Abstract for Session B4 on Regional Issues: Far East, South Asia and Australia

Regional Energy Relationships & Energy Security

A skewed geographic dispersion of global energy sources in the face of an energy-intensive development paradigm of nations gave rise to energy markets as a useful bridge between energy suppliers and consumers. Yet, nations wholly or predominantly dependent on imported energy have been reluctant to rely solely on energy markets, opting instead, to simultaneously adopt strategies that would enhance their access to secure energy supplies. The geopolitics of energy is a necessary by-product of this endeavour.

A recent significant development in energy geopolitics is the increasing importance of regional energy resources. Strategic considerations have pushed to the fore what economic rationale (minimizing cost of transportation) failed to achieve all these years. For instance, the US, the largest energy importer in the world is turning increasingly to its continental neighbours – Mexico, Canada, Venezuela – even as it has minimized its offtake of oil from the distant GCC region. Europe finds Russia, the emerging petrostate a desirable enough supplier from the same neighbourhood. Regional energy alliances seem to be acquiring a primacy they never enjoyed hitherto. The increasing share of gas in the energy baskets of nations has further reinforced this trend.

In the coming years, regional energy alliances are set to play a crucial role in quenching the Asian thirst for energy as well. The future energy demand heartland will comprise the Asian giants, India, China, Japan and South Korea. While the energy-abundant Persian Gulf will continue to be a major supplier to Asia, the Asian consumers will no doubt, endeavour to diversify their supply sources. How will regional energy alliances shape up in Asia? Will the Russian fareast supplant Indonesia and the Gulf in energy supplies to Japan and South Korea? Will Australian coal supplement oil use in these countries? Does the answer to China’s increasing quest for energy lead it to Central Asia and the Caspian? Will India be able to persuade its neighbours Bangladesh, Myanmar and Nepal to pitch in with their gas and hydel resources? What are the prospects for India to access piped gas from Iran and Turkmenistan? In short, how will regional alliances shape up in the coming years?

The proposed paper will outline the directions in which Asian regional energy alliances are likely to move, based on current imperatives and trends in the region.

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