

Relationship between Energy for our daily life and International Issues

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Energy is an indispensable commodity for supporting people's lives and the economy. Especially in today's society, it is unimaginable that energy will not be used in sufficient quantities to lead a convenient, comfortable, clean, safe, and hygienic life or to carry out economic and industrial activities smoothly. From waking up in the morning until going to bed at night (and even during the night), energy supports life and society. In this respect, energy is extremely familiar to us.

Energy, while being familiar to us and very important in nature for us, is seen as air or water when there is no problem with its use. In many cases where the normal use of energy is seen as natural, nobody is aware of any problem. Once there is some kind of hindrance to or restriction on energy use (or if there is concern about some kind of hindrance to or restriction on energy use), however, the situation may change completely. Because energy is so familiar and indispensable, energy problems become serious.

One of the most important points when considering problems regarding the familiar commodity is the existence of large-scale supply chains developed internationally to support the use of energy for everyday life and economic purposes. To make gasoline available for driving cars in Japan, crude oil produced in Middle Eastern oil-producing countries must be transported to Japan by tanker and refined at refineries to produce gasoline that is delivered to gas stations via domestic transportation networks before being refueled by consumers. Fuels such as liquefied natural gas and coal are also produced in resource-rich countries, transported to Japan, and converted into electricity at power plants (or converted into city gas fuel) for delivery to final consumers via transmission and distribution networks. Solar and other renewable energy sources are used for generating electricity in Japan with imported equipment such as solar panels. Indeed, enormous international supply chains support energy use in our everyday lives.

In this way, energy familiar to us is inevitably and closely related to international affairs. Energy problems are inextricably linked to international issues. This close and inseparable relationship represents two types of interrelationships. First, the international situation affects energy problems. Second, energy problems affect the international situation.

In the first interrelationship, problems regarding energy familiar to us are greatly affected by changes in the international situation. The history of the international energy situation demonstrates that there is no shortage of examples of this. In a recent case, Russia's invasion of Ukraine led to the Ukraine crisis, which destabilized the entire international energy situation and caused a historic surge in energy prices in 2022. There were many cases where heightened geopolitical risks in the Middle East, the center of gravity of the world's energy supply, greatly affected the international energy situation. They include the first and second oil crises, the Gulf War, and the Iraq War. The Gaza crisis

since October 2023 and U.S. President Donald Trump's policy of exerting maximum pressure on Iran may also significantly affect the international energy situation in the future.

However, the abovementioned geopolitical issues are not the only important issues. Upheavals in the global economy have often sent shockwaves through energy markets. In a recent case, the COVID-19 crisis shook the world in 2020, leading to an unprecedented upheaval in the international energy market, where energy prices crashed due to energy demand losses and oversupply. Then, the key West Texas Intermediate crude futures price plunged into negative territory temporarily. More recently, downside pressure worked on energy prices due to concerns that the U.S. Trump 2.0 administration's tariff policy may make a historic shift in the trade policy of the United States, which has been known as the free trade leader, in a manner that will seriously affect the global economy and trade.

Also, there were cases where important international agreements had a significant impact on the energy situation. International climate change agreements, such as the Kyoto Protocol and the Paris Agreement, have seriously affected the way countries around the world use energy. International initiatives to achieve more ambitious climate goals can greatly affect the direction and speed of the energy transition, exerting a significant impact on a wide range of areas, including energy choice, technology development, and investment. Trump 2.0 has withdrawn the United States from the Paris Agreement again, producing a new impact on the global energy transition.

On the other hand, the importance of energy problems affecting the international situation cannot be overlooked. Since energy is an internationally tradable good, fluctuations in energy prices will lead to changes in national economic strength and weakness. For example, a rise of \$10 per barrel in crude oil prices would result in an annual income transfer of about \$160 billion from oil-importing countries such as Japan, the United States, Europe, China, and India to oil-producing countries. Of course, the reverse is also true. A decline in oil prices means a transfer of income from oil-producing countries to importing countries. Fluctuations in energy prices lead to those in national wealth.

Energy problems' political and diplomatic implications cannot be overlooked either. Energy, sometimes viewed as a strategic commodity, can be used as a "weapon" during periods of soaring energy prices and the tightening energy supply-demand balance. During the first oil crisis, Japan, faced with an Arab oil embargo, had no choice but to revise its Middle East policy in order to secure an oil supply, losing its diplomatic freedom. The use of strategic materials as weapons is still conceivable in the energy world. The scope of strategic materials may include critical minerals that are closely related to energy problems. Conversely, the United States, which has become a major energy exporter through the shale revolution, has taken advantage of its energy exports to achieve energy dominance to maximize its national interests. At the same time, U.S. LNG exports have contributed to resolving energy shortages in Europe, which has plunged into economic difficulties due to the Ukraine crisis.

In this way, energy familiar to us is intricately and intimately intertwined with international issues. In order to understand energy problems, it is essential to have a thorough understanding of international issues. Of course, in order to understand energy problems, it is also essential to understand domestic issues. It is important to have a broad understanding of politics, economics, society, and technology, as well as domestic energy policy, energy markets, and energy industries and companies. However, the importance of understanding energy problems in relation to international issues is clear. In particular, situations in the United States, China, Russia, the Middle East, and Europe, which greatly influence the international situation and their interrelationships, are the most important influencing factors.

In particular, it goes without saying that developments in the United States, which has the most important influence in international politics, security, and the global economy, have a significant impact on the overall energy situation. Policies of the United States, which is the world's largest producer of oil and gas and has occupied a central role in global energy governance, exert an undeniable impact on the world's energy problems. That's why the impact of Trump 2.0 attracts global attention. The Trump 2.0 administration's tariff policy, policy toward Iran, initiatives to liberate U.S. energy, and efforts to address critical minerals and economic security issues must be watched as the most important factors that will affect the future global energy landscape.

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