



UNESCAP

**UNITED NATIONS
ECONOMIC AND SOCIAL
COMMISSION FOR ASIA AND THE
PACIFIC**



UNESCAP main areas of work

**Working towards reducing poverty and
managing globalization**



UNESCAP : Thematic areas

- **Poverty reduction**
- **Managing globalization**
 - **Environment and sustainable development**
 - **Transport and Tourism**
 - **Trade and Investment**
 - **Information, Communication and Space technology**
- ✓ **Addressing emerging social issues**



Environment and sustainable development: Focus areas

- ✓ **Energy for sustainable development**
- ✓ **Integrated Water Resources
Management**
- ✓ **Environmental Protection and
Management**

Energy for sustainable development

- ✓ **Energy policy and planning**
- ✓ **Enhanced use of renewable energy
(access to energy services)**
- ✓ **Energy efficiency and conservation
(climate change and CDM)**
- ✓ **Promote trans-boundary energy
cooperation**





OVERVIEW OF ENERGY/POWER SECTOR SCENARIO

Enormous energy demand

Despite recent economic set-back in some countries, **growth of energy/electricity consumption would regain its high path**

Why?

Inputs to economic growth and social development, higher living standard, population growth



Lack of adequate infrastructure will remain challenge

- **Power industry becoming increasingly complex and capital-intensive**
- **Infrastructure lagging behind demand**
- **Financing remains a formidable issue**
- **Fuel mix or energy resource options further complicated by environmental compliance**
- **Environmental and health impact**



Evolution of the power infrastructure

✓ **Industry structure**

- ✓ **Vertically integrated monopoly to unbundled structure**
- ✓ **Financing models**

✓ **Ownership structure**

- ✓ **Private sector participation**
- ✓ **Corporatization**
- ✓ **Strategic partnership**
- ✓ **Privatization**



Role of private power

- ✓ **Will become increasingly indispensable**
- ✓ **IPPs and SPPs are already in the market in the region**
- ✓ **BUT an enabling environment with policy and regulatory support is a pre-requisite**



Towards an Institutional Mechanism for North East Asia Energy Cooperation

5 Sept 2003

Institutional Mechanism for NEA Energy Coop



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Energy Map of the World (2000) : North-East Asia



Qualitative Comparison of Resource Endowment

	Oil and Gas	Coal and Mineral	Labour	Capital	Technology	Managerial Expertise
China	Rich	Very Rich	Very Rich	Very Poor	Short	Short
Japan	Very Poor	Short	Short	Very Rich	Very Rich	Very Rich
Republic of Korea	Absent	Short	Short	Rich	Rich	Rich
DPR Korea	Absent	Rich	Rich	Very Poor	Very Poor	Very Poor
Russian Federation	Very Rich	Very Rich	Very Poor	Very Poor	Short	Short
Mongolia	Short	Rich	Short	Very Poor	Very Poor	Short

Source: Park, Keun Wooh 1995, Gas and Oil in North-East Asia, Royal Institute of International Affairs



Multilateral COOPERATION can help

- ✓ **To enhance system efficiency and mutual economic benefits through power development, exchange and trade**
- ✓ **Turn resource mismatch into an opportunity for intercountry cooperation**
- ✓ **Promote investment and energy trade through networks**
- ✓ **Human resources development and technology transfer**



Towards a fruitful cooperation

- **Political will**
- **Building mutual understanding and trust**
- **Step by step pragmatic approach**
 - **Zero exchange (emergency sharing) to full integration**
- **Institutional cooperation framework**
 - **Planning and Steering**
 - **Working groups**



NEA Energy Cooperation Initiative

- **UNESCAP and KEEI/MOCIE partnership**
- **Recognition of the Potential and Importance evidenced by Available studies and information**
- **Stakeholders interest (Research institutions and centers, Intergovernmental organizations, development banks, etc.)**
- **Member countries interest on the concept**



CHALLENGES

- ✓ **Gain political support and backing**
- ✓ **Need a leading institution and personality to push forward (champion!)**
- ✓ **NEASPEC (North East Asia Subregional Programme for Environmental Cooperation) may be a model**
- ✓ **Intensive preparation and strategies needed**



Progress in ROK/UNESCAP joint initiative

- ✓ **Regular dialogue/consultation on events and strategy formulation**
- ✓ **Major milestones crossed:**
 - **Khabarovsk EGM on Inter-country cooperation in electric power development, Oct. 2001**
 - **Consultation missions in Japan and China (planned)**
 - **Vladivostok Senior Officials Meeting on Energy Cooperation in NEA, April 2003**
 - **Regular KEEI sponsored EGMs**





Results achieved (2001)

Khabarosk Communique

Major elements on Institutional arrangements:

- Recommended consultations towards the establishment of**
 - Senior officials meeting (mechanism)**
 - A secretariat**
 - Working groups on: Energy planning, programming and restructuring; Emerging energy technology and scientific cooperation and their financial, social and environmental impact; Electric power interconnection; Interstate transit of fossil fuels; and Development of a NEA Energy Charter**



Results achieved in 2003(1/2)

Vladivostok Statement of Senior Officials:

- Endorsed the objectives and principles of energy cooperation in NEA contained in the Khabarovsk Communique**
- Expressed the desire to improve energy supply within the region and optimize the supply and use, while minimizing environmental problems**
- Expressed the desire to ultimately promote an efficient energy market throughout NEA**
- Decided to reconvene periodically as an intergovernmental steering committee of senior officials**



Results achieved in 2003 (2/2)

Vladivostok Statement of Senior Officials

- **Envisaged and recommended voluntary intergovernmental cooperation through the establishment of working groups and a task force team**
- **Requested UNESCAP to facilitate the consultation process and serve as the interim secretariat**
- **Reviewed and supported the proposed modalities for the establishment of a Collaborative Framework on Energy Cooperation in NEA as a working draft**

Road map

✓ **Goals/objectives:**

- **Securing active participation of all NEA countries**
- **An agreement on a collaborative framework**

✓ **Strategies and action plans:**

- **Formation of a task force team on energy (TFE)**
 - **Review of the collaborative framework**
 - **Further research and study plan**
- **TFE meeting (Sept 2003)**
- **Next SOM (Nov/Dec 2003)**
- **IG Steering Committee of SO and its secretariat**
- **Resource mobilization**





THANK YOU

For further information:

UNESCAP website:

<http://www.unescap.org/esd/energy/>