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Japan Moves to Strengthen Its International Energy Strategy Toward Asia

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This week has become an "Asia-Pacific Week," marked by a succession of important diplomatic events concerning the Asia-Pacific region. Most recently, the Asia-Pacific Economic Cooperation (APEC) Leaders' Meeting opened on 18 November in Shenzhen, China, bringing together leaders of the region's major powers, including Chinese President Xi Jinping as the host of the APEC Leaders' Meeting, U.S. President Donald Trump, and Russian President Vladimir Putin. Japan was represented by Prime Minister Sanae Takaichi. Discussions at the summit are expected to address issues related to the use and risks of generative artificial intelligence, as well as developments in the Middle East, including the situation surrounding the Strait of Hormuz.

In conjunction with the APEC Leaders' Meeting, a number of important bilateral meetings, including the China-Russia summit and the U.S.-China summit, have also been arranged. Furthermore, the first-ever trilateral summit involving the United States, China, and Russia is scheduled to take place. With growing attention being paid to the possibility of a major-power-led international order, sometimes described as a "New Yalta System," these meetings will have profound implications for understanding the future trajectory of both the Asia-Pacific region and the wider international community.

However, the APEC summit has not been the only important gathering. From 15 to 17 November, a series of Association of Southeast Asian Nations (ASEAN)-related summits was held in Manila, Philippines. While the initial meeting was attended only by ASEAN leaders, subsequent sessions included meetings with U.S. President Trump and the Japan-ASEAN Summit. In addition, the summit of the Asia Zero Emission Community (AZEC), a broader framework for regional cooperation, was convened on 17 November, where participants discussed responses to the increasingly unstable international energy landscape resulting from the Strait of Hormuz crisis and broader developments in the Middle East.

Separately from the ASEAN framework, the leaders' summit of the Quadrilateral Security Dialogue (Quad), comprising Japan, the United States, Australia, and India, was also held in Manila on 17 November. Prime Minister Takaichi, President Trump, Australian Prime Minister Anthony Albanese, and Indian Prime Minister Narendra Modi met to discuss the strengthening of cybersecurity cooperation and supply chain resilience for critical materials such as rare earth elements. The meeting also served to

reaffirm solidarity among the four countries ahead of the APEC summit in China.

While these Asia-Pacific summits addressed a wide range of global challenges, there can be little doubt that the broader issue of energy security constituted one of their central themes. The outbreak of the Strait of Hormuz crisis has highlighted critical vulnerabilities in the energy security of emerging Asian economies, including ASEAN member states and India, which are expected to play leading roles in future global economic growth.

Moreover, another urgent challenge stems from the rapid expansion of generative AI and the resulting growth in data centers, which is significantly increasing electricity demand and creating concerns regarding the stable supply of power. At the same time, as the global transition toward cleaner energy accelerates, increasing attention is being paid to the concentration of clean-energy manufacturing capacity and critical mineral supply chains in a limited number of countries. Such developments have become major concerns not only from the perspective of energy security but also in terms of broader economic security. Maintaining and strengthening international order across the Asia-Pacific region and beyond has become a priority for national leaders seeking stability and prosperity, and within this context energy security occupies a position of considerable importance.

Against this backdrop, one development that deserves particular attention is Japan's increasingly proactive effort to formulate and implement an international strategy aimed at strengthening energy security across Asia and the broader Asia-Pacific region. At the AZEC Leaders' Meeting held on 17 November, Prime Minister Takaichi, serving as co-chair alongside Philippine President Ferdinand Marcos Jr., emphasized the importance of upgrading AZEC to "AZEC 2.0." Building upon the "POWERR Asia" initiative announced by Japan in April of this year, the upgraded framework seeks simultaneously to enhance energy security, promote economic growth, and advance decarbonization throughout Asia.

The POWERR Asia initiative itself emerged from the recognition that strengthening energy security in Asian countries severely affected by the Strait of Hormuz crisis is of vital importance not only for those nations but also for Japan's own energy and economic security. The initiative includes measures to support oil procurement, oil stockpiling, and structural reforms in energy supply and demand through financial assistance. Given the close economic ties between Japan and emerging and developing Asian economies, particularly ASEAN member states, as well as the increasing integration of supply chains for critical materials, Japan's efforts to work alongside Asian partners to strengthen regional energy security carry significance extending well beyond the energy sector. Indeed, they represent an important pillar of Japan's broader international strategy.

At the recent AZEC summit, several noteworthy measures aimed at strengthening POWERR Asia were introduced. Among the most significant is the proposed establishment of an "Asia Oil Security Task Force" dedicated to enhancing regional energy security. Building upon existing cooperation in oil procurement and stockpiling under the POWERR Asia framework, the task force is expected to collect and analyze data related to oil market stability and strategic reserves, while also developing rules governing emergency stock releases and mutual assistance mechanisms during crises. The Economic Research Institute for ASEAN and East Asia (ERIA) is expected to serve as the secretariat, working in cooperation with the newly established IEA Tokyo Office. Owing to these characteristics, the initiative has come to be described as an "Asian version of the IEA."

Another proposal focuses on utilizing idle storage tanks at Japanese oil refineries to facilitate stockpiling arrangements for ASEAN countries. This approach may offer a more efficient and cost-effective means of enhancing petroleum stockpiling capacity, which typically requires substantial investments of both time and financial resources. The proposal therefore merits close attention as details continue to be developed. In addition, cooperation with Gulf oil-producing countries forms another important component of POWERR Asia. The Strait of Hormuz crisis underscored the importance of strengthening overseas stockpiling arrangements, a lesson that has also been recognized by major Gulf producers. In this regard, Japan could potentially serve as a bridge connecting Asia and the Gulf region, thereby contributing to the development of a broader framework for energy security cooperation.

The latest AZEC summit was also notable because, in addition to existing AZEC partner countries, namely Southeast Asian nations, Japan, and Australia, India and South Korea were invited to participate as guest countries. Participants endorsed the strengthening of POWERR Asia and the transition toward AZEC 2.0, thereby expanding and deepening energy cooperation throughout the Asia-Pacific region both geographically and substantively. As noted above, the framework also encompasses Middle Eastern oil-producing countries, reinforcing Japan's envisioned role as a regional nexus for broader energy cooperation across Asia and the Asia-Pacific.

Asia is widely expected to serve as the principal engine of global economic growth in the coming decades. Strengthening energy security across the region is therefore of critical importance not only for Asia itself but also for the global economy. Under conditions in which the Strait of Hormuz crisis has effectively become "Asia's crisis," Japan's decision to take the lead in developing regional energy security initiatives carries considerable significance. Half a century ago, in response to the First Oil Crisis, which posed a severe challenge to OECD member countries, the United States led the establishment of the International Energy Agency (IEA). Since then, the IEA has played a vital role in supporting global energy security. Against this historical backdrop, it is particularly noteworthy that Japan's latest proposal has come to be described as the creation of an "Asian version of the IEA." Japan's

efforts to contribute to the international energy order by focusing on both Asia and the wider world possess substantial strategic importance for the country itself. The outcomes of these initiatives therefore deserve close attention in the years ahead.

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