



**Asia-Pacific
Economic Cooperation**

2011/CSOM/002
Agenda Item: 2a

**EWG Lead Shepherd Letter to Senior Officials on
Fossil Fuel Subsidies Energy Intensity Reduction,
and Environmental Goods and Services**

Purpose: Consideration
Submitted by: EWG Lead Shepherd



**Concluding Senior Officials' Meeting
Hawaii, United States
8-9 November 2011**



Energy Working Group

October 27, 2011

Dear APEC Senior Officials,

The APEC Energy Working Group (EWG) has been very active this year in pursuit of Green Growth and the sustainable development pillar of the APEC Growth Strategy.

Pursuant to instructions from Leaders last year, the EWG undertook an extensive review of the potential for reducing the overall energy intensity of APEC economies beyond the 25 percent regional goal that Leaders adopted in 2007. I am pleased to report that at our meeting in Kaohsiung, Chinese Taipei on October 17-21, the EWG agreed that the expected range of APEC-wide energy intensity reduction by 2035 is 40-50%, and thus we recommend SOM consider a region-wide aspirational goal of reducing energy intensity by 45 percent by 2035. We believe the enhanced goal is both ambitious and achievable, and hope that Leaders will adopt it. The attached paper contains further details on our recommendation.

Just as important, the EWG is engaged in a variety of complementary activities to help APEC achieve this goal. Among these is the Energy Smart Communities Initiative (ESCI) that Japanese Prime Minister Kan and U.S. President Obama launched on the occasion of the Leaders meeting in Yokohama last year. With fifteen tasks to encourage smart buildings, transport, power grids and jobs, ESCI will help the region to improve energy efficiency and reduce energy intensity. Voluntary Peer Reviews of Energy Efficiency (PREE) have been conducted for more than a third of APEC economies, giving them concrete advice on how to use energy more efficiently and will review more economies in the coming year. In addition, the Cooperative Energy Efficiency Design for Sustainability (CEEDS) program, now in its third year, has focused in detail on strategies for more energy-efficient appliances, buildings, and urban transport.

Another key support for sustainable, green growth will be provided through our efforts to reduce and phase out inefficient fossil fuel subsidies, as Leaders recognized in their last two meetings. I am pleased to announce that the EWG also agreed at its meeting to a reporting mechanism that APEC economies can use voluntarily to document their efforts to reduce fossil fuel subsidies and better focus them on populations in need. By yearend, we also will have completed two studies that provide important information on existing consumer fossil fuel subsidies and best practices. The form we adopted is attached for your information.

Finally, the Energy Working Group would like to state our support for, and welcome efforts to, facilitate trade and investment in environmental goods and services. The EWG has undertaken a wide range of efforts this year to contribute to robust trade in environmental goods and services (EGS). We cooperated with the Subcommittee on Standards and Conformance to organize workshops on harmonization of standards and test procedures for photovoltaic power systems, information and communications technology, and building energy management systems, as well as on best practices for promoting the design and construction of green low-energy buildings. We also launched an initiative for Cooperative Assessment of Standards and Testing (CAST) and have provided increased funding for the APEC Energy Standards Information System (APEC-ESIS).

Through all these efforts and future ones, the Energy Working Group will endeavor to support green growth in APEC.

A handwritten signature in cursive script that reads 'Phyllis Yoshida'.

Dr. Phyllis Yoshida
Lead Shepherd
APEC Energy Working Group