

Conference on Asian Energy Security at Baker Institute

Ken Koyama, PhD
Chief Economist, Managing Director
The Institute of Energy Economics, Japan

On March 16, a conference titled “Energy Security in the Asia Pacific Region: Current Trends and Future Development” took place in Houston under cooperation between the Center for Energy Studies, James Baker III Institute for Public Policy, Rice University, and the Institute of Energy Economics, Japan. The center’s Senior Director Kenneth Medlock and the Baker Institute’s Gabriel Collins and Jim Krane, IEEJ Board Member Yukari Yamashita and I participated as speakers in the conference, making presentations on the topic for questions and answers.

The IEEJ has deeply cooperated with the Baker Institute since the 1990s, conducting joint studies and cosponsoring international conferences. I had been visiting the Baker Institute for discussions almost every year before failing to have opportunities to do for the last several years. I had the latest opportunity to attend a conference at the Baker Institute for the first time in some five years. I was pleased to participate in the discussions on the timely topic of Asian energy security, which is an important matter of concern to me. In the following, I would like to summarize impressive points to me at the conference.

First, it was emphasized that Asia’s future is very important as a factor influencing the global energy market. Various elements and factors are entwined with each other in the global energy market that has existed as a system. In this sense, limits exist on discussions on global energy problems based on a single region. Given that the gravity center of the global energy market is shifting and expected to continue shifting to Asia over a long time, however, analyzing what has happened and will happen to Asian energy problems is indispensable for understanding international energy problems. Asian energy demand expansion that is driving the gravity center shift is the core point of the Asian energy security issue.

Second, an interesting analysis from the geopolitical viewpoint was made at the conference in regard to Asia’s growing energy demand and its subsequent increasing dependence on energy imports. Asia’s increasing dependence on imports is the core of the Asian energy security issue and closely related to its rising dependence on the Middle East, attracting attention from numerous stakeholders in line with the destabilization and uncertainties of the Middle Eastern situation.

In 1980, then U.S. President Jimmy Carter announced his famed Carter Doctrine in his State of the Union Address, saying, “An attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force.” Since then, the United States has maintained its deep engagement with stability and security in the Middle East. An analysis doubting the advisability for the United States to maintain the Carter Doctrine was interestingly presented at the conference, pointing out that (1) the United States’ dependence on oil imports has declined rapidly under the shale revolution, (2) the United States’ relations with Saudi Arabia and other Persian Gulf countries have intricately changed through the Arab Spring democratization movement, the Syrian civil war and other developments, (3) the United States is reviving isolationism under the new administration, (4) the Middle East has been deepening mutual economic relations with Asian countries, and (5) the supply-demand balance in the international oil market has eased.

The conclusion at the conference was that the Carter Doctrine will and should be maintained in the foreseeable future, given that (1) even if the United States achieves complete oil self-sufficiency, the Middle East’s destabilization will greatly affect the United States through oil price hikes, (2) the Middle East, notably Saudi Arabia, alone has significant excess production capacity and remains the cornerstone of global energy security, (3) the United States (its military power) alone has the real power to secure safe, stable passage through key sea lanes including the Strait of Hormuz, and (4) U.S. engagement with the stability of the Middle East is important for the United States to maintain its influences on the world. U.S. arguments are characterized by the close linkage between Asian energy security and geopolitics or security. This point was particularly impressive to me at a time when the United States’ policies on the Middle East and national security under the new administration were attracting global attention.

Regarding the abovementioned point, one participant in the conference noted that problems not only in the Middle East but also in the Indian Ocean, the Strait of Malacca and the South China Sea would be important in the context that sea lane security as a whole is significant for Asia’s energy security and the stability of Asian oil and LNG imports. The new U.S. administration’s attitude or actual actions on Asian energy security and energy transportation will attract attention in regard to how the vital interests of the United States should be defined.

From the geopolitical viewpoint, Russia’s relations with major Asian energy importing countries such as Japan, China, South Korea and India are also important. The security environment and geopolitical risks for major Asian countries will grow more important for analyzing the energy security issue. It is basically important for each country to make its own efforts to enhance energy security. At the same time, it is important to step up international cooperation to support national efforts or help prevent national efforts from plunging the energy market into a mutually exclusive

zero-sum game in the direction of destabilization. The conference gave me an opportunity to acknowledge anew that it is important to deepen geopolitical analyses on Asian energy security irrespective of low prices and oversupply of energy at present while the international situation, including the new U.S. administration's influences, is very uncertain.

Contact: report@tky.ieej.or.jp

The back issues are available at the following URL

http://eneken.ieej.or.jp/en/special_bulletin.html