

Global Energy Governance Reform and China's Participation

Second Interim Consultation Report

*Next Steps in Governance Reform and Energy Options for China's G20
Presidency in 2016*

Energy Research Institute, NDRC;

Grantham Institute, Imperial College London

March 2016

Contents

1. Background.....	2
1.1 The Brisbane G20 Summit.....	2
1.2 Turkey's 2015 G20 Presidency	3
1.3 The IEA and its Ministerial of November 2015	3
2. IEA and China	4
2.1 Functions of the IEA	4
2.2 China/IEA Bilateral Relations	4
2.3 IEA Reform and Modernization Process	7
3. Energy Charter Treaty (ECT) and China	9
3.1 Functions of ECT.....	9
3.2 ECT/China Bilateral relations	10
3.3 ECT Reform and modernization process.....	11
3.4 The Industry Advisory Panel (IAP) under the ECT	12
4. International Energy Forum(IEF) and China	13
4.1 Functions of IEF.....	13
4.2 IEF/China Bilateral relations.....	14
4.3 IEF Reform and modernization process	14
5. Energy Options for China's G20 Presidency	16
Annex I	23
G20 Principles on Energy Collaboration.....	23
Annex II	24
Joint Ministerial Declaration on the occasion of the 2015 IEA Ministerial meeting expressing the Activation of Association.....	24
What Association provides	24

1. Background

“China and Global Energy Governance” is a joint project of China’s Energy Research Institute of the NDRC and the Grantham Institute, Imperial College London (the Project). We issued our first Consultation Report, and our senior Steering Committee issued its statement, in November 2014. A second Interim Consultation Report was issued in November 2015, in the run-up to the IEA Ministerial.

Since this project began there have been major advances in energy governance and in China’s participation. The 2014 Brisbane Summit has firmly placed energy on the agenda of the G20. The Summit requested a first meeting of G20 Energy Ministers, which took place under the Turkish Presidency in 2015. The Australian Presidency also consolidated the role of the G20’s energy working group of senior officials (the ESWG), first instituted under the Russian Presidency in 2013.

At the 2015 IEA Ministerial China and the IEA, together with Indonesia and Thailand, activated their Association, which they described as a profound transformation and a step towards building a truly global international energy organisation. We believe that our project has usefully informed the debate leading up to these developments and we are proud to have contributed. However, there is much more work to be done.

This second interim report updates our previous recommendations in the light of recent events and suggests some options for China’s Association with the IEA and the proposed IEA/China Centre, for the reform of energy governance institutions, and for China’s G20 Presidency.

The project now plans to visit the EU in the Spring of 2016 for further discussions on energy governance topics. Our work will continue through 2016. We plan to publish our final report following the Hangzhou G20 Summit in September 2016.

We are grateful for the many inputs and contributions that we have received during the course of this project, including the guidance of our senior Steering Committee. However, the contents of this Interim Report remain the sole responsibility of the Project Leaders;

- Prof. Yufeng Yang, Research Professor of China’s Energy Research Institute of the NDRC.
- Mr Neil Hirst, Senior Research Fellow of the Grantham Institute, Imperial College London.

This is a research project and our report does not represent the views of the Chinese or UK governments. Our thanks are due to the UK’s Foreign Office for their continuing support.

1.1 The Brisbane G20 Summit

The 2014 G20 Summit in Brisbane took three important steps towards enhancing the role of the G20 in energy governance.

Firstly, the role and significance of the G20 Energy Sustainability Working Group (ESWG), as a group of senior officials meeting regularly to develop and carry forward energy topics of the G20, has been consolidated. The ESWG met three times under Australian chairmanship and discussed energy architecture, energy efficiency, gas markets, fossil fuel subsidies, transparency and regulation, investment, and energy access.

Secondly, the Summit communique has put energy governance firmly on the G20 agenda. Paragraph 17 identifies “Increased collaboration on energy” as a “priority”. Leaders agreed to work together to achieve nine “G20 Principles of Energy Collaboration” (Annex I) based on a “Common understanding that the international energy architecture needs to reflect better the changing realities of the world energy landscape”. Agreement on these “Principles” is an important development. It is a welcome indication of common purpose on energy amongst the G20 and now provides a broad prospectus for the G20’s future energy work.

Thirdly, the Summit asked G20 Energy Ministers to meet during 2015 and report back to them.

1.2 Turkey’s 2015 G20 Presidency

The ESWG continued to meet regularly under the Turkish Presidency. G20 Energy Ministers met on 2 October 2015 and committed themselves to “work together to make energy institutions more representative and inclusive of emerging and developing nations”. Generally, the Turkish Presidency was less concerned than the Australian Presidency had been with energy governance, but it advanced a number of the specific topics of the G20 Principles, notably energy access, specifically in Africa, and energy efficiency.

1.3 The IEA and its Ministerial of November 2015

The new Executive Director of the IEA, Dr Fatih Birol, made his first international visit, since taking office in September 2015, to China. He described this visit as a “tangible demonstration of my personal vision to modernise the IEA to develop a truly International Energy Agency during my tenure”. He said that “China, along with other major developing nations, should become not just a partner but a full participant in the work of the IEA”.

At the IEA Ministerial, Chinese Energy Minister, Nuer Baikeli, and the Energy Ministers of Indonesia and Thailand, made a joint declaration with the IEA of the activation of their Association with the IEA. (Annex II) They described this as a profound transformation and a first step towards building a truly global energy organisation.

The Association is to “provide a common forum for regular dialogue between the IEA Members and Association countries in meetings of various IEA Standing Groups and Committees as well as IEA Ministerial meetings”. The Association is described as a, “non-binding and progressive relationship”. The initially identified shared areas for co-operation include, “Energy Security, Energy Data and Statistics, Energy Policy Analysis, Energy Efficiency, Energy Technology, Renewables, Electricity Security, Grid Integration, and other issues”.

While China, India, and Thailand are the first countries to join the Association, the declaration expresses a, “strong desire to welcome more major emerging countries”.

Foreign Minister recently announced that Australia will contribute to funding.

2. IEA and China

2.1 Functions of the IEA

Since the foundation of the IEA, its traditional functions are changing, and are becoming more and more multi-dimensional. This can be summarised as follows, based on the IEA's own description of its mission:-

- Energy security: Promoting diversity, efficiency and flexibility within all energy sectors;
- Economic development: Ensuring the stable supply of energy to IEA member countries and promoting free, transparent markets to foster economic growth and eliminate energy poverty;
- Environmental awareness: Enhancing international knowledge of options for tackling climate change and energy related pollution; and
- Engagement worldwide: Working closely with non-member countries, especially major producers and consumers, to find solutions to shared energy and environmental concerns.

From the above IEA mission, clearly, the first part of the second point, "Ensuring the stable supply of energy to IEA member countries" is specifically intended to benefit IEA members. However, the other three points, plus the other part of the second point "promoting free markets to foster economic growth and eliminate energy poverty" should be considered as addressing universal challenges.

Having regard to the world energy economic situation, we make suggestions as to how the IEA can reposition itself as an effective contributor on global issues. We put forward comments on the direction of the IEA's future reform and its collaboration with major non-member countries, such as China, India, Russia, Brazil.

2.2 China/IEA Bilateral Relations

It is excellent news that China and the IEA have now activated their Association, and are exploring a joint Centre. China and the IEA can now implement their Association to achieve a strong strategic partnership.

China and the IEA are already actively engaged together in many ways. There is a programme of common activities under a "Joint Statement", renewed at the 2015 Ministerial. China's Ministry of Science and Technology (MOST) has an MOU with the IEA, China participates in 18 of the IEA's Technology Collaboration Programmes, and is an observer on the IEA's Committee on Energy Research and Technology (CERT). China has hosted an IEA emergency response exercise and a meeting of the IEA's Unconventional Gas Forum. China has sent several secondees to the IEA. The objective now should be to strengthen and deepen this relationship.

The Association must contribute to the strategic goals of both parties. For China, the Association must contribute to energy security and to the efficient functioning of the energy markets upon which China depends and provide access to expertise and specialist training

For the IEA the Association must enhance the effectiveness of its emergency response and the quality of its international data and analysis. It must contribute to the energy security of existing IEA members.

For both parties the Association should increase the exchange of information on best practices for energy policy, on technology, and technology deployment. And for both parties the Association should enhance the quality of international dialogue on critical energy policy issues. It should be understood that one consequence of the Association would be a greater focus by the IEA on activities of value to both China and the IEA.

The Association should also further shared international energy objectives, including energy access for all and climate mitigation.

The Association should be even-handed, in that China's commitment to the IEA would be matched by the IEA's commitment to China. A similar relationship would of course be open to any other members of the Association ready to make similar commitments.

The proposed China IEA Centre will need to have an effective programme of work and to avoid too much institutional rigidity. The programme could be co-chaired by senior figures from the Chinese government and the IEA. Considering IEA's multi-functions, we think that this Centre should have a flexible model. Based on experiences with other international energy initiatives with China, we do not think only one official bilateral location will be effective since there will be different participants in various aspects of this work. However, China will need to provide an appropriate legal status for the Centre and its international staff, so that it could conduct its work effectively.

We recommend that the "Centre" should have three main theatres of action.

The first of these will be for high level communication and dialogue, involving senior officials at the IEA and the NEA. This is the IEA China Government Centre. Specifically, the following things could be considered by the China-IEA Government Centre.

- Arrangements for China to attend specified meetings of senior IEA committees including the Governing Board. It will be important to identify the meetings that will have the most value for both sides. We suggest that one meeting of the Governing Board, at senior official level, each year should have an Association focus and be attended by Association members. This meeting could discuss one or more issues of most relevance to the Association including, for instance, reports of the IEA/China Centre. Since other senior committees tend to be scheduled around Governing Board meetings it will probably make most sense for Chinese officials also to attend the full range of senior committee meetings during their visit. Active and meaningful discussion of current international energy issues during these meetings, and in the wings, will be crucial for the success of the Association and for the direction of the work of the Centre. The Government Centre could, sometimes, meet in Paris during these visits.

- Arrangements for the secondment of senior Chinese staff to the IEA Secretariat, enhancing existing secondments.
- The broad outline of the work programme of the IEA-China Centre for International Energy Studies (see below), including financial aspects, and the legal status of international workers at the Centre.
- A “soft” agreement on emergency response. This would not compromise Chinese sovereignty over national emergency planning and the use of strategic stocks, or the IEA’s independence of action. It would build on the statement of intention in the joint Ministerial declaration to, “build and maintain emergency reserves and to collaborate with the IEA in their use at the time of emergencies”. It would contain shared principles on the handling of emergencies and there would be further development of shared training exercises, and agreed lines of communication, to facilitate common action as agreed at the time. We suggest below how such an agreement could form the basis of a wider G20 initiative to widen the global oil emergency framework. Alternatively it might form the nucleus of an Asia/Pacific energy emergency strategy, to include ASEAN countries.
- Options for the IEA, and the Centre, to support China’s 2016 G20 Presidency. We make some suggestions below.

The second theatre of action would be at the level of energy analysis. This could be called the IEA-China Centre for International Energy Studies. This would involve joint analytical work by experts from the IEA and its member countries and from Chinese government and non-government energy policy institutions, including the Energy Research Institute of the NDRC. This can be based on the model of the more successful NGOs in China with a jointly appointed Chief Executive and a supervisory board co-chaired by China and the IEA. A small IEA/China team, possibly located in neutral offices of an NGO, would direct and manage the work programme. Output would include workshops and reports on topics of greatest mutual interest. For instance there might be an IEA/China Centre WEO Special Report. Work would include policy assessment and analysis as well as economic analysis of short term and mid term energy outlooks. Topics are of course for the Chinese government and the IEA to decide. Here are some suggestions:-

- The outlook for Asia-Pacific energy markets.
- Energy investment needs in the Asia-Pacific region, perhaps contributing to a more general G20 study of global energy investment needs (see below).
- Flexible electricity grids, including the role of electricity storage.
- Energy and environmental pollution in cities
- Energy data and statistics, including the enhancement of China’s statistical capability.

The last theatre should be focused on technology follow-up, diffusion, and collaboration. It can be set up inside a university and can be called IEA-China R & D Centre. It would be managed jointly by China’s Ministry of Science and Technology (MOST) and the IEA.

This Centre can contribute analysis on the potential of specific technologies and direct research initiatives. Its work can also contribute to the technology road maps in the IEA

Technology Collaboration Programmes and MOST has a special unit for promoting Chinese participation. One of the conclusions of the 2015 IEA Ministerial was that the IEA should strengthen its technology outreach activities as well as its own energy technology and innovation-related activities. The IEA China R&D Centre can make an important contribution to this, including the founding of new Technology Collaboration Programmes in areas of particular interest to China.

2.3 IEA Reform and Modernization Process

Our previous reports, and the November 2014 Statement of our Steering Committee, have called for more inclusive structures for energy cooperation to provide secure, sustainable and affordable energy for all and to meet world growth and development needs. At the Brisbane Summit in 2014, G20 leaders agreed to work together to make international energy institutions more representative and inclusive of emerging and developing economies. We have concluded, in our reports, that the IEA is the existing international energy organisation with the greatest potential to fulfil this need. We therefore welcome the statement, in the joint declaration of the IEA, China, Indonesia and Thailand at the 2015 IEA Ministerial, that the Association is a key step towards building a truly global international energy organisation.

How is this to be achieved? The Association itself, in its fullest expression, and with wide participation by developing nations, would be a big step towards this result. The IEA has very wide scope under its existing Treaty to enter into collaborative arrangements with non-member countries. But there is a limit to the commitment that developing nations are likely to make to an organisation that remains under the exclusive control of the developed OECD countries. As a Chinese press release on the activation of the Association has said, “further enhancement of bilateral relations depends on the IEA’s own reform and modernisation process”.

This is an exercise in mutual confidence building, and it is essential for the success of both processes that the activation of the Association and the IEA’s reform and modernisation process should proceed in parallel.

We recognise that reform is an important strategic issue for existing IEA members and we recommend that the IEA should set up an internal working party to examine the options and report to the Governing board before the next Ministerial in 2017. China could not be directly involved in such a working party, but we believe that China should be willing to comment on particular aspects, if requested.

The existing IEA Treaty (The International Energy Programme IEP), and the Associated OECD Decision of 1974 establishing the IEA, are outdated in many respects. It is not just that they restrict membership to the OECD. They also define the role of the IEA, almost exclusively, to emergency planning and longer term measures to reduce oil import dependency. And the emergency mechanisms themselves, which occupy a large part of the text of the Treaty, have proved unworkable.

It must be acknowledged, however, that the IEA has proved highly adaptable in moving beyond the terms of the original Treaty. The maintenance of oil stocks and coordinated oil

been simplified and have become much more flexible. In other respects, as described above, the IEA has become a hugely influential consensus body for analysing and addressing the energy problems of today, for providing data, for cooperation on energy policies, and for technology collaboration.

Probably the biggest barrier to reform is the need for all 28 existing members of the IEA to agree on the desired parameters of a modernised IEA, including such basic issues as voting rights and finance. There is also the question of how much flexibility to offer on oil stocks and the emergency mechanism, because existing requirements are likely to be a barrier for membership of some major developing nations.

If the basic principles of a reformed IEA could be agreed the best legal option might be to replace the Treaty with a much more flexible modern instrument giving the Governing Board wide discretion to set its own objectives and priorities as well as membership criteria. It could still be loosely within the OECD fold, as it is today.

Another option would be simply to remove simply the provisions of the Treaty and the Decision that restrict IEA membership to the OECD. This would leave the other defects of the Treaty in place, and some of the outdated and rather complex provisions related to voting and emergency management might still act as barriers to wide participation by major emerging nations. Nevertheless, it would send a powerful signal of intent and greatly enhance the credibility of the reform process.

Another approach would be to follow the example of Norway. Norway has not acceded to the IEA Treaty but there is an agreement between the IEA and Norway which confers many of the same rights and obligations as membership. This pragmatic arrangement seems to have worked well and for practical purposes Norway is regarded as, and behaves as, a full member of the IEA, including the exercise of voting rights. This approach has the advantage that enlargement could proceed step by step with individual applicants, though at some risk to the coherence of the IEA as a whole. Possibly this approach would be more acceptable in legal terms if the membership restrictions in the Treaty, and the OECD Decision, had been removed.

Until the IEA declares its willingness to remove the membership restriction or, in principle, to enter Norway type arrangements it is impossible for non-OECD countries to enter any meaningful discussions about membership.

Under the original OECD Decision, the IEA has the right to arrange for the OECD to confer "additional responsibilities". This power could be used to modernise the IEA's objectives, placing topics such as climate mitigation and energy access on its formal agenda alongside the traditional topic of energy security. This would not change the restrictions on membership. However, the Principles on Energy Collaboration, which the G20 adopted at Brisbane have a lot in common with the IEA's own statement of its objectives, the Shared Goals of 1993. A formal modernisation of the IEA's goals, while desirable in itself, might also be a positive step towards a more inclusive Agency.

There are other changes to the IEA's framework that could be considered as more minor stepping stones. One of these would be to establish that nationals of Association countries

remove the remaining provisions of the regulations of the IEA Technology Collaboration Programmes (formerly Implementation Agreements) that discriminate against Association countries, opening the door for Association countries to take the lead in founding new Programmes and not just as participants.

3. Energy Charter Treaty (ECT) and China

On 20 and 21 May 2015, at a Ministerial conference in The Hague, 75 nations and organisations, including China, adopted a new International Energy Charter (IEC). The IEC is a statement of political intent to support international trade, access to resources, and international investment in the energy field, drawing on the principles contained in the (legally binding) Energy Charter itself. The IEC is not legally binding.

The Energy Charter itself is a legally binding Treaty designed to ensure fair treatment of international energy investment and transit. Most countries in East and West Europe are members, and it has growing membership in Central Asia. As the balance of energy trade shifts to the Asia/Pacific, the Secretariat is increasingly active in promoting the Charter in that region.

The significance of the Charter organisation goes well beyond the Treaty itself. The IEC, the Decisions of the Charter's Conference, and the Model Agreements that are part of the Charter framework, all have influence on the accepted standards for the treatment of international energy investment. The Charter organisation is in the process of modernising itself and extending its influence in Asia.

As an observer at the Charter Conference, China is already an active participant in this process and Chinese staff have been seconded to the Charter's HQ in Brussels. It makes good sense for China to continue this process of close engagement in the modernisation of the Energy Charter, with a view to China's own accession to the Treaty, possibly in a modernised form, in the future.

3.1 Functions of ECT

An overall objective of the Energy Charter is to provide common rules for global energy security. According to EC's own description, its missions could be concluded as follows:-

- Investment: promoting and protecting foreign investment in member countries by granting a number of fundamental rights to foreign investors with regard to their investment in the host country;
- Trade and transit: allowing those member states that are not WTO members to benefit from stable, predictable and non-discriminatory trade rules, and benefit from the uniform application of the rules of the multilateral trading system in the energy sector;
- Energy Efficiency: defining in more detail the policy principles that can promote energy efficiency, providing guidance on the development of energy efficiency programmes, and fostering international cooperation between the member states by providing a framework and an indicative list of areas for joint activities.
- Dispute settlement: offering a conciliation procedure for the resolution of inter-state trade issues.

In 1994, the Energy Charter Treaty was signed and entered into force in April 1998. The Energy Charter Treaty provides a multilateral framework for energy cooperation that is unique under international law. The Treaty is also a reflection of the Charter Treaty's spirit. The fundamental aim of the Energy Charter Treaty is to strengthen the rule of law on energy issues, by creating a level playing field of rules to be observed by all participating governments, thereby mitigating risks associated with energy-related investment and trade.

The Treaty's provisions focus on four broad areas:-

- **Investment:** protection of foreign investments, based on the extension of national treatment, or most-favoured nation treatment (whichever is more favourable) and protection against key non-commercial risks;
- **Trade and transit:** non-discriminatory conditions for trade in energy materials, products and energy-related equipment based on WTO rules, and provisions to ensure reliable cross-border energy transit flows through pipelines, grids and other means of transportation;
- **Energy Efficiency:** the promotion of energy efficiency, and attempts to minimise the environmental impact of energy production and use
- **Dispute settlement:** the resolution of disputes between participating states, and - in the case of investments - between investors and host states.

3.2 ECT/China Bilateral relations

As an observer at the Charter Conference, China is already an active participant in this process and Chinese staff have been seconded to the Charter's HQ in Brussels. It makes good sense for China to continue this process of close engagement in the modernisation of the Energy Charter, with a view to China's own accession to the Treaty, possibly in a modernised form, in the future.

China is set to become the world's largest energy importer. And China and its nationally owned energy companies are amongst the largest international energy investors. International energy investment, on a large scale, is also set to play a major role in China's the Belt and Road initiative. Fair treatment of international energy investments is therefore of very great importance to China, and the Energy Charter organisation is highly relevant to China's interests. To some extent China already benefits from the Charter organisation because a number of Central Asian nations in which China has made major investments have acceded to the Treaty.

China would need to consider the legal implications very carefully before acceding to the Energy Charter itself because this would mean submitting certain aspects of China's administration of international investments in China to the possibility of international arbitration. This may be particularly difficult during a period when China is undergoing a period of transition in its energy sector. For this reason Chinese accession to the Treaty is probably a number of years away.

That may have a great influence on China.

- First, it can provide opportunities for China's domestic energy governance and its participation into the global energy governance.
- Second, the Energy Charter's transformation will contribute to the establishment of "the Belt and Road" initiative. Under that framework, the Energy Charter would enhance the energy cooperation between China and Central Asian countries.
- Third, it could help China deal with the foreign energy risks and protect overseas energy interests, providing the foundation of legislation and organisation for Chinese dispute settlement with transit States.

3.3 ECT Reform and modernization process

The roots of the Energy Charter date back to a political initiative launched in Europe in the early 1990s, at a time when the end of the Cold War offered an unprecedented opportunity to overcome previous economic divisions. Nowhere were the prospects for mutually beneficial cooperation clearer than in the energy sector, and there was a recognised need to ensure that a commonly accepted foundation was established for developing energy cooperation among the states of Eurasia. On the basis of these considerations, the Energy Charter process was born.

In a world of increasing interdependence between net exporters of energy and net importers, it is widely recognised that multilateral rules can provide a more balanced and efficient framework for international cooperation than is offered by bilateral agreements alone or by non-legislative instruments. The Energy Charter Treaty therefore plays an important role as part of an international effort to build a legal foundation for energy security, based on the principles of open, competitive markets and sustainable development.

The Energy Charter Treaty and the Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects were signed in December 1994 and entered into legal force in April 1998. To date, the Energy Charter Treaty has been signed or acceded to by fifty-two states, the European Community and Euratom (the total number of its members is therefore fifty-four).

The Treaty was developed on the basis of the 1991 Energy Charter. Whereas the latter document was drawn up as a declaration of political intent to promote energy cooperation, the Energy Charter Treaty is a legally-binding multilateral instrument.

Time	Events
2015 May	The International Energy Charter political declaration is adopted in The Hague
2012 August	Adoption of the Energy Charter policy on consolidation, expansion and outreach (CONEXO)
2010 November	Adoption of the Road Map for the Modernisation of the Energy Charter Process
2010 January	The Trade Amendment to the Energy Charter Treaty enters into force

2009 December	Launch of the Modernisation of the Energy Charter Process
2001 December	Declaration on the Occasion of the Tenth Anniversary of the Founding of the Energy Charter Process
1998 April	The Energy Charter Treaty and the Protocol on Energy Efficiency and Related Environmental Aspects enter into force following the completion of ratification by the first thirty members
1998 April	The Amendment to the Trade Provisions of the Energy Charter Treaty is adopted, bringing them in line with the WTO rules
1994 December	The Energy Charter Treaty (ECT) and the Protocol on Energy Efficiency and Related Environmental Aspects (PEEREA) are signed in Lisbon
1991 December	The Energy Charter political declaration is signed in The Hague.
1990 June	Dutch Prime Minister Ruud Lubbers launches the proposal for a European Energy Community at a European Council meeting in Dublin

3.4 The Industry Advisory Panel (IAP) under the ECT

The Industry Advisory Panel was set up by the Energy Charter Conference in 2004 as a means to build on existing contacts with industry, and to strengthen the dialogue with the private sector on the main directions of the Energy Charter Process, with a particular focus on risk mitigation and improvement of the business climate.

The Panel is intended as a consultative board to the Energy Charter Conference and to its various Groups, and to provide advice on relevant issues related to energy investments, cross-border flows and energy efficiency.

The Panel has presented its views to the members of the Energy Charter both in the Charter's Groups and also in regular Communications to the Energy Charter Conference.

The main purpose of the IAP is to give advice to the political decision makers and members of the Energy Charter Conference, with a particular focus on creating a climate favourable for both enterprises and the flow of investments and technologies.

IAP members cover the full range of the energy supply chain activities: exploration, production, generation, transmission, distribution, finance, equipment, services and technology.

To be attractive and nationally/regionally relevant, members of regional chapters can cooperate more closely amongst each other and with national or regional authorities rather than with the global IAP. Concrete actions are decided at the level of the regional chapter

- Regional meetings and regional networking;
- Investment promotion to and from the region;
- Promoting regional cross-border infrastructures;
- Technology transfer to and from the region;
- Capacity-building.

China National Petroleum Corporation (CNPC) hosted the Energy Charter Industry Advisory Panel (IAP) meeting in Beijing to discuss energy investments and transit in the Belt and Road initiative. Participants included representatives of IAP members as well as the representatives of invited companies such as China National Offshore Corporation, DNG VL, International Green Economy Association, Petrobras, Vestas Wind. As an energy investor, CNPC clearly sees the need for investment protection and for safe transit in “the Belt and Road” region and beyond. CNPC takes IAP membership as an opportunity to raise the profile of the Energy Charter among other energy investors and with the government.

3. International Energy Forum(IEF) and China

The IEF is the most comprehensive organisation for international cooperation on energy, with very wide membership including developing and developed nations, oil producers and consumers and all G20 members. Generally it is a body for high level dialogue rather than making policy. It provides a vital link for joint projects with OPEC and the IEA. Saudi Arabia, which is the main sponsor of the IEF, submitted a strong “non-paper” in support of the role of the IEF to the ESWG in 2014.

Since 2011, when a new IEF Charter was agreed, the IEF has coordinated several continuing programmes of work with the IEA and OPEC. These include the Joint Organisations Database Initiative (JODI), a global database which provides monthly data on current oil supply demand and stocks. They have also lead studies of the interaction between physical and financial oil markets and regular workshops in which the IEA and OPEC have compared their analyses of future oil supply and demand (Outlooks Symposia).

The IEF is in the process of extending JODI to gas markets and the question of also extend it to coal, and perhaps other energy sectors, is under discussion.

4.1 Functions of IEF

The IEF is an intergovernmental arrangement that serves as a neutral facilitator of informal, open, informed and continuing global energy dialogue among its membership of energy producing and energy consuming States, including transit States. The Charter does not create any legally binding rights or obligations between or among its members. Each Member State is committed to the global energy dialogue and, consistently with its domestic law and international obligations, participates in the Forum and endeavours, in good faith, to implement the Charter's terms and realize its objectives.

The fundamental aims of the IEF are:-

- Fostering greater mutual understanding and awareness of common energy interests among its Members;
- Promoting a better understanding of the benefits of stable and transparent energy markets for the health of the world economy, the security of energy supply and demand, and the expansion of global trade and investment in energy resources and technology;
- Identifying and promoting principles and guidelines that enhance energy market transparency, stability and sustainability;
- Narrowing the differences among energy producing, consuming and transit Member States on global energy issues and promoting a fuller understanding of their interdependency and the benefits to be gained from cooperation through dialogue among them, as well as between them and energy related industries;
- Promoting the study and exchange of views on the inter-relationships among energy, technology, environmental issues, economic growth and development;
- Building confidence and trust through improved information sharing among States; and
- Facilitating the collection, compilation and dissemination of data, information and analyses that contribute to greater market transparency, stability and sustainability.

4.2 IEF/China Bilateral relations

Theoretically speaking, International Energy Forum is the biggest international energy organisation in the world. Founded in 1991, IEF comprises 89 Member Countries, who account for over 90% of global supply and demand for energy. As one of the 89 Member Countries, China is also one of the 31 permanent actors as a member of IEF Executive Board. International Energy Forum's Secretariat is based in Riyadh, Saudi Arabia; as a result, China's influence is very limited. China's participation is also very inactive, having no Chinese staff regularly seconded to the organisation. Compared with International Energy Agency, the IEF needs further development.

4.3 IEF Reform and modernization process

Twenty years after the first meeting in Paris in July 1991, the IEF has evolved into one of the most inclusive platforms for dialogue in which consumers and producers meet on a regular basis to discuss issues of common interest pertaining to the global energy scene. Such a broad and diverse base of constituents, however, does not in itself guarantee a successful and constructive dialogue.

Perhaps the main achievement of the dialogue of the past twenty years is its success in increasing the awareness of the high degree of energy interdependence. Another visible and concrete example of success in the consumer-producer dialogue is the establishment of the Joint Oil Data Initiative (JODI). There are still critical problems that have challenged the achievement of JODI's objectives of providing timely and reliable data on all IEF member states. This has induced the Secretariat and its partners to play a more active role in improving data collection methods in different countries through providing advice and conducting training sessions.

by key market events. Of these events, oil price instability has been the main impetus behind the intensification of dialogue. There is an implicit agreement that the determination of the oil price should be left to market forces.

Historically, producers and consumers have had very divergent interests: producers tend to favour higher prices while consumers favour lower prices. An important role for the consumer-producer dialogue is to bridge the gap between the long term and short term interests of consumers and producers in order to create a more predictable and stable oil market. Thus, the producer-consumer dialogue has aimed at improving the functioning of the market by promoting better understanding of the links between the financial and physical layers of the oil market and considering whether regulation is needed to improve market transparency. The IEF has also shown a willingness to engage with the issue of stabilizing short-, and long-term expectations through better mutual understanding of oil market conditions and communicating to the market. In the Cancun Ministerial Declaration in Mexico in March 2010, producers and consumers noted for the first time the importance of stabilizing expectations, recommending that the IEF should 'disseminate key information related to marginal cost, investment levels, and alternative energy sources that could help stabilize short and long-term expectations' and 'act as the forum through which a better mutual understanding of views is communicated to the market'. The Cancun Ministerial declaration addressed two main points: an enhanced IEF framework to strengthen the producer-consumer dialogue and ways to reduce energy market volatility.

The supply disruption caused by the first Gulf War in 1990-1991 proved to be decisive for the producer-consumer dialogue, as it increased the awareness of common interests among parties and revealed the usefulness of coordinating actions in key areas such as the use of stocks and spare capacity. Disruptions, however, did not feature prominently in the dialogue during most of the 1990s. The rapid rise in demand in the mid-2000s and the various supply shocks in producing countries such as Iraq, Venezuela, Nigeria and recently Libya brought back to the fore the issue of spare capacity and its role in dampening price volatility. Despite its rise in importance on the policy agenda, it was not until the Jeddah meeting in 2008 that specific calls were made for the expansion of spare capacity.

The existence of spare capacity throughout the oil supply chain is important for the stability of the global oil market. Maintaining spare capacity is the responsibility of both producers and consumers; it should be extended to the entire supply chain and not to upstream players only. However, such statements are general and do not address the complexity of the issues surrounding spare capacity. Currently, policies concerning whether to maintain spare capacity and at what levels are solely set individually by governments with no coordination even between producing countries. None of the producers wish to relinquish this sovereign decision either through discussion or agreements between producing countries or between producing and consuming countries.

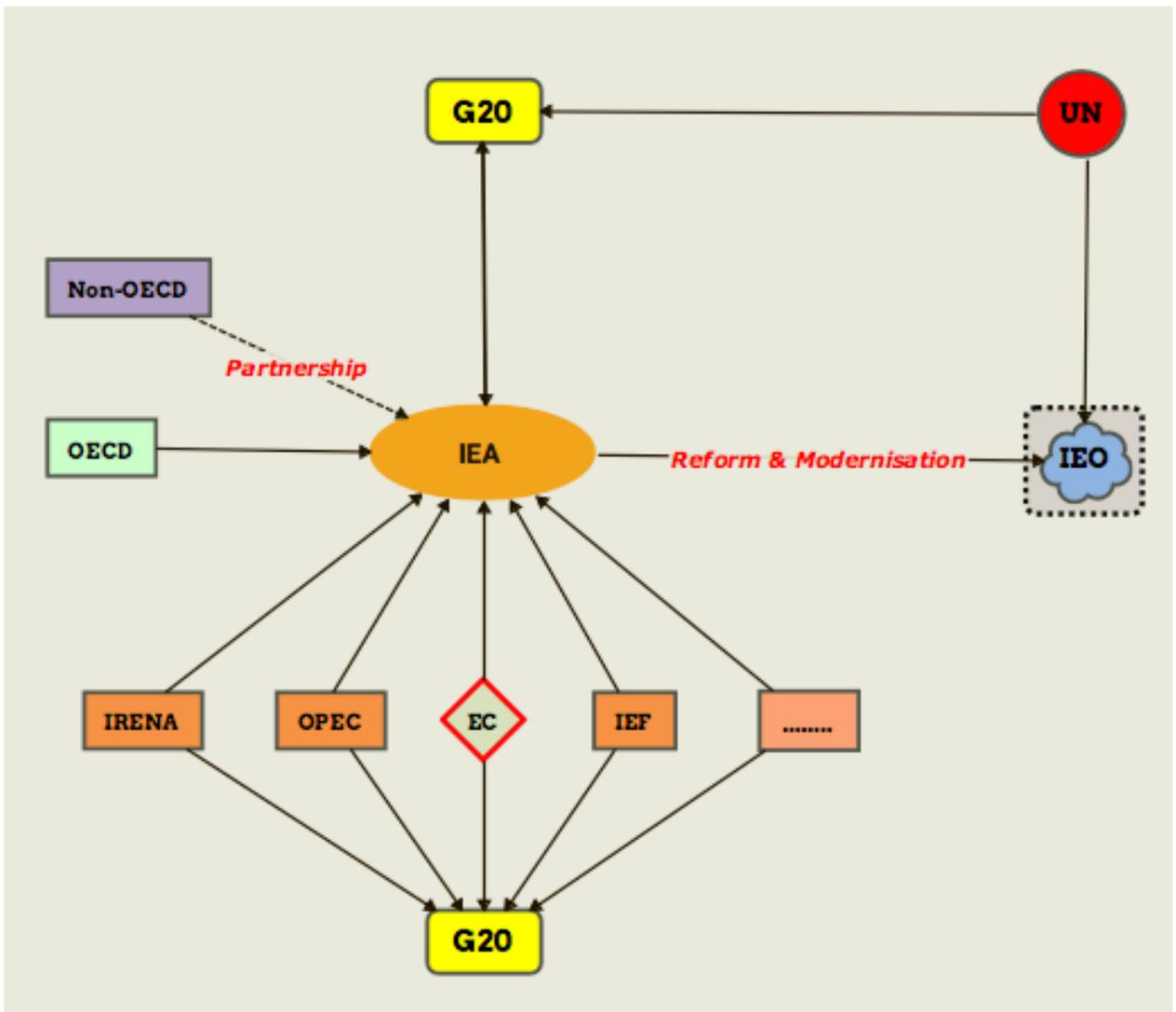
The dialogue has already reached many milestones. Consumers and producers have overcome some of their past myths, fears and suspicions and have become more aware of a number of common challenges related to energy markets. The institutional structure supporting the dialogue continues to strengthen; the structure and quality of the dialogue have also improved over the years. With all this in mind, the evident conclusion must be that

many challenges remain and many others are likely to emerge in the future. The way in which producers and consumers express their interests, to what extent they are willing to engage in issues that lie at the heart of their energy concerns, and whether they succeed in relating these energy issues to the wider context of political, economic and social security and the climate change challenge will define the future path of the dialogue.

In the past the IEF has not had as much support from governments around the world as it would have wished. But it has an important role. The most effective way that governments can improve the transparency and efficiency of oil and gas markets and perhaps moderate their volatility, is through strengthening these IEF coordinated activities.

4. Energy Options for China's G20 Presidency

Before we discuss how to achieve some progress on global energy governance, following is a basic architecture of the future development of the international energy landscape.



Below we make some suggestion on how this might be achieved under China's G20 Presidency.

to leadership of the global effort to meet the three critical energy challenges of access, security, and environmental protection.

The summit comes at a critical time. More than a billion people are without electricity and the UN has set the target of universal access by 2030. The oil price is at historically low levels, which may be good for consumers today, but the risk of extreme volatility in the future is a concern to producers and consumers alike. The Paris climate summit has put in place an agreed framework for emissions reduction, and the national intended contributions that have been offered represent a major step forward. These contributions now have to be delivered, and they will need to be substantially upgraded in the future to meet the two degree climate target. The Contributions of developing nations depend on international investment support. As world economic performance disappoints and China embarks on economic transition, the energy investments that are needed can also contribute to growth and employment.

Following the Australian and Turkish Presidencies in 2014 and 2015 (and earlier Presidencies), the G20 is now positioned for a significant energy role. The ESWG has established itself as an effective forum. Regular meetings of G20 Energy Ministers have been instituted. And with the Brisbane G20 Principles on Energy Collaboration, the G20 now has an agreed energy agenda.

China is now particularly well placed to contribute. China is the largest energy consumer and emitter, the largest oil importer, and has a leading position in the manufacturing and deployment of renewable energy. China's Intended Contribution, and the joint statement of Presidents Xi Jinping and Obama, in November 2014, led up to the success of the Paris Climate Summit.

The G20 is not, of course, an energy agency. The G20 is most effective in giving high level leadership, in tasking and empowering international agencies, and in improving international governance (architecture).

The G20 acknowledged, at Brisbane, that energy architecture needed to better reflect today's energy landscape and set themselves the task of making energy institutions more representative of emerging and developing economies. The main problems are the unrepresentativeness of the IEA, which is the most effective body, and the relative weakness of the IEF and the Energy Charter Organisation.

Some have called for new international energy institutions, such as a permanent G20 Energy Secretariat. This may eventually be necessary. But as a general rule the G20 has strongly resisted the proliferation of such bodies, which inevitably overlap with existing institutions and carry a risk of changing the nature of the G20 as a meeting of world leaders. This note is based on the principle of working with existing institutions as far as possible.

The recently announced China/IEA Centre in Beijing is now an important resource available to China to provide technical input, as China refines its G20 Presidency plans.

This note suggests some options for specific initiatives that China might propose as the G20 President.

Follow-up to the Paris Climate Summit

Since this will be the first meeting of G20 since the Paris Climate Summit it will be important for G20 leaders to demonstrate their commitment to the Paris process and to delivering and where possible upgrading their national Contributions.

Energy Governance

At Brisbane G20 Leaders agreed to work together to make international energy institutions more representative and inclusive of emerging and developing economies. Leaders could now follow this up by giving explicit support for the reform and modernisation process of the IEA including its stated objective, with China, Indonesia, and Thailand, of building a truly global international energy organisation.

Leaders could also give their support to the modernisation of the Energy Charter organisation and to the global influence of its principles for energy investment and trade.

Energy Investment

International energy investment is at the heart of ensuring “access to affordable and reliable energy for all”, which is the first point of the G20 Principles on Energy Collaboration. It is also crucial for achieving environmental objectives. The IEA has estimated that \$53 trillion of cumulative investment is needed in energy supply and energy efficiency by 2035 to achieve the two degree climate target. The UN’s Sustainable Energy for All (SE4All) initiative is calling for universal access, a doubling of the rate of improvement in energy efficiency, and a doubling of the share of renewable energy, all by 2030. Developed nations have committed to provide \$100 billion p.a. of assistance to developing nations by 2020. Many of the Intended National Contributions of developing nations are conditional on international investment support or offer enhancement options if international support is provided. China as a major international energy investor and China’s Belt and Road initiative and the Asia Infrastructure Investment Bank are ambitious initiatives with major energy sector potential.

The G20, under China’s Presidency, could launch a “global energy investment framework for economic development, energy access, climate mitigation, and energy security”. The aim would be to bring together the various international agencies concerned, together with host governments, to produce an overall picture of what is required to achieve the ambitious objectives that the international community has set for energy investment. The project would scope the extent and nature of investments required, financing options, and the regulatory and other conditions needed to make public or private financing possible. This project could be regarded, to some degree, as a continuation of the energy access work initiated under the Turkish Presidency in 2015.

This would be an ambitious project. It would need to be led by the IEA in association with the World Bank. Key foundation documents are the IEA’s 2014 report “World Energy Investment Outlook” and the World Bank’s policy document of 2013, “Towards a Sustainable Energy Future for All”. Besides the IEA and the World Bank other participants would include:

- The UN SE4All Secretariat
- The Energy Charter Secretariat

- The Global Infrastructure Hub, established under the Australian G20 Presidency in 2014.
- Governments of host nations – especially developed nations with support requests in their Intended Contributions.
- Other IFIs including the Asia Infrastructure Investment Bank and the UNFCCC Green Climate Fund.
- Private sector finance experts.
- The Extractive Industries Transparency Initiative

Probably the IEA is best equipped to lead this project. However, bearing in mind the limited IEA membership, it may be desirable to have a Steering Committee for the project that would include G20 as well as IEA Members, and the governments of other major developing nations. This would, of course be a matter for negotiation with the IEA's Governing Board. However, it does not appear contrary to the IEA's Treaty (the Agreement on an International Energy Program) which gives the IEA wide scope to establish "appropriate" relations with non-member countries.

Energy Security and Emergency Response

The G20 Principles called specifically for cooperation on emergency response measures. At present the IEA runs by far the most significant mechanism for oil emergency response. This provides for maintenance of strategic stocks and co-ordinated stock-draw plus demand restraint in the event of a shortage. However, as the US has become increasingly self-sufficient and the balance of the world's oil imports has now shifted to Asia, it is clear that this is one element of world energy architecture that "needs to better reflect the changing realities of the world energy landscape".

Simply extending the IEA's scheme to the new oil importer is not a viable option because most of them (with the possible exception of China) cannot meet the requirement to hold stocks equivalent to 90 days of imports and because they are not ready for a binding commitment to international control of stocks that they do have. However, the IEA could be invited to put forward a proposal for a non-binding agreement open to any oil importing country that would provide for coordinated planning and preparation for emergencies, consultation and sharing of information, and a statement of willingness, in principle, to act together. However, the final decision to take action in emergency would be for governments to take at the time. It is for consideration whether the agreement should cover gas as well as oil.

Well Functioning, Open, Competitive, Efficient, Stable, and Transparent Energy Markets

The G20 is already active in these areas through its sponsorship of a range of joint activities of the International Energy Forum (IEF), OPEC, and the IEA. The ESWG is already considering options for strengthening JODI, the energy data work of this group (with other international statistical bodies), and its possible extension to the coal industry. G20 has sponsored work on the regulation of energy trading, and regular meetings of OPEC and IEA experts, chaired by IEF, to compare oil market outlooks.

These are important areas of work, especially now that the recent sharp fall in oil prices has heightened concerns about the possibility of a further period of extreme oil price volatility.

The Chinese presidency should consider ways to strengthening the IEF and the tripartite process with the IEA and OPEC to further improve the transparency and efficiency of oil and gas markets. Specific measures could include;

- A strong statement by G20 of their commitment to providing comprehensive, timely and accurate data for the JODI system, including gas as well as oil.
- Support for the IEF, and its new Secretary General. This could include a reassertion of the importance of the IEF's role. China could consider, in discussion with Saudi Arabia, the possibility of opening a second centre for the IEF in Beijing.
- Ask the IEF to prepare, with OPEC and the IEA, their best analysis of the medium term outlook for oil supply and demand. This can promote well-judged investment plans and facilitate a fruitful dialogue between producers and consumers.

Energy R&D

At the Paris climate summit 20 leading nations, including China, launched "Mission Innovation". This includes a commitment to accelerate clean energy innovation by doubling government R&D over five years. The initiative commends the Breakthrough Energy Coalition, which is a complementary commitment to energy technology development by private investors. All G20 nations are included except for Argentina, Russia, South Africa, and Turkey. The participating countries have said that they will work with existing international institutions.

Most experts agree that further technological progress will be essential for meeting global energy objectives such as those in the G20 Principles. So it makes sense for the G20 to welcome and support this initiative, even if not all G20 members agree to participate.

It would make sense to have some degree of international coordination of this effort. The Clean Energy Ministerial has similar membership to Mission Innovation (though not identical) but, for the time being lacks a strong secretariat. The International Renewable Energy Agency (IRENA) has wide membership but, presumably, Mission Innovation is intended to go beyond renewables and include energy efficiency, nuclear power and CCS. The IEA is much the best placed organisation to coordinate these efforts through its technology network and analytical strengths but, of course, has different membership. Probably the IEA will attend the first meeting, to be held in early 2016 and will provide a certain amount of informal support.

The G20 could:

- Welcome Mission Innovation.
- Ask the most relevant international institutions to work with the project as appropriate.
- Launch specific R&D initiatives in areas of greatest interest to China. The search for greater flexibility in electricity networks, including options for electricity storage, is a possible subject that lacks an international institutional home at present.

Other G20 Energy Work

There is a continuing programme of work of the ESWG, including the drive to reduce inefficient fossil energy subsidies. (and work on energy efficiency?) that the Chinese

effectiveness of G20's leadership.

Proposal on Establishing the G20 Energy Scholars Syndicate (G20-ESS)

As a new and important platform in the global economy governance, G20 is playing a more and more vital role in global governance. Under the G20, the Energy Sustainability Working Group (ESWG) is set to facilitate on-going high-level dialogue among the major states on crucial issues affecting the energy world. This group holds four to five events per year, among which the minister-level event is the most important one. In every event, the government representatives from member states discuss key issues, including energy security, clean energy, energy efficiency, energy access and energy subsidies. They aim to reach an agreement through the dialogue and release a statement to guide the healthy development of the global energy economy. In addition, the existing international energy organizations get closer with the G20 member states through the efforts of ESWG. For instance, countries, such as China, have become the association partnership of the International Energy Agency (IEA). China has also signed the International Energy Charter Treaty Declaration and cooperates actively with the International Energy Forum (IEF), the Organization of Petroleum Exporting Countries (OPEC), the International Renewable Energy Agency (IRENA) etc. The G20 ESWG plays a vital role in achieving all these.

This year, as a rotating presidency of G20, China has noticed an issue of concern, which is the need to further elevate the communication efficiency of the G20 ESWG. Because of the limitation of the one to two day meetings, the representatives cannot share their opinions thoroughly. At the same time, every meeting costs a lot in both the labour resources and financial resources. The language gap or limited preparation may contribute to this. To solve this problem, **we initiate to propose the establishment of a direct and high-efficiency communication platform under the G20 framework for the senior scholars who are recommended by the member states. This platform can be called the G20 Energy Scholars Syndicate (G20-ESS).** These scholars studied related issues, such as the international energy cooperation, energy governance, energy economy, energy diplomacy and etc. The G20-ESS can be in the form of a website, which allows the scholars to upload their papers and essays, produces and delivers original, high-quality commentaries to a global audience, discusses with others and debates under a transparent content management by website back staff.

Furthermore, the existing international organizations can be more influential by proposing issues to be targeted by the platform. Take the World Energy Council as an example. They have a world energy issues monitor every year, which locates the most important and urgent problems affecting the energy world by questionnaire. They work on the problem analysis and world energy perspectives based on the survey results. Our mechanism can help us sufficiently cooperate with international organizations like this, collect the most critical issues and elevate our efficiency. At the same time, the existing international organizations will play a more important role. Other crucial organizations are WEA, IRENA, IEF and etc.

Through this website, we can make a better use of scholarly resources and discuss more about the real world issues. Through long-term communication and debate, the critical issues could be better studied before the on-site events. Compared to the government

the advice will be more inclusive, balanced and universal after the online debate, thus helping to reach a consensus. The ESWG events will be more efficient, based on previous study and communication, facilitating cooperation and problem-solving among G20 countries. Creating this mechanism will not only enhance the mutual recognition, communication and friendship among countries, but deepen the influences of G20. The establishment cost of the **G20-ESS** will be very low, since this only requires the setting and maintaining of a website not the creation of an additional organization. We may just add experts side events to provide concrete help for the G20 discussions if necessary. In this way we can better use the existing expert resources to achieve more at low cost, improving the communication efficiency of the G20.

Annex I

G20 Principles on Energy Collaboration

16 NOVEMBER 2014

Sharing a common understanding that the international energy architecture needs to reflect better the changing realities of the world energy landscape, we, the leaders of the G20 countries, agree to work together to:-

1. Ensure access to affordable and reliable energy for all.
2. Make international energy institutions more representative and inclusive of emerging and developing economies.
3. Encourage and facilitate well-functioning, open, competitive, efficient, stable and transparent energy markets that promote energy trade and investment.
4. Encourage and facilitate the collection and dissemination of high quality energy data and analysis.
5. Enhance energy security through dialogue and cooperation on issues such as emergency response measures.
6. Rationalise and phase out inefficient fossil fuel subsidies that encourage wasteful consumption, over the medium term, while being conscious of the necessity to provide targeted support for the poor.
7. Support sustainable growth and development, consistent with our climate activities and commitments, including by promoting cost-effective energy efficiency, renewables and clean energy.
8. Encourage and facilitate the design, development, demonstration and widespread deployment of innovative energy technologies, including clean energy technologies.
9. Enhance coordination between international energy institutions and minimise duplication where appropriate.

Annex II

Joint Ministerial Declaration on the occasion of the 2015 IEA Ministerial meeting expressing the Activation of Association

Paris, France

November 18, 2015

1. We, the IEA and China, Indonesia and Thailand, met at the IEA Ministerial meeting in Paris on 17 and 18 November 2015 and jointly declare the Activation of IEA Association. We strongly welcome the achievement of this historic milestone in the development of global energy governance and hereafter China, Indonesia and Thailand will be called Association countries.
2. Activation of Association is expected to serve as a bridge and platform for wider-ranging and deeper co-operation and collaboration between IEA member and Association countries in the future. It is a key step towards building a truly global international energy organisation, fully reflective of future energy trends and the interests of both IEA members and Association countries, who have a critical expanding role across the entire range of global energy issues. To support the momentum of this profound transformation, the IEA will adopt an inclusive approach, adapting and evolving for the mutual benefit of IEA members and Association countries.
3. This new relationship builds upon the Joint Declaration on Association issued on the occasion of the November 2013 IEA Ministerial meeting. The 2013 Declaration stated that Association would provide a common forum for regular dialogue between the IEA Members and Association countries through the participation of Association countries in meetings of various IEA Standing Groups and Committees as well as IEA Ministerial meetings. As laid out in the 2013 Declaration, Association is intended to build upon the extensive bilateral work programmes that have been jointly developed and agreed by the IEA and individual Association countries in recent years.
4. This declaration on the Activation of Association follows extensive and comprehensive consultations carried out between the IEA and Association countries over the past two years, aimed at reaching an understanding on how to develop Association in a manner that captures both the benefits for and the responsibilities of IEA members and Association countries.
5. The success of this joint work, reflecting the best endeavours of all Parties to Association, acknowledges that strong and fruitful co-operation already exists, but also that the energy challenges of the future call for even stronger collaboration. We share the understanding that Association is a non-binding and progressive relationship that will have an evolving nature and that will serve as a basis for higher levels of mutual co-operation in the future. We will continue to work together to this end under this strengthened institutional tie.
6. In order to provide an efficient platform to work together in areas of mutual interest, the initial shared areas of co-operation under Association include Energy Security, Energy Data and Statistics, and Energy Policy Analysis. Energy Efficiency, Energy Technologies, Renewables, Electricity Security, Grid Integration and other issues of mutual interest of equal importance in the scope of Association. For its future development, Association is open for additional issues to be included, based on mutual benefits in pursuit of common interests.
7. China, Indonesia and Thailand are the first countries to become Association countries. We jointly express our strong desire to welcome more major emerging countries to join Association in the future acknowledging that global energy challenges require global solutions. With the Activation of Association today, we jointly recognise a new era for the IEA, for Association countries and for all.

What Association provides

8. Association countries are able to participate in the meetings of the IEA Groups, Committees and Working Parties listed below. Details of the procedure to attend these meetings will be specified later based on this declaration.

- Standing Group on Emergency Questions (SEQ)
- Standing Group on the Oil Market (SOM)
- Standing Group on Long-Term Co-operation (SLT) and Energy Efficiency Working Party (EEWP) under this Group
- Standing Group on Global Energy Dialogue (SGD)
- Committee on Energy Research and Technology (CERT) and Working Party on Energy End-Use Technologies (EUWP), Working Party on Fossil Fuels (WPF), Working Party on Renewable Energy Technologies (REW) and Fusion Power Co-ordinating Committee (FPCC) under this Group

Training and Capacity Building

9. Association countries are prioritised when the IEA provides opportunities for training and capacity building in accordance with its purpose and constraints.

Opportunities to work as secondee at the IEA Secretariat

10. Association countries are prioritised when the IEA provides secondee positions in accordance with their purposes and constraints.

Energy Technology Network, Implementing Agreements and others

11. Association countries are prioritised in activities carried out under the IEA's Energy Technology Network, participation in Technology Implementing Agreements and special experts' events, and the provision of related publications.

Energy Efficiency Programme

12. Association countries are prioritised in activities carried out under the IEA's Energy Efficiency Programmes and the provision of associated publications.

Association will mark a new era of enhanced collaboration in three initial shared areas

- Energy Security

13. We reaffirm our shared priority on the importance of taking common effective measures to meet oil supply emergencies by developing emergency response systems, taking into consideration the respective domestic circumstances of the Association countries.

14. We acknowledge our common intention to build and maintain emergency reserves and to collaborate with the IEA in their use at the time of emergencies, taking into consideration the respective domestic circumstances of the Association countries, including net exporters.

15. We highly value and share the intention to test the level of our preparedness to supply disruptions through the IEA's Emergency Response Exercises, Emergency Response Assessments or other means, taking into consideration the respective domestic circumstances of the Association countries, including net exporters.

Energy Data and Statistics

16. We share the common interest in improving the consistency, coherence and timeliness of energy data at national level.

17. We highly value the role played by the IEA in global energy data and statistics and Association countries share the intention to further co-operate with the IEA in this area.

Energy Policy Analysis

18. We share the common understanding on benefits of sharing best practices and

19. We welcome the opportunity for such an analysis to be done for Association countries at a mutually convenient time and under agreed conditions.

Next Ministerial Meeting

20. We strongly welcome the Activation of Association at this landmark IEA Ministerial meeting held today in Paris and express our intention of deepening our collaboration and co-operation before next IEA Ministerial Meeting in 2017.