

Japan's foreign policy and global energy security

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Today, energy security is an indispensable subject even in general discussions about foreign policy.

Securing needed energy resources is one of the prerequisites for ensuring sustainable economic growth. Dealing with the current rapid growth in demand for energy in Asia is a high priority on many agendas. As for Japan's perspective on energy security co-operation, I would like to touch upon the following three points: security of supply, energy and the environment, and the importance in energy response of the International Energy Agency (IEA), a sister organisation of the OECD.

Security of supply

Security of supply is vital for consumer countries such as Japan, while security of demand is vital for producer countries. What are the challenges that confront us?

Firstly, one challenge is geopolitical uncertainty in the Middle East and other energy producing regions. According to the IEA's 2006 statistics, about 30% of world oil production is concentrated in the Middle East, and the region's global share of oil production is expected to increase in the years to 2030. Achieving stability in the Middle East is, therefore, one of the most important foreign policy objectives for many countries in the world. As I said in a major policy speech entitled "Middle East Policy As I See It"*, delivered last February, Japan has maintained close dialogue with the countries in the region in an effort to promote stability.

Secondly, resource nationalism has resurged throughout the world as a result of the high prices of oil and other minerals. Resource nationalism in producing countries can entail the risk of delayed investment

upstream and, consequently, undermine the security of supply. I believe that creating free and open markets, based on dialogue and co-operation between producers and consumers, will provide an attractive alternative to resource nationalism.

Thirdly, to mitigate the risks to supply security, we need further international co-operation for enhancing the security and diversity of energy transportation routes. The straits of Malacca, Singapore and Hormuz are particularly important. I hope that the IEA will be able to play a constructive role in sharing data and information on energy transport and related infrastructure for these vital transportation routes.

Energy and environment

Energy security and environmental protection have to be compatible. The urgent task for the energy side is to link energy efficiency improvements with reductions of greenhouse gas emissions. This is the task not only for developed countries but also for developing countries, which also consume energy resources and emit greenhouse gases. In this regard, the OECD's work on adapting to climate change, particularly in relation to development aid, is relevant. We should elaborate data quantifying the effects of improved energy efficiency on the reduction of greenhouse gas emissions. I believe that the IEA will be able to accelerate its studies on this subject. Without serious study of this vital question, I am concerned that any achievements in terms of conservation might not be properly evaluated in the context of climate change.

We also have to work closely with China and India in order to assist their efforts to improve energy efficiency. According to IEA estimates in 2006, both China and India will almost double their energy consumption by 2030. Japan has taken

advantage of its low energy intensity, which is approximately one-ninth that of either China or India, and, together with like-minded OECD countries, has provided financial and technical co-operation, as well as technology transfers based on commercial transactions, to assist the efforts of these fast-growing Asian consumer countries. In addition to such co-operation, during the second East Asia Summit in the Philippines on 15 January this year, Prime Minister Shinzo Abe announced the Cooperation Initiatives for Clean Energy and Sustainable Growth for East Asia. These initiatives include the provision of energy-related official development assistance worth US\$2 billion between 2007 and 2009, as well as technical co-operation for the promotion of energy conservation, biomass energy and clean coal technology.

Importance of the IEA

As uncertain and vulnerable elements in the oil market increase, the role of the IEA in ensuring global energy security takes on new importance. The Agency's **emergency response mechanism** mobilises the 27 member countries to collectively release supplies from their oil stockpile in the event of unexpected supply disruptions. You may recall the recent successful cases of hurricanes Katrina and Rita. However, there have been many cases where the mere existence of the IEA's mechanism gave

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sufficient comfort to market sentiment, without the mechanism actually having to be activated. One of the recent cases illustrating this was the disruption of the oil supply between Russia and Belarus.

An important task ahead of us is identifying how to work closely with non-member emerging economies like China and India in enhancing their oil stockpiling system. In December 2006, China hosted a Five Party Energy Ministers Meeting in Beijing. And China is now planning to gradually augment its oil stockpile. Our bilateral and multilateral co-operation through the IEA engaging with the emerging economies is now deeper and wider than ever before.

As to **G8 collaboration**, since the Gleneagles summit in 2005, energy security has been discussed in depth among G8 leaders. Last year, President Vladimir Putin also chose global energy security as one of the main agenda items at the G8 St Petersburg summit. Indeed one of the documents adopted at that summit, “Plan of Action for Global Energy Security”, defined comprehensive principles for energy security. The IEA can play an instrumental role in ensuring the steadfast implementation of both the Gleneagles and St. Petersburg agreements. At Gleneagles, leaders also asked the IEA for a study on climate change and energy efficiency to be presented at the 2008 Japan summit. If we can translate those principles and agreements into reality, with the collaboration of China and India, global energy security will be further strengthened. I am looking forward to continuing to work with all my IEA and OECD colleagues, as well as our key partner countries. ■

References

*Mr Aso's speech, “Middle East Policy As I See It”, is available at www.mofa.go.jp/region/middle_e/address0702.html
See www.iea.org