

Attention-attracting Diplomatic Events Regarding Energy and Resources

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From late August to early September, Japan will have key diplomatic events involving energy and resources issues. They include the August 27-28 sixth Tokyo International Conference on African Development, or TICAD 6, in the Kenyan capital of Nairobi, Saudi Deputy Crown Prince Mohammed bin Salman's Japan visit from August 31 to September 3, and a Japan-Russia summit in Vladivostok, Russia, on September 2.

The Japanese government took the initiative to hold the first TICAD in 1993 to discuss African development, as indicated by the conference name. It opened TICAD every five years before a decision at TICAD 5 in Yokohama in 2013 to hold TICAD every three years alternately in Africa and Japan. Therefore, TICAD 6 is the first such conference in Africa. Africa is a region or market expected to achieve economic growth over a long term with population exceeding 1.1 billion. At present, however, per capita national income is relatively low in Africa in comparison with other regions, with basic infrastructure development left for the future. Both expectations and challenges exist in regard to future development in Africa.

While African development has various potentials, the development of rich energy and resources including oil, gas, coal and rare metals has attracted attention as one of the African development drivers. For example, proven African oil reserves total 129.1 billion barrels accounting for 8% of the global total. Proven natural gas reserves on the continent stand at 14 trillion cubic meters, capturing 8% of the global total. Africa includes Nigeria, Algeria, Libya and Gabon as major oil and gas producing members of the Organization of the Petroleum Exporting Countries, as well as Mozambique and Tanzania that are expected to develop energy resources in the future. When resources prices were very high until the first half of 2014, particularly, resources development was expected to drive African development.

Due to the resources price plunge since the second half of 2014, however, the situation has turned around. African countries are pursuing their further development at a time when resources prices have plunged. Over a medium to long term, energy and resources prices may rally again, allowing the resources sector to make great contributions to African development. Cooperation and participation in African resources development are significant for Japan that has a low energy

self-sufficiency rate and is required to diversify energy import sources. In the present situation, however, initiatives contributing to diversifying and sophisticating the economic structure in African countries are more important than the development of energy and resources. Japan is expected to contribute to African development with its high technologies and quality infrastructure development. Such contributions will allow Japan to enhance its expansion into the African market. Increasing Japan's presence in Africa will be significant for Japan's diplomatic strategy including the reform of the United Nations. In this sense, TICAD 6 achievements are attracting attention.

Saudi Deputy Crown Prince Mohammed has taken power under King Salman bin Abdulaziz al-Saud and attracted global attention as a young leader promoting Saudi Arabia's policies and reform. During his first visit to Japan as deputy crown prince, Mohammed will meet with Emperor Akihito and Prime Minister Shinzo Abe. His Japan visit is expected to enhance friendship between Japan and Saudi Arabia.

It may be needless to say that Saudi Arabia is the world's largest oil exporter and the OPEC leader. It is the most important oil producing country in the world. Japan's enhancement of good relations with Saudi Arabia is very significant for world oil market stability and stable oil supply for Japan. Deputy Crown Prince Mohammed who leads Saudi policies is about to proactively implement Saudi economic structure reform, as is well known. Vision 2030, which was compiled at his initiative and announced in April, clearly calls for diversifying and sophisticating the Saudi economic structure to break away from the dependence on oil. The reform includes bold, ambitious measures such as the creation of a \$2 trillion public investment fund and the initial public offering of state-run Saudi Aramco. The Saudi deputy crown prince and Japanese leaders are expected to discuss Saudi initiatives for Vision 2030 and Japan's possible cooperation in these initiatives. A challenge for his visit to Japan may be to deepen Japan-Saudi Arabia relations including those for the Vision 2030 initiatives.

The Japan-Russia summit, which is reported as planned for September 2, is also important. At the previous summit that took place in May in Russia's Sochi, Prime Minister Abe and President Vladimir Putin agreed to take a new approach to negotiations about the pending peace treaty and Northern Territories issues. The Japanese side then presented a cooperation plan for eight fields -- extending healthy life expectancy, building comfortable cities, expanding exchanges and cooperation between Japanese and Russian small and medium-sized enterprises, energy, diversifying Russian industry and improving productivity, promoting industry in the Far East and making the region an export base, cooperating in high technologies, and expanding human exchanges fundamentally. The Russian side reportedly indicated great interests in the plan.

Energy, though being one of eight fields, is significant, given its importance for the Russian economy and the Japanese energy situation. Energy and resources may be one of the highlights at the Vladivostok summit where Abe and Putin are expected to discuss Japan-Russia

cooperation in various fields. Details of discussions on energy will attract much attention.

As mentioned above, the key diplomatic events for Japan regarding energy and resources are planned for the next two weeks. Each event is important for Japan to build and enhance strategic relations with the region and the two countries. I would like to pay attention to the results of these events.

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