

Feature Articles

- ❖ Results of the 6th ACD Ministerial Meeting
- ❖ The 1st ACD High-Level Study Group Meeting
- ❖ Interview with the Bahrain Petroleum Company Ltd.

Table of Contents**Results of the 6th ACD Ministerial Meeting**

The 6th ACD Ministerial Meeting convened in Seoul, on 4-5 June 2007 ended on a high note.

Page 1

The 1st ACD High-Level Study Group Meeting

To explore and make recommendations on the future directions of the ACD.

Page 1

Interview with Bahrain Petroleum Company Ltd.

On the issues of energy security and global warming.

Page 2 - 3

Projects Update

This year has been another dynamic year of the ACD.

Page 3

Glossary of the ACD Terminology

Introducing terminologies used in the ACD.

Page 3

Country Focus: Kazakhstan

Introducing Kazakhstan as the next host of the ACD Ministerial Meeting.

Page 4

Upcoming Activities

Updates on the upcoming activities of the ACD.

Page 4

The *ACD e-News* is a quarterly publication of the Asia Cooperation Dialogue (ACD), published by Thailand as the ACD Coordinator, that seeks to inform members, as well as the public, of the forum's general information, updates, and upcoming activities.

Results of the 6th ACD Ministerial Meeting

The 6th ACD Ministerial Meeting convened in Seoul, the Republic of Korea, between 4-5 June 2007 ended on a high note with the ACD Ministers agreeing on key mechanisms of the forum and ways forward to address challenges facing Asia.

The 2nd ACD Prime and Co-Prime Movers Consultation Meeting was held 1 day prior to the 6th ACD Ministerial Meeting, on 3rd June 2007 in Seoul, where Prime and Co-Prime Movers gathered together to take stock of progress made in 19 cooperation areas and plan future strategy to further concretize the ACD cooperation.

The 6th ACD Ministerial Meeting, chaired by H.E. Mr. Song Min-soon, Minister of Foreign Affairs and Trade of the Republic of Korea, reviewed the progress report prepared by Prime and Co-Prime Movers on the 19 cooperation areas. The Ministers appreciated joint efforts of member countries in keeping ACD cooperation areas dynamic and further encouraged them to step up their participation in all areas to generate concrete deliverables that benefit the peoples of the ACD.

The Ministers endorsed the creation of the ACD High-level study group (HLSG) with representation from member countries' Ministries of Foreign Affairs or academic communities to explore and make recommendations on 4 issues that are vital to the future of the forum: 1) ACD end goals 2) funding mechanism 3) ACD secretariat and 4) Track II participation.

On the issue of membership, the Meeting agreed to institute a temporary moratorium until the Study Group submits its recommendations on the ACD future directions to the 7th ACD Ministerial Meeting in Kazakhstan in 2008.

The Ministers exchanged views on issues challenging Asia including security concerns in the Korean Peninsula, climate change and digital divide. They also discussed the need of cultural dialogue within the ACD framework and agreed to further explore the possibility of developing a cooperation project. Underlining their commitment to enhance cooperation for sustainable growth of the region, the Ministers adopted the Seoul IT Declaration, aiming to bridge the digital divide while preventing adverse effects from the cyberspace.

ACD Ministers welcomed, with gratitude, the offer by Sri Lanka to host the 8th ACD Ministerial Meeting in 2009.

**The 1st ACD High-Level Study Group Meeting**

Thailand hosted the 1st ACD HLSG Meeting on 20-21 August 2007 in Bangkok. The Meeting was a successful event, participated by representatives from Ministries of Foreign Affairs and academic communities of 28 ACD member countries. The objectives of the meeting are to discuss and make recommendations on 4 issues concerning the future of the ACD, including the forum's end goals, ACD Secretariat, funding mechanism and track II participation.

H.E. Dr. Manaspas Xuto, Advisor to the Minister of Foreign Affairs of Thailand, delivered the opening remarks highlighting that the promotion of cultural aspects in the ACD would lead to better understanding of the various cultures that make up the ACD, hence, created greater mutual appreciation and more effective cooperation among the member countries.

India and Thailand co-chaired the session on End Goals. Singapore chaired the session on the ACD secretariat. The Sultanate of Oman chaired the session on Funding. And, the Republic of Korea chaired the session on Track II participation.

Thailand, as the ACD Coordinator, will report the progress of this Meeting at the ACD Ministerial Meeting on the Sidelines of the 62nd Session of the UNGA in September 2007. Further meetings are to be hosted by the Republic of Korea and Kazakhstan to complete consideration of pending issues. Final results will be submitted to the 7th ACD Ministerial Meeting in Kazakhstan for Ministers' endorsement.



Special Interview with Bahrain Petroleum Company Ltd. (BAPCO)

The issues of Energy Security and Global Warming are currently at the center of attention worldwide including ACD member countries. *ACD e-News* interviews the Chairman of Bahrain Petroleum Company Ltd. (BAPCO) on these issues.

Could you please provide us a brief background of your company?

The Bahrain Petroleum Company Limited (BAPCO) was established in 1929. It is now fully owned by the Government of Bahrain and is being overseen by the National Oil & Gas Authority (NOGA). It engages in the oil and gas industry including exploration and prospecting for oil and gas, drilling, producing, refining, distribution of petroleum products and



and natural gas, sales and exports of crude oil and refined products. The company owns a 250,000 barrel-a-day refinery, storage facilities for more than 14 million barrels, a marketing terminal, and a marine terminal for its petroleum products. BAPCO employs over 3,000

workforce, of whom 88% are Bahrainis. Its prime customers for crude oil and refined products are based in the Middle East, India, the Far East, South East Asia and Africa, and 95 percent of refined products are exported.

Bahrain is currently one of the world's biggest energy producers, as a Bahraini company, what is your view toward the issue of Energy Security?

We strongly believe that global demand for energy will continue to grow rapidly. At the same time, competitiveness will increase for energy resources. In this environment, energy diversification becomes increasingly important to ensure that energy consumer throughout the world obtain affordable & reliable energy.

BAPCO invests heavily in energy both on-shore & off-shore. Our approved capital budget approached US\$315 in 2007 reflecting concerted efforts to increase sources of energy and improve their utilisation. Our investment does not only concentrate on conventional sources of energy, but expands into new techniques such as drilling into unconventional reservoir using sophisticated technology.

Bahrain itself has become a major energy consumer in the region. As such, it is endeavoring to secure energy from neighbouring countries on long-term basis to ensure continual economic growth and industrial diversification and competitiveness. The Government of Bahrain will do its best to capture the benefits of economic coordination and integration between neighbouring Gulf countries.

Recognizing the direct linkage between economic development and energy security, the issue of maintaining a sustained and stable supply of energy has been emphasized. What do you think is the role of modern technology, innovation or R&D towards the Efficient Energy development?

The growth of Oil and Gas sector and Bahrain economy depends on successive economic upgrading in which the business environment evolves, hence supporting and encouraging increasingly sophisticated ways of conducting business. This is primarily dependant on new technology.

Innovation is one of the values for BAPCO in its pursuit to "strive for excellence". The aggressive BAPCO's drilling

program includes new techniques of directional, horizontal and re-entry wells in addition to vertical wells. Another example is the use of Advance control in increasing yield & profitability of the Refinery. Over the years, the Refinery has embarked on modernization projects replacing outdated equipment and instrumentation with the latest state-of-the-art technology. Currently the Company is engaged in executing more than \$1 billion worth of projects to transfer the Refinery into a modern competitive enterprise meeting today's demand for clean source of energy.

Do you see the current development of alternative energy sources, such as bio-fuel, solar power and nuclear energy, as a real opportunity that will substitute the use of fossil fuel in the near future? Why?

The development of alternate energy sources, we believe, is *not a substitute* for fossil fuel. In spite of the increase in the cost of hydrocarbon products, it remains very competitive and attractive. However, the development of other sources such as wind power, solar energy and biofuels will *supplement* fossil fuel. We realize the increasing demand for energy in the developing world and the steadily declining oil resources encourage the need for research and investment in alternative renewable energy. This is combined with greater demands for cleaner and more efficient fuels in the developed countries. To prepare for tomorrow we need to take action now and explore the potential of sustainable sources such as fuel cells, biomass, solar energy, wind energy and other sources. BAPCO supports R&D contribution in these fields.

In order to achieve a balance between energy utilization and environmental protection, the development of Clean Energy has become another major concern recently. Does your company have any policy supporting such development?

Protection of the environment continues to be a major focus of BAPCO's policy. In line with best practice, BAPCO has created an EHS policy that integrates the functions of occupational health, industrial safety and environment. On Environmental Guidelines, the EHS Policy emphasize to:

- follow design and operating philosophies geared towards energy reduction, waste minimization, conservation of natural resources and application of clean technology at the source
- apply the most appropriate pollution prevention and/or abatement techniques which are technically feasible, economically acceptable, and consistent with national, regional and international requirements



- recycle or reuse wastes as secondary raw materials and, if not feasible, treat and dispose of them in an environmentally sound manner.

As part of BAPCO's commitment towards the protection of the environment, it has identified a number of environmental projects which when completed will enable it to become fully compliant with the local environmental regulations as well meet the International Standards. The total capital expenditure estimated for the environmental projects is in excess of US\$ 250 million. These projects are as followings:

- Kerosene - Merox plant, where it replaced lead based process with the use of cleaner production technology in producing jet fuel.
- Low Sulphur Diesel Plant and Unleaded Gasoline Projects aim to reduce the environmental impact through the design of environmentally friendly but cost-effective products.

• Energy Blitz programme, initiated in 2002, is directly related to the Kyoto Protocol in reducing energy consumption and greenhouse gases (GHG) by optimizing efficiency and reducing wastage.

The continuous improvement of the company environmental performance is achieved through the ongoing implementation of the Environmental Management System (EMS) based on the ISO14001. This will ensure compliance with any future development in national and international environmental laws and regulations.

Do you think there exist opportunities for cooperation between energy producers and consumers that will lead to greater synergy in this sector? How?

It is in the interest of both producing countries and consumers to cooperate for the benefit of both parties. Cross-national cooperation allows the producing countries to develop the capabilities required for competing in the global market. In some cases, consumers may possess the right technology, know how and expertise which will benefit the producing countries. The cooperation in the field of training, bilateral projects or joint ventures as well as long term alliances will also benefit both parties. The industry needs to view cooperation in terms of a *win-win* mentality, not as win-lose situation.

Further, consumer feedback mechanism should be established for energy producer to grasp the expectations of the consumers. Consumers on the other hand should be open minded enough to understand that producers also have shareholders to satisfy with certain amount of returns. Having the mutual understanding on the individual interests will lead to a better synergy between the two sectors.

Being home to some of the world's major energy producers as well as consumers, in which way do you



think the ACD could cooperate and help ensuring the regional energy security?

The role of ACD would be one of promoting the process of regional cooperation. The ACD should assist in shifting the focus of cooperation from politics and security to economic issues. ACD should serve as a platform for cross-national cooperation in clusters of technologies and funds such as oil, petrochemicals, tourism, agribusiness, textiles and IT. ACD should help create the atmosphere for better cooperation, e.g.

- Improve regional transportation infrastructure.
- Create an efficient energy network.
- Upgrade / link regional communications and financial markets.
- Upgrade higher education through facilitating specialization and student exchanges.
- Expand cross-border business and financial information access and sharing.

To achieve this it should:

- Eliminate trade and investment barriers within the region.
- Simplify cross-border regulations and paperwork.
- Guarantee minimum basic investor protections.
- Agree on foreign investment promotion guidelines that would

help enhance productivity.

In summary, the Asia Cooperation Dialogue (ACD) being the funnel of all the information among the 30 countries could initiate the Exchange of Information particularly on the state-of-the-art technologies that have proven to be operationally feasible. This process will in effect reduce the time, effort and financial resources in re-inventing the wheel, experimenting for a better option and others. Each country will learn the best practices from the other and considering regional energy security as the ultimate goals. In the long run, ACD could no longer be a missing link but a bridge that connects all countries on a shared goal.

Dr. Abdul-Hussain Ali Mirza
Minister of Oil & Gas Affairs
Chairman of Bapco Board Committee

Projects Update

Environmental Education

Japan, as the Prime Mover on Environmental Education, hosted the 4th Dialogue on Environmental Education on 26 - 27 June 2007 in Kitakyushu, Japan, with this year's theme being Environmental Education as a measure to address global warming. The objectives were to reach a common understanding among member countries, enhance contribution of Asian countries and promote public awareness on this critical issue.

The Meeting was a successful event. Representatives of ACD member countries presented mitigation measures taken by their respective government to handle environmental problems.



The Meeting took note that in the arena of Environmental education, the region poses various bottlenecks including the lack of a holistic approach and coordination among Ministries to come up with an Action Plan. Recommendations

on possible means to enhance the development of Education for Sustainable Development (ESD), raise public awareness on global environmental issues in the region, as well as adopt a holistic approach in the resolution of environmental problems were made during the Meeting.

Glossary of ACD Terminology

Missing Link - In going through literature on the ACD, one may come upon the following statement "The ACD serves as the 'missing link' in Asian cooperation."

Missing link here implies something new. Before the ACD was formed in 2002, forums for cooperation in the Asian region were primarily sub-regional in character, e.g., GMS, ACMECS, BIMSTEC, ASEAN, ASEAN+3, SAARC, GCC, CICA. When the ACD came about, however, it was able to draw its membership from all of Asia's sub-regions, i.e., Southeast Asia, East Asia, South Asia, Western Asia, the Middle East and Central Asia, becoming the first pan-Asian forum. What the ACD did, then, was to bring (or "link") all sub-regions and sub-regional forums together under one roof.

The *missing link* concept also has to do with what the ACD aspires to do. The ACD strives to be the "missing link" in Asian cooperation by carrying out projects that not only do not duplicate those in the sub-regional forums, but also complement and add value to them.





Country Focus: The Republic of Kazakhstan

Kazakhstan, officially known as the **Republic of Kazakhstan**, is a country that stretches over a vast expanse of

northern and central Eurasia. Its terrain extends west to east from the Caspian Sea to the Altay Mountains and north to south from the plains of Western Siberia to the oases and deserts of Central Asia.

Geography With a territory of 2,727,300 km² (1.05 million mi²), Kazakhstan is ranked the 9th largest, as well as the largest landlocked, country in the world. The Kazakh Steppe, with an area of around 804,500 km² (310,600 mi²), occupies one-third of the country and is the world's largest dry steppe (semi-desert) region. Major cities include Astana (capital since December 1997), Almaty (former capital), Karaganda, Shymkent, Semey and Turkestan.

Demographic Kazakhstan has the population of 15,284,929 (July 2007 est.), ranks 62nd in the world. The population is estimated to be 63% ethnic Kazakhs and 23% ethnic Russian, with a rich array of other groups represented, including Ukrainians, Uzbeks, Germans, Chechens, and Uyghurs. The main religious groups are 47% Muslim (mainly Sunni), 44% Russian Orthodox, 2% Protestant, and 7% other.

Climate Because of the far distance from the oceans, the climate in Kazakhstan is sharply continental and very dry. The lack of precipitation makes Kazakhstan a sunny republic, at the same time, the lack of moderating bodies of water also meant that temperatures can vary widely. Average winter temperatures are -3°C in the north and 18°C in the south; summer temperatures average 19°C in the north and 28-30°C in the south.

Language Kazakhstan is a bilingual country: the Kazakh language, spoken by 64.4% of the population, has the status of the "state" language, while Russian which is spoken by almost all Kazakhstani, is declared the "official" language, and is used routinely in business.

Economy Kazakhstan possesses enormous fossil fuel reserves and plentiful supplies of other minerals and metals. It also has a large agricultural sector featuring livestock and grain. Its industrial sector rests on the extraction and processing of these

natural resources. The country has embarked upon an industrial policy designed to diversify the economy away from overdependence on the oil sector by developing light industry, i.e. machine-building sector specializing in construction equipment, agricultural machinery, and some defense items. Kazakhstan enjoyed double-digit growth in 2000-01 (8% or more per year in 2002-06) thanks largely to its booming energy sector, but also to economic reform, good harvests, and foreign investment. The opening of the Caspian Consortium pipeline in 2001, from western Kazakhstan's Tengiz oilfield to the Black Sea, substantially raised export capacity. In 2006, Kazakhstan completed the Atasu-Alashankou portion of an oil pipeline to China that extends from the country's Caspian coast eastward to the Chinese border.



Government Kazakhstan is a constitutional republic, with the president being the head of state. The president is also the commander in chief of the armed forces and may veto legislation that has been passed by the Parliament. The prime minister chairs the Cabinet of Ministers and serves as Kazakhstan's head of government. It has a bicameral Parliament, made up of the lower house (the Majilis) and upper house (the Senate). Kazakhstan is divided into 14 provinces (*oblystar*) and 3 municipal districts. Each province is headed by an Akim (provincial governor) appointed by the president. The Government of Kazakhstan transferred its capital from Almaty to Astana on December 10, 1997.

Culture The Kazaks have a well-articulated culture based on their nomadic pastoral economy, relating mostly to livestock. Traditional Kazak belief held that separate spirits inhabited and animated the earth, sky, water, and fire, as well as domestic animals. Animal husbandry is central to the Kazaks' traditional lifestyle, and good manners required that a person ask first about the health of a man's livestock when greeting him and only afterward inquire about the human aspects of his life. Kazaks are known for their love of music, dance and festival in general.



Sources: www.kazakinfo.com, www.mfa.kz, www.worldbank.org, www.wikipedia.org

Upcoming activities

Ministerial Meeting on the Sidelines of the 62nd Session of the United Nations General Assembly

28 September 2007
UN Head Quarter, USA.

2nd ACD Forum on Enhancing Market Access for SME

4-6 December 2007
Singapore

Details of these activities can be found on the ACD website.



The ACD Ministerial Meeting on the Sidelines of the 62nd Session of the United Nations General Assembly

The Republic of Korea, Chair of 2007, is to host the ACD Foreign Ministers Meeting on the sidelines of the 62nd Session of the United Nations General Assembly on 28 September 2007 at the Millennium UN Plaza Hotel, New York City. The Meeting on the sidelines of UNGA is another key annual event of the ACD where Ministers gather together to touch base and update each other on the progresses of the forum. This is also the opportunity to discuss regional and international issues of common concern related to the agenda of the UNGA in each year.

At the Meeting this year, to be chaired by H.E. Mr. Song Min-soon, Minister of Foreign Affairs and Trade of the Republic of Korea, the ACD Ministers will be updated on progress made at the 1st ACD High-level Study Group Meeting, held in Bangkok between 20-21 August 2007. The Ministers will also discuss Morocco's application for ACD Partnership for Development status as well as the development of ACD cultural Dialogue. The topic of climate change is also expected to be raised for it is an international issue of common concerns of ACD Ministers.