



**Asia-Pacific  
Economic Cooperation**

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**2018/EWG56/027**  
Agenda Item: 9b

## **Oil and Gas Security Initiative**

Purpose: Information  
Submitted by: APERC



**56<sup>th</sup> Energy Working Group Meeting**  
**Lima, Peru**  
**6-7 November 2018**



The 56<sup>th</sup> Meeting of APEC Energy Working Group (EWG)  
Lima, Peru, 6-7 November, 2018

# 9.b. Oil and Gas Security Initiative (OGSI)

Kazutomo IRIE, Phd  
President, APERC



## 9.b. (1) Introduction of OGSi

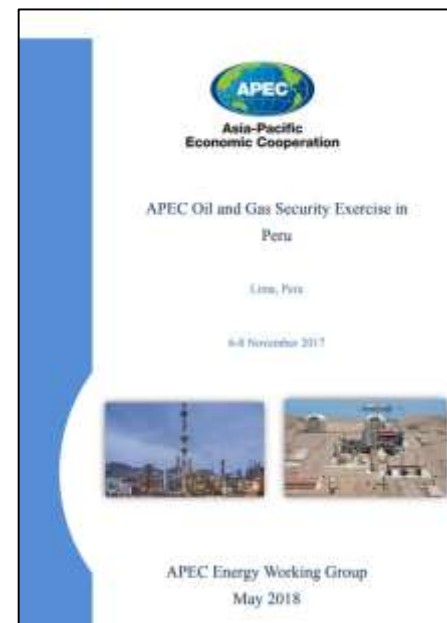
- **APEC Oil & Gas Security Initiative (OGSI)** was approved as an APEC Self-Funded project in EWG 48 in November 2014 in Port Moresby, Papua New Guinea.
- APEC Energy Ministers instructed “the **EWG**, with the support of **APERC** and other organizations such as IEA to strengthen oil and gas emergency response mechanisms in the APEC region through **OGSI**” in the 12<sup>th</sup> EMM in October 2015 in Cebu, the Philippines.
- **OGSI consists of three pillars:**
  - **Oil & Gas Security Exercise (OGSE)** on a voluntary basis;
  - **Oil & Gas Security Network (OGSN)** by officials in charge of oil and gas security policy in each Economy; and
  - **Oil & Gas Security Studies (OGSS)** on research topics related to oil and gas security in the APEC region.

## 9.b. (2) Progress of OGSI: OGSE in Peru

- **The Final Report of OGSE in Peru (6-8 November 2017) was presented at the EWG 55 in Hong Kong, China. It was published in the APEC and APERC's website on July 2018.**
- **Around 30 representatives from government agencies, energy companies and academic institutions participated in the exercise.**
- **The Expert Review Team provided 46 recommendations to enhance energy security in Peru.**

- **Key message:**

**“While the recommended measures may involve considerable investment and challenges for Peru, recovery and emergency losses without preparedness are not only greater but could also be catastrophic.”**



# 9.b. (3) Progress of OGSI: OGSN



August 2018  
Issue No. 23

## APEC Oil and Gas Security Newsletter

### Trade War and Oil and Gas Supply to Asia Pacific

by Yoshikazu Kobayashi

On July 6, United State and China both started to impose additional 25% tariff on their imported goods. Both economies suggest that they may introduce additional tariff by expanding its respective subjects as retaliation. The trade war between the two world largest economies has just begun.

Energy supply between the two economies cannot escape unscathed from this dueling. The United States has already imposed additional tariff on imported steel products from China, and this causes inflation of the construction materials used for energy supply infrastructure such as casing pipe, long distance pipeline, refining and petrochemical processing plants. Pains from this trade strife is already being felt by the US energy industry, and it may cause further adverse effects if the imposition of the additional tariff will be extended for a longer term.

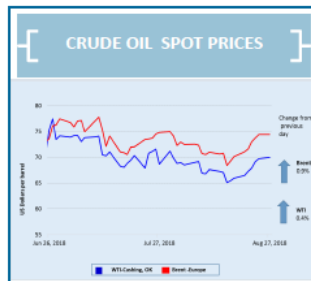
China started to impose 25% additional tariff on 545 imported products from the United States in July 6. While energy products are not included in the 545 products, China hinted that it may expand the subject of imported product and crude oil and oil products may be included in the list. If such tariff on oil is actually imposed, it will cause significant impacts on the Asian oil trade because in 2017 alone, China imported 450 thousand barrels per day of oil from the United States. China in fact, is the third largest oil export direction of the United States, after Mexico and Canada. And the retaliation tariff may seriously harm the US export revenue if China significantly reduce the import of the US oil. LNG is not included in the list of additional subject, which suggests higher importance of LNG for the Chinese energy supply, but as the strife between the two economies deepen, the subject of additional tariff can be easily widened. (next page)

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#### Highlights

- Upcoming Event
- Photo and Photo Story
- Crude Oil Spot Price (WTI and Brent)
- Natural Gas Spot Price (Henry Hub)

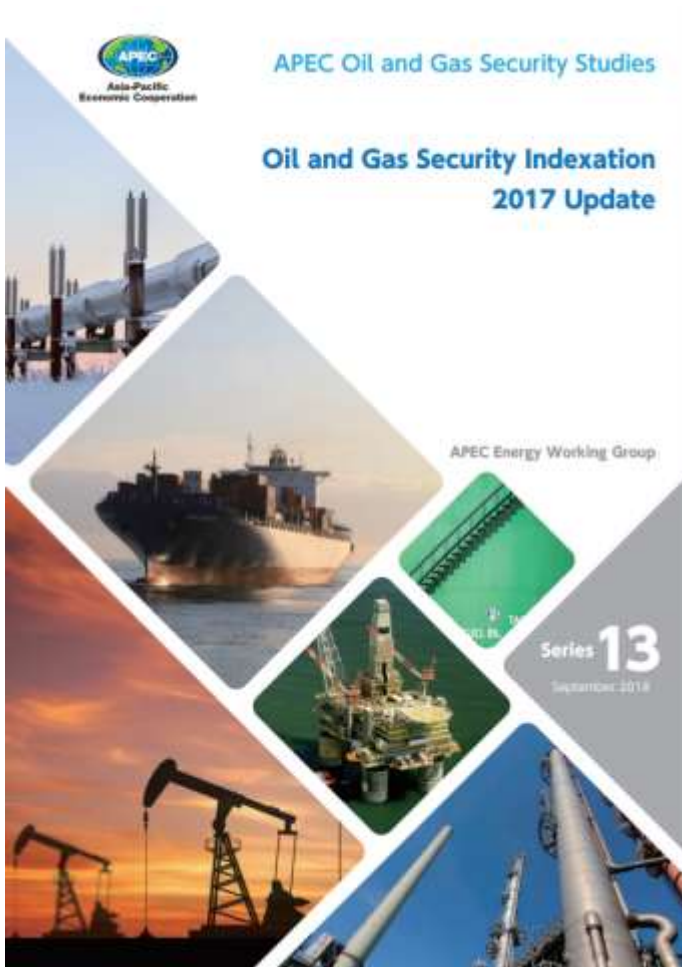


WTI—USD 69.97 (Aug 27)

Source : US Energy Information Administration

- **24 bi-monthly OGS Newsletters were already issued and circulated since December 2014.**
- **The 4th Oil and Gas Security Forum was held in Tokyo, Japan on 7-8 March in conjunction with EGCFE Oil & Gas Meeting on 9 March.**

## 9.b. (4) Progress of OGSI: OGSS



- **Three studies** have been published between June–September 2018.
  - **Energy Security of APEC Economies in a Changing Refinery Environment (June)**
  - **Investments in the Natural Gas Supply-chain in Asia Pacific (August)**
  - **Oil and Gas Security Indexation 2017 Update (September)**
- **Two studies** are currently undertaken.
  - **Emerging energy security risks in changing global energy landscape**
  - **Small-scale LNG in the Asia-Pacific region**

**We welcome any suggestion on OGSS topics**

## 9.b. (5) Future Plan of OGSI

### 1. OGSE

- **The 4<sup>th</sup> OGSE will be held in March 2019 in Santiago, Chile.**
- **APERC is currently planning and assembling the APEC Expert Team for undertaking this exercise.**
- **Update and revise the [Exercise Model Procedure \(EMP\)](#) based on best practice from past exercises in [Indonesia](#), [the Philippines](#), [Australia \(regional exercise\)](#) and [Peru](#), expected to be completed before year end.**

### 2. OGSN

- **The [25<sup>th</sup> issue of OGS Newsletter](#) will be released in [December 2018](#).**
- **The 5<sup>th</sup> OGSN Forum will be held 10-12 April 2019 in Sendai City, Japan in conjunction with EGCFE Oil & Gas Meeting.**

### 3. OGSS

- **[2 studies](#) now underway and will be completed in the first half of [2019](#).**



**APERC welcomes all eligible economies to  
volunteer hosting **future OGSE.****

**If interested, please contact:  
[master@aperc.ieej.or.jp](mailto:master@aperc.ieej.or.jp).**





**Thank you for your kind attention**

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