



UNITED NATIONS
ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC (ESCAP)

Subregional Consultation Meeting for East and North-East Asia

Preparation for the Asian and Pacific Energy Forum (APEF)

12 and 13 November 2012

Incheon, Republic of Korea

REPORT OF THE MEETING

1. ESCAP's Subregional Consultation Meeting for East and North-East Asia was held on 12 and 13 November 2012 in Incheon, Republic of Korea. The Meeting was conducted as part of the preparatory process for the Asian and Pacific Energy Forum (APEF), which will be held at the ministerial level in Vladivostok, Russian Federation, from 27 to 30 May 2013.
2. The Meeting brought together official representatives and experts from China, Japan, Mongolia, Republic of Korea, and the Russian Federation.
3. The Meeting elected the Chair (Republic of Korea) and the Vice-Chair (Mongolia), and noted that they will be presenting the outcomes of the Subregional Consultation Meeting at the Regional Expert Group Meeting planned to be held from 21 to 23 November 2012 at the United Nations Conference Centre, Bangkok, Thailand. The objective of the Regional Expert Group Meeting is to draft the Ministerial Declaration and the Regional Action Plan based on the five sub-regional perspectives on energy security and the sustainable use of energy.
4. The Meeting reviewed and discussed the draft background document "North-East Asian Perspectives on the Challenges to Energy Security and the Sustainable Use of Energy" prepared by a consultant engaged by ESCAP. The objective of the background document was to facilitate the identification and formulation of the subregional messages and perspectives to be contained in the drafts of the APEF outcome documents – the Ministerial Declaration and the Regional Action Plan.
5. Participants of the Meeting commended the draft background report prepared by the consultant engaged by ESCAP and provided detailed comments and recommendations for its further improvement. Participants also expressed their appreciation to the Secretariat and its Subregional Office in East and North-East Asia for organizing the Meeting.

6. ESCAP will finalize the draft background report with the consideration of the comments and suggestions received and will circulate it to the Meeting participants and publish it on the APEF web-site.
7. The Meeting expressed its appreciation to the Government of the Republic of Korea for hosting this meeting, as well as to the Government of the Russian Federation for providing financial and technical support to the preparatory process towards the Asian and Pacific Energy Forum.

Conclusions and Recommendations

Context

8. The Meeting recognized the importance of the East and North-East Asia subregion in the global energy and economic context, as it accounts for around one third of the world's energy consumption and around one fourth of its GDP;
9. The Meeting noted that the potential for energy cooperation in the subregion is enormous, as it comprises some of the most resource-rich and most-resource dependent countries in the world. Yet, the potential mutual benefits that could be derived from energy cooperation have not been clearly visualized by member countries, and the sense of urgency for harnessing this potential has not been strong enough;
10. The Meeting recognized that energy efficiency improvement, fossil fuel clean technologies, and renewable energy development are fundamental tools that can greatly contribute to the subregional energy security, and still have much potential to progress;
11. The Meeting recognized that energy trade is one of the basic elements for enhancing energy security both within the subregion and in the entire Asia-Pacific. Infrastructure interconnection and energy trade could serve as a catalyst for wider economic cooperation and integration;
12. The Meeting acknowledged the existence of a sizeable number of cooperation initiatives in the field of energy in the subregion; however, the results achieved so far by these initiatives, in terms of enhanced cooperation towards addressing energy security issues at subregional level, have been limited;

Challenges

13. The Meeting reviewed the current status and identified the major challenges to energy security and the sustainable use of energy for the East and North-East Asia subregion, including the following:
 - a. Despite the steady growth in renewable and non-conventional energy generation in the past years and the positive prospects for their future development, the

traditional sources of fossil fuels will continue playing a critical role in meeting a growing demand in the Asia-Pacific energy mix;

- b. With high energy dependency and the growing energy demand in most countries, the subregion continues to be increasingly vulnerable to the price fluctuations and instabilities in the global energy market;
- c. Lack of institutional framework and infrastructure impedes large-scale energy cooperation projects in the subregion;
- d. The subregion still has a significant challenge in reducing the energy intensity of their economies, while governments have put forward ambitious goals for improving energy efficiency;
- e. The subregion, although making noted government efforts in mitigating emissions of greenhouse gases, continues to increase the contribution to the global climate change and adversely affects the environment due to insufficient level of energy efficiency, use of obsolete technologies and a weak renewable energy development;
- f. Lack of access to modern energy services, specially for people living in poverty and in remote rural areas limits their opportunities to benefit from economic growth, improved quality of life, and better health conditions, which in return impedes the achievement of internationally agreed development goals, in particular MDGs;
- g. Different national expectations and existing political constraints in the subregion hinder opportunities for jointly addressing energy security through bilateral and multilateral energy cooperation mechanisms.

Recommended Actions

In order to address the challenges identified, the Meeting agreed on the following actions:

- 14. Energy cooperation among the six countries in East and North-East Asia should be accompanied by a renewed and more effective institutional design. Upon the foundation of earlier efforts, a new energy cooperation architecture in the subregion could either update existing and/or create a new institutional framework;
- 15. To strengthen the role of the ESCAP in supporting the efforts of its member states in expanding subregional energy cooperation;
- 16. To set up an agenda for international cooperation in the subregion, preferably with tangible targets (e.g. on energy efficiency or renewable energy). Such targets could be formulated based on existing initiatives, such as the Sustainable Energy For All Initiative;
- 17. To strengthen the political back-up for energy cooperation at higher-level by considering the possibility of establishing a regular subregional dialogue on energy security and the sustainable use of energy through the introduction of an East and North-East Asian

Energy Ministers' Meeting, a Senior Energy Officials' Meeting and Expert Working Groups;

18. To stimulate networking and coordination with other relevant international and regional economic/energy institutions to take full advantage of earlier efforts towards energy cooperation and to avoid possible duplication of resources and efforts;
19. To propose to explore the possibility and value-added of establishing a subregional financial mechanism to support energy security and the sustainable use of energy;
20. To enhance energy security and the sustainable use of energy by joint projects and collaboration among the six countries in East and North-East Asia;
21. To increase the share of natural gas as one of the lowest-carbon emitting fossil fuels in the energy mix in order to facilitate the transition to a lower carbon economy;
22. To strengthen subregional cooperation in the areas of infrastructure investment, energy infrastructure safety including nuclear power, and the resilience to emergency situations and/or natural disasters;
23. To facilitate regional cooperation development on cross-border trading infrastructure including gas pipelines and electricity grid, including through the identification of possible options for an integrated regional power grid, which could be termed as the Asia Energy Highway;
24. To strengthen capacity building and R&D cooperation among the six countries in the subregion, and continue encouraging initiatives related to knowledge and best practices sharing among institutions and organizations;
25. To encourage the transfer of technologies and knowledge among countries of the subregion in the fields of energy efficiency, economically viable and environmentally sustainable renewable energy, and cleaner fossil-fuel combustion, in particular clean coal technologies.