

## *Session B-1: Prospects for and Measures Concerning Energy and Environmental Cooperation in Northeast Asia (Energy Approaches)*

Tatsujiro Suzuki - Visiting Professor, Graduate School of Public Policy, The University of Tokyo - acted as moderator, and reports were made on the current status of energy strategies in the various countries and regions of Northeast Asia, and policy proposals for regional cooperation were discussed. This session is inextricably bound to the 'Environmental Approaches' session which took place during the afternoon of the same day, and explored approaches to regional cooperation from a perspective which links organically the three aspects of energy security, energy conservation measures and business promotion.

Gao Shixian - Director, Center for Energy Economics and Development Strategy, Energy Research Institute, National Development and Reform Commission, China - introduced six policy planks, as China's energy strategy. These are; (1) giving top priority to energy conservation, (2) planning the adjustment and optimization of the energy mix, (3) fully utilizing the resource market domestically and overseas, (4) ameliorating the environmental impact from energy production and consumption, and promoting environmental protection, (5) attaching suitable importance to energy security, and (6) systematizing safeguard measures in energy development. China, unveiling its 11th five-year plan in March 2006, announced targets of doubling, by 2010, its GDP in 2000, and at the same time reducing its specific energy consumption in relation to GDP by 20% from the 2005 level. Mr Gao mentioned, as government efforts towards energy security to 2020, the formulation of national energy projects and strategy, renewable energy development projects, national energy efficiency projects, national energy research and development programs, and international cooperation within the frameworks of ASEAN Plus Three, APEC and

the like.

Boris Saneev - Deputy Director, Energy Systems Institute, Siberian Branch of the Russian Academy of Sciences, Russia - made a report to the effect that the building of mutually beneficial relations with Northeast Asian countries needs to be in Russia's national interest. In Russia, at present, they aim at advancing into the Northeast Asian energy market, and several documents are being drawn up specifically for the development of eastern Russia, including improvement of infrastructure such as electricity distribution lines, oil and gas pipelines. For the implementation of those projects, he introduced one provisional estimate of 130-135 billion dollars being necessary, of which 60-70 billion dollars would be spent on oil and gas field development and a main pipeline to connect them. Mr Saneev emphasized the point that in realizing these projects, the attraction of investment from overseas is essential.

Dorjpurev Jargal - Head, Renewable Energy Division, Ministry of Fuel and Energy, Mongolia - emphasized that, in order to plan energy cooperation, and surmount the great differences in economic feasibility, scale, resources, and labor force, etc., between all the Northeast Asian nations, it is necessary to first construct an institutional framework. An inter-governmental framework would be useful in reducing the differences between nations in institutions, investment environments and political structures, and would promote the guaranteeing of investment, etc. For Northeast Asia, reference should be made to the good examples in other regions in Energy Charter Treaties, etc. Mr Dorjpurev raised, as potential projects in which Mongolia can cooperate with the nations of the region, massive investment to improve infrastructure for the mining industry, and the introduction of technology for

the development of clean coal, construction of electricity distribution lines, renewable energy development projects, and so forth.

Vladimir Ivanov - Deputy Chief Representative, Asia Pacific Region Representative Office (Beijing), Rosneft, Russia - presented the circumstances of Rosneft setting up, one after another, cooperative projects with China. He gave as a specific example, first the forming of a joint venture company with CNPC, initially with an aim of oil field exploration and production and with a view to the production also of natural gas in the future, a joint venture with PetroChina (a domestic subsidiary of CNPC) with an aim to jointly expand the sales network of petroleum products in China domestically, and also a joint venture company with Sinopec. Mr Ivanov, as a long term concern for Rosneft, spoke of establishing relations based on mutually beneficial relations with China and a division of the risks, and building the same kind of relationships with the ROK, Japan, Malaysia, Vietnam, and India, etc.

The author introduced in outline the Japanese government's 'New National Energy Strategy' announced in May 2006, within which, as the Asia energy cooperation strategy, he gave emphasis to the following points which are mentioned in it; the promotion of energy conservation in the Asian region, and the clean-use of fossil fuels, cooperation on new energy sources, the dissemination of know-how on stockpiling systems, cooperation in the field of nuclear power, and the proactive application of international frameworks. Further, he pointed out the things which the consumer nations of Japan, China and the ROK, etc. generally hold in common to a fair degree; the promotion of energy conservation and energy source diversification within their energy strategies, increase in supply routes, and the strengthening of stockpiling regimes, etc. Moreover, he introduced six propositions for energy cooperation in Northeast Asia, namely; (1) when aiming to establish energy security, enlightening all about the importance of promoting debate, based on what makes business sense, rather than the geopolitical approach, (2) for the solution of the energy conservation problem, focusing on a common denominator to be beneficial to all countries, (3) tackling the potential of cooperation, via dividing (or sharing) of the risks in investment in upstream projects, (4) managing the effective spread of the latest technology in energy, based on business rules, (5) simultaneously promoting dialogue towards political cooperation, in the various dimensions of consumer-nation to consumer-nation and consumer-nation to supplier-nation relations, and (6) for the 'energy cooperation regimes' which should be constructed in Northeast Asia, actively welcoming the participation of nations, jointly working for benefit in energy security of at least the Asia-Pacific as a whole, and never adopting an attitude of exclusion towards nations outside the region.

Lee Joon-Beom - Head, Research Team, Korea National Oil Corporation, ROK - indicated three points as oil market trends in recent times; the trend of high crude oil prices, the reemergence of resource nationalism, and the intensification of competition. He reported, that although the ROK refined oil sector has held a surplus after the financial crisis of 1998, exports of petroleum products

to the Northeast Asian market have increased by that amount, and also from 1997 the ROK has built cooperative relations on stockpiling with Middle East and international major oil companies, and in the last few years, Chinese oil companies have been utilising the KNOC oil storage facilities. Mr Lee stated the good example of Japan and the ROK having pursued intergovernmental cooperation under the framework of the IEA, and even with hurricane Katrina in September 2005, the ROK and Japan made emergency releases from their stockpiles and contributed to the stability of the world oil market. Also he said that in January 2007, the ROK's SK Corporation and Nippon Oil Corporation sealed a strategic cooperative relationship, and that cooperation had been reached in several business areas such as oil exploration, refining and distribution. In aiming for energy cooperation in Northeast Asia, Mr Lee proposed the importance of building mutually-complementary cooperative relations with international energy organisations, such as UNESCAP, APEC and ASEAN Plus Three, and of expanding frameworks beyond the Asia region, and he also indicated an Energy Charter Treaty as one example to be referred to of a regional institution which accommodates the varying interests of producer and consumer nations relating to investment in energy resources.

Manabu Miyagawa - Director, Economic Security Division, Economic Affairs Bureau, Ministry of Foreign Affairs, Japan - raised four issues in the planning of regional energy cooperation - improvement in energy efficiency, improvement in investment environments, responses in times of emergency, and the creating of international rules pertaining to cooperation in the energy sector. Regarding the first three, the way to concrete cooperation within an Energy Charter Treaty has been clarified, and for the treaty the idea was shown of it being able to become a cornerstone in the future making of international rules. He introduced the adoption of the "Cebu Declaration on Energy Security in East Asia" at the East Asia Summit held in the Philippines in January 2007, when the concerned nations, on a voluntary basis, set targets for energy conservation and action plans, which were agreed, and Japan announced four proposals; (1) furthering of energy conservation, (2) promotion of biomass energy, (3) clean use of coal, and (4) elimination of energy poverty. Mr Miyagawa stressed the importance of the implementation of the matters (market access and investment, transparent and competitive markets, a framework with a system of fair, stable and effective rules, strengthening of dialogue, energy resources and geographic and sector markets and diversification of distribution routes, energy conservation, measures for increasing energy efficiency, tackling climate change, promotion of transparency and good governance, cooperative response in times of emergency, including strategic stockpiling, maintenance of energy infrastructure, and elimination of energy poverty) included in Paragraph 6 of "World Energy Security" which was adopted at the G8 Summit in July 2006 which Russia hosted, and that that implementation is not just within the G8, but in wider international society, particularly in East Asia.

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