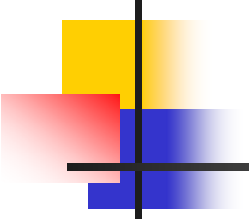


From the Perspective of a Consuming Country in Asia

Conference on Risk Reduction in the Energy Sector
Concluding Session

26 October 2005

Kiyoshi Mori
Director, JETRO LONDON



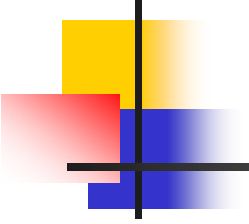
1. Asian preparedness for the real crises of energy supply

/ Distance of time between now and 1970s

- our social wisdom faded away
- many Asian countries did not have knowledge on the two oil shocks

/ Distance of space between Asia and OECD

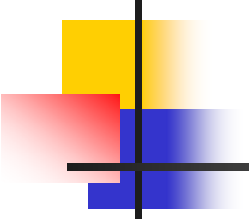
- rate of oil dependence in the ME; 70% vs 20%
- two potential chokepoints of Sea Lanes
Straits of Malacca & Strait of Hormuz



(Continued,)

/ Need for involvement of China & India for policy coordination

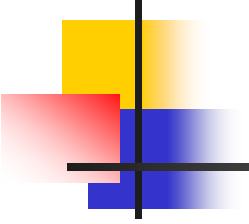
- ASEAN plus 3 (China, Korea and Japan)
- Round Table of Asian Energy Ministers
on Regional Co-operation in Oil & Gas Economy
- APEC Energy Ministers' Meeting
- Asia-Pacific Partnership
on Clean Development and Climate



(Furthermore,)

/ So many issues to be dealt with

- emergency oil-stockpiles
- demand-side energy conservation measures
- anticipated over-dependence of supply for oil products in the ME
- technological cooperation in climate change and energy conservation



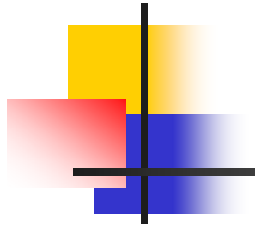
2. Competition of energy procurement between China and Japan

/ The game is

“Competition between S & D, among Ds
or among Ss”

/ Determinants of the relationship between C & J

- War-Responsibility
- Territorial issues
- Historical Trilateral Relationship among C, J & USSR



(Continued,)

Before 1989, there was a totally complicated trilateral relationship.

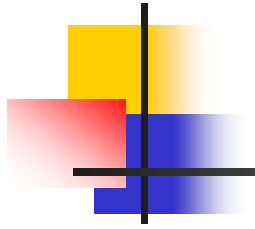
/ 1958～ : political relationship split between USSR & China

/ 1959:discovery of Daqing Oil Wells in China

/ 1965:the 1st USSR-Japan Economic Committee

/ 1975～ : Sakhalin Oil development Project

/ 2nd Half of 1970s:export of Daqing Oil to Japan



(Furthermore,)

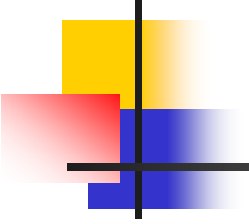
After 1989, there has been a very usual business competition.

/ 1995 : PSA contracts to Sakhalin-1 and Sakhalin-2

/ 2nd Half of 1990s:FS for pipelines for China
by J-businesses

/ East Siberian Pipeline

/ 20th to 22nd November: President Putin's visit to Japan



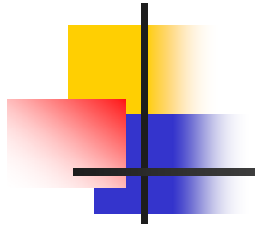
3. Cooperation in the R&D

/ Demand-side

- Japan's technological advantage
 - hybrid cars
 - solar power panels
 - top-runner method
- Actual example of cooperation
 - traffic mitigation system in Bangkok

/ Supply-side

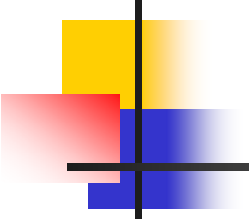
- Clean coal technology
- Sectoral Cooperation in Steel, Cement,,,,,
 - firstly with China's Steel Association



(Continued,)

/ Lesson from the G8 Gleneagles Summit

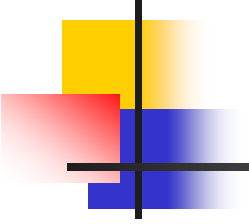
- Need for involvement of more “energy language” in the “climate change” world, for more worldwide cooperation



4. Need for new Energy Security Policy?

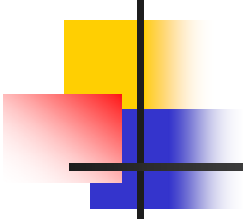
~ How to deal with continuous shortage
of spare capacity? ~

- viability of the simultaneous realization
of three E's
- preparation for a temporal termination of supply
vs
occasional shortage of supply & price hikes



(Continued,)

- ~ What are the efficient “new energy security policies” under the current new situation? ~
 - supply-chain management from fuel procurement to transportation of final products
 - diversification of the definition of “risk”
increasing risk premium of hurricanes,,,,,
- ~ Are there any better measures than the present tools of preparation for a temporary interruption in energy supply in the new situation? ~



Thank you very much.

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