

Development of ASEAN Petroleum Security Agreement (APSA)

The 3rd APEC OGSN Forum
Irkutsk, Russia
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ASCOPE Introduction

- The ASEAN Council on Petroleum (ASCOPE) is the association of national oil companies in the ASEAN region. It was established on 15 October 1975 in Jakarta, Indonesia.



ASCOPE Objectives: “Pillars” based on

Vision statement:

To **contribute meaningfully to ASEAN energy security** through **sustainable petroleum collaboration** amongst members and with **external stakeholders**

Strategic objectives:

Promote sustainable **utilization of oil & gas resources and infrastructure**

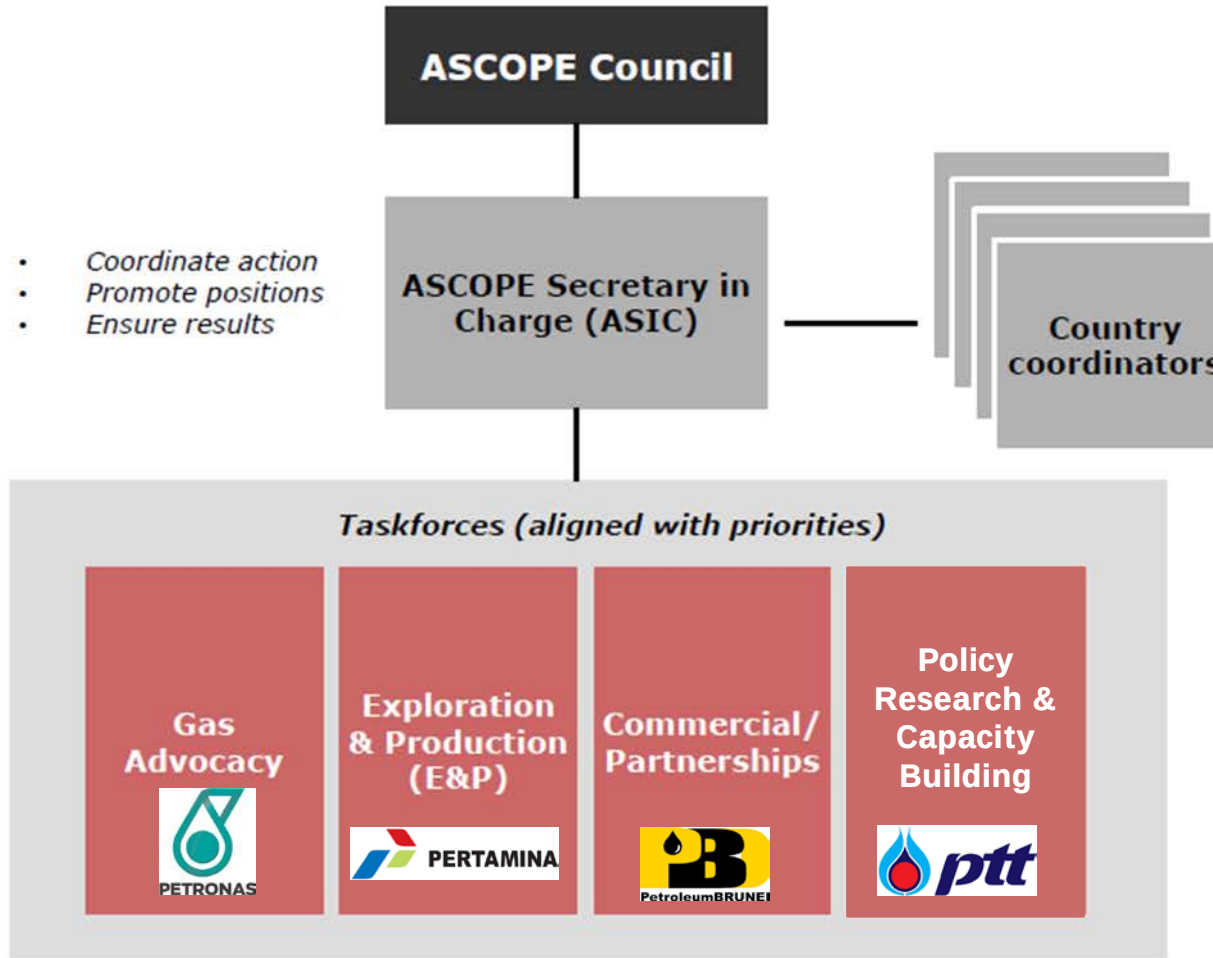
Provide member countries a platform for **bilateral and multilateral business opportunities**

Represent **interests of members** regionally and globally to **influence oil & gas policies**

Drive **knowledge and best practices sharing** across member countries

Promote **development of new technologies** relevant for the region

ASCOPE Organization as approved by Council in Feb. 2017



Key changes

- Taskforces initially collapsed to four for new future
- Number of taskforces aligned with key strategic objectives
- Marketing & PR to work closely with ASIC
- Country coordinator as key touch-points
 - Accountable for any country-specific plans
 - Monitoring of overall country progress

ASEAN Petroleum Security Agreement (APSA)

Background of APSA

1. **ASEAN Petroleum Security Agreement (APSA) was originally signed in 1986.**
 - APSA 1986 was never activated as any shortfalls were managed through bilateral commercial arrangements with ASEAN/ASCOPE member countries.
2. **A revised APSA was completed in July 2008 and signed at the 14th ASEAN Summit in Thailand in early March 2009.**

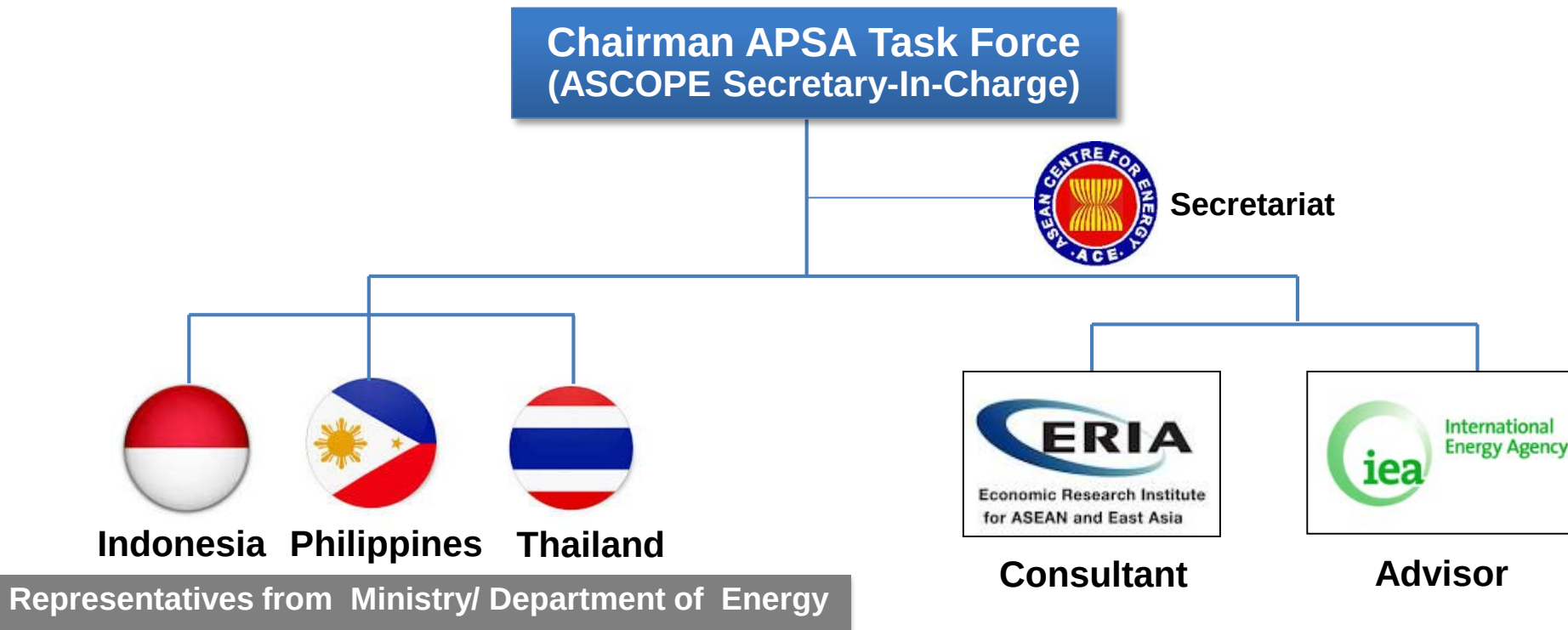
Highlights of the Changes:

- To include short, medium and long term measures in addressing security of energy and to minimize exposure to an emergency situation.
 - To include diversification to alternative fuels, supply sources, exploring for new petroleum resources and improving market and utilization efficiency.
 - Not a commitment but on voluntary and commercial basis.
3. **APSA was ratified by last member states on 2013**, therefore , APSA entered into force on **March 22, 2013**
 4. **However, APSA has its own major flaws:**
 - No clear procedure
 - Operating functions do not exist
 - Voluntary basis
 - Trigger point of 30% of domestic demand for 30 consecutive days is too high

APSA Task Force (2014-2015)

Status:

- The Ministers endorsed the establishment of the Task Force on APSA/CERM Operationalization to propose the necessary procedures, guidelines and plan of action, and required infrastructure for the operationalization of the Coordinated Emergency Response Measures (CERM) Mechanism under the ASEAN Petroleum Security Agreement (APSA).
- Task Force composition:

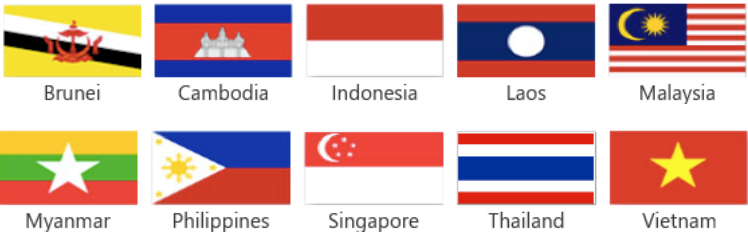


APSA Task Force Structure 2016

**Chairman APSA Task Force
(ASCOPE Secretary-In-Charge)**



Secretariat



Representatives from Ministry/ Department of Energy

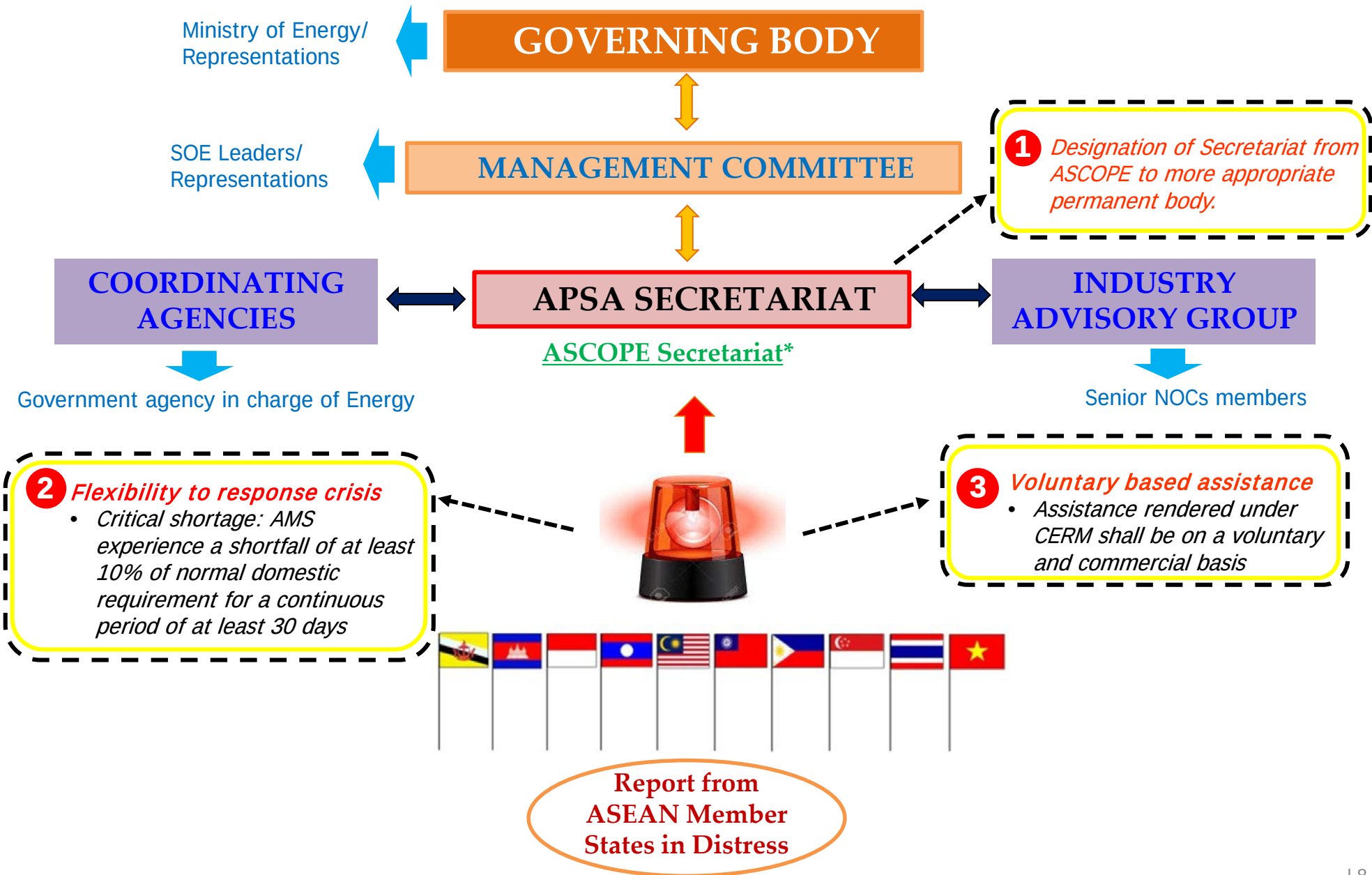


Consultant



Advisor

APSA and its shortcomings/gaps



Gaps and Shortcomings of APSA

Main topic area:	Recommendation overview:	Implications for APSA:	Key initial steps to be taken:
Operational bodies made to function	Bring bodies into actual existence; begin carrying out main functions; have committees meet regularly; etc.	Changes to APSA not necessary.	Activation of full-time, dedicated APSA Secretariat (Sec.); determine funding.
Communication links	Establish elaborated communications protocol, including system and tools necessary for regular information sharing in non-crisis periods.	Changes to APSA not necessary.	Adoption of guidelines; designate contacts in each MS; MS actively communicate w/ Sec.
Short term emergency measures	Each Member State should put in place short-term emergency measures, including emergency oil stocks, and contingency response plans.	Changes to APSA would not be required.	MS review existing measures and plan for developing any needed new measures.
Coordinated emergency response measures	Each Member State clarify the specific emergency measures and adopt specific plans which would allow participation in a coordinated action; Secretariat assess the appropriateness of these measures.	Changes to APSA would not be required.	MS submit to Sec. their review of existing measures and plans for any needed new measures.
Standardization of methodology	Sec. elaborates clear methodology regarding calculations of baseline measures and operating procedures with ASCOPE, ACE and ASec; each Member State adopts standard.	Changes to APSA would not be required.	Sec. activates and refines guidelines, consulting and interacting with other operational bodies

Gaps and Shortcomings of APSA

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Data and information gathering	The specific data requirements necessary for the established methodology, including definitions of data points and timeframe of regular and emergency data gathering, should be determined.	Changes to APSA not necessarily required, can be based on willingness of MS.	MS systematically provide Sec. existing available data (e.g. JODI); Sec. assess and define additional needs; MS commit to reporting.
Inclusion of natural gas	Oil emergency response policies and procedures should be treated separately from natural gas.	Would require modifying definition of petroleum in Article 2.9 to remove natural gas.	All MS agree to change definition in art. 2.9; Sec. develops more elaborated procedures for gas, in consultation with Management Committee (MC).
Designation of Secretariat	Change designation of Secretariat under APSA, from ASCOPE Secretariat to more appropriate, dedicated and permanent body.	Would require amending Article 5.2.	All MS agree to change definition in art. 5.2; agree on alternative body and means for funding this new Sec.
Flexibility to respond to a crisis	Develop a more flexible framework for activating emergency measures than the prescribed trigger under APSA.	Would require amending or fully re-writing CERM under APSA.	Sec. drafts revised agreement with MC consultation; submit to GB for approval.
Voluntary based assistance	A specific commitment by all Member States to establish short term emergency measures would significantly strengthen APSA.	Substantive change to APSA would be required.	Sec. drafts revised agreement with MC consultation; submit to GB for approval.

- **2016:**

- Identification of the gaps and shortcomings of the existing APSA
- Revisions on the existing APSA to shift to more Operationalized
- Undertake the 1st draft of APSA amendment
- Expert Views on Definitions of Emergency and Trigger Process under APSA/CERM
- Major Role of APSA Secretariat
- Necessary Network to External Bodies regarding Stockpiling Issues

- **2017**

Decision required to take steps forward:

1. Close gaps and shortcomings of APSA and set up APSA Secretariat
2. Maintain APSA without closing gaps and shortcomings, with the view that any supply disruptions and shortfalls can be covered by the current market (sufficient supply)

Thank you

About the Speaker



Surachit is an international strategist who is experienced in ASEAN energy context. Working as an analyst in PTT, the national oil company of Thailand and Country Coordinator in ASEAN Council on Petroleum, Surachit is experienced in various energy related projects from energy demand research in Myanmar to hydropower construction project in Lao PDR