**APEC 2013 Priority 2 “Achieving Sustainable Growth with Equity”**

**Discussion Paper on “*Clean and* *Renewable Energy for Energy Security in the APEC Region*”**

**Prepared by Indonesia**

**Background**

Ever since the Kyoto Protocol came into force with more than 37 economies pledging to reduce emission to 5 percent below the 1990 emission levels, there have been significant efforts to reduce global GHG (green house gas) emissions. Further commitments to reduce Carbon Dioxide, Methane and Nitrous oxides and other pollutants were reinforced in Doha Climate Change Conference in 2012. There is a clear and important role for APEC member economies to show leadership towards fulfilling the aforementioned commitments. In this respect, a large scale deployment of clean and renewable energy is one of the strategic measures which should be taken by APEC member economies.

According to the World Energy Outlook of 2009, the APEC region not only accounts to 60 percent of the world energy demand but it is also a net energy importer. Furthermore, the International Energy Agency (IEA) had forecasted an increasing global energy demand by 40 percent between 2007 and 2030. Hence, these factors have proven that energy cooperation is an important agenda item to the future works of APEC.

APEC member economies have long supported the development of clean renewable energy. The 2011 APEC Economic Leaders’ Declaration stressed the need to address both the region’s economic and environmental challenges by speeding the transition toward a global low-carbon economy in a way that enhances energy security and to reduce APEC's aggregate energy intensity by 45 percent by 2035, while the 2012 Leaders’ Declaration recognized the need to further promote energy efficiency and cleaner energy supplies as a priority to boost both sustainable development and energy security, and reduce carbon emissions as well as to create financial mechanism to encourage and support new investments in renewable energy projects.

Meanwhile, the 2010 ABAC Report to APEC Economic Leaders stated that APEC should continue to focus on renewable energy and a prudent approach to the development and management of renewable energy sources, including research and development, and the sharing of best practices. It also mentioned the importance of including renewable energy sources in energy portfolios. Moreover, the 2012 ABAC Report also recommended APEC Economic Leaders to create financial mechanism to encourage and support new investments in renewable energy projects.

**Proposal**

To carry this initiative forward, Indonesia proposes to hold a “***Conference on Clean and Sustainable Energy in APEC Region***” during APEC Leaders Summit in October 2013. This conference is aimed at providing high level forum for international discussions on clean energy development and sustainability issues toward achieving the ideals and goals of the world’s *sustainable and equitable development* in the region in accordance to the aforementioned agendas, namely ***(i)*** *Boosting Investments in Renewable Energy,* ***(ii)*** *Capacity Building and Technical Cooperation,* and ***(iii)*** *Forging cooperation among APEC member economies to acquire optimum renewable energy development projects.*

**Boosting Investments in renewable energy sector** must be supported by proper government policy and a conducive business environment. The advent of progress in new technology and rapid increase in production capacity in renewable energy resources such as solar and wind have made it more competitive against conventional technology in energy. Furthermore, mandatory bio-fuels use for transportation should be refined so as to be balanced with the need to preserve the bio-diversity and lands needed to produce sustainable food sources. Policy such as feed in tariffs and other incentive mechanisms to stimulate investments in renewable; support domestic industries and create new jobs should be continued and enhanced as long as it is required to ensure a healthy growth of renewable deployment that will further provide attractive returns to investors. Also an important factor in contributing to the progress of renewable energy is the enhancement of physical and financial infrastructure.

**Capacity building and technical cooperation** in renewable projects involve advanced technologies and require skilled labor forces. These capabilities cannot be developed overnight. We must develop proper long-term planning of capability building. Mutual cooperation between APEC members is key to strengthening these capabilities. Developed economies can bring in expertise and technology, while the developing economies have natural resources needed for renewable projects. Financing for renewable projects can also be obtained from countries that have already established “*green funding*”.

In **forging cooperation to acquire optimum renewable energy development projects**, APEC can play an important role in reducing global GHG emissions. With a conducive investment environment, technology and capability building, as well as cooperation between APEC members, we are confident that we will able to make significant contributions in renewable energy development**.**

The objective of this conference is to:

* Exploring new knowledges and technologies in clean energy development and sustainability;
* Sharing global and regional experiences in establishing *effective polici*es and *best* -*practices* on the development and applications of clean energy and energy conservation, toward reducing dependence on and gradually replacing conventional (fossil) energy, and on achieving the goals of sustainable and equitable development; and
* Fostering International collaborations in the fields related to the development of Clean and Sustainable Energy in the region

Indonesia expects the final outcome of this conference to be reflected in the APEC Economic Leaders’ Declaration 2013.

**Timeline**

* Indonesia to introduce the initiative during APEC Energy Working Group 45 Meeting at Koh Samui, Thailand on 20 – 21 March 2013. EWG 45 is expected to approve initiative with further comments and inputs intersessionally prior to SOM 2 in Surabaya on 18 – 19 April 2013.
* APEC SOM 2 in Surabaya to endorse the initiative and to task EWG 46 to finalize the initiative.
* EWG 46 to finalize the substance and logistical matters and submit to SOM 3 in Medan on 5 – 6 July 2013.
* APEC Conference on Clean and Sustainable Energy to take place in Bali on September 2013 and endorse the final outcome of the Conference.
* APEC Concluding SOM and Ministerial Meeting to approve the outcome of the Conference to be reflected at the 2013 APEC Economic Leaders’ Declaration.

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