

Energy Security Challenges in the North East Asia
— Policy Development and Regional Cooperation To Enhance Energy Security —

Ken Koyama, PhD
General Manager
Energy Strategy Department
Institute of Energy Economics, Japan

Kachidoki 1-13-1, Chuo-ku, Tokyo 104-0054, Japan

Tel: 81-3-5547-0217

Fax: 81-3-5547-0225

Email: kkoyama@tky.ieej.or.jp

With rapid increase in oil demand in China, the North East Asian oil market has become a growth engine for the world oil market. Backed by continued oil demand growth and a limited domestic oil supply capability in the region, oil import dependence of North East Asia is expected to grow significantly in the years ahead. At the same time, the recent events such as the high oil prices after 1999, the September 11th terrorist attack, the war in Iraq and its impact on the stability of the Middle East has resulted in growing concern over the security/stability of the world energy markets. Under these circumstances, energy security has emerged as the top agenda of energy policy in the region.

With reference to the above, the first part of this paper will analyze the prospect of energy supply-demand in the region as an introduction. The second part will examine strategies to enhance energy security implemented by individual countries in the region, with the emphasis put on discussion of the prospect and impacts of these strategies. These strategies include: energy source diversification, build-up of strategic relations with major suppliers, oil stockpile program, etc.

Finally, the third part will discuss the current situation and the prospect of regional energy cooperation in the North East Asia. With the understanding of regional economic and energy market integration, regional cooperation has attracted public attention in the region as a new approach to enhance energy security. Energy cooperation in the region as well as in ASEAN + 3 will be discussed as examples, focusing on their potential merits, constraints and challenges for the future, with the overall conclusion stressing that regional cooperation should be promoted for the benefit of regional economic prosperity.