



INTERNATIONAL ENERGY AGENCY



VOLUME THREE

PRINCIPAL DOCUMENTS

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INTERNATIONAL ENERGY AGENCY

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The International Energy Agency (IEA) is an autonomous body which was established in November 1974 within the framework of the Organisation for Economic Co-operation and Development (OECD) to implement an international energy programme.

It carries out a comprehensive programme of energy co-operation among twenty-three* of the OECD's twenty-five Member countries. The basic aims of the IEA include:

- i) co-operation among IEA participating countries to reduce excessive dependence on oil through energy conservation, development of alternative energy sources and energy research and development;
- ii) an information system on the international oil market as well as consultation with oil companies;
- iii) co-operation with oil producing and other oil consuming countries with a view to developing a stable international energy trade as well as the rational management and use of world energy resources in the interest of all countries;
- iv) a plan to prepare participating countries against the risk of a major disruption of oil supplies and to share available oil in the event of an emergency.

* IEA participating countries are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway (by special agreement), Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, the United States. The Commission of the European Communities takes part in the work of the IEA.

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Pursuant to Article 1 of the Convention signed in Paris on 14th December 1960, and which came into force on 30th September 1961, the Organisation for Economic Co-operation and Development (OECD) shall promote policies designed:

- to achieve the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability, and thus to contribute to the development of the world economy;
- to contribute to sound economic expansion in Member as well as non-member countries in the process of economic development; and
- to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.

The original Member countries of the OECD are Austria, Belgium, Canada, Denmark, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The following countries became Members subsequently through accession at the dates indicated hereafter: Japan (28th April 1964), Finland (28th January 1969), Australia (7th June 1971), New Zealand (29th May 1973) and Mexico (18th May 1994). The Commission of the European Communities takes part in the work of the OECD (Article 13 of the OECD Convention).

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THE HISTORY OF THE INTERNATIONAL ENERGY AGENCY

VOLUME III

PRINCIPAL DOCUMENTS

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DAE	Dynamic Asian Economies
DED	Deputy Executive Director
DSC	Dispute Settlement Centre
EBRD	European Bank for Reconstruction and Development
EC	European Communities
ED	Executive Director
EDDC	Energy Deficient Developing Countries
EDF	Electricité de France
EEC	European Economic Community
ECG	Energy Co-ordinating Group
EET	European Economies in Transition
EMM	Emergency Management Manual
ENEL	Ente Nazionale per l'Energia Elettrica
ENERLAC	Energy Conference of Latin America and the Caribbean
EOT	Emergency Operations Team
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
ESS	IEA Emergency Sharing System
EU	European Union
FCCC	Framework Convention on Climate Change
FIS	Financial Information System
FOB	Free on Board
G-7	Group of 7 industrial countries: Canada, France, Germany, Italy, Japan, the United States, and the United Kingdom
G-77	Group of 77 developing countries
GATT	General Agreement on Tariffs and Trade
GB	Governing Board (document reference)
GDP	Gross Domestic Product
GREENTIE	Greenhouse Gas Technology Information Exchange
HLG	High Level Group for Energy Technology Commercialization
IAB	Industry Advisory Board
IAEA	International Atomic Energy Agency
IBRD	International Bank for Reconstruction and Development (World Bank)
IEA	International Energy Agency

IEI	International Energy Institute
I.E.P.	International Energy Program
IER	International Energy Relations (document reference)
IETG	International Energy Technology Group
IIAB	International Industry Advisory Body
IMF	International Monetary Fund
INC	Intergovernmental Negotiating Committee on a Framework Convention on Climate Change
INFCE	International Nuclear Fuel Cycle Evaluation
IPCC	Intergovernmental Panel on Climate Change
ISAG	Industry Supply Advisory Group
IWP	Industry Working Party
LTCP	Long-Term Co-operation Programme
LNG	Liquid natural gas
mbd	Million barrels a day (of oil)
Mmt	Million metric tonnes
Mtce	Million tonnes of coal equivalent
Mtoe	Million tonnes of oil equivalent
MOA	Memorandum of Agreement
MSP	Minimum Safeguard Price
NEA	Nuclear Energy Agency
NMC	Non-Member Countries, or Committee on Non-Member Countries
NESO	National Emergency Sharing Organisation
NIS	New Independent States
NO _x	Nitrogen Oxide
NRC	Non-Reporting Company
OECD	Organisation for Economic Co-operation and Development
OLADE	Latin American Energy Organization
OMR	The IEA <i>Oil Market Report</i>
OPEC	Organization of Petroleum Exporting Countries
PROV	Provisional
QuA	Questionnaire A
QuB	Questionnaire B
QuC	Questionnaire C

RC	Reporting Company
RCA	Reporting Company Affiliate
R & D	Research and Development
RD	Room Document
RD & D	Research, Development, and Demonstration
REV	Revision
SEQ	Standing Group on Emergency Questions
SLT	Standing Group on Long-Term Co-operation
SOM	Standing Group on the Oil Market
SO _x	Sulphur Oxide
SPC	Standing Group on Relations with Producer and Other Consumer Countries
TPES	Total primary energy supply
UNCED	United Nations Conference on Environment and Development
UNECE	United Nations Economic Commission for Europe
UNIPED	Union Internationale des Producteurs et Distributeurs d'Énergie Électrique

Introduction

Volume III of the IEA *History* is intended to serve essentially as a companion to Volumes I and II, in providing convenient access to the texts of the principal documents discussed in these Volumes. It also contains a bibliography of IEA related published materials, lists of IEA publications and conferences, an Index to the three volumes, and updated information on IEA activities.

Published in 1994, Volume I (IEA Origins and Structure) surveyed the *institutional* origins of the International Energy Agency in the 1973-1974 oil crisis, and examined the 1974 I.E.P. Agreement as well as other oil consumer actions which established the Agency as an operational intergovernmental institution. Volume I also considered the most important IEA relationships, the internal structure of the Agency, and the institutional arrangements which enabled the Agency to develop over the years into an effective instrument for energy policy co-operation among its Members. Volume II, following in 1995, moved on to take up the major *energy policies and actions* of the Agency during its first twenty years, from 1974 to 1994 inclusive. Volume II examined the oil security concerns of IEA Members, including the Agency's evolving oil supply disruption response measures and its management of the 1979-1981 and 1990-1991 disruptions. Volume II looked as well at the broadened oil security concerns which extended to long-term energy policies designed to reduce dependency on imported oil by means of energy conservation and efficiency, energy diversity, R & D, energy and the environment, and trade and investment. The Agency's development of oil market information systems and the expansion of IEA relations with non-Members on a global basis were also considered in that Volume. In many cases the texts of the Agency's actual decisions were described, quoted in part or cited in those Volumes. One of the main purposes of this Volume III is to make a systematic and convenient collection of the full texts or relevant portions of these texts to complete this three Volume series on the IEA's activities over its first twenty years.

Volume III sets out the texts of as many of the IEA's major documents as reasonably possible. The reproduced documents normally include the Governing Board Conclusions and full texts of actions adopted by reference. Individual country statements not previously declassified are generally omitted, as are extraneous or irrelevant material in some cases. With the exception of Items 1, 3, 16, 50, 51, 89, and 118, all of the material consists of official IEA documents. The essentially institutional material is gathered in Chapter I of the Volume, and a back reference to that material is made in the sectoral Chapter where appropriate. Where major documents have been explicitly amended over the years, the current amended version is included without reproduction of the original version, and amendments are identified in footnotes as appropriate (See the amended Annex II to the Long-Term Co-operation Programme and the amended IEA Security Principles and Procedures decision, each of which consolidated the respective original text and a number of amendments). In the oil security sector, the decisions adopting the Emergency Management Manual appear, but the EMM as such does not. Other highly technical material such as the U.S. antitrust and EU competition authorities (available in other publications cited in Volume II, pp. 107, 108) and the IEA Dispute Settlement Centre Procedures for Arbitration (separately printed by the IEA) are omitted. While many important Items are taken from Ministerial Communiqués and Conclusions, the full texts of all Ministerial Communiqués are collected in Appendix II. Some lengthy texts which appeared fully in Volumes I or II are not reproduced, such as the I.E.P. Agreement (Volume I, Appendix III) and the OECD Council Decision on the Establishment of the Agency (Volume I, Appendix IV), although Volume III does contain the Council's Conclusions adopting that Decision. A few major decisions partially reproduced in those Volumes (See the 1977 IEA Principles for Energy Policy, Volume II, Appendix III and the 1993 IEA Shared Goals, Volume II, Appendix IV) are reproduced here in more complete form. Since space limitations have not permitted the reproduction of a number of documents (some of which are mentioned above), the exclusion of any decision should not be taken as a reflection of its formal validity or importance in its particular sphere of application. Nor does the inclusion of a document carry a judgement on its current validity. Many important actions appear in Volume III even though they may have been displaced by later actions, no longer have any object, or have expired by their terms. However, nothing in the IEA *History* should be taken as an expression of an opinion of the Agency or of the author on such questions.

The document collection is organized in broad categories which follow generally the sequence of the corresponding material in the first two Volumes,

and within each category the material normally appears in chronological order (the few exceptions are made for presentational purposes). Although Chapter I contains “Institutional Actions” commencing with the normal sequence, Chapter II on “Comprehensive Energy Policy Actions” appears next because the 1977 and 1993 actions relate to most of the other Chapters and deserve the emphasis they receive in their location. The remaining Chapters follow much in the order in which they are taken up in Volume II.

The user of Volume III should be aware that a great number of documents relate to more than one category, and in the best of all worlds they might appear in full in each of the appropriate Chapters of this collection. Since this was not feasible, however, each document is *reproduced* where it first appears, and is *listed* but not reproduced in the other Chapters where it would have particular importance, with a back reference to the Item where the text is to be found. Yet this has not proved to be practicable for actions relating to many different topics, so the Index may be used to advantage as guidance for dealing with situations of that kind, and the user might wish to examine the various Chapters which relate to a particular field of enquiry (Examples: useful material on energy and environment actions is to be found under coal, nuclear power and other topics; and material on the subjects of the Agency’s comprehensive actions, Items 17 and 18 on Principles for Energy Policy and on IEA Shared Goals, are to be found in most of the other Chapters of the document collection). The Governing Board’s adopting Conclusions are generally included in this compilation, because at times they contain nuanced adopting language, exceptions, interpretations, and other illuminating material. Footnotes appearing in original documents are reproduced with the texts. Footnotes added to clarify the texts appear in italics. In all cases where official titles of documents exist, these titles have been employed; and in other cases, document titles have had to be formulated for reference purposes.

The document collection is followed by a group of Appendices to provide reference material and to update information contained in the Appendices of the other Volumes. Appendix I on IEA Officers updates the Volume II Appendix I to October 1995. Appendix II contains the full texts of the fifteen IEA Ministerial Communiqués from 1975 to 1995. IEA publications issued from the outset to October 1995 are listed by title and year of publication in Appendix III, where they are organized in chronological order by energy sector. A list of IEA sponsored conferences follows in Appendix IV. Appendix V updates the Volume II Appendix VII “Table of Ministerial Communiqué Document References”. The “Highlights of Recent

IEA Developments 1995” in Appendix VI updates to October 1995 Appendix VI of Volumes I and II on that subject. Volume III closes with a Bibliography and an Index of the three Volumes.

With this Volume of the IEA *History*, as with the first two, the author has benefited immensely from the assistance of a remarkable group of IEA colleagues, which includes Helga Steeg, the former Executive Director and initiator of the history project, as well as her successor, Robert Priddle, and Deputy Executive Director John P. Ferriter. IEA Legal Counsel Craig Bamberger provided invaluable advice as the work on Volume III progressed. Natalie Newbern again merits special recognition for performing with skill, imagination and determination not only a large part of the task of identifying, physically locating, and organizing the documents to be reproduced, but also all the basic work on the Appendices, Abbreviations and Bibliography. In addition, she provided the editorial assistance and performed other logistical functions for the entire Volume III, including the Index, as she did for the first two Volumes. The reliable and unusually comprehensive Index was ably constructed by Maureen Simmons who has thus provided an indispensable service to the user. Kate Kelly helped with proofreading, as did Lynette Rogers-Goderum, while she and Shirley Burnett applied their word processing skills in the preparation of this work and provided general assistance.

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Institutional Actions

Item 1
Washington Energy Conference
Communiqué
13 February 1974
Doc. 17 (Rev. 2)

Summary Statement

1. Foreign Ministers of Belgium, Canada, Denmark, France, the Federal Republic of Germany, Ireland, Italy, Japan, Luxembourg, The Netherlands, Norway, the United Kingdom, the United States met in Washington from February 11 to 13, 1974. The European Community was represented as such by the President of the Council and the President of the Commission. Finance Ministers, Ministers with responsibility for Energy Affairs, Economic Affairs and Science and Technology Affairs also took part in the meeting. The Secretary General of the OECD also participated in the meeting. The Ministers examined the international energy situation and its implications and charted a course of actions to meet this challenge which requires constructive and comprehensive solutions. To this end they agreed on specific steps to provide for effective international co-operation. The Ministers affirmed that solutions to the world's energy problem should be sought in consultation with producer countries and other consumers.

Analysis of the Situation

2. They noted that during the past three decades progress in improving productivity and standards of living was greatly facilitated by the ready availability of increasing supplies of energy at fairly stable prices. They recognized that the problem of meeting growing demand existed before the current situation and that the needs of the world economy for increased energy supplies require positive long-term solutions.

3. They concluded that the current energy situation results from an intensification of these underlying factors and from political developments.

4. They reviewed the problems created by the large rise in oil prices and agreed with the serious concern expressed by the International Monetary Fund's Committee of Twenty at its recent Rome meeting over the abrupt and significant changes in prospect for the world balance of payments structure.

5. They agreed that present petroleum prices presented the structure of world trade and finance with an unprecedented situation. They recognized that none of the consuming countries could hope to insulate itself from these developments, or expect to deal with the payments impact of oil prices by the adoption of monetary or trade measures alone. In their view, the present situation, if continued, could lead to a serious deterioration in income and employment, intensify inflationary pressures, and endanger the welfare of nations. They believed that financial measures by themselves will not be able to deal with the strains of the current situation.

6. They expressed their particular concern about the consequences of the situation for the developing countries and recognized the need for efforts by the entire international community to resolve this problem. At current oil prices the additional energy costs for developing countries will cause a serious setback to the prospect for economic development of these countries.

General Conclusions

7. They affirmed, that, in the pursuit of national policies, whether in the trade, monetary or energy fields, efforts should be made to harmonize the interests of each country on the one hand and the maintenance of the world economic system on the other. Concerted international co-operation between all the countries concerned including oil producing countries could help to accelerate an improvement in the supply and demand situation, ameliorate the adverse economic consequences of the existing situation and lay the ground work of a more equitable and stable international energy relationship.

8. They felt that these considerations taken as a whole made it essential that there should be a substantial increase of international co-operation in all fields. Each participant in the Conference stated its firm intention to do its utmost to contribute to such an aim, in close co-operation both with the other consumer countries and with the producer countries.

9. They concurred in the need for a comprehensive action program to deal with all facets of the world energy situation by co-operative measures. In so doing they will build on the work of the OECD. They recognized that they may wish to invite, as appropriate, other countries to join with them in these efforts. Such an action program of international co-operation would include, as appropriate, the sharing of means and efforts, while concerting national policies, in such areas as:

- The conservation of energy and restraint of demand.
- A system of allocating oil supplies in times of emergency and severe shortages.
- The acceleration of development of additional energy sources so as to diversify energy supplies.
- The acceleration of energy research and development programs through international co-operative efforts.*

10. With respect to monetary and economic questions, they decided to intensify their co-operation and to give impetus to the work being undertaken in the IMF, the World Bank and the OECD on the economic and monetary consequences of the current energy situation, in particular to deal with balance of payments disequilibria. They agreed that:

- In dealing with the balance of payments impact of oil prices they stressed the importance of avoiding competitive depreciation and the escalation of restrictions on trade and payments or disruptive actions in external borrowing.**
- While financial co-operation can only partially alleviate the problems which have recently arisen for the international economic system they will intensify work on short-term financial measures and possible longer-term mechanisms to reinforce existing official and market credit facilities.**
- They will pursue domestic economic policies which will reduce as much as possible the difficulties resulting from the current energy cost levels.**
- They will make strenuous efforts to maintain and enlarge the flow of development aid bilaterally and through multilateral institutions, on the basis of international solidarity embracing all countries with appropriate resources.

* France does not accept point 9.

** In point 10, France does not accept paragraphs cited with asterisks.

11. Further, they have agreed to accelerate wherever practicable their own national programs of new energy sources and technology which will help the overall world-wide supply and demand situation.

12. They agreed to examine in detail the role of international oil companies.

13. They stressed the continued importance of maintaining and improving the natural environment as part of developing energy sources and agreed to make this an important goal of their activity.

14. They further agreed that there was need to develop co-operative multilateral relationship with producing countries, and other consuming countries that takes into account the long-term interests of all. They are ready to exchange technical information with these countries on the problem of stabilizing energy supplies with regard to quantity and prices.

15. They welcomed the initiatives in the UN to deal with the larger issues of energy and primary products at a world-wide level and in particular for a special session of the UN General Assembly.

Establishment of Follow-on Machinery

16. They agreed to establish a co-ordinating group headed by senior officials to direct and to co-ordinate the development of the actions referred to above. The co-ordinating group shall decide how best to organize its work. It should:

- Monitor and give focus to the tasks that might be addressed in existing organizations;
- Establish such ad hoc working groups as may be necessary to undertake tasks for which there are presently no suitable bodies;
- Direct preparations of a conference of consumer and producer countries which will be held at the earliest possible opportunity and which, if necessary, will be preceded by a further meeting of consumer countries.*

17. They agreed that the preparations for such meetings should involve consultations with developing countries and other consumer and producer countries.*

* France does not accept points 16 and 17.

Item 2
Agreement on an International Energy Program
18 November 1974

Set forth in Volume I, Appendix III

Item 3
OECD Council Conclusions Adopting the Council's Decision
on the Establishment of the Agency
15 November 1974
C/M(74)27(Prov.), Item 278

THE COUNCIL

- (a) adopted the draft Decision Establishing an International Energy Agency of the Organisation set out in Annex I and Corrigendum 1 of C(74)203 with the abstention of Finland, France and Greece [the Decision has since been issued as C(74)203(Final)]; ¹
- (b) agreed to derestrict both the Decision and the proposed Agreement on an International Energy Program [C(74)204 and Corrigendum 1];
- (c) noted the Declaration by the countries participating in the Agency as reproduced below and the additional statement by the Delegate for Belgium during this Council meeting on behalf of those same countries as reproduced below; ²
- (d) welcomed the establishment in the Organisation of the International Energy Agency and expressed its determination to continue and, where appropriate, to strengthen the co-operation of all Member countries in the field of energy and related matters;
- (e) instructed the competent bodies of the Organisation to pursue and, as necessary, to update on-going programmes of co-operation on energy within the Organisation;
- (f) noted the statements made by the Delegates for Australia, Austria, Canada, Finland, France, Germany, Greece, Iceland, Italy, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland and Turkey. ²

1. *The text of the Decision is contained in Volume I, Appendix IV.*

2. *Not reproduced; see Volume I, pp. 52-53.*

Item 4
Decision on an International Energy Program
18 November 1974
IEA/GB(74)9(1st Revision), Item 4
and IEA/GB/DOC. 74/5

THE GOVERNING BOARD

- (a) adopted the Decision on an International Energy Program as set out in the Annex to document IEA/GB/DOC.74.5.
- (b) noted the declarations of Austria, Canada, the Netherlands, Spain, Sweden, Switzerland and Turkey, made in connection with the signature of the Agreement on an International Energy Program and the adoption of the Program decision of the Agency [the declarations are set out in Annex I] ¹
- (c) upon receiving the declarations, the Governing Board
- (1) noted the declarations on the oil stock question by Austria and Turkey and concluded that the contents of those declarations are consistent with the Agreement on an International Energy Program
- (2) noted the declaration of Canada concerning the Canadian constitutional system, the declaration of the Netherlands concerning territorial application and the declaration of Switzerland concerning Liechtenstein
- (d) noted the declarations of Austria, Sweden and Switzerland, concerning their neutrality.
- It noted also that these three states have determined that participation in the Agreement is consistent with their neutrality.
- The three states are acceding to the Agreement with all obligations which it contains and undertake to implement all parts of the Agreement.
- Their commitment to achieve the purposes of the Agreement, and their determination to put it into force are not diminished by the declarations made at the time of signature.
- (e) expressed the hope that the French and German texts of the Agreement could be approved at the next meeting.

1. See IEA/GB(74)9(1st Revision), Annex I for these declarations.

ANNEX to
IEA/GB/DOC. 74/5
GOVERNING BOARD
Decision on an International Energy Program

THE GOVERNING BOARD

Considering the Decision of the Council of 15th November, 1974 (hereinafter called the “Decision of the Council”) Establishing an International Energy Agency of the Organisation (hereinafter called the “Agency”) [C(74)203 and Corrigendum 1 thereto];

Noting that the countries participating in the Agency have signed a separate Agreement on an International Energy Program (hereinafter called the “Agreement”) the text of which is attached to document C(74)204 of 6th November, 1974 and Corrigendum 1 thereto, which is circulated for reference;

Considering that all countries participating in the Agency, in addition to becoming Signatory States to the Agreement, wish to adopt by this Decision the International Energy Program in the manner which creates legally binding rights and obligations in accordance with the International Energy Program as set out in the Agreement;

Acting pursuant to the Decision of the Council, Article 4, which empowers the Governing Board, *inter alia*, to make decisions which shall, except as otherwise provided, be binding upon Participating Countries and to delegate powers to other organs of the Agency;

DECIDES that:

1. The International Energy Program set out in the Agreement is hereby adopted and shall be carried out by the Agency and Participating Countries in accordance with its terms;
2. The organs provided for in the Program are hereby established as organs of the Agency; they shall carry out their responsibilities in accordance with the procedures set out in the Program and shall take decisions, recommendations and other actions as provided therein;
3. The Participating Countries of the Agency shall fulfill the obligations and enjoy the rights provided for in the International Energy Program as set out in the Agreement.

Item 5
Agreement between the International Energy Agency and
the Government of the Kingdom of Norway
Concerning the Participation of
the Government of the Kingdom of Norway
in the Work of the Agency ¹
7 February 1975
IEA/GB(75)8, Item 4 (Corrigendum 1)

THE GOVERNING BOARD

- (a) notes and accepts with appreciation the Declaration by Norway as an expression of the spirit and way in which the Agreement will be carried out [the Declaration is set out in Annex II hereto]. ²
- (b) endorsed the Chairman's statement that:

“The Agreement which will be concluded between the Agency and Norway results from a very special political and economic situation; it is therefore eminently ‘sui generis’;
Because of this singularity the Agreement cannot in any fashion be invoked as a precedent.”
- (c) authorised the Chairman and the Executive Director to sign, on behalf of the Agency, the Agreement between the International Energy Agency and the Government of the Kingdom of Norway Concerning the Participation of the Government of the Kingdom of Norway in the Work of the Agency, as set forth in IEA/GB(75)5.
- (d) derestricted the said Agreement.

THE INTERNATIONAL ENERGY AGENCY AND THE GOVERNMENT OF THE KINGDOM OF NORWAY,

CONSIDERING that the International Energy Agency (the “Agency”) was established, on 15th November, 1974, within the framework of the Organisation for Economic Co-operation and Development, by the Decision of the Council Establishing an International Energy Agency of the Organisation,

1. *The official text of this Agreement appears in English, French and German.*
2. *This declaration is reproduced in Annex II to the Conclusions [IEA/GB(75)8, (Corrigendum 1)], but is not set out in this Volume.*

CONSIDERING that the Agency Participating Countries signed an Agreement on an International Energy Program and that the Governing Board of the Agency adopted the International Energy Program on 18th November, 1974,

AGREEING on the need for the Agency Participating Countries as a group to achieve greater independence in energy supply,

CONSIDERING that in this respect the participation of the Government of the Kingdom of Norway (the "Government") is of particular interest to the achievement of the objectives of the Agency since the Kingdom of Norway is likely to have a long-term net export situation in the field of oil,

STATING the broad agreement of the two parties to promote the objectives and to achieve the goals of the International Energy Program,

HAVE AGREED as follows:

Article 1

The Government shall, in case of emergency involving serious shortage in oil supplies, contribute, by decision of the Government, to a sharing program by adding to normal supplies to Participating Countries of the Agency, such additional deliveries as may be obtained from appropriate demand restraint measures and from the activation of any stand-by production capacity that may exist.

Article 2

The Government shall enter into consultation with the Agency with a view to specifying its contribution referred to in Article 1 whenever the Agency considers the activation of emergency measures in accordance with Chapter IV of the Agreement on an International Energy Program.

Article 3

The Government shall, in accordance with the institutional provisions to be determined pursuant to Article 5 of this Agreement, have the obligations and enjoy the rights of a Participating Country for the purposes of the following Chapters of the Agreement on an International Energy Program:

- | | |
|-------------|--|
| Chapter V: | Information System on the International Oil Market |
| Chapter VI: | Framework for Consultation with Oil Companies |

- Chapter VII: Long Term Co-operation on Energy
Chapter VIII: Relations with Producer Countries and with other
Consumer Countries.

Article 4

The Agency shall invite the Government to participate in the work of the Governing Board of the Agency and its subordinate organs.

Article 5

Appropriate institutional provisions for the implementation of this Agreement shall be determined, as soon as possible, by the Governing Board in agreement with the Government.

Article 6

The obligations of the Government to contribute to the cost of operating the Agency shall be the same as those of a Participating Country of the Agency under the Agreement on an International Energy Program.

Article 7

The Government shall take the necessary measures, including any necessary legislative measures, to implement this Agreement and such Agency decisions as are binding on the Government pursuant to this Agreement.

Article 8

1. The Government shall not later than 1st May, 1975, notify the Agency that, having complied with its constitutional procedures, it consents to be bound by this Agreement.
2. This Agreement shall enter into force on the tenth day following the day on which the Government has given the notice mentioned in the preceding paragraph or on the date of entry into force of the Agreement on an International Energy Program, whichever is later.
3. Notwithstanding the provisions of paragraphs 1 and 2 above, this Agreement shall be applied provisionally to the extent possible not inconsistent with Norwegian legislation as from the date of signature of this Agreement by both of the parties thereto.

4. Provisional application of this Agreement shall continue until:
 - this Agreement enters into force, or
 - 60 days after the Agency receives notification that the Government will not consent to be bound by this Agreement, or
 - the time limit for notification of consent by the Government, referred to in paragraph 1 above, expires.

Article 9

1. This Agreement shall terminate upon the termination of the Agreement on an International Energy Program.
2. Either party to this Agreement may terminate this Agreement upon twelve months' written notice to the other party to that effect, given not less than three years after 18th November, 1974, the first day of provisional application of the Agreement on an International Energy Program.

Article 10

This Agreement may at any time be amended by the mutual agreement of the parties. Such amendment shall come into force in a manner determined by the parties, and making provision for the Government to comply with its constitutional procedures.

Article 11

No amendment to the Agreement to the Agreement on an International Energy Program shall be applicable to the Government without its consent.

Article 12

This Agreement shall be subject to a general review within two years after its entry into force.

IN WITNESS WHEREOF the undersigned have signed the present Agreement the seventh day of February, 1975 at Paris in two copies in the English, French and German languages, each text being equally authoritative.

For the INTERNATIONAL ENERGY AGENCY

For the GOVERNMENT
OF THE KINGDOM OF
NORWAY

E. DAVIGNON

JENS BOYESEN

U. LANTZKE

Item 6
Decision on Institutional Arrangements for the Participation
of Norway, as amended
7 March 1975
IEA/GB(75)15, Item 10(a) and Annex IV

THE GOVERNING BOARD :

- (a) concerning the participation of Norway:
 - (i) noted the Report of the Chairman of the Ad Hoc Legal Group on Implementation of Norway Participation Agreement [IEA/GB(75)10(1st Revision)];
 - (ii) adopted (*) the Decision on Institutional Arrangements for the Participation of Norway, as set forth in Annex IV hereto;
 - (iii) derestricted the said Decision.

ANNEX IV

THE GOVERNING BOARD

Considering the Decision of the Council of 15th November, 1974 Establishing an International Energy Agency of the Organisation (the "Agency") [C(74)203(Final)];

Considering that the Agency Participating Countries have entered into an Agreement on an International Energy Program (the "I.E.P. Agreement") [C(74)204 and Corrigendum 1 thereto];

-
- (*) The Delegate for the Netherlands, who reserved his position, has since conveyed the agreement of his Government.

Considering that the Decision of the Governing Board of the Agency adopted at its meeting February 5-7, 1975 inviting the Government of New Zealand to accede to the I.E.P. Agreement and amending the I.E.P. Agreement [IEA/GB(75)8];

Considering that the Agency and the Government of the Kingdom of Norway have entered into an Agreement between the International Energy Agency and the Government of the Kingdom of Norway (“Norway”) concerning the participation of Norway in the work of the Agency (the “Participation Agreement”) [IEA/GB(75)9];

DECIDES upon the following institutional arrangements for implementing the Participation Agreement:

1. Norway shall be entitled to participate, on the same basis as a Participating Country, in plenary and restricted organs of the Agency, including the right to be represented, to participate in discussions, and to make proposals, in plenary or restricted meetings thereof, and the right to receive agendas and other documents for such meetings.

2. The Governing Board shall take decisions as to changes in the scale of contributions to the budget under Article 64(1) of the I.E.P. Agreement, and all other decisions arising under Chapter V through X of the I.E.P. Agreement which require a majority, as if

(a) Norway were deemed to be included in the list of Participating Countries set forth in Article 62, paragraph 2, and to have three general voting weights and three combined voting weights;

(b) The total number of general voting weights and combined voting weights set forth in Article 62, paragraph 2, were deemed to be 69 and 169 respectively. ¹

3. Norway may adhere to any decision of the Governing Board to which paragraph 2 does not apply, and shall not be bound by any such decision to which it does not adhere.

4. Other than in cases of emergency, the participation of Norway in the work of the Agency under Chapters I through IV shall be implemented pursuant to arrangements which shall be adopted by the Governing Board

1. *The voting weights shown in paragraph 2(b) of this Decision were amended upon each new Member's accession to the I.E.P. Agreement.*

after considering the recommendation of the Standing Group on Emergency Questions and in agreement with Norway.

5. In cases of emergency in which Norway decides to contribute to the Agency's oil sharing programme pursuant to Article 1 of the Participation Agreement, the participation of Norway in the work of the Agency under Chapters I through IV shall be implemented pursuant to further arrangements which shall be adopted by the Governing Board, in the light of the nature and extent of Norway's contribution, after considering the recommendations of the Standing Group on Emergency Questions and in agreement with Norway.

6. Norway shall be entitled to participate, on the same basis as a Participating Country, in special activities as provided in Articles 64(2) and 65 of the I.E.P. Agreement.

Item 7

Decision on the Creation of the Industry Advisory Board (IAB) 6 February 1975, as amended

(adopted as part of the EMM; see Item 19) ¹

The IAB has been established by the IEA to provide advice and consultation on emergency response issues and oil supply/demand questions related to them. In the event of the activation of the IEP emergency measures, the IAB will be responsible, primarily through its *ad hoc* group ISAG, for advising on the practical execution of the emergency measures under the direct supervision of the IEA.

The IAB membership is drawn from the group of Reporting Companies. The IAB meets periodically or when convened by the IEA.

The IAB has been established to:

- be available permanently for consultation on issues of emergency response;
- develop and staff ISAG which would be available to work within the IEA in an emergency or a test;

1. *The Governing Board approved the initial IAB mandate in IEA/GB(75)8, Item 5, Annex III, Item (a)12. The detailed mandate appeared in the Emergency Management Manual (4th Ed., 1982, p. 58) and was revised in the EMM (5th Ed. 1994, Section 4.5.4) quoted below.*

- be available for consultation with the IEA, if an emergency appears possible, on the evolving supply situation, and assist in determining the extent of any “shortfall” in supplies;
- advise the IEA on general steps necessary to minimise the disruptive effects of an interruption in oil supplies;
- provide expertise in oil supply and logistics as required;
- advise the IEA on technical procedures to be followed in measuring individual countries’ stocks;
- advise on information systems and sources of data;
- advise the IEA on timetables and procedures to test emergency response systems;
- be available for consultation with and to advise the IEA on any other issues related to the emergency procedures.

The IAB participates in or establishes working groups to study and make recommendations to the IEA on specific questions on which IAB advice would assist IEA emergency response procedures.

The IAB will keep the Reporting Companies generally informed on its discussions with the IEA.

Industry Supply Advisory Group (ISAG)

The ISAG is an *ad hoc* group of the IAB made up of representatives from the Reporting Companies and is the main instrument of industry participation in the operation of the IEP emergency measures. ISAG is activated in the event of an emergency or test to participate in a combined Secretariat/Industry Emergency Operations Team (EOT). When activated for test or emergency purposes, ISAG will:

- provide industry supply expertise to the IEA;
- assist in monitoring the evolving supply situation and evaluate implications of the regional and individual country imbalances calculated by the IEA;
- establish balancing requirements guided by the Allocation Co-ordinator;
- communicate the guidance of the IEA to RCs to ensure the efficient operation of allocation;

- assist the Allocation Co-ordinator in co-ordinating voluntary offer activities of RCs/RCA's and NESOs (for NRCs) during balancing activities;
- assist the Allocation Co-ordinator in evaluating voluntary offers and the need for further action.

In the performance of the responsibilities listed above, ISAG members will act solely under the supervision and guidance of the Allocation Co-ordinator and the ISAG Manager. ISAG members will adhere to all applicable anti-trust rules, regulations and clearances. They will also adhere to pertinent rules prohibiting dissemination of confidential information gathered for the IEA/ISAG activities and will only make such information available to others on a need-to-know basis and in accordance with IEA rules. ISAG members will not disclose confidential information to their own companies except as required in order to perform their functions as ISAG members.

Outside of tests and the activation of IEP emergency measures, the ISAG Manager and Deputy Manager will co-ordinate assistance to the IEA Secretariat for the improvement of emergency procedures and training directly related to the work of ISAG and the EOT.

Item 8
Decision on the Establishment of the Committee on
Budget and Expenditure (BC) ¹
18-19 November 1974
IEA/GB(74)9(1st Revision), Item 12

THE GOVERNING BOARD

- (a) established a Committee on Budget and Expenditure to advise the Governing Board on financial administration of the Agency and to give its opinion on the Annual and other budget proposals submitted to the Governing Board;

.....

1. *The Governing Board's decision, taken at the same meeting, instructing the Committee to establish a small working group, is quoted in full in Volume I, p. 218.*

Item 9
**Decision on the Establishment of the Committee on Energy
Research and Technology (CERT) ¹,**
20-21 December 1975
**initially as the Committee on Energy Research and
Development (CRD)**
IEA/GB(75)94, Item 7 and Annex II

THE GOVERNING BOARD

- (a) adopted the Decision on the Establishment of the Committee on Energy Research and Development as set forth in Annex II hereto.
- (b) instructed the Committee on Energy Research and Development to discontinue working parties and subsidiary bodies set up to examine co-operative programme possibilities if, within a reasonable time, there appeared to be little possibility of co-operative programmes being achieved.

....

ANNEX II

GOVERNING BOARD

Decision of the Governing Board on
the Establishment of the Committee
on Energy Research and Development

The Governing Board,

Desiring to establish a body of adequate status to be responsible for energy research and development;

Mindful of Article 57 of I.E.P. Agreement, providing that the Standing Group on Long Term Co-operation may report on any matter within the scope of Chapter VII of the Agreement;

1. *The original name, Committee on Energy Research and Development (CRD), was changed on 20 March 1992, see IEA/GB(92)17, Item 8(b).*

Decided to establish a Committee on Energy Research and Development with the following terms of reference:

- (a) to submit to the Governing Board a strategy for energy research and development and to oversee the implementation of this strategy.
- (b) to ensure, through regular consultation and collaboration with the Standing Group on Long Term Co-operation, a close co-ordination between the energy research and development strategy and other aspects of the Programme for Long Term Co-operation of the Agency.
- (c) in the light of the preparation and surveillance of such a strategy, to review periodically national programmes of energy research and development.
- (d) within such a strategy, and utilising the reviews of national programmes, to identify opportunities for collaboration between Participating Countries, and to promote such collaboration.
- (e) to continue the promotion and implementation of co-operation on energy research and development as decided by the Governing Board on 21st November, 1975.
- (f) to report to the Governing Board as appropriate, but not less frequently than once a year, on the above subjects on conjunction with the Standing Group on Long Term Co-operation.
- (g) to carry out such other functions as may from time to time be delegated to it by the Governing Board.

Item 10

Decision Adopting the Security Principles and Procedures ¹ 20-21 May 1976, as amended IEA/GB(77)7, Item 10 and IEA/GB(77)12

THE GOVERNING BOARD

- (a) noted the report of the Ad Hoc Group on Security Principles and Procedures [IEA/GB(77)4].
- (b) agreed to substitute the IEA security classification categories and their definitions contained in Annex II hereto for those contained in document IEA/GB(76)1 (2nd Revision). [*Not reproduced*].

. . . .

1. *The Governing Board initially adopted the Security Principles and Procedures with effect from 12 April 1976. They were amended by the Governing Board Decision which follows. The amended text is set forth in full.*

SECURITY PRINCIPLES AND PROCEDURES

1. The following Security Principles and Procedures have been established by the Governing Board of the International Energy Agency to safeguard against unauthorised disclosure of sensitive information. The Executive Director of the Agency is empowered to adopt Security Regulations of the Agency to implement these Principles and Procedures.

Premises

2. The Combined Energy Staff (“Staff”) of the OECD occupies offices located on the third floor of the “New Building”.

3. Entry and exit are limited to one location only which is accessible from elevator and/or stairwell No. 2. All other former entrances have been permanently blocked, except to provide for emergency evacuation from the interior of the premises. An alarm system will immediately disclose any attempt to force these former entrances.

4. Room 3066 has been transformed into a high-security reception area and waiting room. Entry to and exit from IEA premises will be through two internal doors controlled by a guard who will be on duty at all times that the doors are unlocked. One of these doors is a corridor door to provide direct access for Staff only. The second door, also controlled by the guard, provides initial entry and exit only to the waiting room for all persons other than Staff. All such persons who seek access will be required to show proper identification, register and indicate the Staff member being visited. Each visitor will remain in the waiting room until the arrival of an escort. Each member of the Staff will be held responsible for his visitors and will provide escort for them from the waiting room to his office, and on termination of the visit from his office to the waiting room, where the visitor will complete the register by indicating the time of his departure.

Physical Security

5. As indicated above, guards will be on duty at the single entrance and exit to IEA premises at all times during normal business hours and at specified times on weekends and holidays. The guards will be responsible for visitor registration and control as noted above. They will also be responsible for the supervision of all cleaning and maintenance personnel while they are discharging their functions on IEA premises, except for such cleaning and

maintenance as may be required in the limited access areas (see paragraphs 19. J. 3(a) and (b) below), which will be supervised by a member of the Staff. They will also be responsible for making daily security checks after normal duty hours of each office in the IEA premises to assure that no classified documents of any nature have been left unsecured in violation of Agency security regulations as noted below. They will properly secure any such documents discovered during their checks, and will report to the Agency security officer who will recommend appropriate administrative or disciplinary action regarding the violation noted.

6. As indicated in paragraph 3. above, IEA premises will be further secured by an alarm system. This system is designed to protect the entrances to the IEA premises and waiting room; former entrances to IEA premises which have been blocked; and the two high-security limited access areas noted below. Any attempted forced entry at any point secured by the system will sound simultaneous alarm at the reception desk of the Agency and in the main guard gate of the OECD. In addition, Agency guards have direct-line telephone contact with both the OECD reception desk in the "New Building" and with the OECD main guard gate to request emergency assistance.

7. Agency guards will secure the waiting room door to the IEA premises upon departure each day; will open it upon their arrival the next duty day; and control it automatically during duty hours. The corridor door noted in paragraph 4. above is secured by a combination cypher lock during non-duty hours and is controlled automatically by the guards during duty hours. A limited number of authorised Staff members will be provided with the combination to this lock to permit access to the IEA premises when the guards are not on duty. The combination to this lock will be changed frequently by the security officer.

8. All IEA meetings held in the OECD shall, unless otherwise authorised by the Executive Director, be held on OECD premises. Before each meeting OECD security personnel shall thoroughly inspect conference rooms for listening devices and other threats to security. During each meeting OECD security personnel shall provide such coverage as may be required to assure that only persons in possession of appropriate Agency admittance cards are afforded access to the immediate area and admittance to the conference rooms. OECD security personnel shall also be responsible for securing conference rooms during intermissions of sessions and upon completion of each meeting or conference. They shall secure all documents left in the conference rooms and return them to the Agency for appropriate disposition.

9. Security measures for all IEA meetings held elsewhere than OECD shall be the responsibility of the host country.

10. Access to all IEA meetings, whether held in the OECD or elsewhere, shall be strictly limited to authorised representatives of Participating Countries, to Staff and to other persons authorised by the Executive Director.

Personnel Security

11. Every person appointed to the Staff, either temporarily or permanently, who is authorised by the Executive Director or his designated representative to have access to material classified “IEA SECRET” or regularly to have access to material classified “IEA HIGHLY CONFIDENTIAL”, shall as a condition of such authorisation be granted a clearance by his national government after appropriate investigation.

12. Every other person (such as interpreters and translators) assigned by the Secretary-General to duty with the Staff or assigned to IEA meetings who is authorised to have access to material classified “IEA SECRET” shall have been designated for such a purpose by the Secretary-General from among those for whom the Head of Personnel, OECD, has determined that a security clearance has been granted by their national government after appropriate investigation. Such personnel shall not enter into their functions with the Agency until the Executive Director or his designated representative has determined that such clearances have been granted.

13. Upon the request of the Head of Personnel, OECD, governments of Participating Countries will undertake comprehensive and thorough security investigations of applicants or employees from their respective countries for the purpose of granting security clearances to such applicants or employees. The Executive Director will withhold access to material classified “IEA SECRET” and will withhold access on a regular basis to material classified “IEA HIGHLY CONFIDENTIAL” until such security clearance has been granted.

14. The Head of Personnel, OECD, will request governments of non-participating countries to conduct appropriate investigations and to grant security clearances for applicants or employees from such countries. Such applicants or employees will not be granted access to material classified “IEA SECRET” and will not be granted access on a regular basis to material classified “IEA HIGHLY CONFIDENTIAL” until such security clearance has been received.

15. Upon receipt of advice from a national government that the security clearance granted by it to an employee has been withdrawn, the Executive Director will deny the employee further access to material classified “IEA SECRET” or regular access to material classified “IEA HIGHLY CONFIDENTIAL”, and he may take such other action as he considers appropriate under the circumstances.

16. Notwithstanding the fact that a member of the Staff shall have been granted a security clearance, he shall not be given access to material classified “IEA SECRET” or “IEA HIGHLY CONFIDENTIAL” unless he has a definite need for such access. The “need-to-know” doctrine will be strictly enforced by all officials of the Agency at each appropriate supervisory level. The Governing Board shall be consulted on the designation of Staff which may be granted access to material classified “IEA SECRET”.

17. No member of the Staff shall be given access to material classified “IEA SECRET” or regular access to material classified “IEA HIGHLY CONFIDENTIAL” unless he has undertaken a contractual obligation not to reveal the information contained in such material to unauthorised persons both during and after the term of his employment. The unauthorised disclosure of classified information shall render Staff liable to disciplinary measures, including dismissal in appropriate cases.

18. The above Personnel Security measures shall be implemented in accordance with OECD employment procedures and powers as from time to time adopted by the Council.

Information and Document Security

19. Each Staff member who has knowledge or custody of classified information has a basic responsibility for maintaining its security. Each supervisor has the ultimate responsibility of assuring that all classified information entrusted to his unit is protected in accordance with the following procedures which will be incorporated into the security regulations of the Agency.

A. Security Classification Categories

All information which requires protection against unauthorised disclosure in the interest of assuring the confidentiality of information provided by participating governments, oil companies or other contributors

or sources, and any working papers or computer “software” pertaining to them, shall be classified in one of the following categories:

(1) IEA SECRET: All material of a highly sensitive nature, the unauthorised disclosure of which could cause grave damage to the functioning of the OECD, the IEA or the interests of any member government of either, shall be classified “IEA SECRET”. All oil company data, including statistical analyses, pertaining to less than three companies will be classified “IEA SECRET” regardless of form, i.e. hard copy or computer processed.

(2) IEA HIGHLY CONFIDENTIAL: All material of a sensitive nature, the unauthorised disclosure of which could cause damage to or seriously prejudice the interests of the OECD, the IEA or the interests of any member government of either, and which requires special protection and handling and limited access, shall be classified “IEA HIGHLY CONFIDENTIAL”.

(3) CONFIDENTIAL: All material of a sensitive nature, the unauthorised disclosure of which could cause damage to or seriously prejudice the interests of the OECD, the IEA or the interests of any Member government of either, shall be classified “CONFIDENTIAL”.

(4) RESTRICTED: All material which is for official use only and which should not be disclosed to the press or the general public shall be classified “RESTRICTED”.

(5) UNCLASSIFIED: All material which could be released to the press or the general public shall be unclassified. This includes all material which has been declassified as well as material which, by application of these Principles and Procedures, is not required to be classified.

B. Authority to Classify

(1) Classified information or documents furnished by or received from participating governments or other sources shall be assigned an equivalent Agency classification by the Executive Director or officials specifically designated by him.

(2) Any Staff member who originates a classified document has the responsibility to assign to it the appropriate classification at the time the document is prepared. Final classification of documents classified “IEA SECRET” or “IEA HIGHLY CONFIDENTIAL”, however, must be approved by the Executive Director or officials specifically designated by him.

C. Authority to Downgrade and Declassify

Classified material originated in the Agency should be periodically reviewed and downgraded or declassified as conditions warrant. Normally, the official authorising the original classification or his successor should effect the subsequent downgrading or declassification of documents classified “CONFIDENTIAL” or “RESTRICTED”. Documents classified “IEA SECRET” or “IEA HIGHLY CONFIDENTIAL”, however, may be downgraded or declassified only by the Executive Director or officials specifically designated by him. Classified documents originating outside the Agency will not be downgrade or declassified without the express authority of the originator.

D. Marking Documents with Security Classification

At the time of its origination or receipt in the Agency, each document shall be marked by the person originating or receiving it to clearly show its classification. Documents classified “CONFIDENTIAL”, “RESTRICTED” or unclassified, need to be marked only at the upper right hand corner of the title or first page. Each document classified “IEA SECRET” or “IEA HIGHLY CONFIDENTIAL” shall be so marked at the top and bottom of each page, including the cover, if any, and each envelope or file folder containing such information shall be so marked on each side. Where a document or file contains information of varying classifications, the front and back of same must be marked to reflect the highest classification contained therein.

E. Access to Material classified “IEA SECRET” and “IEA HIGHLY CONFIDENTIAL”

(1) No person shall be given access to information or material classified “IEA SECRET” unless:

- (a) the person has been granted a security clearance by his national government;
- (b) the Governing Board shall have been consulted concerning such access;
- (c) the Executive Director or his designated representative has authorised such access;
- (d) the person has a “need-to-know” the contents of the material in question.

(2) No person shall be given access to information classified “IEA HIGHLY CONFIDENTIAL” unless:

(a) the person has been granted a security clearance by his national government if that person will regularly have access to such information;

(b) the Executive Director or his designated representative has authorised such access;

(c) the person has a “need-to-know” the contents of the material in question.

F. Reproduction of Classified Material

(1) “IEA SECRET” documents: Such documents may be reproduced only upon the specific authorisation of the Executive Director or officials specifically designated by him, and only within IEA premises. Authorised reproduction will be on a strictly limited basis only, and each copy will be numbered and the name of the person to whom it is transferred together with the copy number shall be recorded and maintained with the official file copy of the document. No additional copy or further transfer may be made without the specific authorisation noted above.

(2) “IEA HIGHLY CONFIDENTIAL” documents: Such documents may be reproduced only upon the specific authorisation of the Executive Director or officials specifically designated by him and only within IEA premises. Reproduction will be limited to the exact number of copies necessary to effect the dissemination required for the requested authorisation. Each copy will be numbered and the name of the person or office to whom it is transferred, together with the copy number, shall be recorded and maintained with the official file copy of the document. No additional copy or further transfer may be made without the specific authorisation noted above.

(3) “CONFIDENTIAL” documents: Responsible officials may authorise the reproduction of such documents in the minimum number of copies necessary to effect the required dissemination.

G. Dissemination of Classified Documents

(1) “IEA SECRET” documents: Such documents will not be disseminated or distributed outside of IEA premises.

(2) “IEA HIGHLY CONFIDENTIAL” documents: Such documents may be disseminated or distributed outside of IEA premises only upon the express prior authorisation of the Executive Director or officials specifically designated by him. Whenever documents classified “IEA HIGHLY CONFIDENTIAL” are disseminated outside the Agency, the transmittal document shall request the assignment of an equivalent national security classification and that it be accorded equivalent safeguards regarding access, handling and storage.

(3) “CONFIDENTIAL” and “RESTRICTED” documents: Such documents may be disseminated or distributed outside of IEA premises only to interested OECD offices and to National Delegations, or with the specific authorisation of the Executive Director or officials specifically designated by him. Distribution will be limited to the minimum number of copies necessary to effect the desired dissemination.

H. Destruction of Classified Information

All discarded material classified “IEA SECRET” or “IEA HIGHLY CONFIDENTIAL” will be destroyed under the supervision of the Agency security officer by a shredding machined located in IEA premises. Pending such destruction, all material classified “IEA SECRET” or “IEA HIGHLY CONFIDENTIAL” will be placed in special receptacles used only for classified waste. Until destruction has been effected, such receptacles will be handled and stored in the same manner as classified material.

I. Translation of Classified Material

(1) “IEA SECRET” material: Translation of such material will be done only if absolutely necessary and only upon the specific authorisation of the Executive Director or officials specifically designated by him. Such translation will be accomplished only within IEA premises and only by translators assigned to duty with the Staff by the Secretary-General under the conditions set forth in paragraph 12 above.

(2) “IEA HIGHLY CONFIDENTIAL” material: Translation of such material will be done only if necessary and only upon the authorisation of

the Executive Director or officials specifically designated by him. Such translation will be accomplished only within IEA premises and only by translators assigned to duty with the Staff by the Secretary-General under the conditions set forth in paragraph 12 above.

(3) “CONFIDENTIAL” and “RESTRICTED” material: Translation of such material will be done only by OECD translators working within OECD premises and in accordance with OECD procedures.

J. Protection and Storage of Classified Material

(1) Protection: All persons having access to classified material will take every reasonable precaution to protect it from unauthorised access and disclosure.

(2) Temporary Storage: During normal working hours, all oil company data and other material classified “IEA SECRET” will be firmly secured in locked safes at all times when not actually being used. Material classified “IEA HIGHLY CONFIDENTIAL” will be firmly secured in locked safes at all times when it is not under the surveillance of persons authorised to have access to it. All other classified material will be handled in accordance with customary OECD procedures. Before leaving the office at the close of each working day, every Staff member shall be responsible for adequately securing all official correspondence and documentation as follows:

- (a) All documents, data and working papers classified “IEA SECRET” or “IEA HIGHLY CONFIDENTIAL” shall be stored in heavy duty safes secured with the approved three-way combination locks which are available in every staff section or division of the Agency.
- (b) All documents, data and working papers classified “CONFIDENTIAL” or “RESTRICTED” shall be stored in accordance with OECD procedures.
- (c) All IEA documents and material will be used and stored only on IEA premises. No IEA documents classified “IEA HIGHLY CONFIDENTIAL” or “CONFIDENTIAL” may be removed from IEA premises except as necessary in connection with an assigned meeting or other mission outside the premises. Staff members are responsible for returning such documents promptly upon completion of the meeting or mission in question.

(3) Permanent Storage: Two high-security, limited access areas have been established within the IEA premises to provide maximum protection for the permanent storage of classified documents no longer being consulted on a daily or frequent basis and for the storage of secret oil company data, including computer data cards, key punch cards and tapes pertaining to such data, as follows:

- (a) Room 3108: This room is a high security vault with grilled windows and armour-plating on the exterior walls and door. The door is secured with a five point locking mechanism and protected with a magnetic alarm during off-duty hours. This room will be under the control of the Head of the Data and Information Division or his designated representative. Access to this room will be strictly limited. It will be used solely to house computer terminals, such other computer equipment as may be obtained, and for the storage of sensitive oil company data and the computer coding cards, key punch cards, tapes and printouts pertaining to such data.
- (b) Room 3084: This room is a high security vault with grilled windows and armour-plating on the exterior walls. Access is provided by a single tubular-steel door secured by a five point locking mechanism and protected with a magnetic alarm during off-duty hours. This room will provide open storage for all material classified "CONFIDENTIAL" or lower. Material classified "IEA SECRET" or "IEA HIGHLY CONFIDENTIAL" will be stored in heavy-duty "Mosler" safes with approved three-way combination locks which will be kept locked at all times when not in use. This room will be under the control of the Agency Office Manager. Access to these safes will be strictly limited and an access log will be maintained.

20. Computer Security: The IEA will utilise the computer of the Data Processing Division of the OECD Economics and Statistics Department located on the second floor of the "New Building" for the computer processing of all Agency data. Inasmuch as neither the computer nor the data processing equipment and personnel are under IEA control, the Agency has initiated internal and external procedures and safeguards to assure the protection of all sensitive data of the Agency which will be computer processed. These safeguards will be incorporated in a classified regulation which will be a separate part of the Agency Security Regulations and available to those personnel having a "need-to-know".

Item 11
Decision on the Establishment of the Committee on Non-
Member Countries (CNMC), initially as the Ad Hoc Group on
International Energy Relations (AHGIER) ¹
27-28 June 1977
IEA/GB(77)33, Item 8
and CNMC Mandate Changes
11 May 1992
IEA/GB(92)25, Item 5

THE GOVERNING BOARD

- (a) established an informal Ad Hoc Group on International Energy Relations, under the chairmanship of Mr. R.A. BURROWS (United Kingdom), to report to the Governing Board on international energy relations and to carry out such other functions as may be assigned to it by the Governing Board.

....

CNMC Mandate Changes
11 May 1992
IEA/GB(92)25, Item 5

THE GOVERNING BOARD

- (a) noted the Note by the Secretariat entitled "Participation by Non-Member Countries in the Activities of the IEA" [IEA/GB(92)18] and the statement of the Executive Director, appended hereto.
- (b) adopted the general policy guidance and the specific guidelines for areas of co-operation with non-Member countries as set forth in Parts II and III of IEA/GB(92)18/FINAL.
- (c) noted, with respect to Part IV of IEA/GB(92)18/FINAL, that the role of the Committee on Non-Member Countries needs to be further developed over time, bearing in mind that specific areas of co-operation with non-Member countries must be integrated into the work of other Standing Groups.

1. *On 10 December 1990 the Ad Hoc Group's name was changed to the Committee on Non-Member Countries [See IEA/GB(90)46, Item 6; Governing Board Room Document No. 1, 6 December 1990].*

- (d) decided that:
 - (i) the Committee on Non-Member Countries shall, taking into account the views of the Standing Groups and other committees of the Agency, advise the Secretariat and advise the Standing Groups and other committees of the Agency with regard to non-Member country activities;
 - (ii) overall policy guidance and decisions shall continue to be the responsibility of the Governing Board.
- (e) requested the Committee on Non-Member Countries to:
 - (i) ensure that, on a timely and regular basis, information on the Agency's non-Member country activities is communicated to Member countries, and Member country views are communicated to the Secretariat;
 - (ii) report regularly to the Governing Board on the foregoing subject.
- (f) noted that this is an interim Decision, which the Governing Board will review in a future meeting.

Participation of Non-Member Countries in the Activities of the IEA
IEA/GB(92)18/FINAL

...

IV. Expanded Role of the NMC Committee

Consistent with the functions of the Agency in dealing with NMC issues, the role of the NMC Committee should be expanded. The NMC Committee should be authorised by the Governing Board to serve as the body for consultation among Member countries and advising the Secretariat, taking into account the need for flexibility of the IEA. Such an expanded capacity would entail more frequent NMC Committee meetings, as a way of dealing with new events on a "real-time" basis. It may also require more direct reporting of deliberations and recommendations from other IEA Standing Groups and Committees to the NMC Committee. Delegates to such NMC Committee meetings would need the authority of

their governments to make decisions in order for this expanded role of the Committee to function effectively. The NMC Committee should undertake the review of activities and make recommendations as to participation of NMCs, and report to the Governing Board, as appropriate.

Item 12
Decision of the Governing Board on the Establishment
of an IEA Coal Industry Advisory Board (CIAB) ¹
11 July 1979, as amended

Adopted by the Governing Board on 11th July 1979,
as amended to 23 June 1995

THE GOVERNING BOARD

agreed to amend paragraphs 4 and 5 of the Decision of the Governing Board on the Establishment of an IEA Coal Industry Advisory Board [IEA/GB(79)49, Item 5 and Annex], as amended, so that the said Decision, as further amended, reads as shown in the Annex.

ANNEX

THE GOVERNING BOARD

Considering that Article 42 of the Agreement on an International Energy Program provides for co-operative action on the development of coal as an alternative source of energy and that in Chapter III of the Long Term Co-operation Programme the Agency and Participating Countries have accepted international commitments for the accelerated development of alternative sources of energy, including coal;

1. *The original CIAB mandate, adopted on 11 July 1979, is set out in IEA/GB(79)49, Item 5 and Annex. Since that time the mandate has been amended several times, usually to increase the maximum number of Board members. See, for example, IEA/GB(80)19, IEA/GB(81)30, IEA/GB(85)53, IEA/GB(86)24, IEA/GB(89)42, IEA/GB(90)22, and IEA/GB(95)1.*

Considering that on 21st and 22nd May, 1979 the Governing Board at Ministerial Level adopted the Principles for IEA Action on Coal and provided for IEA follow-on action in the Decision of the Governing Board on Procedures for Review of IEA Countries' Coal Policies;

Considering that under Articles 63 of the Agreement on an International Energy Program and Article 12 of the OECD Decision of the Council Establishing an International Energy Agency of the Organisation the Agency is empowered, in order to achieve the objectives of the Program, to establish appropriate relations with other entities and individuals; and that pursuant to Article 5 of that Decision and Article 49.2 of that Agreement, the Governing Board is empowered to establish such organs as may be required for the proper functioning of the Agency;

Considering that in order for the Agency to meet its coal policy objectives, there is a strong need for the establishment of a mechanism for individuals of high standing active in coal-related enterprises to provide advice and suggestions on coal production, trade and utilization and on related subjects;

DECIDES:

1. Establishment and Terms of Reference. To establish the IEA Coal Industry Advisory Board ("the CIAB") which shall, by providing the independent advice and suggestions of individuals of high standing active in coal-related enterprises, assist the IEA in the practical implementation of the Principles for IEA Action on Coal adopted by the Governing Board meeting at Ministerial Level on 21st-22nd May, 1979. The CIAB shall be available to review developments and trends in coal production, trade and utilization; and to provide advice and suggestions on methods, procedures, organisation and policies for implementing the Principles, including the following topics:

- (a) Opportunities for expanding coal production;
- (b) Requirements for coal transportation facilities, including railways, pipelines, inland waterways, port facilities and ocean shipping;
- (c) Means for expansion of international steam coal trade;
- (d) Methods for securing the expanded use of coal in electricity generation and in energy-intensive industries;
- (e) Adequacy of available investment capital for future coal development and identification of major means of increasing and accelerating coal investment;

- (f) Methods for ensuring that expanded coal production, use and transportation proceed under acceptable environmental conditions;
 - (g) Development and application of advanced technologies for coal production, transportation and use, including coal conversion;
 - (h) Assessment and forecasting of national and international coal developments and trends.
2. Functions. The CIAB shall provide advice and suggestions to the IEA. It may also consult with other entities such as the OECD and the European Communities.
3. Confidential or Proprietary Data. The CIAB shall carry out its functions on a broad, industry-wide basis without the disclosure of confidential or proprietary data of any company or other entity.
4. Composition. The CIAB shall consist of 38 to 50 individuals of high standing active in coal producer, user, trader, transportation or other energy-related enterprises. CIAB members may be selected from IEA or non-IEA countries and shall include members from the North American, European and Pacific regions. They shall contribute their views as independent individuals to the work of the CIAB.
5. Appointment and Term of Membership. Individuals shall be proposed for CIAB membership by their respective governments or by the Executive Director; they shall be appointed by the Governing Board in consultation with the Executive Director. The term of membership shall normally be three years and may be renewed.
6. Election of Officers. The CIAB shall annually elect a Chairman, a Deputy Chairman and four Vice-Chairmen. The Chairman and Vice-Chairmen would be expected to serve for two one-year terms. The Deputy Chairman shall, after having served two years as Deputy, succeed the Chairman unless another Chairman is elected. The Chairman and Deputy Chairman shall be from two different geographical regions: one from North America and other from Europe or the Pacific region.
7. Special Committee. The CIAB Chairman, the Deputy Chairman and the four Vice-Chairmen, together with five to nine other members selected by the CIAB, shall form a Special Committee to co-ordinate the work of the CIAB. In addition, the Special Committee will be available to provide

advice and suggestions to individual Governments at their request. In appropriate cases it may make its views known to the public. In both cases, this shall be done in co-ordination with the Executive Director. The Special Committee shall meet at its convenience. The Executive Director and the Secretariat shall attend meetings of the Special Committee.

8. Meetings and Agenda. The CIAB shall meet normally twice each year in plenary session and may meet in sub-groups as the occasion requires. Meetings of the CIAB, the Special Committee and the sub-groups shall be normally convened in Paris. Meetings may be held elsewhere after consultation with the Executive Director. The Agenda of the CIAB and its sub-groups shall be fixed by the Chairman of the meeting in consultation with the Executive Director. Participation in CIAB meetings shall be limited to the individual CIAB members, the Executive Director, the Secretariat, members of Agency bodies as appropriate and other persons deemed necessary by the CIAB to participate in its work.

Item 13

Decision Adopting the IEA Dispute Settlement Centre Charter (DSC)

23 July 1980

IEA/GB(80)56, Item 8, and Annex

THE GOVERNING BOARD

- (a) noted the Report by the Standing Group on Emergency Questions (SEQ) on the proposed International Energy Agency Dispute Settlement Centre [IEA/GB(80)7(1st Revision)];
- (b) noted that arbitration under the auspices of the Centre will constitute part of the procedures and modalities for the participation of oil companies in the emergency allocation of oil within the framework of the Agreement on an International Energy Program, as provided in Chapter III, Article 6.4 of the Agreement;
- (c) acting pursuant to Articles 6.4 and 51.1 of the Agreement on an International Energy Program, adopted the Charter of the International Energy Agency Dispute Settlement Centre as set forth in the Annex to these Conclusions, and agreed that amendments to the Charter shall be adopted by consensus of the Governing Board;

- (d) noted that there is provided in IEA/GB(80)7 (1st Revision), p. 14, an appropriate Form of Arbitral Consent which could be included in contracts for the supply of oil during the allocation of oil pursuant to the I.E.P. Agreement;
- (e) noted that the Centre's arbitrators are expected to make their awards against the background of the Agreements on an International Energy Program and the relevant decisions of the Governing Board;
- (f) agreed that the Charter would be applicable for Norway only in respect of those cases in which Norway contributes by decision of the Government of Norway to a sharing programme in accordance with Article 1 of the "Agreement between the International Energy Agency and the Government of the Kingdom of Norway Concerning the Participation of the Government of the Kingdom of Norway in the Work of the Agency" and only upon explicit decision of the Government of Norway;
- (g) noted the following statement by the Delegate for the Commission of the European Communities;

"The Commission wishes to draw attention to the words in paragraph 5 of the Cover Note to IEA/GB(80)7 (1st Revision):

'The effect to be given the Charter and arbitration awards made pursuant to the Charter would depend entirely upon the legislation of each I.E.A. Country and, if applicable, its existing international obligations',

and wishes to make it clear that Member States of the European Community have no power to exempt an award from any applicable rule of community law. Indeed, they have a duty to ensure that the implementation of the Charter of the Dispute Settlement Centre is consistent with community law.

Given the fact that the jurisdiction of the Dispute Settlement Centre is limited, in practice, to commercial matters, the Commission presumes that it is unlikely that awards made by the Dispute Settlement Centre would conflict with rules of community law if the latter applied. However, if any conflict arose, the Commission would take all necessary measures to ensure continuing compliance with community law."

- (h) noted the statement by the Delegate for the United Kingdom that the United Kingdom would enforce awards made under the Dispute Settlement Centre in accordance with the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards;
- (i) requested the Director of the Centre to prepare, in consultation with the Industry Advisory Board, draft Procedures for Arbitration for review by the SEQ and requested the SEQ to transmit the draft Procedures for Arbitration with the SEQ's comments thereon to the Governing Board for consideration;
- (j) requested the Director of the Centre to make readily available to the public copies of the following documents: the Charter of the Centre, and when adopted, the Procedures for Arbitration, together with any amendments to the foregoing documents;
- (k) requested the Director of the Centre to report annually to the Governing Board on the operations of the Centre;
- (l) derestricted the Governing Board's Conclusions on this Item, the Introduction and Principles and the Charter of the I.E.A. Dispute Settlement Centre.
- (m) adopted the French language version [IEA/GB(80)7, 1st Revision, Addendum 1] and, when the Austrian, German and Swiss Delegations indicate their agreement to the Secretariat, the German language version [IEA/GB(80)7, 1st Revision, Addendum 2, when issued] of the Governing Board Conclusions on this Item, the Introduction and Principles and the Charter of the IEA Dispute Settlement Centre, subject to the reservations lodged by the Netherlands, United Kingdom and United States Delegations for the purpose of verifying the translations.

**CHARTER
OF THE
INTERNATIONAL ENERGY AGENCY
DISPUTE SETTLEMENT CENTRE**

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**CHARTER
OF THE
INTERNATIONAL ENERGY AGENCY
DISPUTE SETTLEMENT CENTRE**

(Adopted by the Governing Board on 23rd July, 1980)

PREAMBLE

RECALLING that the Participating Countries of the International Energy Agency are Contracting Parties to the Agreement on an International Energy Program which provides for common effective measures to meet oil supply emergencies including the provision of a system for allocation of available oil in an emergency;

RECALLING that the Governing Board of the International Energy Agency has taken a number of decisions related to the establishment of a practical system for sharing the available oil in accordance with the Agreement on an International Energy Program;

CONSIDERING that under emergency allocation there may arise from time to time disputes between sellers and buyers of oil or between parties to an exchange of oil which the parties thereto may consider appropriate for settlement by arbitration under the auspices of the International Energy Agency (hereinafter referred to as "the I.E.A."), although the parties may of course resort to other means of settlement including negotiation, mediation, conciliation and recourse to national courts of law;

RECOGNIZING that in order to ensure the proper functioning of the International Energy Program, the Participating Countries and Norway (hereinafter referred to collectively as "the I.E.A. Countries") agree on the need to establish a mechanism for settling disputes between sellers and buyers of oil or between parties to an exchange of oil arising out of the emergency allocation of oil and under the International Energy Program, with a view to expeditious and amicable settlement which will minimize hindrance to the working of the oil allocation arrangements;

DESIRING to establish the International Energy Agency Dispute Settlement Centre as a facility for such disputes to be settled by arbitration under the auspices of the Agency;

RECOGNIZING that mutual consent by the parties is required for submission of disputes to arbitration by such facility and that such consent constitutes a binding agreement which requires in particular that any arbitral award be complied with,

The GOVERNING BOARD adopts the Charter of the International Energy Agency Dispute Settlement Centre as set forth herein.

Article I

DISPUTE SETTLEMENT CENTRE

(a) There is hereby established within the I.E.A. the International Energy Agency Dispute Settlement Centre (hereinafter referred to as “the Centre”).

(b) The purpose of the Centre shall be to provide facilities for arbitration of disputes falling within the jurisdiction of the Arbitration Tribunals as provided in Article II.

(c) The Centre shall be governed by and operated pursuant to the provisions of this Charter and the decisions of the Governing Board.

(d) Operation of the Centre is assigned to the I.E.A. Secretariat. The Centre shall have a Director (hereinafter referred to as “the Director”), who shall be the Legal Advisor of the I.E.A. acting *ex officio*. The Director shall serve without separate compensation. If the office of I.E.A. Legal Advisor should be abolished or become vacant, or if the Legal Advisor should become incapacitated or otherwise unable to serve, the office of Director shall be filled by a person designated by the Executive Director of the I.E.A. (hereinafter referred to as “the Executive Director”).

(e) Staff assistance to the Director shall be furnished by the I.E.A. Secretariat as necessary.

(f) Expenses incurred in the operation of the Centre shall be borne by the I.E.A., except that the expenses of arbitration proceedings and the

remuneration of members of Arbitration Tribunals shall be covered by fees charged to parties to such arbitration proceedings in accordance with the Procedures for Arbitration.

(g) The Governing Board shall as soon as practicable adopt Procedures for Arbitration, which shall include rules and regulations for the bringing and conduct of arbitrations and rules of evidence applicable therein. The Governing Board may amend or modify such Procedures for Arbitration from time to time, as may be appropriate.

(h) The Director shall maintain a Panel of Arbitrators, as provided in Article III hereof, and there shall be convened from such Panel one or more Arbitration Tribunals when necessary to resolve disputes, as provided in Article V hereof.

Article II

JURISDICTION

(a) The jurisdiction of Arbitration Tribunals convened pursuant to the Charter extends to any dispute between a seller and a buyer of oil, or between the parties to an exchange of oil, arising out of an oil supply transaction during implementation of the emergency allocation of oil and under the International Energy Program and as between the parties to a particular supply transaction but not to decisions or rights or obligations of I.E.A. Countries under the International Energy Program, including allocation rights and allocation obligations of I.E.A. Countries.

(b) Jurisdiction of Arbitration Tribunals convened pursuant to the Charter extends, however, only to disputes where:

- (1) the parties to the arbitration have consented in writing to arbitration pursuant to the Charter;
- (2) such consents to arbitration include, explicitly or implicitly, an agreement of the parties to the arbitration to exclude any other remedy; and
- (3) such consents include, explicitly or implicitly, an agreement of the parties to the arbitration that the award shall be final and binding as between them.

The Director should be provided promptly with a copy of each consent to arbitration pursuant to the Charter.

(c) After a transaction has occurred, or action has been taken, which was within the scope of a party's consent to arbitration, such party may withdraw such consent only with the agreement of all other parties to the arbitration.

Article III

PANEL OF ARBITRATORS

(a) The Panel of Arbitrators maintained pursuant to the Charter, hereinafter called "the Panel", shall consist of at least fifty persons, designated as hereinafter provided, who are willing to serve thereon.

(b) Each I.E.A. Country may designate two persons to serve on the Panel who may but need not be nationals of such Country. The Executive Director may also designate not more than ten persons to serve on the Panel irrespective of the number of persons designated by I.E.A. Countries. In addition, the Executive Director may make such further designations as are necessary to bring the total number of Panel members to a number representing two persons from each I.E.A. Country plus the ten referred to above. In designating persons to serve on the Panel, I.E.A. Countries and the Executive Director are invited to receive recommendations from professional and other qualified bodies.

(c) Persons designated to serve on the Panel shall be persons of high moral character and recognized competence in the fields of law, commerce, petroleum industry and operations, finance, taxation or accounting, who may be relied upon to exercise independent judgement.

(d) Panel members shall serve for renewable periods of four years and until their successors have been designated. In the case of death, resignation or incapacity of a member of the Panel, the I.E.A. Country or the Executive Director, whichever designated said member, shall have the right to designate another person to serve for the remainder of that member's term.

(e) Panel members shall serve without compensation except that when serving as members of an Arbitration Tribunal they shall receive appropriate compensation and reimbursement of their expenses, in accordance with the Procedures for Arbitration.

Article IV

REQUEST FOR ARBITRATION

(a) Any party desiring to institute arbitration proceedings shall address a request to that effect in writing to the Director, who shall immediately send copies of such request to all other parties named therein.

(b) The request shall contain information concerning the issues in dispute and the identity of the parties to the dispute and their consent to arbitration, in accordance with the Procedures for Arbitration.

(c) The Director shall accept the request unless he finds, on the basis of the information contained in the request, that the dispute is clearly outside the jurisdiction of Tribunals convened pursuant to the Charter. The Director shall immediately notify the parties of his acceptance or rejection of the request. Any rejection by the Director of a request for arbitration shall be subject to review, at the request of a party, by the Executive Director, who shall cause such request to be accepted by the Director unless he finds, on the basis of the information contained in the request, that the dispute is clearly outside the jurisdiction of Tribunals convened pursuant to the Charter.

(d) The Director shall provide the members of the I.E.A. Standing Group on Emergency Questions promptly with a brief summary of each request for arbitration, identifying the parties to the arbitration and the issues in dispute. The Director shall bring to the attention of the Tribunals and the parties any submission concerning the case which he receives from an I.E.A. Country or from an international organization which takes part in the Agency's work.

Article V

THE ARBITRATION TRIBUNAL

(a) An Arbitration Tribunal, hereinafter called "the Tribunal", shall be constituted as soon as possible after acceptance of any request in accordance with Article IV (c) hereof.

(b) The Tribunal may consist of a sole arbitrator or any odd number of arbitrators, appointed as agreed upon by the parties. If the parties do not

agree upon the number of arbitrators and the method of their appointment within thirty days after notice of acceptance of the request has been dispatched by the Director in accordance with Article IV (c) hereof, or such other period as the parties may agree, the Executive Director shall, at the request of any party and after consulting all parties as far as possible, determine the number of arbitrators and appoint the Tribunal. In the absence of agreement of the parties, arbitrators appointed by the Executive Director shall not include nationals of an I.E.A. Country whose national is a party to the dispute.

(c) Arbitrators may be appointed, by agreement of the parties, from outside the Panel. Arbitrators appointed from outside the Panel shall possess the qualities stated in Article III (c).

Article VI

REPLACEMENT AND DISQUALIFICATION OF ARBITRATORS

(a) After a Tribunal has been constituted and proceedings have begun, its composition shall remain unchanged; provided, however, that if an arbitrator should die, become incapacitated, resign or be disqualified, the resulting vacancy shall be filled by agreement of the parties or, failing such agreement, by the Executive Director in accordance with Article V (b) hereof.

(b) A member of the Tribunal shall continue to serve in that capacity notwithstanding that he shall have ceased to be a member of the Panel.

(c) A party may propose to a Tribunal the disqualification of any of its members on account of any fact indicating that such member was not appointed in accordance with the provisions hereof, or that his conduct after appointment was inconsistent with his responsibilities as a member of the Tribunal.

(d) The decision on any proposal to disqualify an arbitrator shall be taken by the other members of the Tribunal; provided that where those members are equally divided, or in the case of a proposal to disqualify a sole arbitrator or a majority of arbitrators, the Executive Director shall take that decision.

Article VII

POWERS AND FUNCTIONS OF THE TRIBUNAL

- (a) The Tribunal shall be the judge of its own jurisdiction.
- (b) Any objection by a party that a dispute is not within the jurisdiction of the Tribunal shall be considered by the Tribunal which shall determine whether to deal with the objection as a preliminary question or to join it to the merits of the dispute.
- (c) The Tribunal shall decide a dispute in accordance with such rules of law as may be agreed by the parties or as may have been specified by the parties in the terms of any relevant contract. In the absence of such agreement or specification, and if the transaction giving rise to the dispute as initially accepted by the Director involves a supplier of oil based in an I.E.A. Country, the Tribunal shall apply the law of the jurisdiction within such I.E.A. Country where such supplier of oil maintains its principal executive offices, but not including the rules of such jurisdiction concerning the conflict of laws. If neither of the above conditions pertains, the Tribunal shall apply such rules of law as it may determine.
- (d) Except as the parties otherwise agree, and without prejudice to the jurisdiction of the I.E.A. Countries concerned, the Tribunal may, if it deems it necessary at any stage of the proceedings:
- (1) call upon the parties to produce documents or other evidence; and
 - (2) visit the scene connected with the dispute, and conduct such inquiries there as it may deem appropriate, after securing the agreement of any third party concerned.
- (e) Arbitration proceedings shall be conducted in accordance with the provisions of this Article and, except as the parties otherwise agree, in private and in accordance with the Procedures for Arbitration then in effect; provided, however, that if such Procedures for Arbitration then in effect are materially different from Procedures for Arbitration in effect on the date of any party's consent to arbitration, the Procedures for Arbitration in effect on the date of the earliest consent of any party shall be applied. If any question of procedure arises which is not covered by this Article or the Procedures for Arbitration, or any rules agreed by the parties, the Tribunal shall decide the question.

(f) Failure of a party to appear or to present his case shall not be deemed an admission of the other party's assertions.

(g) If a party fails to appear or to present his case at any stage of the proceedings, another party may request the Tribunal to deal with the questions submitted to it and to render an award. Before rendering an award, the Tribunal shall notify, and grant a period of grace to, the party failing to appear or to present its case, unless it is satisfied that such party does not intend to do so. Such period of grace shall not exceed thirty days from the date of such notification to such party.

(h) Except as the parties otherwise agree, the Tribunal shall, if requested by a party, determine any incidental or additional claims or counter-claims arising directly out of the subject matter of the dispute, provided that they are within the scope of the consent of the parties and are otherwise within the jurisdiction of the Tribunal. The Tribunal may, in order to preserve the rights of any party, make such awards of interim measures as may be necessary and, in a dispute involving price, may make an interim award requiring payment of undisputed amounts and deposit of disputed amounts with a neutral third party pending final award.

(i) Arbitration proceedings shall be held at Paris, France; provided, however, that arbitration proceedings may be held, if the parties so agree, at any other place approved by the Tribunal after consultation with the Director, provided the additional costs of holding the arbitration in the other place including Secretariat travel and per diem are borne by the parties.

Article VIII

THE AWARD

(a) The Tribunal shall render its award as soon as is reasonably possible after presentation of the parties' cases is complete.

(b) The Tribunal shall decide questions by a majority of the votes of all its members.

(c) The award of the Tribunal shall be in writing and shall be signed by the members of the Tribunal who voted for it.

(d) The award shall deal with every question submitted to the Tribunal and shall state the reasons upon which it is based. If the award requires any amounts due to be paid, it shall specify precise amounts and when payment shall be made. If the award requires any other action, it shall specify such action and the time within which it shall be taken.

(e) Any member of the Tribunal may attach his individual opinion to the award, either concurring with or dissenting from the award.

(f) The Director shall promptly dispatch certified copies of the award to the parties. The award shall be deemed to have been rendered on the date on which the certified copies were dispatched.

(g) The Director shall not publish the award without the consent of the parties.

(h) The Tribunal shall, upon request of a party made within thirty days after the date on which the award was rendered, and after notice to the other parties, decide any question which it had omitted to decide in the award, and shall within such thirty day period, upon its own motion or upon request of a party, and after notice to the parties, rectify any clerical, arithmetical or similar error in the award. Its decision shall become part of the award and shall be notified to the parties in the same manner as the award. The periods of time provided for under Article IX (b) and (h) hereof shall run from the date on which the decision was rendered.

(i) In commencing proceedings for the recognition or enforcement of awards, it is recommended that the party commencing the proceedings submit to the Director within five days of the commencement of such proceedings a summary statement identifying:

- (1) the competent authority where recognition or enforcement is sought;
- (2) the parties to the proceedings;
- (3) the title and number or other official designation of the proceedings; and
- (4) the relief sought in the proceedings.

The Director shall promptly transmit to the members of the I.E.A. Standing Group on Emergency Questions each statement received by him pursuant to this paragraph.

Article IX

INTERPRETATION, REVISION AND ANNULMENT OF THE AWARD

(a) Any party may request interpretation of the meaning or scope of an award by an application in writing addressed to the Director.

(b) The application shall be made within thirty days after the date on which the award was rendered.

(c) The request shall, if possible, be submitted to the Tribunal which rendered the award. If this shall not be possible, a new Tribunal shall be constituted in accordance with Article V hereof. The Tribunal may, if it considers that the circumstances so require, stay enforcement of the award pending its decision.

(d) Any party may request revision of the award by an application in writing addressed to the Director on the grounds of discovery of some fact of such a nature as decisively to affect the award, provided that when the award was rendered that fact was unknown to the Tribunal and to the applicant and that the applicant's ignorance of that fact was not due to negligence.

(e) The application shall be made within thirty days after the discovery of such fact and in any event prior to the entry of judgement in any action brought to enforce the award.

(f) The request shall, if possible, be submitted to the Tribunal which rendered the award. If this shall not be possible a new Tribunal shall be constituted in accordance with Article V hereof. The Tribunal may, if it considers that circumstances so require, stay enforcement of the award pending its decision. If the applicant requests a stay of enforcement of the award in his application, enforcement shall be stayed provisionally until the Tribunal rules on such request.

(g) Any party may request annulment of the award by an application in writing addressed to the Director on one or more of the following grounds:

(1) that the Tribunal has manifestly exceeded its powers;

(2) that there was corruption on the part of a member of the Tribunal;

- (3) that there has been a serious departure from a fundamental rule of procedure; or
- (4) that the award has failed to state the reasons on which it is based.

(h) The application shall be made within thirty days after the date on which the award was rendered, except that when annulment is requested on the grounds of corruption such application shall be made within thirty days after discovery of the corruption and in any event prior to the entry of final judgement in any action brought to enforce the award.

(i) On receipt of the application the Director shall forthwith appoint from the Panel an *ad hoc* Committee of three persons. None of the members of the Committee shall have been a member of the Tribunal which rendered the award and none shall be of the same nationality as any such member, shall be a national of an I.E.A. Country whose national is a party to the dispute, or shall have been designated to the Panel by any such I.E.A. Country. The Committee shall have the authority to annul the award or any part thereof on any of the grounds set forth in paragraph (g) hereof and may, if it considers that circumstances so require, stay enforcement of the award pending its decision. If the applicant requests a stay of enforcement of the award in his application, enforcement shall be stayed provisionally until the Committee rules on such request.

(j) The provisions of Articles VI and VII hereof and the Procedures for Arbitration shall apply as appropriate to the proceedings of the Committee.

(k) If the award is annulled the dispute shall, at the request of a party, be submitted to a new Tribunal constituted in accordance with Article V hereof.

Article X

EFFECT OF THE AWARD

The award of a Tribunal has no effect except as a resolution of the particular dispute before the Tribunal and as between the parties to that particular dispute. Provision for the consents to arbitration and the effect thereof is set forth in Article II (b) above.

Article XI

ENFORCEMENT OF THE AWARD

A final or interim award rendered pursuant to this Charter is subject to enforcement in accordance with the applicable law of the State where enforcement is sought or in accordance with any applicable international obligation, including obligations undertaken by that State in the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, done at New York on 10th June, 1958 or the Convention for the Execution of Foreign Arbitral Awards, signed at Geneva on 26th September, 1927. Recognition and enforcement of an award may be refused if the award is contrary to the public policy of the State in which recognition or enforcement is sought, including the law of the European Communities insofar as it forms part of the public policy of that State, being a Member State of the European Communities.

Item 14

Actions Relating to the IEA and German Unification

31 October 1990

IEA/GB(90)39, Item 5

THE GOVERNING BOARD

- (a) noted the Note by the Secretariat entitled “German Unification” [IEA/GB(90)35] and acknowledged the adoption by the Council of the OECD of a Resolution [C(90)143(Final)] extending to the unified Germany the scope of the OECD Convention and of all Acts of the Council applicable to Germany;
- (b) noted that the Agreement on an International Energy Program and all Acts of the Governing Board applicable to Germany also apply, as of 3rd October, 1990, to the territory incorporated into the Federal Republic of Germany as a result of the unification of Germany;
- (c) welcomed the unification of Germany and the extension of IEA membership to the territory incorporated into the Federal Republic of Germany as a result of the unification of Germany;

- (d) noted that the implications of German unification for the IEA Budget, the Scale of Contributions and International Energy Program Agreement provisions, will be examined by the Governing Board at a later meeting.

Item 15
IEA Membership
(Decisions on the Membership Application of France) ¹
24 May 1991
IEA/GB(91)45, Item 2 and Annex I

THE GOVERNING BOARD

- (a) noted the Note by the Secretariat, [IEA/GB(91)39], and the letters set forth in Annexes I and II thereto.
- (b) noted that the Delegate for France has indicated that the French Administration has taken the necessary steps to bring its emergency reserves permanently above the level sufficient to maintain consumption for at least 90 days with no net oil imports and that up to three years time from 1st March, 1991 might be required to complete these steps.
-
- (d) adopted the Decision set forth in Annex I hereto inviting the Government of France to accede to the Agreement on an International Energy Program, Amending the Agreement on an International Energy Program and Amending the Decision on Institutional Arrangements for the Participation of Norway, and adopted the French and German versions of that Decision set forth respectively in Annexes II and III hereto.

1. *Membership Decisions have been made on applications by New Zealand, Greece, Australia, Portugal, Finland, and France. Each of the invitation Decisions appears in the basic pattern of the Decision concerning France, the most recent IEA new Member.*

- (e) adopted the following Decision on the use of the French language in IEA:

Recalling the letter dated 27th February, 1991 addressed by the Permanent Representative of France to the Executive Director advising that the Government of France requests accession to the Agreement on an International Energy Program (referred to in paragraph (a) above).

Considering its decision in paragraph (d) above to invite the Government of France to accede to the Agreement on an International Energy Program,

decided that:

- (i) the French language will be fully employed in all the bodies of the Agency;
- (ii) the implementation of this Decision will be done on a phased basis and its financial implications will be subject to the normal budgetary procedure.

ANNEX I

Decision of the Governing Board Inviting the Government of France to Accede to the Agreement on an International Energy Program, Amending the Agreement on an International Energy Program and Amending the Decision on Institutional Arrangements for the Participation of Norway

THE GOVERNING BOARD

Considering the Decision of the Council of 15th November, 1974 Establishing an International Energy Agency of the Organisation [C(74)203(Final)];

Considering the Agreement on an International Energy Program of 18th November, 1974, as amended, and Articles 62, 71 and 73 thereof, and the Governing Board Decision on the Institutional Arrangements for the Participation of Norway, of 7th March, 1975 [IEA/GB/(75)15, Annex IV];

Considering that the Government of France is able and willing to meet the requirements of the Program;

DECIDES:

1. The Government of France is invited to accede to the Agreement on an International Energy Program and to the Decision of the Council Establishing an International Energy Agency of the Organisation [C(74)203(Final)](the “Decision”).

2. As a condition to the foregoing invitation, the deposit by the Government of France of the Instrument of Accession pursuant to Article 71.1 or .3 of the Agreement on an International Energy Program shall be deemed to constitute the accession of the Government of France to the Decisions of the Governing Board which shall be in force at the time of such deposit.

3. Subject to paragraph 5 below, upon the accession of France to the Agreement on an International Energy Program and to the Decision, that Agreement shall be deemed to be amended as follows:

(a) Article 62.2:

- add to the list of Participating Countries in alphabetical order: France with 3 General voting weights, 6 Oil consumption voting weights and 9 Combined voting weights;
- amend the Oil Consumption Voting weights as follows: Belgium - change 2 to 1; Greece - change 1 to 0; Netherlands - change 2 to 1; United States - change 47 to 44;
- amend Combined voting weights as follows: Belgium - change 5 to 4; Greece - change 4 to 3; Netherlands - change 5 to 4; United States - change 50 to 47;
- amend the “Totals” to 63 General voting weights and 163 Combined voting weights.

(b) Article 62.4(a):

- amend 45 to 47 General voting weights;

(c) Article 62.4(b):

- amend 51 to 54 General voting weights.

4. Subject to paragraph 5 below and the accession of France to the Agreement on an International Energy Program and to the Decision, the Governing Board Decision on Institutional Arrangements for the Participation

of Norway, of 7th March, 1975, shall be deemed to be amended in order for paragraph 2(b) of that Decision to read as follows:

“The total number of General voting weights and Combined voting weights set forth in Article 62, paragraph 2, were deemed to be 66 and 166 respectively.”

5. If the membership proceedings for Finland have been completed before France becomes a member, the amendments set forth for paragraphs 3 and 4 above shall provide as follows:

(a) Article 62.2:

- add to the list of Participating Countries in alphabetical order: France with 3 General voting weights, 6 Oil consumption voting weights and 9 Combined voting weights;
- amend the Oil Consumption Voting weights as follows: Belgium - change 2 to 1; Japan - change 15 to 14; Netherlands - change 2 to 1; United States - change 47 to 44;
- amend Combined voting weights as follows: Belgium - change 5 to 4; Japan - change 18 to 17; Netherlands change 5 to 4; United States - change 50 to 47;
- amend the “Totals” to 66 General voting weights and 166 Combined voting weights.

(b) Article 62.4(a):

- amend 47 to 50 General voting weights;

(c) Article 62.4(b):

- amend 54 to 57 General voting weights;

(d) For the Norway Decision the number of General voting weights and Combined voting weights shall be 69 and 169 respectively.

Item 16
Establishment of the Industry Working Party (IWP)
26 November 1974

(Extracts from circular cable by Exxon to interested parties)

.....

The following is further to my cable of 11/6/74, and is with reference to the request by International Energy Program governments to form an Industry Working Party to advise on the Oil Market sections of the IEP Agreement.

First, below is a proposed terms of reference for this Industry Working Party which I am simultaneously transmitting to the United States State Department for review and clearance. Proposed Terms of Reference for an Oil Industry Working Party on the implementation of a general information system and on procedures for consultation with oil companies.

1. At the meeting in London between the ECG group of governments and a number of oil companies, the governments requested these companies to form an Industry Working Party to advise the International Energy Agency on the implementation of those sections of the Agreement on an International Energy Program dealing with oil markets, specifically, Articles 25-31 and 37-40 inclusive and Article 56.
2. The objective of this Working Party will be to prepare suggestions and recommendations for consideration by the Standing Group on the Oil Market.

To this end, the Working Party will:

- A. Propose a set of objectives upon which the design and content of the general information system and the framework for consultations on the international oil industry might be based.
 - B. Identify the type of information and data on the international oil industry that will be needed to meet these objectives.
 - C. Develop recommendations both on procedures for obtaining this information and data, and with respect to the operation of the general information system.
3. It is anticipated that, in order to effectively advise on the subjects listed in 2, the working party will consider the following:
 - A. The specific type, form and frequency of information and data on the international oil industry that would flow into the general section of the information system, as distinct from the special section of the information system.

- B. The extent to which desired information and data are currently available through regular company communications to shareholders, to agencies of participating country governments, or to other international agencies such as the European Economic Community and what additional types of information and data will be required.
 - C. The respective roles of individual companies, agencies of participating country governments, and the International Energy Agency, in accomplishing this flow of information and data.
 - D. Means whereby information and data on the international oil industry required by more than one national or international agency might be consolidated to ensure consistent and effective use.
 - E. Procedures to ensure that information and data entering the system are consistent and comparable.
 - F. Procedures to ensure the confidentiality of information made available, as is envisioned by Article 25.2 of the Agreement.
 - G. The adequacy of the definition of non-proprietary information provided in Article 28, and of the limitations on access to information provided in Article 27.4, with respect to the Agreement's goal of not prejudicing competition as stated in Article 27.3 of the Agreement.
 - H. Procedures for periodic International Energy Agency review of the content of the system to ensure that it continues to be timely and appropriate.
- 4. It is anticipated that the Working Party and the Standing Group on the Oil Market will find it desirable to consult with appropriate national agencies in developing procedures to implement these information systems.
 - 5. The Working Party shall also consider means whereby views on the implementation of these sections of the Agreement might be solicited and obtained from the full range of companies engaged in international oil trade.

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Comprehensive Energy Policy Actions

Item 17
**Ministerial Decision on Group Objectives
and Principles for Energy Policy**
5-6 October 1977
IEA/GB(77)52(1st Revision), Item 2
Annex to the Conclusions

THE GOVERNING BOARD

- (a) noted the Note by the Executive Director on the Need for a Strong Policy Response to the Current International Energy Situation [IEA/GB(77)45].
- (b) noted the Governing Board's discussion on this Item and on Item 3 of the Agenda, summarized by the Executive Director as follows:
- (1) All Participating Countries of the Agency and the Commission of the European Communities concluded that the seriousness of the energy situation still exists. Ministers agreed there is not sufficient general awareness of the gravity of the crisis. In the light of numerous forecasts of future energy development that largely agree with each other, Ministers identified the following basic trends:

Demand — OPEC oil in 1985 (present policy)	42 - 54 mbd
Available OPEC production in 1985	36 - 40 mbd
Present OPEC production	31 mbd
IEA/OPEC oil import demand in 1976	22 - 23 mbd

IEA/OPEC oil import demand in 1985 without strengthening of policy	33 mbd range
<u>IEA oil import objective for 1985</u>	<u>26 mbd</u>
1985 demand for OPEC oil by all non-IEA countries	10 mbd range
OPEC production required in 1985 with IEA objective	36 mbd;

- (2) Ministers concluded that there is a serious risk of oil supplies becoming insufficient as early as the 1980's and stressed the severe economic, social and political consequences such a situation would entail for IEA countries and the world as a whole;
- (3) Ministers agreed that the need for strengthening energy policies has been established;
- (4) While recognizing and stressing the importance and responsibility of the larger economies to act, Ministers also recognized that no one country is able to solve the energy problem alone and that there must be an effort from all nations;
- (5) Ministers underlined the importance and the potential contribution of energy conservation;
- (6) Ministers stressed the important role that coal can play in meeting future energy needs and called for co-operative efforts to increase coal consumption, production and trade;
- (7) Ministers recognized the important role that nuclear energy will have to play in reducing the risk of insufficient energy availability as early as the 1980's, although some Participating Countries had reservations due to specific domestic political situations. Ministers agreed that further measures must be found to increase nuclear co-operation and that the IEA has an active role to play;
- (8) Ministers stressed the need for international co-operation in all areas of energy, most particularly with respect to nuclear energy. They underlined the need for solidarity within the IEA in order to avoid impairment of the competitive position of some national economies;
- (9) Ministers called for a strengthening of the political element in co-operation among IEA Participating Countries and many Ministers stressed the necessity of more frequent exchange of views at ministerial level;

- (10) All Participating Countries agree on the need to strengthen their energy policies. They are aware that public resistance is hampering energy development in many areas, particularly in the nuclear field. Ministers therefore called for further significant policy action. They expressed the importance of increased public awareness of the gravity of today's energy situation and the need for public support in accepting sacrifices now to avoid fundamental difficulties later;
- (11) Ministers underlined the need for strengthened energy Research and Development which also calls for:
- increased attention to national energy R & D projects and activities;
 - greater co-ordination of energy R & D programmes;
 - broader participation in major IEA hardware projects, assuring that national technical level programme officials recognize the importance of substantive international energy R & D co-ordination;
 - work on an international energy R & D strategy to be continued and completed in order to bring about the maximum impact from energy R & D efforts;
 - assessment of energy R & D efforts and their expected contribution to the energy balance at the end of the century;
- (12) Ministers agreed that the Group Objectives and Principles for Energy Policy form the basis for the future work of the Agency and mark a significant new starting point for the establishment of additional concrete measures for international co-operation in specific areas of energy, such as coal, nuclear and natural gas.
- (c) adopted the Decision on Group Objectives and Principles for Energy Policy set forth in the Annex hereto, noting the individual Participating Country statements set forth in Annex II to the Decision and in paragraph (i) below, and derestricted the Decision.
- (d) agreed that although the Decision on Group Objectives and Principles for Energy Policy does not establish legally binding commitments, the Governments of Participating Countries express their firm political determination that, taking into account their individual energy circumstances, they will give effect to this Decision in carrying out their policies.

- (e) instructed the Standing Group on Long Term Co-operation (SLT) to conduct by 1st March of each year, beginning in 1978, a thorough and systematic review, as provided in paragraph 2(c) of the Decision, and to make a full report on the results of the review, together with conclusions and recommendations, to the Governing Board.
- (f) instructed the Committee on Energy Research and Development (CRD) to conduct by 1st March of each year, beginning in 1978, the research and development part of the review provided in paragraph 2(c) of the Decision, and to make a full report on the results of its review, together with conclusions and recommendations, to the Governing Board.
- (g) agreed that:
 - (1) the Governing Board shall, after receiving from the SLT and the CRD each of the annual reports referred to in paragraphs (e) and (f) above, assess the contribution of each Participating Country to the achievement of the group objective;
 - (2) this should lead to overall conclusions as to the group's efforts in meeting the objective, and to the formulation of related general recommendations to supplement or adapt the Principles for Energy Policy;
 - (3) the Participating Countries will endeavour to strengthen their policies and measures as required to meet the group objective, taking into account the results of the reviews provided for in paragraphs (e) and (f) above.
- (h) in adopting the Decision, noted that:
 - (1) in Principle 5, first turet, the expression "oil-fired power stations" refers to power stations using heavy fuel oil or crude oil;
 - (2) Principle 7 was accepted with the understanding that the definition of "premium use" should be left to each Government;
 - (3) Participating Countries understand that Principle 8, second turet, includes the reprocessing of nuclear fuel.

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ANNEX TO THE CONCLUSIONS

Decision on Group Objectives and Principles for Energy Policy

The Governing Board,

Considering:

that the world is confronted with the serious risk that as early as the 1980's it will not have sufficient oil and other forms of energy available at reasonable prices unless present energy policies are strengthened;

that such a situation would have severe economic, social and political repercussions in all International Energy Agency countries and throughout the world;

that IEA countries must help reduce this risk by a strong and sustained policy response designed to make more effective use of energy resources and put more emphasis on less depletable energy sources;

that prompt action in this regard should be a major and essential element of IEA countries' energy policies in the development of their general economic strategy, taking into account environmental and safety aspects of the use of energy resources;

that the policy response of IEA countries should be concerted, having regard to the consequences of action in individual IEA countries for energy supply and demand in other countries, and taking into account the provisions of the Agreement on an International Energy Program and the Long-Term Co-operation Programme;

Decides:

1. that, in order to maintain equilibrium in energy market conditions, it will be the objective of IEA countries as a group to hold their total oil imports to not more than 26 million barrels per day in 1985; and that they will establish group objectives for successive periods;
2. that, in order to achieve the group objectives, IEA countries will reinforce their present efforts:

- (a) by endorsing the Principles for Energy Policy set forth in Annex I hereto, which IEA countries are determined to follow in the establishment and implementation of national energy policies;
- (b) by contributing, as individual IEA countries, to the achievement of the group objectives through the energy policies and measures which they adopt; the individual statements set forth in Annex II hereto describe the policies and measures which Governments intend to take for this purpose, having taken into account the Principles for Energy Policy set forth in Annex I hereto and the results of the IEA's country reviews;
- (c) by reviewing systematically each year within the review process of the International Energy Agency:
 - the contribution of IEA countries to the achievement of the group objectives referred to in paragraph 1;
 - the continuing validity of the group objectives; and
 - the need for establishment of objectives for later years;taking account of IEA countries' individual circumstances (including the timing considered appropriate for the implementation of energy policies), of the Principles for Energy Policy set forth in Annex I hereto, of the policies and measures stated in Annex II hereto, and of the need for ensuring equivalence of effort among all IEA countries;
- (d) by accepting the need to further strengthen — by national action supplemented where appropriate by concrete measures for international co-operation and solidarity with due regard for the financial and technological implications — their policies and measures as may be necessary to meet the group objectives, taking into account the results of the reviews in the International Energy Agency.

ANNEX I TO THE DECISION

Principles for Energy Policy

1. Further development by each Participating Country of national energy programmes and/or policies which include the objective, formulated

as specifically as possible, of reducing in absolute terms or limiting future oil imports through conservation of energy, expansion of indigenous energy sources and oil substitution.

2. Constant and careful attention to important environmental, safety, regional and security concerns to which the production, transportation and use of energy give rise, and improvement of the speed and consistency of public procedures for resolving conflicts which may exist between these concerns and energy requirements.

3. Allowing domestic energy prices to reach a level which encourages energy conservation and development of alternative sources of energy.

4. Strong reinforcement of energy conservation, on a high priority basis with increased resources, for the purpose of limiting growth in energy demand relative to economic growth, eliminating inefficient energy use, especially of rapidly depleting fuels, and encouraging substitution for fuels in shortest supply, by implementing vigorous conservation measures⁽¹⁾ in various sectors along lines which include the following elements:

- pricing policies (including fiscal measures) which give incentives to conservation;
- minimum energy efficiency standards;
- encouragement and increase of investment in energy saving equipment and techniques.

5. Progressive replacement of oil in electricity generation, district heating, industries and other sectors by:

- discouraging the construction of new exclusively oil-fired power stations;
- encouraging the conversion of existing oil-fired capacity to more plentiful fuels in electricity, industrial and other sectors;
- encouraging the necessary structural adjustments in the refinery sector in order to avoid an excess of heavy fuel oil;
- directing efforts to the reduction of the use of heavy fuel oil as a primary energy source in those sectors where efficiency is low.

(1) Suggested conservation measures are listed in Appendix A.

6. Application of a strong steam coal utilization strategy and active promotion of an expanded and reliable international trade in steam coal, composed of the following elements:

- rapid phasing-in of steam coal as a major fuel for electrical power generation and in industrial sectors;
- further development of steam coal policies within producing, exporting and consuming IEA countries to support increased utilization by enhancing market stability through reliable and increased export and import flows under reasonable commercial terms;
- development of policies to remedy anticipated infrastructure bottlenecks.

7. Concentration of the use of natural gas on premium users' requirements, and development of the infrastructure necessary to expand the availability of natural gas.

8. Steady expansion of nuclear generating capacity as a main and indispensable element in attaining the group objectives, consistent with safety, environmental and security standards satisfactory to the countries concerned and with the need to prevent the proliferation of nuclear weapons. In order to provide for this expansion, it will be necessary through co-operation to assure reliable availability of:

- adequate supplies of nuclear fuel (uranium and enrichment capacity) at equitable prices;
- adequate facilities and techniques for development of nuclear electricity generation, for dealing with spent fuel, for waste management, and for overall handling of the back end of the nuclear fuel cycle ⁽¹⁾.

(1) The following Delegations expressed individual positions regarding Principle 8, as set forth in the Conclusions of the Meeting of the Governing Board which adopted this Decision:

Denmark	Norway
The Netherlands	Spain
New Zealand	Sweden

9. Stronger emphasis on energy research, development and demonstration,⁽¹⁾ including collaborative programmes, more intensive national efforts and greater co-ordination of national efforts, in order to make energy use more efficient and to meet future energy requirements. Each Participating Country should contribute to energy technology development, with emphasis on (a) technologies which can have relatively near-term impact, (b) policies which facilitate the transition of new energy technologies from the research and development phase to the point of utilization, (c) technologies for broadly applicable renewable energy sources, and (d) investigation of whether there are technological possibilities for significant contributions from other renewable resources, through:

- providing the fullest possible financial support for energy research, development and demonstration;
- increasing participation in international collaborative projects to extend the effectiveness of funds available;
- encouraging investment in energy technology development by appropriate incentives;
- ensuring that R & D policies remain consistent with and supportive of the objectives of ongoing energy policy.

10. Establishment of a favourable investment climate which encourages the flow of public and private capital to develop energy resources by appropriate pricing policies, by minimizing uncertainties about the general directions of energy and other policies such as mentioned in Principle 2, and by providing government incentives where necessary, in order to:

- give priority to exploration activities including those in offshore and frontier areas;
- encourage rates of exploration and development of available capacities which are consistent with the optimum economic development of resources.

11. Providing in energy policy planning for alternative means, other than increased oil consumption, for meeting any development of supply shortfall or failure to attain conservation objectives, taking into account the appropriate requirements of economic development and social progress.

(1) The principal R, D & D areas requiring priority emphasis are listed in Appendix B. [*Footnote 2 at p. 20 of the Decision*].

12. Appropriate co-operation in the field of energy, including evaluation of the world energy situation, energy research and development and technical and financial requirements, with developed or developing countries or international organizations.

APPENDIX A TO THE PRINCIPLES

Suggested Conservation Measures

Industry

- Effective incentives for energy saving investments, including encouragement of the manufacture of more durable goods.
- Advice service for small and medium industry and energy reporting, auditing and target setting for energy intensive industries.

Residential/Commercial

- Building codes with minimum thermal and air conditioning efficiencies for all new buildings.
- Effective incentives for retrofitting existing buildings.
- Education and information programmes.
- Individual metering of gas/electricity, heat and hot water.
- Minimum energy efficiency standard for appliances.

Transport

- Minimum fuel efficiency standard for motor vehicles.
- Significant taxes on gasoline and progressive taxes on cars according to weight or fuel efficiency.
- Incentives for public transport.
- Investments in infrastructure and equipment for public transport.
- Speed limits on roads.

Energy Sector

- Incentives and regulations for district heating, combined production of heat and power and for the greater use of waste products and waste heat.
- Full cost tariffs for electricity generation, taking into account the costs of replacement.

APPENDIX B TO THE PRINCIPLES

The principal R, D & D areas requiring emphasis are:

1. Near and medium-term technologies:
 - (a) Conservation
 - improved industrial processes
 - more efficient transport engines and vehicles
 - improved means of utilizing waste heat
 - building insulation.
 - (b) Supply
 - enhanced oil recovery
 - more effective and environmentally acceptable means of coal combustion
 - solar heating.
2. Transition technologies:
 - oil shale, tar sands
 - process heat from coal (directly or through conversion to gas)
 - improved performance of nuclear convertor reactors
 - nuclear fuel cycle issues, including safety and waste disposal
 - coal-derived liquid and gaseous fuels.
3. Broadly applicable renewable resources:
 - large scale direct and indirect solar energy uses

- geothermal energy
 - biomass
 - breeder reactors and alternative fuel cycles which are economically, politically and environmentally acceptable
 - fusion.
4. Investigation of other renewable sources:
- wind
 - wave
 - ocean gradients.

Item 18
Ministerial Action on IEA Shared Goals
4 June 1993
IEA/GB(93)41 and Annex I

I. SHARED GOALS

....

2. The Member countries established the IEA in 1974 as a forum in which to co-operate in enhancing their collective energy security. The challenges faced in the energy sector have evolved over the past two decades. The goal of energy security, which remains a primary one, has been complemented in recent years by increasing awareness of the significance, for energy policy and for energy security, of two further factors: concern over the environmental impact of energy-related activities, and the growing globalisation of energy issues, as different countries' economies and energy markets become increasingly interdependent.

3. In the light of these developments and in view of expected trends in energy demand and supply, IEA Ministers believe it is appropriate and timely to issue a statement of the shared goals that provide a basis for developing their energy policies. In this regard, the existence of free and open markets is a fundamental point of departure, consistent with energy security and environmental protection, which need to be given particular emphasis by governments. The means of achieving the shared goals may vary according to individual countries' circumstances, and each IEA

country will have to decide for itself the best overall balance among the various goals. Ministers believe that global economic development, energy security and environmental protection will be enhanced if all nations of the world subscribe to the goals which the IEA countries share.

4. Ministers therefore confirm their adherence to the *Shared Goals* annexed to this *Communiqué* and commend them to non-Member countries as they formulate their own energy strategies and policies.

ANNEX I

IEA SHARED GOALS

Member countries of the IEA seek to create the conditions in which the energy sectors of their economies can make the fullest possible contribution to sustainable economic development and the well-being of their people and of the environment. In formulating energy policies, the establishment of free and open markets is a fundamental point of departure, though energy security and environmental protection need to be given particular emphasis by governments. IEA countries recognise the significance of increasing global interdependence in energy. They therefore seek to promote the effective operation of international energy markets and encourage dialogue with all participants.

In order to secure their objectives they therefore aim to create a policy framework consistent with the following goals:

1. Diversity, efficiency and flexibility within the energy sector are basic conditions for longer-term energy security: the fuels used within and across sectors and the sources of those fuels should be as diverse as practicable. Non-fossil fuels, particularly nuclear and hydro power, make a substantial contribution to the energy supply diversity of IEA countries as a group.
2. Energy systems should have the ability to respond promptly and flexibly to energy emergencies. In some cases this requires collective mechanisms and action — IEA countries co-operate through the Agency in responding jointly to oil supply emergencies.
3. The environmentally sustainable provision and use of energy is central to the achievement of these shared goals. Decision-makers should seek

to minimise the adverse environmental impacts of energy activities, just as environmental decisions should take account of the energy consequences. Government interventions should where practicable have regard to the Polluter Pays Principle.

4. More environmentally acceptable energy sources need to be encouraged and developed. Clean and efficient use of fossil fuels is essential. The development of economic non-fossil sources is also a priority. A number of IEA members wish to retain and improve the nuclear option for the future, at the highest available safety standards, because nuclear energy does not emit carbon dioxide. Renewable sources will also have an increasingly important contribution to make.
5. Improved energy efficiency can promote both environmental protection and energy security in a cost-effective manner. There are significant opportunities for greater energy efficiency at all stages of the energy cycle from production to consumption. Strong efforts by Governments and all energy users are needed to realise these opportunities.
6. Continued research, development and market deployment of new and improved energy technologies make a critical contribution to achieving the objectives outlined above. Energy technology policies should complement broader energy policies. International co-operation in the development and dissemination of energy technologies, including industry participation and co-operation with non-Member countries, should be encouraged.
7. Undistorted energy prices enable markets to work efficiently. Energy prices should not be held artificially below the costs of supply to promote social or industrial goals. To the extent necessary and practicable, the environmental costs of energy production and use should be reflected in prices.
8. Free and open trade and a secure framework for investment contribute to efficient energy markets and energy security. Distortions to energy trade and investment should be avoided.
9. Co-operation among all energy market participants helps to improve information and understanding, and encourage the development of efficient, environmentally acceptable and flexible energy systems and markets worldwide. These are needed to help promote the investment, trade and confidence necessary to achieve global energy security and environmental objectives.

Oil Security

A. General

Item 19
Adoption of the 1976 Emergency Management Manual¹
20-21 May 1976
IEA/GB(76)24, Item 3

THE GOVERNING BOARD

...

- (d) approved the completed Emergency Management Manual, as set out in IEA/SEQ(76)10 with amendments of the text as decided in [*these Conclusions*].

....

Item 20
Decision to Raise the Emergency Reserve Commitment to 90 Days
8-9 November 1976
IEA/GB(76)53, Item 2(b)

THE GOVERNING BOARD

- (b) (1) noted the Standing Group on Emergency Questions' (SEQ) report on the emergency reserve commitment, set forth in IEA/SEQ(76)4(3rd Revision) and Corrigendum 1;
- (2) concluded that the International Energy Program group would be in a position to achieve, albeit with some degree of difficulty, the

1. *The Emergency Management Manual is not reproduced in this Volume. The Decision adopting the current version of the EMM appears in Item 26 below.*

target of 90 days' emergency reserves by 1980 (although one or two Participating Countries might need a further one or two years) provided that international marine bunkers and naphtha would be treated according to the provisions of (d) and (e) below;

- (3) decided that on 1st January, 1980, the emergency reserve commitment referred to in Article 2.2 of the I.E.P. Agreement shall be raised from 70 to 90 days but that, according to the provisions of (d) and (e) below, naphtha for uses other than motor and aviation gasoline, and international marine bunkers, will not be included in the consumption against which stocks are measured;
- (4) decided that, in order to avoid an adverse impact on the oil market of the incremental oil demand for stock building, Participating Countries should ensure that the build-up of emergency reserves is spread as evenly as possible over the period and noted that in this connection the following annual steps were suggested as an illustration of how the objective could be met:

1st July, 1976	70 days
1st July, 1977	76 days
1st July, 1978	82 days
1st July, 1979	88 days
1st January, 1980	90 days;

- (5) decided that the SEQ should present before 1st October of the years 1976, 1977, 1978 and 1979, and before 1st April, 1980, a report on the actual level of emergency reserves achieved on the dates mentioned in (4) above, in order to enable the Governing Board to assess whether the progress made in gradually building up emergency reserves is adequate.

Item 21
Executive Director's Letter to Heads of Delegation on
Procedures for Making a Finding Pursuant to Articles 19
and 21 of the IEP Agreement
2 June 1980
EMM(5th Ed. 1994) Annex III, IEA/GB(94)40, Annex 1

Dear Mr. Ambassador,

This paper is submitted to Heads of Delegations in response to the Governing Board's request for a descriptive paper on procedures for making

the Finding pursuant to Articles 19 and 21 of the I.E.P. Agreement. The analysis of this question appears in paragraphs 1 to 10 inclusive. My conclusions are set forth in paragraph 11.

1. Although the question of procedures for making the Finding arose in connection with the Case of Sweden (see Conclusions of the 44th Meeting of the Governing Board, IEA/GB(79)49, Item 4(b), the procedures described below would be applicable generally to the making of a Finding under either Article 19 or 20.

2. As provided in Article 19.1 the Secretariat is to make a Finding on its own initiative “when a reduction of oil supplies as mentioned in Article 13, 14 or 17 has occurred or can reasonably be expected to occur”. Pursuant to Article 21 “Any Participating Country may request the Secretariat to make a Finding under Article 19 or 20”. In each case the Finding sets in motion the procedures foreseen in the I.E.P. Agreement for activation of the emergency system under the applicable Article.

3. Guidance to the Secretariat in making the Finding is provided in identical terms in Articles 13, 14 and 17. The Finding is to be made whenever the Group (Articles 13 and 14) or a Participating Country (Article 17.1) “sustains or can reasonably be expected to sustain a reduction in the daily rate of its oil supplies at least equal to ...” the amount stated in the relevant Article.

4. In the sense employed in these Articles of the I.E.P. Agreement, the verb “to sustain”⁽¹⁾ is best understood to mean “to endure” and thus to refer to a continuing event, existing not for a brief period but rather for a prolonged period of time sufficient for the activation of the emergency system to provide a reasonably efficient remedy to the situation.

5. The I.E.P. Finding concept thus requires the Secretariat to exercise an element of judgement. Although the criteria to be applied by the Secretariat are not stated in the I.E.P. Agreement, the types of cases in which the

(1) The French text reads “subit”; the German reads “erleidet”. Although the interpretation stated in paragraph 5 above, as was indicated to the SEQ by one Delegation, is not the only possible interpretation, the context does suggest that in this case it is the most workable interpretation. This interpretation should be adopted in order to avoid the undesirable result of having the emergency allocation system triggered upon a momentary shortfall with the consequence of an almost immediate need to dismantle it. In cases where that can be foreseen, the Secretariat should continue to monitor the situation but refrain from triggering the allocation system.

allocation system is to be activated were considered in the Energy Co-ordinating Group (ECG) at Brussels when the I.E.P. Agreement was being prepared. Those types of cases are understood by the Secretariat to include curtailments of oil exports from producing countries whether economically or politically motivated, or interruption of production or transportation due to war or other hostile acts or major natural disasters. The Secretariat understands that the emergency allocation system was not intended to cover fluctuations of supply attributable to market forces or ordinary operational difficulties of the industry or interruptions of supply due to strikes.

6. It was foreseen in the ECG, moreover, that the heavy and costly system would not be activated for situations in which the Secretariat could foresee that activation would shortly become unnecessary because of an anticipated resumption of sufficient supply to the affected countries or country. The Secretariat's experience in AST-2 shows that once allocation begins, about three months could be required for a full supply balance to be achieved under the emergency system. The cumulative allocation procedures would normally cure any initial imbalances in the first few months; but if the system is deactivated within the initial three month period, some Participating Countries could be left holding undesired supplies, and a great deal of start-up expense would be incurred unnecessarily. For these reasons the Secretariat should refrain from activating the system when an early resumption of sufficient supply is foreseen.

7. It is clear that the Secretariat is required to keep the Management Committee (and thus the Governing Board when the two meet jointly) fully informed of its work in assessing whether the conditions for triggering the allocation system are satisfied. The I.E.P. Agreement specifically provides for this obligation in Article 19.1 as follows:

“The Secretariat shall keep the Management Committee informed of its deliberations, and shall immediately report its finding to the members of the Committee and inform the Participating Countries thereof. The report shall include information on the nature of the reduction”.

This means that the Secretariat's determination that the Finding is not to be made must be reported. This reporting rule could be important to a Participating Country which would find information about the Secretariat's deliberations to be necessary for the purpose of determining whether to invoke the procedures foreseen in Article 21.

8. If the Secretariat makes a Finding under Article 19.1, Article 19.3 foresees activation of allocation measures following the stated procedures unless the Governing Board, acting by special majority, decides otherwise.

9. If the Secretariat declines to make the Finding under Article 19.1, the procedures for Governing Board action under that Article do not become applicable and the allocation measures are not activated under that Article. Safeguards for Participating Countries in the latter situation are provided by Article 21 which enables any Participating Country to request the Secretariat to make a Finding under Article 19 or 20 and provides procedures leading to a decision by the Governing Board, acting by majority, to make a Finding that the conditions set out in Article 13, 14, 15 or 17 are fulfilled. Emergency measures in that case are to be activated accordingly.

10. It will thus be seen that the voting rules applicable to protect the Secretariat's Finding under Article 19 and those applicable for the Governing Board to make a Finding under Article 21 are not identical. If the Secretariat makes the Finding, a very strong special majority is necessary to reverse it. If the Secretariat's assessment leads it not to make a Finding, the Governing Board may do so by majority. There is thus a balance between the procedures foreseen in Article 19 and 21, a balance which was carefully crafted in the ECG.

11. The foregoing analysis leads me to the following conclusions:

- (a) In accordance with Article 19.1 of the I.E.P. Agreement, the Secretariat is obligated to keep the Management Committee (and thus the Governing Board when it meets jointly with the Management Committee) informed of its deliberations concerning the Finding foreseen in Article 19.1 and a decision by the Secretariat that the legal conditions for a Finding are not satisfied in a given case must be so reported;
- (b) Under I.E.P. Agreement Article 19.1 the types of cases in which the allocation system is intended to be activated include curtailments of oil exports from producing countries where economically or politically motivated, or interruption of production or transportation due to war or other hostile acts or major natural disasters, and do not include fluctuations of supply attributable to normal market forces, ordinary operational difficulties of the industry, interruptions of supply due to strikes or cases in which activation would shortly become unnecessary because of an anticipated resumption of sufficient supply to the affected country or countries.

U. Lantzke

Item 22
Decision by the Governing Board on Emergency Reserves
Improving Common Self-Sufficiency in Oil Supplies
16 December 1982
IEA/GB(82)92, Item 2(e)

THE GOVERNING BOARD

- (i) noted the Report on “Emergency Reserves: Improving Common Self-Sufficiency in Oil Supplies” by the Chairman of the Standing Group on Emergency Questions (SEQ) [IEA/GB(82)86];
- (ii) adopted the “Decision by the Governing Board on Emergency Reserves Improving Common Self-Sufficiency in Oil Supplies” set forth in Annex II hereto.

ANNEX II

Decision by the Governing Board on Emergency Reserves
Improving Common Self-Sufficiency in Oil Supplies

THE GOVERNING BOARD

CONSIDERING

- (a) that IEA Countries are required, in establishing a common emergency self-sufficiency in oil supplies under Article 2 of the Agreement on an International Energy Program, to maintain emergency reserves sufficient to sustain consumption with no net imports for 90 days, reckoned at the average daily level of the previous calendar year;
- (b) that since 1979 there has been a substantial decrease in the overall level of the emergency reserve commitment due to a pronounced fall in consumption and net imports during that period;
- (c) that on the 10th of December 1981 the Governing Board decided that “Member countries will make efforts not to let stocks fall below the equivalent of 90 days of 1980 net imports, except where oil consumption has declined because of clearly established long term structural change”;

- (d) the necessity of avoiding possibly undesirable consequences which could arise when oil consumption and imports increase in the course of future economic recovery; that there would then likely be a need, for security and economic reasons, for oil reserve levels to be higher than those which might then be required under the emergency reserve commitment.

DECIDES

that IEA Member countries will make efforts not to let stocks fall below 90 days of the average net imports during the preceding three calendar years, if this is higher than the existing commitment of 90 days of net imports during the previous calendar year, except where oil consumption has declined because of clearly established long-term structural change.

Item 23
Ministerial Declaration and Conclusions
on Oil Emergency Preparedness
9 July 1985
IEA/GB(85)46 and Annex I

Because of the inherent uncertainties as to how energy demand and indigenous energy production will evolve in the future, and because of current indications pointing to tighter oil markets in the future, Ministers agreed that they will continue to give high priority to the established IEA emergency preparedness system, including both oil sharing and co-ordinated early use of stocks and other measures in oil supply disruptions. They agreed that adequate stock levels must be maintained, even in the current slack oil market. They adopted the Conclusions set forth in Chapter V of Annex I to ensure that this system remains ready, strong and effective.

ANNEX I

Ministers agreed that the following action is necessary to ensure continued preparedness to respond to possible oil supply disruptions:

- 1) Maintenance of preparedness against the possibility of future oil supply disruptions will remain among the highest energy priorities of the IEA and each Member country.

- 2) Participation by oil companies in developing, testing and, if necessary, implementing, the I.E.P. Emergency Sharing System and, as appropriate, in other aspects of the IEA emergency preparedness system is essential, commended and encouraged.
- 3) Successful completion of AST-5, and testing the emergency system from time to time, while making efforts to improve the testing process and procedures.
- 4) Fulfillment of I.E.P. stock-holding obligations.
- 5) Implementation of the July 1984 Decision of the Governing Board regarding co-ordinated early use of oil stocks and other measures to reduce oil consumption in supply disruptions which could cause severe economic harm, including:
 - Member countries whose stocks presently are at lower levels in relation to current net imports than would permit them to make a meaningful contribution to a co-ordinated stockdraw should promptly use their best efforts, taking into account all pertinent factors, to improve their stock positions;
 - continued analysis of the subjects set forth in Appendix II to the July 1984 Decision and other relevant stock, demand restraint and emergency preparedness issues.¹
- 6) Maintenance and, where necessary, improvement of IEA countries' emergency preparedness programmes, including continued reviews of their emergency preparedness programmes and periodic assessment of the current situation as regards emergency preparedness by the appropriate IEA bodies.

Item 24
Ministerial Declaration on Maintenance of Stock Levels
11 May 1987
IEA/GB(87)33 Annex

17. Ministers reaffirmed the high priority given to the IEA emergency preparedness system, including both I.E.P. oil sharing and the co-ordinated early response stipulated in the Governing Board Decision of 11th July 1984. Total stocks held in IEA countries are now equivalent to more than 160 days

1. *See Item 40 below.*

of 1986 net imports, which is considerably more than the minimum legal obligation of 90 days by each country. Ministers welcomed the further progress made since they last met in July 1985. Procedures to co-ordinate, carry out and monitor stockdraw and other measures early in an oil supply disruption are being further enhanced. However, a small number of countries is still required to continue efforts to achieve their individual obligations. Ministers emphasized the necessity of complying with the legal obligations of the I.E.P. concerning emergency oil stocks and demand restraint measures.

18. Ministers reconfirmed that the current oil market situation does not offer any room for complacency, that it presents a valuable opportunity both for strengthening IEA emergency preparedness and for narrowing the disparities between Member countries in this regard and that efforts should be continued to ensure security against a supply disruption. In addition to emphasizing the necessity of complying with the legal obligations of the I.E.P. concerning emergency oil stocks and demand restraint measures, Ministers welcomed action by individual countries to increase stock levels and to improve the ability to bring about stockdraw by government initiative. While the I.E.P. requirements already make allowance for stocks not available for use, Ministers acknowledged the benefits of having stocks held against the I.E.P. requirements in excess of that allowance fully available for use. They noted that additional progress in this regard would further enhance emergency preparedness. Ministers also acknowledged that further enhancement of emergency response measures, including demand restraint, increased supplies of synthetic fuels as appropriate, and stock holding will provide yet greater protection against vulnerability to oil supply disruptions.

19. IEA governments will maintain emergency response programmes, including stock levels that would be available at the instance of governments, under clear and definite authority so as to assure their ability to implement these programmes in an oil supply disruption, in accordance with national law or policy.

20. Net oil importing countries should take advantage of the present situation to actively increase their level of emergency preparedness, including stock levels. It has been noted with satisfaction that a significant improvement of emergency preparedness in the IEA region as a whole is taking place because some countries are increasing the level of government and public entity stocks. Ministers welcomed the continuation of these efforts and encouraged other Member countries to make improvements to the level of their stocks.

21. Net oil exporting countries should further contribute to the general protection of the IEA group against an oil supply disruption, by such means as surge production, stock drawdowns, demand restraint or other appropriate measures.

22. Further improvements of the overall contribution of effective demand restraint measures and stockholdings are justified, particularly for countries whose degree of emergency preparedness is relatively low. Ministers asked the Governing Board to conclude within one year whether and, if so, what steps should be taken within this context to further improve IEA Member countries' capacity, both individually and collectively, to contribute effectively to early responses, including the level and availability of stocks and demand restraint.

23. Ministers agreed on the usefulness of periodically training personnel and testing the emergency response system. Mutual exchange of information and experience and the new round of emergency response reviews would also identify areas for further improvements in the effectiveness of national demand restraint programmes.

Item 25

Ministerial Recommendation on the Increase of Stocks Above the 90-Day Level

3 June 1991

IEA/GB(91)42/REV2

6. Ministers confirmed the need for continued strengthening of IEA emergency preparedness and the importance of stockdraw, demand restraint, and other relevant measures. Cognisant that in the particular context of the Gulf crisis stockdraw accounted for the major portion of its contingency plan, Ministers recommended that Member countries with stock obligations strengthen, where necessary, government control over emergency industry stocks and/or increase government-owned or controlled stocks. Given the unpredictable nature of supply disruptions, Ministers urged all IEA countries to meet fully their emergency reserve commitments, and encouraged Member countries to increase their emergency reserves above the 90-day level, as appropriate, and to improve the efficacy of their demand restraint measures. They stressed the complementary nature of stockdraw, demand restraint and other measures, as well as the importance of Governments choosing the balance of measures most efficient in particular national circumstances.

Item 26
Adoption of the Revised Emergency Management Manual
25 October 1994
IEA/GB(94)54, Item 5(a)

THE GOVERNING BOARD

- (i) noted the Note by the Secretariat entitled, "Adoption of the Revised Emergency Management Manual" [IEA/GB(94)40], and adopted the revised Emergency Management Manual contained in the Annex thereto; ¹
- (ii) rescinded the existing version of the Emergency Management Manual (4th edition, December 1982, as amended); ²
- (iii) agreed that the revised Emergency Management Manual fulfils all requirements of previous Governing Board Decisions directed toward the development or revision of the Manual;
- (iv) noted that the following no longer apply:
 - A. the price principles regarding oil trading in an emergency adopted by Document IEA/GB(78)8, Item 5, which are set out in paragraphs 8(ii), 9 and 10 of Annex III to that document, as amended by Document IEA/GB(83)69, Item 2(b) and Annex I;
 - B. the presumption contained in paragraph 1(c) of Annex I to Document IEA/GB(75)48, that an oil supply disruption would be of indefinite duration;
 - C. the definitions of "Test Standard", "Disrupted Supplies" and "Normal Supplies" in paragraphs 7 to 15 of Document IEA/GB(75)48, Annex II;
 - D. the provisions concerning staffing of the Allocation Co-ordinator's team at Document IEA/GB(76)13, Item 4(e) and Document IEA/GB(76)24, Item 3(a).

1. *The Emergency Management Manual is not reproduced in this Volume.*
2. *See Item 19 above.*

Item 27
Decision on Emergency Response Policies
22 February 1995
IEA/GB(95)11, Item 4
and the Common Explanation of the Decision
10 March 1995

THE GOVERNING BOARD

- (a) discussed the oil market and emergency response developments referred to in the Secretariat's Note, "Decision on Emergency Response Policies" [IEA/GB(95)4];
- (b) reaffirmed, in the light of this discussion:
 - (i) the importance it attaches to all aspects of the Agency's emergency preparedness system, which is based on the Agreement on an International Energy Program (I.E.P.) complemented by the Governing Board's 11 July 1984 Decision on "Stocks and Supply Disruptions" (the "CERM" Decision) [IEA/GB(84)27, Item 2(a)(ii) and Annex I], and to close co-operation among IEA countries in their implementation;
 - (ii) the Board's intention to enhance the flexibility and effectiveness of these instruments and the cohesion and capacity of the Agency's Members in responding to oil crises, by placing the Agency's emergency preparedness system in a policy context which reflects the current oil market situation without limiting in any way the functions of the Executive Director or the discretion of the Governing Board;
 - (iii) the provisions of the CERM Decision pertaining to the use of co-ordinated stockdraw and complementary measures, and the Board's intention that those provisions pertain to all disruptions, regardless of size — not just to disruptions that fall below the threshold for a Secretariat finding that can activate I.E.P. emergency measures;
- (c) emphasized the need for flexibility in exercising the Agency's emergency preparedness system, and noted in this connection that the I.E.P. provides such flexibility, and specifically that:

- (i) where a trigger finding is made, the Governing Board may decide under Article 19.3 of the I.E.P. Agreement not to activate oil sharing or other emergency measures, or to activate them only in part, or to fix another time for their implementation;
 - (ii) an I.E.P. trigger is not required, in case of an oil supply disruption, where the use of emergency measures would shortly become unnecessary because of an anticipated resumption of sufficient supply to the affected country or countries;
 - (iii) the possibility exists, under Article 22 of the I.E.P., to adopt emergency measures not specified in the treaty;
- (d) having considered the foregoing, agreed that:
- (i) IEA measures in response to a crisis should be tailored to specific circumstances, underpin the efficient functioning of the oil market, and minimize damage to Member countries;
 - (ii) the Secretariat, in reporting on whether a disruption reaches the threshold for a finding that can activate I.E.P. emergency measures, or whether a resumption of sufficient supply can be anticipated, should include full consideration of any stockdraw, demand restraint and complementary measures that may be provided for in the overall Governing Board decision that is contemplated by the 1984 CERM Decision;
 - (iii) in the event of an oil supply disruption which reaches the threshold for a Secretariat finding that can activate I.E.P. emergency measures, the Governing Board, as a matter of policy, would normally first give consideration, consistent with the I.E.P., to a step-by-step process involving adequate opportunity for the co-ordination and implementation of stockdraw, demand restraint and other emergency measures to be fully effective, in a manner compatible with the timely and effective preparation and activation of oil sharing should that prove necessary;
 - (iv) markets should even in times of crisis remain unconstrained by price controls or restrictions other than those consistent with the implementation of IEA emergency measures, and voluntary measures should be encouraged;

- (e) taking account of these Conclusions, requested the Standing Group on Emergency Questions (SEQ), in consultation with other Standing Groups as appropriate, to examine and report to it on the following matters:
- (i) the measures available in Member countries for stockdraw, demand restraint, and oil sharing, specifying the legal conditions for their use;
 - (ii) the legal and other conditions under which it would be possible to allow stocks to be drawn below the equivalent of 90 days of net imports;
 - (iii) the use of demand restraint and other measures complementary to stockdraw; and
 - (iv) issues arising in case of a transition from initial use of stockdraw and demand restraint to full use of I.E.P. measures.

Common Explanation of the IEA Governing Board's Decision
on Emergency Response Policies
10 March 1995

The Governing Board of the International Energy Agency (IEA) has taken a Decision designed to assure that its emergency response policies remain fully in accord with current oil market realities.

The world oil market today is more flexible and self-adjusting, and reallocates supplies to accommodate changing conditions with greater efficiency, than at any time since the Agency's founding under the 1974 Agreement on an International Energy Program (I.E.P.); moreover, there has since that time been a notable growth in strategic stocks of the twenty-three IEA Member countries. The Governing Board's Decision accordingly puts added emphasis on the need for flexibility in exercising the IEA's emergency preparedness system. Among other things, it makes clear that in tailoring a response to a particular oil supply disruption, consideration normally would first be given to lighter measures than the Agency's oil sharing system; there would, for example, be prior consideration of such other measures as the drawdown of oil stocks and the use of demand restraint. A key provision of the Governing Board's Decision thus states that

in the event of an oil supply disruption which reaches the seven per cent supply threshold at which the emergency measures provided for in the I.E.P. Agreement can be activated,

“the Governing Board, as a matter of policy, would normally first give consideration, consistent with the I.E.P., to a step-by-step process involving adequate opportunity for the co-ordination and implementation of stockdraw, demand restraint and other emergency measures to be fully effective, in a manner compatible with the timely and effective preparation and activation of oil sharing should that prove necessary;....”

This Decision does not involve any change in the I.E.P. Agreement or in the emergency oil sharing system that is provided for in that Agreement. On the contrary, the oil sharing system remains available, has been strengthened by recent procedural improvements, and will be activated if the circumstances warrant. But the I.E.P. Agreement allows the IEA Governing Board to exercise discretion as to whether or when oil sharing should occur, and the Governing Board Decision reflects the Members' commitment to a new policy as to how they will take such future decisions. As a result, the IEA emergency response system as a whole has been enhanced through increased flexibility and efficiency to respond to particular oil supply disruptions, without imposing new legal obligations on Member countries.

Attached is a paper containing additional background information and the relevant text.

ADDITIONAL INFORMATION ON THE IEA GOVERNING BOARD'S DECISION ON EMERGENCY RESPONSE POLICIES

The International Energy Agency celebrated its twentieth anniversary in November 1994. From its inception, oil emergency response preparedness has been a main priority of the IEA and a great deal of effort has been expended over the years in developing and testing emergency response mechanisms.

Following a review of IEA emergency response mechanisms and procedures the Governing Board of the International Energy Agency, on 22 February 1995, took an important decision designed to strengthen the

IEA's emergency response mechanisms, to put those mechanisms in a more flexible policy setting, and to ensure the continuing cohesiveness and effectiveness of potential joint emergency responses by Member countries.

Background

The IEA was founded in 1974 on the basis of the Agreement on an International Energy Program (I.E.P.), which includes provisions for the emergency response procedures to be followed in major oil disruptions where member countries lose seven per cent or more of their oil supplies. The procedures include demand restraint, stockdraw, fuel switching and a system for the sharing of available supplies among the Agency's Member countries on an equitable basis.

Reflecting the oil emergency response lessons of the Iranian revolution and the Iran-Iraq war, and the growth of strategic oil stocks during the Agency's first decade, the IEA Governing Board adopted on 11 July 1984 its Decision on "Stocks and Supply Disruptions", the so-called "Co-ordinated Emergency Response Measures" or "CERM" Decision, which supplemented the measures that the IEA already had in place for dealing with oil supply disruptions.

The CERM Decision registered the Board's conclusion that in most cases timely stockdraw could be a rapid and effective means of restoring interrupted supply, particularly in the early stages of a disruption, but that precise decisions as to the timing, rate and duration of stockdraw cannot be taken in advance of the disruption. The CERM Decision recognized that "Member countries should...respond promptly and appropriately to those oil supply disruptions which appear capable of causing severe economic harm." It established a consultative framework with clear and firm procedures for agreeing stockdraw by those countries which are objectively in a position to use stocks, and for contributions by all Member countries through stockdraw or other means, in the event of any oil supply disruption involving a significant net loss of oil supply, "whether or not sufficient to activate the I.E.P. emergency oil sharing system...." The CERM Decision of course did not affect the I.E.P. Agreement; rather, it stipulated that the consultative procedures and any action taken thereunder "will be in aid of and consistent with the I.E.P. and any action taken" under it.

The action taken by the IEA in the 1991 Gulf crisis demonstrated the appropriateness of a CERM-type response to a crisis of that nature, and the

effectiveness of the oil industry, in response to market forces, in coping with the loss of major crude oil streams.

The Agency's recently updated *World Energy Outlook* reinforces the concern voiced by IEA Ministers in June 1993 that IEA oil imports will in the future "continue to rise with most of the increase coming from the Middle East, thus increasing Member countries' vulnerability to oil supply disruptions". This underscores the need for strong security of supply and emergency response policies, based on the efficient operation of markets, including policies on emergency reserves, demand restraint, and other major elements of emergency response.

The Governing Board at its 25 October 1994 meeting adopted an updated set of procedures for the implementation of the emergency response measures described in the I.E.P. Agreement. This has produced considerably more flexible and efficient procedures reflecting current market conditions, which emphasize the importance of voluntary actions by the oil industry.

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Item 28
Ministerial Action on Energy Security
22 May 1995
IEA/GB(95)30

Energy security is dependent fundamentally on open and competitive markets and transparent and stable trade and investment climates, but has to be supported by government actions and international co-operation. Energy security remains the IEA's first priority and Ministers are committed to the maintenance and improvement of the Agency's oil emergency response systems, in a manner compatible with evolving energy markets.

IEA Ministers:

- Welcomed progress towards a more fully open, competitive and diversified global oil market, but cautioned that rising oil imports and a heightening of dependence on supplies from a few large producers in the next decade could increase vulnerability to oil supply disruptions; recognised the importance of information exchange in improving the functioning of the oil market and the mutual advantages of co-operation with non-Member oil

producing countries; and encouraged sharing of the Agency's experience and expertise, especially with countries whose oil consumption is growing strongly.

- Reaffirmed the importance of the Agency's emergency response systems — including its Emergency Sharing System — which emphasise efficient functioning of the oil market, co-operative approaches and flexibility in responses to oil supply disruptions; urged all IEA countries fully to meet their emergency reserve commitments and welcomed Member countries' continuing efforts to maintain their emergency reserves above the 90-day level; and called for the development of alternative fuels and technologies to increase diversity, particularly in the transport sector where oil is for the time being predominant.
- Underscored the significance of the decision on Co-ordinated Emergency Response Measures, recently taken by the Governing Board meeting at Official Level, in assuring that the relevant response policies accord with market realities.
- Endorsed the major findings of the IEA *Gas Security Study*, that the nature of security issues differs from those in oil supply, and that gas security is best viewed in terms of risk management, which is primarily a matter for companies and their customers, to be managed through contractual relations; but also acknowledged the significant international dimension to gas security (including the need for a secure framework for investment and trade) and the need for periodic monitoring, by the Government concerned.

B. 1979 - 1981

Oil Supply Disruption

Item 29

Action on the Oil Market Situation in 1979

1-2 March 1979

IEA/GB(79)8, Item 3 and Annex III

THE GOVERNING BOARD

- (a) adopted the Governing Board Action on the Oil Market Situation in 1979, as set forth in Annex III hereto, and in doing so agreed that

although the Governments of Participating Countries were not thereby establishing legally binding commitments, they were expressing their firm political determination to give effect to this Action.

- (b) agreed that the reference in paragraph (j) of the Action, in referring to the fair distribution of oil supplies, includes oil supply and the conditions of supply.

....

- (d) derestricted the Governing Board Action on the Oil Market Situation in 1979.

ANNEX III

International Energy Agency Governing Board

Action on the Oil Market Situation in 1979

Adopted by the Governing Board on 1st-2nd March, 1979

THE GOVERNING BOARD

- (a) having examined the present difficult situation in the world oil market, concluded that due to the current supply shortfall there exists a serious risk that in 1979 oil supplies could fall short of anticipated oil demand by some 2 mb/d;
- (b) having recognised that there are major uncertainties about the future oil market situation which require continued ongoing assessment of actual developments;
- (c) having concluded that failure to take timely action at this stage could result in further deterioration over the coming months;
- (d) having agreed that the impact of the potential shortfall, if uncontrolled, in itself and in its effect on prices, particularly in the spot market, could lead to grave damage to the world economy;

- (e) agreed that Participating Countries should take firm, prompt and co-ordinated action
 - (i) to improve the supply/demand balance;
 - (ii) to implement flexible stock policies, while providing an adequate level of stocks prior to next winter;
 - (iii) to relieve current abnormal market conditions, with their pressures on prices;
- (f) agreed that IEA countries will contribute to a stabilization of the world situation by reducing their demand for oil on the world market. The reduction would be in the order of 2 mb/d which would correspond to about 5% of IEA consumption. Each Participating Country will regard this as guidance in the policies it will pursue to achieve its contribution to this reduction. These policies are expected yield equivalent results in Participating Countries;
- (g) agreed accordingly that each Participating Country will take short-term action by promptly applying effective and adequate methods appropriate to its individual circumstances to:
 - (i) reduce demand for oil
 - by more efficient use of energy and avoidance of energy consumption which is not essential for maintaining a high level of economic activity;
 - by utilising existing possibilities for short-term fuel switching away from oil, replacing it wherever possible by alternative forms of energy;
 - (ii) maintain and develop indigenous energy production at high levels;
 - (iii) take into account the potential to shift to non-premium grades of crude oil, adjusting regulatory systems wherever possible and advisable as and when the need arises;
 - (iv) adopt, where necessary, domestic pricing policies which would support the achievement of the above objective;
- (h) agreed that the short-term situation must be viewed against the background of its long-term implications for the energy market, and that consequently these short-term actions should, insofar as possible, be consistent with and reinforce current and prospective actions of a

longer term nature (including the development of alternative resources) which would contribute to the maintenance and improvement of oil market balance;

- (i) noted and welcomed statements by individual countries on action already taken or under consideration in order to meet the present situation;
- (j) expressed its expectation that oil companies pay particular attention in the present situation to the need for the fair distribution of oil among consuming countries;
- (k) noted that the foregoing measures should contribute substantially to the maintenance of a reasonable flow of oil supplies to other countries as well as to IEA countries;
- (l) welcomed the actions by oil-producing countries to maintain high production;
- (m) instructed the Standing Group on Emergency Questions and the Standing Group on the Oil Market to monitor carefully the oil supply situation as it develops and the adequacy of measures taken by Participating Countries to cope with the situation, to meet jointly each month for that purpose and to report to the Governing Board with recommendations as appropriate;
- (n) agreed to keep world oil market conditions under close review and to adjust the IEA response in accordance with changing developments.

Item 30

Ministerial Decision Confirming the Board's Action on the Oil Market Situation in 1979

21-22 May 1979

IEA/GB(79)32, Item 3(d) - (g)

- (d) confirmed the Governing Board's Action on the Oil Market Situation in 1979 adopted on 1st-2nd March, 1979 which provides for a reduction of IEA demand on the world oil market by 2 mbd (about 5% of IEA oil consumption), recognized that implementation measures in IEA countries need to be strengthened, undertook to accelerate and improve those measures and agreed that the Governing Board should systematically monitor the progress of Participating Countries in meeting this commitment.

- (e) expressed particularly strong concern about the effects of oil prices, including the unstable behaviour of the spot market, on the world economy and agreed that the Secretariat should analyse the impact of a fragile market situation on spot prices and of the impact of spot prices on the overall price structure, with the objective of moderating this development and of bringing about more understanding of the overall price structure.
- (f) agreed that the Action on the Oil Market Situation in 1979 will be extended into 1980 and that the specific action to be taken will be decided by the Governing Board during Autumn, 1979 in the light of the circumstances, in time for the measures to become effective at the beginning of 1980; noted that some Delegations stressed the need for mandatory measures to be taken since voluntary measures alone would not suffice; and agreed that individual countries' results in implementing demand restraint must be intensified and be cast into detailed assessments as soon as practicable.
- (g) noted that stock developments during 1979 have become critical and that the combination of stock draws and demand restraint in place might lead to a situation where there will be no cushion for further supply interruptions; agreed, therefore, that stock developments will have to be kept under close observation on a continuous basis, with the objective of rebuilding stocks without damaging the overall market situation.

....

Item 31
Ministerial Actions on Short-term Energy Measures
21-22 May 1980
IEA/GB(80)49, Item 3

Yardsticks and Ceilings, and Stock Policies
A System for Adjusting National Import Ceilings and Goals, Annex II
Consultations on Stock Policies, Annex III

THE GOVERNING BOARD

- (a) concluded that because of the time required to achieve structural change, short-term instruments must be available in the meantime to

limit the damaging economic effects of short-term price or volume disruptions, which could occur in the oil market; and decided upon the following actions to improve the preparedness of IEA countries;

Yardsticks and Ceilings

- (i) arrangements for yardsticks and ceilings, in order to measure progress in achieving structural change and medium-term goals to put the IEA in a position to deal at short notice with a deterioration in the oil market situation, as follows:
 - (1) the Secretariat, in consultation with Participating Countries, will continuously maintain and up-date on an annual basis its estimates of individual Countries' oil requirements;
 - (2) under normal market conditions, these estimates will serve as yardsticks for measuring progress in implementing measures to achieve structural change. For this purpose, they will be compared with medium-term goals in order to determine whether measures and their results are tending over time towards medium and long-term objectives. They will also be compared with the short-term oil supply outlook in order to monitor oil market developments;
 - (3) if at any time tight market conditions appear imminent, Ministers will meet at short notice. If Ministers decide that tight oil market conditions exist, IEA Countries will take positive, effective short-term action as necessary, in particular, measures to restrain demand in order to prevent the scramble for scarce resources which could otherwise occur. In such cases Ministers will take a decision on the use of individual oil import ceilings based in part on these estimates as a means of self-imposed restraint and as a means for monitoring its effectiveness. The ceilings will represent a political commitment stating the degree of self-restraint which individual Countries are willing to impose upon themselves in a tight market situation;
- (ii) a Decision on A System for Adjusting National Import Ceilings and Goals as set forth in Annex II hereto was adopted.

Stock Policies

- (iii) a system for consultations between governments within the IEA and between governments and the oil industry on stock policies, as

- set forth in Annex III, which will be used to respond to oil market conditions beginning in 1980, for which purpose the Governing Board at Official Level will develop guidelines for the use of stocks;
- (iv) reconfirmation that the 90-day emergency reserve requirement appears to provide reasonable protection against future emergencies;
- (b) considered other measures for dealing with short-term market disruptions, including:
- (i) flexible use of stocks over and above the 90-day emergency reserve requirement and normal working stocks to meet short-term market disruptions;
- (ii) other mechanisms, including those referred to by Ministers in December 1979 (registration of trading entities in order to identify the participants in the oil markets; a “code of conduct” for trading entities, designed to discourage artificial or speculative market movements; and “cool-down” procedures to slow down market reactions when markets become obviously distorted or “overheated”); and instructed the Governing Board at Official Level to consider these areas further;
- (c) reviewed the results for the first monitoring round for the first quarter of 1980, which shows that all IEA Countries expect to stay within the limits of the 1980 oil import ceilings established at the Meeting of the Governing Board at Ministerial Level in December 1979; discussed the present situation in the international oil market; concluded that at present, the 1980 oil import ceilings established in December 1979 do not appear to require adjustment, and that ceilings for 1981 do not now appear necessary, but that this could change rapidly for 1980 or 1981 if there is a deterioration in the oil supply or in the oil demand situation; instructed the Secretariat to continue to monitor performance in meeting 1980 ceilings; and agreed to reconsider the oil market conditions in their fall Meeting;
- (d) noted that preliminary monitoring of results for the first quarter of 1980 in meeting the oil import ceilings established at the Meeting of the Governing Board at Ministerial Level in December 1979 shows that almost all IEA Countries are meeting their ceilings; and that the small number of Countries where statistical delays and operational requirements produce different results for the first quarter expect to meet their annual ceilings over the full year.

ANNEX II

GOVERNING BOARD AND MANAGEMENT COMMITTEE

A SYSTEM FOR ADJUSTING NATIONAL IMPORT CEILINGS AND GOALS

The Governing Board, considering that:

1. IEA Countries are firmly committed to limit their oil imports in 1980 and to pursue goals for their oil imports in 1985, and have agreed to take the measures necessary within their national responsibility to ensure that they keep within their oil import ceilings and goals;
2. the ceilings and goals are important benchmarks by which to determine whether the specific measures in place in each Country are adequate and are being effectively implemented, and whether additional measures are necessary. Ceilings and goals are, therefore part of the overall review process where progress towards their attainment will be monitored and assessed. This review process should, in the context of the ceilings and goals, give emphasis to oil consumption since it is oil consumption that is, in most cases, affected by the measures that will be assessed;
3. the Governing Board will review quarterly:
 - (a) the results achieved by each Country in meeting its 1980 ceilings will determine whether the specific measures in place in each Country are adequate and are being effectively implemented, and whether additional measures are necessary; and
 - (b) oil supply developments and whether the 1980 ceilings are adequate in the light of these developments;
4. any adjustments to ceilings or goals would have the same character as the original commitment and it would be up to individual Countries to commit themselves to any new ceilings or goals, just as they undertook the commitments made in December 1979;
5. any adjustments made to ceilings and goals must take into account and be consistent with the provisions of the International Energy Program and should not bring about a situation where the sharing system would be triggered;

6. the system set out in this decision is designed to provide an objective basis of fact and analysis that can be used as a basis for preparing annual estimates of national oil requirements and as a starting point in a process of negotiating adjusted ceilings and goals and is of general applicability, although the interpretations and weighting of the various elements may be different depending upon whether the system is being applied to short-term ceilings or to medium and longer-term goals;

decides that:

7. the system for adjusting ceilings and goals will take into account the following considerations:

- (a) the existing ceilings and goals;
- (b) existing estimates of national oil requirements;
- (c) oil supply and demand developments;
- (d) the necessity to promote equitable burden-sharing; and

for each Country, the following particular consideration will also be taken into account:

- (e) its continuing performance in accordance with the IEA Principles for Energy Policy, including its contribution to the group's overall energy requirements through the provision of all forms of energy;
- (f) its economic growth and overall economic structure, including the desirability of protecting economic growth prospects to the maximum extent;
- (g) its development needs, including its foreign exchange position;
- (h) the structure of its energy economy, including its national energy resources, consumption levels, energy prices, and changes therein, (taking account of particular characteristics of energy use, such as bunkering requirements);
- (i) opportunities for and achievements in conservation, fuel-switching and indigenous production; and
- (j) its geography and climate, including any abnormal weather conditions that may have affected or be expected to affect oil requirements;

8. all of the considerations set out in paragraph 7 are relevant to the adjustment system for ceilings and goals, although the considerations will require different emphasis and interpretation depending on whether the adjustment of ceilings or goals is being considered, since the degree of adaptability of the overall economic structure and the structure of a Country's energy economy will be greater in the medium and longer-term than it is in the short term;

9. the basis for interpreting and applying the considerations in paragraph 7 will include statistical material relating to:

- (a) anticipated availability of oil on the world market and for the IEA;
- (b) national requirements for oil, in the light of expected economic conditions;
- (c) oil production in Participating Countries;
- (d) levels of oil stocks;
- (e) net oil imports, oil consumption, oil consumption per capita, oil consumption per unit of GDP, and recent trends in these series;
- (f) energy consumption in absolute terms and relative to population and GDP, and recent trends in these series; also total energy production and net import position;
- (g) the relative importance, and recent trends in the relative importance, of oil in total energy used in various activities, including electricity production, and the industrial, transportation and residential/commercial sectors;
- (h) the domestic price of crude oil and changes in this price relative to the price of crude oil in international trade;
- (i) the domestic prices of major petroleum products and changes in these prices;
- (j) relative dependence on imported oil in relation to energy, GDP and export earnings; and
- (k) performance in meeting national oil import ceilings;

Explanatory Note: Statistical material referred to in paragraph 9, including Secretariat estimates of oil requirements for 1980 and 1981, are attached as Annex I to "Monitoring to Ensure Progress in Achieving Structural Change" [IEA/GB(80)37].

10. further attention should be given in the SLT annual country reviews to the manner in which the system should be elaborated with respect to national oil import goals and, in particular, whether there are additional elements that should be taken into account when medium-term goals are considered.

ANNEX III

GOVERNING BOARD AND MANAGEMENT COMMITTEE

CONSULTATIONS ON STOCK POLICIES

The Governing Board, considering that:

- (a) stock movements played a significant part in the upward pressure on oil prices in 1979;
- (b) stock movements can similarly be expected to play a significant part in determining future market conditions;
- (c) the attention of governments has so far been directed mainly to the provision of emergency reserve stock levels;

decides that:

A stock assessment and consultation system will be set up with the following main features:

- (i) the Secretariat will, in a systematic way and in consultation with the oil industry, monitor stock developments so as to enable it to provide to the SOM and the Governing Board as the situation requires regular assessments of the present stock position and expected trends for the IEA as a whole, for regions and for individual Countries;
- (ii) these assessments will form the basis for regular discussions of the stock situation in the Standing Group on the Oil Market (SOM) and when necessary in the Governing Board. The discussions in the SOM will aim to identify undesirable features of stock trends, such as heavy stock-build which is putting a strain on supplies, or differences between the position of different Countries which seem likely to create market disturbances, and recommend possible remedial action;

- (iii) in the event of the SOM reporting to the Governing Board in this way, or on the basis of a Secretariat assessment, the Governing Board will meet urgently with the objective of reaching a general view as to what stock policies should be implemented bearing in mind the wider economic and political implications;
- (iv) following agreement in the Governing Board that particular stock policies would be desirable national governments will consult with their own oil industry regarding these policies;
- (v) the exact nature of these consultations would be for the individual Countries to decide depending on country and company circumstances. But they might be expected to cover, inter alia, historical data and comparisons, the economics of stock levels, current and anticipated stocking trends, IEA and national government views on appropriate stock levels, and the financial and other implications of such views for the company concerned;
- (vi) the objective of these consultations would be to avoid conflicts between the stock policies of the IEA member governments and those of the oil industry;
- (vii) governments may also wish to consult with their oil industry on other occasions in order to obtain a better understanding of the nature and causes of stock movements and company stock policies. It may also be appropriate for consultations to take place between governments of neighbouring Countries if their markets influence each other strongly;
- (viii) the results of the consultations should be reported back to the Governing Board for consideration of any further action if necessary and should be monitored through the regular Secretariat assessments and SOM reviews.

Item 32
Measures Agreed by Member Countries
1 October 1980
IEA/GB(80)61, Item 2 and Annex

THE GOVERNING BOARD

- (a) adopted the measures Agreed by IEA Member Countries, as set forth in the Annex hereto;

- (b) in adopting the Measures Agreed by IEA Member Countries, agreed that:
- Recognizing that supply disruptions in the short term may affect IEA Countries in different degrees, disproportionate reduction in stocks resulting from these Measures will be taken into account in assessing individual Member Countries' positions if additional IEA actions should become necessary;
- (c) agreed that in adopting para. 2(i) and (ii) Governments understand that no change in legislation or regulations is required, but that the result indicated is to be achieved by use of political influence in order to convince market participants within their jurisdictions that the behaviour indicated is called for by the situation;

....

ANNEX

Measures Agreed by IEA Member Countries

1. Member Governments of the International Energy Agency have reviewed the current situation in the oil market as a result of developments in the Middle East and have concluded at this stage that:

- (i) oil consumption within IEA Countries is low compared to recent years;
- (ii) oil stocks in IEA Countries as a group are at high levels;
- (iii) utilisation of spare production capacity could contribute to a better world energy balance.

Consequently, they are convinced that overall supply of IEA Countries and other countries can be managed so as to meet demand over the next few months.

2. IEA Member Countries for their part agreed to take the following measures to prevent pressures on the oil market:

- (i) urging and guiding both private and public market participants to refrain from any abnormal purchases on the spot market;
- (ii) in accordance with the decision taken by Ministers in May 1980 on stock policies, immediate consultations by Member Countries with oil companies to carry out the policy that in the 4th quarter there will be

- a group stock draw sufficient to balance supply and demand taking into account whatever additional production is available to the group;
- (iii) to this end, active consultation between governments of the IEA to ensure consistent and fair implementation of these measures taking account of market structures in individual countries, and to adjust for imbalances which might occur in particular situations.
 - (iv) reinforcement of conservation and fuel substitution measures which are already contributing to lower demand for oil.
3. Member governments have agreed to monitor the implementation of these measures closely and to meet again on short notice to review progress.
4. IEA Member Countries hope that available production capacity will be utilised to make up for some of the losses of oil supply. This, together with these measures, will contribute to market stability and thus benefit the world economy as a whole.

Item 33
Ministerial Measures on Draw of Stocks,
Undesirable Purchases of Oil, and Correcting Imbalances
8-9 December 1980
IEA/GB(80)97, Item 2

THE GOVERNING BOARD

Assessment

- (a) addressed both the short-term oil market situation and the need to achieve structural change in the medium term, recognising that the difficulties being experienced in the short-term emphasize the necessity for action to bring about structural change; regretted in particular that disputes between two countries in the Middle East had developed into active hostilities and hoped that efforts to end the conflict would be successful;
- (b) noted with concern the events in the Middle East which have cast new uncertainties on future oil supplies and pose a potentially severe threat to the world economy; expressed its determination to have IEA countries make a positive contribution to maintaining order and reducing price pressures on the world oil market; agreed

on the over-riding importance of oil price stability to the health of the world economy; noted that the recovery of economic activity foreseen in 1981 is a fragile one, and that a large oil price increase would almost surely destroy the chances for recovery and for controlling damaging inflationary pressures; therefore underlined the critical need for international cooperation so as to manage the current situation in ways that minimize the chances of demand-supply imbalances; welcomed the increase in oil production undertaken by certain oil producers in order to help the consumer countries most affected and assist in balancing over-all supply and demand on the world oil market; expressed its determination that difficulties caused by the current situation will receive priority attention by IEA governments and that every effort will be made by industrialized countries to manage it effectively;

- (c) assessed the overall situation in the world oil market, and concluded that for the first quarter of 1981 a combination of high stock levels, declining consumption and additional production should make the situation manageable; noted that the net supply shortfall resulting from the Iraq-Iran conflict has so far been managed largely through drawing on stocks on land and at sea, but that total stocks on land in IEA countries at the end of 1980 will still be higher than at the end of 1979; and that in the first quarter of 1981, further stock draw could reduce IEA stocks to a level still somewhat higher than at 1st April 1979; also recognised that within this overall pattern, the position of individual countries and companies could vary considerably.
- (d) concluded that under these conditions, industrialised countries in the aggregate can maintain adequate oil supplies to their economies by continuing to draw on stocks, and without reducing them to dangerously low levels; also recognised the need to discourage purchases which place unnecessary pressure on markets and prices, to keep oil consumption under control, to manage the country and company imbalances which uneven distribution of stocks and of supply could produce, and to achieve high levels of indigenous production from existing facilities;
- (e) concluded that the measures agreed by the Governing Board on 1st October 1980 have proved effective in producing stock draw and in limiting abnormal purchases on the spot market, reaffirmed them and extended them for the first quarter of 1981;

- (f) agreed that the objective of IEA countries is to remove serious potential market pressures which unnecessarily lead to higher prices, thereby damaging the world economy; and therefore agreed that:
- (i) each IEA country will contribute to achieving this result;
 - (ii) IEA countries in a more favourable position will contribute to easing pressures on those countries less favourably situated, in order to avoid potential imbalances which could increase market pressure;
 - (iii) there is a need to correct serious imbalances between countries and companies which remain despite national efforts to correct internal imbalances and which are likely to result in undue market pressures on price;
- (g) agreed that in order to achieve this objective, governments will in an equitable manner take the measures outlined below:
- (i) draw on stocks as necessary to maintain a balance between oil supply and demand in the world market during the fourth quarter of 1980 and the first quarter of 1981. Reduction in stocks below the I.E.P. 90-day emergency level might be considered in countries with particular difficulties. Countries with relatively high stocks or supply will also permit their stocks to be drawn down taking into account deficits in other countries more seriously affected;
 - (ii) discourage undesirable purchases of oil at price levels which have the effect of increasing market pressures, with a view to removing as much buying pressure as possible on a broad basis including elements of price, volume and timing, all in relation to the buyer's overall current position (supply, stocks, anticipated demand, etc.) and past practices;
 - (iii) take further action to pursue and implement energy policies which encourage the rational use of oil and its replacement by other forms of energy without constraining economic growth, in order to support and extend the considerable progress already made by consumers in industrialised countries in constraining oil consumption in 1980 (about 6% less overall than in 1979);
 - (iv) follow policies for efficient use of existing facilities, which encourage and support high levels of indigenous oil and gas production in their countries;

- (v) contribute to correcting severe imbalances in accordance with Decision as Annex I;
- (h) noted that the collective result of these actions, as estimated by the Secretariat, would be to reduce demand of IEA countries for oil on the world market to 238 million tons, as compared with otherwise estimated requirements of 264 million tons, in the first quarter of 1981, as the IEA's contribution to stabilizing the world oil market and heading off an economically damaging increase in world energy prices;
- (i) recognised the Secretariat estimate that this reduction would amount to 2.2 million b/d, in addition to normal stock draw of 2.0 mbd;
- (j) agreed that all IEA countries will contribute to the commitment stated in paragraphs (h) and (i) above;
- (k) agreed that in order to monitor the effectiveness of these actions, a current review will measure and compare individual efforts, taking as one starting point the Secretariat's estimates of individual countries' oil requirements for 1981, derived from consumption, stock changes and indigenous production, and agreed that evaluations of individual country performance will take into account changes in demand for such reasons as economic growth, unusual weather, changes in energy structures, etc.;
- (l) agreed that to carry out this task the Governing Board will meet as necessary to review progress toward meeting the commitment and that the review will evaluate whether conditions warrant modification of the action undertaken by governments in the context of the short-term supply outlook;
- (m) further agreed that in order to ensure implementation of the above measures:
 - (i) governments of IEA countries will make greater efforts, at an appropriately high level, to attain the support of oil companies which is necessary to successful implementation;
 - (ii) the Secretariat will consult closely with oil companies in assessing the seriousness of imbalance situations and identifying possible solutions;

- (iii) the Secretariat and all governments will monitor oil market developments closely, in order to ensure the effectiveness of these measures;
 - (iv) Ministers are prepared to meet again on short notice if this appears necessary;
 - (v) the Governing Board at Official Level will carry out a serious review of legal requirements in order to improve the basis for co-operation in pre-crisis situations and in emergency preparation;
- (n) agreed to keep the situation under review, and if necessary to consider further action, including the possible use of oil import ceilings in the manner agreed in May 1980 by the Governing Board at Ministerial Level.

ANNEX I

DECISION BY THE GOVERNING BOARD FOR CORRECTING IMBALANCES

The Governing Board DECIDES that:

The International Energy Agency will apply the following measures for the purpose of correcting serious oil supply imbalances which may arise between countries or companies as a result of the Iraq/Iran supply disruption, with effect from 9th December 1980.

1. Purpose

The purpose of this decision is to correct serious imbalances which remain despite national efforts to correct internal imbalances and which are likely to result in undue market pressures on price, rather than to correct every imbalance which could arise.

2. Data Base

The Secretariat will continue to receive, process and analyse Questionnaires A and B on a monthly basis for the duration of the Iraq/Iran petroleum supply disruption. Data will also be provided on stocks at sea in Questionnaire A for forward months and in Questionnaire B for non-Reporting Companies for current and forward months.

3. Basis for Measuring Imbalances

Country supply positions will be compared against a theoretical supply determined by distributing total oil expected to be available to the group among countries in proportion to their Base Period Final Consumption, taking into account also their real requirements on a current basis, as estimated by the Secretariat in consultation with countries concerned.

4. Country Imbalances

- (a) This decision will be applied to correct imbalances described in paragraph 1 above, for example when a given country:
 - suffers a relatively severe loss of overall oil supply (or of major oil products), unless stocks are high enough to compensate;
 - falls to disproportionate and potentially dangerous stock levels.
- (b) At the request of a Member country, or on his own initiative, the Executive Director will identify major imbalances which seem likely to result in market pressures, taking into account stock changes resulting from implementation of the Measures agreed by the Governing Board on 1st October 1980, as well as changes in demand for such reasons as economic growth, weather, changes in energy structure, etc.
- (c) In such cases the Secretariat will consult with the countries concerned as to its assessment and as to the measures required to correct the imbalance, and will promptly notify and discuss the situation with all Delegations.
- (d) The Secretariat will also consult with individual companies in assessing the seriousness of imbalance situations and in finding possible solutions.
- (e) The Secretariat may also request governments to consult with companies operating in their jurisdictions with results communicated to the Secretariat.
- (f) The Executive Director, taking all such consultations into account, will identify possible measures and sources from which the amounts of oil necessary to correct the imbalance might be provided.
- (g) The measures, amounts and possible sources so identified will be proposed by the Secretariat to the governments of countries concerned for appropriate action as a matter of urgency.

5. Company Imbalances

- (a) In case serious imbalances arise between companies within a given country as a consequence of the Iraq/Iran supply disruptions, the government of the country concerned will make every effort it considers necessary to encourage companies to refrain from actions which increase pressures on price.
- (b) If governments consider that their individual efforts could be supplemented by international action, they may bring the matter to the Governing Board.
- (c) In case serious imbalances arise between companies on an international basis going beyond any one country's jurisdiction, the matter can also be brought to the attention of the Governing Board and of the governments concerned so that they can identify solutions.
- (d) The Secretariat will supply aggregated data and assist generally in the analysis of such situations.

6. Government Support

Each government will provide its full support in order to ensure the effective implementation of this decision.

7. Duration

This decision is made in order to moderate potential market pressures during the first quarter of 1981. If imbalances caused by supply disruptions prevail beyond that period, the Governing Board may continue it, or keep it available for future use if necessary.

8. Legal Aspects

Governments agree to look into aspects of their legal situation which relate to the implementation of this decision, with a view to improving its efficiency and effectiveness.

Item 34
Decision on Oil Market Policies for the
Second and Third Quarters of 1981
31 March 1981
IEA/GB(81)21, Item 2 and Annex

THE GOVERNING BOARD

- (a) noted the Note by the Executive Director on “Monitoring of the December Measures: Performance during the First Quarter of 1981”, [IEA/GB(81)15];
- (b) agreed with the assessment of the situation in the oil market during the first quarter as a whole as stated in that document;
- (c) noted the Note by the Executive Director on “Oil Market Policy for the Second and Third Quarters of 1981”, [IEA/GB(81)16];
- (d) adopted the Decision on Oil Market Policies for the Second and Third Quarters of 1981, as set forth in the Annex hereto.

ANNEX

Decision on Oil Market Policies for the Second
and Third Quarters of 1981

The Governing Board considering that:

- (a) the oil market is now in much better balance than in December of 1980, and there are not at present any serious country or company imbalances;
- (b) despite a heavy winter stockdraw the overall 1st April stock position of IEA countries is satisfactory for this time of year (although individual country and company positions vary considerably), but seasonal rebuilding remains necessary to prepare for next winter;
- (c) the overall situation nevertheless remains highly fragile due to uncertainties about oil availabilities and oil demand.

decides that:

- (i) Governments expect that normal seasonal stock build would in general occur over the second and third quarters of 1981 in

preparation for beginning the coming winter with a level of stocks which adequately reflects uncertainties as to future supply, taking into account the supply and demand situation as it develops over the summer. Countries where stocks on land are relatively low might of course be expected to build at a relatively higher rate.

- (ii) The procedures for the correction of imbalances set out in the Decision of 9th December, 1980 [IEA/GB(80)97, Annex I] will be kept available for future use if necessary.
- (iii) During the second and third quarters, the decisions taken in December regarding consumption and indigenous production will continue in effect and in furtherance of the December decision regarding purchases monitoring of purchases will be continued.
- (iv) IEA governments will continue to consult with their oil industry regarding the policies mentioned in paragraphs (i), (ii) and (iii), taking into account the evolving situation in the oil markets.
- (v) Supply, demand and stock trends as they develop during the summer months will be reviewed by the Standing Group on the Oil Market and any unsatisfactory features will be brought to the attention of the Governing Board together with recommendations for appropriate action.
- (vi) Monthly submissions of Questionnaires A/B will continue to be a necessary information base. At the same time, governments undertake to conclude the current discussions on a replacement information system as soon as possible.

Item 35
Decision on Preparation for Future Supply Disruptions
10 December 1981
IEA/GB(81)86, Item 2 and Annex I

THE GOVERNING BOARD

- (a) noted the Notes “Preparation for Future Supply Disruptions” [IEA/GB(81)63 (1st Revision)] and “Monthly Country Reports for Non-emergency Periods” [IEA/GB(81)85, Room Doc. No. 2];

- (b) adopted the Decision on “Preparation for Future Supply Disruptions” and the “Conclusions” with explanations to clarify that Decision, as set out in the Annex I hereto, and agreed to derestrict that Decision.

ANNEX I

DECISION

ON

PREPARATION FOR FUTURE SUPPLY DISRUPTIONS

The Governing Board: considering that

disruptions in oil supply which did not reach the 7% level required to trigger the emergency allocation system have recently caused and could again cause damage to Member country economies through sharp oil price increases;

IEA countries should be better prepared to contribute to preventing a disruption in oil supply from again resulting in sharply higher prices and severe economic damage;

allowing market forces to operate and strengthening them where possible will improve the balance between supply and demand and the distribution of oil in short supply;

supplementary action by governments may be necessary in those areas where market forces do not sufficiently counteract the adverse impact of supply disruptions;

when such action is determined to be necessary, it should be light-handed and flexible in responding to the specific situation at hand and at the same time be taken promptly and effectively;

DECIDES:

1. Monitoring

The Secretariat will continuously monitor oil supply, demand and stocks of IEA countries and world-wide, particularly in order to permit an accurate and timely assessment of the nature, extent and probable impact of supply disruptions.

2. Information System

- (a) IEA countries will provide to the Secretariat monthly country data on:
- indigenous production
 - imports by origin
 - exports
 - stock levels and changes
 - apparent consumption
 - world-wide stocks at sea.

Country data will be compiled from company reports, and should be accompanied by any additional information which governments can provide.

- (b) The Secretariat will consult with oil companies, as the need arises, under procedures which have been established, as a supplement to the information required for monitoring.
- (c) In the event of a supply disruption, and at the request of the Executive Director (after consultation with the Chairmen of the SEQ, the SOM and the Governing Board and contact with Member governments), governments of IEA countries will promptly enter into consultations with each other and with the Secretariat to refine, to the extent possible, the Secretariat's assessment of the supply demand and stock situation based on such additional knowledge as governments can provide from the information available to them.
- (d) In the event of a supply disruption, the Executive Director may also decide (after consultation with the Chairmen of the SEQ, the SOM and the Governing Board and contact with Member governments) to activate submission of Questionnaires A and B, consistent with procedures established for the emergency allocation system.

3. Prompt Decision-Taking

The Governing Board will meet promptly at the appropriate level to consider and decide upon what action, if any, is necessary to meet the situation as it exists so as to avoid serious economic damage, should the assessment of the situation indicate that this might otherwise occur.

4. Possible Measures to Supplement Market Forces

In the light of the specific circumstances of the particular supply disruption, measures to supplement market forces which the Governing Board could *inter alia* consider as part of its decision under paragraph 3 above, would include those which have been used in the past, such as:

- discouragement of abnormal spot market purchases or other undesirable purchases
- lowered consumption
- short-term fuel switching
- high levels of indigenous production
- stocks and stock policies, through government consultation with oil companies
- informal efforts to minimize and contain the effects of supply imbalances.

Any measures which are agreed upon by the Governing Board will be applied on an IEA-wide basis, although the detailed methods of implementation will be decided by governments in accordance with national law and the I.E.P., and could vary from country to country while aimed at achieving the overall result desired on an integrated basis.

5. Relations with Oil Companies

Governments, on a co-operative basis, will individually consult with their oil companies concerning any measures which may be agreed to under Section 4.

6. Further Developments

The Secretariat will keep constant watch on the situation as it develops, using all information available to it including consultation with oil companies. If circumstances change, the Governing Board may modify or discontinue any measures which may be agreed to under Section 4.

CONCLUSIONS

Explanations to Clarify the Foregoing Decision

Monitoring

The Secretariat's oil market monitoring process should include:

- assessment of the overall global development of supply, demand and stocks as a basis for identifying global developments which could lead to undue market pressures;
- testing short-term demand forecasts and publicly available production data;
- assessment of developments in the supply, demand and stock situations of individual countries, for the purpose of identifying conditions which could themselves lead to undue market pressures or which could cause particular difficulties if a supply disruption arose.

Information System

Compiling country data from company reports means, in the case of Reporting Companies, the reports which they submit to their Member governments and, in the case of non-Reporting Companies, the basis for determining their data used by Member governments in compiling Questionnaire B. If a country has legal or other difficulties which make it impossible to comply with this procedure precisely, it should submit to the Secretariat a detailed written description of its procedures with a view to reaching agreement on a method for reporting substantially equivalent data.

The new Information System will consist of monthly reports from Member countries to the Secretariat in the format attached to this Annex I. The Secretariat should send out detailed reporting instructions before the end of 1981. Table 3 (expected country stock levels at the beginning of the next seasonal period) and the second half of Table 4 (anticipated development of stocks at sea) should, however, be on a trial basis for one year. It is recognised that nevertheless some countries may in practice encounter difficulties in supplying information under Table 3.

These monthly reports should be submitted on the twentieth day of each month, beginning 20th February, 1982, or the next following day which does not fall on a weekend or a holiday.

The results of consultations among governments and the Secretariat in the event of a supply disruption should permit evaluation of such questions as:

- the ability, through drawing stocks and/or other supply sources, to maintain adequate supplies without abnormal recourse to the spot market or other undesirable purchases, and for how long;
- the ability to make supplies available to countries in distress;
- the availability of stocks at sea to cushion the disruption;
- whether specific imbalances which may exist could themselves lead to undue market pressures.

Prompt Decision-Taking

Ordinarily the Governing Board would meet at official level to consider what action, if any, to take in case of a supply disruption. However, should the Chairman of the Governing Board conclude that the severity of the situation warrants it, he may decide (after consultation with other governments) that the meeting should be called at Ministerial level.

Follow-Up to the Foregoing Decision

- (a) The current system of Monthly Oil Statistics will be continued.
- (b) The current system of Quarterly Oil Forecasts will be continued. The Secretariat is requested to continue its discussions with the IAB and individual oil companies as to improvements in compatibility, coverage and content, and to keep the SEQ informed.

Other Action

- (a) The SEQ is requested to continue its consideration of the question of crude oil pricing, and the extent to which it could affect the distribution of oil in short supply in the context of emergency allocation, with the objective of seeking a basis for practical application of Article 10 of the I.E.P.
- (b) The Executive Director is requested to submit a report to the Governing Board on the following aspects of stocks:
 - (i) the general adequacy of stock levels, including the need to maintain stock levels despite temporary declines in oil imports for reasons other than long-term structural change;

- (ii) the question of movement of oil to Member countries in particular need and methods for moving stocks into the supply system;
- (iii) the implication of a reduction of stocks in a particular country or countries should the supply disruption develop into an emergency requiring oil allocation under the I.E.P.

C. CERM Decisions

Item 36

Decision on Preparation for Future Supply Disruptions

10 December 1981

IEA/GB(81)86, Item 2 and Annex I

Set forth in Item 35 above

Item 37

Decision on Stocks and Supply Disruptions

11 July 1984

IEA/GB(84)27, Item 2(a) and Annex I

THE GOVERNING BOARD

- (i) noted the Note by the Secretariat entitled "Stocks and Supply Disruptions" [IEA/GB(84)17];
- (ii) adopted the Decision on Stocks and Supply Disruptions as set forth in Annex I hereto.

ANNEX I

DECISION ON STOCKS AND SUPPLY DISRUPTIONS

1. Oil supply disruptions involving a significant net loss of world oil supply, whether or not sufficient to activate the I.E.P. emergency oil sharing system, could result in severe economic damage to all nations of the free

world. Especially if such disruptions were accompanied by public panic, they could result in exaggerated crude oil price increases not warranted by underlying oil market conditions. Member countries should therefore respond promptly and appropriately to those oil supply disruptions which appear capable of causing severe economic harm.

2. Appropriate responses should reflect a realistic assessment of then-existing circumstances attending the disruption (even though there will inevitably be uncertainty especially in its early stages), and necessarily will vary from nation to nation, depending, among other things, upon their respective national policies and capabilities. The aggregate of national responses designed to minimize economic damage is more likely to achieve a coherent overall result if they are co-ordinated and are as complementary as the circumstances and individual national policies permit.

3. The IEA already has in place a variety of arrangements for responding to oil supply disruptions:

- The Agreement on an International Energy Program (the “I.E.P.”), which among other things requires all Member countries to hold stocks equivalent to 90 days of net imports and, in the event of specified supply disruptions, to restrain demand (or draw stocks in accordance with Article 16) and to share available oil supplies on an equitable basis. The I.E.P. assumes that stocks will be drawn down to meet remaining consumption requirements.
- The Decision taken by the IEA Governing Board on 10th December 1981 (the “December 1981 Decision”), which requires prompt Governing Board decision, in the event of a supply disruption which threatens to cause serious economic damage, as to a variety of measures, which if agreed upon by the Governing Board would be applied on an IEA-wide basis, although the detailed methods of implementation will be decided by governments in accordance with national law and the I.E.P. and could vary from country to country while aimed at achieving the overall result desired on an integrated basis.

These arrangements reflect the basic IEA concept that in the event of a significant net loss of world oil supply, all Member countries will contribute, in one way or another, to resolution of the problem for the benefit of the group as a whole. Nothing in today’s decision will alter in any way the obligations of

IEA countries under either the I.E.P. or the December 1981 Decision, both of which remain in full force and effect. The procedures described below and any action which may be taken thereunder will be in aid of and consistent with the I.E.P. and the December 1981 Decision and any action taken under either of them.

4. The need for an agreed policy regarding stock draw in supply disruptions has become more apparent, based on experience with previous supply disruptions; and in recent years the ability of many countries to use stocks for this purpose has increased significantly. The purpose of today's Decision is to provide procedures for reaching decisions as to the use of oil stocks by those countries which are objectively in a position to do so, and as of actions to be taken by all other countries in support thereof.

5. Member countries recognise that, in the event of an oil supply disruption of the nature referred to in paragraph (1) above, each country would follow or implement oil consumption reduction policies appropriate to it in light of the circumstances and its national policies. Policies to reduce consumption will vary from country to country and could include, inter alia, such methods as allowing market mechanisms to operate, and/or urging voluntary emergency conservation and/or fuel switching measures by individuals and enterprises, and/or regulation of oil consumption. Other measures, including those referred to in the December 1981 Decision, might also be appropriate, depending on national circumstances.

6. Member countries also recognise that, in the event of an oil supply disruption of the nature referred to in paragraph (1) above, a drawdown of stocks held by governments, by stock-holding entities, and/or by companies at the instance of governments in accordance with national law or policy, could be an effective and rapid means for restoring lost oil supply. In most cases, stockdraw could be particularly effective in the initial disruption stages, when the danger may be greatest of markets overreacting without regard to underlying supply/demand conditions. Member countries further recognise the value of co-ordinating their individual stock drawdown efforts and the value of avoiding actions which might limit their effectiveness.

7. Determination of the timing, magnitude, rate and duration of an appropriate stockdraw cannot be made in advance of an actual oil supply disruption, for it must await evaluation of the circumstances attendant to the disruption.

8. The Governing Board will meet promptly at the appropriate level upon the call of the Chairman of the Governing Board when he determines that a supply disruption involving a significant net loss of world oil supplies, after taking into account estimated excess production and facility capacity available, exists or is imminent. The Governing Board will assess all relevant circumstances attendant on the supply disruption (see Appendix 1) and determine what action would be advisable under the December 1981 Decision or, in accordance with its terms, under the I.E.P.; and will consider all measures which could contribute to restoration of the supply/demand balance.

9. In close conjunction with the deliberations of the Governing Board as described above, and in order:

- to establish a process by which the consultation described below can be conducted expeditiously and in a practical manner when a supply disruption occurs so as to bring about timely, co-ordinated stockdraw as appropriate to the specific circumstances of the disruption; and
- by that means, to assist the Governing Board in its deliberations and in reaching its decision under paragraph (10) below;

those countries which are then in a position to contribute meaningfully to such a stockdraw (either by means of physical drawdown or by implementation of mutually reinforcing measures, or both) will consult in a context which:

- for IEA countries, takes full account of their IEA obligations and information provided by the Secretariat; and
- reflects all the relevant circumstances of the disruption in question, including the availability, timing and quantitative effectiveness of measures to reduce oil consumption and the special attributes of oil stocks and the volume and manner in which they are held in Member countries.

The objective of the consultation will be:

- (a) to determine what volume and duration of stockdraw would be effective, by restoring all or part of the net loss of world oil supply, in calming markets; and what stockdraws individual countries

could make to achieve that volume and duration, taking into account for each country the effects of policies or measures other than stockdraw already in place or about to be undertaken;

- (b) to discuss methods of implementing stockdraw;
- (c) to reach a consensus as to the action which those countries plan to take, by national decision, concerning co-ordinated stockdraw; and
- (d) to recommend to the Governing Board other actions which could be taken to complement such stockdraw.

The consultation described above will be open to all Member countries of IEA and OECD.

10. The results of the consultation will be reported promptly to the meeting of the Governing Board referred to in paragraph (8). The Governing Board will take those results into account in reaching its overall decision, which will reflect that:

- all countries must take action to help restore the supply/demand balance;
- some countries plan to engage in co-ordinated stock draw, others to undertake complementary actions, and others both.

The Governing Board's decision will also clarify the relationship between the stock draw and other action decided upon and the rights and obligations of all Member countries under the I.E.P., including the 90-day stockholding obligation.

11. The Secretariat, together with the SEQ, the SOM and other IEA bodies, as appropriate, will examine further the questions set forth in Appendix 2.

12. Member countries recognise that the issues of the adequacy of stock levels and the ability of governments to bring about stockdraw by government decisions are central to the ability to implement a meaningful stockdraw in a supply disruption. The above-mentioned Secretariat analyses will contribute to the ongoing evaluation of these issues. IEA countries which do not presently meet their stock obligations under the I.E.P. will intensify their efforts to do so. Moreover, Member countries whose stocks presently are at

lower levels in relation to current net imports than would permit them to make a meaningful contribution to a co-ordinated stockdraw should promptly use their best efforts, taking into account all pertinent factors (including the impact of stock build on oil markets), to improve their stock positions.

Appendix 1

The following will, among other things, be considered as circumstances relevant to assessment of a supply disruption :

- origins and causes of the disruption and their probable evolution; its magnitude (after taking into account alternative supply potential); and its probable duration;
- the general state of the world economy;
- probable impact of the supply disruption on particular countries, given the circumstances of their energy economies;
- the current nature and condition of the oil markets, including seasonal factors, and any pertinent situation in any segment of the oil markets;
- current available stock levels and the speed at which they effectively can be brought into the marketplace;
- the probable effects of any actions pursuant to the December 1981 Decision or under the I.E.P.;
- availability, timing and quantitative effectiveness of oil consumption reduction measures; and
- any other factors which appear to be material in the circumstances.

Appendix 2

The subjects to be examined further by the Secretariat, together with the SEQ and SOM and other IEA bodies, as appropriate, are the following :

- minimum operating stock requirements on a country-by-country basis, including appropriate means for obtaining the necessary information;
- current and appropriate levels of available stocks, taking into account minimum operating requirements, legal and logistic constraints, cost, and all other pertinent factors;

- the effectiveness of different methods of holding stocks intended to be available for drawdowns in a supply disruption and practical problems which may arise in implementing stockdraw;
- the anticipated effectiveness in quantitative terms, and the range of economic consequences, of various types of oil consumption reduction measures;
- economic impacts of serious oil supply disruptions, on a country-by-country basis, given the particular circumstances of their energy economies;
- short-term fuel-switching potential.

Item 38
Decision Adopting the CERM Operations Manual
13 September 1988
IEA/GB(88)25, Item 2(b)(ii)

THE GOVERNING BOARD

- A. noted the “Cover Note”, the “Chairman’s Note to the CERM Operations Manual” and the “CERM Operations Manual — Consultations on Co-ordinated Emergency Response Measures” [IEA/GB(88)17];
- B. adopted the “CERM Operations Manual — Consultations on Co-ordinated Emergency Response Measures” including the introduction thereto [IEA/GB(88)17];
- C. approved the “Appraisal Report of the Test of Co-ordinated Emergency Response Measures” [IEA/GB(88)18].

Item 39
Decision on Emergency Response Policies
22 February 1995
IEA/GB(95)11, Item 4
and the Common Explanation of the Decision
10 March 1995

Set forth in Item 27 above

D. 1990 - 1991 Gulf Crisis

Item 40
Conclusions on Implications of the Iraqi
Aggression against Kuwait
9 August 1990
IEA/GB(90)24, Item 2 and Annex

THE GOVERNING BOARD

- (a) noted the Note by the Secretariat entitled “Implications of the Gulf Situation for IEA/OECD Countries” [IEA/GB(90)23 (Room Doc. No. 1)].
- (b) adopted the “Governing Board Conclusions on Implications of the Iraqi Aggression Against Kuwait” as set forth in the Annex hereto.

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ANNEX

GOVERNING BOARD CONCLUSIONS ON IMPLICATIONS OF THE IRAQI AGGRESSION AGAINST KUWAIT

THE GOVERNING BOARD

Having met in Paris on 9 August, 1990 to assess the implications for the world oil market of the Iraqi aggression against Kuwait and the United Nations Security Council decision of 6 August, 1990 which embargoes oil imports from Iraq and Kuwait;

Having reviewed the present supply/demand situation, the potential for increased production of oil inside and outside of the IEA area, and the range of available IEA emergency response capabilities which will match developments, namely:

- Demand restraint measures, including energy conservation;
- Draw down of stocks;
- Short-term switching from oil to gas and other forms of energy;
- Increased oil production

CONCLUDES THAT:

- (a) The present oil supply situation is such that, given the availability of supplies at sea, the high level of company and government controlled stocks, as well as the possibility of higher output from oil producers, including OPEC Member states, sufficient oil supplies are currently available to compensate for the loss of Iraqi and Kuwaiti crude and product to the market. Therefore, there is no need for recourse to the IEA emergency response system at this time;
- (b) Companies should show restraint by avoiding abnormal spot market purchases or other undesirable purchases of oil during the period of this supply disruption, taking advantage of their generally excellent stock situation;
- (c) This confidence that negative impacts of the oil embargo can be contained should be backed by oil consumers who, in their own interests, should contribute through a sound buying attitude and refrain from abnormal purchases;
- (d) IEA Member countries, having confidence in their co-operation as agreed in the relevant decisions, shall monitor the oil supply situation closely and place their response systems on active alert in the following way:
 - i) In view of the evolving situation and the continuing uncertainty about the supply of Gulf oil, the Governing Board will reconvene, if appropriate, to adopt a balanced, comprehensive and concerted emergency response, covering all suitable options, including stockdraw and demand restraint, to meet the requirements of the situation; and
 - ii) In the interim, IEA countries, with the support of the Secretariat, will prepare in the Standing Group on Emergency Questions, for decision by the Governing Board, the necessary steps and instruments for implementation of co-ordinated actions, including stockdraw;
- (e) The review of potential response measures available for IEA Countries to support market forces indicated that those measures will cope with any remaining individual or collective loss of oil;

- (f) IEA governments will continue to take all required procedural actions to enable them to implement rapidly and effectively any Governing Board decisions to take specific response measures;
- (g) The Governing Board notes the Executive Director's decision in accordance with the Governing Board's decision of December 1981 to introduce submission of Questionnaires A and B.

Item 41
Conclusions on Energy Implications of the Gulf Situation
for IEA/OECD Countries
31 August 1990
IEA/GB(90)27, Item 2 and Annex

THE GOVERNING BOARD

adopted the "Governing Board Conclusions on Energy Implications of the Gulf Situation for IEA/OECD Countries" as set forth in the Annex hereto.

ANNEX

**GOVERNING BOARD CONCLUSIONS ON ENERGY
IMPLICATIONS OF THE GULF SITUATION FOR IEA/OECD
COUNTRIES**

THE GOVERNING BOARD

Convened on 31st August 1990 to review and assess the energy implications of the rapidly evolving situation in the Gulf;

Reviewed reports on that situation by Member governments, its Emergency and Oil Market Groups and the IEA Industry Advisory Board, as well as the detailed information provided by governments and industry under the IEA emergency information system activated by the Executive Director;

Noted the ongoing contributions by IEA countries to promote oil saving and replacement through demand restraint, enhanced efficiency and conservation, postponement of strategic stock purchases, fuel switching and increased indigenous oil production;

Welcomed the attitude shown by oil companies in refraining from abnormal spot market purchases and in using their stocks to relieve supply pressures; and also welcomed consumer restraint;

Welcomed the announcement by some OPEC and non-OPEC producers that they will provide additional oil supplies to the market, which will be particularly important for hard-pressed non-Member countries; and encouraged other oil producers to take all reasonable steps to increase their output;

Noted in its assessment of the current and near term prospects that:

- The oil market at present is generally well supplied, with any shortfall in late August being made up by commercial stock draw;
- Kuwait and Iraqi crude oil and product (4.3 mbd) will no longer be available in September; however, with sufficient stocks available worldwide, a large commercial stock draw in September and the onset of production increases from some surplus capacity producer countries will compensate for much of the shortfall; for October, this higher oil production and further commercial stock draw is expected to meet much of the shortfall;
- Thus, the oil supply reduction in September and October should be adequately made up from commercial stock draw, higher production, and somewhat lower demand induced by higher prices;
- However, the market could become progressively tighter during the winter when demand is seasonally highest and as the ability for significant commercial stock draw gradually diminishes; severe cold weather and extended refinery operations by industry at full capacity could also further increase market tightness;

CONCLUDES THAT:

- (a) The immediate supply/demand situation is manageable, given high stock levels and expected increases in production;

- (b) Given the uncertainties which prevail and the continuing potential for supply/demand imbalances to emerge as we move into the heating season, Member governments will take additional concerted measures, within the framework of the IEA, including co-ordinated use of public and government-controlled stocks and/or demand restraint, if the situation so warrants;
- (c) The Secretariat shall monitor the situation carefully and prepare the necessary steps and instruments for implementation of such co-ordinated measures, which are available and ready for use and will compensate for any foreseeable shortfall;
- (d) Governments will, in the meantime, continue, and where possible, strengthen, their individual efforts to increase available oil supplies; and will urge oil companies and consumers to continue to refrain from abnormal purchases and to take advantage of their generally excellent stock positions;
- (e) The present political situation demonstrates the need to reinforce long-term energy security by strengthening our policies to promote enhanced energy efficiency, conservation, fuel diversity, indigenous production, and energy research and development;
- (f) In this regard, contacts with non-Member economies will be expanded to develop increasingly effective energy security strategies;
- (g) The Governing Board will reconvene in September.

Item 42
Conclusions on the Gulf Situation
28 September 1990
IEA/GB(90)32, Item 2 and Annex

THE GOVERNING BOARD

- (a) noted the Report by the Executive Director [IEA/GB(90)31] and the oral Reports by the Chairmen of the Standing Group on Emergency Questions (SEQ) and the Standing Group on the Oil Market (SOM).
- (b) adopted the “Governing Board Conclusions on the Gulf Situation” as set forth in the Annex hereto.

- (c) noted that the Conclusions set forth in the Annex hereto would be distributed to the press.

ANNEX

GOVERNING BOARD CONCLUSIONS ON THE GULF SITUATION

28th September 1990

THE GOVERNING BOARD

Having considered at its meeting in Paris on 28th September 1990 the reports of the Standing Group on Emergency Questions (SEQ) and the Standing Group on Oil Markets (SOM) which agree with the Secretariat analysis that there currently is no physical shortfall of crude oil or refined products in the marketplace, has concluded that:

- Eight weeks after Iraq's invasion of Kuwait, world oil markets remain adequately supplied, and no product shortfalls have been experienced by IEA countries. Company stocks and government owned and controlled stocks remain high, with the latter alone representing more than 50 days of total IEA net imports. Continued commercial stockdraw is essential and is expected. Available government owned and controlled stocks and government mandated demand restraint measures would be sufficient to meet any but the most extraordinary shortfall;
- Recent oil price fluctuations are thus in large measure driven by the extreme political uncertainty in relation to the Gulf Crisis and war fears, exacerbated by each new development in the region and imperfect information flows, particularly since virtually all crude and refined product prices are linked to spot prices. So long as the Gulf Crisis remains unresolved, uncertainty will continue to play a significant role in price determination;
- Present high oil prices will cause adverse repercussions for most Member countries' economies, and will cause particular hardship for most developing countries and for the Central and Eastern Europe countries;
- While the current supply situation remains manageable, it is not comfortable. The increased risk of a supply shortfall continues,

despite the beneficial effects of our Members individual response actions and the early availability of higher OPEC production, because of the diminution of surplus production capacity among OPEC and other oil producers, and the full capacity demands on world refining facilities. If additional events detrimental to the supply situation, such as accidents or weather-induced demand surges, were to occur, the little remaining production/refining capacity surplus required for normal operation of the oil system could be rapidly absorbed. Integration of world oil markets means that no country or group of countries can be isolated from the supply shortfall in this situation; and

- The imminent onset of the winter period in the Northern Hemisphere and the possibility of further oil supply shortfalls in one form or another mean that IEA Member countries must be prepared to act rapidly in a co-ordinated response under established IEA measures to mitigate further damage to the world economy.

THE GOVERNING BOARD HAS THEREFORE:

- (a) **Recommended** that each Member country now complete preparations and take all decisions necessary, on a standby basis, to enable its authorities to act immediately and effectively to implement stockdraw and/or demand restraint or surge capacity measures at the outset of any further significant oil supply shortfall;
- (b) **Recommended** that should such an oil supply shortfall occur, the Chairman of the Governing Board and the Executive Director convene the Governing Board in emergency session on short notice. Participants would be expected to have the necessary Ministerial authority so that the Governing Board could decide promptly to activate the co-ordinated stockdraw and/or demand restraint response measures warranted by the situation;
- (c) **Recommended** that Member countries: continue and intensify energy conservation and energy efficiency measures; encourage full price pass through to the market for crude oil and products; encourage fuel switching; monitor stock building; investigate impediments to oil supply; and consider means to overcome product supply availability difficulties, for example by introducing temporary flexibility in the application of environment measures;

- (d) **Recommended** that oil companies continue to draw on their commercial stocks and to exercise discretion in purchases in order to reduce uncertainty and volatility in the world oil market;
- (e) **Recommended** that Member countries and the Secretariat undertake efforts to inform the public regarding oil market developments in order to enhance the transparency of the oil supply and demand situation, thereby reducing public apprehension and misunderstanding;
- (f) **Instructed** the IEA's Emergency and Oil Market Groups to continue on an urgent basis to refine their assessments of emergency preparation measures and the oil market situation on the basis of possible further oil supply disruptions arising during the uncertain period ahead;
- (g) **Instructed** the SEQ to include in its assessments a description and evaluation of the potential response of each Member country broken down specifically as to stockdraw, whether company or government owned or controlled, and government mandated demand restraint; and
- (h) **Decided** that the Governing Board would reconvene in the course of October whether or not a meeting foreseen in paragraph (b) above should become necessary.

Item 43
Recommendation on the Gulf Situation
31 October 1990
IEA/GB(90)39, Item 2

THE GOVERNING BOARD

- (a) noted the Report by the Executive Director [IEA/GB(90)36] and the oral reports by the Chairmen of the Standing Group on Emergency Questions (SEQ), the Standing Group on the Oil Market (SOM) and the Industry Advisory Board (IAB) on this subject;
- (b) noted that each Member country now has in place, on a standby basis, the necessary preparations to enable its authorities to implement stockdraw and/or demand restraint if the need arises as a consequence of any further significant oil supply shortfall;

- (c) recommended that Member countries and the Secretariat continue to inform the public regarding oil market developments in order to improve the understanding of the oil supply and demand situation, thereby reducing public apprehension and misunderstanding;
- (d) instructed the IEA's Emergency and Oil Market Groups to maintain their vigilant monitoring of emergency preparation measures and the oil market situation in view of possible future oil supply disruptions arising during the uncertain period ahead and to keep the Governing Board informed of developments;
- (e) requested the Secretariat to continue to analyze the impact of the present higher oil prices on central and eastern European countries in co-operation with other international institutions;
- (f) noted the continuing need for the Secretariat to receive the data submitted to it in Questionnaires A and B as an indispensable basis for assessing the situation and the measures to be taken, and noted the Executive Director's intention to continue submission of Questionnaires A and B in accordance with the Governing Board's decision of December, 1981.

Item 44
Decision adopting the Co-ordinated Energy Emergency
Response Contingency Plan
11 January 1991
IEA/GB(91)1, Item 3 and Annex and IEA/GB(91)67

THE GOVERNING BOARD

- (a) noted the oral report of the Executive Director.
- (b) adopted the "Governing Board Conclusions on the Gulf Situation" as set forth in the Annex hereto.
- (c) noted that the Conclusions set forth in the Annex hereto would be distributed to the press.

ANNEX

GOVERNING BOARD CONCLUSIONS ON THE GULF SITUATION

11th January 1991

THE GOVERNING BOARD

- **Convened** on 11th January 1991, to assess the oil market situation and the state of emergency preparedness of IEA Member countries in view of the approaching 15th January deadline set in United Nations Security Council Resolution 678 for Iraq to withdraw from Kuwait;
- **Expressed** the hope that a peaceful solution would be found to the crisis in the Gulf;
- **Noted** that OECD crude oil and product stocks at the beginning of 1991 were about 470 million tons (3 600 million barrels), some 16 million tons higher than one year earlier and close to the previous peak reached in 1981;
- **Agreed** that despite the ample availability of oil to the market, the outbreak of hostilities in the Gulf could lead to heightened uncertainty and volatility in the market as a result of the possible temporary shortfall of some Gulf supplies;
- **Agreed** that it would be prudent at this time to complete preparations for a rapid, effective and concerted energy emergency response in the event of hostilities in the Gulf.

THE GOVERNING BOARD HAS THEREFORE:

- (a) **Adopted** a coordinated energy emergency response contingency plan for use in anticipation of any possible temporary shortfall in oil supplies in the event of hostilities in the Gulf which, through a combination of stockdraw, demand restraint, and other measures, would make available to the market 2.5 million barrels of oil per day;
- (b) **Welcomed** the participation of Finland, France, and Iceland in the contingency plan.

- (c) **Agreed** that upon notification by the Executive Director, after prompt and wide-ranging consultations with Member governments, of the need to activate the contingency plan, each IEA Member country, as well as Finland, France, and Iceland, would begin implementation of their commitments under paragraph (a) above;
- (d) **Agreed** that the stockdraw, demand restraint, and other measures would be implemented so as to take effect, in terms of additional availability of oil to the market and reduced demand for oil, beginning within 15 days after notification by the Executive Director;
- (e) **Decided** that the Governing Board would convene within 10 days of the notification by the Executive Director to assess the energy implications and to decide upon any modifications which may be required in the contingency plan;
- (f) **Recommended** that oil companies continue to draw on their commercial stocks, that governments and consumers maintain and intensify their conservation efforts, and that oil companies and consumers exercise restraint in purchases, in order to reduce uncertainty and volatility in the world oil market; and
- (g) **Requested** that the Secretariat, the Standing Group on the Oil Market and the Standing Group on Emergency Questions continue to monitor closely the oil market situation and, if activated, the implementation of the contingency plan.

OECD Country 2.5 mbd Emergency Response Programme
Adopted at the IEA Governing Board Meeting of 11th January 1991
(thousand barrels/day)

	Stockdraw	Demand Restraint	Fuel Switching	Increased Indigenous Production	Total Response [th.b/d]
Canada					115
United States	1125	0	0	0	1125
North America	1125	0	0	0	1240

OECD Country 2.5 mbd Emergency Response Programme (continued)
Adopted at the IEA Governing Board Meeting of 11th January 1991
(thousand barrels/day)

	Stockdraw	Demand Restraint	Fuel Switching	Increased Indigenous Production	Total Response [th.b/d]
Australia	0	33	0	13	46
Japan	350	0	0	0	350
New Zealand	3	0	1	3	7
Pacific	353	33	1	16	403
Austria	6	5	5	0	16
Belgium	9	18	0	0	27
Denmark	11	2	0	0	13
Germany	169	18	0	0	187
Greece	9	9	0	0	18
Ireland	5	1	0	0	6
Italy	74	24	32	0	130
Luxembourg	0	2	0	0	2
The Netherlands	25	7	0	0	32
Norway	5	7	0	0	12
Portugal	10	2	5	0	17
Spain	0	62	0	0	62
Sweden	0	21	0	0	21
Switzerland	6	12	1	0	19
Turkey	0	20	11	0	31
United Kingdom	120	0	0	0	120
IEA Europe	449	210	54	0	713
Total IEA	1927	243	55	16	2356
Finland	0	12	0	0	12
France	59	58	9	0	126
Iceland	0	1	0	0	1
Total OECD	1987	314	64	16	2500

Item 45
Conclusions on the Gulf Situation
28 January 1991
IEA/GB(91)3, Item 2 and Annex

THE GOVERNING BOARD

- (a) noted the oral report of the Executive Director and the oral reports by the Chairmen of the Standing Group on Emergency Questions (SEQ), the Standing Group on the Oil Market (SOM) and the Industry Advisory Board (IAB) on this subject;
- (b) adopted the “Governing Board Conclusions on the Gulf Situation” as set forth in the Annex hereto;
- (c) noted that the Conclusions set forth in the Annex hereto would be distributed to the press.

ANNEX

GOVERNING BOARD CONCLUSIONS ON THE GULF SITUATION

28th January 1991

THE GOVERNING BOARD

- **Convened** on 28th January 1991, to assess the energy implications of the hostilities in the Gulf and the activation on 17th January 1991 of the emergency response contingency plan adopted by the Governing Board at its 11th January 1991 meeting, and to decide upon any modifications which might be required in the contingency plan;
- **Noted** the reports by the Standing Group on the Oil Market and the Standing Group on Emergency Questions that, despite the hostilities, the world petroleum market continued to be amply supplied, with oil stocks high, and additional oil refinery capacity available if required;

- **Noted** the report by the Standing Group on Emergency Questions that the 2.5 million barrels per day contingency plan was comfortably within the capacity of OECD countries, that countries had taken or were in the process of taking all necessary actions for its implementation, and that higher levels of emergency response could be maintained for an extended period if necessary;
- **Noted** that activation of the contingency plan had helped to discourage abnormal purchases by instilling confidence that any possible temporary shortfall in oil supplies from the Gulf would be mitigated; and
- **Agreed** that the situation in the Gulf remained uncertain and that the threat of supply interruptions stemming from the hostilities continues.

THE GOVERNING BOARD HAS THEREFORE:

- (a) **Decided** that the co-ordinated energy emergency contingency plan, adopted at its 11th January 1991 meeting and which makes available to the market 2.5 million barrels of oil per day, would remain in effect and that it would continue to be implemented flexibly in close consultation with the Executive Director;
- (b) **Welcomed** the continuing participation of Finland, France, and Iceland in the contingency plan;
- (c) **Agreed** that the Governing Board would convene quickly if the Executive Director determined, after consultations with Member governments, that energy developments stemming from events in the Gulf indicated that a review of the contingency plan would be appropriate; and
- (d) **Requested** that the Secretariat, the Standing Group on the Oil Market, and the Standing Group on Emergency Questions continue to monitor closely the oil market situation and the implementation of the contingency plan.

Item 46
**Termination of the Co-ordinated Energy Emergency
Response Contingency Plan**
6 March 1991
IEA/GB(91)19, Item 3

THE GOVERNING BOARD

- (a) noted the oral report of the Executive Director.
- (b) noted the document entitled "Oil Market Situation, End-February Oil Market Report" [IEA/GB(91)6 (Room Document No. 1)] and the oral reports by the Secretariat on that subject.
- (c) noted the oral report by the Chairman of the Standing Group on Emergency Questions on the Gulf situation and noted the announcement by the Executive Director of her intention to phase out the submission of Questionnaires A and B.
- (d) terminated with immediate effect the co-ordinated energy emergency response contingency plan which was adopted by the Governing Board on the 11th January, 1991, activated by the Executive Director on 17th January, 1991, and continued in effect by the Governing Board on 28th January, 1991.

Item 47
**Ministerial Appraisal - IEA Response to the Gulf Crisis
and Recommendation on Emergency Oil Stocks
and Demand Restraint**
3 June 1991
IEA/GB(91)42/REV2

4. Ministers recalled the co-operation and cohesion of IEA countries throughout the crisis, as well as the resolution and pragmatism which had enabled Member countries unanimously to adopt and subsequently implement their contingency plan in a flexible manner in anticipation of a possible shortfall. They welcomed the participation of Finland, France and Iceland in the plan and they commended the Industry Advisory Board for its valuable

advice to the Governing Board during the crisis. They also commended the co-operative spirit shown by oil producing countries which had increased their oil production during the crisis to compensate for lost Iraqi and Kuwaiti supplies. Ministers recognised the need for the IEA to explore means to advise non-Member countries on emergency preparedness, drawing on IEA models.

5. Ministers concluded that a fundamental lesson to be drawn from the crisis is that IEA Member governments must continue their successful efforts to reduce their vulnerability to oil supply disruptions, through continued substitution and efficiency improvements, and renewed efforts to develop indigenous and worldwide energy resources in an economic and environmentally acceptable fashion. Ministers noted the efficient working of oil markets, aided by new and improved trading practices, and the need to strengthen further their operation by reducing trade barriers, continuing deregulation, and enhancing price transparency. They noted, in particular, that unimpeded pass through of oil price changes during the crisis had played an important role, both in reducing overall demand and in averting imbalances in the supply of products. They underlined the importance, more generally, of efficiently operating markets in emergency response.

6. Ministers confirmed the need for continued strengthening of IEA emergency preparedness and the importance of stockdraw, demand restraint, and other relevant measures. Cognisant that in the particular context of the Gulf crisis stockdraw accounted for the major portion of its contingency plan, Ministers recommended that Member countries with stock obligations strengthen, where necessary, government control over emergency industry stocks and/or increase government-owned or controlled stocks. Given the unpredictable nature of supply disruptions, Ministers urged all IEA countries to meet fully their emergency reserve commitments, and encouraged Member countries to increase their emergency reserves above the 90-day level, as appropriate, and to improve the efficacy of their demand restraint measures. They stressed the complementary nature of stockdraw, demand restraint and other measures, as well as the importance of Governments choosing the balance of measures most efficient in particular national circumstances.

7. Ministers noted the valuable role played by the refining industry in adjusting to the loss of Iraqi and Kuwaiti oil, and urged Member countries to take account of the need for enhanced refinery flexibility, as well as the balance of crude oil and product stocks, in their emergency planning. They drew attention to the importance of an adequate and environmentally safe

international tanker fleet, as well as improved oil spill prevention and clean-up efforts. They stressed also the need for continued improving as well as periodic and timely testing of IEA emergency preparedness systems, including the Allocation Systems Test.

8. Ministers expressed abhorrence at the continuing ecological effects and the waste of petroleum resources associated with the wanton destruction by Iraq of Kuwaiti oil facilities during the Gulf war.

Item 48

Conclusions on the Gulf Situation, IEA Response and Lessons for IEA Emergency Preparedness

9 December 1991

IEA/GB(91)79, Item 4 and Annex 1

THE GOVERNING BOARD

- (a) noted the Report by the Standing Group on Emergency Questions entitled "The Gulf Crisis of 1990/91, the IEA Response and Lessons for IEA Emergency Preparedness" [IEA/GB(91)67], and the oral report by the Secretariat on that subject.
- (b) endorsed the Conclusions of the Report as set forth in Annex 1 hereto and recommended that those Conclusions be taken carefully into account in further IEA work on emergency preparedness.
- (c) recognized the importance of sound relations with oil producing countries, notably in mitigating the effects of the Gulf Crisis, agreed that contacts among all oil market participants should be further developed to promote communication and understanding, and looked forward to the IEA Energy Experts Meeting in February, 1992.

ANNEX 1

Conclusions of the Report by the Standing Group on Emergency Questions entitled "The Gulf Crisis of 1990/91, the IEA Response and Lessons for IEA Emergency Preparedness" [IEA/GB(91)67]

Events from August 1990 to February 1991 demonstrated the ability of the IEA to respond promptly and effectively to an imminent oil supply disruption. At the same time, they pointed to the need for the IEA to prepare for any future disruption not only through maintenance of adequate overall emergency reserves but taking account of the considerable flexibility needed to deal with any specific crisis. While it is hoped that disruptions can be avoided, the IEA will continue to take a prudent view on future risks. If the IEA can protect levels of economic activity, save jobs and combat inflation by continuing to maintain emergency mechanisms in good working order and fine tuned to changing circumstances, it will be carrying out its mandate efficiently. The IEA will be carefully reviewing in coming months its response during the Crisis and, at the same time, continuing its policy of frequent testing of procedures and monitoring of emergency reserve levels. In the more general context of long term energy strategies the IEA will continue to play the role which it has played vigorously since 1974, namely to work for a reduction of the vulnerability of its Member countries to disruption of imported oil supplies.

The experience of the Gulf Crisis enabled the SEQ to identify the following lessons for IEA emergency preparedness:

- (i) The situation in the Middle East remains fragile and the IEA and Member governments should ensure that they can continue to respond promptly and flexibly to future disruptions, whatever their nature;
- (ii) The situation of mid-January 1991 involved the threat of oil supply disruption of a large magnitude. The success of the Contingency Plan resides in the fact that it was drawn up pragmatically to suit a unique situation and reflected the strong political will of Member governments to produce a flexible and effective common response. Along with efficient operation of the international oil market, the Contingency Plan helped to avert the potentially serious consequences of the Gulf Crisis;
- (iii) Given increasing OECD dependence on imported oil, there is a need for some countries to strengthen Government control over oil stocks to be used in emergencies. It is essential that countries not meeting their IEA stock commitments do so in future;
- (iv) IEA emergency mechanisms take actual or imminent loss of physical supplies of oil as the criterion for their activation. This approach was vindicated during the Gulf Crisis;

- (v) Stockdraw and demand restraint are complementary. Stockdraw played a preponderant role in the Contingency Plan. Both stockdraw and demand restraint require careful review in each national context. Depending on prevailing circumstances in a crisis, countries will have to decide individually on the mix of measures to be implemented.
- (vi) The role of unimpeded price pass-through in reducing demand in the Gulf Crisis was significant. It was also important that individual product prices moved freely to reflect local and regional supply conditions and alleviate tightness through intra-regional trade. The experience of IEA countries showed that this produced the necessary incentives to avert feared shortages of some products and surpluses of others;
- (vii) The question of product stocks is linked to that of refinery flexibility. From a security viewpoint, a combination of crude oil stocks and upgrading facilities flexibly complements emergency reserves held as products;
- (viii) Refinery capacity and flexibility was demonstrated to be an important factor of emergency preparedness, and up to date information on refining capacity and flexibility to respond to changing crude oil availability and product demand patterns needs to be available to the IEA. The size, composition and quality of the tanker fleet should also be taken into account in IEA emergency response strategy;
- (ix) The Emergency Data System played an essential role in providing the information on actual and planned oil supplies to allow the IEA to carry out its tasks efficiently. There is, however, a continuing need to improve data quality and systems for efficiently gathering data from industry in some countries;
- (x) The possibility of providing advice on IEA emergency response mechanisms to interested Non-Member countries should be considered positively, respecting the need to protect confidentiality of information;
- (xi) The experience of the Crisis should be analysed and, if relevant, taken carefully into account in future development of co-ordinated response measures, in relevant aspects of Allocations Systems Test 7 and in emergency response reviews of Member countries.

E. Dispute Settlement Centre

Item 49

Decision Adopting the IEA Dispute Settlement Centre Charter (DSC)

23 July 1980

IEA/GB(80)56, Item 8, and Annex

Set forth in Item 13 above

F. OECD Oil Response Actions

Item 50

Recommendation of the OECD

Council on Oil Stockpiling (*)

29 June 1971

C(71)113(Final)

The Council,

Having regard to Article 5(b) of the Convention on the Organisation for Economic Co-operation and Development of 14th December, 1960;

Considering that, at its meeting on 4th July, 1958, the Council of the O.E.E.C. approved the recommendations made in the Report by the Oil Committee of 11th June, 1958, on Stocks and Stockpiling of Oil, approved by the Council on 30th September, 1961 [C(58)137, C/M(58)21(Final), Item 195; OECD/C(61)5];

Considering that, at its meeting on 10th July, 1962, the Council approved the proposals contained in the Oil Committee's Report of 18th June, 1962 on the Oil Stockpiling Programme [CES/62.30 (1st Revision), C/M(62)15 Annex(Final), Item 166];

I. RECOMMENDS to the Governments of the European Member countries, taking into consideration the Report by the Oil Committee of 15th June, 1971 on Oil Stockpiling [C(71)113], and especially the economic considerations set out in paragraph 16 of the said Report;

(*) This Recommendation does not apply to Finland.

- (a) to achieve as soon as possible a stock level of at least 90 days average inland consumption of the previous calendar year, for each of the three product categories specified in paragraph 6 and computed as provided in paragraph 7 of the Report by the Oil Committee of 15th June, 1971 referred to above;
 - (b) to adopt and apply the definitions and reporting procedures set forth in that Report.
- II. The Council Resolutions of 30th September, 1961 and 10th July, 1962, referred to above, are hereby repealed.
- III. INSTRUCTS the Oil Committee to review, when appropriate, the above Recommendation.
- IV. INSTRUCTS the Oil Committee to report annually to the Council on the progress achieved in the implementation of Section I(a) of this Recommendation.

Item 51
Decision of the OECD Council
on Emergency Plans and Measures and Apportionment of
Oil Supplies in an Emergency in the OECD European Area (1)
14 November 1972
C(72)201(Final)

[The Delegate for Greece, who had accepted this Decision ad referendum, has since confirmed his agreement].

The Council,

Having regard to Article 5(a) of the Convention on the Organisation for Economic Co-operation and Development of 14th December, 1960;

Having regard to the Recommendation of the Council of the O.E.E.C. of 6th May, 1960, concerning the Apportionment of Oil Supplies in an Emergency, approved by the Council on 30th September, 1961 [C(60)85(Final), OECD/C(61)5];

(1) This Decision does not apply to Finland.

Considering that, at its meeting on 28th July, 1960, the Council of the O.E.E.C. approved the Report by the Oil Committee of 11th July, 1960, on the Apportionment of Oil Supplies in an Emergency, approved by the Council on 30th September, 1961 [C(60)155, C/M(60)20(Final), Item 177, OECD/C(61)5];

Having regard to the Resolutions of the Council of 27th June, 1967 and 26th March, 1968 concerning an International Industry Advisory Body [C(68)67, C/M(68)4 Annex (Final), Item 51(b)];

Having regard to the Report by the Oil Committee of 23rd June, 1972 on the Apportionment of Oil Supplies in an Emergency in the O.E.C.D. European Area [C(72)135];

I. REAFFIRMS the principle that in view of the necessity for safeguarding supplies, distribution and use of oil in the European Member countries, in the event of a shortage of oil supplies, the burden should be shared on a fair and equitable basis.

II. ADOPTS the procedures set forth in the Report by the Oil Committee, referred to above, on the Apportionment of Oil Supplies in an Emergency in the O.E.C.D. European Area and which are the subject of the Annex hereto which forms an integral part of this Decision.

III. DECIDES that for the implementation of the procedure for apportionment among Member countries of the supplies subject to special allocation, special allocation decisions may be taken by a two-thirds majority vote of the Oil Committee, subject to the right of any Member country not having agreed to the decision of the Oil Committee to request the Council to review the decision. Pending the Decision of the Council, the supplies subject to the special allocation decision shall be allocated as provided in paragraph 3(b)(i) of the Annex to this Decision. The Decision of the Council may provide for appropriate adjustments in subsequent allocations.

IV. AGREES that, if the Council decides that oil supplies should be apportioned, the International Industry Advisory Body shall:

- (a) advise the Oil Committee on matters relating to the availability of oil for O.E.C.D. Europe and
- (b) assist in the implementation of the Oil Committee's recommendations for the apportionment of available oil supplies.

V. RECOMMENDS that the Governments of the European Member countries:

- (a) prepare, in advance, plans that will enable them to introduce prompt and effective reductions in consumption of petroleum products if an oil supply emergency should arise,
- (b) set up or maintain committees representing the oil industry at national level.

VI. INSTRUCTS the Oil Committee to review, when appropriate, this Decision and to make proposals to the Council thereon.

VII. The recommendation of the O.E.E.C. Council of 6th May, 1960, and the Resolution of the O.E.E.C. Council of 28th July, 1960, as approved by the Council on 30th September, 1961 referred to above, are hereby repealed.

ANNEX

APPORTIONMENT OF OIL SUPPLIES IN AN EMERGENCY

1. Should an oil supply emergency arise or appear imminent, the Chairman of the Oil Committee, in consultation with the Secretary-General, would convene a meeting of the Oil Committee to make appropriate recommendations to the Council.

2. The Council could decide to put into operation, in whole or in part, the emergency procedures set forth hereunder.

I. Apportionment Principles and Criteria

3. Should oil supplies be apportioned, the following principles and criteria should be applied:

- (a) bunker requirements in Europe for ocean-going vessels and air transport should be met in full, after effecting all possible economies;
- (b) the remaining available supplies of each oil product in short supply should be apportioned as follows:
 - (i) 90 per cent of such supplies should be automatically allocated to Member countries in the same proportion as

each Member country's normal consumption of the product to that of all the European Member countries; and

- (ii) 10 per cent of supplies should be subject to special allocation in such amounts and in such proportions as the Oil Committee may from time to time determine in view of the conditions existing when the allocations are made; any portion of such supplies not specially allocated should become subject to allocation under sub-paragraph (i) above.
- (c) Member countries requesting a special allocation would be expected to have taken reasonable measures to optimise substitution by other forms of energy;
- (d) in determining the amount to be allocated to individual Member countries under (b)(ii) above, the Oil Committee should give special consideration to the existence of any or all of the following factors:
 - (i) serious economic difficulties due to the lack of oil, especially in Member countries in course of economic development;
 - (ii) climatic difficulties and seasonal factors;
 - (iii) unexpected delays or losses of supplies (e.g., as a consequence of strikes or the interruption of other sources of energy);
- (e) imports and exports of oil products between Member countries should be maintained at their normal ratio to available supplies normal trade in the other forms of energy between Member countries should also be maintained.

II. Supplies subject to Apportionment

4. Supplies subject to apportionment by the Oil Committee under the procedures provided above should comprise:

- (a) all products made from crude oil and other refinery feedstocks entering or produced in the O.E.C.D. European Area (1) after the start of an emergency.
- (b) all imports of products into the O.E.C.D. European Area (1) after the start of an emergency.

(1) Except Finland.

5. Stocks accumulated by Member countries before an emergency should be excluded from apportionment. Member countries should, however, inform the Oil Committee at the start of an emergency of all stocks of crude oil and products over which Member countries can exercise control in an emergency.

6. Crude oil and other refinery feedstocks should be excluded from the scope of the apportionment scheme, which should be based on products. Provided the optimum overall yield of products for the O.E.C.D. European Area (1) as a whole is secured, crude oil supplies to refineries of Member countries should be on as equitable and balanced a pattern as possible, taking into account that the characteristics of crude oils vary widely and that many refineries are designed to operate most effectively on specific crude oils or combinations of crude oils. In cases where the supply of crude oil cannot be arranged directly between a Member country and its suppliers, the Oil Committee should intervene to promote a satisfactory solution.

III. Functions of the International Industry Advisory Body

7. Section IV of the Decision provides that in an emergency the International Industry Advisory Body (I.I.A.B.) shall advise the Oil Committee on matters relating to the availability of oil for O.E.C.D. Europe and shall assist in the implementation of the Oil Committee's recommendations for the apportionment of available oil supplies. The I.I.A.B. should also assist the Oil Committee in assessing the overall deficit in supplies as compared with the estimated level of consumption in Member countries.

8. The Oil Committee should decide, in the light of the circumstances at the time, the products in short supply which would be subject to apportionment and should also decide after consultation with the I.I.A.B., the period of time for which each apportionment will be made. An estimate of the supplies actually available for each apportionment period should be made by the I.I.A.B. and submitted to the Oil Committee. Member countries, supported by their national oil committees, should give such assistance as may be needed to ensure that the information available to the Oil Committee and the I.I.A.B. about oil supply and demand is as complete as possible.

(1) Except Finland.

9. The Oil Committee and the I.I.A.B. should set up working groups or joint working groups as necessary to prepare information for the Oil Committee and the I.I.A.B.

IV. Procedure for Agreements on Special Allocations

10. The apportionment among European Member countries (1) of the supplies subject to special allocation should be agreed by Member countries with reasonable promptitude during each allocation period. To expedite special allocations and to avoid dislocation in the programming of supplies, the Oil Committee may take, in the conditions provided for in Section III of the above Decision of the Council decisions concerning special allocations.

11. The I.I.A.B. should be advised of the decisions reached by the Oil Committee concerning the special allocation of supplies so that these decisions can then be implemented by the oil companies.

(1) Except Finland.

Long-Term Co-operation

Item 52

Decision Adopting the Long-Term Co-operation Programme 29-30 January 1976 IEA/GB(76)5, Item 2

THE GOVERNING BOARD

- (a) reached agreement on the Long Term Co-operation Programme (the "Programme") [IEA/GB (75) 81 (3rd Revision)], to which no Delegations raised objections, and on the texts, as prepared in the Governing Board , of the Conclusions relating thereto.
-
- (c) decided that this agreement will be deemed to be a formal decision of the Governing Board when those countries referred to in paragraph (b) above, which indicated that they would give their formal consent thereto in a short period of time, have done so; and that if any of those countries is unable to do so, no concession or agreement made in connection with the Programme shall remain in effect.
- (d) agreed that when the agreement on the Programme becomes a decision, the text of the Programme shall be released to the press, but the Conclusions, declarations and statements on the Programme shall remain confidential.
- (e) noted the following declaration by the Chairman regarding Chapter V:

The Commitments expressed in Chapter V^{*1} represent a statement of policy as to the direction in which all Participating Countries have decided to move. All countries start along this path

* Canada is not bounded by Chapter V.

1. *Australia is not bound by Chapter V.*

from different positions due to differences in their existing social and economic conditions and in their existing constitutional and legislative situations. Each country will face different problems of varying degree in making progress toward the goals of the Programme, and it must be recognized that all countries cannot each the same point at the same time. Some countries have indicated that they attach particular importance to the approach reflected hereabove, and that they understand their acceptance of Chapter V in this light.

Nonetheless, recognizing also that this process must remain a dynamic one, all countries have agreed to start now, in order to avoid that those who are already farther ahead should wait for all the others to reach a similar position. Particular countries have explained in detail the different difficulties which they expect to face, and it has been agreed that these difficulties will be taken fully into consideration in the course of the review process for evaluating the efforts of Participating Countries under the Programme.

- (f) noted the following declaration by the Chairman regarding Chapter V and the Guiding Principles of the Long Term Co-operation Programme:

It is understood that due to the need for an overall balance of burdens and benefits of the commitments to be taken by Participating Countries in the Programme, the commitment contained in Chapter III, Section D, paragraph 12(b) makes it important for Participating Countries that the Guiding Principles of Chapter III, Section C, paragraph 5 and the commitment in Chapter V should be fully implemented in the spirit of the Programme, taking into account the fact that all countries may not be able to arrive that this goal at the same time.

.....

- (i) noted the following statement by the Chairman:

With regard to Chapter III, Section C, paragraph 5, the adoption of the Guiding Principle for specific co-operative projects does not imply new contractual obligations of Contracting Parties in regard to their participation in, or the implementation of, specific co-operative projects. The Guiding principles are to be taken into account in a way suitable for the specific project in question and are not contractual obligations for Member countries.

- (j) agreed to the following entries in the Conclusions of the Governing Board:
- (1) it is understood that the periodic reviews to be held under the Programme, including Chapter V, are to begin this year on an annual basis, subject to adjustment in the light of experience; it is also understood that Participating Countries are free to raise questions under Chapter V of the programme at any time in the Governing Board;
 - (2) with regard to Chapter III, Section D, paragraph 1, the concept of “imported oil sold in the domestic market” shall be understood to include imported oil consumed in any way within the territory of the Participating Country or the group of Participating Countries concerned. Exception must be made for oil used for processing on behalf of foreign customers outside the Agency area;
 - (3) for the purpose of Chapter III, Section D, paragraph 3(b), the following agreements are regarded as free trade area agreements: EFTA, the trade agreements between the EEC and Austria, Switzerland, Sweden, Norway (upon the adherence of Norway to the Programme) and Turkey, together with such other trade agreements as the Secretariat shall add to this list upon receipt of appropriate advice from the EEC Commission. It is understood that negotiations are underway between the EEC and Spain;
 - (4) the term “oil produced” in Chapter III, Section D, paragraph 3(b) refers to crude oil produced or to oil products produced from that crude oil;
 - (5) it is understood that with regard to the exceptions to the definition of imported oil set forth in Chapter III, Section D, paragraph 3, due consideration should be paid to the maintenance of a fair balance by appropriate means between the countries which can take advantage of exceptions and those which cannot;
 - (6) with regard to Chapter III, Section D, paragraph 5(a), each Participating Country will adopt such measures as it considers appropriate to ensure compatibility between the means by which it implements the MSP commitment and obligations arising from existing international agreements such as the GATT etc.;
 - (7) the pre-agreed period referred to in Chapter III, Section D, paragraph 10(a) will be longer than 30 days;
 - (8) the reference in Chapter III, Section D, paragraph 12(b) to “an international agreement among Participating Countries”

shall include an agreement between the Agency and a Participating Country;

- (9) the Standing Group on Long Term Co-operation, in carrying out the task set forth in Annex I, paragraph 4(b), shall also analyse the economic necessity of the inclusion of the oil products referred to in paragraph 4(b) for the effectiveness of the MSP scheme;
 - (10) in relation to Annex I, paragraph 4(b), in deciding about the inclusion of the products in question, account should be taken of the different import patterns of oil products among Participating Countries, so as to ensure an equitable balance between countries with varying dependence on imported products;
 - (11) decisions taken under paragraph 4(b) of Annex I, on the inclusion of products, shall be taken by unanimity.
- (k) noted that, in the light of the principle foreseen in Chapter I of the Programme that there should be a continuing balance between burdens and benefits, it would be appropriate to envisage that, should it appear that the implementation of the action foreseen in paragraph 6 of Chapter III, Section D might lead to serious damage to the economy of a Participating Country, the matter would receive consideration by the Governing Board with the objective of avoiding such serious damage, or if such damage has already occurred to decide on measures or action which would outweigh such damage.
- (l) Pursuant to Chapter III, Section D, paragraph 3(c) of the Long Term Co-operation Programme, agreed to except from the definition of imported oil the following:
- (1) crude oil of Australian origin and oil products of 50% or more Australian origin imported into New Zealand under the terms of the New Zealand/Australia Free Trade Agreement (NAFTA);
 - (2) crude oil imported into Turkey under its existing agreements with Iraq and Libya, to the extent that such crude oil is use for domestic consumption in Turkey and is not re-exported either as such or in the form of refined petroleum products.

New Zealand and Turkey will report to the Secretariat as to their arrangements under such agreements, and will report annually to the Governing Board as to the effect of these exceptions on their trade in oil.

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LONG-TERM CO-OPERATION PROGRAMME

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LONG-TERM CO-OPERATION PROGRAMME

Chapter I

GENERAL PURPOSES

1. The Participating Countries, in order to contribute to the security of their energy supply, to the reduction of their dependence on imported oil as a group and to more stable conditions in the world oil market, agree to implement a Programme of Long-Term Co-operation on energy. The Programme is designed to achieve an equitable balance of advantage among the Participating Countries, taking into account their economic and social interests and objectives. All the elements of the Programme shall be regarded as interlinked; and shall be implemented in such a manner as to ensure a continuing balance between burdens and benefits.
2. This Programme shall be carried out through the co-ordination of national efforts and by co-operative activities designed to:
 - (a) Promote the conservation of energy;
 - (b) Accelerate the development of alternative sources of energy within IEA countries and outside, through:
 - (i) An overall framework for co-operation in providing specific measure of assistance to increase and stimulate investment on a project-by project basis;
 - (ii) A general measure to encourage and safeguard investments in the bulk of conventional alternative sources of energy;
 - (iii) Co-operation in the production of additional energy from individual energy sectors;
 - (c) Encourage and promote new and beneficial technologies for the efficient production and utilization of energy;
 - (d) Work toward removal of legislative and administrative obstacles and discriminatory practices to the realization of the Programme and so to contribute to an efficient functioning of the world energy market.
3. (a) The Participating Countries shall establish periodically medium- and long-term objectives of the reduction of the dependence of the

group as a whole on imported oil. The Participating Countries shall periodically review progress toward these objectives and assess the adequacy of their national and co-operative activities.

- (b) The Participating Countries shall take into consideration developments in the Conference on International Economic Co-operation in implementing the Programme and revising it as and when necessary.

Chapter II

CONSERVATION

1. The Participating Countries shall establish national programmes and undertake co-operative activities in energy conservation. The objective of this effort shall be to reduce the rate of growth in the group as a whole of energy consumption in general and of petroleum in particular. It is recognized that such programmes and activities should be concentrated in the first instance on the elimination of waste and improvement of the efficiency of energy utilization, taking into account, amongst other factors, the effect of energy price levels on energy demand. The effort shall be designed to take account of the economic and social conditions prevailing in the Participating Countries, with due regard to the need to achieve satisfactory levels of economic development.

2. The Participating Countries shall establish conservation objectives for the group, taking into account the national objectives and forecasts of individual Participating Countries:

- (a) By 1st July, 1976, the Governing Board, on the proposal of the Standing Group on Long-Term Co-operation (the "SLT"), shall establish conservation objectives for the group for 1980 and 1985. The SLT shall review and revise these medium-term objectives as appropriate and necessary for consideration by the Governing Board;
- (b) By 1st November, each year, the SLT shall propose to the Governing Board conservation objectives for the group for the succeeding year;
- (c) The SLT shall report regularly to the Governing Board on progress towards the achievement of these objectives of the group.

3. In support of this overall effort, the Participating Countries agree to conduct within the Agency periodic reviews of their national programmes and policies relating to conservation. These reviews will be designed:

- (a) To provide a thorough and systematic assessment of evolving national programmes and policies on the basis of common criteria;
- (b) To identify areas in which programmes might be improved;
- (c) To promote co-operation in the area of conservation, including a detailed exchange of information, experience, and expertise in the area of conservation.

The reviews shall be conducted by the SLT which shall make a full report on their results and conclusions to the Governing Board.

Chapter III

ACCELERATED DEVELOPMENT OF ALTERNATIVE SOURCES OF ENERGY

1. The Participating Countries agree to carry out national programmes and to undertake co-operative measures and programmes to stimulate and increase production from alternative sources of energy as rapidly as possible, consistent with their economic and social conditions.

2. The Participating Countries will, as appropriate and necessary, create a climate favourable for investment in energy, employ public resources and contribute to, or directly engage in, the production of alternative sources of energy.

3. The Participating Countries shall establish medium- and long-term objectives for the group as a whole for the production of alternative sources of energy, taking into account national programmes and policies of Participating Countries. The SLT shall:

- (a) Review and revise these medium-term objectives as appropriate and necessary for consideration by the Governing Board;
- (b) Report regularly to the Governing Board on progress towards the achievement of these objectives by the group.

4. The Participating Countries shall undertake periodic reviews of the activities set forth in the following sections of this Chapter in terms of:

- (a) Their effectiveness in development of alternative sources of energy production;
- (b) The maintenance of and equitable balance between general and specific measures of co-operation in the development of energy;
- (c) The possible need for additional types of co-operative Agency activities within this framework of co-operation.

A. REVIEW OF NATIONAL PROGRAMMES

1. The Participating Countries agree to conduct periodic reviews within the Agency of their national programmes and policies relating to the accelerated production of alternative sources of energy. These reviews shall be designed:

- (a) To provide a thorough and systematic assessment of evolving national programmes and policies on the basis of common criteria;
- (b) To identify areas in which programmes might be improved;
- (c) To promote co-operation in the area of accelerated production, including a detailed exchange of information, experience and expertise in the production of alternative sources of energy.

2. These reviews shall be conducted by the SLT, which shall make a full report on their results and conclusions to the Governing Board.

B. CO-OPERATION IN SPECIFIC ENERGY SECTORS

1. The Participating Countries shall co-operate, to the extent feasible and desirable, in increasing the production of energy from specific energy sectors.

2. The Participating Countries shall assess periodically, drawing on the results of the reviews of national programmes, the potential for additional energy production from various sources within the IEA area. On the basis of this assessment, the Participating Countries will explore co-operative activities which may be appropriate and necessary to increase the production of energy from these specific energy sectors.

3. The work programme already under way in the nuclear and coal sectors should be continued actively. The SLT shall identify additional areas for such co-operative activities as soon as possible and make proposals, as appropriate, to the Governing Board for its consideration.

C. FRAMEWORK FOR CO-OPERATION ON ENERGY PROJECTS

1. The Participating Countries shall establish an overall framework for co-operation under which specific measures of assistance will be provided. The framework is intended to increase the supply of energy within the group by stimulating and increasing investment in energy production on a project-by-project basis. Both lower and - where justified - higher cost projects will be embraced by this co-operation, which will have as its particular objective the facilitation of concrete projects bringing together complementary factors of production from two or more Participating Countries.

2. In support of this co-operative effort, the Agency Secretariat shall establish a clearing-house for relevant information on:

- (a) Energy policies and programmes of the Participating Countries;
- (b) Opportunities for, and major characteristics of, possible co-operative energy projects in IEA countries.

The above information will be provided by the Participating Countries and other sources as appropriate. The Agency Secretariat shall collect and disseminate this information to the Participating Countries and, as appropriate, to the private sector.

3. In order to promote co-operative energy projects, the Agency will:

- (a) On request, arrange for joint meetings among parties interested in specific projects;
- (b) On request, offer its assistance in concluding individual agreements; and
- (c) Maintain a list of agreements for co-operative projects.

4. The Participating Countries shall endeavour to develop, under this framework for co-operation, by 1st January, 1977, a first set of concrete

co-operative projects, including both lower cost and - where justified - higher cost projects, which have been or may be developed by the public and/or private sectors of two or more Participating Countries.

5. In order to encourage and facilitate the formation of co-operative projects for increased production from alternative sources of energy, the Participating Countries adopt the following Guiding Principles:

- (a) The Governments of Participating Countries will help to identify, on a case-by-case basis, specific co-operative projects for the production of additional energy supplies in which enterprises and parties, public or private, from two or more Participating Countries are willing to take part. Enterprises and parties taking part in a project would make a financial, scientific, material, manpower and/or technical contribution as agreed among them;
- (b) (i) With respect to specific co-operative energy projects involving public and/or private enterprises or parties of other Participating Countries, which the Host Government determines are in accord with its jurisdiction and its national policies, the Governments of the parties taking part in a particular co-operative project shall facilitate investment (including investment in exploration for and exploitation of energy sources) by endeavouring to:
 - Accord national treatment and most-favoured-nation treatment to such enterprises, or parties;
 - Avoid the introduction of new limitations upon the extent to which such enterprises are accorded national treatment and most-favoured-nation treatment with respect to such co-operative energy projects;
 - Use good offices where requested and where appropriate;
 - Avoid the introduction of limitations on the exchange of skilled manpower, and materials and equipment, taking into account the needs and the possibilities of the countries concerned, which may be required for successful completion of such projects as well as on associated transactions in financial assets, including the repatriation of profits of such enterprises;

- Take account in considering alterations of taxation and production policy as they relate to those projects of the effect of such alterations on the economics of such projects including projects already under way;
 - Avoid introducing, once such a project is established, new measures which would make mandatory a change in the degree of participation by enterprises from other Participating Countries;
- (ii) With respect to those specific co-operative energy projects which the Host Governments determine are likely to lead to a substantial increase in energy production which probably would not otherwise be available and involve a substantial contribution from public and/or private enterprises of other Participating Countries, the Host Government shall consider:
- Guaranteeing to enterprises or other parties from other Participating Countries, through legislative and administrative actions if necessary and appropriate, the right to export to their own countries a portion of the product of the project corresponding to their participation in the project or an equitable portion as may be agreed;
 - Affording to nationals and companies of other Participating Countries which become parties to such a project incentives similar to those granted to its own nationals of companies with respect to that project.

D. GENERAL MEASURE OF CO-OPERATION

1. In order to encourage and safeguard new investment in the bulk of conventional alternative sources of energy, the Participating Countries shall, as a general measure of co-operation ensure that imported oil is not sold in their domestic markets below a price corresponding to US\$ 7/bbl in accordance with the following paragraphs of this Section and with Annex I hereto. The price of US\$ 7/bbl is hereafter referred to as the Minimum Safeguard Price (the “MSP”).

2. For the purposes of this general measure, the term “oil” shall include:

(a) Crude oil, and

- (b) Oil products as determined in accordance with the provisions of Annex I hereto.

3. The term “imported oil” shall include all oil entering the domestic market of a Participating Country which has been produced outside the Participating Country, except:

- (a)* Oil traded among members of the same customs union if applying the same external measure to guarantee the MSP;
- (b)* Oil produced in Participating Countries and traded among members of the same free trade area;
- (c) Oil produced outside the Participating Country and imported under a special co-operative agreement or arrangement, as may be agreed by the Governing Board in accordance with Annex I hereto.

4. The intended effect of the MSP shall be maintained in the following manner:

- (a) The MSP level shall be reviewed by the SLT from time to time as appropriate or at the request of one of the Participating Countries. The results of this review shall be communicated to the Governing Board for its consideration;
- (b) The review shall take account of the overall objectives of the International Energy Program, the objectives and results of the Long-Term Co-operation Programme, including the encouragement and safeguarding of the investment in the bulk of conventional energy sources, the evolution of the world energy situation, and the economic situation of the world in general and of the Participating Countries in particular;
- (c) The Governing Board shall consider on the basis of this review (i) whether the existing MSP level is adequate to meet the objectives set forth in paragraph 1 of this Section and the criteria in subparagraph (b) above or (ii) whether a new MSP level should be fixed in the light of these objectives and criteria. The Governing Board shall decide changes in the level of the MSP by unanimous vote unless the Governing Board hereafter decides unanimously on another voting rule.

* The objective of Participating Countries in applying 3(a) and (b) within Europe will be that oil produced within EEC or within free trade areas in Europe will not be treated as imported oil when within these areas among Participating Countries.

5. (a) In order to meet the commitment set forth in paragraph 1 of this Section, each Participating Country or group of Participating Countries shall apply a measure or measures of its/their own choice from among the measures listed in Annex I hereto.

(b) The Participating Countries shall endeavour not to apply such measure or measures in a manner which would discriminate against IEA- produced oil relative to oil produced outside the IEA area.
6. The Participating Countries undertake that, in the event of the activation of the commitment established in paragraph 1 of this Section, they will not encourage the import of oil produced outside the IEA with the effect of displacing within their markets oil produced within the IEA area.
7. The Secretariat shall on a continuing basis, drawing, in particular, on the general information system established by Chapter V of the I.E.P. Agreement, monitor and assess the trend of the world oil price paid for imported crude oil by individual Participating Countries.
8. Within 30 days following either a finding by the Secretariat or a report by a Participating Country or group of Participating Countries that the condition requiring activation of the commitment as set forth in paragraph 1 of this Section will most likely be met, the Governing Board shall meet:
 - (a) To review the general oil price situation and the implications thereof with regard to the general measure of co-operation;
 - (b) To exchange/review information on the effectiveness of measures which will be applied if and when necessary to meet the commitment established in paragraph 1 of this Section;
 - (c) To review the status of the other undertakings provided under this general measure of co-operation.
9. In any case, the Governing Board shall meet for a special consultation before the commitment set forth in paragraph 1 of this Section is activated by any Participating Country or group of Participating Countries. This consultation shall not affect the obligation to activate the commitment according to paragraph 10(a) below.
10. (a) The commitment of each Participating Country or group of Participating Countries set forth in paragraph 1 of this Section

shall be activated as soon as the average f.o.b. price paid for imported crude oil, as defined in paragraph 3 of this Section, by the Participating Country or the group of Participating Countries, has remained below the MSP for more than a pre-agreed period by more than pre-agreed amount. Each Participating Country or group of Participating Countries shall report to the Agency whenever the foregoing situation has arisen and confirm that it has taken the action required to meet its commitment.

- (b) The commitment set forth in paragraph 1 of this Section will be deactivated when the average f.o.b. price paid for imported crude oil, as defined in paragraph 3 of this Section, by the Participating Country or group of Participating Countries returns to the level of the MSP or above.

11. Within 30 days after a report by a Participating Country or group of Participating Countries, as set out in paragraph 10, or a report by the Secretariat that in its opinion the commitment has been activated for one or more Participating Countries, the Participating Countries shall meet to review the situation. Thereafter, unless otherwise agreed, the Participating Countries shall meet to review the situation every 90 days as long as the commitment established in paragraph 1 of this Section is still activated for any Participating Country.

12. (a) The SLT shall periodically review and assess each Participating Country's requisite authority to implement the commitment set forth in paragraph 1 of this Section. The SLT shall report to the Governing Board on the results of the review and the assessment.

- (b) In any case, whenever, upon a finding by the Secretariat based on its continuous monitoring and analysis of world oil prices, there is a reasonable expectation that in the near future this commitment will be activated, or when the Governing Board, taking this analysis by the Secretariat into due consideration, acting by majority vote, so decides, each Participating Country or group of Participating Countries which does not have the requisite authority to implement it in a fully effective manner shall seek the necessary authority to permit such application in good time, either by enactment of legislation, or by parliamentary approval of an international agreement among Participating Countries embodying provisions for implementing the commitment, or by other appropriate measures, or by a combination of the foregoing.

Chapter IV

ENERGY RESEARCH AND DEVELOPMENT

1. Participating Countries agree to carry out national programmes of energy research and development and, as may be agreed between some or all of them, to undertake co-operative activities including jointly financed programmes and projects in energy research and development.

2. In order to promote and facilitate co-operation in this area, the Participating Countries adopt the Guiding Principles on Research and Development and the Guidelines on Intellectual Property as a Recommendation annexed to the Guiding Principles, contained in Annex II hereto.

3. In further support of this co-operation, the Participating Countries agree to develop, as appropriate, and implement a strategy for research and development. This strategy will be closely linked to, and co-ordinated with the other parts of the Agency's Long-Term Programme. It will identify major new energy sources and conservation possibilities; their potential energy contribution and probable time scale of commercial implementation and define option; will provide for a periodical review of national efforts; and will identify possible new areas of fruitful co-operation. The Committee on Research and Development, in conjunction with the SLT, shall propose a basis for the choice for such a strategy for consideration by the Governing Board, not later than the end of 1976.

4. The Participating Countries also agree to continue and intensify their co-operation in the ten priority areas specified in Article 42 of the I.E.P. Agreement; and to examine in depth the possibilities of establishing programmes in new R & D areas, notably:

1. High Temperature Reactors for Process Heat.
2. Small Solar Power Systems.
3. Geothermal.
4. Wind Power.
5. Wave Power.
6. Ocean Thermal Gradients.
7. Biomass Conversion.

LEGISLATIVE AND ADMINISTRATIVE OBSTACLES AND
DISCRIMINATORY PRACTICES

1. Without prejudice to the rights of each Participating Country to exercise ownership and control over its natural resources and national economy and to protect its environment and the safety of its citizens, the Participating Countries, recognizing the desirability in light of the objectives of the Programme of not affording less favourable treatment to nationals from other Participating Countries than that afforded to nationals of their own countries in the energy field, shall work towards the identification and removal of legislative and administrative measures which impair the achievement of the overall objectives of the Programme.
2. Participating Countries shall use their best endeavours to apply legislation and administrative regulations, within the limits of their already existing laws and regulations, in such a way as not to afford to nationals of other Participating Countries less favourable treatment than that afforded to national of their own countries, in particular with regard to energy investments, the purchase and sale of energy, and the enforcement of rules of competition.
3. Participating Countries shall use their best endeavours to refrain from introducing legislation or administrative regulations in the energy field which would prevent them from affording the nationals of other Participating Countries treatment no less favourable than that afforded to their own nationals.
4. As part of the periodic review under the Programme, the Agency shall pay particular attention to the efforts of each Participating Country to carry out its commitments under this Chapter, in particular in conformity with the above paragraphs to identify and progressively remove obstacles to their implementation and to assess progress achieved by Participating Countries in approaching the overall objectives of this Chapter and to keep the overall balance of the implementation of the Long-Term Programme.

* Chapter V is not binding on Canada.

1. *Chapter V is not binding on Australia.*

Annex I

PROVISIONS FOR THE GENERAL MEASURE
SET FORTH IN CHAPTER III, SECTION D OF THE PROGRAMME

1. The SLT shall examine and report to the Governing Board for its decision by 1st July, 1976, whether the MSP level set forth in Chapter III, Section D, paragraph 1 should be interpreted:

- (a) As a price corresponding to US\$ 7/bbl f.o.b. average of one or more specific Persian Gulf crudes;
- (b) Or as a price corresponding to US\$ 7/bbl f.o.b., average price of imported crude oil as defined in paragraph 3 of Chapter III, Section D, for each Participating Country or group of Participating Countries;
- (c) Or as a price corresponding to US\$ 7/bbl f.o.b., average price of 16 crudes identified by the Standing Group on the Oil Market weighted by the relative volume pertinent to the IEA countries as a whole in a specific base period;
- (d) Or as a price corresponding to US\$ 7/bbl f.o.b., average price of 16 crudes identified by the Standing Group on the Oil Market weighted by the volume of these crudes imported by the relevant Participating Country or group of Participating Countries in a specific base period.

2. The commitment of each Participating Country or group of Participating Countries set forth in Chapter III, Section D, paragraph 1 of the Programme will be fulfilled:

- (a) As far as crude oil is concerned, when the average price of imported crude oil is increased by an amount equal to the difference between the MSP and the average f.o.b. price paid for imported crude oil by the Participating Country. In determining the average f.o.b. price of the imported crude oil, a market crude(s) system will be used;
- (b) As far as oil products are concerned, when the average prices of imported oil products are increased by the amount set forth in (a) above. This can be realized either by lifting the price of each type of imported product by the same amount or by modification of the increase of the price of imported products by a specific coefficient developed for each type of product.

3. The SLT shall examine and report to the Governing Board for its decision by 1st July, 1976, on:

- (a) The modalities of the market crude(s) system referred to in paragraph 2(a) above considering the relationship of market crude(s) to other imported crudes;
- (b) The period and the amount set forth in Chapter III, Section D, paragraph 10 of the Programme;
- (c) The modalities of the de-activation of the commitment set forth in Chapter III, Section D, paragraph 1.

4. (a) Oil products shall include:

- Kerosene and kerosene-type jet fuel; gas/diesel oil;
- Residual fuel oils.

(b) The SLT shall examine and report to the Governing Board for its decision by 1st July, 1976, whether or not oil products to be used as feedstocks for the petrochemical industry shall be included. This study should cover, among other matters, the question of distinguishing between oil products used as feedstocks for the petrochemical industry and other oil products, the effect on the competitive position of the industry and the best way to avoid competitive difficulties for petrochemical feed stocks as a result of an MSP charge on imported oil. The SLT shall pursue this subject as a matter of priority. On the basis of this report by the SLT, the Governing Board will decide on the question of the inclusion of the following products:

- Motor Gasoline, aviation gasoline, gasoline-type jet fuel;
- Naptha.

5. The SLT shall examine and report to the Governing Board for its decision by 1st July, 1976, on the problems of definition, origin and destination of oil.

6. The Governing Board, acting by unanimity, may upon a request by a Participating Country, grant exceptions to the definition of imported oil set forth in Chapter III, Section D, paragraph 3, subparagraph (c) of the Programme, taking into consideration, among others, the following factors:

- (a) Whether the oil concerned is directly attributable to and proportionate to an energy-related investment made by the Participating Country after the date of adoption of the Programme;

- (b) The need to assure that the overall effectiveness of the general measure as a measure to encourage and safeguard new energy investment is not prejudiced; and
- (c) The need to assure that the balance of advantage among the Participating Countries is not significantly altered.

7. With regard to Chapter III, Section D, paragraph 5 of the Programme, the measures are as follows:

- (a) A specific charge (otherwise known as a specific levy, duty, tariff or fee) adjusted periodically imposed at the border on oil arriving at an f.o.b. price below the MSP, designed, on average, to bring the price up to the MSP;
- (b) A variable charge (otherwise known as a variable levy, duty, tariff or fee) adjusted cargo by cargo, imposed at the border on oil arriving at an f.o.b. price below the MSP, designed to bring the price up to the MSP;
- (c) Import quota;
- (d) Consumption taxes or other taxes if practicable and consistent with the overall objective of Chapter III, Section D of the Programme;
- (e) Other measures as may be deemed appropriate by the Governing Board.

Annex II¹

GUIDING PRINCIPLES FOR CO-OPERATION IN THE FIELD OF ENERGY RESEARCH AND DEVELOPMENT*

Article I

In fulfillment of Chapter VII of the Agreement on an International Energy Program, the Participating Countries shall:

- Encourage and implement exchanges of information among all Participation Countries regarding national programmes, public and private, on energy R & D and energy-related technologies; and

1. *Annex II to the Long-Term Co-operation Programme has been amended on two occasions. The first amendment, in 1991, provides for Associate Participation in IEA Implementing Agreements [See IEA/GB(91)79] and the second, in 1993, provides for the participation of Sponsors [See IEA/GB(93)57]*

* See IEA/GB/DEC/75.8

- Identify and promote programmes and projects in which two or more Participating Countries can join for their mutual benefit or for the general benefit; this may include the formation of consortia, involving both public and private interests, to implement certain joint activities.

Article II

Each Participating Country shall contribute as fully as possible to the programmes and project identified in accordance with Article I of the present Decision and shall endeavour to secure the necessary scientific, technical and financial resources, as appropriate, by attracting both public and private support to such programmes and projects. The Implementing Agreements establishing such programmes and projects shall, as appropriate, take into account the Guiding Principles set forth herein.

Article III

(a) The Participating Countries may designate national agencies or other public organisations as the vehicle for their participation, in particular programmes and projects, and shall encourage private corporations or companies or other entities in their Countries to take part in such programmes and projects as appropriate.

(b) In defining and conducting their national programmes, the Governments of the Participating Countries should avoid unnecessary duplication with programmes and projects undertaken in implementing the present Decision.

Article IV

(a) Participation in programmes and projects under the present Decision shall be on the basis of equitable sharing of obligations, contributions, rights and benefits. Participants in programmes and projects shall undertake to make a constructive contribution, whether technical, financial or otherwise, as may be agreed.

(b) The “participants” means the governments of Participating Countries, or the designated national agencies, public organizations, private corporations, companies or other entities, which take part in programmes or projects under the present Decision, pursuant to Article III (a) above.

(c) The European Communities may take part in any programme or project under the present Decision.

(d) Other Member countries of the OECD may take part in any programme or project under the terms of the present Decision with the agreement of the Governing Board.

(e) Associates may take part in any programme or project under the terms of the present Decision with the agreement of the Governing Board and in accordance with the provisions on associate participation set forth in Articles VI and VII below. The term “associates” means participants from non-members of the OECD and from international organizations in which non-members of OECD participate.

Article V

Programmes and projects under the present Decision may take the form of, *inter alia*:

- (a) Exchange of information on national programmes and policies, on scientific and technological developments, and on legislation, regulations and practices;
- (b) Meetings to identify programmes or projects which might be usefully undertaken;
- (c) Visits and exchanges of scientists, technicians or other experts;
- (d) Special programmes and projects in the form of coordination and planning of specific R & D studies, works or experiments carried out at national level, with subsequent exchange, joint evaluation and pooling of the scientific and technical results acquired through such studies, works or experiments;
- (e) Creation of programmes and projects, including participation in the operation of special research or pilot facilities and equipment provided by a Participating Country, or in the form of joint design, construction and operation of such facilities and equipment;

(f) Joint development and harmonisation of technical criteria.

Article VI

(a) In order to further certain programmes and projects, participants from two or more Participating Countries may conclude, where appropriate, a specific Implementing Agreement to which the Participating Countries or Participants designated by them will be able to subscribe.

(b) Other participants from Participating Countries, where designated to that effect by the Governments of their respective Countries, may become subsequently parties to an Implementing Agreement and a Participant may withdraw from an Implementing Agreement in accordance with the terms and conditions defined in such Agreement.

(c) Other Member countries of the OECD may take part in any programme or project under an Implementing Agreement with the agreement of the Governing Board and in accordance with the terms and conditions defined in such Agreement.

(d) "Associates" as defined in Article IV (e) above may take part in any programme or project under an Implementing Agreement or other arrangements:

- (1) Where the associate would be able to make a substantial contribution to the programme or project;
- (2) With the agreement of the Governing Board;
- (3) Under terms and conditions reflecting, as appropriate, the provisions on associate participation set forth in Article VII below and any applicable Governing Board decisions; and
- (4) In accordance with terms and conditions provided in the formal arrangements for such participation.

(e) Implementing Agreements should establish the terms of the contribution for scientific and technical information, know-how and studies, or manpower, or capital investment and other forms of financing to be provided by each participant.

(f) Unless otherwise agreed, Implementing Agreements shall assign the responsibility for the operational management of the programme or project to a single entity, accountable to a specific Participating Country where feasible.

(g) Implementing Agreements should, upon signature, be presented to the Governing Board for information.

Article VII

(a) The associate may be the government of a non-member of OECD or a national agency, public organisation, private corporation, company or other entity designated by that government or by the Governing Board or an international organisation in which non-members of OECD participate.

(b) Associate participation in a programme or project under an Implementing Agreement shall be effected by accession of the associate to the Implementing Agreement, amended as appropriate, or by other arrangements.

(c) The level of associate participation shall be the subject of agreement between the associate and the Contacting Parties to the Implementing Agreement. The terms, conditions and duration of associate participation are to be agreed in each case on an equitable basis in relation to the sharing of obligations, contributions, rights and benefits as in the case of participation by OECD Countries. However, unless the Governing Board decides otherwise in specific cases, associate participation shall not give rise to voting rights on the following structural and policy question: the admission of new Contracting Parties or Task participants, adoption of new Tasks, adoption of Annual Programmes of Work and the determination of intellectual property questions. Associates which participate on an equitable basis in the funding of the Budget shall enjoy a corresponding right to vote on the Budget, Annual Programme of Work and relevant activities. They shall not serve as Operating Agents or as Executive Committee Chairmen.

(d) Requests for authorisation of associate participation shall be made by the Executive Committee for review by the Committee on Energy Research and Technology which shall report its views to the Governing Board. The Secretariat shall inform the Committee on Non-Member Countries on all such requests. The final decision shall be made in each case by the Governing Board.

Article VIII

(a) In exceptional cases, entities of OECD Member countries that are not designated by governments of those countries to participate in a particular programme or project under an Implementing Agreement, and non-intergovernmental international entities in which one or more entities of OECD Member countries participate, may become Sponsors with respect to a programme or project under such an Implementing Agreement.

(b) Sponsorship of a programme or project established by an Implementing Agreement shall require:

- (1) a unanimous decision by the Contracting Parties to that Implementing Agreement, specifying the proposed terms and conditions (including duration) of such sponsorship;
- (2) approval of such sponsorship, and of the terms and conditions for such sponsorship, by the Committee on Energy Research and Technology (CERT); and
- (3) written acceptance of the terms and conditions, addressed to the Agency, by the proposed Sponsor.

Any amendment to the accepted terms and conditions also shall be subject to the above requirements. The CERT may expressly condition its approval of a proposed sponsorship and the terms and conditions of such sponsorship, or of an amendment to such terms and conditions; in that case, the invitation shall not be extended (or, as the case may be, the amendment shall not become effective) unless the condition has been unanimously adopted by the Contracting Parties to the Implementing Agreement.

(c) The terms and conditions of sponsorship shall be equitable in relation to the sharing of obligations, contributions, rights and benefits.

(d) No proposed invitation to an entity of an OECD Member country to participate as a Sponsor in a programme or project under an Implementing Agreement shall be submitted to the CERT for its approval over an objection by the CERT Delegate of the OECD Member country of that entity, who shall be afforded reasonable notice, as may be determined by the CERT, to review the proposal prior to its submittal to the CERT.

Article IX

(a) Subject to provisions in specific Implementing Agreements relating to the sharing of expenditure, each participant shall bear the cost of its own participation in the programmes and projects under the presents Decision.

(b) Each Government of a Participating Country shall use its best endeavours to facilitate the accomplishment of formalities involved in the exchange of persons, the importation of materials and equipment and the transfer of currency, which are required for the purpose of the programmes and projects undertaken under the present Decision.

(c) A Participating Country or an International Organisation may be invited to assume responsibilities in relation to the initiation of programmes and projects or the practical arrangements necessary for the preparation or execution of them.

(d) Programmes and projects shall be subject to the applicable laws and regulations of the Participating Countries and shall be subject to the appropriation of funds of the Governments and their national agencies concerned.

Article X

(a) Scientific, technical and other information:

- Resulting from programmes and projects, or
- Obtained for the purpose of programmes and projects an which is freely at the disposal of the participants,

shall be made available to Participating Countries, in accordance with any particular terms and conditions that may be prescribed in Implementing Agreements. The Contacting Parties should make as much programme or project information as possible available to associates, consistent with both the equitable considerations mentioned in Article VII (c) above and with the formal terms and conditions of the associates' participation.

(b) Reports on the progress of programmes and projects shall be submitted at least annually to the Governing Board.

Article XI

The termination or modification of the present Decision shall not automatically affect either the carrying out of any programme or project undertaken in accordance with this Decision or the provisions of any Implementing Agreement previously concluded.

*Annex to the Guiding Principles**

GENERAL GUIDELINES CONCERNING INFORMATION AND INTELLECTUAL PROPERTY IN IMPLEMENTING AGREEMENTS PURSUANT TO ARTICLE VI(A) OF THE DECISION OF THE GOVERNING BOARD ON GUIDING PRINCIPLES FOR CO-OPERATION IN THE FIELD OF ENERGY RESEARCH AND DEVELOPMENT

I. INTRODUCTION

1. The Participating Countries anticipate that the Decision of the IEA Governing Board of 28th July, 1975 on Guiding Principles for Co-operation in the Field of Research and Development [IEA/GB/DEC/75.8], will result in a wide range of programmes and projects among a variety of participants. Implementing Agreements between participants in particular co-operative activities should, where appropriate, contain detailed operational provisions including rules governing dissemination of scientific and technical information and rights to intellectual property. It is understood that such Agreements will be developed with regard to the special circumstances of each programme or project, taking into account the following Guidelines.

2. DEFINITIONS

As used in this Annex,

- “Participating Countries” shall mean all states which participate in the International Energy Program as Participating Countries of the International Energy Agency.

* See IEA/GB(75)94, Item 5.

- “participants” shall mean the Governments of Participating Countries, or the designated national agencies, public organizations, private corporations, companies or other entities which take part in programmes or projects under the Governing Board Decision of 28th July, 1975.
- “intellectual property” shall mean intellectual property as defined in Article 2(*viii*) of the Convention Establishing the World Intellectual Property Organisation, signed on 14th July, 1967, as well as proprietary information.
- “proprietary information” shall mean information of a confidential nature (including e.g. “know-how” and “software”) and information appropriately marked which is not yet patented or is not patentable but is subject to property rights or to commercial or other restrictions of a contractual, customary or legal nature.

II. GENERAL DISSEMINATION OF INFORMATION

3. Participants involved in a programme or project under an Implementing Agreement should support the widest possible dissemination of information to all Participating Countries, subject only to the need for protecting intellectual property and in particular, retaining in confidence that type of property which can be destroyed by improper or premature disclosure. Implementing Agreements should therefore provide for appropriate arrangements for the dissemination of such information to Participating Countries according to Article VIII(*a*) of the Guiding Principles. This policy should be applied in relation to programmes and projects for industrial and commercial applications, such as consortia, as well as to purely scientific forms of co-operation.

4. The participants in a programme or project may invite other Participating Countries to make available or to identify all published information known which concerns the programme or project.

III. EXCHANGES OF INFORMATION AND JOINT MEETINGS

5. With respect to intellectual property generated as a direct result of participants exchanging information in a specified field (“resulting intellectual

property”), it will be difficult in many cases to identify specific, underlying information used to generate such property (“underlying information”), as well as the origin of the information used. However, to the extent such property can be identified:

- The generating participant (or its Government, where appropriate) shall determine the allocation of all rights to resulting intellectual property in all countries, provided however that the participant which supplied the underlying information used (and, where appropriate, its Governments and the nationals designated by it) shall be granted a non-exclusive licence to resulting intellectual property in all countries other than the country of the generating participant.

IV. EXCHANGES OF SCIENTISTS OR OTHER EXPERTS

6. With respect to intellectual property generated as a direct result of visits and exchanges of scientists or other experts between participants:

- The generating participant (or its Government, where appropriate) receiving the scientists or experts shall determine the allocation of all rights to such intellectual property in its own country and in all third countries, provided however that the participant sending the scientists or experts (and, where appropriate, its Government and nationals designated by it) shall be granted a non-exclusive licence to such property in third countries other than that of the generating participant;
- The participant (or its Government, where appropriate) sending the scientists or the experts shall determine the allocation of all rights to such intellectual property in its own country.

V. ADDITIONAL PROVISIONS FOR EXCHANGES OF INFORMATION AND SCIENTISTS (AND FOR OTHER SIMPLIFIED ARRANGEMENTS)

7. Each participant will take all necessary steps to protect and respect the intellectual property referred to in paragraphs 5 and 6 in accordance with the laws of its respective country and international law.

8. Each participant in a programme or project will, without prejudice to any rights of inventors under its national law, take all necessary steps to provide the co-operation from its authors and inventors required to carry out the provisions in the Implementing Agreement regarding intellectual property.

9. Each participant will assume the responsibility to pay awards or compensation required to be paid to its employees according to the laws of its country.

VI. FOR SPECIAL JOINT PROJECTS AND PROGRAMMES

A. *Use of pre-existing intellectual property for the purpose of programmes and projects*

10. Intellectual property which is in the possession of, owned by or otherwise at the disposition of either a participant or its Government at the commencement of the co-operative activity and which is needed for the purposes of the project or programme, should be made available to the other participants (and, where appropriate, to the Governments of other participants) and to their prime or subcontractors for use in the project or programme only. This obligation concerns only intellectual property which is freely at the disposal of the participant or Government and the transmission or use of which is not subject to contractual and/or legal obligations.

11. A participant and its Government contributing pre-existing information and/or intellectual property for the purpose of the project or programme should normally be given recognition of this contribution, on terms and conditions to be defined by or pursuant to the Implementing Agreement.

B. *Rights in intellectual property resulting from the co-operative activities*

12. In most cases, projects and programmes will generate intellectual property, the detailed treatment of which can only be agreed on a case-by-case basis, in view of the complexity of the factors to be taken into account. However, the following principles should be followed:

- Arrangements should be agreed for appropriate dissemination of proprietary information resulting from the co-operative activity;

- Steps should be taken for ensuring appropriate protection of intellectual property generated by programmes or projects;
- Each participant (or its Government, where appropriate) should be granted the exclusive right to licence the manufacturing of a product or use of a process in its own country, and a non-exclusive right to licence the sale of a product in the countries of all participants, on terms and conditions to be agreed to on an equitable basis related to the sharing of obligations, contributions, rights and benefits of the participants and their Governments;
- Use of such property by the participants in the territory of other countries should be agreed upon between the participants (or their Governments, where appropriate) on an equitable basis related to the sharing of obligations, contributions, rights and benefits of the participants and their Governments.
- Other Participating Countries, in order to meet their energy needs, will have the right (in agreement with the participants) to a non-exclusive licence in their own country on terms that are equitable to the participants.

C. *Use of pre-existing intellectual property for related purposes*

13. The paragraph concerns the continued use for related purposes of pre-existing intellectual property *after the termination of a programme or project*. Detailed treatment of such property can only be agreed on a case-by-case basis, in view of the complexity of factors to be taken into account. However, the following principles should be followed:

- Arrangements should be agreed by all recipients for respecting pre-existing intellectual property and maintaining proprietary information in confidence;
- Steps should be taken to restrict further dissemination of proprietary information which is not covered by agreement of the originating participant;
- Each participant (and, where appropriate, its Government and nationals designated by it) should be granted a non-exclusive licence to such property in the countries of all participants, for use

as determined by the Implementing Agreement and on terms and conditions agreed to on an equitable basis related to the sharing of obligations, contributions, rights and benefits of the participants and their Governments;

- Use of such property by the participants in the territory of other countries should be agreed upon between the participants (or their Governments, where appropriate) on an equitable basis related to the sharing of obligations, contributions, rights and benefits of the participants and their Governments;
- Other Participating Countries, in order to meet their energy needs, will have the right (in agreement with the participants) to a non-exclusive licence in their own country on terms that are equitable to the participants.

D. *Other Provisions*

14. Implementing Agreements should contain provisions with respect to:

- The protection of intellectual property;
- Co-operation from authors and inventors; and
- Awards and compensation due to authors an inventors.

VII. EXPLANATORY NOTES

15. As used in the text, the term “non-exclusive licence” and the term “exclusive licence” do not indicate whether or not such licences are royalty bearing; this issue is left for decision of the participants.

16. In providing for the protection of intellectual property with regard to a specific project, participants may take account of the effectiveness of the protection afforded under the respective laws of all countries.

17. In regard to the designation of nationals to receive licences provided for in these Guidelines, such designation may be delegated to a private participant by its Government.

18. Nothing herein shall derogate from the rights of the Governments of participants in respect of intellectual property and proprietary information as provided for by their national laws.

Item 53
Ministerial Decision on Group Objectives
and Principles for Energy Policy
5-6 October 1977
IEA/GB(77)52(1st Revision), Item 2
Annex to the Conclusions

Set forth in Item 17 above

Item 54
Ministerial Actions on Short-term Energy Measures
21-22 May 1980
IEA /GB (80) 49, Item 3

Yardsticks and Ceilings, and Stock Policies
A System for Adjusting National Import Ceilings and Goals,
Annex II Consultations on Stock Policies, Annex III

Set forth in Item 31 above

Item 55
Ministerial Recommendation on Indigenous Fuel Production
11 May 1987
IEA/GB (87) 33 Annex

5. Continued investment in energy production on an internationally competitive basis, particularly in exploration and development of resources indigenous to IEA countries, is a vital component in achieving adequate supply to support energy security and economic growth.

6. Falling oil prices occasioned considerable industry-wide expenditure cuts in oil exploration, developments and production in the IEA area. Ministers noted that this has had a generally depressing effect on exploration

and development activities for gas and coal as well. A cautious attitude toward investment by the oil gas, and coal industries and the financial institutions supporting them remains.

7. Governments and industry are reacting to recent market developments to counter, in part, the effect of lower prices. Tax and royalty regimes in many producing countries have been substantially adjusted to new conditions, either as a result of automatic adjustments to lower prices, or following deliberate policy decisions. Ministers noted with particular satisfaction the progress made in recent agreements concerning development of indigenous gas resources of IEA countries. Coal production in a number of countries has been further rationalised. Continuing support of technical advances is expected to achieve reductions in finding costs for oil and gas in the medium and long term.

8. Ministers agreed that flexible production and investment regimes will continue to be implemented in response to current and future rather than previous market conditions. Particularly, these efforts should address regulations which restrict trade, create imbalanced royalty or fiscal regimes-including both those for oil and for competitive fuels such as coal or gas-and inhibit hydrocarbon investments. Production regimes in IEA countries should thus encourage investment in and development of indigenous supplies to assure long-term security. Further legal or regulatory steps to relax or remove inhibitions to indigenous fuel production and to competition should focus, as appropriate, upon: cumbersome and lengthy leasing and licensing procedures, limitations on development of certain areas, and transport and investment requirements.

9. In addition to the contribution of fossil fuels discussed above, on a longer-term basis the development of indigenous renewable sources of energy will become increasingly important.

Item 56
Ministerial Action on IEA Shared Goals
4 June 1993
IEA/GB(93)41 and Annex I

Set forth in Item 18 above

Item 57
Ministerial Recommendation on Indigenous Oil Production
4 June 1993
IEA /GB (93) 41

8. Diversity and flexibility within the energy sector are basic conditions for longer-term energy security: the fuels used within and across sectors and the sources of those fuels should be as diverse as practicable, taking account of national circumstances.

9. Oil: The world oil market has changed dramatically over the last several years. Yet, while these changes have improved the functioning of the market, political uncertainty in some major producing regions remains a principal cause of short-term market instability and longer-term investment indecision. In addition, investment requirements in the oil sector will be substantial over the next decades and the supply response to meet the expected upsurge in oil demand could be improved by greater predictability in the policy framework. Recognising the importance of adequate oil production and refining capacity for achieving security and environmental goals, Ministers call on the IEA to closely monitor and analyse capacity developments, in particular the effects of environmental constraints on refining capacity, from both a regional and a global perspective.

A. Conservation and Efficiency

Item 58
Ministerial Lines of Action for Energy Conservation and
Fuel Switching
8-9 December 1980
IEA/GB (80) 97, Item 4

THE GOVERNING BOARD

- (a) considered that the effective management of energy demand, to promote conservation and encourage substitution away from oil, is essential to assure structural change in energy economies;
- (b) in order to give greater public focus to energy conservation and fuel-switching and to move from statements of general intention to more

specific actions to achieve results, adopted lines of action for Energy Conservation and Fuel Switching (Annex II hereto) which will be implemented in national policies;

ANNEX II

LINES OF ACTION FOR ENERGY CONSERVATION AND FUEL SWITCHING

The core of an effective approach to energy conservation and fuel switching is the price mechanism. Government actions affecting price should not constrain and, where appropriate, should positively promote the efficient use of energy and substitution away from oil. But appropriate energy pricing, though necessary, may not be sufficient in all cases to guarantee a smooth and stable transition to more widely available and secure energy sources. There is a legitimate and important role for government to consider market and non-market constraints with a view to developing policies which will complement and reinforce market adjustments so that changes in energy use patterns occur quickly enough.

The following lines of action represent agreed areas where stronger measures can produce substantial results in the medium term. The emphasis to be given to each will differ from country to country, depending upon its patterns of energy and oil use, its climate, its overall economic situation, and the policies and measures which it now has in force. But in designing and implementing their national energy policies, IEA countries agreed that they will give priority consideration to these lines of action to the extent consistent with their national circumstances.

GENERAL

1. Ensure that governments are, and are seen to be, energy efficient in the operation of their own buildings, transportation fleets and other activities, and that other fuels are substituted for oil in government operations wherever possible.
2. Encourage market confidence in new energy conserving equipment and processes, for example by demonstrating the use of such products and technologies and purchasing them for use within government facilities.

3. Give high priority to assessing the results achieved by existing programmes, as a basis for stronger and more effective action.
4. Develop training programmes for skilled labour to expand technical expertise in energy management, and make parallel efforts to stimulate energy management wherever practical, in line with IEA Energy Management Initiative announced in October 1980.

APPROPRIATE ENERGY PRICING

5. Allow energy prices to reach a level which encourages energy conservation, movement away from oil, and the development of new sources of energy.

INDUSTRIAL SECTOR

6. Actively support industry efforts to increase energy efficiency and fuel substitution, by ensuring an overall economic climate that encourages investment and by working with industry to provide advice and, where necessary, fiscal, financial and legislative means to encourage rapid adoption of modern equipment and technologies. Target setting and monitoring or progress by industry itself or in co-operation with government can lead to a more rapid move towards efficient processes and substitution away from oil.
7. Investigate urgently the potential for the productive use of waste heat and encourage its use by providing incentives or removing institutional barriers. In particular, governments should encourage the development of combined heat and power facilities, by ensuring that satisfactory and reasonable commercial arrangements exist for linking such facilities to existing electricity grids or in the case of surplus heat, to link such facilities to heat distribution networks.

ROAD TRANSPORTATION

8. Carefully assess and, as appropriate, strengthen and extend through the 1980s current policies to improve automobile fuel efficiency. Countries without fuel economy standards should consider their introduction where necessary.

9. Ensure that automobile testing procedures reflect actual road use and continue efforts to examine the possibility of developing tests that will allow the introduction of standards for vans, trucks and energy-intensive recreational vehicles.
10. Review the level and structure of fuel taxes and purchase and road taxes for automobiles with a view to encouraging oil savings and improving fuel efficiency.
11. Ensure that automobile owners are well informed about the financial and energy savings from better maintenance and driving habits. The regulation of maintenance should be considered along with upgrading of automobile mechanics' knowledge of energy-efficient tuning procedures.
12. Introduce stronger measures to encourage and support the use of public transportation systems.

RESIDENTIAL AND COMMERCIAL BUILDINGS

13. Examine the rate of insulation of present homes and commercial buildings as well as the potential for improved efficiency of heating and cooling systems, and, where necessary, stimulate change by regulatory means or by providing incentives. In particular, the training of installers and builders should be upgraded.
14. Encourage solar heating and cooling technologies where they are economic.
15. Consider the introduction of mandatory codes for new buildings which cover all energy use.
16. Examine urgently the particular constraints inhibiting improved energy efficiency in rented accommodation, and develop solutions to these difficulties.
17. Support and encourage the substitution of non-oil fuel, used either directly (including district heating) or converted to electricity, in residential and commercial use wherever infrastructure exists or can be provided.

ELECTRICITY GENERATION AND TRANSMISSION

18. Reduce oil-fired generation as rapidly as economically and technically possible by substituting other fuels so that oil-fired capacity is used primarily to meet middle and peak loads. No new oil-fired plants should be authorised except in particular circumstances where there are no practical alternatives. Particular efforts should be made to facilitate reconversion of oil burning plant to coal or other solid fuels, wherever possible.

19. Examine the potential for reducing transmission losses by upgrading electricity grids.

Item 59

Decision on Policies to Improve the Fuel Efficiency of New Passenger Cars in IEA Countries

24 October 1984

IEA/GB (84) 42, Item 3(e)

THE GOVERNING BOARD

- (i) noted the Note by the Secretariat entitled “Policies to Improve the Fuel Efficiency of Passenger Cars in IEA Countries” [IEA/GB(84)30];
- (ii) adopted the Decision set out in Annex I hereto;
- (iii) noted the intention of the Secretariat to publish the study under the authority of the Executive Director.

ANNEX I

Governing Board Decision on Policies to Improve the Fuel Efficiency of New Passenger Cars

1. The Governing Board considered the results of the IEA study on “National Programmes to Improve the Fuel Efficiency of Passenger Cars in IEA Countries”. They noted the importance of the road transport sector for current and future levels of oil consumption in IEA Countries, the small prospects for oil substitution in this sector and the resulting need to

emphasize both short- and long-term efficiency improvements and demand reductions. They welcomed the fact that significant progress has been made:

- in improving the fuel efficiency of new passenger cars and as a result, of the entire passenger car fleet:
- in introducing standardized test procedures for measuring the fuel efficiency of new passenger cars:
- in the practical use of efficiency tests to provide information to potential car buyers and drivers and to monitor fuel efficiency developments within IEA Countries.
- in the application of active fuel efficiency programmes designed to improve directly the fuel efficiency of new passenger cars.

2. The Governing Board noted with concern, however, that the current energy and oil market situation may reduce consumer interest in car fuel efficiency and may therefore also impair manufacturers' efforts in this direction. They were also concerned that the existing fuel efficiency programmes and policies in IEA Countries have not always been designed to exploit fully the available technical and cost-effective market potentials for further improvements in car fuel efficiency. Finally, the Governing Board noted that in many IEA Countries the existing active policy programmes to improve car fuel efficiency will end in 1985 or shortly after, or that current 1985 targets are in jeopardy of not being met. Moreover new environmental regulations on motor car emissions may influence future fuel efficiency developments.

3. The Governing Board reaffirmed the need for continued improvements of car fuel efficiency to contain oil demand in this sector and to reduce its vulnerability to possible oil supply disruptions.

4. Considering all these factors, the Governing Board urged Member governments to monitor and evaluate on a continuing basis the effects of their fuel efficiency programmes and, where necessary, to strengthen their policies. In particular, they agreed that governments should, as appropriate:

A. Test Procedures

- where not yet available, introduce a standardized national testing and measuring procedure for car fuel efficiency;

- evaluate their test procedures, in particular to monitor slippage between test and on-road results over time.
- improve the representativeness of existing test procedures for example by including cold start conditions (possibly corrected for winter) and the use of highway speeds more consistent with average speeds on the highway;
- if test procedures cannot be altered, consider the introduction of correction factors for measured fuel consumption values;
- monitor the build-practices of prototype vehicles submitted for fuel efficiency testing to ensure that they are representative of production vehicles.

B. Dissemination of Information to Consumers

- publish fuel consumption ratings for all cars available and relevant to the market (both domestic and imported) in guides by an independent body;
- advertise the availability of fuel consumption information to the public;
- consider the use of fuel consumption labels on each vehicle;
- provide guidelines for manufacturer advertising and promotional material to ensure that consumers are not confused through the publication of alternative test results;
- monitor and promote the availability of standardized fuel efficiency information;
- include information on fuel efficient driving practices in driver training programmes.
- analyse to what extent consumers use available information and evaluate the impact of existing information programmes.

C. Fuel Efficiency Programmes

- continue standards for fuel efficiency at least at current levels beyond the expiry date unless thorough country-specific evaluations of technology and market trends are undertaken that show their non-necessity.

- improve data gathering systems especially by gathering sales weighted data to improve monitoring of manufacturers, distributors and overall country goals and consider efficiency goals based on sales weighted distribution of cars.

D. Energy Impact of Environmental Regulations

- evaluate the impact of new, more stringent exhaust emission standards on fuel consumption and consider it in forthcoming policy decisions.

5. The Governing Board instructed the SLT to review progress in implementing these decisions and to report as necessary to the Governing Board.

Item 60
Ministerial Conclusions on Conservation
9 July 1985
IEA/GB(85)46, Annex I

Ministers noted that the IEA have under way a wide-ranging study designed to help governments assess which conservation programmes are likely to be most cost effective. While detailed policy proposals must await the completion of this study, on the basis of the work so far done, Ministers concluded that in order to further reduce the energy intensity of IEA economies, government conservation policies should be actively pursued and should focus on the following types of action which, depending on national circumstances, could assist in achieving greater energy efficiency:

- (a) Ensuring that the energy pricing and tariff systems give the right signals to consumers.
- (b) Ensuring that information programmes are well directed towards the removal of the obstacles to energy conservation.
- (c) Identifying what financial barriers exist, helping to improve access to financial resources and encouraging where appropriate the use of innovative financing schemes by the parties concerned.
- (d) Improving the skills of the conservation service industry.

- (e) Developing more effective evaluations of their conservation programmes and a better understanding of the factors which influence consumer decisions.
- (f) Standards and regulations.
- (g) Well designed programmes of research, development and demonstration.

Item 61
Ministerial Recommendation on Efficiency
In the Use of Energy
11 May 1987
IEA/GB(87)33 Annex

10. All IEA countries attach high importance to energy conservation through increases in the efficiency with which energy is used. Greater efficiency will limit the demand for energy and thus lessen the impact of any future tightening of the energy market. It will reduce the environmental consequences of energy production and use. In addition, increasing energy efficiency brings financial advantages to undertakings and individuals and thus stimulates economic activity; in turn, general economic growth stimulated improved energy efficiency through higher levels of investment and technological innovation.

11. Since 1974, due to high energy prices and to conservation policies, there has been a significant improvement in the efficiency with which energy is used in IEA countries. A large potential remains for further improvement on an economic basis. Ministers agreed to promote, in a way best suited to circumstances in each of their countries, coherent and forceful strategies to realise this potential in all the main sectors of consumption, including the removal of market distortions which prejudice such a valuable objective. They will, together with other government and industry leaders, each make a major effort to publicise and explain the advantages of efficient energy use and the ways in which it can be achieved. They will support the strategies by such measure as wide-ranging information and education activities, fiscal incentives, and the development of innovative methods of private financing of energy conservation investments; voluntary or mandatory energy efficiency standards; the systematic and vigorous pursuit in all public

sector activities of efficiency in energy use on an economic basis; and the dissemination of new, proved technologies in accordance with their conclusions on research, development and demonstration. The various organisations in both the public and private sectors concerned with efficient use of energy particularly the energy producing and consuming industries, should be actively involved in these activities.

Items 62
Ministerial Recommendation on Greater Energy
Efficiency and Conservation
30 May 1989
IEA/GB(89)36 Annex

Ministers agreed that greater energy efficiency and conservation is both possible and necessary in the use of all forms of energy in order to continue the gains already achieved and to increase the rate of improvement above present levels. It will be pursued vigorously by the governments of all Member countries for both energy security and environmental reasons, concentrating on:

- achieving long-term results in large and fast-growing sectors of energy use such as transportation; electricity generation and end use; heating; and energy process requirements; and
- using market-based pricing and such of the following measures in each sector as are appropriate and effective under national circumstances:
 - provision and dissemination of information, such as labelling;
 - removal of institutional and other market barriers;
 - support for the development and application of technologies for more efficient energy transformation and end use;
 - financial or fiscal incentives, taxation;
 - voluntary and mandatory standards;

in each case taking account of the economic and other costs involved.

B. Energy Diversity

Item 63

Ministerial Recommendation on Electricity, Coal, Nuclear Power and other Energy Sources

9 July 1985

IEA/GB(85)46

Ministers affirmed the need for strong and effective policies to enable electricity to make its appropriate contribution to economic development and energy security of Member countries, as already decided by the Governing Board on 27th March, 1985. Ministers noted especially the roles of coal (including lignite and other solid fuels) and nuclear power, as well as hydro-power and renewables, in electricity generation, the role of each depending on national circumstances.

Coal is the most abundant indigenous OECD energy resource. Ministers attached particular importance to further expansion on an economic basis of production, use and trade of coal and to the need to substitute oil in electricity generation and in industry by coal used in an environmentally acceptable way, and agreed that demand and not supply is the limiting factor at the present. They noted the statement by the Chairman of the IEA Coal Industry Advisory Board, regarding efforts by the coal industry to improve marketing, support coal R&D, help overcome environmental problems, increase world trade in coal, and improve market information, and requesting government attention to environmental regulations, coal R&D and remaining trade restrictions.

Nuclear energy now accounts for over 15 per cent of IEA electricity generation. Ministers noted the progress recently made in a number of Member countries in developing their nuclear power programmes, and are aware of the slowdown in progress of the nuclear programmes in other Member countries. They agreed that further action, such as streamlined licensing procedures, standardized designs, and appropriate waste management programmes should be undertaken in order to realise the potential contribution of nuclear power in the future consistent with appropriate environmental and safety requirements, and strict respect of current non-proliferation policies.

Ministers noted that renewable energies already make an important contribution to the energy balance of a number of Member countries, and

could be expanded. They emphasized the importance of research and development where this would reduce the costs of renewable energies and enable them to realise, on an economic basis, their potential contribution to energy supplies in the medium and longer term.

Item 64
Ministerial Recommendation on Diversity of Energy Supply
30 May 1989
IEA/GB(89)36 Annex

Ministers agreed that diversification of energy supply must be further pursued, in order to avoid greater dependence on oil and to make economic use of available resources. They therefore agreed to pursue further diversification by means of:

- appropriate investment conditions for oil exploration and development and competitive industry and market structures;
- more environmentally acceptable use of solid fuels;
- greater use of natural gas from diversified sources;
- greater use of renewables where available technology and local conditions make them economic, and greater efforts to make them more competitive;
- Provision of adequate and diversified electricity generation capacity.

Ministers recalled their decision in 1987, in view of the different positions which exist in IEA countries regarding nuclear power, that each IEA country will have to decide on the mix of fuels used for electricity generation best suited to its particular circumstances, taking account of energy security, environment, safety and the possible effects of their decisions on other countries. Some countries have adopted the nuclear option, and they intend to continue their nuclear power generation programmes in order to secure the economic and environmental advantages which they consider flow from them. All IEA countries agree upon the necessity for continuing to apply the highest available standards of nuclear safety in all its aspects, particularly operation and waste management.

1. Coal

Item 65
Ministerial Principles for IEA Action on Coal and Decision on
Procedures for Review of IEA Countries' Coal Policies
21-22 May 1979
IEA/GB(79)32, Item 4

THE GOVERNING BOARD

- (a) adopted the Principles for IEA Action on Coal and the Annex thereto, as set forth in Annex I to these Conclusions, and in doing so noted that, although Sections II and I of the Principles and the Annex thereto do not establish legally binding commitments, the Governments of Participating Countries expressed their firm political determination that, taking into account their individual energy circumstances, they will give effect to those sections of the Principles and the Annex thereto in carrying out their policies.
- (b) in so adopting the Principles, also noted that:
- (1) the Principles for IEA Action on coal pertain to all forms of coal other than coal used for metallurgical purposes:
 - (2) paragraph 7 of the Principles pertains to Sections I and II of the Principles and the Annex thereto:
 - (3) the commitment under Section II of the Principles and the Annex thereto of any IEA country under whose constitutional structure, state or provincial governments have jurisdiction over any policy or measures called for in Section II of the Principles or the Annex thereto, is subject to that policy or measures being adopted by the state or provincial government with jurisdiction. Its national government will, however, endeavour to obtain the co-operation of competent organs, and consensus in due course.
- (c) in reference to paragraph 24 of the Principles, agreed that:
- (1) the words “come into force” are understood as meaning that:
 - (i) where government approvals are required such approvals have been obtained;
 - (ii) where government approvals are informed, the contract is made known and no objection is raised;

- (iii) where there is no system for government approval, the contracting parties have concluded the contract;
- (2) the interventions by IEA Governments, referred to in paragraph 24 of the Principles, will be limited in nature and time to the situation which gives use to them;
- (3) paragraph 24 of the Principles covers both exports and imports, and either surplus or deficiency of supply;
- (d) agreed that the reference to “new measures” in the last sentence of paragraph 25 of the Principles would include not only general measures but also any new distinctions between foreign and domestic private investors with regard to a particular coal project which has come into force (see paragraph 4(c)(1) above). In this regard, it was noted that IEA countries have rights and obligations under the OECD Declaration on International Investment and Multinational Enterprises of 21st June, 1976 (C(76)99(Final)).
- (e) derestricted the Principles for IEA Action on Coal.
- (f) adopted the Decision of the Governing Board on Procedures for Review of IEA Countries’ Coal Policies as set forth in Annex II hereto.

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ANNEX I

PRINCIPLES FOR IEA ACTION ON COAL

The Governing Board at Ministerial Level

considering:

The Agreement on an International Energy Program, signed in Paris on 18th November, 1974 and the Participating Countries’ determination to reduce over the longer term their dependence on imported oil for meeting their energy requirements and to encourage the development of alternative sources of energy such as coal, as provided Articles 41 and 42 of that Agreement;

The Long-Term Co-operation Programme of the International Energy Agency, adopted by the Governing Board on 30th January, 1976, which provides for the accelerated development of alternative sources of energy; for co-operation in specific energy sectors, including coal; and for other long-term energy measures.

The Ministerial Decision on Group Objectives and Principles for Energy Policy, adopted by the Governing Board meeting at Ministerial Level on 5th and 6th October, 1977; and that it is now necessary to elaborate in more detail the action called for by Principle No. 6 of those Principles for Energy Policy, providing for a strong steam coal utilization strategy and active promotion of an expanded and reliable international trade in steam coal:

The Recommendation on Coal and the Environment adopted by the OECD Council on 8th May, 1979 following a recommendation by the Environment Committee meeting at Ministerial Level on 7th-8th May, 1978.

I. Coal in the Overall Energy Context

The Governing Board at Ministerial Level:

1. Has reassessed the overall energy prospects to 1985 and beyond, and concludes:
 - a. The basic prospects for energy market developments have not improved since the meeting of the Governing Board at Ministerial Level in October, 1977.
 - b. The world is still confronted with the serious risk that within the decade of the 1980's it will not have sufficient oil and other forms of energy available at reasonable prices unless present energy policies are strengthened. Such a situation would have severe economic, social and political repercussions in all Member countries and throughout the world.
 - c. Developments in international oil markets during recent months have demonstrated how difficult it is to predict accurately when such a situation might arise. They have, moreover, shown clearly how exposed the world's oil supply system is, even in the short term, to unexpected supply disruptions.

2. Recognizes and reaffirms the continuing need for strong policy action in all sectors of energy policy.
3. With regard to coal in particular, notes the study “Steam Coal Prospects to 2000” in which the Secretariat, on the basis of its own analysis, presents views on the potential contribution of coal to the future energy supply and demand balance.
4. Assesses the future potential for coal as follows:
 - a. Conventional oil supplies will not be available at reasonable prices and in sufficient quantities to meet the growing needs of the world during the medium and longer term.
 - b. Coal, nuclear power and energy conservation are the principal energy options with major potential for reducing oil dependence and thus improving the overall energy position in the medium term.
 - c. In many areas of the world, coal is now economically competitive with oil in major energy consumption sectors. The competitiveness of coal is likely to improve in the future. Moreover, the coal resource base is extensive and could sustain a greatly increased production of coal.
 - d. Long lead times for investment in coal utilization equipment on the demand side and in mining and transportation on the supply side limit the short-term potential to expand coal’s contribution. Beyond 1985, coal could provide a substantially greater contribution to the energy needs of IEA countries. This depends on the adoption by governments now of appropriate coal policies which stimulate capital investments on a scale commensurate with the long-term potential of this energy source.
5. Considers that with action along the lines set forth below; thermal coal utilization in the IEA area, which in 1976 was 475 Mtoe, could, by adoption of strong national coal policies, increase beyond the 900 Mtoe for 1990 in current forecasts based on country submissions towards the 1500 Mtoe level for 2000 projected in the Secretariat is accelerated policy case in “Steam Coal Prospects to 2000”.
6. Recognizes that the achievement of a rate of steam coal utilization of this order will require long term policies conducive to increased coal utilization, trade, and production in order to encourage the necessary capital investment.

7. Recognizes, however, that countries with different constitutional structures, with different national economic systems, or with differing forms of organization of their coal industries, whether private, public or mixed, will, in their endeavours to increase coal utilization, trade and production, necessarily have to implement and apply these Principles for IEA Action on Coal in ways which are compatible with these situations.

8. Recognizes that some significant coal produces, particularly the United Kingdom and Germany, will wish to maintain policies for safeguarding their domestic coal production at levels required for energy, social or regional policy reasons.

9. Recognizes that increased coal utilization, trade and production must proceed under acceptable environmental conditions. This will require careful planning from the beginning in order to assure a reasonable and continuing balance between energy requirements and environmental requirements.

10. Concludes that long-term oriented, effective and reliable action by Governments of IEA countries is necessary to reduce the uncertainties associated with the coal option and to improve the conditions under which enterprises develop coal utilization, production and trade, including action to ensure the environmental acceptability of coal.

11. Concludes that in order for national coal policy measures of individual IEA countries to reinforce each other and achieve their full potential, their adoption and implementation should be on the basis of international co-operation within the IEA along the following lines:

- a. Coal will be established as a major energy source within the IEA group, and countries where coal does not at present contribute significantly to energy balances will consider it as one of the primary alternative energy choices.
- b. Countries with the potential for large increases in coal production, in particular Australia, Canada and the United States, will extend their coal production facilities and infrastructure to permit increased domestic use of coal as well as exports consistent with economic and social costs.
- c. Other significant coal producing countries, in particular the United Kingdom and Germany, while securing the level of their

coal production required by energy, social and regional policies, will accept imported coal rather than oil to meet demand in excess of this level.

- d. All IEA countries will enlarge their use of coal; where insufficient coal is available domestically, countries will seek long-term secure supplies of imported coal and provide security of access to markets.

12. Concludes that co-operation with countries which are not members of IEA, and with regional or other groups of countries with significant coal interests, would also make a positive contribution to increased coal use and trade.

13. Concludes that in order to provide reliable long-term conditions for the development of expanded trade and investment in coal, IEA countries should implement domestic measures in a manner which encourages such development.

14. Concludes that it will be necessary to establish procedures for assessment of evolving national coal programmes and policy on an on-going basis, within the IEA. The purpose of such consideration will be to ensure that national coal policy planning in each IEA country proceeds on the basis of co-operation among IEA countries and takes full account of the overall energy situation.

II. Principles for Coal Policy

The Governing Board at Ministerial Level adopts the following Principles for Coal Policy:

15. As an essential element in meeting future energy needs, and in the light of coal's potential as outlined in Section I, IEA countries will, as common objectives, expand:

- a. the use of coal as an alternative fuel;
- b. the production of coal to meet this increased demand;
- c. international trade in coal to meet increased demand.

They will make that commitment clearly known to investors, industry and the general public.

16. They will assess their environmental policies, provisions and practices affecting coal mining, transport and combustion, disposal of coal waste, and land reclamation and, where necessary, will amplify and clarify them, taking into account:

- a. technology which is already available and which can be more widely and effectively utilized in commercial applications;
- b. the need to develop technologies for additional improvements through research and development, and to commercialize them as soon as they are economically viable;
- c. the need to provide long-term reliability for investments by minimizing revisions of environmental standards for existing facilities which disproportionately increase costs in relation to environmental benefits.
- d. the need to minimize the complexities, costs and duration of procedures for obtaining necessary approvals.

17. They will assess on a co-operative basis the wider environmental impact of increasing coal production and combustion taking into account the Recommendation on Coal and the Environment adopted by the OECD Council on 8th May, 1979 following a recommendation by the Environment Committee meeting at Ministerial Level on 7th-8th May, 1979.

18. In fulfilling their existing commitment to allow domestic energy prices to reach a level which encourages energy conservation and development of alternative sources of energy, IEA countries will allow coal to develop its full competitive power.

19. They will ensure that the use of oil for electricity generation is minimized by national energy policy planning which, with a minimum of exemptions, precludes new or replacement base load oil-fired capacity; progressively confines oil to middle and peak loads; and make maximum use of fuels other than oil in dual-fired capacity.

20. They will encourage the development of transportation systems, port facilities and other infrastructure, where necessary, to handle much larger volumes of coal.

21. They will ensure that advanced methods of coal mining, transport and combustion (particularly fluidised bed combustion, improved emissions

control and disposal and utilization of solid wastes) and conversion into other fuels, receive high priority in energy R, D & D programmes, and will promote the rapid commercialization of advanced coal technologies which are economically feasible and environmentally acceptable.

22. IEA countries both as producers and consumers will facilitate the expansion of international trade in coal and will do so on a basis which encourages the development of stable relations between consumers and producers, on fair, reasonable and competitive terms, especially by means of long term contracts. They will ensure that an economic, fiscal and investment climate prevails which is conducive to development of coal production, trade and utilization as envisaged in these Principles for IEA Action on Coal.

23. In order to provide reliable conditions for the development of expanded markets for coal, IEA countries which have measures in force concerning international trade in coal, including coal prices, will implement and apply those measures in a manner which fully supports these Principles for IEA Action on Coal; and they will not introduce new measures regarding international trade in coal which are inconsistent with these Principles for IEA Action on Coal except for over-riding reasons concerning the national interest, in which case they will take full account of these Principles for IEA Action on Coal.¹

24. Once a long-term contract for international trade in coal has come into force, the governments of IEA countries concerned will not interfere with the implementation of the contract in accordance with its terms, unless they are compelled to do so by severe developments in the coal supply situation occurring in an individual country which threatens that country's wellbeing; or by a severe international energy supply emergency in which latter case they will apply any restrictions on an equitable and non-discriminatory basis.

25. In their efforts to establish an investment climate which encourages the investment necessary to expand coal production, IEA countries will in general maintain positive attitudes towards investment for coal projects, including international investment flows. Insofar as IEA countries have measures in force which provide for review or control of international investment flows, they will implement and apply those measures in a

1. The exception stated at the end of this paragraph is included at the request of Australia and Canada, and accepted by the other IEA countries on the basis of statements to the meeting by these two countries.

manner which fully supports these Principles for IEA Action on Coal. They will not introduce new measures regarding international investment flows for coal projects which are inconsistent with these Principles for IEA Action on Coal except for over-riding reasons concerning the national interest, in which case they will take full account of these Principles for IEA Action on Coal.¹

26. To help maintain a steady flow of coal in commercial channels on a non-discriminatory basis, IEA countries will monitor the structure and growth of international coal trade as it develops.

27. In designing and implementing their national energy policies, IEA countries will take the specific steps described in the Annex to the Principles for IEA Action on Coal.

ANNEX TO THE PRINCIPLES FOR IEA ACTION ON COAL

Specific Steps to Increase:

Coal Utilization

1. Ensure that national energy policy planning precludes, with a minimum of exceptions, the construction of new or replacement base-load power plants which are exclusively or mainly oil-fired. Exceptions should be permitted only where they are reasonably covered by the following situations:

- national action has been taken to restructure refinery yield patterns toward light products but has not yet been able to eliminate excess quantities of residual fuel oil which cannot be used for other purposes;
- economic or supply conditions, including remoteness of location, are such that use of fuels other than oil is unreasonably expensive in comparison with oil;

1. The exception stated at the end of this paragraph is included at the request of Australia and Canada, and accepted by the other IEA countries on the basis of statements to the meeting by these two countries.

- because of local climate or demographic conditions it is impossible or unreasonably expensive to use fuels other than oil fuels in an environmentally acceptable way even with advanced technology.
2. Require that existing oil-fired base-load power plants be progressively limited to middle or peak load requirements.
 3. Ensure that dual-fired power plants are not fired with oil unless other fuels are unreasonably expensive in comparison with oil or it is temporarily necessary for environmental reasons.
 4. Facilitate timely construction of coal-fired power plants and supporting facilities where necessary, e.g. by improved siting and licensing procedures.
 5. Encourage electric utilities to secure, and coal producers to supply, a larger part of coal requirements for power generation under long-term arrangements in order to achieve long-term supply stability; and facilitate negotiations between electric utilities and coal producers.
 6. Encourage the substitution of coal for oil in new and existing industrial facilities for production of steam and process heat, unless the costs, including those for environmental protection, would be unreasonably high in comparison with oil.
 7. Encourage the use of large coal-fired boilers when planning new industrial parks, district heating and cogeneration projects.
 8. Ensure adequate research and development and facilitate the rapid commercialization of improved technologies for coal combustion, including means for keeping the coal combustion cycle environmentally acceptable.
 9. Encourage the commercialization of technologies for converting coal into gas or liquid fuels, including demonstration plants.

Coal Mining

10. Ensure that fiscal regimes, e.g., government royalties and severance taxes, or transportation tariffs do not adversely affect the viability of coal mining developments.

11. Undertake programmes for labour training, improved community infrastructure and other services, where necessary to increase production.
12. Ensure that conditions for leasing of or other access to government lands and for licensing procedures for mine development encourage timely and effective expansion of coal production.
13. Ensure that mining regulations relating to environmental safety and health regulations take account of available technologies.

Coal Transportation

14. Encourage the development of efficient, economic and environmentally acceptable transportation systems with adequate capacity and flexibility (e.g. inland transportation facilities, ocean port facilities and sea-going carriers) where necessary to handle expected increases in coal trade volumes.

ANNEX II

Decision of the Governing Board On Procedures for Review of IEA Countries' Coal Policies

The Governing Board

Considering that the Governing Board at Ministerial Level on 21st - 22nd May, 1979 adopted the Principles for IEA Action on Coal:

Considering the need for systematic review and assessment of coal policies as well as the need for a framework for consultations among IEA countries on coal policies;

DECIDES:

1. The extent to which the Principles for Coal Policy set forth in Section II of the Principles for IEA Action on Coal and the specific steps described in the Annex thereto are adopted and implemented as part of the national coal policies of individual IEA countries will be a principal elements of the IEA process of systematic review.

2. At regular intervals (not ordinarily less than every two years), the Governing Board will assess the prospects for world coal production, trade and utilization, and review the extent to which the main elements of national coal policies required to provide a co-operative framework within the IEA for expansion of coal use and trade have been adopted and implemented. In connection with each such review, IEA countries will inform the Governing Board, *inter alia*, as to the matters enumerated below, and be prepared to consult with other IEA countries within the Governing Board as to their impact on energy supply and demand:

- a. Their trade policy system which secures levels of domestic coal production (paragraph 11c of the Principles);
- b. Their proposed level of coal utilisation in and particular the extent to which their national energy policy planning permits the construction of new or replacement base-load power plants which are exclusively or mainly oil-fired, and their reasons therefor (paragraph 1 of Annex to the Principles);
- c. Whether their trade policy system and its implementation, insofar as it affects coal, is consistent with the Principles for IEA Action on Coal (paragraphs 22, 23 and 24 of the Principles);
- d. The extent to which necessary long-term investments in coal producing and transportation facilities have been forthcoming; whether existing measures in force which provide for review or control of international investment flows have been implemented or applied in a manner which fully supports the Principles for IEA Action on Coal; and whether new measures introduced regarding international investment flows are consistent with the Principles for IEA Action on Coal, (paragraphs 22 and 25 of the Principles).

3. IEA countries will report to the Governing Board and be prepared to consult with other IEA countries under the aegis of the Governing Board, preferably before the event but in any case without delay:

- a. Whenever they introduce, or have introduced, a significant change in their policy regarding any of the matters referred to in paragraph 2 of this Decision;
- b. As to the nature of any over-riding reasons concerning the national interest which have led to new measures regarding international trade in coal (paragraph 23 of the Principles) or

international investment flows for coal projects (paragraph 25 of the Principles), and the measures they intend to apply or have applied;

- c. As to the nature of any emergency because of which they intend to interfere, or have interfered, with transactions under long-term coal supply contracts (paragraph 24 of the Principles);
- d. Measures envisaged or taken to counter commercial activities which threaten to disrupt the steady flow of coal in commercial channels (paragraph 26 of the Principles).

Item 66
Decision of the Governing Board on the Establishment
Of an IEA Coal Industry Advisory Board (CIAB)
11 July 1979, as amended

Set forth in Item 12 above

Item 67
Conclusions on Coal
28 March 1984
IEA/GB(84)15, Item 3(c) and Annex I

THE GOVERNING BOARD

- (i) noted the Notes by the Secretariat entitled “1983 Coal Review” [IEA/GB(84)3 and Addendum 1];
- (ii) endorsed the 1983 Coal Review and adopted the Conclusions on Coal as set out in Annex I hereto;
- (iii) approved the publication of the 1983 Coal Review together with the Coal Conclusions and the Comments by Coal Industry Advisory Board (CIAB) attached to the Note by the Secretariat on the 1983 Coal Review [Addendum 1 to IEA/GB(84)3] on the understanding that the IEA was not necessarily committed to the CIAB views;

- (iv) agreed that more attention should be given to the issue of energy and environment, particularly as far as coal use is concerned and that co-operation between the relevant units in the IEA and with the OECD Environment Directorate should be further developed in this field.

ANNEX I

Conclusions on Coal

1. THE GOVERNING BOARD considered the results of the second IEA review of coal policies and programmes which in accordance with the Principles for IEA Action on Coal took place in the winter of 1983 to 1984. They noted the contribution that coal could make to the energy security of IEA countries. They welcomed the fact that significant progress had been made in:

- rationalizing coal production and improving productivity;
- developing new technologies to burn coal more efficiently and to meet environmental concerns;
- developing effective and economic environmental controls;
- putting in place the infrastructure for expansion.

They noted that the coal industry at the end of a difficult two years retained the ability to meet on a competitive basis a major part of the increase in demand for energy which is likely with economic recovery in the IEA countries.

2. THE GOVERNING BOARD noted with concern, however, that projected expansion in the use of coal was significantly below earlier expectations and that increased use of coal was hampered by slow economic growth and other obstacles. They were also concerned that the current weakness of the coal market which has led to some re-negotiation on long-term commitments might weaken the confidence needed to sustain capital intensive long-term investment in coal production, infrastructure and consumption facilities.

3. THE GOVERNING BOARD re-affirmed the need for a substantial expansion on an economic and environmentally acceptable basis of coal production, trade and use to strengthen the energy security of IEA countries

and to ensure that energy does not again become a constraint on economic growth. They urged member governments to strengthen their policies to promote economic coal production and use in particular to:

- (1) examine the possibilities for increased displacement of oil in end use by electricity and thus indirectly by coal and nuclear energy;
- (2) consider the development of schemes to encourage the replacement of oil by coal in industry;
- (3) encourage the coal and related industries to improve the marketing of coal including the offer of package deals for conversion to coal covering for example the installation of equipment, its maintenance, fuel supplies and finance;
- (4) initiate and support measures to improve productivity and to concentrate on economic coal mining capacity; such measures should include action into mitigate the regional and social consequences of closures;
- (5) ensure that when indigenous coal production is reduced by the closure of uneconomic capacity any resulting shortfall in energy supplies does not result in increased imports of oil or of other fuels in a way which would prejudice energy security;
- (6) encourage a reduction in coal transportation and handling costs by improved efficiency and ensure that the price of transporting coal is not artificially inflated by monopolistic practices;
- (7) continue to promote the development of a flexible and diversified coal trading system, paying particular attention to the need for long-term contracts; long-term commitments should be honoured by the contracting parties so as to provide the necessary confidence for investment in coal production, consumption and infrastructure facilities; only in extraordinary and unforeseen circumstances should the parties resort to re-negotiation of such commitments beyond that provided for in the contract;
- (8) encourage a major effort to apply existing environmentally acceptable methods of burning coal and to improve these methods by research and development;
- (9) ensure that environmental regulations affecting the production and use of coal, the formulation of which takes into account

energy policy considerations, are predictable and give maximum flexibility on the methods to be used to achieve their objective.

4. THE GOVERNING BOARD thanked the Coal Industry Advisory Board for their valuable contribution to the Second Coal Review. They requested the CIAB in its continuing work to give particular attention to points (3), (4), (6), (7) and (8) in paragraph 3, above.

5. THE GOVERNING BOARD:

- (1) instructed the Standing Group on Long-Term Co-operation to keep the development of coal production, trade and use under continuing review, giving particular attention to sub-items (1) to (9) of paragraph 3 above, both in the Country Review process and in their continuing work including their consideration of the electricity study; to assess the prospects for and constraints on future substitution from oil to coal; to report as necessary to the Governing Board; and to undertake the third Coal Review in 1985 to 1986;
- (2) instructed the Committee on Research and Development to give particular attention to research and development designed to improve the efficiency and reduce the costs of technologies designed to burn coal in a cleaner way.

Item 68
Conclusions on Coal
28 April 1988
IEA/GB(88)14, Item 2(a)(ii) and Annex I

THE GOVERNING BOARD

- A. noted the Report by the Standing Group on Long-Term Co-operation entitled “Coal Prospects and Policies in the IEA 1987 Review” [IEA/GB(88)2];
- B. endorsed the Third Coal Review entitled “Coal Prospects and Policies in the IEA” [IEA/GB(88)1 and Corrigendum] and agreed that it should be published subject to minor and drafting changes on the responsibility of the Executive Director;

- C. adopted the Conclusions on coal set forth in Annex I hereto and agreed that those Conclusions should be published with the Third Coal Review;

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ANNEX I

CONCLUSIONS ON COAL

1. At their meeting on 28th April 1988, the Governing Board considered the results of the Third Review of Coal Prospects and Policies which took place in 1987 and 1988. The Review was based particularly on the 1979 Principles for IEA Action on Coal and the Conclusions of the meetings of the Governing Board at Ministerial Level on 9th July 1985 and 11th May 1987. The fundamental theme of all these Conclusions was the promotion of energy security by the expansion on an economic basis of production, consumption and trade in coal.

2. The Governing Board noted that the expansion of production, consumption and trade in coal was substantially less than had been envisaged in 1979. Coal consumption and production in IEA countries have expanded by 13 per cent, or approximately 130 mtce, between 1979 and 1986. At the same time total primary energy demand in IEA countries fell by 112 mtce and oil consumption by 406 mtce, indicating that coal contributed substantially in substituting for oil. Over the same period world coal trade increased by 47 per cent, rising from 229 Mmt in 1979 to 336 Mmt in 1986.

3. The Governing Board noted the following other main features of the current and prospective coal situation:

- (a) Coal supply capacity has been expanded beyond present demand levels and coal prices in international markets are at their lowest levels since the mid-1970s, producing financial pressures on most coal producers and causing, in all IEA coal producing countries, closures of mines, substantial losses of jobs and the postponement of investment projects for the expansion of coal supply. These pressures are likely to continue into the 1990s as new suppliers (for example from China, Colombia, Indonesia and Venezuela) enter international coal markets.

- (b) Considerable quantities of coal production continue to be supported in a number of IEA countries by direct state aids and by price protection arising from barriers to trade. The total level of support is high and has been rising for various reasons in some but not all countries, as described in the third Coal Review, despite the difficult action taken by governments to limit it. In the high-cost coal producing countries of the IEA the underground mining workforce has fallen by over 20 per cent between 1983 and 1986, as mines with no long-term prospect of economic viability have been closed and the measures supporting them withdrawn. In addition, further mine closures and job losses are planned. These developments bring long-term national economic benefits but the social, regional and economic costs in the contracting regions are considerable.
- (c) IEA coal requirements are expected to grow by approximately 40 per cent by the year 2000, mainly for electricity generation. This prospect will only be achieved if coal can remain competitive with other fuels and at the same time continue to meet environmental requirements.
- (d) As a part of the environmental policies of Member countries, emission controls (and in some countries controls on the pollutant contents of fuels) are being tightened. As a result, many coal consumers are bearing additional costs in meeting these controls.
- (e) Considerable progress has been made in the development and widespread commercial application of techniques for the clean use of coal (for example, flue gas desulphurisation) and technical progress is in prospect in more advanced areas.

4. In the light of these features the Governing Board reaffirmed that further expansion, on an economic and an environmentally acceptable basis, of coal production, trade and use would make an important contribution to the energy security of IEA countries. Achievement of the economic potential of coal requires vigorous action to reduce costs by all involved in the coal chain. To these ends the Governing Board recommends that Member governments should strengthen, and where necessary develop, new policies in the following areas:

- (1) To reduce, with a view to eliminating, remaining trade barriers, including subsidies, norms or other government controls which

- impede coal trade, recognising that other policy considerations, including social and regional ones, may make it necessary to deal gradually with some of these barriers; social, regional and macro-economic policies to mitigate the consequent effects on regions and individuals can facilitate this reduction;
- (2) To adopt energy pricing policies consistent with national circumstances which allow coal to develop its full competitive potential, permit consumer prices to reflect world market prices and interfere as little as possible with the operation of market forces (with particular reference to direct controls or subsidies for electricity and coal);
 - (3) To keep under review such charges as royalties, export levies and freight rates and also controls over exports to ensure that they do not undermine the competitiveness of coal;
 - (4) To promote the increased use of coal on an economic basis by such measures as:
 - the avoidance or removal of systems of tariff regulation for electricity that introduce an artificial bias against investment in large electricity generating stations;
 - actions such as information campaigns, fiscal incentives and the encouragement of innovative methods of private financing to overcome obstacles that discourage consumers from using coal and prevent it achieving its full economic potential in the market place;
 - maintaining and improving the flow of information and analysis on potential coal demand and supply developments;
 - (5) To ensure that environmental and energy policies take full account of their impacts on the other's area, especially in relation to coal; in particular by:
 - promoting the dissemination of advanced techniques for the cleaner use of coal by demonstration projects and in other ways;
 - ensuring that environmental control policies are framed in such a way as to leave undertakings freedom of choice consistent with meeting environmental objectives;
 - (6) To monitor private research, development and demonstration activities related to coal and, where necessary, to promote additional activities in technical areas which appear to be neglected, mainly by joint schemes involving both public and private participation and by international co-operation.

5. The Governing Board thanked the Coal Industry Advisory Board for the care and commitment that they had shown in assisting the Secretariat in preparing this Coal Review and for their advice generally to the Governing Board on coal matters. They asked the Coal Industry Advisory Board in future to advise particularly on ways of improving the flow of information on private sector expenditures on coal related research, development and demonstration.

6. The Governing Board:

- (a) instructed the Standing Group on Long-Term Co-operation to keep developments in coal production, trade (including barriers to trade), use and prices under continuing review, both in the Country Review process and in other areas of work;
- (b) instructed the Committee on Research and Development to continue to give particular attention to research, development and demonstration designed to improved the efficiency and lower the costs of technologies designed to burn coal in cleaner ways.

2. Natural Gas

Item 69

Ministerial Recommendation on the Indigenous Production and International Trade in Natural Gas

21-22 May 1979

IEA/GB(79)35

11. Ministers stressed the importance of natural gas as the most readily available alternative fuel, and agreed on the need to encourage both indigenous production and international trade in natural gas.

Item 70

Ministerial Agreement on Obtaining Gas Supplies from Secure Sources

8 May 1983

IEA/GB(83)35 1st Revision

9. Ministers agreed that gas has an important role to play in reducing dependence on imported oil. They also agreed, however, on the importance

of avoiding the development of situations in which imports of gas could weaken rather than strengthen the energy supply security and thus the overall economic stability of Member countries. They noted the potential risks associated with high levels of dependence on single supplier countries. Ministers stressed the importance of expeditious development of indigenous OECD energy resources. They noted that existing contracts are currently insufficient to cover expected gas demand by the mid-1990s and agreed that, in filling this gap, steps should be taken to ensure that no one producer is in a position to exercise monopoly power over OECD and IEA countries. To obtain the advantages of increased use of gas on an acceptably secure basis, they agreed that:

- their countries would seek to avoid undue dependence on any one source of gas imports and to obtain future gas supplies from secure source, with emphasis on indigenous OECD sources. Additional supplies from other sources would be obtained from as diverse sources as possible, taking into account supply structures, the share of gas in energy balances and the geographical situation of individual countries. In assessing the full costs of gas supply sources, gas companies and, as appropriate, governments will consider security factors;
- their Governments would either encourage gas companies and other undertakings concerned to take or take themselves the necessary appropriate cost-effective measures suited to each country's situation to strengthen their ability to deal with supply disruptions; these measures could include increased gas storage facilities, contingency demand restraint programmes, improved fuel-switching capabilities accompanied by adequate stocks of oil or other alternative fuels, a more flexible grid structure, greater flexibility of contracts, more surge capacity, measures to accelerate intra-OECD trade on short notice through standby contracts for supplies in a disruption, and interruptible contracts with consumers;
- action should be taken to develop at economic cost indigenous gas resources, particularly in North America and the North Sea, which show promise of alleviating overall or particular pressures on energy imports;
- concerned Member governments noting the potential for further development of North American gas resources and noting that

part of the Norwegian Troll field may be declared commercial by 1984, would encourage their companies to begin negotiations on deliveries from these sources as soon as possible, with a view to making supplies available at prices competitive with other fuels in the mid-1990s;

- trade barriers and other barriers which could delay development of indigenous gas resources should be avoided or reduced;
- their governments would encourage the companies concerned to undertake feasibility studies, if appropriate in co-operation with Member governments, to determine the economic, engineering, technical and financial factors relevant to possible imports from a variety of non-OECD sources;
- governments within one region where there is scope for effective co-operation should invite gas companies operating in their jurisdictions to address and negotiate on a commercial basis co-operative arrangements to meet a disruption of supplies to any one country or to the region as a whole;
- special attention should be given in annual country review process in various international organizations to the future pattern of gas supplies, to the progress on the development and implementation of security measures and to whether gas imports into the OECD from any single source constitute such a proportion of total supplies as to give rise to concern about the timely development of indigenous resources and the vulnerability of supplies, either for an individual Member country or collectively.
- in considering the degree of vulnerability, relevant factors include the share of imports in total gas consumption and in total primary energy requirements, the reliability of particular sources, the flexibility of other supplies, sectoral distribution, stocks and fuel-switching possibilities.
- an in-depth exchange of views about this question would take place within the normal review process whenever considered necessary. To allow a full assessment of its energy situation, the country concerned shall inform the other member states if it plans major changes in its energy policy or gas supply pattern which are significant in the context of development of indigenous OECD resources and vulnerability of gas supplies.

Ministers expressed the view that special attention should be given in relevant international organizations to the gas import situation of individual countries and regions. IEA Ministers instructed the Governing Board to keep this issue under continuing review.

Item 71
Ministerial Statement and Conclusions on Natural Gas
9 July 1985
IEA/GB(85)46 and Annex I

Ministers recognised that in order to increase the use of natural gas, inter alia as a substitute for oil, it is important to maintain the competitiveness of gas in the market place and to develop technologies which would permit new usage of natural gas in the medium to long term. They noted the Secretariat's analysis to date which shows that if the potential for increased natural gas use in substitution for oil is to be realised, additional supplies of gas, including imports from non-OECD countries, will be needed in the mid-1990s. To ensure that this does not prejudice the energy security of Member countries, Ministers agreed that implementation of all aspects of the Conclusions of Energy Requirements and Security adopted by IEA Ministers on 8th May 1983, appropriate co-operation with regard to security of supply issues, and continuing attention to these issues, including in the appropriate bodies and international organisations, remain essential. Implementation would be helped by successful completion of negotiations between producers and consumers on the exploitation of the gas resources of OECD countries. Ministers adopted the Conclusions on natural gas as set forth in Chapter II of Annex I.

ANNEX I

Ministers agreed that the following actions are required for implementation of the May 1983 Conclusions:

- Avoidance of undue dependence on any one source of gas imports and obtaining future gas supplies from secure sources, with emphasis on indigenous OECD sources. Additional supplies from other sources should be obtained from as diverse sources as possible, taking into account supply structure, the share of gas in energy balances, and the geographical situation of individual countries. In assessing the full costs of gas supply sources, gas companies and, as appropriate, governments will consider security factors.

- Development of indigenous gas resources in particular in North America and the North Sea, including the Norwegian Troll field, with a view to making supplies available at prices competitive with other fuels in the mid-1990s.
- Necessary and appropriate cost-effective measures suited to each country's situation to strengthen their ability to deal with supply disruptions.
- Measures to avoid an increased reliance on oil if gas supplies should prove inadequate to meet demand.

Ministers noted that the Secretariat is updating the study on Natural Gas Prospects to 2000 published in 1982. They requested the Governing Board at official level to review the results of this work and to draw any necessary policy conclusions from it.

Item 72
Ministerial Statement on Natural Gas
3 June 1991
IEA/GB(91)42/REV2

10. Ministers noted that **natural gas** is a relatively clean fuel and that demand for it is expected to grow rapidly in most IEA countries, with demand in power generation, including combined heat and power systems, being the fastest expanding area. Ministers noted that gas could make a contribution to reducing vulnerability in the transport sector where fuel diversity is weakest. Ministers welcomed the growth in international trade in natural gas, including LNG. They pointed out that ample gas resources exist to supply OECD regions for the foreseeable future and that a commercial approach to the development of more open and competitive markets would ensure the exploration, development and production of these resources. Ministers stressed the need for diversity, long-term availability and security of sources of gas supplies.

Item 73
Ministerial Declaration on Natural Gas
4 June 1993
IEA/GB(93)41

10. Natural Gas: The use of natural gas is expected to grow rapidly over the next two decades in most IEA countries, largely in response to

technological and environmental developments. Physical reserves of natural gas in the areas supplying the IEA countries are abundant; moreover, most IEA Member countries are less reliant on imports of gas than on imports of oil. Nevertheless, an increasing proportion of natural gas is sourced outside the IEA countries, and delivery systems for gas are much less flexible than those for oil in some regions. Thus, the potential for interruptions of gas supply has grown. Ministers, therefore, charge the IEA to analyse the probable trends in gas supply, demand, and transmission capacity, world-wide and in the IEA regions. Moreover, given that natural gas markets still tend to be regional and largely unconnected, Ministers call upon the IEA to analyse the regional gas security issues that emerge.

Item 74
1995 Ministerial Action on IEA Gas Security Study
22 May 1995
IEA/GB(95)30

- Endorsed the major findings of the *IEA Gas Security Study*, that the nature of security issues differs from those in oil supply, and that gas security is best viewed in terms of risk management, which is primarily a matter for companies and their customers, to be managed through contractual relations; but also acknowledged the significant international dimension to gas security (including the need for a secure framework for investment and trade) and the need for periodic monitoring, by the Government concerned.

3. Nuclear

Item 75
Ministerial Statement on Steady Expansion of Nuclear Power
5-6 October 1977
IEA/GB(77)48(2nd Revision)

6. Ministers expressed their firm political determination to reinforce their national policies in order to achieve these group objectives. For this purpose, the decision establishes twelve principles of energy policy which will serve as guidelines for the implementation of national measures, taking into account

domestic energy circumstances and social and economic requirements. The principles call for constant and careful attention to important environmental, safety and security concerns to which the production, transportation and use of energy give rise. They provide for stronger energy conservation, switching to use of more plentiful fuels, and rapid expansion of indigenous energy supplies. They emphasise the need for a favourable investment climate, adequate energy prices and reduced uncertainty about energy policies. They call for co-operative efforts to increase coal consumption, production and trade and to maintain steady expansion of nuclear power, consistent with non-proliferation and environmental concerns, as a main and indispensable element in attaining IEA group objectives. Some Ministers, however, expressed different views as to the nuclear principle and reserved their position with regard to that principle.

7. Ministers generally recognised that nuclear power will be required in order to attain IEA group objectives. Ministers of many Member countries expressed the determination of their governments to expand their nuclear generating capacity. Ministers recognised that some of the constraints on development of nuclear energy can be only be reduced by international co-operation. They agreed that given the importance of nuclear power as an alternative source of energy, the IEA should play an active role in the development of nuclear energy policies, taking full account of work being done elsewhere.

Item 76
Decision on Adoption of a Programme of
Work in Nuclear Energy
19 January 1978
IEA/GB(78)5, Item 4

THE GOVERNING BOARD

(a) having considered IEA/GB(77)42 and IEA/GB(78)3, approved the following Programme of Work in Nuclear Energy:

Task 1: A critical assessment will be made of electricity growth to 1985 and beyond. This will intensify the previous SLT work with particular emphasis on the electricity sector in order to validate or alter nuclear demand projections. It will include

an examination of alternative scenarios with varying nuclear energy components to illuminate the role of nuclear energy in future energy balances and the consequences of nuclear energy shortfall.

Task 2:¹ An examination will be made of the extent to which government policy conditions relating to the supply of uranium raw material, whether on the side of the producer or consumer, are affecting nuclear development in the IEA. Insofar as there are difficulties, measures which might alleviate the difficulties will be identified and examined.

While any such measures would initially be explored within an IEA context, they would not be viewed as exclusively IEA mechanisms, but rather as defining patterns which could also be made applicable in a broader context. IEA will maintain close observation of any similar activity elsewhere, such as in the INFCE, in order that all such activities be as mutually supportive as practicable.

Task 3: An examination will be made of the policies and practices which affect the actual mining of uranium raw material to determine whether they are impeding or likely to impede to a critical degree the supply of uranium, including market and investment conditions important to both producers and consumers. The objective will be to identify policy actions needed to provide suitable framework(s) for uranium production investment.

Task 4: Determine whether existing uranium exploration programmes, taking into account the work of NEA and IAEA, are adequate to establish with needed accuracy the uranium resource base.

Task 5:² An examination will be made of the extent to which government policy conditions relating to the supply of enrichment services are affecting or are likely to affect current and near-term decisions to construct nuclear power plants. Insofar as they are, measures which might alleviate the difficulties will be identified and examined.

1. The Delegate for Canada stated that the Canadian Government had decided not to participate in Tasks 2 and 5 of the Programme of work.

2. See footnote to Task 2. (*Note 1 on p. 5 of the original*).

Task 6: Work will be initiated in the following areas in order to be prepared for specific implementing action if, after appropriate encouragement by IEA, related efforts in other bodies are inadequate to the problems and the evolving energy situation should make such action necessary:

- A. Consideration of possible arrangements for the back end of the fuel cycle in the context of differing national policies and situations of IEA Participating Countries.
- B. Definition of a multinational demonstration programme for long-term disposition of spent fuel and waste which would include collaborative demonstrations in several countries under varying geophysical conditions.

(b) in approving the Programme of Work, the Governing Board directed that:

- (1) emphasis should be placed upon those issues which affect the ability of nuclear power to fulfil its necessary role in meeting the overall energy objective of IEA;
- (2) full account should be taken of the work being done by other international organizations and programmes, seeking not to duplicate activities that are adequately being carried out, and where appropriate, building on them;

and noted:

- (3) that this Programme of Work should be considered as preliminary and evolving and that the Nuclear Sub-Group should have adequate flexibility in deciding which activities should be undertaken and the priority accorded them;
- (4) that the Agency would, in the conduct of this work, take measures to inform the public about the role of nuclear power in meeting the Agency's objectives;
- (5) the Executive Director's statement that there will be examined as part of Task 2 the measures to alleviate the difficulties referred to in task 2; those measures include:
 - (i) terms and conditions which could be agreed between IEA Participating Countries to satisfy non-proliferation objectives and at the same time provide a political framework to adequately relieve consumers of concern as to the continuing availability of needed uranium supplies;

- (ii) a supply of uranium readily and certainly available to meet at least emergency circumstances;
- (iii) simplification and streamlining of government approval procedures relating to uranium trade;

.....

- (7) that Task 6 is more properly within the mandate of the Committee on Research and Development which should have primary responsibility for the work, co-ordinating with SLT as appropriate;

.....

Item 77
Ministerial Statement on the Role of Nuclear Energy
15 June 1981
IEA/GB(81)34(Final)

9. Nuclear power will have to play a major and increasing role in many countries in order to achieve the necessary structural change which all IEA countries have agreed upon. This will be facilitated by better conditions for the timely growth of nuclear power. IEA countries should therefore take prompt national and international action to increase public understanding of reactor safety; implement waste management and disposal programmes; streamline licensing procedures to shorten lead times with continued emphasis on safety; ensure that regulatory practices do not unnecessarily constrain investment; and reinforce the reliability and predictability of international trade in nuclear fuels and technology under appropriate safeguards, in order to enhance public acceptance of and confidence in nuclear power, including advanced reactor technology. Industrialized countries also can contribute to a better world energy balance by making better use of their technological capacity, including the use of nuclear and other technologically complicated energy sources.

Item 78
Ministerial Recommendation on Electricity
11 May 1987
IEA/GB(87)33 Annex
Paragraphs 14-16 inclusive

Set forth in Item 81 below

Item 79
Ministerial Statement on the Nuclear Option
4 June 1993
IEA/GB(93)41

12. Nuclear: Nuclear energy makes a substantial contribution in a number of Member countries and, consequently, to the overall energy supply mix of IEA countries. Ministers of a number of countries are of the view that the nuclear option must be maintained as an indispensable element of the diversification of their primary energy supply. It is essential to maintain and further develop the highest available standards of safety, and in particular to continue and strengthen international co-operation in approaches to the safe operation of nuclear facilities, to waste management, to decommissioning and to the development of new reactor systems. The role of the OECD Nuclear Energy Agency was emphasized in this regard. Ministers recognise that each IEA country will have to decide on the mix of fuels used for electricity generation best suited to its particular circumstances, taking account of energy security, environment, safety, and costs, and the possible effects of their decisions on other countries.

4. Electricity

Item 80
Conclusions on Electricity
27 March 1985
IEA/GB(85)20, Item 2(e) and Annex III

THE GOVERNING BOARD

- (i) noted the Note by the Secretariat on the “Electricity Study” [IEA/GB(85)8] and the intention of the Executive Director to publish the Study as attached to this Note on her authority, subject to revisions to take account of comments made by Delegations and other minor and drafting changes by the Secretariat;
- (ii) noted the Report by the SLT entitled “Electricity Study” [IEA/GB(85)9] and adopted the Conclusions set out in Annex III.

ANNEX III

Conclusions on Electricity

1. The Governing Board considered the study “Electricity in IEA Countries — Issues and Outlook” prepared by the Secretariat. They thanked the members of the informal advisory group of experts from electric utilities and the Coal Industry Advisory Board for their valuable contribution to the Study.

2. The Governing Board endorsed the view that a strong and viable electricity industry is important to the economic development and the energy security of the Member countries of the International Energy Agency. They welcomed the progress made by Member countries in increasing penetration of electricity in energy markets at the expense of less secure fuels, in using it more efficiently and in reducing the dependence of the electricity generating systems on oil. At the same time the Governing Board noted that in some IEA countries serious problems were being encountered in the provision of new generating capacity and that prices, either generally or to particular groups of consumers, are fixed above or below economic levels.

3. Because the electricity industry generally operates as a monopoly, a framework of public policy is needed to ensure that it makes its optimum contribution to economic well-being. The Governing Board affirmed the need for strong and effective policies to enable the electricity industry to make its full contribution to the economic development and energy security of Member countries. They urged Member governments to strengthen their policies to this end and in particular, either directly or through discussion with other levels of government, the electricity industry and regulatory bodies, to:

- (i) Ensure that electricity prices are set at a level which encourages efficient use, guides consumers to rational choices between electricity and other forms of energy and promotes optimal investment decisions by both producers and consumers. To this end it will be essential to:
 - give weight to current and future as well as past costs in the fixing of electricity prices;
 - see that changes in fuel and operating costs are reflected promptly in electricity tariffs;
 - avoid cross subsidisation between consumers and the use of electricity prices in a way inconsistent with energy policy in order to promote social, industrial and other policies;

- develop tariff structures which will promote optimal use of investment in the electricity industry and rational patterns of electricity demand.
- (ii) Monitor closely developments in electricity demand and improve the data bases and analytical tools necessary for market research and forecasting.
- (iii) Strengthen policies to promote on an economic basis the conservation and efficient use of electricity and the increased use of electricity where such increased use reduces the consumption of oil.
- (iv) Ensure that supply plans are flexible enough to accommodate the range of likely outcomes on demand.
- (v) Seek to create conditions in which electricity supply remains adequate and electricity supply economics continue to improve in particular by:
 - taking full advantage of the economic and security benefits, even in conditions of surplus capacity, of replacing old by new capacity, particularly when the old capacity is oil-or gas- fired;
 - removing constraints on investment in those means of production which lead to the lowest costs of supply;
 - seeking to improve efficiency in the production of electricity (including in appropriate cases the use of combined heat and power production and the development of renewable energies);
 - reducing lead times by simplifying administrative processes, standardizing plan design, dealing with potential public objections early in the planning process and, where appropriate, offsetting the impact of new plants on local communities;
 - applying impartial comparative economics based on marginal costs of supply to the consideration of alternatives to conventional supply additions;
 - promoting such competition in the electricity sector as is consistent with the maintenance of electricity supply to consumers as a public service.
- (vi) Ensure expansion of electricity interconnection and trade on an environmentally acceptable basis in particular by:
 - easing financial and regulatory constraints on the construction of new transmission lines;

- encouraging co-operation between the utilities in long distance supply projects;
 - avoiding or removing regulatory constraints on exports and imports of electricity.
- (vii) Take steps to reduce the costs of making the production and transmission of electricity environmentally acceptable, and to ensure that decisions on electricity policy give weight to environmental considerations and that decisions on environmental protection give weight to considerations of electricity policy. Specifically:
- ensure that environmental regulations, while clearly articulating the environmental objectives, allow maximum flexibility on the methods of achieving them; to this end regulations should avoid setting out precise technical methods of environmental control and should, in appropriate cases, set standards for emissions in a region or industry rather than in specific plants;
 - in the interests of environmental protection and the avoidance of any resulting market distortions, promote comparable progress in the field of environmental protection in all Member countries, taking account of the need for flexibility provided for in the preceding subparagraph and also taking account of relevant environmental conditions and of contributions by Member countries over the years to the protection or improvement of the environment;
 - streamline and simplify environmental procedures consistently with the achievement of the environmental objective;
 - promptly allow the cost of meeting environmental standards to be incorporated in electricity tariffs;
 - increase as appropriate RD&D on the environmental aspects of electricity production and transmission.
- (viii) Establish whether there is an adequate RD&D effort (both public and private) on making the use of coal and nuclear energy in electricity generation more environmentally acceptable, on improved load management and on improved long distance transmission of electricity; if the effort in any of these areas seems inadequate, consider some reordering of priorities for government funding of RD&D related to electricity.
- (ix) Ensure that legislative and regulatory controls are operated flexibly and in a way which responds to changing circumstances.

4. To promote the implementation of this policy the Governing Board made the following specific requests to the Member countries concerned. The Governing Board recognised that implementation of the requests would need to take account of the institutional arrangements for the electricity industry in the country concerned:

- Austria: Continue vigorously the development of electricity generation from coal and hydropower and endeavour to overcome the obstacles to the commissioning of the Zwentendorf nuclear power plant;
- Germany: Promote further the more efficient use of electricity and the replacement of oil by electricity in industry and households;
- Greece: Adjust prices to put the Public Power Corporation's investment programmes on a sound basis; prepare contingency plans should present projects for lignite development not succeed;
- Italy: Carry through the programme of oil substitution in generation; continue to develop pricing policies with a view to avoiding any deterioration in the financial situation of ENEL, gradually eliminating preferential tariffs and requiring ENEL to earn a return on that part of its capital which is provided by the government;
- Netherlands: Give high priority to the provision of coal-fired and nuclear generating capacity to replace oil- and gas-fired capacity; continue efforts to improve the structure of the electricity supply industry;
- Portugal: Promote further the improvement of the financial basis of the electricity supply system and carry through programmes to expand supply;
- Spain: Ensure that the reduction in the nuclear power programme in 1983 does not result in a shortage of capacity; gradually eliminate preferential tariffs;
- Switzerland: Continue efforts to improve the acceptance of nuclear energy by promoting a more efficient use of electricity and the safe disposal of radioactive waste;
- Turkey: Carry out planned improvements in electricity supply, management and finance;

- United Kingdom: Promote further the efficient use of electricity; consider the organisation of the electricity supply industry;
- United States: Relate prices more closely to future as well as past costs in order to provide a stable and positive environment for necessary capital investment and gradually eliminate preferential tariffs; remove barriers to efficient behaviour and organisation by the utilities; develop a regulatory system which is more responsive to changes in the environment within which the utilities operate;
- United States and Canada: Encourage the North American Electric Reliability Council to consider economic as well as reliability factors when addressing inter-regional power transmission.

5. The Governing Board:

instructed the Standing Group on Long-Term Co-operation and the Committee on Research and Development to keep progress on the implementation of these Conclusions under review both in the country review process and in their continuing work and to report regularly to the Governing Board.

Item 81
Ministerial Recommendation on Electricity
11 May 1987
IEA/GB(87)33 Annex

12. Electricity is basic to economic growth and a high standard of living in IEA countries. There is important potential for improving the efficiency with which electricity is used, generated and transmitted. Nevertheless, new capacity will be needed in many countries in the 1990s to meet increasing demand and to replace existing obsolete capacity. IEA governments and utilities need to take action to ensure that electricity supply remains adequate in the long term and that electricity economics continue to improve.

13. Ministers noted that substantial progress has been made in diversifying the sources of energy in electricity generation and reducing the use of oil. This has been achieved largely by increased use of coal and nuclear energy, which in 1986 accounted for 43 per cent and 21 per cent respectively of electricity production in OECD countries, and thereby strongly contributed to energy

supply security. Ministers agreed that, for the future, it was essential for IEA countries to continue to reduce dependence on oil and to diversify the other sources of energy used in this sector. Where economic, multi-fuel generating plants enable consumers to take advantage of competition between fuels.

14. Ministers noted that:

- (a) Coal and other solid fuels will continue to be major sources of primary energy for electricity in many IEA countries. Further work is in hand in the IEA on long-term trends in coal demand (both in electricity generation and other sectors), as well as in coal supply and prices. Existing technologies can substantially reduce emissions from the burning of coal without increasing cost to a point which renders it uneconomic. New technologies are being developed and demonstrated which will improve both the competitiveness and the environmental impact of using coal. It is essential that no time be lost in making these new technologies commercially available to utilities.
- (b) Gas is used in electricity generation in some IEA countries. Substantial additional demand for gas would involve faster depletion of IEA gas reserves or require additional supplies from non-IEA countries. Such additional supplies would, in accordance with the Conclusions adopted at the meeting of the Governing Board at Ministerial level on 8th May 1983, be obtained from as diverse sources as possible.
- (c) Hydropower can make an important contribution to additional generating capacity in some countries. The development of other renewable sources of energy can provide important new options in the longer term in relation both to electricity generation and energy supplies generally and should be actively pursued.
- (d) Nuclear energy. After the Chernobyl accident, which was specific to a particular type of plant, those Member countries for which nuclear energy is a relevant option have carefully assessed the safety of types of reactors used in their countries. A group of countries, which account for the bulk of electricity generation in the OECD region, consider that the standards of safety in their reactor systems and procedures are so high that the risk of major accidents is too remote to justify a change in policy. They therefore intend to continue their nuclear power generation programmes in

order to secure the economic and environmental advantages which flow from them. A few countries still have their programmes under review. Other countries have decided not to produce nuclear power either because they have other non-oil resources available or because they consider the long-term environmental impacts and the residual risks of nuclear energy production, even under the highest safety standards, to be unacceptable. One country has decided to discontinue its existing nuclear programme by early in the next century.

15. A significant limitation of any of these options, in particular of coal or nuclear, for the IEA as whole would increase demand for other energy sources and thus the costs of achieving energy security. The IEA will continue and deepen its analysis of the different options for electricity generation. However, each IEA country will have to decide on the mix of fuels used in generating stations best suited to its particular circumstances. All will, however, seek to achieve a mix which takes into account considerations of energy security, environment, safety and the possible effects of their decisions on other countries. Ministers noted that, despite differing perceptions about the appropriate balance, many and useful international consultations and information exchanges about these decision were taking place.

16. The safety issues associated with the production of electricity are of fundamental importance, particularly in the case of nuclear energy. IEA countries have already made important progress in this area and will continue their efforts to ensure the highest standards of safety in all aspects of waste management and of the planning, design, construction, operation and dismantling of nuclear installations. They will give full political and technological support to arrangements for international co-operation on nuclear safety which exist, or are being developed, particularly within the Nuclear Energy Agency of the OECD and the International Atomic Energy Agency.

Item 82
Recommendation on Use of Oil in Electricity Generation
6 March 1990
IEA/GB(90)10, Item 2(a)(iii)

THE GOVERNING BOARD

A. noted the Note by the Secretariat entitled "Use of Oil in Electricity Generation" [IEA/GB(90)3];

- B. agreed that the present policy of the IEA on the use of oil in electricity generation should not be changed and requested the Secretariat to monitor and report on future developments concerning this question.

Item 83
Ministerial Statement on Electricity Demand
4 June 1993
IEA/GB(93)41

14. Electricity: Electricity demand in OECD countries continues to grow steadily and substantial new generating capacity and energy efficiency gains from demand-side management practices will be required over the next several decades. Thus, greater efforts are needed to win public understanding and co-operation for the siting of new facilities and investments in efficiency to meet future demand, while continuing efforts to mitigate environmental effects. Enhanced electricity interconnection and trade offer many security of supply, economic efficiency and, in certain instances, environmental advantages.

C. Energy Trade and Investment

Item 84
Decision on the Approach to Investment in Energy Projects
to Promote Structural Change
10 December 1981
IEA/GB(81)86, Item 6

THE GOVERNING BOARD

- (a) noted document IEA/GB(81)82 “Energy Investment Projects: IEA Role in Promoting Structural Change in Member Countries”;
- (b) adopted the Decision on the Approach to Investment in Energy Projects to Promote Structural Change as set out in Annex II to these Conclusions.

ANNEX II

DECISION ON AN APPROACH TO INVESTMENT IN ENERGY PROJECTS TO PROMOTE STRUCTURAL CHANGE

The Governing Board, considering:

- a) the importance of investment in energy projects as a prerequisite to bring about effective and timely structural change in Member countries in order to achieve lasting reductions in oil use;
- b) that in some Member countries, difficulties are being experienced in proceeding with investment programmes to develop indigenous resources as rapidly and effectively as would be desired, for a number of reasons including the general economic and balance-of-payments situations, but also including more specific difficulties relating to the planning, management and implementation of relatively large investment programmes; and
- c) that international cooperation can assist individual countries in overcoming the practical constraints associated with energy planning and the management and implementation of energy investment projects and, in this way, help to create a better basis for financing investment.

DECIDES:

1. to assist investment in energy projects to promote structural change in individual Member countries, through international cooperation in the areas of:
 - energy planning;
 - demonstration of achievements of energy policy;
 - further development of country review procedures; and
 - Secretariat contacts with appropriate international financial institutions;
2. the implementation of this approach will include the following elements:
 - A. Energy Planning
 - i) The Secretariat, in cooperation with Member countries, will compile a catalogue of principles, criteria and methodological

approaches available in national governments and other international organisations, particularly international financial organisations, with concern to overall and sectoral planning. The Secretariat will act as a clearing house to pass such information to interested countries;

- ii) The Secretariat will also, drawing on information submitted by Member governments, make available a list of consulting firms with experience in energy planning;
- iii) Encouragement of exchange programmes for officials of interested countries, with a view to providing specific demonstration of working methods in energy planning in other countries;
- iv) A possible IEA-sponsored workshop on the development and implementation of energy planning tools, including questions of parameter assumptions. The SLT is requested to develop this concept further for consideration by the Governing Board;

B. Demonstration of Achievements of Energy Policy

Encouragement of information sharing on practical achievements of energy policy, particularly in the field of energy conservation, through existing IEA committees and visits to IEA countries;

C. Further Development of Review Procedures

- i) Country reviews will be further developed to give more specific attention to assessing problems of countries facing high cumulative investments to reduce dependence on imported oil, including, where appropriate, specific sector analysis; and to difficulties in overcoming constraints related to, inter alia, financing, overall energy planning, project planning, construction, management and manpower, and coordination between authorities;
- ii) Member countries which feel they have a problem of inadequate energy financing due to high cumulative investments required to reduce dependence on imported oil will be able to request an in-depth review which will focus, among other issues, on major energy projects. Although such reviews could not endorse specific projects, they would help

to identify areas where specific demonstration of methods and experiences in the energy field (as discussed in A and B above) could be useful.

D. Secretariat Contacts with Appropriate International Financial Institutions

The Secretariat will seek to improve the environment of discussions between countries seeking financing of energy projects and international financial institutions by developing informal contacts with appropriate international financial institutions with a view to providing regular information on the energy situation in a short-term and long-term perspective, globally and regionally.

Item 85
Ministerial Statement on Energy Investment
24 May 1982
IEA/GB(82)54(Final)

12. Ministers recognised the importance of energy investment in bringing about a better energy mix. They noted the general sluggishness of private investment in current economic circumstances and that several large energy projects that have high costs and long lead times have been recently deferred or cancelled. While recognising that the short-term energy situation has changed, they agreed that the longer-term situation remains uncertain and stressed the important role that energy investment must play in assuring energy security.

Item 86
Conclusions on Energy Pricing
28 March 1984
IEA/GB(84)15, Item 3(d) and Annex II

THE GOVERNING BOARD

noted the Report by the Standing Group on Long-Term Co-operation (SLT) entitled "Energy Pricing Issues in IEA Countries" [IEA/GB(84)6] and adopted the Policy Conclusions on Energy Pricing as set out in Annex II hereto.

ANNEX II

Policy Conclusions on Energy Pricing

THE GOVERNING BOARD

(a) made the following requests to the Member countries concerned:

(i) Oil Prices

Canada should continue moving domestic oil prices towards world market levels and assure that this progress continues after expiration of current pricing arrangements, including the amendments to existing federal-provincial agreements.

All countries applying oil price controls should, within their systems, endeavour to avoid distorting effect on international oil trade and obstacles to the restructuring of refining and marketing capacities.

Italy should reduce remaining controls on oil product prices.

Portugal and Spain should phase out oil price subsidies and charge real cost prices to consumers.

(ii) Natural Gas Prices

The United States should give high priority to a fast and complete withdrawal of regulations on all natural gas prices.

The Netherlands should continue adapting gas prices to market conditions in particular in the domestic sector. They should also see to it that preferential gas pricing policies for electric utilities will be strictly temporary.

The United Kingdom should continue to move towards economic gas pricing with particular attention to the residential sector.

Italy should reduce remaining controls on gas prices for domestic use and eliminate concessionary natural gas rates for certain industrial consumers.

(iii) Coal Prices

Belgium should bring the price of indigenous coal to electric utilities into line with world prices.

(iv) Electricity Tariff Issues

The United States should continue efforts to achieve a reform of electricity rate regulations which will enable tariffs to reflect more completely the cost of electricity generation and which will enhance the utilities' ability to finance new capacity construction and conversion away from oil.

Pending further study Italy should continue and improve adjustments to electricity tariffs with a target to cover production and distribution costs and to make substantial capital procurements.

(v) Energy Taxation

All countries should keep under review the level of taxation on gasoline.

- (b) instructed the Standing Group on Long-Term Co-operation (SLT) to make a detailed examination of progress on the above points in future SLT Reviews and to report regularly to the Governing Board.

Item 87
Conclusions on Barriers to Energy Trade
28 March 1984
IEA/GB(84)15, Item 3(e) and Annex III

THE GOVERNING BOARD

- (i) noted the Report by the Standing Group on Long-Term Co-operation (SLT) and the Note by the Secretariat, both entitled "Barriers to Energy Trade" [IEA/GB(84)7 and Addendum 1 (Room Doc. No 5)] and adopted the Policy Conclusions on Barriers on Energy Trade as set out in Annex III hereto.

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ANNEX III

Policy Conclusions on Barriers on Energy Trade

THE GOVERNING BOARD

- (a) made the following requests to the Member countries concerned:

- (i) Coal Trade
 - Germany and the United Kingdom should consider the disadvantages to international trade of protecting or subsidising domestic high cost coal production.
 - (ii) Oil
 - United States should take steps to facilitate exports of Alaskan crude;
 - Canada should give due consideration in its export policies to overall IEA energy policy and security objectives;
 - Countries which require a licence for oil product exports should avoid administrative delays in order not to create difficulties for importing countries;
 - Restrictions on oil product imports should not lessen the incentives for the refinery industry to adapt capacity to changing market circumstances.
 - (iii) Gas
 - Major gas producing countries, in particular Canada, Netherlands, United Kingdom, and Australia, should continue to give due consideration in their export policies to overall IEA energy policy and security objectives.
- (b) agreed that the International Energy Agency should continue to monitor the progress of discussions on questions of nuclear trade in the relevant international organizations.
- (c) instructed the Standing Group on Long-Term Co-operation (SLT) to make a detailed examination of progress on the above points in future SLT Reviews and to report regularly to the Governing Board.

Item 88
Ministerial Recommendation on Indigenous Fuel
Production
11 May 1987
IEA/GB(87)33 Annex

Set forth in Item 55 above

Item 89
European Energy Charter
17 December 1991
EECH

CONCLUDING DOCUMENT OF THE HAGUE CONFERENCE ON
THE EUROPEAN ENERGY CHARTER

The representatives of Albania, Armenia, Australia, Austria, Azerbaijan, Belgium, Belorussia, Bulgaria, Canada, Cyprus, Czechoslovakia, Denmark, Estonia, The European Communities, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, The Interstate Economic Committee, Ireland, Italy, Japan, Kazakhstan, Kirghizstan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Moldova, The Netherlands, Norway, Poland, Portugal, Romania, The Russian Federation, Spain, Sweden, Switzerland, Tadjikistan, Turkey, Turkmenistan, Ukraine, The United Kingdom of Great Britain and Northern Ireland, The United States of America, Uzbekistan, Yugoslavia convened in The Hague, the Netherlands, from 16 to 17 December 1991 in order to adopt the European Energy Charter.

The Conference was opened and closed by the Minister of Economic Affairs of the Netherlands.

Her Majesty, Queen Beatrix of the Netherlands, attended the opening of the Conference.

The Prime Minister of the Netherlands and the Commissioner for Energy of the European Commission addressed the Conference.

During the Conference, contributions were received and statements made by delegates of the signatories.

Determined to give full effect to the results of the Conference, the representatives of the signatories adopted the following text for the European Energy Charter:

EUROPEAN ENERGY CHARTER

The representatives of the signatories meeting in The Hague on 16 and 17 December 1991,

Having regard to the Charter of Paris for a New Europe, signed in Paris on 21 November 1990 at the summit meeting of the Conference on Security and Co-operation in Europe (CSCE);

Having regard to the document adopted in Bonn on 11 April 1990 by the CSCE Conference on Economic Co-operation in Europe;

Having regard to the declaration of the London Economic Summit adopted on 17 July 1991;

Having regard to the report on the conclusions and recommendations of the CSCE meeting in Sofia on 3 November 1989, on the protection of the environment, as well as its follow-up;

Having regard to the Agreement establishing the European Bank for Reconstruction and Development signed in Paris on 29 May 1990;

Anxious to give formal expression to this new desire for a European-wide and global co-operation based on mutual respect and confidence;

Resolved to promote a new model for energy co-operation in the long term in Europe and globally within the framework of a market economy and based on mutual assistance and the principle of non-discrimination;

Aware that account must be taken of the problems of reconstruction and restructuring in the countries of Central and Eastern Europe and in the USSR and that it is desirable for the signatories to participate in joint efforts aimed at facilitating and promoting market-oriented reforms and modernisation of energy sectors in these countries;

Certain that taking advantage of the complementary features of energy sectors within Europe will benefit the world economy; persuaded that broader energy co-operation among signatories is essential for economic progress and more generally for social development and a better quality of life;

Convinced of the signatories' common interest in problems of energy supply, safety of industrial plants, particularly nuclear facilities, and environmental protection;

Willing to do more to attain the objectives of security of supply and efficient management and use of resources, and to utilize fully the potential for environmental improvement, in moving towards sustainable development;

Convinced of the essential importance of efficient energy systems in the production, conversion, transport, distribution and use of energy for security of supply and for the protection of the environment;

Recognizing State sovereignty and sovereign rights over energy resources;

Assured of support from the European Community, particularly through completion of its internal energy market;

Aware of the obligations under major relevant multilateral agreements, of the wide range of international energy co-operation, and of the extensive activities by existing international organizations in the energy field and willing to take full advantage of the expertise of these organizations in furthering the objectives of the Charter;

Recognizing the role of entrepreneurs, operating within a transparent and equitable legal framework, in promoting co-operation under the Charter;

Determined to establish closer, mutually beneficial commercial relations and promote energy investments;

Convinced of the importance of promoting free movement of energy products and of developing an efficient international energy infrastructure in order to facilitate the development of market-based trade in energy;

Aware of the need to promote technological co-operation among signatories;

Affirming that the energy policies of signatories are linked by interests common to all their countries and that they should be implemented in accordance with the principles set out below:

Affirming, finally, their desire to take the consequent action and apply the principles set out below:

HAVE ADOPTED THE FOLLOWING DECLARATION CONSTITUTING THE “EUROPEAN ENERGY CHARTER”

TITLE 1: OBJECTIVES

The signatories are desirous of improving security of energy supply and of maximising the efficiency of production, conversion, transport, distribution

and use of energy, to enhance safety and to minimise environmental problems, on an acceptable economic basis.

Within the framework of State sovereignty and sovereign rights over energy resources and in a spirit of political and economic co-operation, they undertake to promote the development of an efficient energy market throughout Europe, and a better functioning global market, in both cases based on the principle of non-discrimination and on market-oriented price formation, taking due account of environmental concerns. They are determined to create a climate favourable to the operation of enterprises and to the flow of investments and technologies by implementing market principles in the field of energy.

To this end, and in accordance with these principles, they will take action in the following fields:

1. Development of trade in energy consistent with major relevant multilateral agreements such as GATT, its related instruments, and nuclear non-proliferation obligations and undertakings, which will be achieved by means of:
 - an open and competitive market for energy products, materials, equipment and services;
 - access to energy resources, and exploration and development thereof on a commercial basis;
 - access to local and international markets;
 - access to local and international markets;
 - removal of technical, administrative and other barriers to trade in energy and associated equipment, technologies and energy-related services;
 - modernization, renewal and rationalization by industry of services and installations for the production, conversion, transport, distribution and use of energy;
 - promoting the development and interconnection of energy transport infrastructure;
 - promoting best possible access to capital, particularly through appropriate existing financial institutions;
 - facilitating access to transport infrastructure, for international transit purposes in accordance with the objectives of the Charter expressed in the first paragraph of this Title;

- access on commercial terms to technologies for the exploration, development and use of energy resources.
2. Co-operation in the energy field, which will entail:
- co-ordination of energy policies, as necessary for promoting the objectives of the Charter;
 - mutual access to technical and economic data, consistent with proprietary rights;
 - formulation of stable and transparent legal frameworks creating conditions for the development of energy resources;
 - co-ordination and, where appropriate, harmonization of safety principles and guidelines for energy products and their transport, as well as for energy installations, at a high level;
 - facilitating the exchange of technology information and know-how in the energy and environment fields, including training activities;
 - research, technological development and demonstration projects.
3. Energy efficiency and environmental protection, which will imply:
- creating mechanisms and conditions for using energy as economically and efficiently as possible, including, as appropriate, regulatory and market-based instruments;
 - promotion of an energy mix designed to minimise negative environmental consequences in a cost-effective way through:
 - (i) market-oriented energy prices which more fully reflect environmental costs and benefits;
 - (ii) efficient and co-ordinated policy measures related to energy;
 - (iii) use of new and renewable energies and clean technologies;
 - achieving and maintaining a high level of nuclear safety and ensuring effective co-operation in this field.

TITLE II: IMPLEMENTATION

In order to attain the objectives set out above, the signatories will, within the framework of State sovereignty and sovereign rights over energy resources, take co-ordinated action to achieve greater coherence of energy

policies, which should be based on the principle of non-discrimination and on market-oriented price formation, taking due account of environmental concerns.

They underline that practical steps to define energy policies are necessary in order to intensify co-operation in this sector and further stress the importance of regular exchanges of views on action taken, taking full advantage of the experience of existing international organizations and institutions in this field.

The signatories recognize that commercial forms of co-operation may need to be complemented by intergovernmental co-operation, particularly in the area of energy policy formulation and analysis as well as in areas which are essential and not suitable to private capital funding.

They undertake to pursue the objectives of creating a broader European energy market and enhancing the efficient functioning of the global energy market by joint or co-ordinated action under the Charter in the following fields:

- access to and development of energy resources;
- access to markets;
- liberalization of trade in energy;
- promotion and protection of investments;
- safety principles and guidelines;
- research, technological development, innovation and dissemination;
- energy efficiency and environmental protection;
- education and training

In implementing this joint or co-ordinated action, they undertake to foster private initiative, to make full use of the potential of enterprises, institutions and all available financial sources, and to facilitate co-operation between such enterprises or institutions from different countries, acting on the basis of market principles.

The signatories will ensure that the international rules on the protection of industrial, commercial and intellectual property are respected.

1. Access to and development of energy resources

Considering that efficient development of energy resources is a sine qua non for attaining the objectives of the Charter, the signatories undertake to facilitate access to and development of resources by the interested operators.

To this end, they will ensure that rules on the exploration, development and acquisition of resources are publicly available and transparent; they recognize the need to formulate such rules wherever this has not yet been done and to take all necessary measures to co-ordinate their actions in this area.

With a view of facilitating the development and diversification of resources, the signatories undertake to avoid imposing discriminatory rules on operators, notably rules governing the ownership of resources, internal operation of companies and taxation.

2. Access to Markets

The signatories will strongly promote access to local and international markets for energy products for the implementation of the objectives of the Charter. Such access to markets should take account of the need to facilitate the operation of market forces, and promote competition.

3. Liberalization of trade in energy

In order to develop and diversify trade in energy, the signatories undertake progressively to remove the barriers to such trade with each other in energy products, equipment and services in a manner consistent with the provisions of GATT, its related instruments, and nuclear non-proliferation obligations and undertakings.

The signatories recognize that transit of energy products through their territories is essential for the liberalization of trade in energy products. Transit should take place in economic and environmentally sound conditions.

They stress the importance of the development of commercial international energy transmission networks and their interconnection, with particular reference to electricity and natural gas and with recognition of the relevance of long-term commercial commitments. To this end, they will ensure the compatibility of technical specifications governing the installation and operation of such networks, notably as regards the stability of electricity systems.

4. Promotion and protection of investments

In order to promote the international flow of investments, the signatories will at national level provide for a stable, transparent legal framework for foreign investments, in conformity with the relevant international laws and rules on investment and trade.

They affirm that it is important for the signatory States to negotiate and ratify legally binding agreements on promotion and protection of investments which ensure a high level of legal security and enable the use of investment risk guarantee schemes.

Moreover, the signatories will guarantee the right to repatriate profits or other payments relating to an investment and to obtain or use the convertible currency needed.

They also recognize the importance of the avoidance of double taxation to foster private investment.

5. Safety principles and guidelines

Consistent with relevant major multilateral agreements, the signatories will:

- implement safety principles and guidelines, designed to achieve and/or maintain high levels of safety, in particular nuclear safety and the protection of health and the environment;
- develop such common safety principles and guidelines as are appropriate and/or agree to the mutual recognition of their safety principles and guidelines.

6. Research, technological development, innovation and dissemination

The signatories undertake to promote exchanges of technology and co-operation on their technological development and innovation activities in the fields of energy production, conversion, transport, distribution and the efficient and clean use of energy, in a manner consistent with nuclear non-proliferation obligations and undertakings.

To this end, they will encourage co-operative efforts on:

- research and development activities;
- pilot or demonstration projects;
- the application of technological innovations;

- the dissemination and exchange of know-how and information on technologies.

7. Energy efficiency and environmental protection

The signatories agree that co-operation is necessary in the field of efficient use of energy and energy-related environmental protection. This should include:

- ensuring, in a cost-effective manner, consistency between relevant energy policies and environmental agreements and conventions;
- ensuring market-oriented price formation, including a fuller reflection of environmental costs and benefits;
- the use of transparent and equitable market-based instruments designed to achieve energy objectives and reduce environmental problems;
- the creation of framework conditions for the exchange of know-how regarding environmentally sound energy technologies and efficient use of energy;
- the creation of framework conditions for profitable investment in energy efficiency projects.

8. Education and training

The signatories, recognizing industry's role in promoting vocational education and training in the energy field, undertake to co-operate in such activities, including:

- professional education;
- occupational training;
- public information in the energy efficiency field.

TITLE III: SPECIFIC AGREEMENTS

The signatories undertake to pursue the objectives and principles of the Charter and implement and broaden their co-operation as soon as possible by negotiating in good faith a Basic Agreement and Protocols.

Areas of co-operation could include:

- horizontal and organisational issues;

- energy efficiency; including environmental protection;
- prospecting, production, transportation and use of oil and oil products and modernization of refineries;
- prospecting, production and use of natural gas, interconnection of gas networks and transmission via high-pressure gas pipelines;
- all aspects of the nuclear fuel cycle including improvements in safety in that sector;
- modernization of power stations, interconnection of power networks and transmission of electricity via high-voltage power lines;
- all aspects of the coal cycle, including clean coal technologies;
- development of renewable energy sources;
- transfers of technology and encouragement of innovation;
- co-operation in dealing with the effects of major accidents, or of other events in the energy sector with transfrontier consequences.

The signatories will, in exceptional cases, consider transitional arrangements. They, in particular, take into account the specific circumstances facing some states of Central and Eastern Europe and the USSR as well as their need to adapt their economies to the market system, and accept the possibility of a stage-by-stage transition in those countries for the implementation of those particular provisions of the Charter, Basic Agreement and related Protocols that they are, for objective reasons, unable to implement immediately and in full.

Specific arrangements for coming into full compliance with Charter provisions as elaborated in the Basic Agreement and Protocols will be negotiated by each Party requesting transitional status, and progress towards full compliance will be subject to periodic review.

TITLE IV: FINAL PROVISION

The signatories request the Government of the Netherlands, President-in-Office of the Council of the European Communities, to transmit to the Secretary-General of the United Nations the text of the European Energy Charter which is not eligible for registration under Article 102 of the Charter of the United Nations.

In adopting the European Energy Charter Ministers or their representatives record that the following understanding has been reached:

The representatives of the Signatories understand that in the context of the European Energy Charter, the principle of non-discrimination means Most-Favoured-Nation Treatment as a minimum standard. National Treatment may be agreed to in provisions of the Basic Agreement and/or Protocols.

The original of this Concluding Document, drawn up in English, French, German, Italian, Russian and Spanish texts, will be transmitted to the Government of the Kingdom of the Netherlands, which will retain it in its archives. Each of the Signatories will receive from the Government of the Kingdom of the Netherlands a true copy of the Concluding Document.

Item 90
Ministerial Recommendation on Indigenous Oil Production
4 June 1993
IEA/GB (93) 41

Set forth in Item 57 above

D. Energy and the Environment

Item 91
Ministerial Statement and Conclusions on
Energy and the Environment
9 July 1985
IEA/GB(85)46 and Annex I

Ministers reaffirmed their view that energy production, conversion, transport and consumption must and can be carried out in an environmentally acceptable manner. They therefore agreed to promote actively energy policies which advance both energy and environmental objectives and to give due weight to environmental considerations in formulating their energy policies.

At the same time they urged that due weight also be given to energy considerations in the formulation of environmental policies. Accordingly, Ministers adopted the Conclusions on energy and the environment relating, among other things, to energy conservation; improved technology; reconciliation of energy and environment objectives; and achieving comparable progress, as set forth in Chapter III of Annex I.

ANNEX I

- 1) Energy production, conversion, transport and consumption should be carried out in an environmentally acceptable manner, and reliable technologies and methods exist to control most of the environmental impacts of energy production and use. Solutions to the environmental issues associated with energy are fundamental to the maintenance of adequate, economic and secure supplies of energy in the long term and the form of these solutions would be important for energy policy. Ministers will therefore promote actively in their energy policies those lines of action which advance the objectives of both energy and environmental policy, paying particular attention to the development of new environmentally favourable energy technologies and to the efficient use and conservation of energy. At the same time, they recognise that many factors play an integral part in the formulation of energy policy, including improvement of the energy mix, energy security, and minimisation of costs as well as protection of the environment. All these factors including protection of the environment should be taken into account at an early stage in the formulation of energy policy. Inevitably, the factors will sometimes conflict. When this happens, it will be necessary to strike a balance between them, taking into account all the costs and benefits involved, both nationally and internationally. The decisions so taken may differ between countries according to their energy mix and degree of pollution.

- 2) More efficient use and the conservation of energy on an economic basis are of primary importance for achieving the objectives of both energy and environmental policy. Means to promote the efficient use of energy are, in general, free of environmental disadvantages and the environmental problems associated with energy production and consumption are therefore generally reduced if less energy is used.

Ministers will therefore strengthen as appropriate their policies to promote the efficient use and conservation of energy by economic energy pricing, removing barriers to the effective operation of price signals through the market and adopting specific measures and programmes.

- 3) The introduction of improved technology on an economic basis is fundamental both to securing the more efficient use of energy and to resolving the environmental questions associated with energy production, conversion, transport and consumption. Development of cost-effective, new technology is particularly important. Ministers will therefore give proper weight in their programmes of research, development and demonstration to technologies to promote:
- the more efficient use and conversion of energy;
 - the combustion of coal or its conversion to other forms of energy in an environmentally acceptable manner;
 - the safe disposal of nuclear waste;
 - renewable sources of energy which are environmentally acceptable and competitive.

Progress in this area can be advanced by co-operation between Member countries including the exchange of information and of relevant technologies.

- 4) The reconciliation of energy and environmental objectives will be assisted if the costs of measures to protect the environment are carried by polluters - the “polluter pays principle”. They will then be reflected in prices to consumers, to the extent that market forces permit, with the result that the operation of the market will promote the more environmentally favourable energy mix. At the same time it is desirable to promote on an economic basis other lines of action which advance both energy and environmental objectives, such as:
- the use of natural gas with due regard to the risks to energy security and to problems associated with the emission of nitrogen oxides;
 - environmentally acceptable methods of burning coal;
 - better coal preparation and the use of low sulphur coal;

- the development of nuclear energy which, under stringent standards for health, safety, and waste disposal, and strict respect of current non-proliferation policies, generally has environmental advantages;
 - promotion on an economic basis of the use of electricity when it can be produced in an incrementally acceptable way;
 - the use of district heating, combined heat and power and other types of waste heat utilisation;
 - more efficient and less polluting motor vehicles and the more efficient use of public transportation.
- 5) Ministers urge that, just as the formulation of energy policy should give due weight to environmental considerations, so should environmental policy give due weight to energy policy considerations. In particular:
- at an early stage in the consideration of changes in environmental policy there should be consultation with all in the energy sector who are likely to be affected so that proper account can be taken of the energy policy aspects of the decision;
 - environmental objectives should be clearly articulated but regulations should allow maximum flexibility on the methods of achieving the objective; to this end they should avoid setting out precise technical methods of environmental control and they should, in appropriate cases, set standards for emissions in a region or industry rather than in specific plants;
 - environmental regulations should be subject to review but any changes in their requirements should be infrequent and as predictable as possible; new requirements for existing installations and those under construction should take into account the necessity of a reasonable adjustment period.
- 6) Ministers stress the necessity, in the interests of environmental protection and the avoidance of any resulting market distortions, of achieving comparable progress in the field of environmental protection in all Member countries, taking account of the need for flexibility provided for in paragraph 5 (2nd tiret) and also taking account of relevant environmental conditions and contributions by Member countries over the years to the protection or improvement of the environment. They recognise the need for close co-operation on the local, national and international levels between those responsible for

energy policy and for environmental policy. They will consider whether the arrangements for co-ordination within their own governments need strengthening. This examination will include the questions of strengthening the capacity of Member governments to analyse the inter-relationship of energy and environmental considerations and of providing the necessary data for such analysis.

- 7) The Governing Board at official level is requested to take the necessary measures, in close consultation with the OECD Environment Committee, to implement these Conclusions and in particular to:
 - (a) give weight to environmental considerations in their work on energy policy;
 - (b) keep in close touch with those aspects of the work of the OECD Environment Committee which are of concern to the IEA.
- 8) The OECD Environment Committee are invited to take these Conclusions into account and to continue their co-operation with the IEA in their work in this area.

Item 92

Ministerial Recommendation on Energy and the Environment 11 May 1987 IEA/GB(87)33 Annex

32. Energy production and use should be carried out in an environmentally acceptable manner. Ministers reaffirmed their commitment to promote actively in their energy policies those lines of action which advance the objectives of both energy and environmental policy on the lines set out in the Conclusions on Energy and the Environment adopted at their meeting in July 1985. Solutions to the environmental problems associated with energy are fundamental to the maintenance of adequate, economic and secure supplies. Ministers also again emphasized that just as the formulation of energy policy should give due weight to environmental considerations, so should environmental policy give due weight to energy policy considerations. The IEA has already given much attention to following up these decisions. The decisions taken at the current meeting on efficiency in the use of energy, on electricity generation and on research, development and demonstration including work on renewable environmental policies. It is important that a

proper balance be maintained between energy and environment policies which at the same time stimulates research, development and commercialisation of new cleaner energy transforming and using technologies.

33. The increase of the atmospheric content of carbon dioxide, due to a large extent to the burning of fossil fuels, may have potentially serious consequences on the environment and specifically on climate, agriculture and sea levels. A well co-ordinated multinational research effort is essential to assess the likelihood, extent, and timing of such consequences. The IEA will follow progress and evaluate its implications on energy policy.

....

Implementation

36. Regular monitoring of progress both by the IEA and its Member governments is essential to the successful implementation of these decisions. This work will be helped by the regular exchange of information and experience. Ministers instructed the Governing Board at official level to review and where necessary strengthen the arrangements for such monitoring and exchanges.

Item 93 Ministerial Pledge on the Environment 30 May 1989 IEA/GB(89)36 Annex

Ministers have previously stressed the important links between energy and the environment, and consequently the need for integrated policies which further energy security, environmental protection and economic growth. Now in 1989, particularly in view of increasing evidence of the risk of global warming and climate change and the necessity to respond to this issue, Ministers reiterated their previous position and moreover called for vigilant, serious and realistic assessment on a global basis of what energy policies can contribute to meeting these challenges, and of their economic and social impacts. They noted that CO₂ and other greenhouse gas emissions originate from OECD countries, but also, in a large and growing proportion, from non-Member countries; and that all countries are affected

1. *In their formal Conclusions Ministers "instructed the Governing Board at official level to take appropriate actions to carry out the mandates, set forth in the Communiqué on energy and environment, "as well as other specified subjects. [See IEA/GB (89) 36, Item 2 (b)].*

by the result. They therefore stressed that a high degree of international co-operation, as advocated by the World Commission on Environment and Development, will be required. They also stressed the need to pursue greater scientific understanding, to assess the kinds of policy responses which may be necessary, and to implement them on a global scale. They agreed that this will be a long and on-going process in which the IEA and its Member countries can show leadership within the overall international process which is developing for addressing climate change issues, with a view to integrating energy security and environmental policies in both the short and long term. They agreed that for this purpose in both the short and long term. They agreed that for his purpose the IEA will continue its co-operation with the OECD and will participate in the activities of the Intergovernmental Panel on Climate Change as a focal point and other international activities, in the manner and to the extent determined by the Governing Board at official level in each case.

Ministers noted the range of RD&D and other activities which the IEA and its Member countries have already taken to address the clean use of coal (especially in electricity generation) and motor vehicle pollutants, and welcomed the significant progress which has been made in many countries toward reducing emissions of sulphur and nitrogen oxides, lead in petrol, air particulates, water pollution and hazardous wastes from these sources. They agreed, however, that further action is necessary to achieve more widespread application of existing pollution control technologies as well as further technological advances, and that these efforts must be continued vigorously in all Member countries and especially in those countries which encounter difficulties and where less progress has so far been achieved, taking due account of the important cost implications involved. Industry also has a central role in confronting environmental challenges. The IEA will continue to stimulate and support close co-operation between governments and industry in order to meet these challenges.

Ministers requested the Government Board at official level to examine possibilities for international collaboration within the IEA to improve the technologies and procedures available for preventing and treating oil spills and other accidents in the petroleum production, transportation and processing system.

Ministers also considered emissions of carbon dioxide and other gases from fossil fuel combustion and other sources which contribute to the greenhouse effect. They noted especially the complexity and uncertainties

of the relationships between greenhouse gas emissions from fossil fuels and atmospheric concentrations, and consequent climate change, as well as the world wide dimensions and implications of these issues.

Ministers, recognising the responsibility of IEA countries to contribute to the solution of environmental problems, pledged that they will not wait for all uncertainties to be resolved, but will act now by taking energy policy measures promptly to address these problems, focusing on prudent steps that take account of the various costs involved and are consistent with agreed IEA policies for energy security. Ministers recognised that even though such measures by themselves cannot quickly resolve all the problems on a global scale, they can nonetheless begin to make a contribution in the medium and longer term.

Ministers therefore pledged to pursue in their respective energy policies:

- (i) increased conservation and energy efficiency along the lines set out in Section 4(c) above;
- (ii) when fossil fuels are used, setting strict standards for SO_x and NO_x emissions and encouraging introduction of advanced cleaning and combustion technologies;
- (iii) evaluation, on the basis of their entire fuel cycle and their other environmental consequences, of the possibilities for making greater use of available energy sources with lower levels of CO₂ and other greenhouse gas emissions, such as natural gas and, where economic or where they can be made more competitive, renewable and other energy forms, to meet growing energy needs;
- (iv) where national decisions so contemplate, the use of nuclear power; this will be facilitated by demonstrating that safety both in operation and in waste disposal has already been, and will in the future, be maintained and further improved through such means as more efficient and reliable regulatory controls, accompanied by RD&D and other actions further to improve reactor design, construction, operation and decommissioning as well as the front and back ends of the nuclear fuel cycle;
- (v) RD&D to develop new and improved technologies for greater energy efficiency, for nuclear fusion and hydrogen fuel processes; and for renewables such as solar, wind, hydro power, biomass and geothermal;

- (vi) continued and intensified RD&D to identify and assess technological methods for containment and removal of greenhouse gas emissions in the longer term;
- (vii) re-examination of priorities within their existing bilateral and multilateral energy assistance and R&D collaboration programmes with a view to determining whether reorientations or new programmes are needed to strengthen the contribution which developing countries can make to the global response to climate change issues;

and agreed that progress achieved in these areas will be closely monitored and assessed within the IEA's Country Review process.

Ministers discussed the new element which these concerns about global climate change have introduced into energy policy formulation. They agreed that this new element will have to be taken into account by all IEA countries in developing the energy policy options which they will choose by national decision for their contributions to the climate change issue. These options would include greatly improved efficiency, new technologies and nuclear power.

In agreeing to take these actions, Ministers cautioned that severe short-term measures designed to produce quick results (such as sharp tax increases or other abrupt changes in the economics of providing and using energy, or phasing out individual fossil fuels) could also produce very high energy and general economic costs. In this regard, they noted that economic growth is necessary not only in itself but also to provide for environmental protection on an economically sound basis through financing new and less polluting infrastructure, funding RD&D, and adapting technologies to the needs of non-Member countries. They therefore stressed the need for a balanced, integrated bundle of realistically implementable and cost-effective energy-related and other responses, without losing sight of the need for energy security.

Ministers also noted that in addition to the strong contribution they contemplate from the energy sector, action will also be required in other important sectors of economic activity such as agriculture, transportation and industry, and called for reliable analysis of the micro-and macro-economic impacts from all sectors.

Item 94
Ministerial Declaration and Recommendation
on Energy and the Environment
4 June 1993
IEA/GB(93)41

15. Intensifying global environmental problems require internationally co-ordinated responses, which must balance the goals of energy security, environmental protection and economic growth. The adoption of a comprehensive approach to energy and environment issues and the integration of energy and environment policies have become central activities of IEA Member countries. National and global solutions to reduce pollutants and greenhouse gas emissions have implications for energy security, energy trade, economic growth, and IEA relations with non-Member countries.

16. How to meet the challenge that the global climate change issue poses for energy policy makers is the focus of continuing international debate. Despite the policy measures taken to date, without the rapid establishment and implementation of further effective policies and programmes to reduce emissions, OECD CO₂ emissions could rise by 15 per cent by the year 2000, according to the *World Energy Outlook*. Ministers, concerned about this prospect, discussed the full range of possible areas for action and policy instruments. They agree that greater efforts are required and that, to the extent necessary and practicable, the external costs of energy production and use should be reflected in prices. Ministers urge rapid ratification of the Framework Convention on Climate Change by all signatory countries and request the IEA to augment its contribution to the implementation of the Convention.

A. Areas for Improvement

17. Energy Efficiency: Accelerated gains in efficiency in energy production and use, including the transportation sector, can help reduce emissions and promote energy security. While there is a large technical potential for increased energy efficiency, there exist significant social and economic barriers to its achievement. Priority should be given to market forces in effecting efficiency gains. However, reliance on market forces alone is unlikely to overcome these barriers. Ministers agree that innovative and bold approaches are required by governments, in co-operation with industry, to realise the opportunities for energy efficiency improvements, and to accelerate the deployment of new and more efficient technologies.

18. Non-Fossil Fuels: Since the amount of energy that non-hydro-based renewable energy technologies contribute is quite small compared to the technical potential, increased government support of renewable technologies is warranted. Regarding nuclear power, a number of IEA countries are of the view that the use of nuclear energy, because it emits no sulphur dioxide, nitrogen oxides or greenhouse gases, provides an important response to the challenge of stabilising greenhouse gas emissions. A number of other IEA countries are of the opinion that those advantages do not offset the environmental concerns over the use of nuclear energy and have decided not to utilise nuclear power.

19. Technology: The development and adoption of improved technologies can significantly reduce and influence the nature of future energy requirements. Technology promotion by government can contribute significantly to mitigating and solving environmental problems. Intensified energy technology co-operation among IEA Member countries and with non-Member countries is an indispensable means to accelerate technology advances and to enhance long-term energy security and environmental protection. Ministers acknowledge the need to further integrate environmental objectives into national energy technology research, development and demonstration programmes and to promote international technology collaboration and co-ordination aiming at sustainable development and fully respecting intellectual property rights. In this respect, Ministers took note of the recent establishment of the IEA International Centre for Gas Technology Information. Ministers ask the IEA to analyse: the factors that influence new technology diffusion into the markets, identifying barriers and assessing policy options; the role international technology co-operation policies could have in meeting the objectives of the Framework Convention on Climate Change; and the effect environmental and other government policies have on the penetration of new, more environmentally benign, technologies.

20. Access by individual developing countries and economies in transition to modern, cost-effective energy technologies appropriate to local circumstances will promote sustainable development. Adoption of clean, efficient technologies throughout the world will help to achieve needed gains in energy efficiency and reductions in greenhouse gas emissions and other pollutants. Ministers welcome the launching of the Greenhouse Gas Technology Information Exchange (GREENTIE) and call upon the IEA to step up its efforts to promote international co-operation in energy research and technology in this area.

21. Co-operation With Non-Member Countries: According to the *World Energy Outlook*, CO₂ emissions in the non-OECD regions could increase by over 60 per cent between 1990 and 2010. Thus, co-operation with non-Member countries becomes an increasingly important IEA priority, since the potential for slowing the rate of emissions growth in these countries without impairing their economic growth aspirations is great and can likely be achieved more cost effectively than in most IEA countries. In this context, Ministers request the IEA to assess the implications and benefits of reliable and measurable “joint implementation” activities with non-Member countries, in accordance with the Framework Convention on Climate Change. Member countries are also encouraged to strengthen bilateral co-operation with non-Member countries to this end.

B. Policy Instruments: A Mix of Measures

22. Taxes: Economic analysis of the potential effects of energy and carbon taxes yields important conclusions bearing on policy choices. Analysis suggests that it would take relatively high and substantially different levels of taxes between regions and countries to meet, in each IEA country separately, the goal of stabilisation of CO₂ and other greenhouse gas emissions. Nevertheless, a carbon tax could contribute effectively to the reduction of emissions by increasing efficiency and improving the competitiveness of non-fossil energy sources.

23. Financial Incentives: Fiscal and other financial incentives can be appropriate and effective instruments for various reasons, particularly to encourage the development and deployment of advanced technologies and to promote energy efficiency investment. But such incentives need to be designed to avoid negative effects on energy markets. Ministers agree, moreover, that elimination of certain subsidies that hold prices of fossil fuels below their costs of production or below their market value would result in a significant reduction in emissions and yield net economic benefits.

24. Regulations: Regulations to reduce emissions may in some situations be more cost-effective than taxes, but they need to be designed to facilitate not frustrate competition. Internationally co-ordinated norms and standards may be helpful in this regard. Voluntary agreements between the government and the private sector can also be efficient and even preferable approaches. Ministers request that the IEA develop methodologies to analyse the effectiveness of relevant regulations and voluntary agreements.

25. Action: A Mix of Measures: The effectiveness of individual policy measures will vary among IEA Member countries. Therefore, the response by each country will be a complex mix of possible measures, designed to deal with the circumstances that nation faces. Ministers agree that concerted actions by IEA Member countries are needed taking account of the stage of economic development of each country and regional arrangements among countries. The effects of individual IEA country efforts to reduce emissions should be comparable to the extent possible. Ministers call on the IEA to accentuate its efforts to analyse the effectiveness of the various policy instruments, and their effects on energy markets, and to develop criteria and methodologies to permit an assessment of the comparability of country responses. Ministers agree to supply within the existing IEA procedures the information necessary to evaluate the comparability of actions taken.

Item 95
Ministerial Action on Energy and the Environment
22 May 1995
IEA/GB(95)30

The convergence of energy and environmental goals is critical to the achievement of sustainable economic development. IEA Governments seek to mitigate, in a cost-effective manner, the full range of environmental impacts at every stage of energy production, transformation and use, in particular through increased energy efficiency and conservation and the use of cleaner fuels. IEA Member countries place continued emphasis on the reduction of pollutants with local and regional impacts, while recognising the particular challenge of multilateral action needed to respond to global environmental concerns such as the threat of climate change.

IEA Governments that are Parties to the U.N. Framework Convention on Climate Change (FCCC) intend to fulfil their commitments under the Convention. At the first meeting of the Conference of the Parties to the U.N. FCCC, the Berlin Mandate was issued which aims, *inter alia*, at the elaboration of policies and measures for action beyond the year 2000. Indeed, the Agency's *World Energy Outlook* concludes that without changes to present policies, OECD and world CO₂ emissions will be higher in the year 2000 than they were in 1990 and will grow further to 2010.

Action in the energy sector will be central to realisation of the Convention's goals, and new cost-effective instruments are required; such instruments are also needed to address local and regional environmental issues. Monitoring and supporting development of improved strategies to reduce greenhouse gas emissions are important tasks. Ministers urged the IEA Secretariat to continue to play an active role in support of Member countries' implementation of Convention commitments in the energy sector.

IEA Ministers:

- Stressed the importance of strong and comprehensive policies to counter environmental problems created by energy use and production. In order to better align energy and environmental goals, Ministers encouraged the application of instruments such as economic incentives, the internalisation of environmental costs in energy prices, and information dissemination to the extent necessary and practicable.
- Encouraged the development of voluntary agreements with industry, as instruments with the potential to make significant contributions to increased energy efficiency and reduced emissions while positioning industrial partners to be more competitive. This is a fruitful area for international co-operation.
- Welcomed the joint implementation decision adopted in Berlin and encouraged the IEA Secretariat to play an active role in analysing the prospects for activities implemented jointly under the Convention during the pilot phase. Growing economic interdependence should provide increasing opportunities for such potentially cost-effective measures.
- Endorsed the Climate Technology Initiative put forward by Member countries at the Berlin meeting in April 1995 and agreed to take concrete steps to implement it. This initiative promotes bilateral and multilateral energy technology co-operation, building on the framework of existing and future IEA Implementing Agreements.

Research and Development

A. R & D Policies

Item 96

Decision on the Establishment of the Committee on Energy Research and Technology (CERT)¹

20-21 December 1975

initially as the Committee on Energy
Research and Development (CRD)

IEA/GB(75)94, Item 7 and Annex II

Set forth in Item 9 above

Item 97

Ministerial Recommendation on a Group Strategy

5-6 October 1977

IEA/GB(77)48(2nd Revision)

10. Ministers concluded that more and intensive efforts are required in order to develop new energy technologies and make possible rapid application of alternative energy sources so as to respond to energy needs in the long-term. They undertook to examine their countries' national energy research and development efforts in order to assure that they would be able to make an adequate contribution to energy technology development, taking into account the results of the IEA's forthcoming review of national energy R&D programmes. They endorsed the efforts being made to establish for the group of IEA countries as a whole estimates and objectives for the contribution of new technologies to both energy conservation and supply programmes over the remainder of this century.

1. *The original name, Committee on Energy Research and Development (CRD), was changed on 20 March 1992, see IEA/GB(92)17, Item 8(b).*

11. Ministers agreed to intensify efforts for more complete co-ordination in the planning of national R&D programmes in each of the important areas of new energy technology so that national programmes would more effectively complement and reinforce each other. They noted the Memorandum of Understanding between two IEA countries for co-ordination of their programmes for the development of coal derived liquid fuels.

12. Ministers agreed that broader participation in collaborative major hardware developments would enable significant economies to be achieved. In this connection, Ministers agreed that individual IEA Member countries should support a policy of co-operation in major IEA hardware projects, subject to decisions on participation in specific projects being contingent upon national interest in the project concerned.

Item 98
Ministerial Action on Report on Commercialization
of New Energy Technologies
15 June 1981
IEA/GB(81)34(Final)

12. Ministers underlined the important contribution of energy R&D to a more secure energy supply in the longer term. In this connection they called for a comprehensive review of the IEA programme of collaborative R&D projects to ensure proper balance, timeliness of completion, cost effectiveness and technical prospects. They endorsed the report and recommendations of the High Level Group on Energy Technology Commercialization and stated their intention to work to establish conditions, by applying measures appropriate to national requirements, under which industry would be prepared to design, build and operate commercial scale plants by 1990 in the requisite technologies. They noted the results of the 1980 reviews of national RD&D programmes.

Item 99
Ministerial Recommendation on Commercialization
24 May 1982
IEA/GB(82)54(Final)

13. Ministers stressed the continued importance of energy RD&D, despite changing expectations regarding the development and commercialization of

new energy technologies. They noted the marked reduction in many countries in expenditure on commercialization, and questioned whether private investment would be available to provide adequate and timely development of some technologies that have high costs and long lead times. They therefore agreed to review national RD&D programmes, especially those involving significant funding, to ensure that they are in line with current views of future needs and to see how further sharing of cost and expertise could contribute to more effective action.

Item 100
Recommendation on R & D Activities
27 March 1985
IEA/GB(85)20, Item 2(b) and Annex I

THE GOVERNING BOARD

- (i) noted the Note by the Executive Director entitled “Energy Research and Development” [IEA/GB(85)2] and the oral report by the Executive Director on the discussions of this document in the meeting of the Committee for Energy Research and Development (CRD) held on 21st - 22nd March, 1985;
- (ii) adopted the Conclusions set out in Annex I hereto.

ANNEX I

Conclusions on Energy Research and Development

The Governing Board:

- (1) sharing the concept developed by the Secretariat, in accordance with the instruction given by the Governing Board on 24th October, 1984 [IEA/GB(84)42; Item 2(c)(ii)], in the Note by the Executive Director entitled “Energy Research and Development” [IEA/GB(85)2];
- (2) noting that several technical areas seem to offer immediate potential for enhanced collaboration in international RD&D;

RECOMMENDS

that Member Countries involved in co-operative RD&D activities or discussions outside the framework of the IEA furnish the Secretariat all relevant information;

REQUESTS

- (1) the Committee on Energy Research, Development and Demonstration and its expert committees to examine, in consultation with the Standing Group on Long-Term Co-operation, which technical areas could be suitable for significant collaborative projects and what the likely participation would be;
- (2) the Secretariat, in consultation with the relevant groups, to present at the next Governing Board meeting suggestions for an improved process for early consultation leading to the identification of technical areas and projects for joint collaboration and for the subsequent monitoring of international energy RD&D.

Item 101

Ministerial Statement and Conclusions on Enhanced International Collaboration in Energy R & D

9 July 1985

IEA/GB(85)46 and Annex I

Ministers recognised that stronger and more effective energy R&D efforts are an integral and essential part of achieving long-term energy security. They emphasized the importance of enhanced collaboration in international energy R&D to promote common energy security objectives and to achieve the benefits of increased cost-effectiveness and a healthy physical environment. They agreed to pursue new actions to facilitate international R&D collaboration inter alia in clean use of coal, advanced techniques for resource exploitation and energy technology information systems, while continuing to support the on-going activities in fossil fuels, renewable energy, fusion technology and greater energy efficiency. They noted with satisfaction the statements by Japan, the United States, and the European Community that agreement has been reached to proceed with the Three Large Tokamaks

Agreement, and by the United States the European Community to proceed with two other fusion energy Agreements. Ministers agreed that collaboration could be made more effective through consultations at an early stage of R&D planning. They requested the IEA to develop further its system to monitor the extent and progress of collaborative energy R&D among Member countries, both bilaterally as well as under IEA auspices. Accordingly they adopted the Conclusions on energy R&D as set forth in Chapter IV of Annex I.

ANNEX I

- 1) Ministers recognise the need at this time to improve the results of energy research and development through enhanced international collaboration, which should proceed from national needs and programmes of all Member countries, building where possible on existing arrangements, including R&D activities going on bilaterally or in other international fora.
- 2) In particular they:
 - recognise the need to maintain national technology development programmes in order to ensure long term energy security, cost-effectiveness and a healthy physical environment;
 - acknowledge that the past ten years of experience in energy technology development provides a background for more selective and rational planning of national programmes, and that the future aggregate effort is likely to be more effective through early consultation at both the technical and political levels;
 - consider that increasing stringency in national energy RD&D budgets places greater urgency on the need for collaborative projects in support of national programmes, and the necessity for more effective monitoring;
 - continue to support on-going and new activities in fossil fuels, renewable energy, fusion technology and greater energy efficiency;
 - agree that early consultations should be directed towards investigating possibilities for joint programme planning in the specific fields of, inter alia,
 - . clean use of coal;
 - . advanced techniques for resource exploitation;
 - . energy technology information systems;

- 3) Ministers concluded that the IEA, with particular reference to the CRD, should:
- serve as a forum for discussion and as a catalyst for facilitating enhanced international R&D collaboration, taking into account the need to co-ordinate with similar work elsewhere;
 - ensure that an efficient process exists for joint programme planning discussions, bilaterally or multilaterally, to increase awareness of opportunities for and of the benefits to be gained from collaboration;
 - identify national barriers to collaboration and to recommend measures for consideration by Member countries to reduce such obstacles;

and that the Governing Board should receive reports on an annual basis regarding the progress being made toward increased collaboration and recommendations on improved early consultations and joint programme planning approaches, as well as the results of the monitoring process.

Item 102

Decisions and Recommendations on Enhanced R & D Collaboration 23 October 1985 IEA/GB(85)53, Item 2(b) and Annex II

THE GOVERNING BOARD

- (i) noted the Report entitled “Programme for Enhanced R&D Collaboration” [IEA/GB(85)52] and referred to the Note by the Secretariat to the Committee on Energy Research and Development (CRD) entitled “Follow-up to July 1985 Meeting of Energy Ministers” [IEA/CRD(85)6];
- (ii) welcomed and adopted the Recommendations regarding procedures for pursuing enhanced collaboration through early consultation and joint programme planning as contained in document IEA/GB(85)52 above and set out in Annex II hereto; agreed upon the importance of re-examining priorities for application of Secretariat resources, improving co-ordination with SLT-related activities, improving co-ordination with the activities of R&D Working Parties and Executive Committees, involvement of industry, and active support from Member countries; and requested the CRD at its next meeting to develop further these procedures;

- (iii) approved the approach embodied in the schedule of workshops proposed in document IEA/GB(85)52 above; urged Member countries with significant R&D activities in the relevant topics to consider a “lead country” role for workshops where a lead country has not yet been identified; and requested the CRD and the Secretariat to continue to serve as a catalyst to facilitate such workshops;
- (iv) urged Member countries concerned to ensure that representation at workshops and in R&D Working Party meetings is at the senior level of responsibility in the planning and execution of programmes in the specific technology areas concerned;
- (v) requested the IEA Coal Industry Advisory Board (CIAB) to provide advice as to procedures for involving representatives from the coal industry in the work of the relevant workshops and of the Working Party on Fossil Fuels;
- (vi) requested the SLT at its next meeting to consider the follow-up to the Ministerial R&D Decisions, including the actions recommended by the CRD, from the point of view of their relationship to the overall energy policies and objectives of IEA countries, and vice versa;
- (vii) requested the Secretariat, in the light of these conclusions:
 - (1) to re-examine the priorities for its R&D activities; and
 - (2) to make proposals, after consultation with both the CRD and the SLT, to the Governing Board for improving co-ordination between the related activities of the two bodies.

ANNEX II

Recommendations for Enhanced R&D Collaboration

The following actions should be taken, to promote speediness and efficient use of resources:

- The Secretariat’s role should be concentrated on identifying and facilitating early consultation opportunities leading to joint programme planning, taking into account the common energy RD&D goals of IEA countries.
- Improved co-ordination with SLT-related activities should be encouraged to make the best use of resources and also to ensure reciprocal inputs from each specific field of responsibility.

- Improved communication between the Committee and its four Working Parties should be fostered to ensure full use of the broad expertise resident in the Working Parties. In turn, the Working Parties should make sure that proper communication channels will be organised to improve the connections with those Executive Committees responsible for Implementing Agreement relevant to the technology areas deemed particularly suitable for enhanced collaboration.
- Technology review topics should be better integrated into priority areas of inquiry to assist in the process of identifying potential scope for collaboration.
- Enhanced collaboration must be organized with full awareness of the interests and activities of industry, since in most cases national programmes are carried out in close connection with industrial organizations, and since industry will bear ultimate responsibility for commercialization activities. This was consistent with an initiative already taken by the Secretariat to obtain advice from the Coal Industry Advisory Board (CIAB) as to the process for coal-related workshops, and as to priorities to be followed in specific areas.
- Monitoring of international collaboration ought to be carried out in a synthetic and policy-oriented way, avoiding excessive analytical details.
- Individual IEA Member countries should take a more active and leading role in organizing activities with the specific aim of achieving joint programme planning and, where appropriate, new Implementing Agreements in the selected technology areas, in order to supplement the resources available to the Secretariat.

Item 103
Decision on Continuity in Energy R & D
30 September 1986
IEA/GB(86)24, Item 2(c)

THE GOVERNING BOARD

- (i) noted the Note by the Secretariat entitled “Progress on Enhanced Collaboration in Energy RD&D” [IEA/GB(86)19] and the discussion on this document;
- (ii) noted the Note by the Secretariat entitled “Impact of Lower Oil Prices on Energy RD&D” [IEA/GB(86)20] and

- (1) welcomed the contribution of the Committee on Energy Research and Development (CRD) to the overall analysis of the impact of lower oil prices;
- (2) endorsed the view of the CRD that continuity in energy RD&D is important to provide technological options for the future;
- (3) requested the CRD to analyse further the impact of lower oil prices on energy RD&D, including to the extent possible their impact on private sector RD&D activities and initiatives;
- (4) requested the CDR to develop specific proposals for actions to be taken by IEA governments to ensure that appropriate policies and programmes are developed to provide continuity in energy RD&D in the case of any negative impact of lower oil prices on RD&D; and
- (5) requested the CRD to report back to the Governing Board the results of the foregoing activities.

Item 104

Decision and Recommendations on Energy Technology and R & D 13 September 1988 IEA/GB(88)25, Item 2

THE GOVERNING BOARD

- (i) noted the Note by the Secretariat entitled “Progress on Energy RD&D Collaboration, 1985-1988” [IEA/GB(88)19] and endorsed the Note by the Executive Director entitled “Energy Technology-Related Issues in the IEA” [IEA/GB(88)20];
- (ii) concluded that energy technology will be, in the future even more than in the past, a major determining element in increasing the energy security of IEA Member countries and in enhancing their ability to meet the challenges of environmental policies;
- (iii) agreed that, in accordance with Member governments priorities, clean use of coal, energy end-use technologies, oil production, natural gas and its transportability, transport fuels, electricity, energy and the

- environment (including the carbon dioxide problem) and renewable energy technologies are areas and markets where new or improved energy technologies could make significant contributions;
- (iv) requested the Committee on Energy Research and Development (CRD) to assess each of the foregoing priority areas, over a suitable time frame, in terms of their potential contribution to diversification of energy supply; and on nuclear fission technology questions, to request the advice of the Nuclear Energy Agency;
 - (v) reaffirmed the roles of the CRD in technology assessments and as a technical advisor to the Governing Board as well as the other bodies of the IEA, and requested the CRD and the Standing Group on Long Term Co-operation (SLT), the Standing Group on the Oil Market (SOM) and other IEA Standing Groups as appropriate, to co-operate more closely in order to improve the integration of energy technology programmes and energy policies;
 - (vi) requested the CRD:
 - A. to emphasize in its work the potential international element in national energy RD&D programmes, to identify the factors inhibiting the flow of energy technologies into the market and define possible remedies, to consider interactions between energy technology policy and environmental policies, and to give wide dissemination to demonstrated and new energy technologies;
 - B. in completing the review of existing IEA Implementing Agreements, to assess project outcomes and to examine: objectives, new project possibilities, wider participation of governments and industry, the duration of projects and diffusion of results;
 - (vii) requested the CRD to report to the Governing Board in the Spring of 1989 on its assessment of priorities under sub-paragraph (iv) above and on progress in its work under sub-paragraph (vi) above;
 - (viii) requested the CRD to identify technological options for reducing the emissions of greenhouse gases and to evaluate the energy RD&D effort which might be needed to reach that objective;
 - (ix) requested the CRD to report to the Governing Board on the technologies and RD&D effort required for diversifying transport fuels, pursuant to Ministerial guidance on that subject.

Item 105
Ministerial Recommendation on Energy Technology and R & D
30 May 1989
IEA/GB(89)36 Annex

Ministers agreed upon the continued and increasing importance of energy technology and RD&D not only in all the areas where it is specifically referred to above but also in general, as an essential basis for maintaining energy security in the long term. They agreed that it should be intensified in all Member countries across the full spectrum of laboratory development, testing, pilot plant and prototype demonstration, and dissemination and commercialization and within a context of strong international collaboration; government and private sector participation within competitive energy markets; and cost effectiveness. Ministers noted the results of the IEA/OECD expert seminar on technologies for reducing greenhouse gas emissions, and agreed that the main priorities for future IEA RD&D activities should include technologies for better energy efficiency; for more environmentally acceptable use of coal; for enhancing the availability of low cost indigenous oil and natural gas resources; for increasing the accessibility of remote natural gas reserves; for renewable sources of energy and their effective integration into energy systems; for upgrading the reliability, flexibility and efficiency of the electricity sector; and for improving nuclear fission technologies and demonstrating the feasibility of nuclear power fusion systems. They therefore invited the Governing Board at official level to define goals and directions for orientation of future IEA RD&D activities on this basis.

Item 106
Decision on IEA Sponsored Workshops
6 July 1989
IEA/GB(89)42, Item 4(a)

THE GOVERNING BOARD

agreed with the conclusions set forth in para. 4 of the Note by the Secretariat entitled "Contacts and Co-operation on Energy Technology with Non-IEA Member Countries in the Organisation of IEA-Sponsored R&D Workshops, Conferences and Other Events" [IEA/GB(89)40].

Contacts and Co-operation with Non-IEA Member Countries in the Organisation of IEA Sponsored Workshops, Conferences and Other Events

(Note by the Secretariat)

1. There is increasing interest being shown by non-IEA Member countries in the possibilities of participating in collaboration on energy technology and RD&D, and indeed, co-operative relations with non-Member countries are already foreseen in the International Energy Program. The Ad Hoc Group on International Energy Relations (AHGIER) has set out guidelines for the Secretariat in the Notes, Future Contracts and Co-operation [IEA/IER(88)9] and Contacts and Co-operation with Non-Member Countries [IEA/IER(88)24]. However, in the more specific area of energy RD&D collaboration, it is necessary to distinguish between non-IEA Member country participation in

- a) Implementing Agreements, for which a mechanism is already established through guidelines laid down by the Governing Board in the Annex to the Conclusions of the 29th Meeting of the Governing Board of 25th-26th April 1977 [IEA/GB(77)23];
- b) Workshops, Seminars, Conferences and similar events when sponsored under the aegis of the IEA, which hitherto have been in a more informal setting, and for which no formal procedure exists.

2. In the latter connection, one particular example of non-IEA Member country participation in an IEA event could be noted, namely the bi-annual IEA International Conference on Coal Science. This event which was held in Düsseldorf 1981, Pittsburgh 1983, Sydney 1985 and Maastricht 1987, has included participation of coal scientists from non-IEA Member countries such as Brazil, Bulgaria, Chile, China, Columbia, France, German Democratic Republic, India, Israel, Poland, South Africa and Thailand. In all cases, the initiative to invite participation from these non-IEA Member countries has originated from the host country, on the basis of the scientific advantages which could thus be gained. These non-IEA contributions have been agreed unanimously by all concerned as being extremely valuable, and have enriched the substance of the event to no small measure. It may be expected that this practice will continue with the forthcoming International Conference on Coal Science, Tokyo, 23rd-27th October 1989, and with the other subsequent IEA-sponsored Conferences on the same subject.

3. More generally, several cases have arisen where an IEA Member country is a lead country for an IEA-sponsored specialist conference or meeting, and has on its own initiative invited non-IEA Member countries (as well as international and regional organisations where these countries are active and present) to participate on an ad-hoc basis. In addition, the Executive Committees of the various IEA Implementing Agreements occasionally commission workshops, conferences, symposia and similar events under IEA sponsorship on technical topics of particular interest to them. These functions are attended invariably by experts from the countries participating in the Implementing Agreement, but again, experts from both other IEA Member countries and non-IEA Member countries (or international and regional entities where non-IEA Member countries are in the constituency) were sometimes invited, partly to derive extra input, and partly to stimulate their interest in joining ongoing and new collaborative R&D projects.

4. Given the need to avoid political complications which could arise in certain circumstances, it is suggested that a flexible, rapid and uniform procedure of prior consultation and agreement now be established. The formal procedure that the Committee on Energy Research and Development might wish to endorse can be stated as follows:

- a) Lead countries and Executive Committees of the IEA Implementing Agreements will give adequate prior notice to the IEA Secretariat of any intention to invite to IEA-sponsored workshops, conferences and other similar events, any participant or representative of a non-IEA Member country or of an international or regional organisation which does not already have established links with the IEA. To this purpose, the Committee on Energy Research and Development will take the necessary steps to notify lead countries and Executive Committees either directly or through the Working Party on Energy End-Use Technologies, Working Party on Fossil Fuels, Working Party on Renewable Energy Technologies, and Fusion Power Co-ordinating Committee.
- b) The Executive Director of the IEA would then be in a position to approve in consultation with the Chairman of the Governing Board, and to decide, if appropriate, whether particular cases should be brought to the attention of the Governing Board itself, before host organisations proceed with the invitation, as proposed or intended.

Item 107
Ministerial Recommendation on an R & D Strategy
3 June 1991
IEA/GB(91)42/REV2

18. Ministers recognised the need for an assessment of the long-term options in an energy technology strategy for future decades. Special emphasis should be placed on those technologies which enhance diversity, efficiency and safety, extend and improve prospects for utilising reserves of conventional fossil fuels, and make available new and alternative energy sources. Ministers underlined the importance of sustained and balanced R&D and demonstration funding for energy technology innovation if the goals set for energy security, environmental protection and economic growth in the long-term are to be achieved.

19. Ministers acknowledged the need to support national commitments and strategies through the allocation of adequate resources for technology R&D and demonstration programmes in the energy and environmental mitigation areas. Ministers agreed that programmes should reflect the changing R&D and demonstration priorities resulting from the integration of energy and environmental goals. In particular, they noted that major new developments in areas such as renewable energy, nuclear power systems, innovative conservation technologies, and CO₂ capture and utilisation are necessary, as well as more efficient ways of utilising fossil fuels, if the longer term challenges of global climate change are to be met. In this regard, Ministers expressed the view that a phased and flexible strategy for technology development and transfer would help to reduce energy-related greenhouse gas emissions. Ministers, in recognising the importance of access to energy technology in a response strategy to the global climate change issue, invited IEA Member countries to explore means for more effective energy technology transfer, information dissemination, and training for effective utilisation.

20. Ministers agreed that increased effort should be undertaken to speed the development and diffusion into the market of new and improved energy technology options, both within the OECD region and in the non-Member country area. In this regard, Ministers requested an early evaluation of practical proposals, such as an information clearinghouse mechanism and a data and information exchange system amongst innovative environmental technology programmes, so that they might, if agreed, be developed and implemented by IEA Member countries to facilitate this goal.

21. Ministers pledged continued support to multilateral R&D and demonstration collaboration in order to minimise duplication of efforts and to enhance the impact of financial and other resources available to Member countries for preparing new and improved energy technology. In particular, Ministers endorsed a broadening of collaborative mechanisms, such as the IEA's Implementing Agreement process, and urged the early and full participation of the energy industry in such collaboration. Furthermore, Ministers requested that an appropriate legal framework be developed to facilitate the possible participation of non-Member countries and multilateral organisations in IEA Implementing Agreements.

Item 108
Ministerial Declaration and Recommendation
on Energy and the Environment
4 June 1993
IEA/GB(93)41

Set forth in Item 94 above

**B. IEA Co-operative
Programmes and Projects**

Item 109
Guiding Principles for Co-operation in the Field
of Energy Research and Development
30 January 1976, as amended

Set forth in Item 52 above, Annex II

Item 110
General Guidelines Concerning Information and Intellectual
Property in Implementing Agreements
30 January 1976

Set forth in Item 52 above
Annex to the Guiding Principles

Item 111
Decision Adopting the Preliminary Guidelines
for Collaboration on Energy
R & D Between IEA Countries and Developing Countries
25-26 April 1977
IEA/GB(77)23, Item 4

THE GOVERNING BOARD

- (a) noted Mr. Burrow's report on the question of a mechanism for continuing consultation relating to energy.
- (b) adopted the Preliminary Guidelines for Collaboration on Energy R & D Between the IEA Countries and Developing Countries, set forth in the Annex hereto and noted the Secretariat's note thereon [IEA/GB(77)14 (1st Revision)].
- (c) agreed that the Preliminary Guidelines should be utilised, as appropriate, by the representatives of the industrial countries of the Conference on International Economic Co-operation or successor body, as needed in further negotiation with the developing countries, and that at an appropriate time in such discussions interchange of the technological interests of the developing countries should be initiated.

.....

ANNEX

Preliminary Guidelines for Collaboration on Energy R & D
Between the IEA Countries and Developing Countries

- (a) Activities which are primarily of the character of technological aid can be of major value in the relationship between the developing countries (LDCs) and industrial countries. They should be provided for and handled through existing international mechanisms and through such further mechanisms as may be established to respond to acknowledged needs of LDCs, such as the proposed International Energy Institute (IEI).
- (b) IEA should provide to the LDCs through the proposed IEI or other appropriate mechanism non-proprietary information developed in the

course of IEA projects. As examples, information from IEA's coal projects, solar heating and cooling projects, and conservation projects could be of value and should be provided.

- (c) Participation of LDCs in IEA projects can be invited on the basis of the IEA Guiding Principles for Co-operation in the Field of Energy Research and Development and the Annex thereto, taking the special circumstances of the LDCs into account consistent with these principles. On such a basis:
- (1) developing countries can be invited to participate in the technical discussion which take place in IEA R & D Working Parties when the developing country or countries involved currently have underway or seriously plan to sponsor an R & D programme in the subject area involved;
 - (2) developing countries can be invited to participate in IEA information exchange projects when their contribution in whatever form is substantial, and in task sharing projects when they have programme underway, or plan to finance such programmes, which are reasonably comparable to those of the IEA Participants;
 - (3) developing countries may be invited to participate in IEA jointly-funded projects on bases reasonably equivalent to that of IEA country Participants;
 - (4) if a developing country received financial or technological aid through other international mechanisms, and thereby can satisfy the above Guidelines, it may participate.
- (d) New projects either of an information exchange, task sharing or jointly-funded hardware nature may be suggested by developing countries. If there is interest by two or more IEA countries, it should be undertaken through an appropriate IEA Implementing Agreement. If only one IEA country is interested, it should be arranged through a bilateral Agreement with the developing country; inclusion of a second IEA country at a later stage should be arranged through an IEA Implementing Agreement.
- (e) All applications for participation will be considered initially by the Committee on Energy Research and Development (CRD), which may refer them to appropriate Working Parties for a detailed technical and economic examination. Upon receipt of the results of this technical/economic examination, the CRD will make appropriate recommendations for Governing Board action.

- (f) In deciding on programme priorities, industrial countries should take account of the technologies needed by the developing countries.
- (g) So far as possible the IEA framework should be used for participative energy R, D & D projects of the type envisaged in this paper. If the existing IEA framework is inappropriate in a particular case and cannot be modified or adapted, that activity should be handled through a special arrangement; such cases should be kept to a minimum;
- (h) To the extent LDCs express interest in collaboration in nuclear power activities, they should be encouraged to employ the IAEA or other mechanisms for co-operative activities in that field.

Item 112
Action on Future Policy for Selection and Continuation
of Collaborative Projects
11 September 1987
IEA/GB(87)44, Item 3(e)

THE GOVERNING BOARD

noted the Report by the Secretariat entitled "Future Policy for Selection and Continuation of Collaborative Projects" [IEA/GB(87)42] and authorized the Committee on Energy Research and Development:

- (i) to request the Working Parties to set a maximum initial term for all new Implementing Agreements, to be extended with the prior agreement of the Governing Board on the advice of the Committee on Energy Research and Development;
- (ii) to request the Working Parties to review all on-going Implementing Agreements before the end of their term, and to furnish justifications for their continuation;
- (iii) to advise Working Party Chairmen that their annual reports to the Committee on Energy Research and Development should henceforth be concentrated on new Agreements in planning and those that may be considered for extension, and that they should be prepared to discuss such policy issues as they and the Secretariat may identify.

Oil Market

Item 113
Establishment of the Industry Working Party (IWP)
26 November 1974

(Extracts from circular cable by Exxon to interested parties)

Set forth in Item 16 above

Item 114
Decision Adopting the Procedures for Consultation
with Oil Companies
5-7 February 1975
IEA/GB(75)8, Item 8(a) and IEA/SOM(75)2, Annex

THE GOVERNING BOARD:

- (a) approved the Report to the Management Committee/Governing Board on Procedures for Consultation with Oil Companies [IEA/SOM(75)2, dated 4th February, 1975] and agreed that the procedures set out in the Annex to the Report should be put into effect;

....

ANNEX

PROCEDURES FOR CONSULTATION WITH OIL COMPANIES
UNDER CHAPTER VI OF THE AGREEMENT

1. Participating countries are already consulting on a regular or periodic basis with oil companies. The framework for consultation within the Agency should not supplant or replace present contacts nor should it be used to replace processes by which participating countries could obtain the desired information if they wished.

2. If one or more participating country wishes to consult with or request information from an individual oil company on an aspect or aspects of the oil industry, the participating country or countries shall advise the Chairman of the Standing Group and the Executive Director of the Agency of the subject or subjects on which the consultation is desired or of the information desired and the name of the oil company requested to respond.

3. The Executive Director will verify that the request falls under the provisions of the Agreement and that the information requested is not readily available from other sources, e.g. through the General Section of the Information System.

4. The Executive Director, after consultation with the Chairman of the Standing Group, will prepare and submit an agenda for the requested consultation to the country or countries requesting the consultation, to the oil company, and to its home government for comment before circulation.

Written Procedure

5. Some requests may lend themselves to a reply by written procedure. The written procedure may be proposed by the participating country requesting the consultation, the Chairman of the Standing Group, the Executive Director or the company concerned, and to be used must be acceptable to these four parties. If the Executive Director ascertains that the written procedure is acceptable he will forward the request to the oil company concerned inviting a written response. All participating countries will be sent a copy of the request. If there is an objection to the written procedure by any one of the four parties then the direct consultation procedure will be used.

6. The written reply received from the company will be distributed by the Secretariat to all participating countries. A report by the Standing Group on the consultation will be submitted to the Management Committee within 30 days thereof.

Direct Consultation

7. If a direct consultation with an oil company is requested, the Executive Director, after consultation with the Chairman of the Standing Group, will invite the oil company concerned to a consultation at the

O.E.C.D. International Energy Agency in Paris or at another mutually agreed location. All participating countries will be advised of the subject, location and country or countries proposing the consultation and will be free to attend the consultation if they so desire, giving prior notice to the Secretariat of an intention to attend.

8. Consultations will be held under the Chairmanship of the Chairman of the Standing Group, or in his absence, of the Executive Director or his representative.

9. A report on the substance of the consultation will be prepared by the Secretariat, reviewed by the interested parties to the consultation, and circulated to all participating countries. A report by the Standing Group will be submitted to the Management Committee within 30 days of the consultation. Upon the agreement of all parties at a consultation, certain information may be discussed or presented that will not become a part of any record or report.

Item 115
Decision Creating the Crude Oil Import Register ¹
11 October 1979
IEA/GB(79)64

THE GOVERNING BOARD

- (a) noted the report by the Chairman of the Standing Group on the Oil Market (SOM) on progress towards establishing a register of international oil import transactions [IEA/GB(79)50];
- (b) decided to institute as a first step such a register for crude oil on a monthly basis with government reports to the IEA/EEC to be submitted within 30 days after the end of each month, noting that Japan, Austria and the United States might have difficulty in submitting their reports within this delay but would make their best effort to do so;

1. *For reference to the recent format and contents of this Register, see IEA/GB(93)65, Item 4(b); IEA/GB(93)58/ANN and Volume II of this History, pp. 312, 313.*

- (c) decided that the first data to be included in the crude register should be those for the month of November, 1979, and that it should continue through 31st December, 1980;
- (d) instructed the ad hoc Working Group of the SOM on Crude and Product Import Registration Systems to finalize the remaining details for the crude register and requested the Secretariat to circulate the recommendations of the Working Group to the members of the Governing Board for approval before the end of October, 1979 by written procedure;
- (e) recognized that further work would be required on an oil products register and requested that the SOM continue and complete its work on such a register and report back to the Governing Board at the earliest possible date;
- (f) reconfirmed its desire that the greatest possible conformity be maintained between the IEA and EEC registration systems in order to minimize the workload on companies and national administrations;
- (g) requested the SOM to examine the feasibility of various possibilities for a “Quick Response System” to monitor the spot market and to report back to the Governing Board on its findings.

Item 116

Decision Concerning the Refinery Situation in Member Countries

12 December 1983

IEA/GB(83)69, Item 2(c)

THE GOVERNING BOARD

- (i) noted the Note by the Chairman of the Standing Group on the Oil Market (SOM) on “The Refinery Situation in Member Countries” [IEA/GB(83)60];
- (ii) agreed that the SOM should continue to keep refinery developments under review and to report on this subject to the Governing Board when appropriate;

- (iii) agreed that the SOM work regarding refinery developments be extended in future to include study of crude/product price differentials, supply security implications and any role Governments may have in the adjustment process.

Item 117
Decision on Oil Products Monitoring
23 October 1985
IEA/GB(85)53, Item 2(a)

THE GOVERNING BOARD

- (i) noted the oral Report by the Chairman of the Standing Group on the Oil Market (SOM) as set out in Annex I hereto on the results of the Group's discussion on an oil product monitoring procedure, based on the Note by the Secretariat to the SOM entitled "Monitoring of Oil Products Markets and Related Developments" [IEA/SOM(85)39];
- (ii) adopted an oil products monitoring procedure under which, beginning in January, 1986, the Secretariat will submit to the SOM quarterly reports on:
- developments concerning Member countries' oil product supply including the origins of product imports;
 - Governments' measures and policies affecting international oil product flows;
 - oil products consumption trends in Member and non-Member countries;
 - refinery capacity trends in Member and non-Member countries;
- (iii) agreed that, in complementary presentations at SOM meetings, Member countries will cover other significant developments in their own downstream market structures;
- (iv) instructed the SOM to keep the monitoring procedure under review and submit proposals for changing it to the Governing Board as necessary;
- (v) welcomed the steps being undertaken by the Japanese Government towards liberalisation of oil product imports and further rationalisation of the refining industry.

Co-operation with Non-Members

Item 118
OECD, Resolutions of the Council Concerning
the Establishment and Mandate of the OECD Committee
for Energy Policy (CEP),
as amended

Resolution of the Council Establishing a Committee for Energy Policy
29 April 1975

OECD Document No. C(75)14(Final)

OECD Acts of the Organisation, Volume 15, p. 217 (1976)

THE COUNCIL,

Having regard to Articles 1 and 2 of the Convention of the Organisation for Economic Co-operation and Development of the 14th December 1960;

Having regard to the Rules of Procedure of the Organisation and, in particular, to the Annex thereto;

Having regard to the Resolution of the Council of 29th September 1970 concerning the Activities of the Organisation in the Fields of Industry and Energy and Amending the Rules of Procedure of the Organisation, as amended on 6th December 1973, and, in particular, Section I, paragraphs 1, 5 and 6 thereof [Doc. Nos. C(70)133(Final), C(73)235(Final)];

Having regard to the Report by the Preparatory Committee and, in particular, paragraph 103 thereof concerning the Oil Committee;

Having regard to the Resolution of the Council of 19th January 1965 concerning the Programme of Work of the Special Committee for Oil for 1965 and 1966 [Doc. Nos. C(64)186, paragraph 4; C/M(65)1(Final), Item 7(a)];

Having regard to the establishment by the Oil Committee of the High Level Group and to the membership of this Group, as agreed by the Oil Committee;

Having regard to the Recommendation of the Council of 29th June 1971 on Oil Stockpiling [Doc. No. C(71)113(Final)];

Having regard to the Decision of the Council of 14th November 1972 on Emergency Plans and Measures and Apportionment of Oil Supplies in an Emergency in the OECD European Area [Doc. No. C(72)201(Final)];

Having regard to the Decision of the OEEC Council of 20th December 1957 approved by the Council on 30th September 1961, and amended on 17th May 1972 Establishing an OECD Nuclear Energy Agency [Doc. Nos. C(57)255, OECD/C(61)5, C(72)106(Final)];

Having regard to the Decision of the Council of 15th November 1974 Establishing an International Energy Agency of the Organisation [Doc. No. C(74)203(Final)];

Having regard to the Note by the Secretary-General of 31st January 1975 concerning the Establishment of a Committee for Energy Policy [Doc. No. C(75)14 and Corrigendum 1];

DECIDES:

1. The Oil Committee and the Energy Committee are hereby merged into a Committee for Energy Policy which is established for an initial period of five years to promote co-operation between Member countries on energy policies and to study and exchange views on such policies. The mandates of the Oil Committee and the Energy Committee shall be carried out on a provisional basis by the Committee for Energy Policy.
2. The Committee's competence shall extend to all energy resources.
3. The Committee for Energy Policy shall establish such Working Parties and other expert groups as may be required to assist the Committee to carry out its mandate. The existing Working Parties and Groups of the Oil Committee and the Energy Committees shall report on a provisional basis to the Committee for Energy Policy pending a decision by the Committee following a further up-dating by the Council of the Committee's mandate.

4. The Committee shall maintain the necessary liaison with the International Energy Agency and the Nuclear Energy Agency. The Committee shall also establish the necessary liaison with the Committees and other bodies of the Organisation for the purpose of taking into account as fully as possible the economic aspects of energy policies and for other purposes.

5. A new paragraph 27 shall be added to the Annex to the Rules of Procedure to read as follows:

“27. Committee for Energy Policy: Its terms of reference are defined in the Resolution of the Council C(75)14(Final).”

In adopting this resolution, the Council:

1. NOTED the Note by the Secretary-General of 31st January 1975, referred to above;
2. INVITED the Secretary-General to submit at an appropriate time proposals on the up-dating of the provisional mandate of the Committee for Energy Policy;
3. NOTED the statements by Delegates for Australia, Spain, Switzerland and Turkey.

[Not reproduced].

. . . .

Resolution of the Council Revising the Mandate of the
Committee for Energy Policy
20 July 1976
OECD Document No. C(76)91(Final)
OECD Acts of the Organisation, Volume 16, p. 423 (1977)

THE COUNCIL,

Having regard to Articles 1 and 2 of the Convention of the Organisation for Economic Co-operation and Development of the 14th December 1960;

Having regard to the Rules of Procedure of the Organisation and, in particular, to the Annex thereto;

Having regard to the Resolution of the Council of 29th April 1975 Establishing a Committee for Energy Policy [Doc. No. C(75)14(Final)];

Having regard to the Recommendation of the Council of 29th June 1971 on Oil Stockpiling [Doc. No. (71)113(Final)];

Having regard to the Decision of the Council of 14th November 1972 on Emergency Plans and Measures and Apportionment of Oil Supplies in an Emergency in the OECD European Area [Doc. No. C(72)201(Final)];

Having regard to the Decision of the OEEC Council of 20th December 1957, approved by the Council on 30th September 1961, and amended on 17th May 1972 Establishing an OECD Nuclear Energy Agency [Doc. Nos. C(57)255, OECD/C(61)5, C(72)106(Final)];

Having regard to the Decision of the Council of 15th November 1974 Establishing an International Energy Agency of the Organisation [Doc. No. C(74)203(Final)];

Having regard to the Note by the Secretary-General of 15th July 1976 concerning the Mandate of the Committee for Energy Policy [Doc. No. C(76)91(1st Revision)];

DECIDES:

I. The mandate of the Committee for Energy Policy, provided for by the Resolution of the Council of 29th April 1975, referred to above, is revised and shall read as follows:

1. The Committee's competence shall extend to all energy resources.
2. The Committee shall promote the co-operation of Member countries in the field of energy policy. To this end, it shall undertake studies and exchange views on energy policy.
3. More specifically, the Committee shall undertake regular reviews of the long-term prospects of the energy markets of the world, particularly on the basis of the updating of the Long-Term Energy Assessment, and shall discuss any new developments which such reviews reveal.

4. The Committee shall also periodically review the energy situation in its national and international aspects.
5. The Committee shall establish the necessary liaison with the International Energy Agency and the Nuclear Energy Agency. The Committee shall also establish the necessary liaison with the Committees and other bodies of the Organisation for the purpose of taking into account as fully as possible the economic and environmental aspects of energy policies and for other purposes.
6. The Committee shall undertake the responsibilities of the former Oil Committee under the Recommendation of the Council of 29th June 1971 on Oil Stockpiling and the Decision of the Council of 14th November on Emergency Plans and Measures and Apportionment of Oil Supplies in an Emergency in the OECD European Area.

II. Paragraph 27 of the Annex to the Rules of Procedure is amended to read as follows:

“27. Committee for Energy Policy: Its mandate is defined in the Resolution of the Council [Doc. No. C(76)91(Final)].”

Item 119
Decision on the Establishment of the Committee
on Non-Member Countries (CNMC)
initially as the Ad Hoc Group on
International Energy Relations (AHGIER), ¹
27-28 June 1977
IEA/GB(77)33, Item 8
and
CNMC Mandate Changes
11 May 1992
IEA/GB(92)25, Item 5

Set forth in Item 11 above

1. *On 10 December 1990 the Ad Hoc Group's name was changed to the Committee on Non-Member Countries [See IEA/GB(90)46, Item 6; Governing Board Room Document No. 1, 6 December 1990].*

Item 120
Decision Adopting the Preliminary Guidelines
for Collaboration on Energy
R & D Between IEA Countries and Developing Countries
25-26 April 1977
IEA/GB(77)23, Item 4

Set forth in Item 111 above

Item 121
Decision on IEA Sponsored Workshops
6 July 1989
IEA/GB(89)42, Item 4(a)

Set forth in Item 106 above

Item 122
Actions on Relations with European Economies in Transition
17 May 1990
IEA/GB(90)22, Item 3(b)(ii)

and

Proposed Addendum to Programme of Work and Budget
IEA/GB(90)20

THE GOVERNING BOARD

- A. approved the general directions of the proposed Addendum to the Programme of Work concerning Energy Policy Contacts with European Economies in Transition [IEA/GB(90)20] and agreed that Activities 1, 2, 3, 6, 7 and 10 described in the Addendum would be given priority attention in 1990;
- B. noted, as set forth in Annex I to document IEA/GB(90)20, the estimated costs of these Activities described in the Addendum to the Programme of Work referred to in paragraph A above and authorized the Executive Director, in order to meet such costs in 1990, to make commitments and to engage in expenditure within the estimates set forth in Annex I to document IEA/GB(90)20 in the total sum of FF 1,444,000;

- C. agreed that Activities 4, 5, 8 and 9 described in the Addendum to the Programme of Work approved in paragraph A above would be further elaborated in the context of the 1991 Programme of Work of the Agency;
- D. agreed that the Board will, at its October meeting, determine the levels of commitment and expenditure as at that time and to the end of the financial year 1990 under the Budget of the Agency for 1990, that the Governing Board will make such additional appropriations, if any, as may be required to meet commitments and expenditure to the end of the financial year 1990 under both the 1990 Programme of Work approved by the Governing Board on 6th December, 1989 [IEA/GB(89)54, Item 3(a)] and the Addendum to the Programme of Work approved in paragraph A above, and that the IEA Member countries will arrange for the financing of any such additional appropriations;
- E. noted the intention of the Executive Director to modify the Organisation of the Combined Energy Staff, as set forth in Attachment C to document IEA/GB(89)51;
- F. noted the interventions of various Delegations concerning the Addendum and budgetary procedures and noted the need for procedural flexibility in this area.

Proposed Addendum to Programme of Work and Budget
Energy Policy Contacts with European Economies in Transition
IEA/GB(90)20

Part II

NEW ACTIVITIES ENVISAGED

A. Enhanced Secretariat Analysis

Activity 1: *Analysis of Energy Developments in European Economies in Transition*

In order to assess developments in the energy sectors of European economies in transition, including the USSR, data collection and analysis

has to be intensified to improve the Secretariat's knowledge of the situation, changes to be expected, and consequences for IEA/OECD energy supply. Major areas of work are indicated above.

Resource requirements: 32 staff-months; 4 months consultants; travel; office and operation requirements.

Activity 2: Statistical Information and Data

This activity would encompass the exchange of statistical publications and notes on methodology/definitions; completion and submission of IEA questionnaires (joint exercise with UNECE); and the study of statistical systems of European economies in transition.

Resources requirements: 4 staff-months; travel.

B. Country-Related Seminars¹

Activity 3: Seminar on "Energy in East and West: The Hungarian Case"

After the visit of the Hungarian delegation and an exchange of letters between the IEA Executive Director and the Hungarian Secretary of State at the Ministry of Industry, the Hungarian Government is most likely to request the IEA to organize a seminar on the energy sector of Hungary. This seminar will be similar to the Polish one. Content, venue, and administrative arrangements will be discussed with the Hungarians.

Resource requirements: 6 staff-months; travel; documentation; meeting/interpretation facilities; representation.

Activity 4: Seminar on "Energy in East and West: The USSR Case"

Various contacts with Soviet officials may result in a request to organize a seminar covering the most important areas of the Soviet energy sector. The Polish seminar could serve as a general model. Content, venue and administrative arrangements will have to be discussed with the Soviets.

Resource requirements: 6 staff-months; travel; documentations; meeting/interpretation facilities; representation.

1. Other Country Seminars might be envisaged if requested.

C. Thematic Seminars and Workshops

Activity 5: Workshop on Energy Efficiency

There is large scope for improvements in energy efficiency in the European economies in transition, which would serve economic as well as environmental interests. A workshop on this important subject would concentrate on potential for energy saving and mechanisms for achieving the desired results. Special items for attention would be management and organisation of the energy sector, energy prices, and appropriate technology.

Resource requirements: 2 staff-months; 5 months consultants; travel; documentation; meeting/interpretation facilities; representation.

Activity 6: Conference on Statistical Co-operation with European Economies in Transition

Participation in an OECD-organised Conference with the objective of identifying both the statistical needs and priorities of European economies in transition, and the most efficient way to respond to those needs. Such a conference would then produce:

- (i) Visits to understand in detail the basic systems in European economies in transition.
- (ii) Company registration systems so that integrated statistical registers could be prepared.
- (iii) Adoption of international industrial trade activity and energy product classifications.
- (iv) A programme of statistical surveys to obtain key infrastructure and cost information in the energy sector.

Resource requirements: 2 staff-months; 3 months consultants; travel.

D. Follow-up Activities

Activity 7: Comprehensive Reconnaissance of Polish Energy Sector

The seminar, "Energy in East and West: The Polish Case", held in April 1990, produced a Polish request for a comprehensive study of the

Polish energy sector. Such a study could be undertaken by employing a field consultant, supplemented by IEA-staff and representatives from interested Member Countries.

Resources requirements: 3 staff-months; 5 months consultants; travel.

E. Other Activities

Activity 8: Training Programme in Energy Statistics

Formal training programmes would not be undertaken. Rather the Secretariat would accommodate trainees for short periods of time for training in the techniques and the rationale of data collection and processing systems.

Resources requirements: 3 staff-months; 3 months accommodation for trainees; travel.

Activity 9: Participation of European Economies in Transition in IEA-Sponsored Activities in Energy Technology

Four areas can be distinguished where participation by representatives from governmental and industrial sectors of European countries in transition could be envisaged on a case by case base after consideration by the Governing Board:

IEA Conferences. In 1990, the following conferences could be relevant:

- Natural Gas Technology;
- Photo Voltaic and Solar High Temperature Technologies; and
- Enhanced Oil Recovery.

Implementing Agreements. The Secretariat will, in collaboration with the CRD, develop proposals for consideration by the Governing Board on methods of participation by European countries in transition in IEA Implementing Agreements.

Coal Industry Advisory Board.

IEA/OECD Expert Seminar on Energy Technology Transfer: Responding to New Economic and Environmental Interdependencies.

The increasing economic and political interaction with non-Member countries (especially with European economies in transition) raises questions on what technology they may need for economic and environmental progress, and the possibilities and limitations connected to transferring such technology. The conference will also address the wide-range implications of the global environmental issues, barriers to technology transfer, protection of intellectual property, and mechanisms for technology dissemination.

Resource requirements: 4 staff-months.

Activity 10: Survey of Bilateral and Multilateral Energy Assistance to European Economies in Transition

To avoid duplication and to identify suitable opportunities for co-operation (e.g. co-sponsoring of seminars), the Secretariat will survey and monitor bilateral and other multilateral activities regarding energy policy making which involve European economies in transition.

Resource requirements: 2 staff-months.

Item 123
Actions on Relations with Korea
October and December 1991

Conclusions on Relations with Korea
14-15 October 1991
IEA/GB(91)65, Item 4(e)

THE GOVERNING BOARD

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- (iii) discussed the Note by the Secretariat entitled "Relations with Korea" [IEA/GB(91)58] and
 - A. welcomed the request from the Government of the Republic of Korea to establish co-operative relations with the IEA;

- B. agreed that the Executive Director should undertake consultations with the Government of the Republic of Korea with a view to identifying potential co-operative activities for subsequent consideration by the Governing Board;

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Conclusions on Co-operative Activities with Korea
9 December 1991
IEA/GB(91)79, Item 5(e) and IEA/GB(91)66

THE GOVERNING BOARD

- (i) noted the Note by the Secretariat entitled "Relations with Korea" [IEA/GB(91)66] and the oral report by the Deputy Executive Director on that subject;
- (ii) approved the programme of co-operative activities with the Republic of Korea described in IEA/GB(91)66, paragraph 4, authorized the Executive Director to take the actions necessary to carry out that programme

Relations with Korea
IEA/GB(91)66

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4. [During discussions conducted in November 1991 between representatives of the IEA and the Ministry of Energy and Resources of Korea], the following potential cooperative activities emerged:

— Review of Korea's Energy Sector:

Korea's oil demand has increased sharply in recent years (24% for 90/89), reaching 1.2 mbbd this year, almost equal to the 1.4 mbbd for all of non-OECD Europe. Korea's population stands at 43 million and its per capita GDP at \$5 569 (as of 1990) which falls in the lower range of OECD countries. Its imports of oil rank

sixth in world oil statistics and, therefore, have a major impact on world energy trade. A Review would give us a better understanding of Korea's energy sector, including its emergency preparedness procedures and plans (Korea is currently making preparations to meet the level of emergency preparedness corresponding to IEA obligations: 40 days of state stocks are held currently with plans to raise them to 60 days and add 30 days of private stocks), and R&D activities and objectives.

— Associate Participation in IEA Implementing Agreements:

If the Guidelines for Associate Participation by Non-Member Countries in IEA Implementing Agreements are approved by the Governing Board, the Korean authorities would like to be granted the possibility of associating with some Implementing Agreements. The Korea Institute for Energy Research (KIER) is currently engaged in such programmes as industrial energy conservation, efficient use of electricity and new power generation, and development of new equipment and materials.

— Participation at IEA Sponsored Conferences:

Korea is already sending participants to IEA conferences. They plan to continue to do so and are prepared to provide expert speakers, e.g. at the proposed Seminar on Energy Efficiency in Asian countries, if requested.

— Enhanced Statistical Exchange:

Korea offers to provide more detailed data on energy demand and supply. This will enhance the IEA's world energy database as well as facilitate Korea's eventual integration into the IEA statistical format.

— Participation at IEA Meetings:

Korea recognises that this question is linked to broader issues and will be the subject of further study. They would welcome the opportunity in the interim to participate by invitation on an ad hoc basis on selected topics in selected meetings of IEA bodies, but not the Governing Board or Budget Committee.

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Item 124
Decisions on Participation of Non-Member Countries
in the Activities of the IEA, on General Policy Guidance,
on Guidelines for Areas of Co-operation with Non-Members
and on the Role of the CNMC
11 May 1992
IEA/GB(92)25, Item 5

THE GOVERNING BOARD

- (a) noted the Note by the Secretariat entitled "Participation by Non-Member Countries in the Activities of the IEA" [IEA/GB(92)18] and the statement of the Executive Director, appended hereto.
- (b) adopted the general policy guidance and the specific guidelines for areas of co-operation with non-Member countries as set forth in Parts II and III of IEA/GB(92)18/FINAL.
- (c) noted, with respect to Part IV of IEA/GB(92)18/FINAL, that the role of the Committee on Non-Member Countries needs to be further developed over time, bearing in mind that specific areas of co-operation with non-Member countries must be integrated into the work of other Standing Groups.
- (d) decided that:
 - (i) the Committee on Non-Member Countries shall, taking into account the views of the Standing Groups and other committees of the Agency, advise the Secretariat and advise the Standing Groups and other committees of the Agency with regard to non-Member country activities;
 - (ii) overall policy guidance and decisions shall continue to be the responsibility of the Governing Board.
- (e) requested the Committee on Non-Member Countries to:
 - (i) ensure that, on a timely and regular basis, information on the Agency's non-Member country activities is communicated to Member countries, and Member country views are communicated to the Secretariat;
 - (ii) report regularly to the Governing Board on the foregoing subject.

- (f) noted that this is an interim Decision, which the Governing Board will review in a future meeting.

Participation by Non-Member Countries
in the Activities of the IEA
IEA/GB(92)18/FINAL

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II. General Policy Guidance

The Governing Board should provide general policy guidance on relations with NMCs to the Secretariat and to IEA bodies for implementation. Several basic points should be emphasised as the IEA expands its work with the NMCs:

- 1) The IEA's approach should be to increase energy security by initiating or enhancing relations with significant energy consumers and/or producers, including those whose energy use most seriously affects the environment;
- 2) A case-by-case system is needed, while maintaining a generally consistent approach, since requests and wishes with respect to the IEA vary widely among the NMCs;
- 3) While the I.E.P. restricts IEA Membership to OECD countries, co-operation with the NMCs should not be limited solely to those countries likely to become OECD members;
- 4) IEA "core" activities — those principal IEA tasks defined in the Programme of Work and developed during the course of the year with the Governing Board and relevant IEA Standing Groups — should not be weakened; and
- 5) NMC activities should be funded within annual IEA budget allocations, although special contributions for specific, unforeseen activities should continue to be made available, subject to approval of these activities by the Governing Board.
- 6) As these NMC activities are undertaken, the Executive Director will report to the Governing Board on their conformance with the priorities in the Agency's Programme of Work and budget allocation.

III. Guidelines for Areas of NMC Co-operation

NMC participation in IEA activities relates both to the type of activity and the level or extent of participation. There should be specific guidelines for case-by-case implementation covering the following types of activities, as indicated below:

A. Participation in IEA Meetings:

For an experimental period, the Standing Groups should decide on the level, frequency, and subjects for NMC participation, subject to the right of any Member country to refer such a decision to the Governing Board. However, participation by a new non-Member country would be a matter for Governing Board consideration. The NMC Committee should be regularly informed. Participation by NMCs in IEA meetings should be *ad hoc* and informal. NMCs do not participate in Governing Board or Budget Committee meetings, unless the Governing Board were to decide otherwise. To the extent possible, the number of NMCs invited to an IEA meeting should be kept to the minimum necessary to accomplish the purpose of the meeting.

B. Participation in IEA Conferences, Workshops, etc.:

Participation of NMC representatives as both participants and speakers should continue to be on an *ad hoc* basis, in the context of the subject to be discussed. Periodically, speakers from NMCs may be invited to participate or make presentations at an IEA Conference, subject to the existing rule requiring approval by the Executive Director and the Governing Board Chairman.

C. Reviews of Energy Policies:

Energy reviews of NMCs are an important element in assisting them to adopt sound energy policies. Such reviews would be conducted only if they were included in the Programme of Work, or the Governing Board had otherwise expressly authorised them. The scope of NMC reviews will be adjusted, as necessary, to reflect changed circumstances or resource constraints.

D. Participation in Emergency Response Systems:

NMCs will not participate in energy response systems. However, briefing and advising NMCs, as was done with selected Asian, Central and

Eastern European countries during the Gulf crisis, should be considered, as appropriate. In addition, the impact of the change of relative weight of NMCs in energy markets in the long run should be examined by the relevant Standing Groups.

E. Participation in Implementing Agreements:

NMCs may participate in Implementing Agreements as Associate Contracting Parties, subject to Governing Board approval. [See decision associated with IEA/GB(91)72.]

F. Statistical Exchange and Co-operation:

IEA statistical services will be intensified. Exchange of statistics with NMCs should take place as appropriate, if possible on a *quid pro quo* basis. In addition, the IEA will continue to co-operate with NMCs in the adaptation of their statistical methodology to Western models for collection and presentation.

G. Training:

As a general rule, the IEA should not take any NMC trainees into the Secretariat. However, two specific trainees were approved by the Board as one-time actions, not to be seen as precedents for future training requests.

IV. Expanded Role of the NMC Committee

Consistent with the functions of the Agency in dealing with NMC issues, the role of the NMC Committee should be expanded. The NMC Committee should be authorised by the Governing Board to serve as the body for consultation among Member countries and advising the Secretariat, taking into account the need for flexibility of the IEA. Such an expanded capacity would entail more frequent NMC Committee meetings, as a way of dealing with new events on a “real-time” basis. It may also require more direct reporting of deliberations and recommendations from other IEA Standing Groups and Committees to the NMC Committee. Delegates to such NMC Committee meetings would need the authority of their governments to make decisions in order for this expanded role of the Committee to function effectively. The NMC Committee should undertake the review of activities and make recommendations as to participation of NMCs, and report to the Governing Board, as appropriate.

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Item 125
Requests for Accession to the Agreement
on an International Energy Program
13 April 1994
IEA/GB(94)25, Item 8

THE GOVERNING BOARD

- (a) noted the Secretariat's Note entitled "Requests for Accession to the Agreement on an International Energy Program" [IEA/GB(94)24/REV1];
- (b) noted the letter from the Secretary of Energy, Mines and State Owned Industry of Mexico expressing a wish to begin discussions with the Agency on the subject of possible membership of Mexico in the Agency, and authorised the Executive Director to examine with Representatives of Mexico the terms and conditions of membership;
- (c) asked the Executive Director to continue discussions with Korea, in parallel with Korea's discussions on membership in the OECD, with a view to Korea's possible membership in the Agency;
- (d) noted the letter from the Minister of Industry of the Czech Republic expressing a wish to begin discussions with the Agency on the subject of possible membership in the Agency, and authorised the Executive Director to hold such discussions in parallel with those of the Czech Republic on membership in the OECD;
- (e) noted the letter from the Secretary of State, Office of the Council of Ministers of Poland expressing a wish to begin discussions with the Agency on the subject of possible membership in the Agency, and authorised the Executive Director to hold such discussions in parallel with those of Poland on membership in the OECD;
- (f) noted the letter from the Minister of Industry and Trade of Hungary expressing a wish to begin discussions with the Agency on the subject of possible membership in the Agency, and authorised the Executive Director to hold such discussions in parallel with those of Hungary on membership in the OECD;
- (g) noted the letter from the Minister of Economy of the Slovak Republic expressing a wish to begin discussions with the Agency on the subject

of possible membership in the Agency, and authorised the Executive Director to hold such discussions in parallel with those of the Slovak Republic on membership in the OECD;

- (h) welcomed the undertaking of the Executive Director to propose revisions in the Governing Board's interim Decision on participation by non-Member countries in the activities of the Agency [IEA/GB(92)25, Item 5].

Item 126
IEA and the Russian Federation:
Joint Declaration of Co-operation
6 July 1994

JOINT DECLARATION OF CO-OPERATION
BETWEEN
THE GOVERNMENT OF THE RUSSIAN FEDERATION
AND
THE INTERNATIONAL ENERGY AGENCY
IN THE FIELD OF ENERGY¹

THE GOVERNMENT OF THE RUSSIAN FEDERATION (the "Russian side") AND THE INTERNATIONAL ENERGY AGENCY (the "Agency") (the "Parties"),

- recognising the key role which the energy sector plays in national economic policies and activities;
- taking into account the twenty years of experience and expertise the Agency has in this field;
- considering the desire of the Russian side to create conditions for the development of the energy sector in the Russian Federation on a market economy basis;
- aspiring to co-operate toward achieving both that goal and the objectives of the European Energy Charter;

1. *The draft text was endorsed on 17 June 1994 by the Governing Board [See IEA/GB(94)37, Item 7(c)].*

HAVE REACHED THE FOLLOWING UNDERSTANDINGS:

1. In the transition of the Russian Federation's energy sector to a market economy basis, the Agency and its Member countries will share with the Russian side their experience in energy policies and practices. The Parties intend to co-operate, in the manner set out below, in the following areas:
 - (a) energy conservation and efficiency;
 - (b) rational and efficient production, extraction and processing, transport, distribution and use of oil, gas, coal, electricity and other sources of energy;
 - (c) information and statistics;
 - (d) energy research and development and technology deployment; and
 - (e) any other area in the field of energy to which they agree.
2. Co-operation between the Parties may take the following forms:
 - (a) review and analysis of energy policies of and issues concerning the Russian Federation;
 - (b) programmes and projects;
 - (c) joint seminars and conferences;
 - (d) exchange of energy information and data; and
 - (e) any other form of co-operation to which they agree.
3. Co-operation will be carried out in the following manner:
 - (a) The Russian side and the Secretariat of the Agency will agree proposals for concrete activities, taking account of the priorities of the energy policy of the Russian side and the general lines of the Programmes of Work and Budget of the Agency, and will strive to successfully carry out agreed activities.
 - (b) The Parties will periodically review the Agency's active and proposed Implementing Agreements for co-operation in energy research and development and technology deployment, in the interest of facilitating the participation therein of the Russian side or its designees.

- (c) The Parties will meet periodically to review the progress of activities undertaken and discuss proposals for further activities. Such meetings will take place approximately annually.
- (d) Either Party may invite the other Party to participate in activities organised and sponsored by it, in addition to those referred to in paragraph 2 above, when it considers that such participation would contribute to meeting the aims of their co-operation.
- (e) Standing Groups and Committees of the Agency may, when they consider that it would contribute to meeting the aims of the co-operation, invite representatives of the Russian side to attend relevant meetings.

4. The Parties recognise that in the increasingly globalised energy market, co-operation with other energy market participants can strengthen their bilateral co-operation, and that their bilateral contribution can benefit the functioning of the market.

5. Unless otherwise agreed, each Party will bear the costs it incurs in carrying out their co-operation.

6. Overall co-ordination of the co-operation will be the responsibility of the Ministry of Foreign Affairs of the Russian Federation and the Office of Non-Member Countries of the International Energy Agency. The carrying out of the co-operation within the Russian Federation by personnel employed by the Agency is subject to the extension by the Russian side of satisfactory privileges and immunities in an appropriate agreement.

7. The Parties' agreement to this co-operation is for an initial period of one year, and will be automatically renewed thereafter on a yearly basis unless, prior to the renewal date, either Party gives the other Party written notice of an intent to terminate it.

Done in Moscow, this 6 day of July 1994.

Yuri Shafranik

ON BEHALF OF THE
GOVERNMENT OF THE
RUSSIAN FEDERATION

Helga Steeg

ON BEHALF OF THE
INTERNATIONAL ENERGY
AGENCY

Item 127
Amended Guidelines for Co-operation
with Non-Member Countries
14 December 1994
IEA/GB(95)1, Item 6(a)

THE GOVERNING BOARD

- (i) noted the Note by the Secretariat, "Review of Guidelines for Non-Member Country Relations" [IEA/GB(94)43/REV1];
- (ii) amended the Note as reflected in Document IEA/GB(95)2/ANN;
- (iii) adopted the amended guidelines for co-operation with non-Member countries, and endorsed the comments thereon, contained in the Note, as amended;
- (iv) approved the procedures for accession to the Agreement on an International Energy Program, the criteria for membership in the Agency, and the proposals for relations with applicants for membership in the Agency, set out in the Note, as amended;
- (v) noted that the ability of an applicant for membership in the Agency to meet the emergency response requirements under the IEP Agreement should be reviewed in the Standing Group on Emergency Questions.

Review of Guidelines for
Non-Member Country Relations
IEA/GB(95)2 and Annex

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GUIDELINES FOR NMC CO-OPERATION

2. At its meeting on 11th May 1992, the Governing Board "adopted the general policy guidance and the specific guidelines for areas of co-operation with non-Member countries as set forth in Parts II and III of IEA/GB(92)18/FINAL." [See IEA/GB(92)25, Item 5(b).]

3. Part III of IEA/GB(92)18/FINAL, concerning the specific guidelines for areas of co-operation, addressed the following list of activities (*the guidelines are in italics and within quotation marks*):

A. Participation in IEA Meetings

“For an experimental period, the Standing Groups should decide on the level, frequency, and subjects for NMC participation, subject to the right of any Member country to refer such a decision to the Governing Board. However, participation by a new non-Member country would be a matter for Governing Board consideration. The NMC Committee should be regularly informed and consulted for advice. Participation by NMCs in IEA meetings should be ad hoc and informal. NMCs do not participate in Governing Board or Budget Committee meetings, unless the Governing Board were to decide otherwise. To the extent possible, the number of NMCs invited to an IEA meeting should be kept to the minimum necessary to accomplish the purpose of the meeting.”

COMMENT:

In principle, the guideline should remain as it is for NMC Groups B, C and D,¹ namely that their participation is on an ad hoc and informal basis. The issue of how to treat Group A - Applicants for Membership - will be addressed separately, below.

B. Participation in IEA Conferences, Workshops, etc.

“Participation of NMC representatives as both participants and speakers should continue to be on an ad hoc basis, in the context of the subject to be discussed. Periodically, speakers from NMCs may be invited to participate or make presentations at an IEA Conference, subject to the existing rule requiring approval by the Executive Director and the Governing Board Chairman.”

COMMENT:

The number of NMC participants in IEA organised events has been increasing rapidly with a growing proportion of IEA conferences specifically designed to address energy issues in NMC regions. The Secretariat’s experience in this area suggests that the standing rule requiring approval by the Executive Director and the Governing Board Chairman for all NMC participants and speakers should be relaxed, so that the Governing Board Chairman’s prior consent will, in

1. See Attachment to this Note for a description of these country groups.

principle, not be sought, unless it concerns a country with which the Agency has not previously had any contact. The Executive Director will, however, report to the Governing Board on such participation.

C. Review of Energy Policies:

“Energy reviews of NMCs are an important element in assisting them to adopt sound energy policies. Such reviews would be conducted only if they were included in the Programme of Work, or the Governing Board had otherwise expressly authorised them. The scope of NMC reviews will be adjusted, as necessary, to reflect changed circumstances or resource constraints.”

COMMENT:

The existing guideline should continue to apply. Reviews of countries in Groups A and B should naturally take priority over reviews of other NMCs.

D. Co-operation in the Area of Emergency Preparedness:

“NMCs will not participate in emergency response systems. However, briefing and advising NMCs, as was done with selected Asian, Central and Eastern European countries during the Gulf crisis, should be considered, as appropriate. In addition, the impact of the change of relative weight of NMCs in energy markets in the long run should be examined by the relevant Standing Groups. The NMC Committee and the SEQ will be regularly informed and consulted.”

COMMENT:

The standing guideline provides that NMCs will not participate directly in the IEA's emergency response systems. However, the Agency will make available its expertise in emergency response strategies to selected NMCs and/or regional organisations and where appropriate explore ways to co-operate with them on related activities. Given the successful experience with a number of NMCs participating in an IEA Workshop on Emergency Oil Stockdraw, such participation will continue to be explored on a selective basis. Priority will be given to Group A countries.

E. Participation in Implementing Agreements:

“NMCs may participate in Implementing Agreements as Associate Contracting Parties, subject to Governing Board approval.”

COMMENT:

This avenue of co-operation with NMCs has greatly expanded since 1992, proving itself to be a useful tool to develop relations with some countries of Group A. The existing procedure for formal approval by the Governing Board of Associate Participation has functioned reasonably well and should continue to be followed. Participation by non-Member regional organisations may also be considered. The CNMC, in consultation with the CERT, will be requested to provide advice on Associate Participation by non-Member countries not previously participating in any IEA Implementing Agreement.

F. Statistical Exchange and Co-operation:

“IEA statistical services will be intensified. Exchange of statistics with NMCs should take place as appropriate, if possible on a quid pro quo basis. In addition, the IEA will continue to co-operate with NMCs in the adaptation of their statistical methodology to Western models for collection and presentation.”

COMMENT:

The existing guideline should continue to apply. This is an area where, for the purpose of comprehensive global coverage, the Agency's efforts will continue to extend beyond countries of Groups A, B and C.

G. Training:

“As a general rule, the IEA should not take any NMC trainees into the Secretariat. However, two specific trainees were approved by the Board as one-time actions, not to be seen as precedents for future training requests.”

COMMENT:

The guideline remains that the IEA should not take trainees into the Secretariat. The two exceptional cases approved by the Board in 1992 were both in relation to NMCs of Group A. Any future cases should be judged by the Governing Board on their specific merits.

NEW MEMBERSHIP

4. The Agreement on an International Energy Program (IEP Agreement) provides in Article 71 that:

“This Agreement shall be open for accession by any Member of the Organisation for Economic Co-operation and Development which is able and willing to meet the requirements of the Program. The Governing Board, acting by majority, shall decide on any request for accession.”

5. In order to provide a basis for discussion on the membership issue by the Committee, this section will consider the following: membership procedures, criteria for membership and relations with applicants.

Membership Procedure

6. There have been six prior accession exercises in the history of the Agency: New Zealand (1976), Greece (1977), Australia (1979), Portugal (1981), France and Finland (1991), each of which followed essentially the same procedural pattern. These procedures have worked well and the Secretariat expects to continue to use them, with any necessary adjustments, for future applicants. Of course, a major change from the past, in the case of prospective new Members other than Mexico, is that procedures may be conducted in parallel with these countries' OECD membership discussions.

7. The following briefly summarises the procedures utilised in accession.

8. After official expression of interest by the potential Member country, the Governing Board authorises the Executive Director to discuss terms of membership with that country. The Secretariat then provides the country with Governing Board and other relevant documents as required. These documents provide the basis for detailed discussions with the potential Member country. These discussions focus on the rights and obligations of IEA Members and provide the Secretariat with information to determine the willingness and ability of the potential new member to meet its obligations under the IEP and Governing Board Decisions. The Governing Board will be able to assess the potential new Member's situation based on the Secretariat's findings. Once these conditions are satisfied, the potential new Member could then write the Executive Director to formally request accession to the IEP Agreement.

9. The Executive Director would report to the Governing Board on the Secretariat's discussions and, if appropriate, propose that the Governing Board extend an invitation. After the Governing Board adopts the invitation decision, the potential new Member's representatives may participate in the Governing Board and all other activities of the IEA (except Budget Committee activities) even before the remaining formalities have been completed. The remaining formalities would include deposit of the instrument of accession and accession to the 1974 OECD Decision of the Council Establishing an International Energy Agency of the Organisation.

10. Any new accession could also bring about changes in the IEP voting calculations. Currently the 1973 oil consumption shares are used to calculate voting weights. In Secretariat discussions with Mexico and Korea both countries have indicated that they would prefer updating the consumption weights.

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ATTACHMENT

Non-Member Countries Groupings

Rapid divergence in developments among NMCs calls for an evolution in the IEA's approach: six countries have requested membership, others are in real transition and are ready for sophisticated policy advice, others again need information on the fundamentals of market-oriented energy structures. The IEA is reflecting these differences more clearly in successive work programmes. The following breakdown into country groupings reflects our experience and understanding of the situation as it exists now. This breakdown would only apply to relations the IEA has or may have with NMCs in the coming year(s). They are selected on the basis of their political, economic and energy relevance to IEA's objectives, as well as their developments towards market-oriented economic and energy systems. The grouping does not touch on the relations the Agency may have with regional organisations such as OLADE and APEC, nor does it address in any detail important global activities like the Expert Meetings of Energy Exporting and Importing Countries. The grouping should be considered a flexible list with countries moving between categories as future political, economic and energy developments in NMCs warrant.

Group A — Applicants for Membership

Countries

Asia: Korea

Latin America: Mexico

Central/Eastern Europe: Czech Republic, Hungary, Poland, Slovakia

Comment: These countries have applied for accession to the IEA. They are, thus, the countries for whom IEA advice is most relevant and constructive, given their advanced stage of transition and their frequent requests for assistance. Developments in their economies will have significant influence in regional energy trade. POW activities have already been developed with all of them, and the need is felt to put existing co-operation on more solid ground. The process of exchanging information on membership rights and obligations has already begun.

Other concrete activities with these countries would include energy co-operative and policy consultations on an as needed basis; periodic energy reviews, or any other suitable follow-up; conferences and expert meetings.

Group B — Special Relations — Russia

Countries: **Russia; other perhaps later.**

Comment: Russia is a category in itself. The potential of the energy sector — both on the demand and supply side — will likely be steadily developed during the coming years. The profound changes that will come with that process will probably affect world demand and supply patterns. It is in IEA Members' interest that energy policies in Russia are developed to secure undisrupted flows of energy and to improve end-user energy efficiency. This requires a tailor-made approach, which is reflected in work such as the IEA's contribution to the negotiations on the Energy Charter Treaty and its involvement in the G-7 energy work. The framework for future co-operation will be the joint declaration between Russia and the Agency as concluded in Moscow on July 6, 1994.

Group C — Case-by-Case Relations — Major Players

Countries:

Asia: China, India, Indonesia, Thailand

Latin America: Brazil, Venezuela, Argentina

Central/Eastern Europe: Baltic Republics, Bulgaria, Romania, Slovenia

NIS: Azerbaijan, Kazakhstan, Ukraine

Middle East and Africa: Relations will concentrate on selected activities with key countries (such as the visit to Saudi Arabia in 1993) and invitations to major energy producers to attend relevant IEA meetings, such as the 1992 and 1993 expert seminars. Activities will also include monitoring developments, analytical studies, and special NMC presentations.

Comment: Countries in their Group are important energy players, but it will need time, resources and opportunities to develop more structured relations.

Group D — No Specific Relations — Rest of World

Countries: **The other 120 non-Member countries**

Comment: Group D countries may participate in IEA's sponsored conferences, be associated with IEA Implementing Agreements, or be subject to specific IEA analysis.

Item 128

Ministerial Action on IEA Relations with Non-Member Countries

22 May 1995

IEA/GB(95)30

Growing economic interdependence makes IEA relations with non-Member countries in all parts of the world of essential importance. Energy markets and environmental issues are increasingly global, and early in the next century, energy demand in non-OECD regions will overtake OECD energy consumption.

IEA Ministers:

- Encouraged co-operation and dialogue with energy market participants, particularly in relation to improving the efficiency of energy markets, enhancing energy security and developing responses to environmental challenges.
- Welcomed their separate discussion of the energy situation of the Russian Federation, considered specific areas for future co-operation under the IEA-Russian Federation Joint Declaration of Co-operation, and endorsed the conclusions and recommendations of the IEA survey, *Energy Policies of the Russian Federation*, with particular emphasis on:
 - assuring that internal energy prices reflect the full costs of providing and maintaining supplies, including transmission costs (notably for natural gas);
 - removing disincentives to investment in the energy sector, including by developing more specific energy legislation and a more effective tax regime;
 - regulating (privatised) monopolies and increasing competition.
- Welcomed continued bilateral and multilateral co-operation with Central and Eastern European countries, the New Independent States, and countries of the Mediterranean Region, in particular in efforts to enhance trade and investment regimes. They welcomed the signing of the Energy Charter Treaty and endorsed its objectives to establish a legal framework for investment and trade in energy among the signatories. Ministers underscored the need for close co-operation between the IEA and the Energy Charter Conference in implementation of the treaty and supported negotiations in the Conference to further liberalise energy import and export markets and provide legal protections for the making of investments.
- Noted the key role of countries of the Asia-Pacific region in world energy markets, with the Dynamic Asian Economies and especially the larger consuming countries such as China and India becoming increasingly important in energy and environment issues; underscored the need for closer co-operation with countries in the region; and requested that the Secretariat explore the possibility of undertaking a high level mission to China and India which would enhance co-operation with these countries.

- Looked forward to increased co-operation with countries that are applicants for IEA membership: the Czech Republic, Hungary, Korea, Mexico, Poland and Slovakia, and asked the Secretariat to examine possible new forms of co-operation with other non-Member countries and organisations.

Officers of the Governing Board at Ministerial and Official Level, Standing Groups and Committees, and Senior Members of the IEA Secretariat

(Updates Volume II, Appendix I to November 1995)¹

Name	Country	Dates of Service
GOVERNING BOARD AT MINISTERIAL LEVEL		
Chairwoman		
Ms. Hazel O'Leary	United States	22 May 1995
GOVERNING BOARD AT OFFICIAL LEVEL		
Chairman		
Mr. E. Becker	Germany	Feb. 1995 - present
Vice-Chairmen		
Mrs. A. Blefari	Italy	Oct. 1995 - present
Mr. C. Henderson	United Kingdom	Jun. 1994 - present
Ms. S. Fallows Tierney	United States	Oct. 1993 - present
Mr. A. Puri Purini	Italy	Oct. 1994 - Oct. 1995
STANDING GROUP ON EMERGENCY QUESTIONS (SEQ)		
Chairman		
Mr. L. Knegt	The Netherlands	Apr. 1995 - present
Mr. H.E. Leyser	Germany	Jan. 1992 - Apr. 1995
Vice-Chairman		
Mr. J. Hart	United States	Feb. 1994 - present

1. The Officers of the Governing Board and other IEA bodies as well as Senior Members of the Secretariat for the years 1975-1995 can be found in Volume II, Appendix I of this History.

Name	Country	Dates of Service
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STANDING GROUP ON LONG-TERM CO-OPERATION (SLT)

Chairman

Mr. S. Donnelly	United States	Oct. 1994 - present
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Vice-Chairmen

Mr. J. Kekkonen	Finland	Jun. 1995 - present
Mr. K. Kimura	Japan	Jun. 1995 - present
Mr. H. Saeki	Japan	Oct. 1993 - Jun. 1995
Mr. P. Gerresch	Belgium	Mar. 1989 - Jun. 1995

STANDING GROUP ON THE OIL MARKET (SOM)

Chairman

Mr. M. Cleland	Canada	Mar. 1993 - present
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Vice-Chairmen

Mr. K. Suganuma	Japan	Oct. 1995 - present
Mr. D. Pumphrey	United States	Oct. 1994 - present
Mr. N. Nikai	Japan	Apr. 1994 - Oct. 1995

COMMITTEE ON ENERGY RESEARCH AND TECHNOLOGY (CERT)

Chairman

Mr. C. Mandil	France	Jun. 1994 - present
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Vice-Chairmen

Mr. T. Imanaga	Japan	Jun. 1995 - present
Mr. J. Brodman	United States	Jun. 1994 - present
Mr. T. Murayama	Japan	May 1993 - Jun. 1995

COMMITTEE ON BUDGET AND EXPENDITURE (BC)

Chairman

Mr. R. Knorreck	Austria	Jun. 1994 - present
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Name	Country	Dates of Service
COMMITTEE ON NON-MEMBER COUNTRIES (CNMC)		
Chairman		
Mr. R. Jeker	Switzerland	Apr. 1995 - present
Mr. A. Walther	Norway	May 1992 - Apr. 1995
Vice-Chairmen		
Mr. G. Boyce	United Kingdom	Jun. 1994 - present
Mr. E. Denekamp	The Netherlands	Jun. 1994 - present

Senior Members of the IEA Secretariat

Name	Country	Dates of Service
EXECUTIVE DIRECTOR		
Robert Priddle	United Kingdom	1994 - present
DEPUTY EXECUTIVE DIRECTOR		
John P. Ferriter	United States	1989 - present
LEGAL COUNSEL		
Craig S. Bamberger	United States	1992 - present
SPECIAL ADVISOR FOR PUBLIC INFORMATION		
Joyce Heard	United States	1991 - present
OFFICE OF LONG-TERM, CO-OPERATION AND POLICY ANALYSIS		
Jean-Marie Bourdairre	France	1995 - present
Robert Skinner	Canada	1988 - 1995
OFFICE OF OIL MARKETS AND EMERGENCY PREPAREDNESS		
Tomihiko Taniguchi	Japan	1993 - present
OFFICE OF NON-MEMBER COUNTRIES		
Guy Caruso	United States	1993 - present

Name	Country	Dates of Service
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OFFICE OF ENERGY TECHNOLOGY AND RESEARCH AND DEVELOPMENT

Hans Jørgen Koch	Denmark	1994 - present
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OFFICE OF ECONOMICS, STATISTICS AND INFORMATION SYSTEMS

Sean O'Dell	Canada	1993 - present
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Ministerial Communiqués 1975 - 1995

1975 COMMUNIQUE

The Governing Board of the International Energy Agency met at Ministerial level in Paris on 27th May, 1975, under the Chairmanship of Mr. Renaat van ELSLANDE, Minister for Foreign Affairs of the Kingdom of Belgium.

1. Ministers noted that the events of recent years have highlighted the importance for the world economy of a regular and stable energy supply. Solutions to current economic problems must rest upon the principles of inter-dependence of all countries, mutual support and shared responsibility, so that all countries, whatever their level of development, may be recognised as partners in the world economic system. Their continued economic and social development must be based upon world economic growth in conditions of stability and equity.

Ministers reiterated their determination that the Agency should contribute, as far as problems connected with energy were concerned, towards achievement of these objectives.

2. Ministers reviewed developments in the world energy situation since the establishment of the Agency on 15th November, 1974. They laid down guidelines and priorities for the Agency's future work and for the full implementation of the International Energy Program and re-affirmed their commitment to work for the development of a co-operative multilateral relationship among oil producing and oil consuming countries.

3. They noted with approval that an emergency system has now been established to reduce oil consumption and to allocate oil supplies in conditions of shortage. This emergency system can be brought into operation at short notice if required, and will substantially reduce the economic effects of any future oil supply difficulties. They noted the importance of emergency reserves to insure the effectiveness of the emergency system, and noted that the Governing Board would reach a decision by 1st July, 1975, as to the date by which these emergency reserves should be raised to 90 days supply.

4. Ministers noted the importance of the collection and analysis of information on the oil market in order to ensure greater understanding and transparency in international oil trade. They agreed that the oil market information system should be promptly completed and evaluated.

5. Ministers confirmed their determination to begin the implementation of a programme on long-term co-operation on energy by 1st July, 1975, with a view to achieving the overall objectives of the Agency by making more efficient use of the world's limited available resources of energy in the interest of the world economy; by diversifying the sources of energy; and by reducing dependence on imported oil.

Ministers agreed that co-operation in the Long-Term Program, to be equitable and effective, should take into due consideration the specific economic and social conditions of Member countries. The program should ensure that the burdens and benefits deriving from joint efforts of participating countries are shared among them on an equitable basis, and that policies directed at achieving such a balance should be implemented within existing legislative and constitutional limitations. They further stressed that the overall efforts and undertakings of each participating country with respect to energy conservation, production of energy and research and development in the energy field should be regularly reviewed within the Agency.

6. Ministers noted with satisfaction the progress that has been made in the field of conservation, in particular through the adoption of a group conservation target for 1975.

Ministers decided that the work of the Agency should be actively continued, and agreed that governments of the participating countries would need to increase their efforts to ensure that the energy conservation objectives of the Agency are achieved.

Ministers laid down as priorities for future work:

- the consideration of conservation objectives for the group for 1976 and 1977;
- the establishment of medium-term goals for 1980 and 1985; and
- the intensification of individual country reviews to strengthen the effectiveness of conservation programmes.

7. The Ministers agreed on the need to elaborate a co-ordinated programme of co-operation for the accelerated development of alternative energy sources as provided in the decision already taken by the Governing Board, including in particular a commitment to increase, encourage and safeguard investment by general and specific measures.

The Ministers agreed that the Agency should initiate promptly an examination of the potential for expanded co-operation in the area of nuclear energy. This co-operation in all fields will be directed toward ensuring the development of this important alternative source of energy with due regard to safety and environmental conditions. Amongst other questions shall be discussed the availability of nuclear fuel and technology to meet the problems of safety and waste management.

On the basis of the above mentioned decision Ministers insisted on the importance of the establishment of co-operative projects in the research and development fields specified in the IEP Agreement, particularly coal and nuclear questions. In this connection, they agreed to build further upon the progress already achieved by the Agency in the area of energy research and development. They resolved that productive results in this area will require a sustained effort to develop concrete international co-operation. In support of this objective, they agreed that a special session of the Governing Board, with attendance by senior research and development officials, should be held in the Autumn of 1975 to complete the formulation of a research and development program.

8. Ministers reviewed the relations among oil producing and oil consuming countries, developing and developed alike. With this in view they were aware of important and pressing problems of the developing countries which are not directly related to energy, and they were determined

that these should be tackled with political determination and within a reasonable time-frame. Ministers noted that the Council of the OECD meeting at Ministerial level on May 28th and 29th proposes to discuss the problems of development and of commodities, including foodstuffs, and expressed the hope that steps will be taken toward effective action for finding solutions to these problems. For its part, the Agency will do all within its competence to work for the solution of the problems of the developing countries, so far as they are concerned with energy.

Ministers noted that the Preparatory Meeting held in Paris from 7th-16th April, 1975, had provided an opportunity for full and serious discussion of the means of establishing closer relations among oil producing and oil consuming countries.

Ministers declared themselves ready to pursue discussions at any time and in any manner found mutually convenient, and reaffirmed their common willingness to continue the dialogue and to encourage initiatives directed towards further progress.

Ministers exchanged views on possible ways of pursuing the dialogue. They agreed to continue bilateral contacts with interested countries. They instructed their representatives in the Governing Board to address these questions as a matter of urgency, to co-ordinate their efforts to ensure that formal deliberations responsive to the interest of all countries concerned can be held as soon as possible, and to examine the manner in which the dialogue should be continued.

9. Ministers agreed that the work carried out in the Agency thus far has made an important contribution towards meeting the difficulties that have been encountered in the energy field. They stressed the importance of the solidarity among the Member countries, and emphasised the need for an intensification and, wherever possible, a broadening of co-operative efforts undertaken in this area. Acting in its operational capacity, the Agency will continue to develop further its co-operative energy programme in order to improve the overall energy supply and demand situation, which is of vital importance to the further development of the world economy as a whole.

1977 COMMUNIQUE

**Adopted by the IEA Governing Board Meeting at
Ministerial Level on Thursday 6th October 1977**

1. The Governing Board of the International Energy Agency met at Ministerial level on 5th and 6th October, 1977 under the Chairmanship of the Honourable Alastair Gillespie, Minister of Energy, Mines, and Resources of Canada.
2. Ministers reviewed developments within the IEA since the last meeting at Ministerial level on 27th May 1975, and noted with satisfaction that substantial progress has been achieved in a number of important areas including the adoption of the IEA's Long-Term Co-operation Programme and the setting in place of the emergency oil-sharing system.

STRENGTHENED CO-OPERATION ON ENERGY

3. Ministers reviewed world prospects of energy demand and supply. Stressing the importance of adequate energy supplies for future economic development, they concluded that unless present energy policies are strengthened there is a serious risk that as early as the 1980's the world will not have sufficient oil and other forms of energy available and that such a situation would have severe economic, social and political consequences in all IEA countries and throughout the world. Ministers recognised that such a situation would have a greater impact on weaker economies, that no one country could provide a solution, and that all countries would have to make a contribution towards meeting the challenge. They emphasised the need for greater public awareness and discussion of the gravity of the energy situation, so that the necessary public support can be developed for stronger energy policy measures. In this connection, Ministers noted that the current surplus of oil in the world market is a temporary condition and could lead to ill-founded complacency.
4. Ministers expressed the determination of the IEA countries to reduce this risk by a strong, concerted and sustained policy response designed to make more effective use of energy resources, particularly through energy conservation, and to put more emphasis on development and use of less

depletable energy sources. They reaffirmed the objectives of co-operation among IEA countries as set out in the Agreement on an International Energy Program and the IEA's Long-Term Co-operation Programme and agreed on a coherent international policy framework in order to assist in the definition of national energy policies.

5. To this effect, Ministers adopted a decision on IEA Group Objectives and Principles for Energy Policy (Annex I). The decision establishes an objective for the group of IEA countries to hold their total oil imports to not more than 26 million barrels a day in 1985 and provides for group objectives for successive periods to be established. Ministers considered that this level of oil import demand by the IEA nations would contribute to a better world energy balance and help to make it possible for requirements of all nations for adequate amounts of essential energy supplies to be met.

6. Ministers expressed their firm political determination to reinforce their national policies in order to achieve these group objectives. For this purpose, the decision establishes twelve principles of energy policy which will serve as guidelines for the implementation of national measures, taking into account domestic energy circumstances and social and economic requirements. The principles call for constant and careful attention to important environmental, safety and security concerns to which the production, transportation and use of energy give rise. They provide for stronger energy conservation, switching to use of more plentiful fuels, and rapid expansion of indigenous energy supplies. They emphasise the need for a favourable investment climate, adequate energy prices and reduced uncertainty about energy policies. They call for co-operative efforts to increase coal consumption, production and trade and to maintain steady expansion of nuclear power, consistent with non-proliferation and environmental concerns, as a main and indispensable element in attaining IEA group objectives. Some Ministers, however, expressed different views as to the nuclear principle and reserved their position with regard to that principle.

7. Ministers generally recognised that nuclear power will be required in order to attain IEA group objectives. Ministers of many Member countries expressed the determination of their governments to expand their nuclear generating capacity. Ministers recognised that some of the constraints on development of nuclear energy can only be reduced by international co-operation. They agreed that given the importance of nuclear power as an

alternative source of energy, the IEA should play an active role in the development of nuclear energy policies, taking full account of work being done elsewhere.

8. Ministers agreed that a systematic review of each country's contribution to the achievement of the group objectives would be conducted on a regular basis, and recognised the need for ensuring equivalence of effort among all IEA countries. They accepted the need to further strengthen their energy policies and measures, as may be necessary to meet the group objectives, in the light of the results of the country reviews, by national action supplemented where appropriate by concrete measures for international co-operation and solidarity with due regard for the financial and technological implications. They agreed on the need continually to improve forecasts of energy demand and supply on a global basis as a foundation for decision taking.

ENERGY RESEARCH, DEVELOPMENT AND TECHNOLOGY APPLICATIONS

9. Ministers reviewed the progress of the IEA's research and development programme and welcomed the signing of seven new implementing agreements in the following areas:

- 500 KW Solar Electric Power System Demonstration
- Techniques for Extracting Energy from "Man-made" Geothermal Resources
- Testing of Superconducting Magnets for Fusion Power Systems
- Experiments on Effects of Plasma on Wall Materials in Fusion Machines
- Hydrogen Production from Water
- Large-scale Wind Power Demonstrations
- Studies of Wind Power Applications and Environmental Effects

as well as a statement of intent covering collaborative projects on:

- Low-BTU Coal Gasification
- Refining of Liquid Fuels Derived from Coal.

They also noted with satisfaction the results obtained from the first phase of the IEA energy research and development strategy project and emphasised the importance of continuing to develop a strategy that focusses efforts on the most promising conservation and supply technologies.

10. Ministers concluded that more and intensive efforts are required in order to develop new energy technologies and make possible rapid application of alternative energy sources so as to respond to energy needs in the long-term. They undertook to examine their countries' national energy research and development efforts in order to assure that they would be able to make an adequate contribution to energy technology development, taking into account the results of the IEA's forthcoming review of national energy R&D programmes. They endorsed the efforts being made to establish for the group of IEA countries as a whole estimates and objectives for the contribution of new technologies to both energy conservation and supply programmes over the remainder of this century.

11. Ministers agreed to intensify efforts for more complete co-ordination in the planning of national R&D programmes in each of the important areas of new energy technology so that national programmes would more effectively complement and reinforce each other. They noted the Memorandum of Understanding between two IEA countries for co-ordination of their programmes for the development of coal derived liquid fuels.

12. Ministers agreed that broader participation in collaborative major hardware developments would enable significant economies to be achieved. In this connection, Ministers agreed that individual IEA Member countries should support a policy of co-operation in major IEA hardware projects, subject to decisions on participation in specific projects being contingent upon national interest in the project concerned.

ENERGY CO-OPERATION WITH DEVELOPING COUNTRIES

13. Ministers reviewed the results of the Conference on International Economic Co-operation (CIEC) with respect to international energy co-operation, and considered the question of future energy co-operation with developing countries. They expressed their view that the Conference had helped oil producing and consuming countries to improve their understanding

of the world energy supply and demand situation and of their respective responsibilities for managing the transition from oil to more plentiful and renewable energy resources.

14. Ministers expressed their conviction that problems of energy supply and demand are among the important issues which will have to be resolved in order to assure an improving world economy, and that international co-operation has a considerable role to play in this.

15. Ministers reaffirmed the objective of IEA Member countries to make a positive and constructive contribution to such international energy co-operation. They stressed their preparedness to intensify effective co-operation with developing countries in ways which are suitable to all countries concerned.

16. Ministers considered various areas of common interest in which possibilities could be found for substantive elements of energy co-operation between industrialised and developing countries, and noted that the following areas might prove suitable for further examination: a better system for regular exchange of information on world energy demand and supply; co-operation in development of various energy sources in developing countries; and international co-operation in energy R&D activities.

17. Ministers agreed that IEA Member countries would keep under review developments in the field of energy with a view to identifying opportunities for co-operation with developing countries, both bilaterally and within the framework of the United Nations and other international organisations.

ANNEX I

Decision on Group Objectives and Principles for Energy Policy Adopted by the Governing Board of the IEA Meeting at Ministerial Level on 5th October 1977

Set forth in Item 17 above

MAY 1979 COMMUNIQUE

Adopted by the IEA Governing Board Meeting at
Ministerial Level on Monday, 21st and Tuesday, 22nd May, 1979

1. The Governing Board of the International Energy Agency met at Ministerial level on 21 and 22 May 1979 in Paris under the Chairmanship of the Right Hon. David Howell, M.P., Secretary of State for Energy for the United Kingdom. Vice-Chairmen were the Hon. Kevin Newman, M.P., Minister for National Development of Australia and Mr. Stavros Dimas, Deputy Minister for Co-ordination of Greece.

2. Ministers reviewed world energy prospects for both the short and long term. They agreed that energy supply and demand problems are serious and likely to continue, and that immediate and strong action is urgently required. Following events in Iran, market developments (particularly supply limitations and price increases) have caused current difficulties and cast further doubt upon medium and long term prospects. This situation could produce major economic constraints for industrialised and developing countries in the next few years. The world energy supply situation will be tight for the foreseeable future. In particular, the oil supply system will have reduced flexibility and will be vulnerable to further disruptions. Ministers stressed the need for greater international co-operation in resolving world energy supply problems and the need for equitable distribution of available oil.

3. As to the short term, Ministers concluded that the international oil market has evolved rapidly into a situation of overall supply stringency, which has affected different countries in different ways, and that this situation is likely to continue into 1980. They expressed particular concern about the large and rapid increase in crude oil and product prices.

4. Ministers therefore confirmed the decision by IEA countries to reduce their demand for oil on the world market in the order of 2 million barrels per day which would correspond to about 5 per cent of IEA consumption, and decided that:

- (a) IEA countries will take immediate and particular steps to bring about effective implementation of measures to achieve that result,

including appropriate pricing policies; strengthened voluntary programmes; and mandatory action where necessary to reinforce the effect of other measures. Ministers will keep in mind the problem of product imbalances and especially that high consumption of gasoline in summer would in most countries add to supply difficulties for heating oil in the winter.

- (b) IEA countries will pay particular attention to oil stock levels, keeping in mind both the advantages of flexible stock policies in the present situation and the fact that stocks, which have already undergone an unusually heavy draw-down in the first quarter, will to some extent have to be replenished during the course of 1979 for the next winter heating season.
- (c) Measures to reduce the demand of IEA countries for oil on the world market will also be necessary for 1980, and the Governing Board at Official Level will take detailed and co-ordinated action in good time for the necessary measures to be continued or put into effect.
- (d) The appropriate bodies of the IEA will undertake an analysis of (i) the impact of a fragile market situation on spot prices; (ii) the impact of spot prices on the overall price structure; (iii) changes in oil market structures; and (iv) the effect of increasing competition for limited supplies of oil. The purpose of such analysis will be to improve understanding of the operation of the oil market.

5. Ministers reviewed progress made by the IEA countries in implementing the Principles for Energy Policy adopted at the last Ministerial meeting in 1977. They noted that the Group Objective of limiting oil imports to 26 mbd in 1985 seemed capable of realization, but expressed deep disquiet that the achievement of this Objective might result principally from a lower level of economic growth than had been assumed when the Objective was established. They agreed that a Group Objective for 1990 should be considered and that in that context the 1985 Group Objective should be reviewed. They agreed that all IEA countries should give much higher priority to the development of effective long-term policy measures designed to achieve the Group Objective, and that the effectiveness of these measures should continue to be monitored closely by the IEA. They noted the important contribution which would need to be made by IEA countries with larger economies.

6. Ministers considered the medium and long-term energy outlook and concluded that if nothing is done to change present trends, available energy supplies will not be sufficient to support even moderate economic growth.

7. Ministers reviewed the prospects for world oil production and concluded that there are only limited possibilities for expansion of exports from OPEC countries or elsewhere and that continued dependence on oil to meet growing energy demand can no longer be viewed as a satisfactory option, even in the medium-term. They therefore decided that solutions must be sought in other directions - principally conservation, coal, nuclear and natural gas - and that greater emphasis must be placed on new and renewable energy sources that hold considerable promise for the long-term.

Coal

8. Ministers agreed that greatly increased coal use is required to meet growing energy demand in the medium and long term, and that this is both desirable and possible in light of the world's abundant coal reserves and the economic advantages which coal already has over oil in many energy markets. They recognized that appropriate coal policies are required now to stimulate capital investments on a scale commensurate with coal's long-term potential. They also made clear that careful planning is required from the beginning to assure that increased coal utilization, trade and production proceed under acceptable environmental conditions. They therefore adopted Principles for IEA Action on Coal and decided upon procedures for review of IEA countries' coal policies. They expressed their determination to promote effective implementing action by their governments, and an effective follow-up in the IEA.

Conservation

9. Ministers agreed that energy conservation and fuel-efficiency efforts must be intensified and accelerated as a matter of high priority, in order to further reduce the overall energy/economic growth ratio in IEA countries. The main measures which have already contributed to improvement - pricing, investment incentives, consumption standards and public information - should be continued and reinforced. Ministers strongly endorsed the decision to designate October 1979 as International Energy

Conservation Month. They agreed to ensure the strongest possible support for the Month at a national level, with appropriate involvement of the private sector and maximum collaboration in international events, and to give maximum publicity to the Month; they noted that this would help alert the public to the need and methods for energy economies in order to meet the needs of the winter heating season.

Nuclear

10. Ministers noted that nuclear projections have been lowered repeatedly in recent years. They also noted that the recent accident at Harrisburg has renewed public concern about safety. However, they also recognised that oil or other alternative energy sources would not be sufficient to meet growing energy demand in the short and medium term and that undesirable economic and social consequences would therefore result if more nuclear power is not available. They therefore agreed on the need for projected additions to nuclear power supply to be realised in timely fashion and exceeded wherever possible, having due regard to legal and constitutional provisions. They also agreed on the urgent need for effective national and international efforts to ensure that safety systems are sufficient to minimise the possibility of nuclear plant accidents and their consequences, and to adequately inform the public of the results. They also recognised the need to bring the International Nuclear Fuel Cycle Evaluation (INFCE) to a successful conclusion by early 1980, and to ensure that effective action is taken to resolve long-term waste disposal and non-proliferation questions.

Natural Gas

11. Ministers stressed the importance of natural gas as the most readily available alternative fuel, and agreed on the need to encourage both indigenous production and international trade in natural gas.

Oil

12. Ministers considered that oil exploration and development and enhanced recovery techniques, within IEA and worldwide, should be strongly

encouraged by policies which promote the development of reserves on a timely basis, under sound economic and reservoir management practices, and by appropriate pricing policies. In this regard, Ministers welcomed the World Bank's decision to expand lending for conventional energy exploration and development in developing countries, which should serve to accelerate investment in these activities. Ministers agreed that in order to use future crude oil production more effectively, the appropriate bodies of the IEA should examine the capability of refineries in IEA countries to increase the yield of light products and the need for policies designed to achieve a better balance between future crude oil availability and refinery configuration.

Research and Development

13. Ministers stressed the contribution which could be made by intensified R & D and commercialisation activities for conventional and non-conventional energy technologies, including continued work on electricity technologies and additional efforts on technologies to provide liquid and gaseous fuels for transportation and for domestic and industrial uses where direct substitutions for oil are possible, as well as technologies which can significantly improve energy efficiency. They recognised that in addition to the time problem, in many countries considerable additional funding and manpower is required at the national level, and that greatly expanded international collaboration through the IEA would help make most effective use of these resources. They noted the progress of the IEA's Research, Development and Demonstration Programme and welcomed the initiation of new collaborative projects.

14. Ministers recognised that most forms of energy production, transportation and utilisation involve health, safety and environmental problems, to which acceptable solutions must be found in developing energy policies.

15. Ministers agreed that more progress is necessary on energy price structures which encourage conservation and promote indigenous production, and noted with satisfaction the recent decision by President Carter for decontrol of domestic crude oil prices.

16. Ministers agreed that in general, added momentum must be given to programmes of public information stressing the reality and the seriousness

of the energy situation; the direct links between energy and the public's overall economic well-being; practical means for using energy more efficiently; and the potential cost savings associated with conservation measures.

17. Ministers reaffirmed that it is the objective of IEA countries to make a positive and constructive contribution to international energy co-operation. They therefore agreed that ongoing IEA activities involving developing countries - including informal contacts with a variety of developing countries and international organisations, IEA workshops and R and D projects, and close attention to the United Nations Conference on New and Renewable Energy Sources - should be continued. They stressed the willingness of IEA countries to continue co-operation along these and other lines, and to discuss energy questions of mutual interest with oil-exporting and oil-importing developing countries. Ministers welcomed the work done by the OECD Council Working Party to Develop a Co-ordinated Effort to Help Developing Countries Bring into Use Technologies Related to Renewable Energy. They stated their belief that this work will lead to intensified bilateral and regional efforts in conjunction with developing countries which would build upon substantial activities already underway.

18. Ministers agreed, finally, that in view of the dangers which the world energy situation poses for the world economy, IEA countries will keep energy policy at a high national priority and strengthen their co-operation within the IEA with the objective of making an even greater contribution toward stabilising global energy supply and demand. They also expressed their willingness to meet more frequently in order to keep the situation under review.

DECEMBER 1979 COMMUNIQUE

INTERNATIONAL ENERGY AGENCY

Meeting of the Governing Board at Ministerial Level

10th December, 1979

The Governing Board of the International Energy Agency (IEA) met at Ministerial Level on 10th December, 1979, in Paris under the Chairmanship of the Minister of Economics of the Federal Republic of Germany, Otto Graf Lambsdorff.

1. Ministers noted with concern the turbulent development of the world oil market in 1979 and the continuing uncertainties about oil supplies which pose a severe threat to the health of the world economy. The IEA Countries are determined to make their contribution to restoring order and reducing pressures on the world oil market so as to avoid further sharp price increases. Their actions are aimed not only at the immediate situation, but also at accelerating and facilitating the medium and long-term transition to an oil-scarce world economy. They expressed their determination to overcome any shortfall of supply in a spirit of full solidarity.

Ministers underlined their concern and recognition of the fact that development policies might be compromised if developing countries do not have sufficient energy resources at reasonable prices and stressed the need for energy specific action to help developing countries in meeting their energy requirements.

Ministers further recognised the importance of oil producing countries for their part in pursuing policies which contribute to stabilization of conditions in the world oil market and in the world economy. They feel certain that such countries will be influenced by this consideration. Solution of the world's serious energy problems requires a common approach by producing and consuming countries, both developed and developing. IEA countries would welcome more opportunities to discuss these issues with oil producing countries.

2. Ministers agreed on the importance of keeping domestic oil prices at world market levels or raising them to these levels as soon as possible, and that action must be taken within individual IEA countries to transform short term conservation measures into permanent long term gains in energy efficiency, and to accelerate the development of alternative energy sources: rapid medium term substitution of natural gas for oil; much greater world-wide production and use of coal; steady expansion of nuclear power wherever

possible and having due regard to legal and constitutional provisions; and pursuit of new energy technologies for the long term. The effect of measures taken should be sufficient to achieve acceptable balance between available supply and demand and to give a substantial contribution to meeting IEA countries' need to reduce their dependence on imported oil.

3. Ministers undertook to assure that their countries take serious and effective energy policy action to restrain demand for oil on world markets in 1980.

4. All IEA countries firmly committed themselves to limit their oil imports in 1980, and to pursue goals for their oil imports in 1985, as set forth below:

Country	1980		1985	
	Mtoe	Mbdoe	Mtoe	Mbdoe
Australia	13.5		17.0	
Austria	11.5		13.5	
Belgium	30.0		31.0	
Canada	7.4	0.15	29.4	0.6
Denmark	16.5		11.0	
Germany	143.0		141.0	
Greece	14.8		16.5	
Ireland	6.5		8.0	
Italy	103.5		124.0	
Japan	265.3	5.4	308.66	6.3
Luxembourg	1.5		2.0	
Netherlands	42.0		49.0	
New Zealand	4.2		4.4	
Norway	-15.5		-18.3	
Spain	51.0		52.9	
Sweden	29.9		29.0	
Switzerland	14.0		14.5	
Turkey	17.0		25.0	
United Kingdom	12.0		-5.0	
United States and Territories	437.2	8.9	436.0	8.9
IEA Total	1,205.3	24.5	1,289.56	26.2
Less Bunkers		1.4		1.6
		23.1		24.6

5. Ministers agreed upon a monitoring process to cover energy policies and developments in the short, medium and long term:

- The Governing Board will meet again at Ministerial level within the first quarter of 1980 to begin the process of monitoring, to review all aspects of the situation and the outcome of the work commissioned today, including adjustment of the 1980 oil import ceilings to the extent which proves necessary on the basis of oil supply and demand developments;
- Thereafter the IEA Governing Board will review quarterly the results achieved by each country in meeting its 1980 ceiling and its goal for 1985, and will determine whether the specific measures in place in each country are adequate and are being effectively implemented, and whether additional measures are necessary;
- The IEA Governing Board will review quarterly oil supply developments and whether the 1980 ceilings and the 1985 goals are adequate in light of these developments;
- Ministers will meet promptly to consider what corrective action is necessary if the performance of countries in keeping within their import limitations is not satisfactory, or if there is a major change in the supply situation.

6. The Governing Board at official level will develop plans to meet any deterioration of the supply/demand situation which may arise in the coming months, including a system for adjusting national oil import ceilings and goals which, taking account of the 1980 and 1985 oil import targets, promotes equitable burden-sharing and which also takes account of each country's continuing performance in accordance with the IEA Principles for Energy Policy; its economic growth and overall economic structure; its development needs; the structure of its energy economy, including consumption levels, energy prices, and changes therein; and opportunities for and achievements in conservation, fuel switching and indigenous production.

7. IEA countries will take the measures necessary within their national responsibility to ensure that they keep within their oil import ceilings and goals.

8. Ministers agreed that the overall Group Objective for oil imports by IEA countries as a group in 1985 will be lowered to 24.6 million barrels per day plus bunkers, as compared to the former Group Objective of 26 mbd, plus bunkers. Each country will adjust its energy programmes to assure that this revised Group Objective for 1985 will be met.

9. Ministers agreed that because stock movements are an essential element in determining market conditions, IEA Member countries should increase their ability to influence stock levels. As a first step they directed the Governing Board to elaborate on an expedited basis an improved information system on stock movements, adding information on stocks at sea, stocks in bonded areas and consumer stocks.

10. Ministers agreed on the necessity of improving understanding of and ability to cope with changing oil market structures by: expanding the list of oil companies which report oil flows directly to the IEA; extending the new international register of crude oil transactions to include oil products; obtaining more information regarding state-to-state transactions; and effectively discouraging unnecessary recourse to spot market purchases by both government-related and private companies.

11. Ministers also agreed that the Governing Board at official level should:

- seek to develop a system of consultation on stock policies among governments within the IEA and between governments and oil companies, evaluate the 90-day emergency reserve level; and develop other proposals for an effective and flexible stock policy; and
- consider additional measures leading to a more co-ordinated approach to spot market activities by Member country governments, companies and individuals, which might include developing a system for registration of entities trading oil into or from IEA countries, in order to identify the participants in changing market structures; developing a “code of conduct” as a basic standard for desired behaviour of market participants; and preparing measures and procedures designed to “cool-off” oil markets under overheated trading conditions.

MAY 1980 COMMUNIQUE

INTERNATIONAL ENERGY AGENCY

Meeting of the Governing Board at Ministerial Level

22nd May, 1980

The Governing Board of the International Energy Agency (IEA) met at Ministerial Level on 22nd May 1980 in Paris under the Chairmanship of the Minister of Economics of the Federal Republic of Germany, Otto Graf Lambsdorff.

1. At the last Ministerial Meeting in December 1979 Ministers responded to the turbulent oil market conditions by establishing oil import ceilings for 1980, revising the 1985 Group Objective and establishing individual countries' contribution to this Group Objective, creating a monitoring system and emphasizing the need for further steps for restoring order in the oil market. This time Ministers met in order to review progress achieved and take additional action.

Assessment of World Energy Situation

2. Ministers expressed their concern about the level of oil prices which confronts the world economy with declining economic activity, having serious negative results for all countries. In particular, the price increases since the end of 1979 have occurred despite falling oil demand and appear to have been made without taking into account their adverse impact on the world economy.

3. Ministers considered projections of world energy supply and demand trends through the 1980s and agreed that, in order to protect and enhance economic growth prospects, IEA countries will continue to strengthen and implement their energy policies in ways which ensure that structural changes in energy economies actually take place over the medium term, reducing the need for energy and oil in particular, and also provide protection against short-term market disruptions. They recognized that if energy problems are not resolved, the ability to manage the general economy effectively would be put seriously in question, which could damage the prospects for economic growth on a lasting basis.

Measures to Ensure Structural Change in the Medium Term

4. Ministers considered the results of the 1979 annual review of IEA countries' energy policies and programmes conducted by the IEA's Standing Group on Long-Term Co-operation and noted its report "Energy Policies and Programmes of IEA Countries - 1979 Review". They agreed that not all measures, as required by the IEA Principles for Energy Policy, have been put in place or are sufficient to produce the necessary results.

5. Ministers discussed the extent to which countries have followed up on the Principles for Energy Policy. They noted the Secretariat analysis of areas where energy policies could be strengthened in individual IEA countries as set forth in Annex I, which they regard as a useful instrument for a substantial and qualitative monitoring of IEA countries' energy policy efforts. They recognised that the indicated areas represent a considerable potential for achieving significant results over the medium term. They therefore agreed that each Minister will give weight to this analysis within his country's process of deciding what national energy policies are required.

6. Ministers welcomed the formation of the Coal Industry Advisory Board to help governments develop programmes and policies to greatly increase coal production, trade and use. They believe that the Board should have a very important role in the formulation of policies toward coal development, welcomed its intention to develop an action programme by autumn, invited it to provide concrete recommendations on action needed to double coal production and use by 1990, and agreed to give great weight to its recommendations and consider them quickly. Ministers also noted that the expansion of nuclear power, under appropriate conditions taking into account the progress made in the International Nuclear Fuel Cycle Evaluation, is indispensable for ensuring structural change in the medium term.

7. Ministers recognised that the process of restructuring energy economies will involve major investments, which will have to be encouraged by active policy and will best develop under conditions of economic growth. They noted the concern of some countries that under their particular circumstances this could pose difficulties, which the Governing Board at official level will consider and will report on to the next meeting of Ministers.

8. Ministers agreed that medium and long term Group Objectives are important and agreed instruments to serve as numerical indicators which point the directions for structural change, provide a framework within

which to identify the measures necessary to achieve them, and form a basis for monitoring progress. They should be designed to get well ahead of the situation rather than merely keeping up with it.

9. Ministers agreed that results actually achieved by IEA countries as a group for net oil imports in 1985 should substantially undershoot the existing 1985 Group Objective (26.2 mbd of oil imports, including bunkers), to reflect both the potential for savings and oil production probabilities. Ministers agreed to quantify the reduction as part of the monitoring process, taking into account consumption and imports. Based on currently available information the Secretariat estimates this potential with all existing uncertainties at around 4 mbd.

10. Ministers agreed that efforts to reduce oil imports will be continued beyond 1985. It is expected that as a result of these efforts it will be possible to reduce the ratio between the rate of increase of energy consumption and the rate of economic growth for IEA countries as a group over the coming decade to about 0.6 and the share of oil in total energy demand from 52% at present to about 40% by 1990.

11. Ministers agreed that regular and effective monitoring is essential to ensure that existing and additional measures are being implemented and are in fact resulting in the necessary structural changes in all IEA countries.

Short Term Instruments

12. Ministers concluded that because of the time required to achieve structural change, short-term instruments must be available in the meantime to limit the damaging economic effects of short-term price or volume disruptions which could occur in the oil market. They therefore decided upon the following actions to improve the preparedness of IEA countries:

Yardsticks and Ceilings

- (a) Arrangements for yardsticks and ceilings, in order to measure progress in achieving structural change and medium-term goals and to put the IEA in a position to deal at short notice with a deterioration in the oil market situation, as follows:
 - Estimates of individual countries' oil requirements, derived from consumption, stock change and indigenous production, will be developed on an annual basis.

- Under normal market conditions, these estimates will serve as yardsticks for measuring progress in implementing measures to achieve structural change. For this purpose, they will be compared with medium-term goals in order to determine whether measures and their results are tending over time towards medium and long-term objectives. They will also be compared with the short-term oil supply outlook in order to monitor oil market developments.
 - If at any time tight market conditions appear imminent, Ministers will meet at short notice. If Ministers decide that tight oil market conditions exist, IEA countries will take positive, effective short-term action as necessary, in particular, measures to restrain demand in order to prevent the scramble for scarce resources which could otherwise occur. In such cases Ministers will take a decision on the use of individual oil import ceilings based in part on these estimates as a means of self-imposed restraint and as a means for monitoring its effectiveness. The ceilings will represent a political commitment stating the degree of self-restraint which individual countries are willing to impose upon themselves in a tight market situation.
- (b) A system for adjustment of ceilings and goals, because the need may arise to establish new oil import ceilings and goals and to respond quickly if changing oil market conditions require their adjustment.

Stock Policies

- (c) A system for consultations between governments within the IEA and between governments and the oil industry on stock policies, which will be used to respond to oil market conditions beginning in 1980. The Governing Board at official level will consider guidelines for the use of stocks for this purpose.
- (d) Reconfirmation that the 90-day emergency reserve requirement appears to provide reasonable protection against future emergencies.
13. Ministers also considered other measures for dealing with short-term oil market disruptions, including:
- Flexible use of stocks over and above the 90-day emergency reserve requirement and normal working stocks to meet short-term market disruptions.
 - Other mechanisms, including those referred to by the Ministers in December 1979.

These areas will be considered further by the Governing Board at official level.

14. Ministers reviewed the results for the first monitoring round for the first quarter of 1980, which showed that all IEA countries expect to stay within the limits of the 1980 oil import ceilings established at the meeting of the Governing Board at Ministerial level in December 1979. They discussed the present situation in the international oil market and concluded that at present the 1980 oil import ceilings established in December 1979 do not appear to require adjustment, and that ceilings for 1981 do not now appear necessary. But this could change rapidly for 1980 or 1981 if there is a deterioration in the oil supply or in the oil demand situation. Ministers will reconsider the oil market conditions in their fall meeting.

Energy Research, Demonstration and Development and Commercialisation

15. Ministers will attach greater political importance to energy research, development and demonstration, as well as commercialisation of new technologies, as essential elements for ensuring that medium-term structural changes in their energy economies are carried over into the long term. They endorsed the Report of the International Energy Technology Group, and its recommendations for accelerating commercialisation of new energy technologies.

16. Ministers noted that an IEA RD & D Group Strategy has been developed. They concluded that the Governing Board at official level will pursue the strategy's accelerated scenario, which minimizes oil imports for the IEA as a whole. They agreed that IEA countries will use the IEA RD & D Group Strategy as a guide for setting national priorities and funding levels as well as for IEA collaborative project priorities. The Committee on Energy Research and Development will closely monitor and periodically consider the extent to which aggregate national RD & D efforts are consistent with the Group Strategy. The Coal Industry Advisory Board is invited to provide recommendations as to which new technologies should be pursued in order to further speed up expanded production and use of coal.

17. The political aspects of energy RD & D issues and in particular the follow-up of the Report of the International Energy Technology Group and the IEA RD & D Strategy Report, should be given high priority.

Consideration should be given to a meeting of Ministers and highest level officials responsible for energy technology in IEA countries for that purpose.

International Co-operation

18. Ministers noted that a smooth medium-term transition away from an oil-based economy, accompanied by stable short-term oil market conditions, is a prerequisite for a prospering world economy in which all nations can pursue economic growth and development. They believe that action along the above lines will contribute to these results. Ministers also expressed their hope that oil-exporting countries would adopt a similar view of their contribution to better world economic conditions, and again stated the willingness of IEA countries to discuss these issues with oil-producing countries. They accepted the need for further action by the international community to help developing countries in meeting their energy requirements by the development of indigenous energy resources. This was considered to be an effort to which both industrialized countries and oil-exporting countries could contribute. Ministers recognised the importance of discussion of energy issues in the forthcoming Global Negotiations within the United Nations system, and will make every effort to contribute to their success. They will also continue to support strongly the forthcoming United Nations Conference on New and Renewable Sources of Energy.

Annex I

Secretariat Analysis of Areas Where Energy Policies Could be Strengthened in Individual IEA Countries

- (i) Oil prices in general should reflect international oil prices. The United States should continue its progress in decontrolling oil and natural gas prices. Canada should take steps as rapidly as possible to increase domestic oil prices to a level that encourages further energy conservation, substitution of other fuels for oil, and development of alternative sources of energy. In countries with abundant gas reserves (Australia, Canada, New Zealand) and options to increase non-oil fired electricity (Australia, Canada, New Zealand and Sweden) pricing policies for those fuels should take into account the desirability of encouraging their substitution for oil in appropriate uses.

- (ii) Efforts should be made in all countries (but particularly in Italy, Japan, the Netherlands and the United States) to reduce oil-fired electricity generation as rapidly as possible by substituting other fuels and restricting oil use to middle and peak loads. No new oil-fired electricity plants should be authorised except in particular circumstances where there are no practical alternatives. Existing capacity should be operated with maximum use of fuels other than oil.
- (iii) Strong action is necessary in all countries to reduce the non-feedstock use of oil in industry. Careful review of the situation is warranted in Greece, Ireland, Japan, the Netherlands and the United States where forecasts suggest that oil use may grow rapidly, and in Germany, Italy and the United Kingdom where stronger action may be necessary to achieve the expected results.
- (iv) Non-oil fuels, used either directly (including district heating) or converted to electricity should be substituted for oil in residential use wherever infrastructure exists or can be provided. Countries now using or considering district heating should consider greater use of coal for this purpose, including the possibility of converting oil-fired units. Australia, Canada, Germany, Italy and Japan should endeavour to replace oil by natural gas, the latter three countries through increased imports. Sweden should encourage the substitution of electricity for oil in the residential sector. The United Kingdom should ensure that its current plans to substitute natural gas for oil over the 1980s are realised.
- (v) All countries should give greater emphasis to strong and comprehensive conservation programmes to encourage the rational and efficient use of energy in general and oil in particular. They must effectively inform the public about why and how to conserve energy, and they must produce results. In particular, housing insulation efficiency standards should be reviewed and increased where necessary. Countries that do not have insulation retrofitting programmes should give serious and prompt consideration to introducing them, wherever climatic conditions make them appropriate. Major conservation gains can also be made in other sectors, particularly industry and transportation, and appropriate actions should be taken to ensure that savings result.
- (vi) In the transportation sector, substantial oil savings can result through continuing increases in fuel efficiency. Countries which now have fuel economy programmes (Australia, Canada, Germany, Japan, New

Zealand, Sweden, the United Kingdom and the United States) should extend their programmes to ensure that efficiency gains continue through the 1980s and review the existing programmes to see if they could be strengthened. Results should be assured, by making programmes mandatory if necessary. Countries not now having programmes should consider introducing them.

Consideration should be given to setting standards for commercial and recreational vehicles, and all countries should review the level and structure of their taxes on fuel-inefficient automobiles and gasoline.

All countries not having reduced speed limits should consider imposing them and enforcing them, in order to impress upon motorists the need to save fuel.

- (vii) Stronger actions are required to expand coal production (Australia, Canada and the United States, which should be prepared to develop further their capacity to export substantial quantities of coal); use (Germany, Italy, Japan, Spain, the United Kingdom); and trade, where greater attention to long-term contractual arrangements is necessary to provide the stability and confidence to develop new mines and transportation facilities. Positive action is required to deal with environmental considerations, including demonstration projects and other support for technologies that can reduce environmental impacts.
- (viii) Efforts should be made to increase natural gas supplies through increased domestic production (Norway, the United Kingdom and the United States) and imports (Austria, Belgium, Germany, Italy, Japan, Sweden and the United States). Strategies for gas use in all countries should ensure that use is minimised in electricity generation and industry, where other alternatives to oil exist. Canada should continue and strengthen its efforts to promote increased domestic use of natural gas to replace imported oil.
- (ix) Greater efforts must be made to accomplish projected nuclear programmes and to create an environment in which discussion of nuclear issues can take place in an objective and balanced way, taking account of economic and energy considerations as well as safety and proliferation aspects (Germany, Italy, Japan and the United States), and to streamline regulatory processes for the licensing of nuclear plants and for authorisations related to nuclear fuel cycle activities in other Member countries.

- (x) Hydrocarbon exploration and development activities should be strengthened in order to maximize production in the longer term (Denmark, New Zealand, the Netherlands, Norway, Spain, the United Kingdom and the United States). Opportunities to increase production through enhanced recovery should be actively pursued.
- (xi) Early action is required to accelerate the development and commercialisation of new energy technologies, particularly in the areas of conservation and liquid and gaseous fuels.
- (xii) Countries which have not been individually mentioned above in connection with specific lines of action should actively pursue similar opportunities for new or stronger policy measures in all of the above areas which are applicable to them.

DECEMBER 1980 COMMUNIQUE

INTERNATIONAL ENERGY AGENCY

Meeting of the Governing Board at Ministerial Level

9th December, 1980

The Governing Board of the International Energy Agency (IEA) met at Ministerial level on 9th December 1980 in Paris under the Chairmanship of the Secretary of Energy of the United States, The Honorable Charles W. Duncan, Jr.

1. Ministers addressed both the short-term oil market situation and the need to achieve structural change in the medium term, recognising that the difficulties being experienced in the short-term emphasize the necessity for action to bring about structural change. They regretted in particular that disputes between two countries in the Middle East had developed into active hostilities and hoped that efforts to end the conflict would be successful.

Assessment of the World Oil Market

2. Ministers noted with concern the events in the Middle East which have cast new uncertainties on future oil supplies and pose a potentially severe threat to the world economy. Ministers expressed their determination to have IEA countries make a positive contribution to maintaining order and reducing price pressures on the world oil market. Ministers agreed on the over-riding importance of oil price stability to the health of the world economy. They noted that the recovery of economic activity foreseen in 1981 is a fragile one, and that a large oil price increase would almost surely destroy the chances for recovery and for controlling damaging inflationary pressures. They therefore underlined the critical need for international cooperation so as to manage the current situation in ways that minimize the chances of demand-supply imbalances. Ministers welcomed the increase in oil production undertaken by certain oil producers in order to help the consumer countries most affected and assist in balancing over-all supply and demand on the world oil market. Ministers expressed their determination that difficulties caused by the current situation will receive priority attention by their governments and that every effort will be made by industrialized countries to manage it effectively.

3. Ministers assessed the overall situation in the world oil market, and concluded that for the first quarter of 1981 a combination of high stock levels, declining consumption and additional production should make the situation manageable. They noted that the net supply shortfall resulting from the Iraq-Iran conflict has so far been managed largely through drawing on stocks on land and at sea, but that total stocks on land in IEA countries at the end of 1980 will still be higher than at the end of 1979; and that in the first quarter of 1981, further stock draw could reduce IEA stocks to a level still somewhat higher than at 1st April 1979. They also recognised that within this overall pattern, the position of individual countries and companies could vary considerably.

Short-term Action

4. Ministers concluded that under these conditions, industrialised countries in the aggregate can maintain adequate oil supplies to their economies by continuing to draw on stocks. However, they also recognised the need to discourage purchases which place unnecessary pressure on markets and prices; to keep oil consumption under control; to manage the country and company imbalances which uneven distribution of stocks and of supply could produce; and to achieve high levels of indigenous production from existing facilities.

5. Ministers concluded that the measures agreed by the Governing Board on 1st October 1980 have proved effective in producing stock draw and in limiting abnormal purchases on the spot market. They reaffirmed them and extended them for the first quarter of 1981.

6. Ministers agreed that the objective of IEA countries is to remove serious potential market pressures which unnecessarily lead to higher prices, thereby damaging the world economy. They agreed that:

- (a) each IEA country will contribute to achieving this result;
- (b) IEA countries in a more favourable position will contribute to easing pressures on those countries less favourably situated, in order to avoid potential imbalances which could increase market pressure;
- (c) there is a need to correct serious imbalances between countries and companies which remain despite national efforts to correct internal imbalances and which are likely to result in undue market pressures on price.

7. So as to achieve this objective, governments will in an equitable manner take the measures outlined below:

- (a) draw on stocks as necessary to maintain a balance between oil supply and demand in the world market during the fourth quarter of 1980 and the first quarter of 1981. Countries with relatively high stocks or supply will also permit their stocks to be drawn down taking into account deficits in other countries more seriously affected;
 - (b) discourage undesirable purchases of oil at price levels which have the effect of increasing market pressures, with a view to removing as much buying pressure as possible on a broad basis including elements of price, volume and timing, all in relation to the buyer's overall current position (supply, stocks, anticipated demand, etc.) and past practices;
 - (c) take further action to pursue and implement energy policies which encourage the rational use of oil and its replacement by other forms of energy without constraining economic growth, in order to support and extend the considerable progress already made by consumers in industrialised countries in constraining oil consumption in 1980 (about 6% less overall than in 1979);
 - (d) follow policies for the efficient use of existing facilities, which encourage and support high levels of indigenous oil and gas production in their countries;
 - (e) contribute to correcting severe imbalances in accordance with the Decision attached as Annex I.
8. (a) The collective result of these actions, as estimated by the Secretariat, would be to reduce demand of IEA countries for oil on the world market to 238 million tons, as compared with otherwise estimated requirements of 264 million tons, in the first quarter of 1981, as the IEA's contribution to stabilizing the world oil market and heading off an economically damaging increase in world energy prices.
- (b) They recognised the Secretariat estimate that this reduction would amount to 2.2 million b/d, in addition to normal stock draw of 2.0 mbd.
 - (c) All IEA countries will contribute to this commitment.

- (d) In order to monitor the effectiveness of these actions, a current review will measure and compare individual efforts, taking as one starting point the Secretariat's estimates of individual countries' oil requirements for 1981, derived from consumption, stock changes and indigenous production. Evaluations of individual country performance will take into account changes in demand for such reasons as economic growth, unusual weather, changes in energy structures, etc.
 - (e) To carry out this task the Governing Board will meet as necessary to review progress toward meeting the commitment. The review will evaluate whether conditions warrant modification of the actions undertaken by governments in the context of the short-term supply outlook.
9. Ministers further agreed that in order to ensure implementation of the above measures:
- (a) Governments of IEA countries will make greater efforts, at an appropriately high level, to attain the support of oil companies which is necessary to successful implementation.
 - (b) The Secretariat will consult closely with oil companies in assessing the seriousness of imbalance situations and identifying possible solutions.
 - (c) The Secretariat and all governments will monitor oil market developments closely, in order to ensure the effectiveness of these measures.
 - (d) Ministers are prepared to meet again on short notice if this appears necessary.
10. Ministers agreed to keep the situation under review, and if necessary to consider further action, including the possible use of oil import ceilings in the manner they agreed in May 1980.

Monitoring Progress Toward Structural Change

11. Ministers also reviewed progress achieved thus far in achieving the structural change in energy economies which they agreed in May 1980 is necessary to balance energy supply and demand in the medium term as a

basis for healthy economic growth over the next decade. They agreed that total IEA net oil imports will have to substantially undershoot both the 1985 Group Objective and Member countries' current estimates of net oil imports for 1985. They noted the Secretariat assessment that prudent policy suggests aiming for net oil imports of between 22 and 23 mbd in 1985.

12. Ministers expressed the view that despite relatively low economic growth prospects to 1985, much stronger measures will be required to manage energy demand so that oil is conserved and replaced wherever possible and to prevent further slippage in current estimates of production, trade and use of other forms of energy and that failure to do so could threaten economic recovery in the early to mid-1980's.

13. Ministers recognised that beyond 1985, oil shortages could further constrain economic growth but that this can be avoided by strong and urgent policy measures to increase coal production, trade and use; to expand the development of nuclear power under appropriate conditions; to increase natural gas production, trade and use; to vigorously promote substitution of other energy forms for oil; and to expand supplies of liquid fuels through development of unconventional and synthetic fuels, through enhanced recovery processes, and through exploration and development efforts in IEA countries in order to maximise indigenous production on a long-term basis.

14. Ministers consider that the current country review process is critical to monitoring the progress of structural change and identifying, in specific terms, areas where individual countries can achieve better results. They requested the Secretariat, on the basis of these reviews, to continue to refine and extend its analysis of:

- (i) sectoral end uses for oil and other fuels consistent with limiting oil imports to the levels required to balance the market in 1985;
- (ii) specific areas where individual countries have the potential to achieve substantially better results than they now expect for 1985, and to assess the policies and programmes necessary to realise this potential. The results of this analysis and assessment should be available for review and consideration by Ministers at their next meeting, as a basis for quantifying the undershoot of the 1985 Group Objective agreed by Ministers in May 1980.

Energy Pricing

15. Ministers reaffirmed their view that oil prices in general should reflect international oil prices, in order to promote a balanced energy market; the development of alternative fuels and an associated reduction of dependence on oil; and greater energy efficiency. They agreed that in order to assist in achieving these goals, the IEA should examine more closely the pricing of energy in general and institute a more effective monitoring system on energy pricing. They will return to this question at their next meeting.

Energy Demand Management

16. Ministers consider that the effective management of energy demand, to promote conservation and encourage substitution away from oil, is essential to assure structural change in energy economies. In order to give greater public focus to energy conservation and fuel-switching and to move from statements of general intention to more specific actions to achieve results, they adopted lines of action for Energy Conservation and Fuel Switching which they will implement in their national policies.

Coal Industry Advisory Board

17. Ministers received the first Report of the Coal Industry Advisory Board and discussed the Report with members of the Special Committee of the CIAB.

18. Ministers reaffirmed that the Coal Industry Advisory Board provides an important forum to bring together international business expertise in all parts of the coal chain in order to provide practical advice to both government and industry. They consider it a unique example of international co-operation, and recognise and appreciate the contribution that members of the Board have made in this light.

19. Ministers also:

- (i) accepted the conclusions of the Board that
 - without stronger actions now to reduce prevailing uncertainties, the objective of doubling coal production and use by 1990 is not likely to be met;

- stronger commitments to increase coal use and to develop corresponding production and infrastructure facilities are required if the potential of coal in reducing dependence on oil is to be achieved in a timely way.
- (ii) noted that the recommendations of the Board are consistent with the IEA Principles for Action on Coal and agreed that governments will continue to strengthen their policies and programmes for coal use, production and trade in the framework of these Principles. They will review carefully, within their Administrations, the specific recommendations of the CIAB and act on them where appropriate; in this process of review, individual Ministers may wish to meet with interested CIAB members to discuss the conclusions and recommendations of the Board in more detail.
- (iii) Ministers requested that the Governing Board at official level carefully consider the CIAB Report in its review of Participating countries' coal policies and programmes.
- (iv) Ministers also agreed that publication of more comprehensive information on projections for coal use, production and infrastructure development would help to reduce uncertainties constraining coal's role in IEA energy systems. They requested the Governing Board at official level, with the advice of the CIAB, to develop an appropriate coal information system, bearing in mind the need to streamline such a system so as to avoid duplication and minimise reporting burdens.
- (v) Ministers also welcomed and endorsed the Board's plans for follow-up to the Report. In particular, they urged the Board in its further work to:
- advise governments on the overall potential to increase coal use and/or production in individual countries and possible options to realise this potential;
 - identify specific constraints to coal use, production and trade and suggest practical ways to remove them;
 - focus attention on issues of coal quality and waste disposal;
 - give particular attention to environmental factors that may be inhibiting coal use and advise, in specific cases, what options exist to increase coal use while continuing to meet satisfactory environmental standards.

Energy Investment in Member Countries

20. Ministers agreed that a consistent and comprehensive approach to dealing with investment problems related to energy projects necessary to promote structural adjustment in individual Member countries is necessary, and requested the Governing Board at official level to develop the procedures for such an approach, including criteria for the selection of projects and possible measures of support and assistance, and report to the next meeting of the Governing Board at Ministerial level.

21. Ministers expressed their view that a limited number of projects might be assessed on a trial basis, with a view to helping to define this approach, and requested concerned countries to submit candidate projects to the Governing Board at official level for consideration at its next meeting.

International Energy Relations

22. Ministers restated their conviction that the solution to energy problems must be founded on intensified international cooperation. They expressed their hope that other countries, particularly the oil-exporting countries, would adopt a similar view and reiterated the willingness of IEA countries to discuss energy issues with these countries. Ministers expressed their continuing concern about the difficulties of developing countries in meeting their long-term energy requirements. In this context, they welcomed the actions of other international institutions including those within the U.N. system and supported in particular the enhancement of the World Bank energy program which they consider to be of great importance to the development of the energy resources of those countries.

DECISION BY THE GOVERNING BOARD FOR CORRECTING IMBALANCES

Set forth in Item 33, Annex I above

1981 COMMUNIQUE

INTERNATIONAL ENERGY AGENCY

Meeting of the Governing Board at Ministerial Level

15th June, 1981

The Governing Board of the International Energy Agency (IEA) met at Ministerial level on 15th June 1981 in Paris under the Chairmanship of Senator The Honourable J. L. Carrick, Minister for National Development and Energy of Australia.

1. Ministers addressed short-term oil market questions, including recent developments and measures for responding to any future disruptions, as well as the achievement of structural change in the medium and longer term. In both cases they noted encouraging improvement and identified areas where further strengthening of policy is necessary.

Short-Term Oil Markets

2. Ministers recognized that the oil market situation remains fragile, and that continuing stability depends upon avoidance of complacency and upon significant levels of supply from several major producing countries. They noted however that continued decline in oil consumption (due in part to the effect of conservation) and stable supply have improved the oil market situation, and expressed satisfaction that policies adopted earlier had contributed to avoiding serious market disturbances in the second half of 1980 and in 1981.

3. Ministers observed that present stock levels, allowing for moderate seasonal stockbuild this summer appear adequate to provide necessary opening stocks for the coming winter. But they stressed the need to watch the situation closely in view of changes in consumer stocks during the third quarter and a possible up-turn in economic growth during the second half of the year.

4. In view of the uncertainties and risks inherent in the international oil market situation, Ministers expressed the determination of their governments

that the IEA and its Member countries should be prepared to prevent a disruption in oil supply from again resulting in sharply higher prices and severe economic damage. The full implementation and strengthening of market forces in consuming countries will contribute heavily to this objective. Supplementary action by governments may be necessary in those areas where market forces do not sufficiently counteract the adverse impact of supply disruptions, particularly in international markets. When such action is necessary, it will have to be flexible in responding to the specific situation at hand and at the same time be taken promptly and effectively.

5. Ministers noted the general outline of discussions which have taken place as to the preparedness of IEA countries for supply disruptions, including the following main elements:

- continuous monitoring of oil supply, demand and stocks, together with necessary data systems;
- measures such as those which have been used in the past, and could be considered *inter alia*, regarding stocks; demand restraint; indigenous production; fuel switching; discouragement of undesirable purchases and abnormal recourse to spot markets; and dealing with supply imbalances;
- emergency reserve requirements;
- crude oil pricing in supply disruptions;
- government/industry relations which provide effective and reliable co-operation between governments and oil companies as an essential element in handling sub-crisis situations.

They agreed that work should continue on this general outline in order to arrive at definitive results, beginning with in-depth international consultation between IEA governments and oil companies and looking toward possible decisions by the Governing Board at official level in the second half of 1981.

Achieving Structural Change in the Medium Term

6. Ministers agreed unanimously that progress in achieving structural change in IEA countries' energy economies is as urgent as ever, even if notable progress has been made and even if the oil market situation appears temporarily eased. They reconfirmed the present policy principles which they

had earlier adopted and stressed the need for consequent and continued implementation. The objective of these policies remains unchanged - to transform oil-dominated energy economies to a more balanced structure where major available sources, oil, coal, nuclear and gas, contribute a more even share and where energy efficiency is increased to the maximum possible extent. They noted that the Secretariat has indicated a potential for limiting IEA net oil imports to 19-21 mbd in 1990 and even lower by the end of the century, if appropriate policies are carried through. They noted from the 1980 Country Reviews that progress to date has been encouraging and clearly shows that the process of transition has begun. They recognised that the principal task ahead is to keep momentum going in carrying through these policies for structural change.

7. Ministers agreed that still stronger efforts are required to improve energy efficiency in IEA countries, despite the progress which has been achieved. Continuation of this process can reduce overall energy costs significantly and stretch the lead time available for developing alternative sources.

8. Ministers noted the encouraging response by industry to the new opportunities provided by coal, and reiterated the need for stronger action to realise the full potential for expansion of coal production and use on an economic basis. They endorsed the on-going work of the Coal Industry Advisory Board (CIAB), and agreed to make greater efforts, in cooperation with industry, to clarify the potential and constraints to production, trade and coal use in their countries. They called for a full review of Member countries' coal policies and programmes in 1981, with contribution from the CIAB.

9. Nuclear power will have to play a major and increasing role in many countries in order to achieve the necessary structural change which all IEA countries have agreed upon. This will be facilitated by better conditions for the timely growth of nuclear power. IEA countries should therefore take prompt national and international action to increase public understanding of reactor safety; implement waste management and disposal programmes; streamline licensing procedures to shorten lead times with continued emphasis on safety; ensure that regulatory practices do not unnecessarily constrain investment; and reinforce the reliability and predictability of international trade in nuclear fuels and technology under appropriate safeguards, in order to enhance public acceptance of and confidence in nuclear power, including advanced reactor technology. Industrialized countries also can contribute to a

better world energy balance by making better use of their technological capacity, including the use of nuclear and other technologically complicated energy sources.

10. Ministers discussed proposals for economic pricing of energy to consumers. They agreed on the importance of this issue and the need to carry forward earlier IEA decisions regarding energy pricing policies. They also were of the view that those subsidies of consumer prices and other interventions which discourage conservation, high levels of domestic production and substitution away from oil should be avoided. They requested the Governing Board at official level to take up this question as a matter of priority centering on certain main elements, and to reflect it in future country reviews.

11. Ministers noted the progress which has been made on developing a consistent and comprehensive approach to deal with investment problems related to energy projects necessary to promote structural adjustment in Member countries, and agreed that this work should continue.

12. Ministers underlined the important contribution of energy R&D to a more secure energy supply in the longer term. In this connection they called for a comprehensive review of the IEA programme of collaborative R&D projects to ensure proper balance, timeliness of completion, cost effectiveness and technical prospects. They endorsed the report and recommendations of the High Level Group on Energy Technology Commercialization and stated their intention to work to establish conditions, by applying measures appropriate to national requirements, under which industry would be prepared to design, build and operate commercial scale plants by 1990 in the requisite technologies. They noted the results of the 1980 reviews of national RD&D programmes.

13. Ministers recognised that developing countries have specific difficulties in meeting their energy requirements during the course of the transition away from oil. They are convinced that the efforts of industrialised countries to reduce their impact on world oil markets are a major contribution to alleviating these difficulties. However, developing countries will also need help in developing their indigenous energy resources, and Ministers believe this question must be addressed promptly in appropriate fora. They also believe that the United Nations Conference on New and Renewable Sources of Energy is a good beginning in both substance and method, and will contribute to the work of the Conference and similar efforts. Ministers hope that oil-exporting countries will approach these questions in the same spirit.

1982 COMMUNIQUE

INTERNATIONAL ENERGY AGENCY

Meeting of the Governing Board at Ministerial Level

24th May, 1982

The Governing Board of the International Energy Agency (IEA) met at Ministerial level on 24th May 1982 in Paris, under the Chairmanship of the Rt. Hon. Nigel Lawson, M.P., Secretary of State for Energy for the United Kingdom.

1. Ministers considered the prospects for the oil market in the light of the recent changes in oil prices, as well as the contribution that energy conservation and progress in switching away from oil has made towards the continued fall in oil demand. They welcomed the progress so far but were aware of the risk of complacency and noted the need for continuing progress in bringing about a better energy mix. They emphasized the important role that market forces, supplemented where appropriate by government action, could continue to make towards these ends. Ministers furthermore underlined the importance they attach to the need for timely development on an economic basis of IEA countries' energy resources, thereby improving the overall security of their energy supply.

General

2. Ministers noted that substantial improvements have been made in increasing energy efficiency and substituting other fuels for oil, as a result of market reaction to higher prices, supplemented by effective government policies. Thus considerable progress has been made towards achieving the objectives agreed upon in the IEA Ministerial meeting in May 1980 and also at the Venice Summit of June 1980. Although low economic growth has contributed to this result, the link between overall economic activity and oil consumption has weakened considerably. However, they also concluded that despite the current more relaxed oil market situation, considerable uncertainties continue to exist about energy developments. The political situation in the Middle East carries with it the underlying and ever present risk of oil supply interruptions. Furthermore, concentration on short-term oil market conditions, particularly under present economic conditions, is

detering producers and consumers from taking the investment decisions necessary to meet probable long-term trends. Recognising that sustained improvement in the level and structure of energy use is a critical element for revitalizing IEA economies in the medium-term, Ministers reconfirmed the IEA objective of improving overall energy efficiency and bringing about a more balanced energy mix, and agreed to pursue policies to that end.

3. Ministers noted that progress has also been made in improving preparations for supply interruptions, including the development of procedures for consultation and coordination in responding to oil supply interruptions of less than 7%, and the establishment of a new short-term information system. They noted that study of stocks is continuing. Ministers noted that the 4th test of the Emergency Allocation System will be conducted in 1983 to continue to develop the operational readiness of the system and called for full participation by all Member countries in the test.

Short-Term Oil Market Assessment

4. Ministers welcomed the reduced current demand for oil and noted the resulting weakening of oil prices. However, they recognised that there could be a turnaround in overall demand on short notice when the existing drawdown of oil stocks ends or if a strong up-turn in economic activity occurs, and that the risk of a price shock caused by political disturbances remains. They concluded that the present situation should be viewed as a temporary one which does not necessarily indicate probable future developments based on underlying trends. They therefore agreed to continue to watch closely future developments, particularly in stock movements and oil consumption.

Structural Change

5. Ministers agreed that recent movements in world oil prices, as well as bringing a welcome relief from inflationary pressures, provide an important opportunity to revitalize the world economy. However, their assessment of long-term energy prospects confirms the need for measures to sustain and improve upon progress made in reducing the growth of total energy requirements and dependence on oil. They reconfirmed that this could be achieved through further improvement in energy efficiency, and by relying on other energy sources such as coal, nuclear, natural gas, and, in the very long term, renewable sources of energy to provide greater shares of the energy supply mix.

6. Ministers emphasized the importance of energy pricing in bringing about these changes. They agreed to give particular attention to energy pricing issues when developing national energy policies, including the need for oil prices to consumers to reflect world market prices; for electricity tariffs that encourage efficiency and permit utilities to finance new capacity; and to avoid those subsidies of consumer prices and other interventions which discourage conservation, high levels of domestic production and substitution away from oil. They also recognised the need to take account of energy policy objectives in determining energy taxation.

7. Ministers noted that past increases in prices have made energy conservation even more economically attractive. They agreed that further efforts are required to improve energy efficiency in IEA countries, particularly in areas where government action can remove barriers to the operation of market forces, or is needed to supplement market forces. Ministers agreed, therefore, to keep their national energy conservation programmes under review in order to ensure their full implementation and maintain their effectiveness.

8. Ministers discussed the role of electricity in achieving structural change and noted that, despite the economic and security-of-supply advantages which coal and nuclear power maintain over oil in generating electricity, even under conditions of weakening oil prices, greater efforts are required to achieve current development plans. Ministers agreed, therefore, to give further attention to the future prospects for electricity, and to address the factors which may constrain fuel-switching and thus achievement of the most cost-effective patterns of electricity generation, including uncertainty about the future level and structure of electricity demand; the effect of recent movements in oil and coal prices on the competitive position of coal relative to oil; regulatory impediments; and safety and environmental factors.

9. Ministers agreed that to achieve necessary overall structural change away from oil which all IEA countries have agreed upon, nuclear power will have to play a major and increasing role in many countries. Ministers noted, however, that there has been some slowdown in nuclear development programmes. In order to maintain momentum for the development of nuclear power and to achieve current projections, further efforts are needed, internationally and by many IEA countries. Ministers therefore agreed to pursue policies for making licensing and regulatory processes in those countries less subject to frequent changes and delays; ensuring high safety standards in construction and operation of nuclear facilities; demonstrating

the availability of technologies for the disposal of high-level radioactive wastes; and maintaining reliable international trade in nuclear materials and fuel cycle services, consistent with non-proliferation objectives. They welcomed the IEA/NEA assessment of nuclear prospects to the end of this century, and agreed that further study of prospects for electricity growth and comparative analysis of nuclear power and other energy options should be pursued.

10. Ministers reaffirmed their commitment to expand the use, production and trade of coal (including lignite) on an economic basis and with effective standards of environmental protection. They endorsed the general conclusions of the IEA Review of countries' coal prospects and policies and expressed particular appreciation to the Coal Industry Advisory Board for the contribution it made to that Review and to other studies. Ministers will pay particular attention to actions to realize the potential for expansion of economic coal production, trade and use, including efforts to ensure the long-term competitiveness of coal; the timely development of port capacity and transportation facilities; and development and commercialization of environmentally acceptable technologies that encourage greater use of coal. They called on industry, both producing and consuming coal, to create technical and economic conditions favourable for this development and called on the CIAB for continued assistance in this effort.

11. Ministers agreed that natural gas could play an important role in achieving better balanced energy economies, and stressed the need for greater understanding of market realities and willingness to take account of market forces by all those involved in natural gas trade. Recognising that expanding use of gas in most countries will depend heavily on international trade, Ministers agreed that further attention should be given to a number of options which exist to encourage stable and reliable natural gas trade and reduce the vulnerability to potential natural gas supply disruptions. These include diversification of supply sources; the timely development of indigenous IEA sources; emergency storage; interruptible contracts; flexible supply arrangements; and the potential for cooperative approaches to assuring stable trade and reducing the overall costs of adequate supply security.

12. Ministers recognised the importance of energy investment in bringing about a better energy mix. They noted the general sluggishness of private investment in current economic circumstances and that several large energy projects that have high costs and long lead times have been recently deferred or cancelled. While recognising that the short-term energy

situation has changed, they agreed that the longer-term situation remains uncertain and stressed the important role that energy investment must play in assuring energy security.

13. Ministers stressed the continued importance of energy RD&D, despite changing expectations regarding the development and commercialization of new energy technologies. They noted the marked reduction in many countries in expenditure on commercialization, and questioned whether private investment would be available to provide adequate and timely development of some technologies that have high costs and long lead times. They therefore agreed to review national RD&D programmes, especially those involving significant funding, to ensure that they are in line with current views of future needs and to see how further sharing of cost and expertise could contribute to more effective action.

International Energy Relations

14. Because of the global nature of energy questions, Ministers agreed on the importance of all countries recognising the nature of energy as a decisive element for progress in the world economy and, in particular, for the development of the poorer countries. They agreed that the Programme of Action adopted by the Nairobi Conference on New and Renewable Sources of Energy reflects a pragmatic approach to that end, and that the IEA and its Member countries will make a positive and constructive contribution to its sustained and effective implementation. Ministers noted that many developing countries have promising energy resources, but that their expeditious development will require finance, expertise and technology. While external financial support provided for energy development in developing countries has risen significantly, continued weight will be given to energy in both multilateral and national aid programmes. They agreed upon the need for better understanding of constraints affecting energy investment in developing countries, and for co-operative participation by enterprises with significant financial and technological resources as well as by governments and international organisations. Ministers noted the various contacts which are underway between oil producer and consumer countries, and stressed the need to enhance such exchanges in order to improve mutual understanding of the oil and energy situation. Ministers believe this will contribute to greater stability in the world energy situation which is vital to future development of the world economy as a whole.

Annex

Secretariat Analysis of Areas Where Energy Policy Action in Individual IEA Countries Could Provide Useful Results

Pricing and Taxation

- (i) Oil prices in general should reflect international oil prices. In many IEA countries oil product prices continue to be controlled or administered, although controls have completely been eliminated in Japan, Norway, the United States and Turkey and partially eliminated in Austria. Consideration should be given to complete elimination of controls where they still exist and, where this is not possible, to ensuring that the implementation of controls minimize market distortions.
- (ii) Crude oil prices continue to be controlled in Canada, although recent Canadian pricing agreements together with a number of special taxes are bringing Canadian consumer prices closer to international levels. Canada should consider further measures to bring consumer prices to world levels as quickly as possible. Some oil product prices are subsidized in Portugal and Spain. Both governments have made progress recently in removing such subsidies and efforts in this direction should be continued.
- (iii) Natural gas prices are controlled at relatively low levels in Canada and the United States. In the United States these controls constrain efficient use and distort exploration and production decisions, and the United States should continue to give high priority to complete decontrol of domestic gas prices. In Canada, substantial excess gas reserves exist and prices are being deliberately controlled at relatively low levels to create new markets for gas with the objective of reducing dependence on imported oil; however, an appropriate balance needs to be maintained between satisfying efficiency and fuel substitution objectives. Preferential gas prices for some categories of consumers also exist in Belgium, Italy and the Netherlands and these should be reviewed.
- (iv) Electricity tariffs in many countries (Australia, Austria, Italy, United States) should be reviewed to ensure that they adequately cover costs and provide sufficient revenue to allow required capacity expansions

to be undertaken. Norway should continue its programme to increase electricity tariffs, in real terms, to cover long-run marginal costs by 1985; Italy should also seek to eliminate current subsidization of some classes of electricity consumers; Denmark should consider establishing peak load pricing for electricity; and Spain should introduce an electricity load management scheme in the residential sector.

- (v) Energy taxation reflects broader concerns than energy policy objectives. However, in Australia, Canada and the United States there may now be scope for tax adjustments to motor fuels to encourage conservation. Taxes on oil and gas production, which have reached high levels in all IEA major producing countries, should be kept under review to assure that they do not impede the achievement of energy objectives.

Conservation

- (vi) All countries should keep their conservation programme under review, with a view to consolidating and rationalizing them to increase their effectiveness, taking into account the improved economies of efficiency measures and the desirability of ensuring that government measures effectively support market mechanisms. In particular,
 - Italy should press for early legislative approval of its Energy Conservation Bill;
 - Belgium, Italy, Norway and the United States should reinforce incentives to encourage the retrofitting of buildings;
 - Canada should expand coverage of building energy efficiency standards; Ireland and Portugal should implement comprehensive and effective building codes; and Denmark should complete the 1979 revisions to its building code as quickly as possible;
 - Ireland, Italy, Portugal, Spain and Turkey should increase efforts to improve industrial energy efficiency;
 - Austria, Belgium, Luxembourg, Norway, Switzerland, the United Kingdom and the United States should act to overcome institutional barriers that limit an economic expansion of district heating and/or cogeneration of heat and power.

Development of New Supplies

- (vii) Efforts should be accelerated to develop necessary infrastructure to support increased trade in steam coal. This will require greater attention to
- the timely development of adequate port capacity and associated inland transportation systems in importing countries, particularly Italy, Greece, Portugal, Turkey and, in cooperation with neighbouring transit countries, Austria;
 - facilitating prospects for access channel dredging and coal-slurry pipelines in the United States, as well as railway upgrading in Canada.
- (viii) Attention needs to be given in all countries to streamlining regulatory regimes governing energy production and decreasing changes and delays in procedures. This is particularly important for licensing and construction of new electricity generating plants in Germany, Italy, Japan and the United States.
- (ix) Nuclear power prospects require particular attention in the United States, where continuing efforts will be required to revitalize the domestic nuclear programme. Japan will have to continue to make every possible effort to achieve its nuclear targets. Uncertainty also exists in Austria, the Netherlands and Switzerland and efforts should be made to clarify the situation in these countries as quickly as possible. In Germany and Italy continuing political resolve is necessary to sustain momentum.

Fact Sheet of Key Energy Data

IEA - 1973-1981 Period

Crude oil prices ⁽¹⁾	1973	=	\$ 3.39
(weighted average)	1975	=	\$ 11.02
(current year dollars)	1977	=	\$ 12.88
	1979	=	\$ 18.67
	1980	=	\$ 31.40
	1981	=	\$ 34.81
	1982 (1 Jan level)	=	\$ 34.23
	1982 (19 May level)	=	\$ 32.56

- (1) 1973-1979 OPEC average crude official sales price (Source: Platt's Oilgram Dec. 18, 1980).
1980-1981 Secretariat estimates for weighted average of OPEC, Spot and Non-OPEC prices.

Fact Sheet of Key Energy Data (continued)

IEA - 1973-1981 Period

IEA oil demand (Mtoe) ⁽²⁾	1973	=	1777
	1979	=	1882
	1980	=	1737
	1981	=	1632
	1982 (est.)	=	1545
IEA oil production (Mtoe)	1973	=	620
	1979	=	703
	1980	=	710
	1981	=	709
	1982 (est.)	=	714
IEA total domestic energy production (Mtoe)	1973	=	2208
	1979	=	2493
	1980	=	2534
	1981	=	2545
IEA net oil imports (Mtoe) ⁽³⁾	1973	=	1174
	1979	=	1208
	1980	=	1052
	1981	=	918
IEA total primary energy demand (Mtoe) ⁽²⁾	1973	=	3382
	1979	=	3689
	1980	=	3581
	1981	=	3495
	1982 (est.)	=	3417
IEA stocks on land (Mtcoe)	1 January 1979	=	399
	1 January 1980	=	426
	1 January 1981	=	450
	1 January 1982	=	447

(2) Including bunkers and stock change.

(3) Before deduction of international marine bunkers.

1983 COMMUNIQUE

INTERNATIONAL ENERGY AGENCY

Meeting of the Governing Board at Ministerial Level

8th May, 1983

The Governing Board of the International Energy Agency (IEA) met at Ministerial level on 8th May 1983 in Paris, under the Chairmanship of the Honourable W. F. Birch, Minister of Energy, New Zealand.

The Current Energy Situation

Ministers assessed the current energy situation and particularly world oil markets. They welcomed the relief provided to the world economy by today's conditions, characterized by price adjustments which take account of reduced economic activity world-wide. They believe that these developments also reflect growing efficiency in energy use and production from a widening range of sources. However, they recognized that conditions could change in the future, as the world economy picks up and the current stock draw down comes to an end. They expressed concern that sharply lower oil prices and uncertainty about future oil market developments could slow down investment in energy efficiency, hydrocarbon development and alternative energy sources thus creating over the longer term the possibility of renewed instability in energy and oil markets, with adverse effects on the world economy. They agreed that the easing of the oil market was no reason to change the agreed objectives of energy policies, given remaining uncertainties about short-term developments and the underlying trends pointing toward tighter market conditions in the longer term. They therefore reaffirmed their intention to fulfil the policies of oil substitution, energy conservation, and energy research and development. They instructed the Governing Board at official level to follow developments in the world oil market closely, particularly further movement of oil inventories.

Energy Requirements and Security

Ministers assessed energy requirements and security for the next two decades, bearing in mind the importance of adequate and secure energy

supplies to the prospects for sustained economic growth and considering the study Energy Requirements and Security prepared by the Secretariat. They recognised the continued likelihood of heavy reliance on imported energy, particularly oil, and for the first time addressed the question of natural gas in detail. They reached the conclusions set forth in Annex I regarding the need for strong and cost-effective energy policies, re-confirming previous action taken within the IEA, and emphasizing the need for a balanced approach which puts each aspect of energy policy into its proper perspective, including:

- improved energy efficiency and appropriate pricing and fiscal regimes;
- further expansion of the production, use and trade of coal and other solid fuels;
- a major and increasing role for nuclear power in many countries;
- obtaining the advantages of increased use of gas on an acceptably secure basis;
- continuation of efforts to improve energy security in the case of oil, which will remain by far the most important factor in energy imports; and
- development of new and renewable sources of energy.

Coal Industry Advisory Board

Ministers considered a report from the Special Committee of the Coal Industry Advisory Board on the current status of developments in coal and its prospects for the future. They noted the Special Committee's concern that the present oil market situation could jeopardise the effectiveness of coal in meeting the objectives set forth in the IEA Principles for Action on Coal. Ministers requested the Governing Board at Official level and the CIAB to give prompt and active consideration to these matters, taking account of the conclusions reached at the meeting concerning coal.

Ministers welcomed the publication of the report Coal Use and the Environment prepared by the CIAB and undertook to consider its recommendations carefully in formulating national policies.

Ministers also agreed on the desirability of promoting the development and increased use of other solid fuels, such as lignite and peat which have specific geographical importance.

International Energy Relations

Ministers emphasized that energy remains a decisive element for progress in the world economy, and is particularly important for developing countries. Ministers welcomed the contribution which the various contacts between oil producing and consuming countries are making to improved understanding by all parties of world oil and energy markets. They again stressed the importance of enhanced exchanges for greater stability in the world energy situation and an improved world economy.

Ministers expressed their deep appreciation for the leadership and advice provided by Ambassador Hiromichi Miyazaki of Japan, Chairman of the Governing Board at Official level since October 1980.

They welcomed the willingness of the Government of Australia to make Mr. Alan J. Woods available to succeed Ambassador Miyazaki as Chairman of the Governing Board at Official level.

Annex I

CONCLUSIONS

1. Ministers assessed world energy requirements and security for the next two decades, bearing in mind the importance of adequate and secure energy supplies to the prospects for sustained economic growth. They noted with satisfaction the progress that had been made since 1973 in reducing dependence on imported oil by increasing energy efficiency and the use of alternative fuels, notably coal, gas and nuclear energy. This progress has contributed to the lowering of oil prices which is now bringing an important and welcome relief to the world economy. Ministers agreed, however, that such relief was likely to be temporary and that there is a risk of a renewed energy constraint on growth later in this decade unless the industrialised countries strengthen their policies to restructure their energy economies. Ministers noted, in this context, that dependence on imported oil, though reduced, remains high in many of their countries and that this remains the major risk to their energy security; that the contributions of coal and nuclear energy are running significantly below earlier expectations; that the prospect of growing imports of gas to help reduce dependence on imported oil could lead to heavy

dependence by some countries on single sources of gas supply; and that the outlook for investment in the efficient use of energy and for the development of indigenous energy sources is less than satisfactory. They agreed that some of these problems could be accentuated by the uncertain outlook for oil prices.

2. Since industrialised countries as a whole will, in any event, continue to rely heavily on imported energy, smoothly functioning world energy markets over the long-term will be essential for their economic well-being. Industrialised countries must seek to reduce the risk of disruptions and be prepared to minimise the effects on their economies of any which occur. The balance between energy security and costs will have to be struck under the responsibility and in the circumstances of individual countries, having regard to their international commitments. Each country will, however, continue to develop strong and cost-effective energy policies based on that combination of market forces and government action which is best suited to its circumstances but including:

- implementing and as necessary strengthening present policies to promote the efficient use of energy and the continuing replacement of oil by other fuels;
- rapid and, where appropriate cooperative, development on an economic basis of indigenous energy resources - fossil fuels, nuclear energy, hydropower and other renewable energies - to the maximum possible extent consistent with environmental and social factors and the need to secure supplies beyond the turn of the century;
- seeking to remove impediments to its trade in energy;
- substantial programmes of research, development and demonstration;
- pricing and fiscal regimes which promote the rational use of energy and the development of indigenous energy resources;
- diversification of sources of energy imports;
- cooperation on a regional basis or as otherwise appropriate to improve the overall flexibility of energy systems and to overcome transit problems;
- effective cooperative measures for dealing with disruptions in energy supplies.

Ministers recognised that energy security and smoother functioning of world energy markets is not a matter for industrialised countries alone. More effective energy policies in the industrialised area should ease the world energy situation and thereby the energy situation of the non-oil developing countries. They emphasised the importance of mutual understanding with energy exporting and importing developing countries to the achievement of these aims. Development of the indigenous energy resources, including new and renewable energy, of the developing countries could in its turn make an important contribution to improving the world energy situation.

3. IEA Ministers reaffirmed the commitments of their Governments to:
 - the International Energy Program, which remains the primary international protection of their countries against tighter oil markets in the longer term and, through the IEA oil emergency allocation system, in times of a major oil market disruption;
 - the Principles for Energy Policy adopted by IEA Ministers in October 1977;
 - the Principles for IEA Action on Coal agreed in May 1979, which continue to provide a valuable framework for expanding world coal production, use and trade;
 - the Lines of Action for Energy Conservation and Fuel Switching agreed in December 1980;
 - the Governing Board decision of December 1981 regarding minor oil supply disruptions.

Energy Efficiency

4. Ministers recognised the important potential contribution of improved energy efficiency to overall energy security and agreed to give particular attention as appropriate to:
 - financial or other measures to stimulate the efficient use of energy and conversion from oil including help to industry and others to overcome the high initial investment costs of certain energy-saving and fuel-switching measures;
 - the development of energy conservation services capable of offering a comprehensive package which would include information on rational energy use and oil substitution, provision and installation of equipment, and financial advice tailored to the needs of customers;

- the publication of technical and financial information on the efficient use of energy and of any assessments which governments may make of long-term trends in energy demand, supply and prices;
- demonstration by governments within their own operations of the value of energy efficiency;
- inclusion of energy efficiency as an element in industrial policy;
- energy efficiency in transport and in the building sector through higher voluntary or mandatory standards;
- policies to overcome structural barriers which mute the impact of market signals.

Pricing and Fiscal Regimes

5. Ministers agreed to pay particular attention to:
 - removal of those price regulations which discourage the development of indigenous energy or the displacement of oil by other fuels or the efficient use of energy;
 - the pricing policies and where it exists regulation of the tariffs of electricity utilities so as not to impede the provision of funds for investment in new generating capacity;
 - reviewing energy pricing policy, with the aims that energy prices should be more transparent and more closely reflect market prices or the long-term costs of maintaining supplies, as appropriate;
 - the structuring of fiscal regimes for oil and gas production so as to encourage timely development.

Coal and Other Solid Fuels

6. Ministers agreed that to promote on an economic basis further expansion of production, use and trade of coal and, where appropriate, of other solid fuels including lignite and peat:
 - their countries should continue to reduce impediments to a major expansion of coal use in electrical power generation and in industry;

- their countries should take steps to provide the infrastructure needed for increased production, transport and marketing of coal;
- coal-exporting countries should facilitate reliable coal exports in times of supply difficulties;
- their countries should promote the development of a flexible and diversified coal trading system, paying particular attention to the need for long-term contracts.

7. Coal use must be environmentally acceptable. Ministers agreed to accelerate cooperative efforts to promote strategies for the clean use of coal, including research, development and demonstration regarding coal use technologies, and to establish effective regulatory frameworks which allow coal users to choose the most economic means to achieve environmental goals. They will assess available and new technologies and review regularly the pace and impact of their introduction.

Nuclear Power

8. To fulfil its important potential for contributing to overall long-term energy security which is the concern of all industrialized countries, nuclear power will have to play a major and increasing role in many countries. Ministers:

- stressed the importance of encouraging stable trade in nuclear equipment, fuel cycle services and nuclear fuel. Export and import regulations must be predictable, and based on the strict respect of current non-proliferation policies;
- agreed that Member countries would maintain reliable standards of nuclear reactor safety and continue to co-operate in various fora on these matters. Procedures for the approval of reactors and nuclear facilities should be as clear and expeditious as possible;
- stressed the importance of international co-operation on spent fuel storage and waste disposal. They appealed to the governments of those countries in a position to do so to stimulate further progress in developing and applying effective and timely methods for managing the back end of the fuel cycle in ways best suited to their national situations and compatible with international agreements.

The IEA and NEA were requested to work together on periodic consultations on the progress of Member governments in the waste disposal programme;

- requested the IEA and NEA to identify for prompt examination new possibilities for research and development in advanced technologies that support these conclusions.

Action on these lines will provide the basis for both institutional impediments and public acceptance concerns on nuclear power to be vigorously addressed and allayed wherever possible.

Gas

9. Ministers agreed that gas has an important role to play in reducing dependence on imported oil. They also agreed, however, on the importance of avoiding the development of situations in which imports of gas could weaken rather than strengthen the energy supply security and thus the overall economic stability of Member countries. They noted the potential risks associated with high levels of dependence on single supplier countries. Ministers stressed the importance of expeditious development of indigenous OECD energy resources. They noted that existing contracts are currently insufficient to cover expected gas demand by the mid-1990s, and agreed that in filling this gap steps should be taken to ensure that no one producer is in a position to exercise monopoly power over OECD and IEA countries. To obtain the advantages of increased use of gas on an acceptably secure basis, they agreed that:

- their countries would seek to avoid undue dependence on any one source of gas imports and to obtain future gas supplies from secure sources, with emphasis on indigenous OECD sources. Additional supplies from other sources would be obtained from as diverse sources as possible, taking into account supply structures, the share of gas in energy balances, and the geographical situation of individual countries. In assessing the full costs of gas supply sources, gas companies and, as appropriate, governments will consider security factors;
- their Governments would either encourage gas companies and other undertakings concerned to take or take themselves the necessary appropriate cost-effective measures suited to each country's situation to strengthen their ability to deal with supply disruptions; these measures could include increased gas storage

facilities, contingency demand restraint programmes, improved fuel-switching capabilities accompanied by adequate stocks of oil or other alternative fuels, a more flexible grid structure, greater flexibility of contracts, more surge capacity, measures to accelerate intra-OECD trade on short notice through standby contracts for supplies in a disruption, and interruptible contracts with consumers;

- action should be taken to develop at economic cost indigenous gas resources, particularly in North America and the North Sea, which show promise of alleviating overall or particular pressures on energy imports;
- concerned Member governments noting the potential for further development of North American gas resources and noting that part of the Norwegian Troll field may be declared commercial by 1984, would encourage their companies to begin negotiations on deliveries from these sources as soon as possible, with a view to making supplies available at prices competitive with other fuels in the mid-1990s;
- trade barriers and other barriers which could delay development of indigenous gas resources should be avoided or reduced;
- their governments would encourage the companies concerned to undertake feasibility studies, if appropriate in cooperation with Member governments, to determine the economic, engineering, technical and financial factors, relevant to possible imports from a variety of non-OECD sources;
- governments within one region where there is scope for effective cooperation should invite gas companies operating in their jurisdictions to address and negotiate on a commercial basis cooperative arrangements to meet a disruption of supplies to any one country or to the region as a whole;
- special attention should be given in the annual country review process in various international organizations to the future pattern of gas supplies, to the progress on the development and implementation of security measures, and to whether gas imports into the OECD from any single source constitute such a proportion of total supplies as to give rise to concern about the timely development of indigenous resources and the vulnerability of supplies, either for an individual Member country or collectively.

- in considering the degree of vulnerability, relevant factors include the share of imports in total gas consumption and in total primary energy requirements, the reliability of particular sources, the flexibility of other supplies, sectoral distribution, stocks and fuel-switching possibilities.
- an in-depth exchange of views about this question would take place within the normal review process whenever considered necessary. To allow a full assessment of its energy situation, the country concerned shall inform the other Member states if it plans major changes in its energy policy or gas supply pattern which are significant in the context of development of indigenous OECD resources and vulnerability of gas supplies.

Ministers expressed the view that special attention should be given in relevant international organizations to the gas import situation of individual countries and regions. IEA Ministers instructed the Governing Board to keep this issue under continuing review.

Oil

10. Ministers noted that since 1974, considerable progress has been made in improving energy security as far as oil is concerned. A continuation of these efforts will be necessary, however, as oil will remain by far the most important factor in OECD energy imports. Thus, in the year 2000 oil will still constitute more than 75% of all OECD energy imports. Ministers therefore agreed on the importance of strong cooperative arrangements for handling a major oil supply disruption and, in the case of IEA Ministers, on the need for continued improvement of the existing emergency allocation system, and the need to continue to encourage oil companies to support the improvement and, if necessary, the operation of the system. To strengthen their overall emergency preparedness, Ministers also agreed to continue to pay particular attention to the continued adequacy of their countries' oil stocks in terms of amount, structure and flexibility.

Other Energy Resources

11. Ministers reaffirmed their readiness to pursue policies both at the national and international level, aiming at exploitation of other indigenous energy resources such as hitherto unharnessed hydropower.

1985 COMMUNIQUE

INTERNATIONAL ENERGY AGENCY

Meeting of the Governing Board at Ministerial Level

9th July, 1985

The Past Decade

The Governing Board of the International Energy Agency (IEA) met at Ministerial level on 9th July 1985 in Paris, under the Chairmanship of Mr. G. M. V. van Aardenne, Minister of Economic Affairs of the Netherlands.

Ministers reviewed the energy results of the past decade, characterised by two sharp oil price increases each of which contributed to a serious economic recession. They welcomed the extensive structural adjustments by which the energy sectors of IEA countries' economies have responded to the consequences of higher oil prices, including:

- the reduced amount of energy, especially oil, needed for each unit of GDP, thereby holding total energy consumption level while their economies grew by 29 per cent;
- major changes in the fuel mix, reducing the share of oil from 53 per cent to 42 per cent;
- an increase in indigenous energy production by the equivalent of over 10 mbd of oil.

They attributed these changes to the effects of sharp price increases working through the market mechanism, and also to government policies addressed to energy security, conservation, market-oriented pricing, energy R&D, open international trade and, in general, toward greater indigenous production, growing efficiency and public awareness of energy problems. They recognised the importance of dynamic energy industries capable of responding to the need for structural change and of open, flexible and transparent energy markets. They also recognised the crucial importance of international energy co-operation within the IEA in achieving these results.

They noted the severe economic losses caused by the recessions which followed the oil price increases. They believe, however, that structural

adjustments in energy economies contributed to subsequent recovery and helped prevent GDP losses and unemployment from being greater than they were. Further structural adjustment in energy sectors will be necessary to sustain economic activity in the future.

They noted that the current oil market situation is characterised by relatively weak demand, considerable over-capacity (much of which, however, is concentrated in the Gulf region) and downward pressure on prices.

Looking ahead, Ministers found major challenges facing energy consumption and every major fuel, and concluded that the present oil market situation is not to be expected to extend far into the next decade and beyond. Secretariat analysis indicates that within ten years (or earlier if weakness appears in any alternative fuel or in efficiency gains), world demand for oil could approach levels close enough to anticipated available production capacity to produce upward price pressures and to restore the condition of vulnerability to supply disruptions which existed in 1973-1974 and 1979-80.

If that were the case, the consequences for the world economy could be severely adverse. Despite the inherent difficulties of forecasting energy developments, given the wide range of unpredictability concerning many of the underlying factors, Ministers therefore agreed that it would be imprudent and even dangerous for IEA countries to ignore forecasts of the IEA, governments and industry which point to tightening energy markets in the 1990s, especially for oil. Instead, they reaffirmed that providing adequate and secure energy sources in a way which complements efforts to promote economic growth remains the major objective which governments have for the IEA. They therefore forcefully underlined the importance of reducing future risks by maintaining the energy policy directions already well established in the IEA and continuing their vigorous implementation, especially in the areas referred to below.

Structural Change within the Market System

Against this background, Ministers agreed that one requirement for energy policy is flexible, open and resilient markets within which the different fuels can compete vigorously and find their levels of demand and supply through operation of the price mechanism. Another requirement, since governments are directly and indirectly concerned with energy activities, is that governments must also carry out policies which accomplish

their objectives and at the same time supplement an effective market system in a manner which is consistent with the national circumstances of each country, such as the following approaches in overall policy:

- energy pricing policies which permit consumer prices to reflect world market prices (and where world markets do not exist to reflect long-term costs of energy supply), and which interfere as little as possible with operation of market forces (with particular reference to direct controls or subsidies for natural gas, electricity and coal);
- actions regarding national energy resources which contribute to increased indigenous energy production;
- tax, royalty and trade regimes which are conducive to efficient use of energy, indigenous energy production and energy imports, exports, and finance;

as well as in the particular energy policy areas referred to below.

Conservation

Ministers consider that energy efficiency and conservation remain a particularly important part of energy policy. Conservation has contributed to increasing economic efficiency, energy security and protection of the environment in IEA countries, but potential remains for large further gains in all sectors of the economy. This potential can best be realised through market forces and government policies complementing one another in a manner which depends on national circumstances. Ministers therefore agreed that government policies remain important to continued progress in reducing energy intensity, and that those policies should be selective, carefully planned, cost effective and their results periodically assessed. The IEA is contributing to governments' understanding of the cost-effectiveness of their efforts. Ministers adopted the Conclusions relating to conservation as set forth in Chapter I of Annex I.

Oil Refineries and Product Trade

Ministers reviewed the situation of the refining industry, bearing in mind such relevant factors as present oil market situation and outlook, the need to ensure security of supply and effective operation of the market.

1. Ministers noted that, because of less than expected demand the industry had attained far greater levels of capacity than are now required, with a consequent need for adaptation. A process of restructuring is in course, though progress differs widely as between IEA regions and countries. Ministers agreed that this process should be vigorously pursued without creating distortive effects to the international market.
2. Ministers noted that, during the next few years, increasing quantities of refined products would be flowing onto international markets from new refineries coming on stream in countries outside the IEA area. They recognised the interest of developing countries in valorising their exports. By comparison with overall world consumption, the quantities are not very large; but they would of course add to the problems of the refining industry in Member countries.
3. Ministers took the view that it should be possible for markets to absorb these additional supplies without undue disruption, but only if their impact was not artificially concentrated on a particular region or regions: both importing and exporting countries should take full account of this point.
4. Ministers therefore agreed to pursue expeditiously a common approach whereby they would maintain or create conditions such that imported refined products could go to the markets of the different IEA countries and regions on the basis of supply and demand as determined by market forces without distortions.
5. Ministers agreed that the IEA will continue to closely monitor developments in this area so as to permit assessment of the extent to which such a common approach is carried out in practical terms on a timely basis.

Electricity, Coal, Nuclear Power and Other Energy Sources

Ministers affirmed the need for strong and effective policies to enable electricity to make its appropriate contribution to economic development and energy security of Member countries, as already decided by the Governing Board on 27th March, 1985. Ministers noted especially the roles of coal (including lignite and other solid fuels) and nuclear power, as well as hydro-power and renewables, in electricity generation, the role of each depending on national circumstances.

Coal is the most abundant indigenous OECD energy resource. Ministers attached particular importance to further expansion on an economic basis of production, use and trade of coal and to the need to substitute oil in electricity generation and in industry by coal used in an environmentally acceptable way, and agreed that demand and not supply is the limiting factor at the present. They noted the statement by the Chairman of the IEA Coal Industry Advisory Board, regarding efforts by the coal industry to improve marketing, support coal R&D, help overcome environmental problems, increase world trade in coal, and improve market information, and requesting government attention to environmental regulations, coal R&D and remaining trade restrictions.

Nuclear energy now accounts for over 15 per cent of IEA electricity generation. Ministers noted the progress recently made in a number of Member countries in developing their nuclear power programmes, and are aware of the slowdown in progress of the nuclear programmes in other Member countries. They agreed that further action, such as streamlined licensing procedures, standardized designs, and appropriate waste management programmes should be undertaken in order to realise the potential contribution of nuclear power in the future consistent with appropriate environmental and safety requirements, and strict respect of current non-proliferation policies.

Ministers noted that renewable energies already make an important contribution to the energy balance of a number of Member countries, and could be expanded. They emphasized the importance of research and development where this would reduce the costs of renewable energies and enable them to realise, on an economic basis, their potential contribution to energy supplies in the medium and longer term.

Natural Gas

Ministers recognised that in order to increase the use of natural gas, inter alia as a substitute for oil, it is important to maintain the competitiveness of gas in the market place and to develop technologies which would permit new usage of natural gas in the medium to long term. They noted the Secretariat's analysis to date which shows that if the potential for increased natural gas use in substitution for oil is to be realised, additional supplies of gas, including imports from non-OECD countries, will be needed

in the mid-1990s. To ensure that this does not prejudice the energy security of Member countries, Ministers agreed that implementation of all aspects of the Conclusions on Energy Requirements and Security adopted by IEA Ministers on 8th May 1983, appropriate co-operation with regard to security of supply issues, and continuing attention to these issues, including in the appropriate bodies and international organisations, remain essential. Implementation would be helped by successful completion of negotiations between producers and consumers on the exploitation of the gas resources of OECD countries. Ministers adopted the Conclusions on natural gas as set forth in Chapter II of Annex I.

Energy and the Environment

Ministers reaffirmed their view that energy production, conversion, transport and consumption must and can be carried out in an environmentally acceptable manner. They therefore agreed to promote actively energy policies which advance both energy and environmental objectives and to give due weight to environmental considerations in formulating their energy policies. At the same time they urged that due weight also be given to energy considerations in the formulation of environmental policies. Accordingly, Ministers adopted the Conclusions on energy and the environment relating, among other things, to energy conservation; improved technology; reconciliation of energy and environment objectives; and achieving comparable progress, as set forth in Chapter III of Annex I.

Enhanced International Collaboration in Energy Research and Development

Ministers recognised that stronger and more effective energy R&D efforts are an integral and essential part of achieving long-term energy security. They emphasized the importance of enhanced collaboration in international energy R&D to promote common energy security objectives and to achieve the benefits of increased cost-effectiveness and a healthy physical environment. They agreed to pursue new actions to facilitate international R&D collaboration inter alia in clean use of coal, advanced techniques for resource exploitation and energy technology information systems, while continuing to support the on-going activities in fossil fuels, renewable energy, fusion technology and greater energy efficiency. They noted with satisfaction the statements by Japan, the United States, and the European Community

that agreement has been reached to proceed with the Three Large Tokamaks Agreement, and by the United States the European Community to proceed with two other fusion energy Agreements. Ministers agreed that collaboration could be made more effective through consultations at an early stage of R&D planning. They requested the IEA to develop further its system to monitor the extent and progress of collaborative energy R&D among Member countries, both bilaterally as well as under IEA auspices. Accordingly they adopted the Conclusions on energy R&D as set forth in Chapter IV of Annex I.

Oil Emergency Preparedness

Because of the inherent uncertainties as to how energy demand and indigenous energy production will evolve in the future, and because of current indications pointing to tighter oil markets in the future, Ministers agreed that they will continue to give high priority to the established IEA emergency preparedness system, including both oil sharing and co-ordinated early use of stocks and other measures in oil supply disruptions. They agreed that adequate stock levels must be maintained, even in the current slack oil market. They adopted the Conclusions set forth in Chapter V of Annex I to ensure that this system remains ready, strong and effective.

Global Dimensions

Ministers recognised that energy developments are of global importance, and especially that sound energy policy actions both inside and outside IEA countries to achieve energy supply and demand balance in the future would contribute strongly to improved world economic conditions. They therefore stressed the importance of continuing constructive contacts between parties concerned in order to gather and exchange information about energy developments and to promote understanding in respect of energy policies.

IEA Co-operation

Ministers welcomed the fact that energy has not been a source of political discord or economic dislocations between IEA countries. They recognise the IEA as an essential framework of strong international co-

operation and cohesion in the energy field within which individual countries develop and implement their national energy policies, taking overall IEA interests into account and considering, within the IEA, the impact of their proposed actions upon other Member countries.

Ministers expressed their conviction that all the agreements they have reached today will contribute strongly to sustained and non-inflationary economic growth, not only for IEA countries but also for the world economy in general. This will occur through the direct effects of the activities necessary to achieve further structural change, without increasing energy costs, and also indirectly by instilling public and business confidence that the energy problems which have hampered economic growth during the past decade can and will be resolved successfully. They believe that these will be beneficial for the general public and for enterprises of all kinds, for the introduction of new and advanced technology generally, and in helping to reduce unemployment.

Ministers expressed their deep appreciation for the leadership and advice provided by Mr. Alan J. Woods of Australia, Chairman of the Governing Board at official level since 1983.

They welcomed the willingness of the Government of Canada to make Mr. Paul Tellier available to succeed Mr. Woods as Chairman of the Governing Board at official level.

Annex I

Ministers adopted the Communiqué set forth in IEA/PRESS(85)6. In addition, they adopted the following Conclusions.

I. Conservation

Ministers noted that the IEA have under way a wide-ranging study designed to help governments assess which conservation programmes are likely to be most cost effective. While detailed policy proposals must await the completion of this study, on the basis of the work so far done, Ministers concluded that in order to further reduce the energy intensity of IEA economies, government conservation policies should be actively pursued

and should focus on the following types of action which, depending on national circumstances, could assist in achieving greater energy efficiency:

- (a) Ensuring that the energy pricing and tariff systems give the right signals to consumers.
- (b) Ensuring that information programmes are well directed towards the removal of the obstacles to energy conservation.
- (c) Identifying what financial barriers exist, helping to improve access to financial resources and encouraging where appropriate the use of innovative financing schemes by the parties concerned.
- (d) Improving the skills of the conservation service industry.
- (e) Developing more effective evaluations of their conservation programmes and a better understanding of the factors which influence consumer decisions.
- (f) Standards and regulations.
- (g) Well designed programmes of research, development and demonstration.

II. Natural Gas

Ministers agreed that the following actions are required for implementation of the May 1983 Conclusions:

- Avoidance of undue dependence on any one source of gas imports and obtaining future gas supplies from secure sources, with emphasis on indigenous OECD sources. Additional supplies from other sources should be obtained from as diverse sources as possible, taking into account supply structures, the share of gas in energy balances, and the geographical situation of individual countries. In assessing the full costs of gas supply sources, gas companies and, as appropriate, governments will consider security factors.
- Development of indigenous gas resources in particular in North America and the North Sea, including the Norwegian Troll field, with a view to making supplies available at prices competitive with other fuels in the mid-1990s.

- Necessary and appropriate cost-effective measures suited to each country's situation to strengthen their ability to deal with supply disruptions.
- Measures to avoid an increased reliance on oil if gas supplies should prove inadequate to meet demand.

Ministers noted that the Secretariat is updating the study on Natural Gas Prospects to 2000 published in 1982. They requested the Governing Board at official level to review the results of this work and to draw any necessary policy conclusions from it.

III. Energy and the Environment

- 1) Energy production, conversion, transport and consumption should be carried out in an environmentally acceptable manner, and reliable technologies and methods exist to control most of the environmental impacts of energy production and use. Solutions to the environmental issues associated with energy are fundamental to the maintenance of adequate, economic and secure supplies of energy in the long term and the form of these solutions would be important for energy policy. Ministers will therefore promote actively in their energy policies those lines of action which advance the objectives of both energy and environmental policy, paying particular attention to the development of new environmentally favourable energy technologies and to the efficient use and conservation of energy. At the same time, they recognise that many factors play an integral part in the formulation of energy policy, including improvement of the energy mix, energy security, and minimisation of costs as well as protection of the environment. All these factors including protection of the environment should be taken into account at an early stage in the formulation of energy policy. Inevitably, the factors will sometimes conflict. When this happens, it will be necessary to strike a balance between them, taking into account all the costs and benefits involved, both nationally and internationally. The decisions so taken may differ between countries according to their energy mix and degree of pollution.
- 2) More efficient use and the conservation of energy on an economic basis are of primary importance for achieving the objectives of both energy

and environmental policy. Means to promote the efficient use of energy are, in general, free of environmental disadvantages and the environmental problems associated with energy production and consumption are therefore generally reduced if less energy is used. Ministers will therefore strengthen as appropriate their policies to promote the efficient use and conservation of energy by economic energy pricing, removing barriers to the effective operation of price signals through the market and adopting specific measures and programmes.

- 3) The introduction of improved technology on an economic basis is fundamental both to securing the more efficient use of energy and to resolving the environmental questions associated with energy production, conversion, transport and consumption. Development of cost-effective, new technology is particularly important. Ministers will therefore give proper weight in their programmes of research, development and demonstration to technologies to promote:
- the more efficient use and conversion of energy;
 - the combustion of coal or its conversion to other forms of energy in an environmentally acceptable manner;
 - the safe disposal of nuclear waste;
 - renewable sources of energy which are environmentally acceptable and competitive.

Progress in this area can be advanced by co-operation between Member countries including the exchange of information and of relevant technologies.

- 4) The reconciliation of energy and environmental objectives will be assisted if the costs of measures to protect the environment are carried by polluters - the "polluter pays principle". They will then be reflected in prices to consumers, to the extent that market forces permit, with the result that the operation of the market will promote the more environmentally favourable energy mix. At the same time it is desirable to promote on an economic basis other lines of action which advance both energy and environmental objectives, such as:
- the use of natural gas with due regard to the risks to energy security and to problems associated with the emission of nitrogen oxides;

- environmentally acceptable methods of burning coal;
 - better coal preparation and the use of low sulphur coal;
 - the development of nuclear energy which, under stringent standards for health, safety, and waste disposal, and strict respect of current non-proliferation policies, generally has environmental advantages;
 - promotion on an economic basis of the use of electricity when it can be produced in an environmentally acceptable way;
 - the use of district heating, combined heat and power and other types of waste heat utilisation;
 - more efficient and less polluting motor vehicles and the more efficient use of public transportation.
- 5) Ministers urge that, just as the formulation of energy policy should give due weight to environmental considerations, so should environmental policy give due weight to energy policy considerations. In particular:
- at an early stage in the consideration of changes in environmental policy there should be consultation with all in the energy sector who are likely to be affected so that proper account can be taken of the energy policy aspects of the decision;
 - environmental objectives should be clearly articulated but regulations should allow maximum flexibility on the methods of achieving the objective; to this end they should avoid setting out precise technical methods of environmental control and they should, in appropriate cases, set standards for emissions in a region or industry rather than in specific plants;
 - environmental regulations should be subject to review but any changes in their requirements should be infrequent and as predictable as possible; new requirements for existing installations and those under construction should take into account the necessity of a reasonable adjustment period.
- 6) Ministers stress the necessity, in the interests of environmental protection and the avoidance of any resulting market distortions, of achieving comparable progress in the field of environmental protection

in all Member countries, taking account of the need for flexibility provided for in paragraph 5 (2nd tiret) and also taking account of relevant environmental conditions and contributions by Member countries over the years to the protection or improvement of the environment. They recognise the need for close co-operation on the local, national and international levels between those responsible for energy policy and for environmental policy. They will consider whether the arrangements for co-ordination within their own governments need strengthening. This examination will include the questions of strengthening the capability of Member governments to analyse the inter-relationship of energy and environmental considerations and of providing the necessary data base for such analysis.

- 7) The Governing Board at official level is requested to take the necessary measures, in close consultation with the OECD Environment Committee, to implement these Conclusions and in particular to:
 - (a) give weight to environmental considerations in their work on energy policy;
 - (b) keep in close touch with those aspects of the work of the OECD Environment Committee which are of concern to the IEA.
- 8) The OECD Environment Committee are invited to take these Conclusions into account and to continue their co-operation with the IEA in their work in this area.

IV. Enhanced International Collaboration in Energy R&D

- 1) Ministers recognise the need at this time to improve the results of energy research and development through enhanced international collaboration, which should proceed from national needs and programmes of all Member countries, building where possible on existing arrangements, including R&D activities going on bilaterally or in other international fora.
- 2) In particular they:
 - recognise the need to maintain national technology development programmes in order to ensure long term energy security, cost-effectiveness and a healthy physical environment;

- acknowledge that the past ten years of experience in energy technology development provides a background for more selective and rational planning of national programmes, and that the future aggregate effort is likely to be more effective through early consultation at both the technical and political levels;
 - consider that increasing stringency in national energy RD&D budgets places greater urgency on the need for collaborative projects in support of national programmes, and the necessity for more effective monitoring;
 - continue to support on-going and new activities in fossil fuels, renewable energy, fusion technology and greater energy efficiency;
 - agree that early consultations should be directed towards investigating possibilities for joint programme planning in the specific fields of, inter alia,
 - . clean use of coal;
 - . advanced techniques for resource exploitation;
 - . energy technology information systems;
- 3) Ministers concluded that the IEA, with particular reference to the CRD, should:
- serve as a forum for discussion and as a catalyst for facilitating enhanced international R&D collaboration, taking into account the need to co-ordinate with similar work elsewhere;
 - ensure that an efficient process exists for joint programme planning discussions, bilaterally or multilaterally, to increase awareness of opportunities for and of the benefits to be gained from collaboration;
 - identify national barriers to collaboration and to recommend measures for consideration by Member countries to reduce such obstacles;

and that the Governing Board should receive reports on an annual basis regarding the progress being made toward increased collaboration and recommendations on improved early consultations and joint programme planning approaches, as well as the results of the monitoring process.

V. Security of Oil Supply

Ministers agreed that the following action is necessary to ensure continued preparedness to respond to possible oil supply disruptions:

- 1) Maintenance of preparedness against the possibility of future oil supply disruptions will remain among the highest energy priorities of the IEA and each Member country.
- 2) Participation by oil companies in developing, testing and, if necessary, implementing, the IEP Emergency Sharing System and, as appropriate, in other aspects of the IEA emergency preparedness system is essential, commended and encouraged.
- 3) Successful completion of AST-5, and testing the emergency system from time to time, while making efforts to improve the testing process and procedures.
- 4) Fulfillment of IEP stock-holding obligations.
- 5) Implementation of the July 1984 Decision of the Governing Board regarding co-ordinated early use of oil stocks and other measures to reduce oil consumption in supply disruptions which could cause severe economic harm, including:
 - Member countries whose stocks presently are at lower levels in relation to current net imports than would permit them to make a meaningful contribution to a co-ordinated stockdraw should promptly use their best efforts, taking into account all pertinent factors, to improve their stock positions;
 - continued analysis of the subjects set forth in Appendix II to the July 1984 Decision and other relevant stock, demand restraint and emergency preparedness issues.
- 6) Maintenance and, where necessary, improvement of IEA countries' emergency preparedness programmes, including continued reviews of their emergency preparedness programmes and periodic assessment of the current situation as regards emergency preparedness by the appropriate IEA bodies.

1987 COMMUNIQUE

INTERNATIONAL ENERGY AGENCY

Meeting of the Governing Board at Ministerial Level

11th May 1987

1. The Governing Board of the International Energy Agency (IEA) met at Ministerial level on 11th May 1987 in Paris under the Chairmanship of the Hon. Marcel Masse, Minister of Energy, Mines and Resources of Canada.

2. Since IEA Ministers last met in July 1985, there have been considerable falls in the prices of oil, gas and coal. The market situation is unsettled and future developments are difficult to predict. While lower energy prices have broad economic benefits, they have created serious problems for certain countries, industries, and regions. Increased consumption and reduced indigenous production of energy as a result of lower prices raise concerns about long-term energy security. The Chernobyl reactor accident has underlined the safety aspects of nuclear power. These developments could intensify the tightening of energy markets expected for the 1990s.

3. The central objective of the energy policies of the IEA and its Member countries remains to maintain security of supply in both the short and long term in order to sustain economic well-being. The policies pursued by IEA Member countries since 1974 have been successful. The decisions reached at the meetings of the Governing Board at Ministerial level on 8th May 1983 and 9th July 1985, remain valid. There is a need for energy policies for the 1990s which will:

- maintain energy security through continued development of indigenous energy resources and technologies and improvements in the efficiency of energy use;
- secure the benefits for IEA countries as a whole, of lower energy and oil prices;
- promote free and open trade in energy; and
- further improve preparedness to deal with a disruption in energy supplies.

4. Such policies, implemented on a co-operative basis, will help to promote equilibrium in energy markets, reduce excessive fluctuations in prices and ensure that the energy sector continues to support substantial, non-inflationary growth and reduced unemployment, which are essential to economic and social well-being.

Indigenous Fuel Production

5. Continued investment in energy production on an internationally competitive basis, particularly in exploration and development of resources indigenous to IEA countries, is a vital component in achieving adequate supply to support energy security and economic growth.

6. Falling oil prices occasioned considerable industry-wide expenditure cuts in oil exploration, development and production in the IEA area. Ministers noted that this has had a generally depressing effect on exploration and development activities for gas and coal as well. A cautious attitude toward investment by the oil, gas, and coal industries and the financial institutions supporting them remains.

7. Governments and industry are reacting to recent market developments to counter, in part, the effect of lower prices. Tax and royalty regimes in many producing countries have been substantially adjusted to new conditions, either as a result of automatic adjustments to lower prices, or following deliberate policy decisions. Ministers noted with particular satisfaction the progress made in recent agreements concerning development of indigenous gas resources of IEA countries. Coal production in a number of countries has been further rationalised. Continuing support of technical advances is expected to achieve reductions in finding costs for oil and gas in the medium and long term.

8. Ministers agreed that flexible production and investment regimes will continue to be implemented in response to current and future rather than previous market conditions. Particularly, these efforts should address regulations which restrict trade, create imbalanced royalty or fiscal regimes - including both those for oil and for competitive fuels such as coal or gas - and inhibit hydrocarbon investments. Production regimes in IEA countries should thus encourage investment in and development of indigenous supplies to assure long-term security. Further legal or regulatory steps to relax or remove inhibitions to indigenous fuel production and to competition should

focus, as appropriate, upon: cumbersome and lengthy leasing and licensing procedures, limitations on development of certain areas, and transport and investment requirements.

9. In addition to the contribution of fossil fuels discussed above, on a longer-term basis the development of indigenous renewable sources of energy will become increasingly important.

Efficiency in the Use of Energy

10. All IEA countries attach high importance to energy conservation through increases in the efficiency with which energy is used. Greater efficiency will limit the demand for energy and thus lessen the impact of any future tightening of the energy market. It will reduce the environmental consequences of energy production and use. In addition, increasing energy efficiency brings financial advantages to undertakings and individuals and thus stimulates economic activity; in turn, general economic growth stimulates improved energy efficiency through higher levels of investment and technological innovation.

11. Since 1974, due to high energy prices and to conservation policies, there has been a significant improvement in the efficiency with which energy is used in IEA countries. A large potential remains for further improvements on an economic basis. Ministers agreed to promote, in a way best suited to circumstances in each of their countries, coherent and forceful strategies to realise this potential in all the main sectors of consumption, including the removal of market distortions which prejudice such a valuable objective. They will, together with other government and industry leaders, each make a major effort to publicise and explain the advantages of efficient energy use and the ways in which it can be achieved. They will support the strategies by such measures as wide-ranging information and education activities, fiscal incentives, and the development of innovative methods of private financing of energy conservation investments; voluntary or mandatory energy efficiency standards; the systematic and vigorous pursuit in all public sector activities of efficiency in energy use on an economic basis; and the dissemination of new, proved technologies in accordance with their conclusions on research, development and demonstration. The various organisations in both the public and private sectors concerned with efficient use of energy, particularly the energy producing and consuming industries, should be actively involved in these activities.

Electricity

12. Electricity is basic to economic growth and a high standard of living in IEA countries. There is important potential for improving the efficiency with which electricity is used, generated and transmitted. Nevertheless, new capacity will be needed in many countries in the 1990s to meet increasing demand and to replace existing obsolete capacity. IEA governments and utilities need to take action to ensure that electricity supply remains adequate in the long term and that electricity economics continue to improve.

13. Ministers noted that substantial progress has been made in diversifying the sources of energy in electricity generation and reducing the use of oil. This has been achieved largely by increased use of coal and nuclear energy, which in 1986 accounted for 43 per cent and 21 per cent respectively of electricity production in OECD countries, and thereby strongly contributed to energy supply security. Ministers agreed that, for the future, it was essential for IEA countries to continue to reduce dependence on oil and to diversify the other sources of energy used in this sector. Where economic, multi-fuel generating plants enable consumers to take advantage of competition between fuels.

14. Ministers noted that:

- (a) Coal and other solid fuels will continue to be major sources of primary energy for electricity in many IEA countries. Further work is in hand in the IEA on long-term trends in coal demand (both in electricity generation and other sectors), as well as in coal supply and prices. Existing technologies can substantially reduce emissions from the burning of coal without increasing cost to a point which renders it uneconomic. New technologies are being developed and demonstrated which will improve both the competitiveness and the environmental impact of using coal. It is essential that no time be lost in making these new technologies commercially available to utilities.
- (b) Gas is used in electricity generation in some IEA countries. Substantial additional demand for gas would involve faster depletion of IEA gas reserves or require additional supplies from non-IEA countries. Such additional supplies would, in accordance with the Conclusions adopted at the meeting of the Governing Board at Ministerial level on 8th May 1983, be obtained from as diverse sources as possible.

- (c) Hydropower can make an important contribution to additional generating capacity in some countries. The development of other renewable sources of energy can provide important new options in the longer term in relation both to electricity generation and energy supplies generally and should be actively pursued.
- (d) Nuclear energy. After the Chernobyl accident, which was specific to a particular type of plant, those Member countries for which nuclear energy is a relevant option have carefully assessed the safety of types of reactors used in their countries. A group of countries, which account for the bulk of electricity generation in the OECD region, consider that the standards of safety in their reactor systems and procedures are so high that the risk of major accidents is too remote to justify a change in policy. They therefore intend to continue their nuclear power generation programmes in order to secure the economic and environmental advantages which flow from them. A few countries still have their programmes under review. Other countries have decided not to produce nuclear power either because they have other non-oil resources available or because they consider the long-term environmental impacts and the residual risks of nuclear energy production, even under the highest safety standards, to be unacceptable. One country has decided to discontinue its existing nuclear programme by early in the next century.

15. A significant limitation of any of these options, in particular of coal or nuclear, for the IEA as whole would increase demand for other energy sources and thus the costs of achieving energy security. The IEA will continue and deepen its analysis of the different options for electricity generation. However, each IEA country will have to decide on the mix of fuels used in generating stations best suited to its particular circumstances. All will, however, seek to achieve a mix which takes into account considerations of energy security, environment, safety and the possible effects of their decisions on other countries. Ministers noted that, despite differing perceptions about the appropriate balance, many and useful international consultations and information exchanges about these decisions were taking place.

16. The safety issues associated with the production of electricity are of fundamental importance, particularly in the case of nuclear energy. IEA

countries have already made important progress in this area and will continue their efforts to ensure the highest standards of safety in all aspects of waste management and of the planning, design, construction, operation and dismantling of nuclear installations. They will give full political and technological support to arrangements for international co-operation on nuclear safety which exist, or are being developed, particularly within the Nuclear Energy Agency of the OECD and the International Atomic Energy Agency.

Emergency Response Measures

17. Ministers reaffirmed the high priority given to the IEA emergency preparedness system, including both IEP oil sharing and the co-ordinated early response stipulated in the Governing Board Decision of 11th July 1984. Total stocks held in IEA countries are now equivalent to more than 160 days of 1986 net imports, which is considerably more than the minimum legal obligation of 90 days by each country. Ministers welcomed the further progress made since they last met in July 1985. Procedures to co-ordinate, carry out and monitor stockdraw and other measures early in an oil supply disruption are being further enhanced. However, a small number of countries is still required to continue efforts to achieve their individual obligations. Ministers emphasized the necessity of complying with the legal obligations of the IEP concerning emergency oil stocks and demand restraint measures.

18. Ministers reconfirmed that the current oil market situation does not offer any room for complacency, that it presents a valuable opportunity both for strengthening IEA emergency preparedness and for narrowing the disparities between Member countries in this regard and that efforts should be continued to ensure security against a supply disruption. In addition to emphasizing the necessity of complying with the legal obligations of the IEP concerning emergency oil stocks and demand restraint measures, Ministers welcomed action by individual countries to increase stock levels and to improve the ability to bring about stockdraw by government initiative. While the IEP requirements already make allowance for stocks not available for use, Ministers acknowledged the benefits of having stocks held against the IEP requirements in excess of that allowance fully available for use. They noted that additional progress in this regard would further enhance emergency preparedness. Ministers also acknowledged

that further enhancement of emergency response measures, including demand restraint, increased supplies of synthetic fuels as appropriate, and stock holding will provide yet greater protection against vulnerability to oil supply disruptions.

19. IEA governments will maintain emergency response programmes, including stock levels that would be available at the instance of governments, under clear and definite authority so as to assure their ability to implement these programmes in an oil supply disruption, in accordance with national law or policy.

20. Net oil importing countries should take advantage of the present situation to actively increase their level of emergency preparedness, including stock levels. It has been noted with satisfaction that a significant improvement of emergency preparedness in the IEA region as a whole is taking place because some countries are increasing the level of government and public entity stocks. Ministers welcomed the continuation of these efforts and encouraged other Member countries to make improvements to the level of their stocks.

21. Net oil exporting countries should further contribute to the general protection of the IEA group against an oil supply disruption, by such means as surge production, stock drawdowns, demand restraint or other appropriate measures.

22. Further improvements of the overall contribution of effective demand restraint measures and stockholdings are justified, particularly for countries whose degree of emergency preparedness is relatively low. Ministers asked the Governing Board to conclude within one year whether and, if so, what steps should be taken within this context to further improve IEA Member countries' capacity, both individually and collectively, to contribute effectively to early responses, including the level and availability of stocks and demand restraint.

23. Ministers agreed on the usefulness of periodically training personnel and testing the emergency response system. Mutual exchange of information and experience and the new round of emergency response reviews would also identify areas for further improvements in the effectiveness of national demand restraint programmes.

Barriers to Trade, Energy Prices and Taxation

24. Energy markets can only function properly if IEA countries avoid barriers to energy trade and follow sound price and taxation policies. Significant progress has been made in implementing the 1985 Ministerial Communiqué commitment to oil product trade on the basis of supply and demand without distortions. IEA countries will resist new protectionist measures relating to energy imports, such as import fees and other trade-distorting measures. They will also continue to reduce, with a view to eliminating, remaining trade barriers, including subsidies, norms or other government controls which impede trade, recognising that other policy considerations, including social and regional ones, may make it necessary to deal gradually with some of these barriers.

Energy Research, Development and Demonstration

25. Technology continues to have a major role to play in providing alternatives for a more balanced and diversified energy mix to ensure medium- and long-term energy security. In light of recent trends in oil prices and of reductions in private and public RD&D expenditures in many countries, it is essential that those activities on which energy security depends should not be prejudiced. Ministers therefore re-emphasized their commitment to pursue the development of economically sound and environmentally acceptable energy technology options. They will also seek to improve collaboration between government and industry in research, development and demonstration of energy supply and end-use technologies, both at the national and at the international level.

26. RD&D for the development of indigenous hydro-carbon supplies has traditionally been provided by the private sector. A number of projects may now be delayed or curtailed with implications for longer-term energy security. Governments should be aware of these developments and will examine how they can work with industry to ensure continuity.

27. Ministers agreed to pursue the development of technologies for improved energy efficiency on a national and multilateral basis including through IEA collaboration agreements. They also stressed the importance of such activities as analytical and information programmes to facilitate a wide dissemination of successfully demonstrated end-use technologies, which deserve a geographically broader market penetration.

28. Ministers agreed to seek further opportunities to advance the development of renewable energy technologies through joint activities, while recognising at the same time that priorities in this area have to be identified by individual countries since resource availability, economics and institutional barriers are in general highly dependent on local circumstances.

29. The transportation sector, where technology has been slow to provide new economic options, is still essentially dominated by petroleum-based liquid fuels. Ministers agreed that more attention should be focused on R&D efforts to promote a higher degree of diversification in this sector.

30. Based on the above considerations, Ministers decided to extend the active pursuit of enhanced international collaboration, through joint consultations at an early stage of R&D planning, to new fields, including end-use efficiency, new renewable technologies, and diversification of transportation fuels.

31. Finally, Ministers stressed the importance of continued international collaboration to optimise the use of the very considerable resources still needed for the development of nuclear fusion technology.

Energy and the Environment

32. Energy production and use should be carried out in an environmentally acceptable manner. Ministers reaffirmed their commitment to promote actively in their energy policies those lines of action which advance the objectives of both energy and environmental policy on the lines set out in the Conclusions on Energy and the Environment adopted at their meeting in July 1985. Solutions to the environmental problems associated with energy are fundamental to the maintenance of adequate, economic and secure supplies. Ministers also again emphasized that just as the formulation of energy policy should give due weight to environmental considerations, so should environmental policy give due weight to energy policy considerations. The IEA has already given much attention to following up these decisions. The decisions taken at the current meeting on efficiency in the use of energy, on electricity generation and on research, development and demonstration including work on renewable energies and transportation, will all advance the objectives of both energy and

environmental policies. It is important that a proper balance be maintained between energy and environmental policies which at the same time stimulates research, development and commercialisation of new cleaner energy transforming and using technologies.

33. The increase of the atmospheric content of carbon dioxide, due to a large extent to the burning of fossil fuels, may have potentially serious consequences on the environment and specifically on climate, agriculture and sea levels. A well co-ordinated multinational research effort is essential to assess the likelihood, extent, and timing of such consequences. The IEA will follow progress and evaluate its implications on energy policy.

Relations with Non-IEA Countries

34. Developments and policy decisions in developing countries and other non-IEA countries will have an increasingly important effect upon global energy balances, and thus upon the energy future and economic well-being of all countries. Continuing constructive contacts between parties concerned to gather and exchange information about energy developments and to promote understanding can contribute to sound energy policy actions both inside and outside the IEA.

35. IEA countries will give increased attention to sound investments in exploration and development activities of developing countries with significant potential for future hydrocarbon supply. Ministers will support activities of international organisations to help improve investment regimes or to help finance investment in energy sectors of developing countries, as well as bilateral development aid projects directed towards energy.

Implementation

36. Regular monitoring of progress both by the IEA and its Member governments is essential to the successful implementation of these decisions. This work will be helped by the regular exchange of information and experience. Ministers instructed the Governing Board at official level to review and where necessary strengthen the arrangements for such monitoring and exchanges.

1989 COMMUNIQUE

INTERNATIONAL ENERGY AGENCY

Meeting of the Governing Board at Ministerial Level

30th May 1989

1. The Governing Board of the International Energy Agency (IEA) met at Ministerial level on 30th May 1989 in Paris under the Chairmanship of His Excellency, Mr. José Claudio Aranzadi, Minister for Industry and Energy of Spain.

2. PREVIOUS GAINS AND CURRENT SITUATION

Ministers agreed that development in the main energy markets, including efficiency gains, sufficient supplies, more competitive markets and lower prices than earlier in the decade, are contributing positively to overall economic activity in IEA countries and in the world economy. Energy security, both for IEA countries and for the world at large, has improved considerably as a result of policies and programmes implemented in the 1970s and 1980s in such areas as efficiency and conservation, fuel diversification, indigenous resource development, emergency preparedness, natural gas security and enhanced R&D collaboration, as well as market pricing, deregulation and privatization, greater competition and reduction of trade barriers.

3. LOOKING AHEAD TO THE 1990'S AND BEYOND

Ministers called sharp attention, however, to two aspects of the current energy situation to which they attach particular importance and view with deep concern:

- growing world-wide oil consumption, particularly for transportation, with its eventual medium-term consequences of a tighter supply/demand balance and renewed vulnerability to supply disruptions; and
- the environmental aspects of energy supply and consumption, including both the more conventional and better-known pollutants and the growing atmospheric concentration of CO₂ and other “greenhouse” gases and its long-term consequences for global warming and climate change.

They therefore confirmed again their long-standing commitment to ensuring that energy security and policy objectives are achieved while also achieving a clean and healthy environment, and agreed that the IEA and its Member countries will take vigorous energy policy action, in particular greater efficiency and technology improvements, to address these challenges of the 1990s in order to prevent them from acting as a constraint on economic growth in industrialized countries or on development in other countries.

They also noted certain other aspects of future market developments which also require further attention, and in some cases action by governments as previously agreed in the IEA:

- growing energy consumption, particularly in oil and electricity, is eroding gains achieved earlier on both the supply and the demand side;
- maintaining sufficient oil supply, particularly in view of production declines in some OECD countries, will require investment climate and conditions conducive to sustaining reserve additions, especially outside the Middle East, and close attention to how the oil industry adjusts to fluctuating prices and to the effect which changes in ownership and other structural developments may have on competition within the industry;
- barriers and other distortions to energy trade in coal and other forms of energy, where they remain, must continue to be reduced with a view to their elimination, and no new barriers or other distortions must be allowed to arise;
- rising demand for natural gas must be met in accordance with previous decisions by Ministers regarding security and diversity of supply, and taking into account the long-term reserve situation and environmental characteristics of gas;
- possible difficulties in meeting rising demand for electricity (despite greater efficiency in generation and end use) if there are constraints on further diversification of energy sources through greater use of coal, natural gas, nuclear, hydro and other renewables;
- rising demand for energy in developing countries and in centrally planned economies.

4. POLICIES TO DEAL WITH FUTURE CHALLENGES

Ministers agreed that energy security in both the short and long term, in order to sustain economic well-being, can and must be maintained despite the risks inherent in the above aspects of future energy developments. They agreed upon the need for strongly reinforced policies as regards oil demand within a context of competitive energy markets, open energy trade and investment and sound price policies. They also agreed upon vigorous new action as regards energy and the environment. In general, they called for keeping open a broad range of energy policy options which consolidate previous gains but are adjusted to meet the changing circumstances which can now be foreseen.

(a) Emergency Preparedness

Ministers recognised that a large portion of the oil supply of IEA countries is and will be imported from areas where supply disruptions cannot be excluded. They also noted that growing consumption is already absorbing surplus capacity in various parts of the oil supply chain (including production, transportation and refining) with a corresponding reduction of flexibility and growth of vulnerability. They agreed that preparedness to meet oil supply disruptions through the IEA's systems for responding to supply disruptions, which include co-ordinated early stockdraw and other measures, as well as emergency oil sharing, remains a principal concern of international co-operation within the IEA for the purpose of maintaining its Member countries' economic well-being. Those systems will therefore be maintained in readiness by periodic testing, review of Member countries response capacities and any improvements which may be necessary to reflect changing market and industry structures. Recalling their decision in 1987 that IEA countries will maintain stock levels that would be readily available at the instance of governments, under clear and definite authority so as to assure their ability to implement these systems in an oil supply disruption, they applauded the efforts of those IEA countries which have increased their government, public entity and private stock levels as protection against the risk of supply disruptions. They encouraged them and others to continue those efforts and to improve their stock-draw authority and procedures and demand restraint measures and procedures, in line with the commitments undertaken in the 1987 decision.

(b) Diversity of Energy Supply

Ministers agreed that diversification of energy supply must be further pursued, in order to avoid greater dependence on oil and to make economic use of available resources. They therefore agreed to pursue further diversification by means of:

- appropriate investment conditions for oil exploration and development and competitive industry and market structures;
- more environmentally acceptable use of solid fuels;
- greater use of natural gas from diversified sources;
- greater use of renewables where available technology and local conditions make them economic, and greater efforts to make them more competitive;
- provision of adequate and diversified electricity generation capacity.

Ministers recalled their decision in 1987, in view of the different positions which exist in IEA countries regarding nuclear power, that each IEA country will have to decide on the mix of fuels used for electricity generation best suited to its particular circumstances, taking account of energy security, environment, safety and the possible effects of their decisions on other countries. Some countries have adopted the nuclear option, and they intend to continue their nuclear power generation programmes in order to secure the economic and environmental advantages which they consider flow from them. All IEA countries agree upon the necessity for continuing to apply the highest available standards of nuclear safety in all its aspects, particularly operation and waste management.

(c) Greater Energy Efficiency and Conservation

Ministers agreed that greater energy efficiency and conservation is both possible and necessary in the use of all forms of energy in order to continue the gains already achieved and to increase the rate of improvement above present levels. It will be pursued vigorously by the governments of all Member countries for both energy security and environmental reasons, concentrating on:

- achieving long-term results in large and fast-growing sectors of energy use such as transportation; electricity generation and end use; heating; and energy process requirements; and

- using market-based pricing and such of the following measures in each sector as are appropriate and effective under national circumstances:
 - . provision and dissemination of information, such as labelling;
 - . removal of institutional and other market barriers;
 - . support for the development and application of technologies for more efficient energy transformation and end use;
 - . financial or fiscal incentives, taxation;
 - . voluntary and mandatory standards;

in each case taking account of the economic and other costs involved.

(d) Energy and the Environment

Ministers have previously stressed the important links between energy and the environment, and consequently the need for integrated policies which further energy security, environmental protection and economic growth. Now in 1989, particularly in view of increasing evidence of the risk of global warming and climate change and the necessity to respond to this issue, Ministers reiterated their previous position and moreover called for vigilant, serious and realistic assessment on a global basis of what energy policies can contribute to meeting these challenges, and of their economic and social impacts. They noted that CO₂ and other greenhouse gas emissions originate from OECD countries, but also, in a large and growing proportion, from non-Member countries; and that all countries are affected by the result. They therefore stressed that a high degree of international co-operation, as advocated by the World Commission on Environment and Development, will be required. They also stressed the need to pursue greater scientific understanding, to assess the kinds of policy responses which may be necessary, and to implement them on a global scale. They agreed that this will be a long and on-going process in which the IEA and its Member countries can show leadership within the overall international process which is developing for addressing climate change issues, with a view to integrating energy security and environmental policies in both the short and long term. They agreed that for this purpose the IEA will continue its co-operation with the OECD and will participate in the activities of the Intergovernmental Panel on Climate Change as a focal point and other international activities, in the manner and to the extent determined by the Governing Board at official level in each case.

Ministers noted the range of RD&D and other activities which the IEA and its Member countries have already taken to address the clean use of coal (especially in electricity generation) and motor vehicle pollutants, and welcomed the significant progress which has been made in many countries toward reducing emissions of sulphur and nitrogen oxides, lead in petrol, air particulates, water pollution and hazardous wastes from these sources. They agreed, however, that further action is necessary to achieve more widespread application of existing pollution control technologies as well as further technological advances, and that these efforts must be continued vigorously in all Member countries and especially in those countries which encounter difficulties and where less progress has so far been achieved, taking due account of the important cost implications involved. Industry also has a central role in confronting environmental challenges. The IEA will continue to stimulate and support close co-operation between governments and industry in order to meet these challenges.

Ministers requested the Governing Board at official level to examine possibilities for international collaboration within the IEA to improve the technologies and procedures available for preventing and treating oil spills and other accidents in the petroleum production, transportation and processing system.

Ministers also considered emissions of carbon dioxide and other gases from fossil fuel combustion and other sources which contribute to the greenhouse effect. They noted especially the complexity and uncertainties of the relationships between greenhouse gas emissions from fossil fuels and atmospheric concentrations, and consequent climate change, as well as the world wide dimensions and implications of these issues.

Ministers, recognising the responsibility of IEA countries to contribute to the solution of environmental problems, pledged that they will not wait for all uncertainties to be resolved, but will act now by taking energy policy measures promptly to address these problems, focusing on prudent steps that take account of the various costs involved and are consistent with agreed IEA policies for energy security. Ministers recognised that even though such measures by themselves cannot quickly resolve all the problems on a global scale, they can nonetheless begin to make a contribution in the medium and longer term.

Ministers therefore pledged to pursue in their respective energy policies:

- (i) increased conservation and energy efficiency along the lines set out in Section 4(c) above;

- (ii) when fossil fuels are used, setting strict standards for SO_x and NO_x emissions and encouraging introduction of advanced cleaning and combustion technologies;
- (iii) evaluation, on the basis of their entire fuel cycle and their other environmental consequences, of the possibilities for making greater use of available energy sources with lower levels of CO₂ and other greenhouse gas emissions, such as natural gas and, where economic or where they can be made more competitive, renewable and other energy forms, to meet growing energy needs;
- (iv) where national decisions so contemplate, the use of nuclear power; this will be facilitated by demonstrating that safety both in operation and in waste disposal has already been, and will in the future, be maintained and further improved through such means as more efficient and reliable regulatory controls, accompanied by RD&D and other actions further to improve reactor design, construction, operation and decommissioning as well as the front and back ends of the nuclear fuel cycle;
- (v) RD&D to develop new and improved technologies for greater energy efficiency, for nuclear fusion and hydrogen fuel processes; and for renewables such as solar, wind, hydro power, biomass and geothermal;
- (vi) continued and intensified RD&D to identify and assess technological methods for containment and removal of greenhouse gas emissions in the longer term;
- (vii) re-examination of priorities within their existing bilateral and multilateral energy assistance and R&D collaboration programmes with a view to determining whether reorientations or new programmes are needed to strengthen the contribution which developing countries can make to the global response to climate change issues;

and agreed that progress achieved in these areas will be closely monitored and assessed within the IEA's Country Review process.

Ministers discussed the new element which these concerns about global climate change have introduced into energy policy formulation. They agreed that this new element will have to be taken into account by all IEA countries in developing the energy policy options which they will

choose by national decision for their contributions to the climate change issue. These options would include greatly improved efficiency, new technologies and nuclear power.

In agreeing to take these actions, Ministers cautioned that severe short-term measures designed to produce quick results (such as sharp tax increases or other abrupt changes in the economics of providing and using energy, or phasing out individual fossil fuels) could also produce very high energy and general economic costs. In this regard, they noted that economic growth is necessary not only in itself but also to provide for environmental protection on an economically sound basis through financing new and less polluting infrastructure, funding RD&D, and adapting technologies to the needs of non-Member countries. They therefore stressed the need for a balanced, integrated bundle of realistically implementable and cost-effective energy-related and other responses, without losing sight of the need for energy security.

Ministers also noted that in addition to the strong contribution they contemplate from the energy sector, action will also be required in other important sectors of economic activity such as agriculture, transportation and industry, and called for reliable analysis of the micro- and macro-economic impacts from all sectors.

(e) Energy Technology and RD&D

Ministers agreed upon the continued and increasing importance of energy technology and RD&D not only in all the areas where it is specifically referred to above but also in general, as an essential basis for maintaining energy security in the long term. They agreed that it should be intensified in all Member countries across the full spectrum of laboratory development, testing, pilot plant and prototype demonstration, and dissemination and commercialization and within a context of strong international collaboration; government and private sector participation within competitive energy markets; and cost effectiveness. Ministers noted the results of the IEA/OECD expert seminar on technologies for reducing greenhouse gas emissions, and agreed that the main priorities for future IEA RD&D activities should include technologies for better energy efficiency; for more environmentally acceptable use of coal; for enhancing the availability of low cost indigenous oil and natural gas resources; for increasing the accessibility of remote natural gas

reserves; for renewable sources of energy and their effective integration into energy systems; for upgrading the reliability, flexibility and efficiency of the electricity sector; and for improving nuclear fission technologies and demonstrating the feasibility of nuclear power fusion systems. They therefore invited the Governing Board at official level to define goals and directions for orientation of future IEA RD&D activities on this basis.

5. ENERGY IN NON-MEMBER COUNTRIES

Ministers noted that energy supply and demand in non-Member countries will increasingly have a stronger impact upon the world energy situation and upon the ability of IEA countries to pursue effectively the kinds of energy policies referred to above, especially those relating to greater energy efficiency and to energy and the environment. They welcomed the significant progress which the IEA has made in providing more information and better understanding about energy developments in non-Member countries (including a more comprehensive statistical data base), and the contacts and activities which have been undertaken to share information and to participate in other efforts with a number of non-Member countries (including a more comprehensive statistical data base), and the contacts and activities which have been undertaken to share information and to participate in other efforts with a number of non-Member countries and other international organisations. Ministers therefore agreed that available information should continue to be improved and analysed in greater depth in order to identify and assess what practical steps might be undertaken, and that appropriate contacts with non-Member countries on such subjects as energy data, energy demand and efficiency and energy and the environment, should continue to be established and maintained, as Ministers have agreed previously, for those purposes and to help keep non-Member countries informed as to the content and purposes of the IEA and its policies.

1991 COMMUNIQUE

INTERNATIONAL ENERGY AGENCY

Meeting of the Governing Board at Ministerial Level

3rd June 1991

1. The Governing Board of the International Energy Agency (IEA) met at Ministerial level on 3rd June 1991 in Paris under the Chairmanship of His Excellency, Mr. Adolf Ogi, Federal Councillor, Minister of Transport, Communications and Energy of Switzerland.

I. HISTORIC CHANGES SHAPE ENERGY DEVELOPMENTS

2. Ministers reviewed the current energy situation against the backdrop of major developments occurring since they last met in May 1989:

- The Gulf crisis and ensuing war;
- The ever-increasing importance of the relationship between energy and the environment;
- The movement towards market economies in Central and Eastern Europe and new energy linkages with the West;
- The uncertainty surrounding energy developments in the Soviet Union as it embarks on reform; and
- The continued rapid growth in energy consumption in many non-Member countries, and their increasing prominence in world energy markets.

3. Looking to the end of the century and beyond, and considering the energy implications of these developments, Ministers attached particular importance to four aspects of the current situation:

- *Emergency Preparedness:* The Gulf crisis has tested and proved the value of the IEA's emergency response mechanisms, as Member countries demonstrated the political will to take concerted action. Recognising the continuing rise in oil import dependence in the OECD region and the increasing dependence on oil from the Middle East, Ministers concluded that IEA Members must pursue their efforts to reduce further their vulnerability to oil supply disruptions.

- *Energy Security Challenge:* Ministers recognised that reduced vulnerability will require maintenance of diversified energy supplies, both in terms of fuels and sources. Energy security would be further enhanced by Member countries exploiting all economic and environmentally appropriate opportunities to promote energy production worldwide. Ministers stressed that improvements in energy efficiency and conservation, the introduction of new technologies, and the development of competitive markets and liberalised trade are also important elements in meeting the energy security challenge.
- *Energy and the Environment:* Ministers reaffirmed their strong commitment to develop integrated policies which further the objectives of energy security, environmental protection and sustainable economic growth. They welcomed the progress that OECD countries have made in this regard, particularly the heightened attention to the environment expressed in all sectors of the economy and society. Ministers especially addressed the challenge that the issue of global climate change poses for the energy sector.
- *Non-Member Countries:* Ministers welcomed the growing convergence of the energy interests of OECD and non-OECD countries. With half of the world's energy consumption now occurring outside the OECD area, Ministers stressed the need for the IEA to develop expanded relations with these countries. Assisting non-OECD countries in the development, and where necessary, the restructuring of their energy systems would be mutually beneficial. Ministers recognised the importance of sound relations with oil producing countries and agreed that contacts should be further developed to promote communication and understanding among oil market participants.

II. THE GULF CRISIS AND EMERGENCY PREPAREDNESS

4. Ministers recalled the co-operation and cohesion of IEA countries throughout the crisis, as well as the resolution and pragmatism which had enabled Member countries unanimously to adopt and subsequently implement their contingency plan in a flexible manner in anticipation of a possible shortfall. They welcomed the participation of Finland, France and

Iceland in the plan and they commended the Industry Advisory Board for its valuable advice to the Governing Board during the crisis. They also commended the co-operative spirit shown by oil producing countries which had increased their oil production during the crisis to compensate for lost Iraqi and Kuwaiti supplies. Ministers recognised the need for the IEA to explore means to advise non-Member countries on emergency preparedness, drawing on IEA models.

5. Ministers concluded that a fundamental lesson to be drawn from the crisis is that IEA Member governments must continue their successful efforts to reduce their vulnerability to oil supply disruptions, through continued substitution and efficiency improvements, and renewed efforts to develop indigenous and worldwide energy resources in an economic and environmentally acceptable fashion. Ministers noted the efficient working of oil markets, aided by new and improved trading practices, and the need to strengthen further their operation by reducing trade barriers, continuing deregulation, and enhancing price transparency. They noted, in particular, that unimpeded pass through of oil price changes during the crisis had played an important role, both in reducing overall demand and in averting imbalances in the supply of products. They underlined the importance, more generally, of efficiently operating markets in emergency response.

6. Ministers confirmed the need for continued strengthening of IEA emergency preparedness and the importance of stockdraw, demand restraint, and other relevant measures. Cognisant that in the particular context of the Gulf crisis stockdraw accounted for the major portion of its contingency plan, Ministers recommended that Member countries with stock obligations strengthen, where necessary, government control over emergency industry stocks and/or increase government-owned or controlled stocks. Given the unpredictable nature of supply disruptions, Ministers urged all IEA countries to meet fully their emergency reserve commitments, and encouraged Member countries to increase their emergency reserves above the 90-day level, as appropriate, and to improve the efficacy of their demand restraint measures. They stressed the complementary nature of stockdraw, demand restraint and other measures, as well as the importance of Governments choosing the balance of measures most efficient in particular national circumstances.

7. Ministers noted the valuable role played by the refining industry in adjusting to the loss of Iraqi and Kuwaiti oil, and urged Member countries to take account of the need for enhanced refinery flexibility, as well as the

balance of crude oil and product stocks, in their emergency planning. They drew attention to the importance of an adequate and environmentally safe international tanker fleet, as well as improved oil spill prevention and clean-up efforts. They stressed also the need for continued improving as well as periodic and timely testing of IEA emergency preparedness systems, including the Allocation Systems Test.

8. Ministers expressed abhorrence at the continuing ecological effects and the waste of petroleum resources associated with the wanton destruction by Iraq of Kuwaiti oil facilities during the Gulf war.

III. THE ENERGY SECURITY CHALLENGE OF THE 1990s

A. Diversified Energy Supply

9. In view of the ever greater proportion of imported **oil** in the OECD area, Ministers encouraged Member countries to exploit all economic and environmentally appropriate opportunities to minimise declines in their own indigenous oil production and to promote diversified investments in worldwide production. Simultaneously, Ministers noted that the future growth in demand for petroleum products nevertheless will be greatest outside the OECD, particularly in the Asia-Pacific region. Additionally, there will be continuing change in both the relative volumes and qualities of petroleum products marketed. Ministers, therefore, underscored the need to adjust supply capabilities to changes in the volume and structure of petroleum product demand.

10. Ministers noted that **natural gas** is a relatively clean fuel and that demand for it is expected to grow rapidly in most IEA countries, with demand in power generation, including combined heat and power systems, being the fastest expanding area. Ministers noted that gas could make a contribution to reducing vulnerability in the transport sector where fuel diversity is weakest. Ministers welcomed the growth in international trade in natural gas, including LNG. They pointed out that ample gas resources exist to supply OECD regions for the foreseeable future and that a commercial approach to the development of more open and competitive markets would ensure the exploration, development and production of these resources. Ministers stressed the need for diversity, long-term availability and security of sources of gas supplies.

11. Ministers recognised that substantial new **electricity** generating capacity will be required in many Member countries to meet expected demand growth, even with significant improvements in the efficiency of its production and use. Ministers stressed that pollutants from electricity generation can be reduced through the use of clean fuels and clean technologies, and they underlined the importance of demand-side measures to encourage the most efficient use of energy by consumers. Ministers invited Member countries to explore possibilities for increased trade and competition in the provision of electricity, without endangering security of supply, and agreed to remove impediments to electricity trade where present. While fuel choice will be based on local circumstances, Ministers agreed that flexible generating capacity and diversified fuel sources will be required. Ministers further agreed that a significant limitation of any generating option for the IEA as a whole would increase demand for other energy sources, and thus potentially reduce energy diversity and security.

12. Ministers observed that ample, low cost, secure sources of **coal** and other solid fuels are available to OECD countries, and that coal importers have a wide choice of suppliers. They noted that, although progress has been made in reducing barriers and other distortions to coal trade, effective measures must be taken to achieve further significant reductions leading to improved competition, accompanied by appropriate regional and social policies. They stressed that no new barriers or other distortions must be allowed to arise. Ministers noted that, along with barriers to trade, the other major factor that could limit the role of coal in achieving adequate energy diversity is the concern about greenhouse gas emissions. They therefore urged greater use of clean coal technologies with high conversion efficiencies to help mitigate this problem. Ministers saw the role of industry as essential in ensuring the commercial availability of new technologies, and underscored the importance of research in the clean and efficient extraction and use of coal to ensure maximum fuel diversity in energy supply. Ministers encouraged international co-operation, information exchange, and technology commercialisation and dissemination aimed at raising the efficiency of coal use in developing and Central and Eastern European countries.

13. Ministers recognised the substantial contribution that **nuclear energy** makes in a number of Member countries and, consequently, to the overall energy supply and mix of IEA countries. They noted that a number of countries are also of the view that the use of nuclear energy because it emits no sulphur dioxide, nitrogen oxides or greenhouse gases, provides an

important response to the challenge of stabilizing of greenhouse gas emissions. Ministers of those countries expressed the view that the nuclear option must therefore be maintained as an essential element of the diversification of their primary energy supply. Ministers agreed that it was essential to maintain and further develop the highest available standards of safety, and in particular encouraged continued and strengthened international co-operation in approaches to the safe operation of nuclear facilities, to waste management and to the development of new reactor systems. Ministers recognised that each IEA country will have to decide on the mix of fuels used for electricity generation best suited to its particular circumstances, taking account of energy security, environment, safety and the possible effects of their decisions on other countries.

14. Ministers acknowledged hydropower's contribution to electricity production, but recognised the physical limitations and environmental constraints on substantial further expansion. Ministers expected other **renewable energy** sources, currently about one per cent of total OECD electricity capacity, to continue increasing their share, but acknowledged that they are unlikely to replace other fuels in a major way over the coming years. In view of the environmental and energy security advantages generally offered by renewable forms of energy, Ministers urged their increased commercial development, demonstration, and integration into energy systems.

B. Energy Efficiency

15. Ministers agreed that energy efficiency and conservation have made a major contribution in the past to the achievement of energy security, environmental and economic goals by reducing the overall level of energy demand and the related burden on the environment. Recognising that there is considerable scope for further efficiency gains, but that numerous barriers exist to realising these gains, Ministers undertook to pursue policies which reduce barriers and stimulate investment in energy efficiency. To this end, they urged greater attention to analyzing available data on new efficient technologies, equipment and appliances in order to better understand and assess not only the potential contribution of energy efficiency, but also its costs in achieving policy goals, including environmental objectives and targets. Noting the many examples of successful activities in Member countries relying on a balance of market principles and government

responsibilities, Ministers stressed the importance of sharing this experience internationally. They agreed the IEA should continue to assist Member countries in developing co-operative approaches to enhance energy efficiency, including encouraging the reduction of barriers to trade in energy efficient products and technologies.

16. Ministers noted with concern the continued growth in oil demand in the transport sector and they urged the acceleration of efficiency gains in this sector. They undertook to work with their Transport colleagues and industry to increase the availability of fuel efficient vehicles, stimulate the greater use of mass transit, encourage the switch from road to rail for goods transport, and remove barriers to the use of alternative transport fuels. In the area of electricity, which is also experiencing strong demand growth, Ministers undertook to continue to co-operate with the utility industry, other industries, manufacturers, and consumer organisations to accelerate the rate of application of energy efficient technologies in both the production and end-use of electricity. They drew attention to the benefits of combined heat and power and district heating for significantly improving the efficient use of energy. They also pointed to the energy conservation potential in space heating, which could be in large part realised through the introduction of suitable thermal insulation standards.

17. Ministers stressed the responsibility of industry and individual consumers in achieving energy efficiency and conservation objectives. They acknowledged that governments have an important leadership role in energy efficiency and conservation, and therefore reaffirmed their commitment to continue to foster research, development and demonstration of energy efficient technologies, and to create greater awareness among consumers through information programmes, including labelling, of the relationship between environment and energy use.

C. Energy Technology and Research and Development

18. Ministers recognised the need for an assessment of the long-term options in an energy technology strategy for future decades. Special emphasis should be placed on those technologies which enhance diversity, efficiency and safety, extend and improve prospects for utilising reserves of conventional fossil fuels, and make available new and alternative energy sources. Ministers underlined the importance of sustained and balanced R&D and

demonstration funding for energy technology innovation if the goals set for energy security, environmental protection and economic growth in the long-term are to be achieved.

19. Ministers acknowledged the need to support national commitments and strategies through the allocation of adequate resources for technology R&D and demonstration programmes in the energy and environmental mitigation areas. Ministers agreed that programmes should reflect the changing R&D and demonstration priorities resulting from the integration of energy and environmental goals. In particular, they noted that major new developments in areas such as renewable energy, nuclear power systems, innovative conservation technologies, and CO₂ capture and utilisation are necessary, as well as more efficient ways of utilising fossil fuels, if the longer term challenges of global climate change are to be met. In this regard, Ministers expressed the view that a phased and flexible strategy for technology development and transfer would help to reduce energy-related greenhouse gas emissions. Ministers, in recognising the importance of access to energy technology in a response strategy to the global climate change issue, invited IEA Member countries to explore means for more effective energy technology transfer, information dissemination, and training for effective utilisation.

20. Ministers agreed that increased effort should be undertaken to speed the development and diffusion into the market of new and improved energy technology options, both within the OECD region and in the non-Member country area. In this regard, Ministers requested an early evaluation of practical proposals, such as an information clearinghouse mechanism and a data and information exchange system amongst innovative environmental technology programmes, so that they might, if agreed, be developed and implemented by IEA Member countries to facilitate this goal.

21. Ministers pledged continued support to multilateral R&D and demonstration collaboration in order to minimise duplication of efforts and to enhance the impact of financial and other resources available to Member countries for preparing new and improved energy technology. In particular, Ministers endorsed a broadening of collaborative mechanisms, such as the IEA's Implementing Agreement process, and urged the early and full participation of the energy industry in such collaboration. Furthermore, Ministers requested that an appropriate legal framework be developed to facilitate the possible participation of non-Member countries and multilateral organisations in IEA Implementing Agreements.

IV. ENERGY AND ENVIRONMENT

22. Ministers reaffirmed their strong commitment to address energy-related environmental problems nationally and internationally. They emphasized that action is needed, not only to address conventional pollutants and greenhouse gas emissions, but also the problems related to siting of new energy facilities. Ministers underscored the need to find the most cost-effective means for doing so, and to develop policies which harmonize approaches relating to the full range of environmental concerns, in a manner consistent with the need for diversified energy supplies and unfettered international trade in energy. Ministers instructed the IEA to continue to assess the possibilities and implications of intensified development and implementation of policies bearing upon energy and environment concerns, particularly policies to promote energy efficiency.

23. Ministers discussed the challenge that the global climate change issue poses for the energy sector, and reaffirmed their commitment to meet this challenge. They noted the significant work undertaken by the IEA and its contribution to the first assessment report of the Intergovernmental Panel on Climate Change (IPCC). They requested the IEA, working closely with the OECD, to continue to assist the IPCC and the Intergovernmental Negotiating Committee on a Framework Convention on Climate Change (INC) by providing the results of its analytical work. In this regard, they highlighted the importance of the IEA's ongoing work on emissions inventory methodologies and databases, and its analyses of policy instruments and technologies relating to major energy sectors, such as transport and electricity, and of important responses, such as energy efficiency.

24. Ministers encouraged the IEA to work closely with non-OECD countries to help them integrate energy-related environmental considerations into their energy policies and strategies. They therefore welcomed the up-coming United Nations Conference on Environment and Development (UNCED), and encouraged the active participation of the IEA with the OECD in the lead-up to the UNCED.

25. Ministers welcomed the fact that OECD countries have adopted targets or are developing national strategies for the stabilization or reduction of greenhouse gas emissions. Ministers acknowledged that concerted global action will be required and that OECD countries should take a leading role in this context. They found, however, that in most cases appropriate and

effective policies to carry out the commitments still needed to be developed, as well as the data and analysis to enable Member governments to make informed choices. They requested the IEA to facilitate this process by both IEA-wide and individual country assessments of the technical potential for reducing greenhouse gas emissions, as well as the costs, benefits and relative cost-effectiveness of the various means for realising such potential. They recognised the need for governments to gather such information and provide it to the IEA and other Member countries. Ministers considered IEA analyses important to understanding when, and at what costs and benefits, stabilization or reduction of greenhouse-gas emissions could be achieved, and to examining possible approaches to assess comparability among OECD countries. In this regard, Ministers stressed that all nations would need to associate with any Framework Convention on Climate Change if it were to be effective.

26. Ministers urged the IEA to work with OECD in its analysis of the effects of economic instruments for environmental protection on trade, economic growth and income distribution, resource production, and diversity of supply. They requested the IEA to assess the economic and energy security implications of measures, such as a carbon tax, to abate greenhouse gas emissions, and to develop, on a global level and in a comprehensive manner, indicators of progress for the energy sector in mitigating greenhouse gas emissions. Ministers also requested the IEA to assist Member countries in developing concerted policies and approaches in responding to the global climate change problem, particularly in the context of the INC Framework Convention negotiations.

27. Ministers emphasized the important roles of industry and consumer awareness in the successful implementation of energy policies to achieve environmental goals. Ministers therefore urged concerted efforts in energy education and information on the part of government, industry, and consumers. They urged the IEA to find more effective ways to bring industry's expertise into its analytical work and its collaboration on R&D and demonstration and transfer.

V. CO-OPERATION WITH NON-MEMBER COUNTRIES

28. Ministers welcomed the increased emphasis on improving contacts and co-operation with non-Member countries in view of their growing

importance in world energy markets. Ministers underscored the need for the IEA to provide advice to these countries on the development of sound energy policies and strategies, based on a market-oriented approach. In the face of growing environmental difficulties and the challenge of global climate change, they noted that these countries could benefit from the experience of IEA countries in integrating energy and environmental policies. Ministers also recognised the vulnerability of these countries to oil supply disruptions and price variations, and therefore urged the IEA to undertake work on how market mechanisms might be used to help them cope with such contingencies.

29. Ministers welcomed movement towards market economies and efforts to restructure energy sectors in **Central and Eastern European** countries. They requested that the IEA pursue a broad programme, including comprehensive IEA country surveys and participation in appropriate Agency activities, for assisting these countries to continue the liberalisation and reform of their energy regimes. Ministers recommended that these activities be co-ordinated with those national and multinational organisations associated in the G-24 process.

30. Ministers recognised that the **Soviet Union** continues to be an important energy consumer and supplier. Although possessing vast energy resources, its productive capacity, especially with respect to liquid hydrocarbons, was under strain and future output was uncertain. Ministers expressed the view that as the USSR makes progress in implementing fundamental economic reforms, a wider range of IEA actions to assist the Soviet Union, along the lines identified in the energy chapter of the IMF/IBRD/OECD/EBRD study of the Soviet economy, would be feasible. Ministers instructed the IEA to follow-up on the study to provide more detailed information, policy analysis and recommendations on the energy situation in the Soviet Union. They urged that special attention be given to problems facing the Soviet oil and gas sectors, and its nuclear programme.

31. Ministers noted with interest the expressed objectives of the draft **European Energy Charter**, namely to develop closer economic links with Central and Eastern Europe and the Soviet Union, to protect the environment, to enhance security of supply, to promote free and undistorted energy trade, and to assist the process of their economic reform. Recognising the need for a widely-based co-operative effort to achieve these objectives, the development of any Charter and protocols thereto should be

non-discriminatory, and the European Community, the IEA and other international organisations should co-operate closely.

32. In noting that non-OECD countries would account for a major portion of future growth in global energy demand, Ministers underlined the particularly important influence they foresee **Asia** as having upon this expected growth. In this context, Ministers expressed confidence that continued high levels of economic growth of the Dynamic Asian Economies will result in expanded reliance on energy efficiency and fuel substitution technologies. Ministers requested the IEA to expand its contacts with these Dynamic Asian Economies as they move closer to the OECD world, as well as with the large Asian energy producing and consuming countries where evolving patterns of energy use are likely to have an increasing influence upon the global economy and environment.

33. With respect to **Latin America**, Ministers stressed that such major producers and emerging industrial consumers as Mexico, Venezuela, Brazil, and Argentina would be increasingly influential in world energy markets. Ministers viewed the interplay of energy and environmental concerns in Latin America as particularly significant.

34. Ministers noted that changes in energy production and use in **Africa** were relatively more moderate than those in Asia and Latin America. However, they saw clear evidence of African potential to alter energy use fundamentally as commercial energy inputs played a greater role throughout the continent, and as environmental constraints interacted with traditional biomass utilisation. Ministers noted the likely supply-side implications of contributions by Nigeria and the Maghreb states to energy markets.

35. Ministers recognised the importance of sound relations with **oil producing countries**, and agreed that contacts among all oil market participants should be further developed to promote communication and understanding. They agreed that such expanded contacts would be beneficial since they could promote increased market transparency, thereby enhancing its efficiency. Ministers reiterated that the market is the best allocator of resources and, therefore, oil production volumes and price determination should be left to market forces. They also agreed that in the post-Gulf war atmosphere there could be an opportunity for constructive discussions and asked IEA Members and the Secretariat to reflect further on possible topics for discussion. Ministers expressed the view that such discussions should be informal and as broadly based as possible.

1993 COMMUNIQUE

INTERNATIONAL ENERGY AGENCY

Meeting of the Governing Board at Ministerial Level

4 June 1993

1. The Governing Board of the International Energy Agency (IEA) met at Ministerial level in Paris on 4th June 1993 under the Chairmanship of His Excellency, Dr. Günter Rexrodt, Federal Minister of Economics of Germany. Ministers welcomed the Delegates of Finland and France, which joined the IEA in 1992.

I. SHARED GOALS

2. The Member countries established the IEA in 1974 as a forum in which to co-operate in enhancing their collective energy security. The challenges faced in the energy sector have evolved over the past two decades. The goal of energy security, which remains a primary one, has been complemented in recent years by increasing awareness of the significance, for energy policy and for energy security, of two further factors: concern over the environmental impact of energy-related activities, and the growing globalisation of energy issues, as different countries' economies and energy markets become increasingly interdependent.

3. In the light of these developments and in view of expected trends in energy demand and supply, IEA Ministers believe it is appropriate and timely to issue a statement of the shared goals that provide a basis for developing their energy policies. In this regard, the existence of free and open markets is a fundamental point of departure, consistent with energy security and environmental protection, which need to be given particular emphasis by governments. The means of achieving the shared goals may vary according to individual countries' circumstances, and each IEA country will have to decide for itself the best overall balance among the various goals. Ministers believe that global economic development, energy security and environmental protection will be enhanced if all nations of the world subscribe to the goals which the IEA countries share.

4. Ministers therefore confirm their adherence to the *Shared Goals* annexed to this *Communiqué* and commend them to non-Member countries as they formulate their own energy strategies and policies.

II. WORLD ENERGY OUTLOOK

5. Ministers discussed the current energy situation and trends against the backdrop of the IEA's *World Energy Outlook to 2010* which assumes no major changes in existing energy policies. Three major points emerge from the *Outlook*:

- World energy consumption could be almost 50 per cent greater in the year 2010 than in 1990, with OECD countries' consumption up by 30 per cent. Fossil fuels already dominate supply and their share is projected to remain at 90 per cent of world energy consumption. Thus, global energy-derived CO₂ emissions could grow by almost 50 per cent by 2010, with OECD CO₂ emissions increasing by almost 15 per cent from 1990 to 2000.
- Non-OECD total energy demand, driven by substantial increases in population and economic activity, will continue to grow at a considerably faster rate than demand in the OECD, and by 2010 the non-OECD share of world energy consumption could be 55 per cent.
- World oil consumption is expected to increase by about 40 per cent by 2010. Most of the increase will take place in non-OECD countries, with the OECD's share of world oil demand declining to less than half. While the share of oil in total OECD energy requirements will continue to decline, OECD oil imports could rise from the present 60 per cent of total oil consumption to 70 per cent, with most of the increase coming from the Middle East.

6. Ministers agree that these trends pose serious challenges for IEA Member countries and underscore the need to improve IEA energy security within the framework of open and competitive markets, taking into account the Framework Convention on Climate Change as well as energy problems faced by countries in transition to a market economy. Ministers agree that strong individual and concerted policy actions should be taken by:

- Maintaining effective emergency response mechanisms;

- Ensuring continued diversity of energy sources;
- Promoting vigorously energy efficiency through the lowering of barriers to efficiency improvements and the accelerated deployment of new energy technologies;
- Minimising the adverse environmental impacts of energy activities, while preserving the diversity and flexibility of energy systems; and
- Expanding relations with particular non-IEA Member countries that are important to the energy security and environmental interests of IEA countries.

Ministers request the IEA to conduct a thorough analysis of the energy policy implications flowing from the *World Energy Outlook*.

III. EMERGENCY PREPAREDNESS AND DIVERSIFICATION OF ENERGY SOURCES

A. Emergency Preparedness

7. Oil will remain a critically important energy resource, particularly in view of its prime importance in transportation. While oil's proportionate contribution to world and OECD energy requirements will decline over the period covered by the *World Energy Outlook*, world oil consumption is projected to grow by 40 per cent. Furthermore, IEA oil imports are expected to continue to rise, with most of the increase coming from the Middle East, thus increasing Member countries' vulnerability to oil supply disruptions. The IEA will, therefore, need to maintain, update and periodically test its emergency response capabilities as essential elements of overall energy security. Ministers urge all IEA countries to meet fully their emergency reserve commitments, and encourage Member countries to increase their emergency reserves above the 90-day level, and to improve the efficacy of their demand restraint measures. Also, given the increasing importance of non-Member countries in international oil markets, Ministers ask the IEA to make available its expertise in emergency response strategies to appropriate non-Member countries.

B. Diversification of Energy Sources

8. Diversity and flexibility within the energy sector are basic conditions for longer-term energy security: the fuels used within and across sectors and the sources of those fuels should be as diverse as practicable, taking account of national circumstances.

9. Oil: The world oil market has changed dramatically over the last several years. Yet, while these changes have improved the functioning of the market, political uncertainty in some major producing regions remains a principal cause of short-term market instability and longer-term investment indecision. In addition, investment requirements in the oil sector will be substantial over the next decades and the supply response to meet the expected upsurge in oil demand could be improved by greater predictability in the policy framework. Recognising the importance of adequate oil production and refining capacity for achieving security and environmental goals, Ministers call on the IEA to closely monitor and analyse capacity developments, in particular the effects of environmental constraints on refining capacity, from both a regional and a global perspective.

10. Natural Gas: The use of natural gas is expected to grow rapidly over the next two decades in most IEA countries, largely in response to technological and environmental developments. Physical reserves of natural gas in the areas supplying the IEA countries are abundant; moreover, most IEA Member countries are less reliant on imports of gas than on imports of oil. Nevertheless, an increasing proportion of natural gas is sourced outside the IEA countries, and delivery systems for gas are much less flexible than those for oil in some regions. Thus, the potential for interruptions of gas supply has grown. Ministers, therefore, charge the IEA to analyse the probable trends in gas supply, demand, and transmission capacity, world-wide and in the IEA regions. Moreover, given that natural gas markets still tend to be regional and largely unconnected, Ministers call upon the IEA to analyse the regional gas security issues that emerge.

11. Coal: Based on the *World Energy Outlook* projections, solid fuels' share in total energy requirements is expected to remain fairly constant at about 30 per cent worldwide, and 25 per cent in OECD countries. This implies about a 45 per cent increase in world-wide solid fuel consumption from 1990 to 2010, with more than half of this increase coming from China and India. Coal will remain an abundant and secure source of energy, but its use

increasingly will be affected by tightening environmental requirements. Ministers are of the opinion that effective measures must be taken to further reduce the overall level of the remaining barriers to coal trade, accompanied by appropriate regional and social policies, and that no additional barriers or other distortions must be allowed to arise. Noting that noxious and CO₂ emissions from coal-firing can be substantially cut down by developing and using clean coal technologies, Ministers call upon the IEA to expand international co-operation, information exchange and technology dissemination to provide incentives for and eliminate barriers to clean coal technology deployment.

12. Nuclear: Nuclear energy makes a substantial contribution in a number of Member countries and, consequently, to the overall energy supply mix of IEA countries. Ministers of a number of countries are of the view that the nuclear option must be maintained as an indispensable element of the diversification of their primary energy supply. It is essential to maintain and further develop the highest available standards of safety, and in particular to continue and strengthen international co-operation in approaches to the safe operation of nuclear facilities, to waste management, to decommissioning and to the development of new reactor systems. The role of the OECD Nuclear Energy Agency was emphasized in this regard. Ministers recognise that each IEA country will have to decide on the mix of fuels used for electricity generation best suited to its particular circumstances, taking account of energy security, environment, safety, and costs, and the possible effects of their decisions on other countries.

13. Renewables: The relatively small share of renewable energy used in meeting total OECD energy requirements is due to the state of technical development and uncertainties regarding the economic viability of non-hydro sources. Despite limitations on the development of hydroelectricity in OECD countries, and the relatively slow increase presently foreseeable for non-hydroelectric renewable energy sources, renewable energy can make an important contribution to energy security and environmental objectives. Ministers, therefore, agree on the need for continued strong government support and international collaboration to develop, demonstrate and disseminate renewable technologies.

14. Electricity: Electricity demand in OECD countries continues to grow steadily and substantial new generating capacity and energy efficiency gains from demand-side management practices will be required over the next

several decades. Thus, greater efforts are needed to win public understanding and co-operation for the siting of new facilities and investments in efficiency to meet future demand, while continuing efforts to mitigate environmental effects. Enhanced electricity interconnection and trade offer many security of supply, economic efficiency and, in certain instances, environmental advantages.

IV. ENERGY AND ENVIRONMENT

15. Intensifying global environmental problems require internationally co-ordinated responses, which must balance the goals of energy security, environmental protection and economic growth. The adoption of a comprehensive approach to energy and environment issues and the integration of energy and environment policies have become central activities of IEA Member countries. National and global solutions to reduce pollutants and greenhouse gas emissions have implications for energy security, energy trade, economic growth, and IEA relations with non-Member countries.

16. How to meet the challenge that the global climate change issue poses for energy policy makers is the focus of continuing international debate. Despite the policy measures taken to date, without the rapid establishment and implementation of further effective policies and programmes to reduce emissions, OECD CO₂ emissions could rise by 15 per cent by the year 2000, according to the *World Energy Outlook*. Ministers, concerned about this prospect, discussed the full range of possible areas for action and policy instruments. They agree that greater efforts are required and that, to the extent necessary and practicable, the external costs of energy production and use should be reflected in prices. Ministers urge rapid ratification of the Framework Convention on Climate Change by all signatory countries and request the IEA to augment its contribution to the implementation of the Convention.

A. Areas for Improvement

17. Energy Efficiency: Accelerated gains in efficiency in energy production and use, including the transportation sector, can help reduce emissions and promote energy security. While there is a large technical potential for increased energy efficiency, there exist significant social and

economic barriers to its achievement. Priority should be given to market forces in effecting efficiency gains. However, reliance on market forces alone is unlikely to overcome these barriers. Ministers agree that innovative and bold approaches are required by governments, in co-operation with industry, to realise the opportunities for energy efficiency improvements, and to accelerate the deployment of new and more efficient technologies.

18. Non-Fossil Fuels: Since the amount of energy that non-hydro-based renewable energy technologies contribute is quite small compared to the technical potential, increased government support of renewable technologies is warranted. Regarding nuclear power, a number of IEA countries are of the view that the use of nuclear energy, because it emits no sulphur dioxide, nitrogen oxides or greenhouse gases, provides an important response to the challenge of stabilising greenhouse gas emissions. A number of other IEA countries are of the opinion that those advantages do not offset the environmental concerns over the use of nuclear energy and have decided not to utilise nuclear power.

19. Technology: The development and adoption of improved technologies can significantly reduce and influence the nature of future energy requirements. Technology promotion by government can contribute significantly to mitigating and solving environmental problems. Intensified energy technology co-operation among IEA Member countries and with non-Member countries is an indispensable means to accelerate technology advances and to enhance long-term energy security and environmental protection. Ministers acknowledge the need to further integrate environmental objectives into national energy technology research, development and demonstration programmes and to promote international technology collaboration and co-ordination aiming at sustainable development and fully respecting intellectual property rights. In this respect, Ministers took note of the recent establishment of the IEA International Centre for Gas Technology Information. Ministers ask the IEA to analyse: the factors that influence new technology diffusion into the markets, identifying barriers and assessing policy options; the role international technology co-operation policies could have in meeting the objectives of the Framework Convention on Climate Change; and the effect environmental and other government policies have on the penetration of new, more environmentally benign, technologies.

20. Access by individual developing countries and economies in transition to modern, cost-effective energy technologies appropriate to local

circumstances will promote sustainable development. Adoption of clean, efficient technologies throughout the world will help to achieve needed gains in energy efficiency and reductions in greenhouse gas emissions and other pollutants. Ministers welcome the launching of the Greenhouse Gas Technology Information Exchange (GREENTIE) and call upon the IEA to step up its efforts to promote international co-operation in energy research and technology in this area.

21. Co-operation With Non-Member Countries: According to the *World Energy Outlook*, CO₂ emissions in the non-OECD regions could increase by over 60 per cent between 1990 and 2010. Thus, co-operation with non-Member countries becomes an increasingly important IEA priority, since the potential for slowing the rate of emissions growth in these countries without impairing their economic growth aspirations is great and can likely be achieved more cost effectively than in most IEA countries. In this context, Ministers request the IEA to assess the implications and benefits of reliable and measurable “joint implementation” activities with non-Member countries, in accordance with the Framework Convention on Climate Change. Member countries are also encouraged to strengthen bilateral co-operation with non-Member countries to this end.

B. Policy Instruments: A Mix of Measures

22. Taxes: Economic analysis of the potential effects of energy and carbon taxes yields important conclusions bearing on policy choices. Analysis suggests that it would take relatively high and substantially different levels of taxes between regions and countries to meet, in each IEA country separately, the goal of stabilisation of CO₂ and other greenhouse gas emissions. Nevertheless, a carbon tax could contribute effectively to the reduction of emissions by increasing efficiency and improving the competitiveness of non-fossil energy sources.

23. Financial Incentives: Fiscal and other financial incentives can be appropriate and effective instruments for various reasons, particularly to encourage the development and deployment of advanced technologies and to promote energy efficiency investment. But such incentives need to be designed to avoid negative effects on energy markets. Ministers agree, moreover, that elimination of certain subsidies that hold prices of fossil fuels below their costs of production or below their market value would result in a significant reduction in emissions and yield net economic benefits.

24. Regulations: Regulations to reduce emissions may in some situations be more cost-effective than taxes, but they need to be designed to facilitate not frustrate competition. Internationally co-ordinated norms and standards may be helpful in this regard. Voluntary agreements between the government and the private sector can also be efficient and even preferable approaches. Ministers request that the IEA develop methodologies to analyse the effectiveness of relevant regulations and voluntary agreements.

25. Action: A Mix of Measures: The effectiveness of individual policy measures will vary among IEA Member countries. Therefore, the response by each country will be a complex mix of possible measures, designed to deal with the circumstances that nation faces. Ministers agree that concerted actions by IEA Member countries are needed taking account of the stage of economic development of each country and regional arrangements among countries. The effects of individual IEA country efforts to reduce emissions should be comparable to the extent possible. Ministers call on the IEA to accentuate its efforts to analyse the effectiveness of the various policy instruments, and their effects on energy markets, and to develop criteria and methodologies to permit an assessment of the comparability of country responses. Ministers agree to supply within the existing IEA procedures the information necessary to evaluate the comparability of actions taken.

V. RELATIONS WITH NON-IEA MEMBER COUNTRIES

26. The IEA's pursuit of energy security has been enlarged, now encompassing more intensive contacts with non-Member countries to assist them in developing energy strategies and adopting energy policies that will contribute to their development and enhance global energy security. There are several reasons for this:

- Non-Member countries are playing and will play an increasingly important role in global energy demand, as energy demand growth there continues to outpace that in IEA countries.
- Consequently, non-Member regions will also be of greater significance in terms of global energy-related environmental problems.
- In a number of key areas, energy supplies increasingly come from non-Member countries, and Member countries' energy logistical systems are more tied to them.

- A growing number of non-Member countries are reaching a stage of transition or development that is drawing them closer to the OECD world and prompting collaboration between them and the IEA.

27. In its relations with non-Member countries, the IEA will continue to take a balanced approach, tailoring relations with individual non-Member countries to the prevailing circumstances and ensuring that such contacts further IEA energy security objectives. In furtherance of these objectives, “multiplier” effects can be obtained by developing closer co-operative contacts with other international organisations such as the World Bank, the EBRD, OLADE, and APEC. Ministers ask the IEA to continue to analyse energy developments in non-Member countries and their implications for IEA Members. Ministers also emphasize the importance of IEA countries’ and the European Community’s bilateral co-operative activities with non-Member countries.

A. Central and Eastern Europe and the New Independent States

28. Ministers discussed energy sector developments in Central and Eastern Europe and the New Independent States, with particular focus on Russia. The decline in Russian energy production is a matter of concern given its important contribution to global oil and gas supply and diversity, as well as to Russia’s own economy. Russia’s oil and gas reserves are huge and could provide significant amounts of foreign exchange needed for critical imports and to finance the economic reform programme.

29. Ministers commend the IEA for its contributions to the *Conference on Co-ordinating Assistance to the New Independent States*, and to the report requested by the G-7 on alternative sources of energy in the event that some Soviet-designed nuclear reactors are shut down in Central and Eastern Europe and the New Independent States. Ministers agree on the need for close co-operation with these countries to improve the operation of their nuclear facilities to the highest available standards of safety, and to contribute to the development of sustainable long-term energy solutions.

30. Ministers task the IEA to continue its co-operative activities with Central and Eastern European countries, Russia and other New Independent States with a view to helping those countries successfully reform their energy sectors. Ministers underscore the need for enhanced IEA efforts to work with these countries in constructing a policy framework conducive to developing safe and clean energy systems and to realising the enormous potential for

energy savings and efficiency gains. Ministers place particular emphasis on the need for Russia to establish as quickly as possible the legal framework necessary to attract investment in its energy sector, particularly to reverse the decline in oil production.

31. Ministers express their support for the successful completion as soon as possible of the treaty under the European Energy Charter. They stressed the importance of participants in the negotiations quickly and completely embracing the full range of measures designed to ensure stability and transparency in trade and investment regimes. This can play a significant role in stimulating energy investment and trade, in promoting the efficient and clean use of energy, and in integrating the energy sectors of IEA countries with those of Central and Eastern Europe and the New Independent States, thus helping to create a new global energy framework. Ministers welcome the IEA's substantial assistance to the Treaty negotiations and support the IEA's active involvement in the ensuing Charter implementation.

B. Asia-Pacific

32. Ministers recognise the very important role of energy developments in the Asia-Pacific region in the growth in global energy demand. They welcome the co-operative relations that continue to be developed with Korea. Ministers task the IEA to devise practical ways to further expand contacts with this region, for example by establishing co-operative contacts as appropriate with APEC.

C. Other Regions

33. The IEA is also developing its contacts with other regions, notably Latin America, which face major challenges in meeting rapidly growing energy demand and in achieving needed investment in energy production. Preliminary contacts have also been made with Africa. Ministers welcome these developments and ask the IEA to intensify its efforts.

D. Discussions Among Global Energy Market Participants

34. Recognising the importance of the efficient functioning of global energy markets and the role of transparency and information flows, the IEA has been furthering contacts among energy market participants on an informal basis to establish sound energy relations. In the post-Gulf war climate of increased

communication among energy market participants, the IEA took the initiative to organise an Energy Experts Meeting in February 1992, which brought together market participants from all sides. In addition, two Ministerial-level meetings outside the IEA framework among market participants have taken place in Paris and Bergen. Ministers welcome the IEA plan to host a second Experts Meeting in November 1993 as part of a continuing effort to co-operatively address the important links among energy, the environment and economic development and to promote a favourable long-term investment climate.

ANNEX I

IEA SHARED GOALS

Member countries of the IEA seek to create the conditions in which the energy sectors of their economies can make the fullest possible contribution to sustainable economic development and the well-being of their people and of the environment. In formulating energy policies, the establishment of free and open markets is a fundamental point of departure, though energy security and environmental protection need to be given particular emphasis by governments. IEA countries recognise the significance of increasing global interdependence in energy. They therefore seek to promote the effective operation of international energy markets and encourage dialogue with all participants.

In order to secure their objectives they therefore aim to create a policy framework consistent with the following goals:

1. Diversity, efficiency and flexibility within the energy sector are basic conditions for longer-term energy security: the fuels used within and across sectors and the sources of those fuels should be as diverse as practicable. Non-fossil fuels, particularly nuclear and hydro power, make a substantial contribution to the energy supply diversity of IEA countries as a group.
2. Energy systems should have the ability to respond promptly and flexibly to energy emergencies. In some cases this requires collective mechanisms and action — IEA countries co-operate through the Agency in responding jointly to oil supply emergencies.
3. The environmentally sustainable provision and use of energy is central to the achievement of these shared goals. Decision-makers should seek

to minimise the adverse environmental impacts of energy activities, just as environmental decisions should take account of the energy consequences. Government interventions should where practicable have regard to the Polluter Pays Principle.

4. More environmentally acceptable energy sources need to be encouraged and developed. Clean and efficient use of fossil fuels is essential. The development of economic non-fossil sources is also a priority. A number of IEA members wish to retain and improve the nuclear option for the future, at the highest available safety standards, because nuclear energy does not emit carbon dioxide. Renewable sources will also have an increasingly important contribution to make.
5. Improved energy efficiency can promote both environmental protection and energy security in a cost-effective manner. There are significant opportunities for greater energy efficiency at all stages of the energy cycle from production to consumption. Strong efforts by Governments and all energy users are needed to realise these opportunities.
6. Continued research, development and market deployment of new and improved energy technologies make a critical contribution to achieving the objectives outlined above. Energy technology policies should complement broader energy policies. International co-operation in the development and dissemination of energy technologies, including industry participation and co-operation with non-Member countries, should be encouraged.
7. Undistorted energy prices enable markets to work efficiently. Energy prices should not be held artificially below the costs of supply to promote social or industrial goals. To the extent necessary and practicable, the environmental costs of energy production and use should be reflected in prices.
8. Free and open trade and a secure framework for investment contribute to efficient energy markets and energy security. Distortions to energy trade and investment should be avoided.
9. Co-operation among all energy market participants helps to improve information and understanding, and encourage the development of efficient, environmentally acceptable and flexible energy systems and markets worldwide. These are needed to help promote the investment, trade and confidence necessary to achieve global energy security and environmental objectives.

1995 COMMUNIQUE

INTERNATIONAL ENERGY AGENCY

Meeting of the Governing Board at Ministerial Level

22 May 1995

The Governing Board of the International Energy Agency (IEA) met at Ministerial Level in Paris on 22 May 1995 under the Chairmanship of Ms. Hazel O'Leary, Secretary of Energy of the United States of America.

I. ENERGY POLICY IN A GLOBAL MARKET

IEA Ministers reviewed the challenges of energy security, the environment and economic growth in the global energy market. The Ministers noted that Government energy policies must respond to the growing interdependence of the world's economies and agreed that energy policies must be developed in the context of a progressive reduction of government intervention in markets. In pursuit of energy security and environmental goals, Ministers recognised that flexible policy tools are needed to complement, and supplement, regulations and traditional economic instruments. Against this background Ministers reaffirmed that the IEA's "Shared Goals" embody the principles underpinning energy policy for the twenty-first century.

Ministers took note of progress by Member countries since the 1993 Ministerial in meeting these challenges through:

- voluntary approaches and industry partnerships designed to advance energy efficiency and environmental protection;
- joint implementation projects to promote cost-effective responses to climate change;
- improvements in IEA emergency response systems by adapting them to changing market conditions; and
- enhanced co-operation with strategic non-Member countries to help advance energy sector restructuring, reform and investment.

Ministers identified specific means by which their countries could further their environmental, energy security and economic goals. They recognised the key role that cost-effective energy efficiency and conservation can play in increasing competitiveness, reducing pollution, enhancing energy security and promoting sustainable growth. The development of clean and efficient energy technologies has an important contribution to make and Ministers endorsed support for technological development and the removal of barriers to deployment in the marketplace. Ministers also supported expanded co-operation with key non-Member countries to encourage sustainable development with energy policy and investment regimes suitable for commercial ventures.

II. ENERGY AND THE ENVIRONMENT

The convergence of energy and environmental goals is critical to the achievement of sustainable economic development. IEA Governments seek to mitigate, in a cost-effective manner, the full range of environmental impacts at every stage of energy production, transformation and use, in particular through increased energy efficiency and conservation and the use of cleaner fuels. IEA Member countries place continued emphasis on the reduction of pollutants with local and regional impacts, while recognising the particular challenge of multilateral action needed to respond to global environmental concerns such as the threat of climate change.

IEA Governments that are Parties to the U.N. Framework Convention on Climate Change (FCCC) intend to fulfil their commitments under the Convention. At the first meeting of the Conference of the Parties to the U.N. FCCC, the Berlin Mandate was issued which aims, *inter alia*, at the elaboration of policies and measures for action beyond the year 2000. Indeed, the Agency's *World Energy Outlook* concludes that without changes to present policies, OECD and world CO₂ emissions will be higher in the year 2000 than they were in 1990 and will grow further to 2010.

Action in the energy sector will be central to realisation of the Convention's goals, and new cost-effective instruments are required; such instruments are also needed to address local and regional environmental issues. Monitoring and supporting development of improved strategies to reduce greenhouse gas emissions are important tasks. Ministers urged the IEA Secretariat to continue to play an active role in support of Member countries' implementation of Convention commitments in the energy sector.

IEA Ministers:

- Stressed the importance of strong and comprehensive policies to counter environmental problems created by energy use and production. In order to better align energy and environmental goals, Ministers encouraged the application of instruments such as economic incentives, the internalisation of environmental costs in energy prices, and information dissemination to the extent necessary and practicable.
- Encouraged the development of voluntary agreements with industry, as instruments with the potential to make significant contributions to increased energy efficiency and reduced emissions while positioning industrial partners to be more competitive. This is a fruitful area for international co-operation.
- Welcomed the joint implementation decision adopted in Berlin and encouraged the IEA Secretariat to play an active role in analysing the prospects for activities implemented jointly under the Convention during the pilot phase. Growing economic interdependence should provide increasing opportunities for such potentially cost-effective measures.
- Endorsed the Climate Technology Initiative put forward by Member countries at the Berlin meeting in April 1995 and agreed to take concrete steps to implement it. This initiative promotes bilateral and multilateral energy technology co-operation, building on the framework of existing and future IEA Implementing Agreements.

III. ENERGY SECURITY

Energy security is dependent fundamentally on open and competitive markets and transparent and stable trade and investment climates, but has to be supported by government actions and international co-operation. Energy security remains the IEA's first priority and Ministers are committed to the maintenance and improvement of the Agency's oil emergency response systems, in a manner compatible with evolving energy markets.

IEA Ministers:

- Welcomed progress towards a more fully open, competitive and diversified global oil market, but cautioned that rising oil imports

and a heightening of dependence on supplies from a few large producers in the next decade could increase vulnerability to oil supply disruptions; recognised the importance of information exchange in improving the functioning of the oil market and the mutual advantages of co-operation with non-Member oil producing countries; and encouraged sharing of the Agency's experience and expertise, especially with countries whose oil consumption is growing strongly.

- Reaffirmed the importance of the Agency's emergency response systems — including its Emergency Sharing System — which emphasise efficient functioning of the oil market, co-operative approaches and flexibility in responses to oil supply disruptions; urged all IEA countries fully to meet their emergency reserve commitments and welcomed Member countries' continuing efforts to maintain their emergency reserves above the 90-day level; and called for the development of alternative fuels and technologies to increase diversity, particularly in the transport sector where oil is for the time being predominant.
- Underscored the significance of the decision on Co-ordinated Emergency Response Measures, recently taken by the Governing Board meeting at Official Level, in assuring that the relevant response policies accord with market realities.
- Endorsed the major findings of the IEA *Gas Security Study*, that the nature of security issues differs from those in oil supply, and that gas security is best viewed in terms of risk management, which is primarily a matter for companies and their customers, to be managed through contractual relations; but also acknowledged the significant international dimension to gas security (including the need for a secure framework for investment and trade) and the need for periodic monitoring, by the Government concerned.

IV. NON-MEMBER COUNTRIES

Growing economic interdependence makes IEA relations with non-Member countries in all parts of the world of essential importance. Energy markets and environmental issues are increasingly global, and early in the next century, energy demand in non-OECD regions will overtake OECD energy consumption.

IEA Ministers:

- Encouraged co-operation and dialogue with energy market participants, particularly in relation to improving the efficiency of energy markets, enhancing energy security and developing responses to environmental challenges.
- Welcomed their separate discussion of the energy situation of the Russian Federation, considered specific areas for future co-operation under the IEA-Russian Federation Joint Declaration of Co-operation, and endorsed the conclusions and recommendations of the IEA survey, *Energy Policies of the Russian Federation*, with particular emphasis on:
 - assuring that internal energy prices reflect the full costs of providing and maintaining supplies, including transmission costs (notably for natural gas);
 - removing disincentives to investment in the energy sector, including by developing more specific energy legislation and a more effective tax regime;
 - regulating (privatised) monopolies and increasing competition.
- Welcomed continued bilateral and multilateral co-operation with Central and Eastern European countries, the New Independent States, and countries of the Mediterranean Region, in particular in efforts to enhance trade and investment regimes. They welcomed the signing of the Energy Charter Treaty and endorsed its objectives to establish a legal framework for investment and trade in energy among the signatories. Ministers underscored the need for close co-operation between the IEA and the Energy Charter Conference in implementation of the treaty and supported negotiations in the Conference to further liberalise energy import and export markets and provide legal protections for the making of investments.
- Noted the key role of countries of the Asia-Pacific region in world energy markets, with the Dynamic Asian Economies and especially the larger consuming countries such as China and India becoming increasingly important in energy and environment issues; underscored the need for closer co-operation with countries in the region; and requested that the Secretariat explore the possibility of undertaking a high level mission to China and India which would enhance co-operation with these countries.

- Looked forward to increased co-operation with countries that are applicants for IEA membership: the Czech Republic, Hungary, Korea, Mexico, Poland and Slovakia, and asked the Secretariat to examine possible new forms of co-operation with other non-Member countries and organisations.

IEA Publications 1975-1995 ¹

I. Institutional

International Energy Agency

(These information brochures were published in 1978, 1983 and 1986)

1994 The History of the IEA - Volume I - Origins and Structures

(Richard Scott)

1995 The History of the IEA - Volume II - Major Policies and Actions

(Richard Scott)

II. International Energy Economics

World Energy Outlook

(Published in 1977, 1982, 1993, 1994 and 1995)

1991 Utility Pricing and Access: Competition for Monopolies

1992 Global Energy: the Changing Outlook

1993 Taxing Energy: Why and How

1995 Oil, Gas and Coal Supply Outlook

III. Oil Security

1995 Oil Supply Security: The Emergency Response Potential of IEA Countries

IV. Long-Term Co-operation

Energy Policies and Programmes of IEA Countries

Published annually from 1978 (1977 Review) to 1990, (1989 Review)

1. Numerous publications appear each year through the IEA's Energy R & D Implementing Agreements. This list consists only those publications prepared by the IEA Secretariat in Paris. Published proceedings of IEA sponsored conferences and workshops are identified in Appendix IV.

Energy Policies of IEA Countries

Previously published under the title “Energy Policies and Programmes of IEA Countries”; published annually since 1991 (1990 Review), and most recently in 1995 (1994 Review).

1992 The Role of IEA Governments in Energy : A Survey

A. Conservation and Efficiency

1976 Energy Conservation in the International Energy Agency.
1976 Review

1979 Energy Conservation in the International Energy Agency.
1978 Review

1979 Energy Conservation in Industry in IEA Countries

1981 Energy Conservation - The Role of Demand Management in the 1980s

1984 Fuel Efficiency of Passenger Cars

1987 Energy Conservation in IEA Countries

1988 Contracts for Energy Management. A New Approach to Energy Efficiency

1991 Fuel Efficiency of Passenger Cars

1992 The Urban Electric Vehicle

1993 Electric Vehicles: Technology, Performance and Potential

B. Energy Diversity

Coal

Coal Information

This publication has appeared annually since 1984 with the latest year of data coverage appearing in the title. (For issues dated 1984-1992 the year in the title refers to the year of publication. Beginning with “Coal Information 1992 (1993 Edition)”, the year in the title refers to the latest year of data coverage).

1978 Steam Coal. Prospects to 2000

1980 Report of the IEA Coal Industry Advisory Board

1982 The Use of Coal in Industry. Report by the Coal Industry Advisory Board

1982 Coal Prospects and Policies in IEA Countries. 1981 Review

1982 Coal Liquefaction. A Technology Review

1983 Coal Use and the Environment. Report by the Coal Industry Advisory Board

- 1983 Coal Information Report
- 1984 Coal Prospects and Policies in IEA Countries - 1983 Review
- 1984 Coal Transport Infrastructure. A Study prepared by the Coal Industry Advisory Board
- 1985 The Clean Use of Coal. A Technology Review
- 1985 Coal Quality and Ash Characteristics. A Study by the Coal Industry Advisory Board
- 1985 Moving Coal. A Study of Transport Systems by the Coal Industry Advisory Board
- 1987 Coal. Environmental Policies and Institutions
- 1987 Clean Coal Technology. Programmes and Issues
- 1988 Coal Prospects and Policies in IEA Countries. 1987 Review
- 1994 Global Methane and the Coal Industry
- 1994 Industry Attitudes to Combined Cycle Clean Coal Technologies - Survey of Current Status by the Coal Industry Advisory Board
- 1995 Industry Attitudes to Steam Cycle Clean Coal Technologies - Survey of Current Status by the Coal Industry Advisory Board

Natural Gas

- 1982 Natural Gas: Prospects to 2000
- 1986 Natural Gas Prospects
- 1991 Natural Gas Prospects and Policies
- 1994 Natural Gas Transportation - Organisation and Regulation
- 1995 IEA Natural Gas Security Study

Nuclear

- 1975 Nuclear Safety Research Index 1975. (IEA/NEA)
- 1977 Nuclear Safety Research Index 1976. (IEA/NEA)
- 1982 Nuclear Energy Prospects to 2000 (IEA/NEA)
- 1989 Projected Costs of Generating Electricity from Power Stations for Commissioning in the Period 1995-2000 (NEA/IEA)
- 1993 Projected Costs of Generating Electricity: Update 1992 (IEA/NEA)

Electricity

- 1978 Electricity Supply Industry
This publication was taken over from the OECD after the creation of the IEA and was last published in 1978. It was reinstated in 1992 in a slightly different format under the title "Electricity Information".

Electricity Information

Published annually since 1992, as "Electricity Information 1991", (the date in the title corresponds to the year of coverage).

- 1978 The Electricity Supply Industry in OECD Countries 1974-1976 and Prospects to 1980/1985/1990
- 1985 Electricity in IEA Countries. Issues and Outlook
- 1988 Emission Controls in Electricity Generation and Industry
- 1989 Electricity End-Use Efficiency
- 1992 Electricity Supply in the OECD
- 1993 Electric Power Technologies: Environmental Challenges & Opportunities
- 1994 Electricity Supply Industry - Structure Ownership and Regulation
- 1994 Electric Vehicles: Technology, Performance and Potential

C. Energy Trade and Investment

- 1995 The Energy Charter Treaty: A Description of its Provisions (Craig Bamberger)

D. Energy and the Environment

- 1989 Emission Controls in Electricity Generation and Industry
- 1990 Energy and the Environment: Policy Overview
- 1991 Energy Efficiency and the Environment
- 1991 Greenhouse Gas Emissions: The Energy Dimension
- 1992 Climate Change Policy Initiatives
- 1992 Global Energy: The Changing Outlook
- 1993 Cars and Climate Change
- 1994 Climate Change Policy Initiatives - 1994 Update
- 1994 Biofuels
- 1995 Climate Change Policy Initiatives 1994 - 1995 Update - Volume II for Non-OECD Countries
- 1995 Voluntary Actions for Energy-Related CO₂ Abatement

V. Research and Development

Energy Research, Development and Demonstration in the IEA Countries, Review of National Programmes

Published annually from 1980 (1979 Review) to 1986 (1984 Review). As from 1985 the Reviews have been merged with "Energy Policies and Programmes of IEA Countries".

Annual Report on Energy Research, Development and Demonstration
Activities of the IEA

*Published annually from 1979 (Activities for 1978-1979) to 1983
(Activities for 1982-1983).*

- 1979 Energy Conservation in Industry in IEA Countries
- 1980 A Group Strategy for Energy Research Development and Demonstration
- 1981 Report of the High Level Group for Energy Technology Commercialisation
- 1981 Renewable Energy in the IEA: Preparing Today for the Needs of Tomorrow
- 1981 Common Study on Advanced Heat Pump Systems
- 1982 Heat Pump Systems. A Technology Review
- 1983 District Heating and Combined Heat and Power Systems: A Technology Review
- 1985 Energy Technology Policy
- 1986 Energy for Buildings. Microprocessor Technology
- 1987 Collaborative Projects in Energy Research and Development and Demonstration. A Ten Year Review 1976 - 1986
- 1987 Materials for Fusion
- 1987 Renewable Sources of Energy
- 1988 Technologies for Energy Efficiency and Fuel Switching
This series consists of separately published country reports on the following countries: Austria, Canada, Greece, Japan, The Netherlands, Norway, Portugal, Sweden, Switzerland, United Kingdom, and United States.
- 1989 Emission Controls in Electricity Generation and Industry
- 1990 Suitable Fuels for Road Transport: A Technology Assessment
- 1990 Joint R & D Projects in Energy Technology
- 1991 Low Consumption/Low Emission Automobile
- 1991 Guidelines for the Economic Analysis of Renewable Energy Technology Applications
- 1992 Collaboration in Energy Technology 1987 - 1990
- 1993 Electric Vehicles: Technology, Performance and Potential
- 1993 Electric Power Technologies: Environmental Challenges and Opportunities
- 1994 IEA/OECD Scoping Study: Energy and Environmental Technologies to Respond to Global Climate Change Concerns
- 1994 Industry Attitudes to Combined Cycle Clean Coal Technologies - Survey of Current Status

VI. Oil Market Publications

1979 Crude Oil Import Prices 1973 - 1978

1979 Crude Oil Import Prices 1973 - 1979

1981 Refinery Flexibility in the OECD Area 1979 - 1985 - 1990

Prepared by Petroleum Economics Ltd., and published under the authority of the IEA.

1981 Crude Oil Import Prices 1973 - 1980

A. Quarterly and Annual publications

Quarterly Oil Statistics

This publication appeared from 1977 to 1984 when it was replaced with "Quarterly Oil and Gas Statistics". Prior to 1977 similar data were published by the OECD under the title "Provisional Oil Statistics".

Quarterly Oil and Gas Statistics

This series was published from 1984 to 1987. It was replaced, beginning in 1988 by the "Quarterly Oil Statistics and Energy Balances".

Quarterly Oil Statistics and Energy Balances

This series has been issued quarterly since 1988. It contains data on oil and gas production, trade, refinery intake and output, stock changes and consumption for crude oil, NGL and natural gas. Import and export data are reported by source and destination. The quarterly energy balances show primary energy supply by type of fuel.

Annual Oil Market Report

Published annually from 1984 (1983 data) until 1991 (1990 data). The Annual Oil Market Report was replaced by an "Annual Statistical Supplement to the Monthly Oil Market Report".

Monthly Oil Market Report

Since September 1983, this monthly publication has been available through annual subscription. It contains global supply, demand, stock, price, and refinery data including supply and demand projections for the year ahead.

Oil Statistics. Supply and Disposal

Published four times (for 1974-1977 data). The publication was succeeded by "Annual Oil and Gas Statistics". This series was taken over from the OECD upon the creation of the IEA in 1974.

Annual Oil and Gas Statistics

This series was published from 1981 (1978-1979 data) to 1988 (1985-1986 data). It focused primarily on the last two years of data available and included updated historical data for prior years.

Oil and Gas Information

This annual publication contains country-specific statistics for OECD countries on production, trade, demand, and prices, refinery capacity and capacity at oil ports. It replaced “Annual Oil and Gas Statistics”, starting in 1989.

B. General IEA Statistical Publications

Energy Balances of OECD Countries

Published annually since 1976, it contains a compilation of data for the previous two years on the supply and consumption of coal, oil, gas, electricity, heat, combustible renewables and waste. Historical tables summarize key energy and economic indicators as well as production, trade and final consumption data. Historical Series for 1960-1979 and 1980-1989 were published in 1991.

Energy Statistics

This series was published annually from 1978 (1974-1976 data) to 1989 (1986-1987 data), with individual country data from the latest two or three years on supply and consumption, followed by summary historical data by country and by product.

Energy Statistics of OECD Countries

This series provides detailed statistics on production, trade and consumption for each source of energy in the OECD. This data has been published annually since 1990 (1987-1988 data). Historical data (1960s, 1970s and 1980s) for this series were published in 1991 under this title.

Energy Prices and Taxes

A quarterly publication since 1984, it provides OECD statistics on energy prices and taxes for all energy sources and main consuming sectors.

C. Non-Member Country Statistics

1984 Energy Balances of Developing Countries 1971- 1982

- 1989 World Energy Statistics and Balances 1971 - 1987
- 1990 World Energy Statistics and Balances 1985 - 1988

Energy Statistics and Balances of non-OECD Countries

This series, published annually since 1991 (for 1988-1989 data), is a continuation of "World Energy Statistics and Balances". It provides energy data for over 100 countries for oil, coal, gas, electricity and heat expressed in original and common units. Historical tables for both individual countries and regions summarize data on coal, gas and electricity production and consumption since 1971.

VII. Non-Member Countries

- 1988 Energy in Non-OECD Countries - Selected Topics
- 1991 Energy Policies - Poland: 1990 Survey
- 1991 Energy in Non-OECD Countries: Selected Topics 1991
- 1992 Energy Policies - Czech and Slovak Federal Republic - 1992 Survey
- 1992 Energy Policies - Hungary: 1991 Survey
- 1992 Energy Policies of the Republic of Korea: 1992 Survey
- 1994 Energy Policies of Romania: 1993 Survey
- 1994 Electricity in European Economies in Transition
- 1994 Energy in Developing Countries - A Sectoral Analysis
- 1994 Russian Energy Prices, Taxes and Costs - 1993
- 1994 Energy Policies of the Czech Republic: 1994 Survey
- 1994 Energy Policies of the Republic of Korea: 1994 Survey
- 1995 Energy Policies of Poland: 1994 Survey
- 1995 Energy Policies of Hungary: 1995 Survey
- 1995 Energy Policies of the Russian Federation: 1995 Review
- 1995 Middle East Oil and Gas

IEA Conferences 1975 - 1995 ¹

The following is a compilation of conferences and workshops conducted in whole or part under IEA auspices.

Energy Conservation in Industry

A group of experts met 31 January - 2 February 1978 and 26-28 June 1979. *See proceedings, published in 1979*

Workshop on Energy Data of Developing Countries

December 1978, *See proceedings published in 1979, Volume I: Summary of Discussions and Technical Papers and Volume II: Basic Energy Statistics and Energy Balances of Developing Countries 1967-1977*

Workshops on Energy Supply and Demand

Two workshops were held under IEA auspices, on energy supply in November 1976 and on energy demand in December 1977. See proceedings, published in 1978

Energy and the Economy. OECD/IEA Parliamentary Symposium

Paris, 10 - 11 April 1981. *See proceedings, published in 1981*

The Use of Coal in Industry

Paris, 29 - 30 June 1982. *See proceedings, published in 1982*

International Cooperation for Rational Use of Energy in Industry

Lima, 4-8 July 1983. *See proceedings, published in 1983*

Workshop on the Methods of Formulating Energy Policy

Paris, November 1983. *See proceedings, published in 1984*

1. *Conferences, workshops and seminars, too numerous to be listed here, are held each year through the IEA R & D Implementing Agreements in various technology areas.*

Synthetic Liquid Fuels. An IEA Seminar

Paris, 12 June 1985. *See proceedings, published in 1985*

Workshop on Electricity Planning in Conditions of Uncertainty

Paris, 7-8 September 1987. *See proceedings published in 1988*

Energy Data Workshop (*for developing countries*)

Tokyo, 21-24 September 1987. *See proceedings, published in 1988*

Energy Demand Analysis: Symposium

Paris, 12 - 14 October 1987. *See proceedings, published in 1988*

Workshop on the Regulatory and Institutional Aspects of Combined Heat and Power Production

Copenhagen, 15 - 17 June 1988. *See proceedings, published in 1988*

Workshop on Conservation Programmes for Electric Utilities

Paris, 21-23 September 1988. *See proceedings published in 1988*

Assessing the Impact of High-Temperature Superconductivity on Electric Power

Tokyo, 1-2 September 1988. *See proceedings, published in 1988*

Assessing the Impact of High-Temperature Superconductivity on Electric Power

Sorrento, Italy, 11-12 May 1989. *See proceedings, published 1989*

Energy Technologies for Reducing Emissions of Greenhouse Gases

Paris, 12-14 April 1989. *See two Volumes of proceedings, published in 1989*

Workshop on Practical Aspects of Stockholding and Stockdraw

Paris, 27 - 29 September 1989. *See proceedings published in 1989*

Low Consumption/Low Emission Automobile

Rome, 14 - 15 February 1990. *See proceedings published in 1991*

Seminar on Energy in East and West: The Polish Case

Copenhagen, 2 - 4 April 1990. *See proceedings published in 1990*

International Conference on Emerging Natural Gas Technologies

Lisbon, 7 - 10 October 1990. *See Proceedings, published in 1993*

IEA Workshop on the Economics of Renewable Energy Technologies
Quebec, June 1991. *See Proceedings, "Guidelines for the Economic
Analysis of Renewable Energy Technology Applications"*

Photovoltaic Systems for Electric Utility Applications
Taormina, Italy, 2-5 December 1990. *See proceedings, published in 1992*

Toward Clean and Fuel Efficient Automobiles
Berlin, 25 - 27 March 1991. *See proceedings, published in 1993*

Advanced Technologies for Electric Demand-Side Management
Sorrento, 2-5 April 1991. *See three Volumes of proceedings,
published in 1991*

Seminar on Power Generation Management and Structures in East and West
Berlin, 26-28 June 1991. *See proceedings, published in 1991*

Seminar on East-West Energy Trade
Vienna, 3-4 October 1991. *See proceedings, published in 1992*

Demand-Side Management: A Current and Future Resource
Copenhagen, 23-24 October 1991. *See proceedings, published in 1992*

Technology Responses to Global Environmental Challenges
Kyoto, Japan, 6 - 8 November 1991. *See proceedings, published in 1994*

Coal, the Environment and Development: Technologies to Reduce Greenhouse
Gas Emissions
Sydney, 18 - 21 November 1991. *See proceedings, published in 1992*

Energy Technology Policy for Sustainable Development: Comparing Long-
Term Approaches
Noordwijk, The Netherlands, 9-11 December 1991. *See proceedings,
published in 1993*

(First) Meeting of Experts from Energy Exporting and Importing Countries
Paris, 24 - 26 February 1992

Clean and Efficient Use of Coal: The New Era for Low-Rank Coal
Budapest, 24-26 February 1992. *See proceedings, published in 1993*

New Electricity 21: Power Industry Technology and Management Strategies for the 21st Century

Tokyo, 12 - 14 May 1992. *See proceedings, published in 1994*

Expert Workshop on Life-Cycle Analysis of Energy Systems, Methods and Experience

Paris, 21-22 May 1992. *See proceedings, published in 1993*

The Urban Electric Vehicle: Policy Options, Technology Trends, and Market Prospects

Stockholm, 25 - 27 May 1992. *See proceedings, published in 1992*

Use of Efficiency Standards in Energy Policy

Sophia-Antipolis, France, 4 - 5 June 1992. *See proceedings, published in 1992*

Conference on Energy and the Environment in European Economies in Transition

Prague, 17-19 June 1992. *See proceedings, published in 1993*

International Conference on Energy Efficiency in Asian Countries

Tokyo, 4 - 5 November 1992. *See proceedings, published in 1993*

Natural Resource Management: Crude Oil Sector

Moscow, 23 - 25 November 1992. *See proceedings, published in 1993*

Hydropower, Energy and Environment: Options for Increasing Output and Enhancing Benefits

Stockholm, 14-16 June 1993. *See proceedings, published in 1993*

Investing in Energy Efficiency: The Role of Third Party Financing

Lisbon, 28-29 October 1993. *See proceedings, published in 1994*

Natural Gas Technologies: Energy Security, Environment and Economic Development

Kyoto, 31 October - 3 November 1993. *See proceedings, published in 1994*

Demand-Side Management: Opportunities and Perspectives in the Asia-Pacific Region

Seoul, 4-5 November 1993. *See proceedings, published in 1994*

Second IEA Meeting of Experts from Energy Exporting and Importing Countries

Paris, 29 - 30 November 1993

Clean and Efficient Use of Coal and Lignite

Hong Kong, 30 November - 3 December 1993. *See proceedings, published in 1994*

Stockdraw and Emergency Response Policies and Management

Kagoshima, Japan, 22-24 February 1994. *See proceedings, published 1994*

Energy Technologies to Reduce CO₂ Emissions in Europe: Prospects, Competition, Synergy

Petten, The Netherlands, 11-12 April 1994. *See proceedings, published in 1995*

Industrial Energy Efficiency Policies and Programmes

Washington, D.C., 26-27 May 1994. *See proceedings, published in 1994*

Reconciling Transportation, Energy and Environmental Issues: The Role of Public Transport

Budapest, 30 May-1 June 1994. *See proceedings, published in 1995*

Workshop on Modular Photovoltaic Plants for Multimegawatt Power Generation

Paestum, 7 - 9 July, 1994. *See proceedings, published in 1994*

Seventh International Symposium on Solar Thermal Concentrating Technologies

Moscow, 26 - 30 September 1994. *See 5 Volumes of proceedings, published in 1995*

IEA/OECD High Level Meeting on Development and Deployment of Technologies to Respond to Global Climate Change Concerns

Paris, 21 - 22 November 1994. *See proceedings, published in 1995*

Biomass for Energy, Environment, Agriculture and Industry

Vienna, 3- 5 October 1994. *See 3 Volumes of proceedings, published 1995*

Third Meeting of Experts from Energy Exporting and Importing Countries

Paris, 12 - 13 April 1995

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27 May 1975	PRESS/A(75)20	—————
5 - 6 October 1977	IEA/PRESS(77)10	IEA/GB(77)48(2nd Revision)
21- 22 May 1979	IEA/PRESS(79)14	IEA/GB(79)35
10 December 1979	IEA/PRESS(79)28	IEA/GB(80)5
21 - 22 May 1980	IEA/PRESS(80)8	IEA/GB(80)58
8 - 9 December 1980	IEA/PRESS(80)20	IEA/GB(80)85(FINAL)
15 June 1981	IEA/PRESS(81)10	IEA/GB(81)34(Final)
24 May 1982	IEA/PRESS(82)8	IEA/GB(82)54(Final)
8 May 1983	IEA/PRESS(83)6	IEA/GB(83)36(Final)
9 July 1985	IEA/PRESS(85)6	IEA/GB(85)46
11 May 1987	IEA/PRESS(87)4	IEA/GB(87)33 Annex
30 May 1989	IEA/PRESS(89)4	IEA/GB(89)36 Annex
3 June 1991	IEA/PRESS(91)7	IEA/GB(91)42/REV2
4 June 1993	IEA/PRESS(93)8	IEA/GB(93)41
22 May 1995	IEA/PRESS(95)14	IEA/GB(95)30

Highlights of Recent IEA Developments 1995

The following Highlights provide a brief overview of the main IEA events from January to October 1995 and update the Highlights in Appendix VI of Volumes I and II. The items mentioned below do not all carry the same status and are likely to develop beyond 1995. More information on the topics mentioned below can be found in the IEA's forthcoming Annual Activities Report for 1995.

IEA Ministers meeting on 22 May reaffirm that IEA "Shared Goals", adopted in their 1993 meeting continue to embody the principles underpinning energy policy for the twenty-first century and note the progress made towards the fulfilment of these Goals.

Ministers give special emphasis to global markets and competition in the energy sector, with more specific attention to energy and the environment, energy security, and relationships with non-Member countries. Ministers confirm that energy efficiency and environmental protection challenges are being advanced through voluntary approaches and industry partnerships and that cost-effective responses to climate change can be promoted through joint implementation projects. Ministers note improvements in the IEA emergency response systems by adapting them to changing market conditions. They also note progress made through enhanced co-operation with strategic non-Member countries towards energy sector restructuring, reform, and investment.

The 1995 Edition of the *World Energy Outlook* examines how world energy markets might develop to 2010 based on widely differing assumptions about future developments. In-depth studies focus on the long-term energy outlook for North America, South and Central America, Africa, and Asia, and on issues affecting the transport sector. *Oil, Gas and Coal Supply Outlook*, a companion to the 1995 *World Energy Outlook*, examines the key characteristics and the prospects for world fossil fuel supply.

Ministers endorse the major findings of the *IEA Natural Gas Security Study*, released this year. The IEA also publishes its annual survey of Member country energy policies, *Energy Policies of IEA Countries: 1994 Review* and *The Energy Charter Treaty: A Description of its Provisions*, intended to guide a fuller understanding of this important Treaty.

In April, IEA Executive Director Robert Priddle addresses the First Conference of the Parties (COP-1) to the Framework Convention on Climate Change (FCCC) in Berlin. Ministers ask the IEA to play an active role in supporting the Berlin Mandate issued at COP-1.

Supporting the objectives of the Climate Convention, OECD/IEA Member countries launch the Climate Technology Initiative, which resulted from high-level discussions on the IEA/OECD Technology Scoping Study.

The IEA completes work on two forthcoming environment publications. One is a survey of *Voluntary Actions for Energy - Related CO₂ Abatement* and the second is *Climate Change Policy Initiatives 1994-1995 Update - Volume II for Non-OECD Countries*.

The Governing Board expands the Coal Industry Advisory Board (CIAB) membership mandate to include experts from any country in the world, reflecting the increasingly global coal market and the open outlook of the IEA.

The Governing Board emphasizes increased flexibility and efficiency in IEA emergency measures for response to oil supply disruptions. This action seeks to insure that these measures remain in accord with current oil market realities by emphasizing stockdraw, demand restraint and other measures prior to, and compatible with, the activation of oil sharing.

The IEA releases *Energy Policies of the Russian Federation: 1995 Survey* designed to assist the Russian Government in developing market oriented energy policies to support sustainable economic development and to identify areas for future, energy related, technical assistance and investments.

The IEA publishes follow-up surveys of the energy policies of Poland and of Hungary. Review teams depart for Slovenia, South Africa and Ukraine to collect data for the first IEA energy policy surveys of those non-Member countries. The reviews are expected to appear in 1996.

Work is completed on *Middle East Oil and Gas*. This new regional study examines the policy options being evaluated and implemented by Iran, Iraq, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates to cope with their particular problems.

Executive Director Robert Priddle participates in the IV International Energy Conference, the fourth political level conference of energy producing and consuming countries. India proposes to hold the next conference in this series.

Greater numbers of non-Member countries are participating in IEA R & D Implementing Agreements as the Governing Board approves more proposals for the participation of Israel, Poland, the Russian Federation, and for the first time, China, and South Africa.

In connection with the IEA/OECD Scoping Study: Energy and Environmental Technologies to Respond to Global Climate Change Concerns, IEA completes special studies relating to Comparing Energy Technologies, Technology Deployment Needs in Non-Member Countries as well as a study of International Collaboration Mechanisms to Enhance Technology Development.

IEA completes a major review of Technology Collaboration Activities 1991-1994 examining the benefits and achievements of the IEA R & D Implementing Agreements which represent currently some \$100 million annually in joint activities. The review is expected for release in early 1996.

IEA co-hosts with UNIPED and EDF a major conference, New Electricity 21, involving over 800 participants who explore a wide variety of technology, energy and environmental issues and their impacts on the utility industry.

An IEA R & D Implementing Agreement on Process Integration Technology for Industrial Systems with major private industrial participation enters into force.

Problems in the deployment of new and advanced energy technologies are the subject of an IEA study now in preparation for publication in 1996.

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