

APEC ENERGY MINISTERIAL MEETING IN 2012

St. Petersburg Declaration–

"Energy Security: Challenges and Strategic Choices"

(24-25 June 2012, Saint Petersburg)

1. We, the Energy Ministers of member economies of the Asia-Pacific Economic Cooperation (APEC) forum, met in St. Petersburg, the Russian Federation, on 24-25 June 2012 to discuss the energy security challenges and strategic choices we face.

2. We share the common understanding that global financial challenges, political developments in the Middle East and North Africa, and increased carbon emissions from fossil fuel consumption will influence the structure of the world economy and will pose new challenges and opportunities to the secure and sustainable growth of global and regional energy markets. In particular, considering recent oil market situations, the need to cope with these new challenges is growing.

3. Enhancing energy security requires concerted action in many areas. We continue our efforts to improve the sustainability, efficiency, predictability, and transparency of traditional energy markets. We are working to enhance and balance the share of natural gas in the energy mix, develop renewable energy sources, ensure the safe and secure use of nuclear energy in interested economies, and boost energy end-use efficiency. These steps will serve to increase our energy security, contribute to our economic development, and reduce emissions of carbon dioxide and other pollutants into the atmosphere. In this context, we emphasize the importance of the Energy Security Initiative (ESI), adopted by APEC Leaders in 2001, and charge the Energy Working Group (EWG) to strengthen its position and to take measures to further implementation of the ESI, while taking into account the particular challenges of our time.

4. Open markets and transparent investment regimes are of great importance to the development of both traditional and new forms of energy. As APEC Leaders confirmed in their 2011 Declaration, trade and investment continue to be important for promoting regional energy security and greater economic prosperity for our people.

5. While the role of new and innovative sources of energy expands, fossil fuels will continue to play a key role in the APEC energy market. Expanded production and trade of natural gas, which has widespread reserves throughout the globe, can ease the transition to a lower carbon economy. Natural gas emits only half as much carbon dioxide as coal per unit of electricity generated, and is the cleanest burning fossil fuel used in energy production. Therefore it is important to evaluate the

production, trade potential and environmental impact of shale gas and other unconventional natural gas resources, as well as to promote steady investment in natural gas infrastructure, including liquefaction facilities, or increasing energy security and economic growth in the APEC region.

6. A cleaner energy supply continues to be a priority to boost both sustainable development and energy security while adjusting to climate change. Technology development and deployment should be promoted for low - emission energy supply options including carbon capture and storage, renewable energy sources and bioenergy from sustainable biomass sources.

7. Improved energy efficiency is one of the fastest, the most environmentally sound and cost-effective ways to address energy security, economic growth, and climate change. More energy-efficient transport, industry, buildings and power grids, combined in more energy - efficient communities, can reduce both the direct use of fossil fuels and the demand for electricity which continues to be generated in large quantities from natural gas and coal. More efficient management of gas, oil and coal production and use can also reduce emissions of methane, a clean energy resource yet a potent short-lived greenhouse gas. Therefore, measures to improve energy efficiency can cut the APEC region's dependence on oil and gas as well as reduce greenhouse gas emissions from fossil fuels. In this context, we commend progress on the Energy Smart Communities Initiative (ESCI) with its pillars of smart transport, buildings, power grids and jobs and education to share best practices that economies can use to improve energy efficiency. We also underline the successful progress of the APEC Low-Carbon Model Town (LCMT) Project.

8. We affirm our commitment to the Action Agenda to Move APEC toward an Energy Efficient, Sustainable, Low-carbon Transport Future adopted at the first joint Transportation and Energy Ministerial Conference in San Francisco, United States, in 2011. Here with we note the importance of energy efficient and sustainable transport systems development, including municipal and railway transportation as well as electronic drive and more fuel-efficient conventional vehicles, on the path to reduced oil dependency and emissions from transport.

9. The APEC region recognizes the importance of the safe and secure uses of peaceful nuclear energy, and its potential in diversifying our energy mix, meeting the growing energy demand, and in reducing greenhouse gas emissions in the region despite the tragic accident at the Fukushima Daiichi Nuclear Power Station in March 2011. To ensure the safety of peaceful nuclear energy, we welcome economies which have nuclear power programs, to share expertise, knowledge and best practices at the request of economies interested in developing nuclear power programs. These economies confirm their full acceptance of commitments to other economies for safety, security and non-proliferation related to, and as the fundamental elements of the peaceful uses of nuclear energy. Particular attention should be given to strengthen cooperation between the interested member economies of APEC and the relevant international organizations, notably the

International Atomic Energy Agency (IAEA) through its Action Plan on Nuclear Safety. Such cooperation includes sharing knowledge and experience on nuclear technologies and safety at nuclear power stations and related facilities to improve nuclear safety standards, and coordinate emergency response and preparedness mechanisms. In this context, we expect that Japan should contribute to the international approach by sharing its knowledge and experience, including information on the Fukushima-Daiichi accident, and recognize the progress made by the Japanese Government to bring the station to a stable condition.

10. We reaffirm our commitment to the Green Growth goals set by APEC Leaders in Honolulu, United States in 2011. To address the economic and ecological challenges facing the APEC region we will promote a lower-carbon economy that strengthens energy security and generates new sources of economic growth, and helps achieve the aspirational goal to reduce aggregate energy intensity of APEC economies by 45 percent from 2005 levels by 2035. We also reaffirm the commitment of APEC Leaders to rationalize and phase out inefficient fossil-fuel subsidies that encourage wasteful consumption, while recognizing the importance of providing those in need with essential energy services and look forward to voluntary reports from economies on their efforts in this direction. We note that as we continue efforts to expand energy access for poor and rural populations, the reduction of subsidies will encourage more energy efficient consumption, leading to a positive impact on international energy prices and energy security, and will make renewable energy and technologies more competitive.

INSTRUCTIONS OF THE APEC ENERGY MINISTERS

1. We instruct the Energy Working Group (EWG), with the support of the Asia Pacific Energy Research Centre (APERC), the Expert Group on Clean Fossil Energy (EGCFE) and the Expert Group on Energy Data and Analysis (EGEDA), 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. The review should emphasize a detailed examination of trade and consumption of natural gas, including LNG in APEC economies, in order to identify the constraints and prospects for cooperation. Pursuant to results of the study, we instruct the EWG to develop specific measures and recommendations to expand natural gas trade, investment and production in the APEC region.

2. We request that the APEC economies share results of research and analysis to support meeting the aspirational goal to reduce aggregate energy intensity of APEC economies by 45 percent from 2005 levels by 2035. Taking into account the importance of funding, technology, and structural differences among economies as well as their past progress on improving energy efficiency, we also ask that the EWG and supporting bodies provide assistance and analytic support to economies upon request to help them achieve the aggregate energy intensity goal.

3. We encourage the EWG and APERC to work in collaboration with the International Energy Agency (IEA) and the Association of Southeast Asian

Nations (ASEAN) on activities to improve the response to oil and gas emergency situations in the APEC region, including emergency response workshops and exercises.

4. We instruct the EWG to study the prospects for interested APEC economies to cooperate in the peaceful use of nuclear energy, considering the results of the Nuclear Power Emissions Reduction Potential Study (NUPERPS) and including the potential for existing and planned nuclear power stations in the APEC region.

5. We instruct the EWG to consider the potential for cooperation on nuclear safety with the International Atomic Energy Agency (IAEA), including its Asian Nuclear Safety Network (ANSN), and the Nuclear Energy Agency (NEA) within the Organization for Economic Co-operation and Development (OECD). Following its deliberations, 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 for emergencies prevention, mutual emergency warning, and enhanced safety at nuclear facilities.

6. We instruct the EWG and the Transportation Working Group (TPT-WG) to collaborate on joint activities to implement the APEC Transportation and Energy Ministerial Conference Action Agenda, adopted at the joint Transportation and Energy Ministerial Conference in September 2011 in San Francisco.

7. We instruct the EWG to continue its analysis of technologies for carbon capture use and storage (CCUS) and its dissemination of best practices for applying these technologies to new and existing power plants and industrial processes using fossil fuel energy, working with the EGCFE and other multilateral fora. We also instruct the EWG and EGCFE to further pursue initiatives for deploying advanced clean coal technologies such as Ultra Super Critical (USC) and Integrated Gasification Combined Cycle (IGCC) to make coal-fired power plants more efficient.

8. We instruct the EWG to implement the studies and initiatives to cope with energy security challenges through cooperation with relevant multilateral fora and organizations such as IEA, International Energy Forum (IEF), ASEAN Centre for Energy (ACE), Economic Research Institute for ASEAN and East Asia (ERIA), and the International Renewable Energy Agency (IRENA).

9. We instruct the EWG to continue to build regional capacity for the reform of inefficient fossil fuel subsidies that encourage wasteful consumption and to report annually on progress using the Voluntary Reporting Mechanism. Accordingly we urge APEC economies to continue to report on progress using the Voluntary Reporting Mechanism.

10. We instruct EWG to take into consideration the discussions and main outcomes of APEC Public-Private Roundtable on energy security which was held on the eve of this meeting.