

ASEAN MEMORANDUM OF UNDERSTANDING ON THE TRANS-ASEAN GAS PIPELINE PROJECT

The Governments of Brunei Darussalam, the Kingdom of Cambodia, the Republic of Indonesia, the Lao People's Democratic Republic, Malaysia, the Union of Myanmar, the Republic of the Philippines, the Republic of Singapore, the Kingdom of Thailand, and the Socialist Republic of Viet Nam;

RECALLING the Agreement on ASEAN Energy Cooperation signed in Manila, on 24th June 1986, which emphasised cooperation among the Member Countries in developing energy resources to strengthen the economic resilience of the individual Member Countries as well as the economic resilience and solidarity of ASEAN;

RECALLING further the Protocol Amending the Agreement on ASEAN Energy Cooperation signed in Bangkok on 15th December 1995, which provided for focused energy cooperation in ASEAN to pursue cooperative activities in various areas of energy;

NOTING that the ASEAN Petroleum Security Agreement signed in Manila, on 24th June 1986, which established the ASEAN Emergency Petroleum Sharing Scheme for crude oil and/or petroleum products in times/circumstances of both shortages and oversupply;

REALISING that energy self-sufficiency can be achieved through national and multinational efforts geared towards indigenous energy resource exploration, development, exploitation, distribution and transportation, and undertaken in a manner that both conserves the resources and preserves the environment and human habitat;

NOTING further that the importance of ASEAN energy cooperation was further underscored in the Bangkok Summit Declaration of 15th December 1995, which stated that ASEAN shall ensure greater security and sustainability of energy supply through diversification, development and conservation of resources, the efficient use of energy, and the wider application of environmentally - sound technologies; and, as reinforced in the ASEAN Vision 2020 pursuant to the ASEAN Second Informal Summit on 15th December 1997 in Kuala Lumpur, calling for cooperative activities aimed at establishing interconnecting arrangements for natural gas, among others, within ASEAN through the Trans-ASEAN Gas Pipeline (TAGP) Project;

AWARE that the development of the TAGP Project is a specific energy programme in the Hanoi Plan of Action endorsed by the ASEAN Heads of Government on 16th December 1998 in the Sixth ASEAN Summit and the ASEAN Plan of Action for Energy Cooperation 1999-2004 adopted by the 17th ASEAN Ministers on Energy Meeting in Bangkok on 3rd July 1999, which entrusted the responsibility of implementing the TAGP to the ASEAN Council on Petroleum (ASCOPE) through the auspices of the

ASEAN Ministers on Energy, and that ASCOPE was directed to form the TAGP Task Force to implement the TAGP Project in collaboration with national focal points and relevant institutions;

CONSIDERING that natural gas is an abundant, clean, safe and environment friendly alternative source of energy in the Southeast Asian Region, and the implementation of a regional plan for its transportation through the proposed and future TAGP inter-connections (hereinafter referred to as "Pipelines") among the Member Countries will spur economic development and enhance energy security in the region;

MINDFUL that there is a need to recognise, coordinate and rationalise these efforts, plans and programmes for natural gas production, distribution and utilisation;

ACKNOWLEDGING that the involvement of the governments of the Member Countries and participation of the private sector are needed to support these plans and programmes for natural gas;

HAVE AGREED AS FOLLOWS:

ARTICLE I. OBJECTIVE

The objective of this Memorandum of Understanding is to provide a broad framework for ASEAN Member Countries to cooperate towards the realisation of the TAGP Project to help ensure greater regional energy security.

ARTICLE II. GENERAL PROVISIONS

Member Countries shall:

1. Establish cooperation in the various aspects of the realisation of the TAGP Project;

2. Initiate individual and/or joint studies, either on a bilateral or multilateral basis, to support and encourage the production, utilisation, distribution, marketing, and sale of natural gas among themselves;

3. Encourage cooperation and pooling of resources by the governments and/or private sector for joint projects subject to commercial viability pertaining to the TAGP Project:

4. Subject to, and consistent with, the national laws of each Member Country, take individual and collective initiatives to study, assess, and review national and regional legal and institutional frameworks for natural gas, concerning cross border issues relative to the commercial and economic feasibility, construction, financing, operation, and maintenance of the Pipelines as well as the supply, transportation, and distribution of natural gas to Member Countries, as herein below agreed upon.

ARTICLE III. CROSS-BORDER ISSUES

Member Countries shall conduct relevant studies on the following:

A. Financing

Available financing modes or arrangements relative to the financing of the construction, operation and maintenance of the Pipelines, as well as the supply, transportation and distribution of natural gas to Member Countries. In this respect, Member Countries recognise the important role that will be played by the private sector in financing the construction of the Pipelines and in the supply, transportation and distribution of natural gas to Member Countries.

B. Technical Specifications

Standardisation of technical specifications for the Pipelines, such as, but not limited to, design and construction standards, operation and maintenance guidelines, safety, environment and measurement standards which are internationally recognised by the oil and gas industry.

C. Access and Use

Effective and stable contractual arrangements for the supply, distribution and transportation of natural gas, including adherence to the open access principle as well as management of the Pipelines in accordance with such internationally accepted standards in the oil and gas industry.

D. Security of Supply and Emergency Supply Arrangements

Appropriate measures to ensure security and safety of the Pipelines and the uninterrupted flow of contracted natural gas for transmission through the Pipelines including a framework for cooperation in the event of a serious disruption of natural gas supply, subject, however, to mutual consultations.

E. Health, Safety and Environment

Possible cooperation to mitigate the risk and impact on the environment which the construction, operation, and maintenance of the Pipelines may pose to the community, property, and environment, while recognising each Member Country's right to determine in accordance with its own national laws, safety measures and environmental requirements which are to govern the construction, operation, and maintenance of the Pipelines constructed within its territory, including the designation of its own inspectors.

F. Transit Rights

Acceptable measures which would facilitate the issuance of permits, licenses, consents, or other authorisations for transit Pipelines and natural gas being transported through the territory of such Member Country.