

June 24, 1986

ASEAN PETROLEUM SECURITY AGREEMENT

THE GOVERNMENTS OF BRUNEI DARUSSALAM, THE REPUBLIC OF INDONESIA, MALAYSIA, THE REPUBLIC OF THE PHILIPPINES, THE REPUBLIC OF SINGAPORE AND THE KINGDOM OF THAILAND, being members of the Association of South East Asian Nations, hereinafter referred to as ASEAN:

REFERRING To the Agreement on ASEAN Energy Cooperation signed at Manila, Philippines, on 24 June 1986

CONSIDERING that the establishment of a petroleum security agreement among ASEAN Member Countries will contribute to the strengthening of the economic resilience of the individual Member Country as well as to the economic resilience and solidarity of ASEAN;

HAVE AGREED on the following provisions:

ARTICLE I ESTABLISHMENT OF THE ASEAN EMERGENCY PETROLEUM SHARING SCHEME

The Governments of the ASEAN Member Countries hereby agree to establish the ASEAN Emergency Petroleum Sharing Scheme for crude oil and/or petroleum products in times/circumstances of both shortage and oversupply.

ARTICLE II GUIDELINES FOR THE ASEAN EMERGENCY PETROLEUM SHARING SCHEME

Shortage Situation

(i) In the event of critical shortage or when at least one Member Country is in distress, the oil exporting members of ASEAN commit to supply, towards meeting such shortage, that amount of indigenous ASEAN crude oil and/or indigenous ASEAN petroleum products equivalent to :

crude production capability

plus available imports of crude oil and/or
petroleum products

less (a) the amount contractually committed consumption ,

(b) domestic consumption,

(c) crude oil and/or petroleum product exports by
oil contractors/operators or refiners serving mainly
international markets, to which the government
has no entitlement, and

(d) the amount of crude oil and/or petroleum products not owned directly by the government, taking into account processing facilities in the distressed country/countries.

(ii) If the above quantity added to other available supplies is less than 80 percent of the normal domestic requirements of the country in distress, then the ASEAN Government will endeavour to make available to the supply pool of the country in distress, an additional 10 per cent of the volume of each type of crude oil and/or petroleum products to which the oil exporting country has entitlement. Any request of supply to cover needs beyond 80 percent of normal requirements shall be negotiated on a bilateral basis.

(iii) Such Emergency oil supplies shall be for domestic consumption in the distressed countries.

Oversupply Situation

(iv) In times of indigenously-sourced crude oil and/or petroleum products oversupply, the importing Member Countries should, so far as practicable, purchase exports of Member Countries in distress so as to raise the latter's exports to at least 80 percent of the normal exports taking into account the importing country's domestic requirements of the volume of each type of crude oil and/or petroleum products, processing facilities, as well as existing supply commitment.

"Exports" here is understood to exclude exports by oil contractors/operators to which the government has no entitlement.

Supply negotiations on the above shall be done on a bilateral basis.

(v) In the event that there is more than one Member Country affected by an emergency shortage or oversupply then the available quantity to be committed shall be initially allocated in proportion to their respective normal domestic consumption and exports, for the 12-month period immediately preceding the emergency.

Governing Conditions

(vi) For the purpose of this Agreement :

"shortage" shall refer to an emergency situation in which at least one ASEAN Member Country suffers extreme petroleum shortage, due to unexpected natural calamity such as earthquake or other calamity such as an explosion of product on facilities, storage or refinery plants or an abrupt stoppage of import due to war or other similar crisis and due to worldwide petroleum shortage situation in the ASEAN Member Countries concerned or in other parts of the world, and is unable to cope with such situation through its domestic supplies and procure the needed supply through normal channels of trade to the extent that the total supply is less than 80 per cent of the normal domestic consumption requirements.

"Oversupply" shall refer to an emergency situation in which ASEAN Member Countries are suffering extreme petroleum oversupply due to worldwide petroleum oversupply situation, and are unable to cope with such situation through their normal channel or trade to the extent that the total export is less than 80 per cent of the normal exports.