



Hoang Van Dung
ABAC Chair 2006

15 May 2006

H.E. Hoang Trung Hai
Minister of Industry
Chair, APEC Energy Ministers
Socialist Republic of Vietnam

Dear Minister:

The APEC Business Advisory Council (ABAC) lauds APEC Energy Ministers for adopting and beginning to implement best practices on a vast array of energy issues at their Seventh meeting in Gyeongju, Korea in October 2005. Economic growth and financial prosperity are contingent upon access to reliable and sustainable sources of energy. The demand for energy in the region is steadily outpacing supply, which is often precarious and highly vulnerable to external shocks. The potential for supply shortfalls obliges Ministers to further implement ways of increasing supply of resources that have been identified by the ABAC and Energy Business Network.

In 2005, at the request of Energy Ministers, the Energy Working Group (EWG), in close conjunction with the private sector, developed initiatives to diversify sources of energy supply, and to improve the efficiency and security of resource transportation. The EWG also worked to identify benchmarks in assessing efficiency improvements, to increase cross-border energy trade, and encourage the adoption of technologies for new and renewable energy. These benchmarks are the only way to measure progress, and should be expanded to include more transparency in data, market-based pricing, increasing competition in the downstream markets, improving infrastructure and increasing supply.

The ABAC recommends several crucial and integrated points to meet the challenge of reconciling existing supply with growing demand. First, Ministers should promote new areas for exploration and development, diversify sources to enhance energy supply, and promote the development of clean, alternative and sustainable energy sources. Secondly, Ministers should encourage increased investment in energy infrastructure, through wider and more thorough implementation of best practices, including those for facilitating the development of Liquefied Natural Gas (LNG) Trade in APEC. Furthermore it would be advantageous for Ministers to support a public-private demonstration project that embraces international energy efficiency standards for industrial and consumer products. It would also be valuable for the Ministers to draw attention to, and work to foster, the complementary relationships from which IOCs and NOCs can both benefit, perhaps through a workshop identifying potential areas of cooperation throughout the energy value chain. Finally, all APEC economies will benefit as Ministers continue to promote transparency, rule of law, and market-based pricing in the energy industry.

As business leaders in the APEC region, ABAC commends Energy Ministers for recognizing the implications to economic growth of increased energy demand in light of limited resources. We urge continued work in achieving a reasonable balance that will foster economic growth and prosperity.

Sincerely,

Hoang Van Dung
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