
Organization Development of ASCOPE

The Seventh United Nations General Assembly adopted on December 21, 1952, Resolution 626 or more popularly known in later years as the Principles of Permanent Sovereignty Over Natural Wealth and Resources, which declared that “the peoples may for their own ends, freely dispose of their natural wealth and resources in no case may a people be deprived of its own means of subsistence”. It also recognized that “the right of peoples to use and exploit their natural wealth and resources is inherent in their sovereignty”.

The importance of this statement can be seen from the perception that the imbalanced contractual arrangements which existed between host-governments and transnational oil corporations dating from the period before the Second World War, remained unchanged after the war was over due to inequality of bargaining power and lack of negotiating capability, even after countries became politically independent.

Resolution 1803 which was adopted by the Seventeenth United National General Assembly on December 14, 1962, emphasized further that the right to self determination includes permanent sovereignty over natural wealth and resources.

This latter resolution is now popularly described as the landmark resolution. It was further reiterated by Resolution 88 of the Thirteenth General Meeting of the United Nations Conference on Trade and Development which was adopted on October 19, 1972, which reaffirmed the sovereign right of all countries freely to dispose of their natural resources for the benefit of their national development.

The adoption of the Principles of Permanent Sovereignty Over Natural Wealth and Resources in 1952, which was later further developed by a number of other resolutions, has been instrumental in setting the course for the development of the Indonesian petroleum industry. Thus PERMINA was created in December 1957 as the first national oil company in ASEAN, which was later transformed into PERTAMINA. PERTAMINA was founded by Government Law No. 8 of the Year 1971, which was enacted on September 15, 1971.

On August 8, 1967, the Association of Southeast Asian Nations (ASEAN) was founded in Bangkok, with Indonesia, Malaysia, Philippines, Singapore and Thailand as the founding members. It adopted through the Bangkok Declaration its basic approach to regionalism through consultation and coordination of activities hopefully leading to the integration of thoughts towards regional consciousness.

The Bangkok Declaration also described the objectives and extent of cooperation among member-states with each state retaining its primary responsibility for stability and national development. It

included among others:

- a. joint endeavours in the spirit of equality and partnership,
- b. promotion of active collaboration and mutual assistance on matters of common interest and utilization of their agricultural and industrial resources,
- c. promotion of Southeast Asian studies, and
- d. maintenance of close and beneficial cooperation with existing international and regional organizations with similar aims and purposes.

The sudden increase in oil price which took place immediately after the 1973 Middle East War, made governments all over the world aware of the strategic importance of oil and its vital role in the development of their economies.

Thus the Philippine National Oil Company (PNOC) was created in the Philippines by Presidential Decree No. 334 on November 9, 1973, followed by PETRONAS in Malaysia by the Petroleum Development Act 1974, enacted on December 3, 1974.

The national oil companies are to serve as the government's instrument to take charge of petroleum matters and to exercise, on behalf of the country, its sovereign right over its own hydrocarbon resources.

In June 1975 PERTAMINA sent a proposal to all heads of national oil companies or government petroleum agencies in the ASEAN region "for cooperation within the field of the oil industry among countries which form the Association of Southeast Asian Nations (ASEAN)". It also added that "the joint cooperation will have as main aim to assist the ASEAN countries in increasing their capabilities in all phases of the petroleum industry through mutual assistance."

As a follow-up a preliminary meeting was held in Manila from September 5-6, 1975, followed by another meeting in Jakarta from October 13-14, 1975.

On October 15, 1975, the ASCOPE Declaration and the Memorandum of Understanding were signed. Indonesia, Malaysia and the Philippines were represented by their respective head of national oil companies, while Singapore was presented by the Chairman of the Singapore Petroleum Company, a joint-venture company with the Government's Development Bank of Singapore, and Thailand by its Chairman of the Thai Petroleum Committee.

The aims and purposes of ASCOPE, in line with the objectives of ASEAN include:

- a. promotion of active collaboration and mutual assistance in the development of petroleum resources in the region through joint endeavours in the spirit of equality and partnership,
- b. collaboration in the efficient utilization of petroleum,
- c. providing mutual assistance in personnel training and the use of research facilities and services in all phases of the petroleum industry.
- d. facilitating exchange of information,
- e. holding of conferences and seminars, and
- f. maintenance of close cooperation with existing international and regional organizations with similar aims and purposes.

It was agreed that due to its specific technical and operational character ASCOPE should operate independently outside the ASEAN Secretariat, but will conduct its programme and activities within the ASEAN concept. ASCOPE will closely liaise with and will inform the ASEAN Secretariat of its programme and activities.

Indonesia and Malaysia at that time constituted the two oil producing-members in the region. The Philippines and Thailand were consuming countries, while Singapore was and is still enjoying its unique position as the region's crude processing centre.

On December 28, 1978, the Petroleum Authority of Thailand (PTT) Act was promulgated in order to ensure the efficient management over all aspects of petroleum industry development in Thailand, followed on August 2, 1980 by the establishment of the Singapore National Oil Company (SNOC) in Singapore.

Thus since 1981 the membership of ASCOPE consists of all national oil companies in the region.

The heads of the national oil companies serve as Council Members and meet annually (usually around October) to approve past performances and recommend future courses of action. The Council Meeting is the highest authority within ASCOPE. The venue for the meeting is rotated alphabetically among member-countries, with the host serving as the Chairman for the Year until the next meeting.

Eleven meetings of the Council have been held between 1975–1985.

In each member-country a National Committee is set up as the principal administrative arm of each member-country to implement the policies and decisions of the Council Meetings, to carry out the work of the Council in-between the Council Meetings and to service all meetings held by ASCOPE, namely Working Committees Meetings as well as Conferences, Seminars and Workshops.

At present the National Committees meet twice a year, the second meeting of the year taking place immediately preceding the Council Meeting.

The National Committee Chairmen are appointed by their respective heads of national oil companies.

The chairmanship of the National Committees Meetings is on rotation basis, with the host serving as the Chairman.

Twenty-one meetings of the National Committees have been held between 1975–1985.

Assisting the National Committees are the ASCOPE Secretary-in-Charge and the three Working Committees consisting of experts and officials, namely the Technical, Economic and the Legal Committees.

All decisions taken are by consensus only.

The ASCOPE Secretariat is based in Jakarta, headed by the ASCOPE Secretary-in-Charge, to serve as the coordinating body of administrative activities of ASCOPE outside the responsibility of the host country. The Secretariat is to maintain consolidated information, data and materials on petroleum collected by the Working Committees, which can be made available at the request of each member-country.

All expenses of the ASCOPE Secretariat are borne by member-countries on an equal basis, after being endorsed by the National Committees and approved by the Council.

The ASCOPE Technical Committee was established formally in May 1976 with the following terms of reference:

to identify, assess, recommend and implement.

- areas and projects for regional technical cooperation
- assistance to member-countries (in the field of research & development, education and training, and manpower development)
- other activities that would benefit all members (conference and symposium, information and manpower exchange).

The chairman of the Technical Committee is appointed in alphabetical rotation for one year starting immediately after the Council Meeting, to serve until the next Council Meeting. This is done to guarantee equal and full participation of all ASCOPE members in approved work programmes. This is also valid for the appointment of the chairmen of the Economic and Legal Committees.

At present two to three meetings of each Committee are held every year.

Twenty-nine meetings of the ASCOPE Technical Committee have been held between 1975–1985.

The ASCOPE Economic Committee was also established in May 1976.

The basis for economic cooperation is that it should benefit and safeguard the interest of ASCOPE members as a whole as well as each participating country. It should adhere to the ASEAN economic objectives and should not overlap with other ASEAN economic activities.

Under this principle, the terms of reference of the ASCOPE Economic Committee are among others:

- a. to initiate measures for facilitating concerted action among the constituent members of ASCOPE, for raising the level of economic activity in petroleum sector and maintaining or even strengthening economic cooperation in the petroleum industry,
- b. to undertake investigations and studies on the economic, financial and ecological aspects of the development of the petroleum industry,
- c. to undertake investigations and studies for the purpose of determining the best means to promote future joint projects and activities, and
- d. to collect, evaluate and disseminate information it deems of importance.

The Chairmen of the Economic Committee are appointed following the procedures that have been agreed for the appointment of Technical Committee Chairmen.

Twenty-nine meetings of the ASCOPE Economic Committee have been held between 1975–1985.

The ASCOPE Legal Committee was established in October 1976 with the following terms of reference:

- a. to prepare a comparative report on the various laws on petroleum,
- b. to conduct feasibility studies on the adoption of uniform or standardized policies and regulation

affecting general and specific areas, which will ensure efficient utilization of petroleum and its products as far as they are not contrary to the provisions of the existing laws, and

c. to provide legal advice when needed.

Twenty-six meetings of the ASCOPE Legal Committee have been held between 1975–1985.

The dates and venues of the three Working Committees (Technical, Economic and Legal) are determined collectively to facilitate easier handling for the host-country.

The three Working Committees submit their reports regularly to the National Committees Meeting for approval and further guidance.

Annual Reports of ASCOPE are submitted regularly to the ASEAN Secretariat.

To coordinate the various ASEAN cooperation activities in the field of energy, the Sixth Meeting of the ASEAN Economic Ministers (AEM) which was held in Jakarta from June 5–6, 1978 discussed the institutional relationship between its Committee on Industries, Mineral and Energy (COIME), which was established in 1976, and ASCOPE, and after considering the various options finally decided “that ASCOPE should continue in its present form, that appropriate liaison and working relationships be established by COIME with ASCOPE on matters relating to petroleum, and that COIME establish the appropriate machinery to consider matters related to ASEAN cooperation in non-petroleum energy resources”.

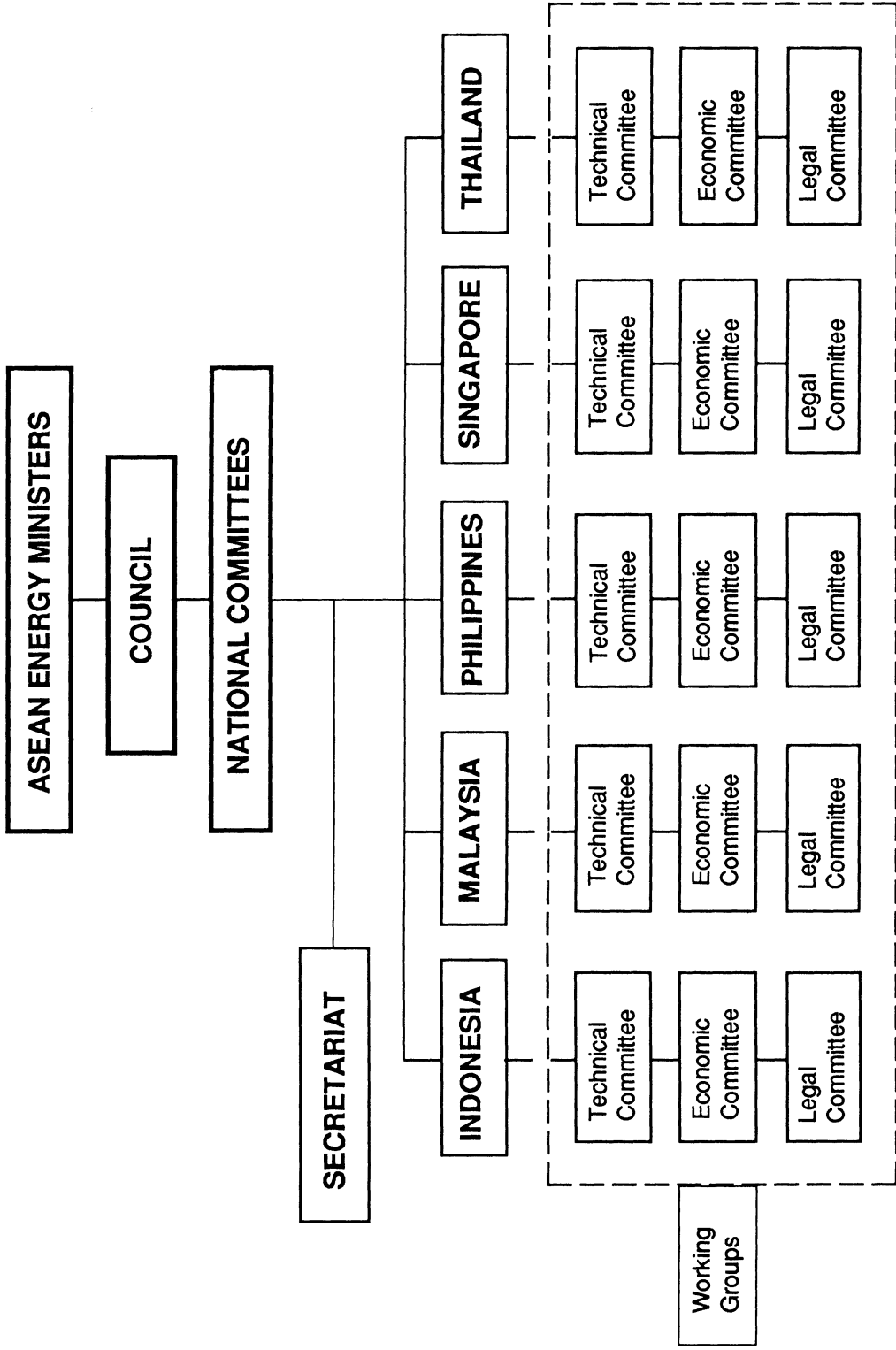
The First Meeting of the ASEAN Economic Ministers on Energy Cooperation (AEM-EC) which was held in Bali from September 29–30, 1980 further agreed to pursue energy cooperation programmes with a view to lessening dependence on imported oil and accelerating the development of indigenous sources of energy among ASEAN member-countries. To be able to set up the proper mechanism of cooperation for exchange of information in primary and secondary sources of energy, research and development, and transfer of technology, the Meeting thus structured energy cooperation in ASEAN:

- ASCOPE shall handle all oil and gas matters in the region,
- COIME shall handle all non-petroleum sources of energy, and
- COST (the ASEAN Committee on Science and Technology) shall handle those energy sources which are in the R & D stages.

The Meetings of the ASEAN Energy Ministers will continue to serve as the forum of the ASEAN Economic Ministers for regional energy cooperation and thus be the highest authority on energy matters in ASEAN, to which body the ASCOPE Council reports.

Until the end of 1985 five meetings of the ASEAN Economic Ministers on Energy Cooperation have been held. Progress reports were submitted by ASCOPE to each meeting.

ASCOPE ORGANIZATION CHART



SOURCE: ASCOPE, *The First Ten Years (1975-1985)*, edited by M. A. Warga Dalem (Jakarta: ASCOPE Secretariat, 1987).