



4 August 2014

H.E. Wu Xinxiong

Chair, APEC Energy Ministers' Meeting
Vice Chairman, National Development and Reform Commission
Administrator, National Energy Administration
People's Republic of China

Dear Mr. Wu:

ABAC commends the APEC Energy Ministers for the progress made in enhancing energy security and improving energy intensity in the region. One of the particularly notable achievements of APEC is the agreement on facilitation of trade in environmental goods. ABAC welcomes this development and anticipates it will stimulate negotiations in other fora. We also support and commend the continued efforts of APEC to phase out and rationalize inefficient fossil fuel subsidies.

ABAC believes in the importance of balancing economic growth with environmental protection and recommends that APEC follow through with a multifaceted approach with special emphasis on the issues detailed below.

Green Growth

ABAC commends APEC for creating the APEC Conference on Clean, Renewable and Sustainable Use of Energy. We encourage APEC to utilize this venue to develop business-friendly policies that will attract private investment. We encourage Energy Ministers to continue to spearhead the facilitation of global trade and investment through the implementation of tariff reductions for the 54 items by the end of 2015, increase discussions on environmental services, and commit to the elimination of non-tariff barriers (through measures including harmonization and mutual accreditation of standards) on environmental goods.

The discovery of unconventional energy sources contributes significantly to the global energy outlook. To encourage further investments for the exploration and development of unconventional energy sources, APEC economies need to ensure predictable and transparent investment policies. However, as most energy sources are finite, conservation efforts are essential. APEC economies should introduce policies that stimulate energy conservation, encourage wider use of energy-saving equipment, and facilitate free trade of such goods and services. ABAC supports the building and redeveloping of cities based on a low-carbon eco-city approach integrating social, environmental and economic principles and urges APEC to ensure that related mechanisms are designed to encourage private investment. ABAC encourages Ministers to support efficient regional trade of energy through transmission infrastructure and domestic and regional power grids.

Energy Security

Sustainable growth is based on a stable and economically viable supply of energy. Expanding, diversifying and conserving energy supplies remain a primary concern. To boost renewable energy-based power generation (excluding hydro power) in the APEC region from the 3% in 2010, it is important for APEC to further contribute to policies and technologies that promote the development of cleaner energy, thereby enabling economies to meet increasing energy needs with a lower environmental impact. ABAC commends APEC for establishing the Public-Private Partnership on Environmental Goods and Services (PPEGS) as a mechanism to discuss and promote clean and renewable energy to achieve green and secure energy frameworks within the region.

For the immediate future, in order to meet growing energy demands, many APEC economies will continue to depend on fossil fuel, especially coal, for power generation. In light of coal's impact on environment, it is crucial that measures to alleviate its impact are taken, including wider use and further innovation of advanced clean coal technology (CCT).

In order to balance economic growth and environmental protection in each economy, ABAC recommends that APEC assist in technical innovation to advance wider use of renewable energy; provide legal structures and regulations that are transparent and predictable for businesses to invest in energy production and that establish, strengthen and fully enforce environmental regulations to mitigate the environmental impact of power generation; promote wider use of natural gas; expand the use of CCT; where infrastructure utilizing the latest CCT is planned, provide the necessary assistance including capacity building and financing in association with international bodies; and speed up technical development and facilitate empirical research for carbon capture and storage to make it commercially viable.

Energy security continues to be an urgent regional concern and we believe that high-level cooperation and a regular exchange of information is essential. We therefore would like to reiterate our recommendation that APEC commit to an annual Energy Ministers' Meeting and public-private sector forum, with the goal of developing a collaborative, strategic and long-term APEC energy security framework.

We are ready to discuss the above issues with you at the upcoming APEC Energy Ministers' Meeting in Beijing this September.

Yours sincerely,



Ning Gaoning
ABAC Chair 2014