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**Considering Japan's Energy Relations with India,
A Country of Increasing Global Presence**

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From September 21 to 24, I had an opportunity to visit India's Delhi to exchange views with local energy experts. As the first trip to India in the last one year and a half came amid the busy development of airport, subway and road infrastructures just before the Commonwealth Games, I was impressed with India's recent remarkable development.

India has rapidly increased its presence in the world's energy markets. According to BP statistic, India's primary energy consumption totaled 469 million tons oil equivalent in 2009, accounting for 4% of the global total. It replaced Japan as the world's fourth largest energy consumer after the United States, China and Russia. India was the world's fourth largest oil consumer (with a share at 4%) and the third largest coal consumer (with a share at 8%). It has become one of the world's leading energy consumers. While many other countries reduced energy consumption in 2009 under the economic crisis, India boosted overall energy consumption by 7% from the previous year, oil consumption by 4%, coal consumption by 7% and gas consumption by 26%. The firm energy consumption growth led India to inevitably increase its presence in international energy markets. Due to the energy demand growth, India expanded carbon dioxide emissions in 2009 by 7% from the previous year to 1.54 billion tons, ranking third in emissions after China and the United States.

During the trip to India, I heard many Indian experts' upbeat forecast that economic growth as the largest driver of the energy demand expansion would remain high or even accelerate. Economic growth has gradually accelerated since India switched from a planned economy to liberalization in the 1990s. In the past, a growth rate of 5% to 6% had been described as firm. At present, however, the growth rate has risen close to 10%. The present high growth is expected to continue at least until around 2015. As far as great uncertainties exist about the entire world economy, however, no optimism can necessarily be warranted about the future course of the Indian economy. Nevertheless, India is expected to continue economic growth over a long term and outdo China in growth, given that: (1) its population, now estimated at 1.2 billion centering in young generations, has been increasing firmly and is projected to surpass China's to the world's largest size; (2) that India's pace for economic growth in the past was slow and has room to grow further; (3) and that India has excellent human resources symbolized by those in such industries as the information technology sector.

However, the energy demand expansion supported by the firm economic growth has further boosted the importance of efforts to tackle the energy problem for India. The first important point for India may be that India must ensure its energy security to satisfy growing energy demand in a stable manner and at a price range meeting various domestic needs. India's energy self-sufficiency rate is

high because coal, accounting for more than 50% of primary energy consumption, is covered mainly by domestic output. As for oil, which accounts for 30% of primary energy consumption, however, India depends on imports for more than 70% of supply. Its dependence on oil imports is well expected to increase further. Imports of gas and coal as India's largest energy source have been expanding as their domestic production has failed to satisfy growing demand. Growing energy imports have brought about great economic burdens, including not only redoubled efforts to secure stable supply from international markets but also a sharp increase in foreign currency payments as seen amid the 2008 crude oil price spike and an increase in energy subsidies implemented to stabilize domestic markets. The energy demand growth directly leads to an increase in environmental load as energy consumption concentrates in fossil fuels including coal and oil. Although India has begun to emphasize measures against global warming, those against air pollution and other local environment problems are urgently required. During my India visit, India was toughening quality standards for petroleum products. Efforts to tackle the energy poverty problem are also important for India, including those to secure energy supply in vast rural regions and for low-income people. Even amid the overall economic development, efforts for social stability and sustainable development have grown more important.

In fact, India has given priority to the energy problem and enhanced measures to tackle the problem. The Indian government has promoted energy conservation and the use of non-fossil fuels including nuclear and renewable energies. It has also implemented NELP (new exploration and licensing policy) biddings and investment promotion measures to expand domestic oil and gas production. During my India visit, I also heard that India was stepping up efforts to develop domestic shale gas resources. Externally, India has promoted resources diplomacy with Middle Eastern oil producing countries and the like to secure stable energy supply, enhanced relations with industrial countries to introduce their advanced technologies and capital funds, expanded Asian energy cooperation to stabilize Asian markets, and deepened cooperation with the International Energy Agency and other international organizations.

But the India visit led me to feel anew that India places high hopes on cooperation with Japan in tackling the energy problem and gives priority to enhancing relations with Japan. The most important point in this respect may be that India has appreciated Japan as the world's top runner in energy technologies required to resolve India's energy problem. Another important point may be that India generally respects Japan's long-term economic development since the Meiji Era and its status as an industry/technology-oriented country.

Japan has so far steadily promoted energy cooperation with India. Japan and India have stepped up bilateral energy cooperation along with top-level diplomacy through visits to India by then Japanese Prime Minister Yoshiro Mori in 2000, by then Prime Minister Junichiro Koizumi in 2005 and by then Prime Minister Shinzo Abe in 2007. Since Japan has historically given priority to promoting relations with the Association of Southeast Asian Nations and China, however, its relations with India are still left for future development. But it may be extremely important for Japan to enhance cooperative relations with India, given that India has the potential to continue economic growth over a long term as noted above and features strategic geopolitical importance with its position surrounded by the Middle East, Central Asia, China and the Indian Ocean. As India is also the world's largest democratic country where the government changes through democratic elections, Japan can share values with India as its important strategic partner.

Of course, we see various problems regarding Japan's enhancement of relations with India. While continuing its rapid economic development, India has lagged far behind in developing social infrastructure and has been plagued with domestic political and social problems including the large poverty group and the complex social hierarchy, as well as with various inefficiencies attributable to the lingering bureaucracy and the like. Meanwhile, Japan has lagged behind some other countries in promoting relations with India. But Japan may have to acknowledge these problems and make greater national efforts to enhance relations with India from a long-term strategic viewpoint.

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