

## **Global Energy Governance and G20**

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On May 28 and 29, an international conference titled “Global Energy Governance and the G20” took place in Shanghai, cosponsored by four research institutes -- the Shanghai Institute of International Studies (China), the Lowy Institute for International Policy (Australia), the Korea Development Institute (South Korea) and the Centre for International Governance Innovation (Canada). About 30 experts participated in the conference and actively discussed the international governance of energy and environmental problems, and the Group of 20 major countries' relevant roles.

Behind discussions on the topic at the conference have been the following three points: First, the world is growingly required to enhance governance functions for strengthening energy security in response to various destabilizing and risk factors and to establish governance functions for addressing climate change and other global environmental problems. Second, while the International Energy Agency and other long-existing organizations undertake international governance functions, interests are growing in what role the G20 should play in exercising these functions with regard to energy. Third, what role China should play in international governance and the G20 is also attracting much attention. In the following, I put in order impressive points of discussions at the conference based on the three key points.

Discussions at the conference reaffirmed that Asian energy and environmental problems hold the key to considering international energy governance. Emerging Asian countries including China and India have dramatically increased their presence in international politics, the world economy and the energy market and are also expected to make dominant contributions to expanding greenhouse gas emissions in the future. But these emerging Asian countries have yet to join existing international energy governance frameworks or have participated in frameworks that are not working sufficiently. The discussions led me to recognize that Asian problems have the weakest link to and the most difficult problems for building a future international energy and environment order.

Particularly, participants in discussions on the international energy security order noted that it is important to establish an international cooperation mechanism to address the insufficient development of emergency response capacity in Asia that has remarkably increased its dependence on energy imports. Although earlier discussions on the emergency response capacity had been primarily related to oil, the latest discussions covered responses to gas supply security problems as well as issues involving the sound development of the world natural gas market in an attention-attracting manner, reflecting the recent international gas situation. Gas market problems are likely to become priority challenges at the G20 forum.

In this respect, discussion participants from Shanghai actively discussed the IEA's role. Undoubtedly, the IEA has played some role in stabilizing international oil and other energy markets since its founding in 1974. But IEA member countries' share of the international oil market is likely to decline while non-IEA countries including China and India are increasing their presence and influences. The IEA is enhancing functions in areas other than oil security and conducting outreach operations to strengthen cooperation and relations with major non-IEA countries. While these functions and operations are important, discussion participants asked how the IEA should enhance and expand its functions further, how it should respond to the changing international energy market, whether it should fundamentally reform relations with major non-IEA countries and, if so, how it should do so. How the IEA's role of playing the most important existing governance function should be interpreted will remain at issue in future discussions in the world.

Regarding the climate change problem, discussion participants from Shanghai pointed to the essential importance of the problem, difficult coordination between global and national interests, the presence of various stakeholder countries and parties, complicated conflicts of interest, and institutional difficulties of discussions and decisions under the United Nations framework. They indicated a view that no optimism can be warranted for negotiations at such forums as the Conference of Parties to the U.N. Framework Convention on Climate Change. Many asked if the G20 countries, because of their dominant energy consumption and GHG emissions, could take more proactive initiatives in addressing the climate change problem and what they should do to this end. At the same time, however, they pointed out that there are actually various limits on what the G20 can do. It is clear that the G20 has challenges in addressing energy problems as well as climate change. This is because the G20 has vulnerability in the enforcement mechanism in terms of what to do and what to secure in addressing problems. The G20 covers various countries that have conflicts of interest with each other on many occasions. Coordinating their interests is difficult. The G20 was created after the financial crisis to handle worldwide problems. But it is not a governance organization designed to focus on energy and environment problems. In 2013, the Energy Sustainability Working Group was created under the G20. The group has yet to launch full-fledged operations. While great expectations are placed on roles that the G20 could play in developing an international energy order, the G20 is basically required to steadily address various challenges one by one while keeping a check on realities. As indicated by the creation of the IEA and the G20, many powerful organizations or frameworks for the international order have been developed in the face of crises in history. Tireless efforts are required during peacetime to gradually reform existing frameworks or institutions.

Lastly, I would like to point out that the most important problem is how China among emerging Asian countries would be involved in forming a future international energy order. Through the Shanghai discussions, I thought anew that China has growingly felt dissatisfied and frustrated with its failure to be fully engaged in the existing international energy order and to take the initiative in areas where it should do so. Therefore, China is interested in reforming the existing order as well as in its roles in the G20. I felt that China has yet to figure out to what extent it is determined to become engaged in forming a new order as a responsible stakeholder, while being concerned that if it were to reform the existing governance functions, it would be taken as challenging the existing order. What decisions will China make in regard to the international energy and environment orders?

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How will China address the orders on a full-fledged basis? These questions can greatly shake the world.

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