

China's Surging Energy Demand and Sino-Japanese Relations: The Northeast Asian Energy Nexus Revisited

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Abstract

Against the backdrop of the rapid growth in China's energy demand, the global community has grown increasingly concerned about the way in which this rising economic power can meet its energy resource needs. Policy makers and political scientists have debated whether aggravation of Sino-Japanese relations may be inevitable, given that Japan is not only a resource-poor country, but is also China's geopolitical rival in Northeast Asia. This article revisits this conventional interpretation of Sino-Japanese energy rivalry.

Firstly, we compare the current state of energy demand and national energy strategies in Beijing and Tokyo. Unlike China, Japan has established a highly energy-efficient socio-economic system, with its energy demand officially projected to peak in 2021-2030. China and Japan are highly *asymmetric* in their energy structures and current states of energy demand.

Secondly, commonalities in each country's energy policies are summarized. China and Japan may find it in their strategic interest to promote cooperation in the energy field, given the similarities of their targets in meeting energy demand, with energy conservation and the introduction of environment-friendly energy resources as examples.

Thirdly, the ongoing process of bilateral interaction in the energy field is reviewed. The worsening of Sino-Japanese relations seems to have bottomed out with the end of the Koizumi era, and both governments have gradually learned reciprocity in promoting energy cooperation. The gradual growth of the bilateral energy partnership has also been bolstered by the changing international environment surrounding Beijing and Tokyo, such as the United States' encouragement of stabilizing the traditional Sino-Japanese rivalry, as well as the emergence of multilayered international frameworks among the consuming nations which include the two.

Fourthly, we question the essence of the so-called "Sino-Japanese scramble" over the crude oil pipeline from eastern Siberia to the Pacific Ocean (ESPO) which has been under construction as part of Russia's national strategy to expand into new energy markets in Northeast Asia. Realization of the potential of the eastern Siberian oil fields has been limited due to the large scale of investment required and the associated risks. In addition both Sino-Russian and Japan-Russia relations have developed more slowly than may appear.

Lastly, we reflect on the above analyses and explore the effect of a strategic convergence of national interests on the future of Sino-Japanese energy relations.