

# 1986 ASEAN PETROLEUM SECURITY AGREEMENT

*Signed in Manila, Philippines on 24 June 1986*

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 Southeast 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 1: ESTABLISHMENT OF THE ASEAN EMERGENCY PETROLEUM SHARING SCHEME**

1. 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 over supply.

## **ARTICLE 2: GUIDELINES FOR THE ASEAN EMERGENCY PETROLEUM SHARING SCHEME**

### **I. SHORTAGE SITUATION**

2. 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 to traditional buyers
  - b) domestic consumption;
  - c) crude oil and/or petroleum products 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.
3. 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 Governments 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 per cent of normal requirements shall be negotiated on a bilateral basis.
4. Such emergency oil supplies shall be for domestic consumption in the distressed countries.

## **II. OVERSUPPLY SITUATION**

5. 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 per cent 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 commitments "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.
6. 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.

## **III. GOVERNING CONDITIONS**

7. 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 production 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.
8. In the event of either a shortage or an Oversupply the Member Country in distress shall give notice of such emergency situation to the, ASEAN. Economic Ministers on Energy Co. operation which should decide within 3 Week, of such notice to put the Emergency Petroleum Sharing Scheme into operation.
9. The period of emergency shall be determined by the ASEAN Economic Ministers on Energy Cooperation through consultation.
10. The prices and other conditions shall be, subjected to bilateral negotiations between the appropriate parties.

11. The guiding principle in the arrangement shall be the spirit of assistance; no undue advantage shall be taken of any adverse position faced by a Member Country.
12. The Member Countries shall nominate the respective executing agency for the purpose of implementing this Agreement.
13. The Member Countries in distress shall exert all efforts to cope with the adverse situation through domestic and normal acceptable commercial means before invoking assistance under this Scheme.
14. In the case of less critical difficulties, the country affected may directly negotiate with any other ASEAN Member Country in the spirit of mutual assistance.

### **ARTICLE 3: FINAL PROVISIONS**

15. This Agreement is subject to ratification by the ASEAN Member Countries.
16. The Instruments of Ratification shall be deposited with the Secretary-General of the ASEAN Secretariat who shall promptly inform each ASEAN Member Country of such deposit.
17. This Agreement shall enter into force on the thirtieth day after the deposit of the Instrument of Ratification.
18. No reservations may be made to this Agreement either at the time of signature or ratification,
19. Any amendment to the provisions of this Agreement shall be effected by consent of all the ASEAN Member Countries.
20. This Agreement shall be deposited with the Secretary-General of the ASEAN Secretariat who shall promptly furnish a certified copy thereof to each ASEAN Member Country.

**IN WITNESS WHEREOF**, the undersigned, being duly authorized thereto by their respective Governments, have signed this Agreement.

**DONE** in Manila, Philippines this 24th day of June 1986, in seven copies in the English language.

For Brunei Darussalam:

**H.R.H PRINCE MOHAMED BOLKIAH,**

Foreign Minister

For the Republic of Indonesia:

**PROF. DR. MOCHTAR KUSUMAATMADJA,**

Foreign Minister

For Malaysia:

**TENGGU AHMAD RITHAUDDEEN,**

Foreign Minister

For the Republic of the Philippines:

**DR. SALVADOR H. LAUREL,**

Vice-President and Foreign Minister

For the Government of the Republic of Singapore:

**S. DHANABALAN,**

Minister for Foreign Minister

For the Kingdom of Thailand:

**DR. ARUN PANUPONG,**

Deputy Foreign Minister