

Growing Importance of ASEAN+3 Energy Cooperation

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I had an opportunity to attend ASEAN+3 fora on energy cooperation in South Korea's Incheon from March 11 through 13. At the fora, policy planners and other officials from the Association of Southeast Asian Nations and three East Asian countries -- Japan, China and South Korea -- discussed various topics ranging from overall energy supply-demand to oil and natural gas markets and nuclear energy.

ASEAN+3 energy cooperation emerged from an agreement among ASEAN+3 energy ministers at the eighth International Energy Forum (dialogue between energy producing and consuming countries) in Osaka in September 2002. Based on the agreement, the regional energy cooperation forum was launched in 2003. Since the first meeting, in which I participated, I have been interested and involved in the region's energy cooperation. But my participation in the ASEAN+3 energy cooperation meeting was the first time in two years. The previous meeting in which I participated took place in Brunei on March 11, 2011, when the devastating earthquake and tsunami hit northeastern Japan. I remember that shocking video footage of the tsunami came on television amid the meeting. After the Brunei meeting, I failed to take part in ASEAN+3 gatherings for two years. In this sense, I found some impressive points anew concerning the regional energy cooperation at the Incheon meeting.

First, I felt that the region's energy cooperation has been steadily stable and maturing. My feeling was that as a decade has passed since the launch of the regional energy forum, the range of topics for exchange of views has expanded to cover various energy issues, with the participating countries' relationships deepening enough to have steady and cool discussions at their regular meetings. The stabilization and maturity of discussions on regional cooperation represent achievements through the accumulation of discussions over the past decade. In this sense, the stabilization and maturity will contribute much to the further promotion of regional energy cooperation. If the participating countries are complacent in the present situation, however, the maturity could make it difficult to maintain and raise the momentum. These countries should make further efforts to maintain and enhance the momentum of the energy cooperation forum.

Second, new challenges regarding regional energy cooperation have surfaced amid changes in various environments for the ASEAN+3 energy fora. In the past decade, China's significance for the world and for Asia has increased dramatically. How to proceed with regional energy cooperation in the face of rising China is very significant at the ASEAN+3 fora. Particularly important is the fact that China has had geopolitical tensions with other countries in the region. The Northeast Asian geopolitical environment has grown severer over the past few years. Because of such development, however, the promotion of cooperation in tackling common energy challenges is important. In this sense, I felt that discussions on energy cooperation at the Incheon meeting were

cool, positive and desirable between Japan, China and South Korea, and between ASEAN and the three East Asian countries.

Third, discussions have deepened as the significance of ASEAN as a region has grown further. As noted above, China's presence has clearly increased. As China has grown more important, however, ASEAN has attracted more attention as the next growth center. ASEAN including Indonesia, Malaysia and Vietnam has been seen as an energy resources exporter. Due to rapid economic and energy demand growth over the past years, however, the region has grown as an energy resources importer, as symbolized by Indonesia that has become a net oil importer. As ASEAN's significance increases amid great situational changes, discussions on energy cooperation involving ASEAN have grown more important. For example, the International Energy Agency has grown more interested in ASEAN and reportedly plans to provide an analysis focusing on ASEAN in this year's World Energy Outlook. In this sense, the energy cooperation fora between ASEAN and the three East Asian countries can be viewed as very significant.

Fourth, I personally felt that nuclear energy and natural gas are great matters of concern among individual topics for the promotion of energy cooperation. As far as nuclear energy is concerned, the ASEAN+3 region represents one of the regions featuring the most dynamic changes in the world. In addition to China that is proceeding with a large-scale nuclear energy development program, Vietnam has steadily gone ahead with a plan to become a new nuclear power generation country. Many other ASEAN countries are about to become net fossil energy importers and are seeking to introduce nuclear energy over a medium to long time. On the other hand, the region includes Japan and South Korea as countries having advanced nuclear technologies. In Japan, however, the government has been reviewing its nuclear energy policy since the March 2011 Fukushima Daiichi Nuclear Power Plant accident. A very important challenge for future nuclear energy development plans in the region is to enhance and achieve safety, security and safeguards. To resolve the challenge, the region must share lessons from the Fukushima accident. In this sense, countries in the region are commonly and highly interested in their cooperation involving nuclear energy.

Natural gas has also been growing more important as a matter of concern. Expectations on the clean, abundant natural gas resources have greatly increased in the region where energy demand has been rising with the supply/demand structure requiring upgrading. A concern is how the U.S. shale gas revolution will influence the ASEAN+3 region. Regional interests have grown in the problem of the huge Asian premium on prices of liquefied natural gas that has become a great issue over the past years. Discussions on the issue were very active at the Incheon meeting. The presence of far higher natural gas prices than in other regions became a major topic at the meeting as the ASEAN+3 region's common problem. In a sense, participants in the meeting discussed the Asian premium problem from the viewpoint of what is required for the further sound development of the region's gas/LNG market. The Asian premium became the hottest and most timely topic at the discussions on regional energy cooperation. The region's gas market problems, including the development of Asian gas/LNG hubs subjected to a recent IEA report, have attracted global attention. Amid such situation, I am very interested in how the region will proceed with discussions on regional energy cooperation.

In this way, the ASEAN+3 region has occupied a very important position in the entire global energy market, with its importance expected to increase. How countries in this region will

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cooperate in tackling energy problems and overcome energy cooperation problems will be one of the important factors influencing the global energy situation and will be very significant not only for these countries but also for the entire world.

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