

Energy Issues in Northeast Asia and Regional Cooperation

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Energy Issues in Northeast Asia are characterized as follows. The first is that energy demand has continued to increase rapidly since the 1980s. The second is that oil and coal are the dominant energy sources, and use of natural gas is very limited. Energy demand has stagnated, owing to the recent Asian economic crisis, but it is projected to rise again with the economic recovery in the coming years. Since China's energy consumption per capita is less than one-fifth of Japan's now, demand for oil and natural gas will grow substantially in the long run.

In recent years, the dependence on oil imports from the Middle East has been rising significantly in Japan and South Korea. As a result, these countries have to pay more attention to energy security policy. China is also increasing oil imports from the Middle East, because domestic crude production continues to stagnate. On the other hand, since a huge amount of coal is consumed in this region, air pollution problems (such as SO_x, NO_x, and acid rain) are becoming more serious. After the COP3 conference in Kyoto, the reduction of CO₂ emissions has become a major policy target in Japan.

To cope with these problems, it is very promising and useful to develop clean coal technologies and to expand natural gas use in this region. Eastern Russia has abundant gas resources, and their development will contribute not only to the improvement of energy security but also to the alleviation of local and global environmental problems in this region. For promoting natural gas use, it is essential to construct pipelines and other related facilities that require large capital investment as well as bilateral and multilateral cooperation. At their third meeting in Okinawa in 1998, the APEC Energy Ministers endorsed the "APEC Natural Gas Initiatives," which seek to establish stable, transparent, and discriminatory legal, regulatory, and trade regimes for all participants in the gas sector.

It should be emphasized that cooperation among governments and private investors is vital for the success of natural gas projects in Northeast Asia. On the other hand, major gas importers in Japan and South Korea are under stronger pressure to cut costs as a result of deregulation and liberalization of their energy markets. Therefore, to promote natural gas development in this region, it is important to clarify the roles of the government and the private sector, based on economic viability.