

Energy Security and Resource Diplomacy for Japan – Toward Building an Intra-Asia Energy Cooperation Framework

November 25, 2005: Sakutaro Tanino (Former Ambassador to P.R.C., India)

1. Importance of energy security as it relates to Japan:

- (1) Japan relies upon imported supplies of resources such as crude oil and natural gas for almost its entire energy requirement. Therefore, to ensure and maintain stable economic and social systems for its citizens, Japan must strive to secure these resources and ensure their stable supply. Furtherance and strengthening of international cooperation is essential for that mission.
- (2) In consideration of this reality, Japan actively promotes or engages in the following:
 - ① collaboration with foreign countries through the International Energy Agency (IEA);
 - ② cooperative efforts directed toward ensuring peace and stability in the Middle East, Japan's major energy supplying region;
 - ③ vigorous diplomatic activities aimed at reinforcing relationships in the Middle East,;
 - ④ economic cooperation and other assistance for developing countries including those in Asia, with the aims of securing a stable energy supply and promoting environmental protection; and,
 - ⑤ aggressive energy conservation efforts. This issue has been taken up by both the government and the private sector for many years, and their efforts have brought Japan to a world-class position in this field.

2. Asian energy situation and the necessity for regional cooperation:

(1) Asian energy situation:

As is often pointed out, energy consumption in Asia has grown rapidly in recent years, alongside the remarkable economic growth being achieved by many countries in the region.

This is particularly evident in the case of the two Asian giants, China and India. The energy situation in Asia has three defining characteristics:

- (a) it is a geographical area that is not intrinsically endowed with very rich energy resources;
- (b) it is heavily reliant and counts on supply from outside the region, particularly for oil. Dependency on Middle East sources is expected to increase; and,
- (c) there are heightened or continuing political and military tensions in some parts of the region, giving rise to a problematic situation that falls far short of fostering consensus on energy issues.

Against this background, China in recent years, and notably since 2000, has been aggressively seeking overseas resources by acquiring either concession or business enterprises.

(2) Importance of energy cooperation in Asia:

From now on, if Asia, and East Asia, in particular, which includes Japan, China, and another giant energy consumer, Korea, is to seek coexistence and co-prosperity, looking forward to serious efforts to create an economic community at some point in the future, it is imperative for these nations (a) to have a shared recognition of the serious nature of the region's future energy problems; and (b) to promote regional cooperation in an effort to alleviate such conditions as much as possible. More specifically, this would conceivably include subjects such as:

- ① joint development of energy resources;
- ② joint oil stockpiling programs;
- ③ promotion of regional cooperation in the area of energy conservation, including sharing Japanese technology for improving energy efficiency (China has made few efforts toward energy conservation);

- ④ transfer of coal-related technologies, such as safety measures for exploration and mining operations in which Japan excels, or coal-fired power generation with high efficiency;
- ⑤ technical cooperation in nuclear power generation;
- ⑥ regional cooperation to secure safe passage through strategic sea-lanes; and,
- ⑦ initiation of an emergency response team comprising intra-regional nations to deal with large-scale disasters.

In addition, in view of the historical fact that the move toward integration of Europe started from the formation of the European Coal and Steel Community (ECSC) in 1952, it would be highly desirable if a move developed to form an Asian counterpart, that might be called an “East Asia Energy Resources Community” so that East Asia could achieve goals such as higher energy efficiency, lower burdens on the global environment, and a reduced impact from events like interruptions in energy supplies from outside the region. To ensure this happens, it is important above all to engender a strong commitment at the highest political levels within the region, as was recognized in the case of Europe.

With regard to Japan, it is necessary to hammer out an overall energy strategy at the national level encompassing such measures as establishment of a primary energy best mix, energy-related technology development, diversification of energy supply sources, or reinforcement of business sector institutions in the areas of energy conservation and other activities. At the same time, in a departure from the current system of a vertically compartmentalized administration, a powerful centralized administrative organ within the cabinet must be created to develop such a strategy.

Many knowledgeable people have talked about the necessity for energy cooperation within Asia. Related government authorities have initiated steps toward achieving the subject

and a considerable number of specific proposals have been made on the issues, including the earlier mentioned points. In reality, however, while academic discussion is progressing in many cases, implementation of specific proposals appears to be a long way off because of such inhibiting factors as political tensions within the region. In order to achieve economic integration, it is obvious, even without considering the history of Europe, that energy issues cannot be avoided. Now is the time for us to act with deeds as well as words.

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