

The Energy Security Policy of Russia, which is Focusing on its Energy Transportation Infrastructure

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Summary

Russia is dependent on oil and gas for approximately half of its revenue, and is a country that has the export of resources as a key pillar of its economy. For Russia the discussion of energy security is the supply-side's standpoint, and this is nothing but striving for the securing of a diversity of markets in order that a stable supply can be maintained. Oil has already been commoditized, and long-term contracts are not essential because of the fact that it has always been a saleable commercial product, whereas for natural gas the investment in transportation infrastructure, i.e. pipelines, is absolutely necessary, and the concluding of long-term supply contracts, as the backing to guarantee the recouping of this investment, is important. Now, in addition to the traditional exports to Europe, they are in earnest in the pipeline-laying for the purpose of the development of markets in Northeast Asia, and are attempting to decentralize and diversify energy exports.

Regarding oil, the Eastern Siberia-Pacific Ocean (ESPO) pipeline came into operation at the end of 2009 as a means to secure markets in the direction of Northeast Asia in particular, and has been gaining popularity in Northeast Asian markets, including in Japan. Meanwhile, in the Japanese market in 2010, Russian crude oil's share grew to 7%, and there was the effect of lowering the degree of dependency on the Middle East.

As for natural gas pipelines, the Nord Stream pipeline to Europe came into operation in 2011, and in Northeast Asia also the expansion of the domestic gas pipelines from Sakhalin to Vladivostok is progressing, and there is the prospect that they will eventually extend to eastern Siberia. Regarding future points for attention, while there already are plans for pipelines with the expansion of exports in the direction of Asia, they have been unable to reach agreement on the price of natural gas for the sales contracts with China, and meanwhile the plans for exports to the ROK via the DPRK have also been dogged by political uncertainty.

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