

IEA WEO-2011 and Japan

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On November 16, our institute (IEEJ) hosted a symposium in Tokyo on IEA's "World Energy Outlook 2011", which was released just last week. Madame Maria van der Hoeven, who began her term as IEA Executive Director in September, participated as keynote speaker in the symposium, making a presentation on the outline and features of the WEO-2011. Here, I would like to summarize the significance of the symposium, rather than the WEO-2011 itself.

The Tokyo symposium on the IEA's WEO has become a key annual event. However, this year's IEA WEO symposium might have been particularly important for Japan. This is because the March 11 Great East Japan Earthquake has led the IEA to (1) analyze how the impact of the disaster should be incorporated into the IEA's energy supply/demand outlook and (2) present an analysis on the disaster's impact on Japan's energy supply/demand conditions and policies, which will have direct implications for Japan. The first point indicates that Japan's problem is significant in the world's energy problem. The second point hints that the world has great interests in Japan's future and that the energy problem is of grave significance to Japan.

Regarding the first point, the annual IEA WEO has, in a timely and effectual manner, taken up key themes or topics of late. In this respect, the last year's WEO-2010 focused on the future course of natural gas, providing the world with the key phrase "A Golden Age of Gas." WEO-2011 particularly features an analysis of the Low Nuclear Case in consideration of the Fukushima Daiichi nuclear plant accident triggered by the disaster.

As a matter of course, WEO-2011 also analyzes other important topics including Russian energy supply and demand, coal markets, energy subsidies, etc. In addition to these special topics, it includes regular important analyses such as the supply/demand outlook through 2035 and its implications for energy security and climate change in each of three scenarios – the Current Policies Scenario, the New Policies Scenario and the 450 Scenario. But it may be needless to say that one of the WEO-2011 features is the Lower Nuclear Case analysis.

The fact that the WEO, which is recognized by energy experts in the world as one of the most important reference material for long-term world energy supply/demand forecasts, takes up the future course of nuclear energy and its implications indicates the significant impact of the March 11 disaster. This means that the world is paying attention to the Japanese problem and may continue watching Japan's future course and actions.

Regarding the second point, it is very significant that Executive Director van der Hoeven used many slides in her presentation to present precious implications of the Low Nuclear Case for Japan's energy policies. The IEA analysis indicates a decline in Japan's energy self-sufficiency, a substantial increase in payments for energy imports, an expansion in carbon dioxide emissions and other changes in the Low Nuclear Case. These effects could be of grave importance in Japan's energy security, global warming and the three Es of energy policy -- Energy security, Economic efficiency/growth and Environmental sustainability. Interestingly, the IEA analysis shares many points with problem consciousness and analyses with those of our institute's.

As a matter of course, quantitative analysis results or forecasts in the IEA analysis naturally differ from IEEJ analysis results due to differences in various preconditions and simulation models. But it is significant to analyze what it is that leads to differences. The symposium might have indicated that if it is difficult for Japan to boost nuclear energy's share of power generation to about 50% as projected under the current "Basic Energy Plan", Japan will have to independently decide what alternative energy sources or what electricity consumption saving measures should be adopted. Then, Japan will have to understand that any option would exert various economic and social burdens on the nation.

As a matter of course, Japan itself will have to be responsible for deciding how to address its own energy problem. To that end, Japanese people will be required to have objective and reasonable discussions. Then, they should adopt international viewpoints without becoming inward-looking. In this sense, the latest IEA analysis is very important in that "outside experts" in an international organization coolly point to challenges and matters of concern regarding Japan's future energy situation through detailed quantitative analyses.

In the world of energy, the IEA is put in an important position as an international organization. In the world, however, there are many other organizations and experts that can give opinions that are worth listening to. In proceeding with discussions on Japan's energy policies, we should listen to and learn from good-quality, significant overseas opinions as much as possible and make decisions on our own. The IEEJ would like to make efforts to provide opportunities to do so.

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