



# UNECE Weekly

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## UNECE's Pivotal Role in Developing a Global Framework Classification for Energy and Mineral Resources

The UNECE Sustainable Energy Section has been the leader of a highly successful initiative to develop a classification framework for energy and mineral commodities at the global level. On 16 July ECOSOC intends to invite UN member States, international organizations and regional commissions to consider taking appropriate measures for ensuring worldwide application of the Framework Classification.

### What is the UNFC?

◆ The **United Nations Framework Classification for Energy and Mineral Resources (UNFC)** is a universally applicable instrument for classification, based on market criteria, of *the reserves and resources* of energy and mineral commodities.

◆ This new international scheme was designed by UNECE to (i) accommodate and incorporate all national systems for reserves/resources, and (ii) to make them comparable and compatible, and thus to enhance international communication. This approach has been simplified through the use of a three-digit code clearly indicating the essential characteristics of extractable energy and mineral commodities in market economies, notably (i) degree of economic/commercial viability; (ii) field project status and feasibility; and (iii) level of geological knowledge.

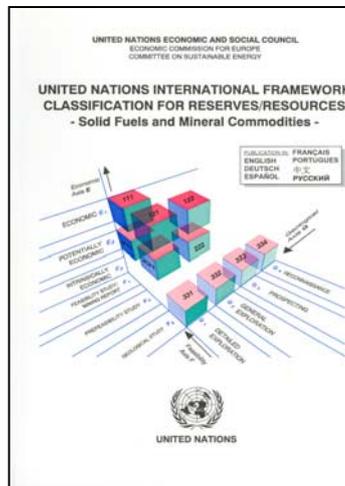
◆ The UNFC is a flexible system that is capable of meeting the requirements for application at national, industrial and institutional level, as well as being

successfully used for international communication and global assessments. It meets the basic needs for an international standard required to support rational use of resources, improve efficiency in management, and enhance the security of both energy supplies and of the associated financial resources.

◆ This classification will assist countries with transition economies in reassessing their energy and mineral resources according to the criteria used in market economies and so make them more attractive to foreign investors for exploitation.

◆ Finally, the UNFC provides an appropriate framework to harmonize the existing terminologies and definitions existing worldwide between different energy and mineral resources. UNFC is already harmonized with the SPE/WPC/AAPG Petroleum Resource Classification;

with the IAEA/NEA Classification of Uranium Reserves/Resources; and with the CMMI/CRIRSCO Definitions for Mineral Reserves/Resources.



### Who has been working with UNECE on development of the UNFC?

- ▶ Government officials dealing with the evaluation of natural resources, energy and environmental issues worldwide.
- ▶ Petroleum, natural gas, mining, exploration and exploitation companies.
- ▶ International organizations, Trade and Industrial Federations, Professional Societies and NGOs,

including: World Energy Council (WEC), Organization of the Petroleum Exporting Countries (OPEC), International Atomic Energy Agency (IAEA), Society of Petroleum Engineers (SPE), World Petroleum Congress (WPC), European Federation of Geologists (EFG), Council of Mining and Metallurgical Institutes (CMMI), and US Geological Survey (USGS).

## What is the status of UNFC implementation?

The UNFC is being developed and implemented in two phases, namely:

**First phase (1997-2001):** Worldwide trial implementation in the solid fuels and mineral sectors, according to ECOSOC Decision 1997/226. UNECE has provided technical assistance carried out mainly through regional seminars. The following events were organized during the period:

- Joint UNECE/ESCAP Regional Seminar on Practical Application of UNFC in the Asian and Pacific Region (Bangkok, October 1998)
- National Seminar on UNFC Application in Indonesia (Jakarta, December 1998)
- Regional Seminar on UNFC Application in Latin America (Porto Alegre, Brazil, November 1999)
- Regional Seminar on UNFC Application in the Indian Ocean Rim Region (Agra, India, November 2000)
- Two Task Forces on UNFC Application to Solid Fuels and Mineral Commodities Worldwide (Geneva, November 1999 and October 2000)
- National Workshop on UNFC Application in the Philippines (Manila, March 2001)

### As a result of the first phase, the UNFC is now:

- Formally recognized by all UNECE and ECOSOC member States;
- Used as the internationally agreed basis for the adaptation of national classification systems;
- Successfully applied to the classification of 55 different deposits worldwide;
- Fully implemented in practice on solid fuels and mineral commodities in more than 60 countries; and
- Recognized by the Mineral Stock Exchange Markets in Australia and South Africa.

### Additional Information on UNFC...

Full details of the UNECE's activities on the UNFC are posted on the Sustainable Energy pages of the UNECE website at:  
<http://www.unece.org/ie/se/reserves.html>

A copy of the final version of the *United Nations Framework Classification for Energy and Mineral Resources* is available to download from these pages, together with full details of all the national and regional seminars held to date as well as Case Studies of Practical Application of the UNFC in selected countries.

## Why the need for the UNFC?

(i) Currently, more than 150 different classifications for energy reserves/resources are in use worldwide, based on a varying array of terms and definitions. There has been a longstanding need to reconcile this semantic diversity by harmonizing the terminologies applied by the different classifications and to different commodities.

(ii) The agreement on common criteria for evaluating the different reserves/resources worldwide provides increased confidence in long-term forecasting and encourages cross-border investments in liberalized markets.

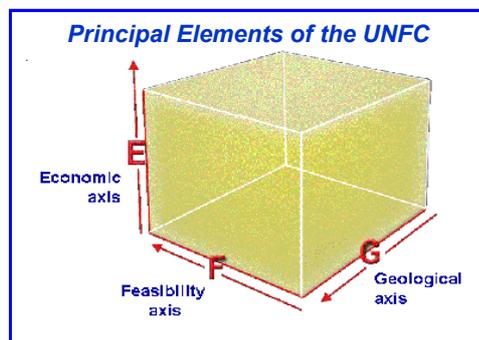
(iii) A uniform, internationally acceptable and agreed upon scheme is needed that will respond simultaneously to the interests of both the public and private sectors.

**Second Phase (2001-2005): Extension to oil, natural gas and uranium commodities.** The initial steps for implementation of this phase include:

- Creation of an Intergovernmental Ad Hoc Group, with the participation of professional and international organizations;
- A trial to harmonize all the terms and definitions of energy commodities by applying the *Codification Tool* of the UNFC and the preparation of a Methodology for that purpose; and
- Consideration of case studies by particular deposits and countries.

### UNFC application continues and the following second phase events have taken place:

- National Seminar on Adapting Turkish Classification to UNFC Principles (Ankara, May 2002)
- Seminar on Practical Application of UNFC to Energy Industries (Stavanger, Norway, September 2002)
- Regional Seminar on UNFC Application in CIS Countries (Moscow, April 2003)
- Joint UNECE/OPEC Seminar on the UNFC Application to Petroleum Sector (OPEC Secretariat, Vienna, May 2003)
- Regional Seminar on Energy Reserves/Resources Classification in ESCWA/OPEC Member Countries (Beirut, Lebanon, June 2004)



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