Malamnava field are the Illian and Erst Gas nower facilities (Sta. Rita and San

2.861 MW and 2.760 MW, respectively, about one-third of Luzon grid's power

Malampava consortium for possible deferment of maintenance schedule in oth-

er months. However, the consortium could not afford to move the month-long shutdown as the scheduled maintenance is time-specific, which is based on com

pletion timelines of the gas platform installation and other activities at the field.

upply. The shutdown could have adverse impact on Luzon grid's power supply,

zo) which have combined total installed and dependable capacities of

The Philippine Department of Energy (PDOE) has made a request to the

The gas field which is located 80 kilometers northwest of Palawan is-

structed in Subic, Zambales province (about 3-hour drive from Manila).

And Dr. Irie for being cool and supportive smart and alert at all times.

Interview with Mr. Bala.... (from page 4) Mr. Bala-Thanks APEC/APERC for the rare opportunity and experiences learning moments on OGSE.

Editor's Nate

as well as on the cost.

(next page)

### 3<sup>rd</sup> Issue Sample

"The falling of oil prices

causes an enormous

impact on its economy.. "

-75-

APERC Asia Pacific Energy Research Centre

### APEC Oil and Gas Security Newsletter

#### Chinese Economy and Oil & Gas Market

During the National People's Congress held in early March, the government announced that China aims to target a 7% GDP growth rate in 2015. China enjoyed a high GDP growth rate of around 10% for over 20 years after the economic stagnation in the early 1990s following the Tiananmen Square incident. Factors, such as the struggling export industry affected by weak economic situation of developed economies, however, slowed down China's economic growth at 7.4% in 2014 (IMF, World Economic Outlook, October, 2014). The 2015 goal that the National People's Congress announced early this year is even below the 2014 level

China is currently importing a large amount of oil and natural gas. It is the second and ninth largest oil and natural gas importer of the world in 2012, respectively (IEA, Energy Balance 2014). The decline of energy demand in China caused by the economic slowdown is believed to cause the decrease of import volume affecting the global market. Currently, crude oil price is a little less than \$60 per barrel which is very low compared with the level that prevailed for the past four years. In reaction to the low crude oil price, the natural gas/LNG prices which were linked with that of the crude oil price are also on the decline. A change in import volume of oil and natural gas in China may become a factor that causes the continuing low oil prices and possibly for some time to come

Such low oil and natural gas prices in the international market can be good news to net importers like China as they help contain the outflow of national wealth and bring benefits to their industries and people. On the other hand, the situation can be considered tough by net exporters because it deteriorates the trade balance and adversely affects the oil and gas export related industry and consequently their respective economies.

This situation, however, does not always create benefits for net importers. Following the decline in oil prices, investment projects for oil and natural gas have been under reassessment all over the world. Some of them may even end up being cancelled. While this is a natural behavior based on market principles, excessive adjustments may cause shortages of supply in the future.

crease of 344% from the 2009 subsidy level. As a consequence of the large amount of fuel subsidy allocated in the state budget of indonesia, the capability of the Government to finance various programs for the improvement of public welfare and infrastructure development were The establishment of the new policy on fuel subsidy by the

ment of Indonesia amid the decreasing world of prices is a good decision. This decision will likely minimize the negative impact to many people and will be beneficial to the Government. The new policy on fuel subsidy will strengthen the indonesian state budget through the following among others: the indonesian Government will have more budget allocated to the productive sector and in the develop ment of infrastructure projects which will support economic growth in Indonesia. Lastly, the public will also likely control their fuel consumption which would mean reduction in the economy's fuel importation.

#### Middle East Update

April 2015 Issue No.3



The challenges that Iraq is currently fac are not confined to threats to its security. The fail of oil prices causes an anormous intract on its exomy among others. Cost of the war on terror, incl ing salaries for militias and expenses for accor lating refugees, became a serious burden on Irac budget. The oil industry cannot be spared from th impact following the collapse of oil prices. The a rears of the cost of oil field development that th Iraqi government owes the international Oil Com nies (IOC) by the end of 2014 stands at 9 billion US sum of 18 billion US dollars. The tradi oil ministry them or issuing government bonds to cover the affecting Iraq's oil production surge scenario, which

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WTI-USD 55.58 (Apr. 21)

ted Directo of the Energy Markets and Security Directorat on 3 September 2012. OIL SUBS Prior to joining the IEA. Mr. Sadamori, a Japanese national, held many senior positions at the Japanese Ministry of Economy, Trade and In-dustry (METI) and most recently was as Deputy neral at the Minister's Secre

> "countries with indigenous oil and aas resources with no or small level of imports are more resilient than net importers."

#### APEC Oil Supply Security

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ia Pacific Energy Research Centre (APERC) and v Economics, Japan (IEEJ) are jointly making a I stockpiling policies of APEC economies. The study how APEC economies can deepen their terms of oil supply security. Details of the rented and distributed at the 1st Oil and Gas Forum (OGSF) last April 23, 2015 held in Kiew shows that oil supply situations and devel-

of Japan's should be a only security policies of each economy areatly Therefore t APEC economies. While some economies com erage price nt on importation of their oil supply, others are more than their domestic requirements. Some ket is weak a 200 day of stockpiling while others are still ting-up their stockpiling systems. This fact



untries in Asia Pacific region to seriously consider energy security issues. I we eased to be included. Staff members who took part in the regional exercises gas me a very positive reports about the outcomes. It was also a precious opportur us to communicate with APEC countries, especially ASEAN member countries. APERC: We appreciate very much IEA for assisting APEC/APERC in our efforts in dressing possible oil and gas security emergency. As one of the people experi ced in this area, do you have any advice on how APERC can improve more to spense the tasks that the APEC Leaders/Ministers bestowed on us?

Mr. Sadamori: We have to bear in mind that, as forecasted in IEA's World Energy utlook and other analysis, Asia Pacific region will be the center of energy deman owth in decades to come. Countries in this region should improve emergency inse capacity through various types of co

APERC: Any happy moments while serving as Director of IEA? Any regrets r. Sadamori: Ever since I worked with the IEA as a representative of Japan in 2008 and 09. I have wanted to have a chance to work in the IEA Secretariat. Past wo years have turned out to be a lot better than expected. I feel very fortunate t work here.

#### APERC: Any final advise?

Mr. Sadamori: Prenaredness is the key. To be prenared we need good data anatical capacity, well maintained response regime, and good communication ope that APERC would support APEC countries in these functions, and IEA would leased to suppor



APERC: Which member country of IEA do you think is more resilient and

which is more vulnerable to any threats of oil supply or gas supply disru tion? (If you have difficulty in answering this question, please skip.) Mr. Sadamori: In general terms, countries with indigenous oil and gas n

rces with no or small level of imports are more resilient than net imp ers. But, it depends on the cause or nature of disruption. Also, even if atry is a net importer, with ample strategic reserves, right set of polic and good maintenance of the response mechanism, the country can improv

APERC: We appreciate the support IEA has extended to us during the APEC Oil and Gas Security forum, which you have participated in, and the APEC Oi

# ashima National Oil Stockpiling Ba

Photo Courtesy of JOGMEC

### Photo and Photo Story

ima National Oil Stockpiling Base The construction of Shirashima nationcrude oil stockpiling base was completed in August 1996. It is the world's largest floating oil storage facility located about 8 km off the coast of Kitakyushu. As Japan is a leading oil consuming country in the world and depends on 99% of oil importation the base stores

apan's system of preparation for any unexected situation which would result to disrup-

Caption story courtesy of Japan Oil, Gas and Met-

#### The 1st APEC Oil and Gas Security Network Forum

The Asia Pacific Energy Research Centre (APERC) hosted the "1st APEC Oil and Gas Security Network Forum" (OGSF) on April 23-24, 2015 in Kitakyushu City, Japan. The forum was part of the "APEC Oil and Gas Security Initiative (OGSI)" which was conceptualized and launched last year.

The forum was participated in by the representatives of the APEC Oil and Gas Security Network (APEC -OGSN) from 16 of the APEC member economies and experts from international/ regional organizations such as IEA, ASCOPE, HAPUA and ERIA. It served as a venue to gather and share information and experiences from the members, relevant information on emergency responses to oil and gas supply disruption.

The APERC Secretariat also presented the current and future activities of the OGSI including the Oil and Gas Security Studies (OGSS) one of which is the "Review of APEC Oil Supply Security" found on page 6 .

The last day of the forum was a visit to Shirashima Oil Storage Base, a floating oil storage facility of Japan (Related story on the facility can be found on page 8)



The First Oil and Gas Security Network Forum (23-24 April 2015, Kita-Kyushu,

crude oil for about 10 days of its annual consumption The stockpile of crude oil is also

tion of oil supply.

als National Corporation (JOGMEC)

### 12th International JODI Conference

The 12th International JODI Conference was held last 8-10 April 2015 in New Delhi India With the theme "Lessons Learned and The Shared Path Forward" the conference commemorates ten years of The JODI-Oil Database and one year of The JODI-Gas Database". The conference was participated in by experts of respective member countries as well as JODI partner organizations including APEC. JODI was first launched in 2001, the primary

goal was not to build a database but to raise the awareness of all oil market players to the need for more transparency in oil market data. The process expounded and more countries participated and the database was established and was opened to the public

The Conference then served as a venue in convening market actors who contributed to the enhanced energy data transparency at various stages of the JODI data supply chain: industry representatives, professionals from national energy statistics offices the IODI Partners themselves, and market analysts who use the JODI data. By bringing all of these stakeholders together, the Conference helped in facilitating better communication and improved peration among them.

For more information on JODI you may visit ttps://www.iodidata.org/

#### Photo and Photo Story

The 1st APEC Oil and Gas Security Network Fo-

Experts and participants in the 1st Oil and Gas Security Network Forum held last 23 April 2015 in Kita-Kyushu, Japan. Photo Courtesy of APERC Secretaria



### WAY FORWARD





### 1<sup>st</sup> Oil and Gas Security Forum (2015)

### **OGSF BACKGROUND**



- Ist APEC Oil and Gas Security Network Forum (OGSF) held last April 23-24, 2015 in Kitakyushu City, Japan;
- participated in by the representatives of the APEC Oil and Gas Security Network (APEC –OGSN) from 16 of the APEC member economies as well as experts from international/regional organizations such as IEA, ASCOPE, HAPUA and ERIA;
- Served as a venue to gather and share information and experiences from the members, relevant information on emergency responses to oil and gas supply disruption;
- APERC Secretariat also presented the current and future activities of the OGSI

# SITE VISIT

- Shirashima National Oil Stockpiling Base -the world's largest floating oil storage facility located about 8 km off the coast of Kitakyushu.
  - Construction competed in 1996;
  - Crude oil for about 10 days of annual consumption of Japan is stored;
  - Total amount of Storage capacity is 5.6 million kl (700,000 kl x 8 barges);
  - No emergency experienced so far.





# **NEXT STEPS**

- OGSS: Requesting information and comments
  - ✓ Oil Supply Emergency Preparedness Policies and Procedure
  - ✓ Oil and Gas Security Exercise Model Procedure (EMP)
- OGSE: To be held in Manila, Philippines in December 2015
- OGS Newsletter: Issue No. 3 was released on May 1, 4<sup>th</sup> Issue coming by end of June 2015

### OGSF

- ✓ Next Forum in 2016 Venue (?)
- ✓ APERC Website OGS information including 1st and 2nd OGSE forum will be uploaded
- ✓ OGSN Members continue updating of the list





# **THANK YOU FOR YOUR ATTENTION**

