

Summary of the Energy Panel

The theme of the panel discussion on energy issues, which featured six panelists and a further six commentators, was “towards an Asian energy community”.

Masaru Hirata (Secretary-General of the Northeast Asia Gas and Pipeline Forum), the first panelist, looked back at the history of energy use. We are undergoing a transition from the era of solid fuel, such as firewood and coal, towards liquid and gaseous fuels, in the form of oil and natural gas. He also foresees that hydrogen will be used in the future. We are still 200 – 300 years away from achieving a hydrogen-based society, but Iceland is already ahead of the pack, being in the initial stages of creating such a society. Dr. Hirata also pointed out the necessity of building a gas pipeline network in Northeast Asia and emphasized the need for further research and continued dialogue with a broad range of players in order to achieve this.

Ki-Joong Kim (Researcher, Korea Energy Economics Institute) highlighted the necessity of multilateral energy cooperation. He cited one reason for this as being the security of this region, to which the DPRK belongs; after providing an overview of the content of a number of international workshops on multilateral energy cooperation, such as one held in Khabarovsk, he called for China and Japan to participate in a Senior Officials’ Meeting, following on from the one held in Vladivostok in April 2003.

Robert Priddle (former Executive Director of the International Energy Agency) expressed his opinion that the fact that Northeast Asia is home to both supplier countries and consumer countries need not necessarily be an obstacle to the formation of an energy community. He noted that there were three points that should be borne in mind when considering the formation of an Asian energy community. One is the clarification of the benefits that such a community would confer on each country. The second is answering the question of why the scope of the community should be limited to the region, rather than being a global community. The third point is deciding whether the community should be a forum for deepening mutual understanding or an organization with decision-making powers.

Alexei Mastepanov (Deputy Director, Department of Strategic Development, Science and Environment, Gazprom) noted that Russia is the only one of the various Northeast Asian countries that is self-sufficient in terms of energy. He also outlined the necessary conditions for implementing energy projects. First of all, in order to secure the gargantuan sums of money required to fund them, it is necessary for energy prices in international energy markets to be high and stable. Moreover, resources in the supply area must be explored before implementing the vision for the pipeline. The fact that the state owns Russia’s underground resources must also be taken into account.

According to Daojiong Zha (Associate Professor and Director, Center for International

Energy Security, Renmin University of China), there are various opinions within China regarding the ideal energy supply situation for the country and lively discussions are taking place. While progress is being made with a range of energy projects, the fact remains that electricity blackouts still occur in such places as Shanghai. Given this situation, some are of the opinion that “we should leave everything to the market, without developing special policies” and the development of energy-conserving technologies is thought to be important. At the same time, distinct from these attitudes, there are those who are of the opinion that the degree of reliance on unstable regions such as the Middle East should be reduced due to security considerations, and that access to other supply sources should be secured. There are also those who place their hopes in domestic coal as a way of increasing energy supplies. Deliberations with regard to an international energy transport project aimed at supplying energy to China are progressing.

The final panelist, Meng-Hyung Yoon (Senior Vice-President, Korea Electric Power Corporation), proposed that a cross-border electricity network be formed, similar to those found in other regions across the globe. This would have the advantage of allowing high-efficiency electricity generation and transmission facilities to be used. At present, there is no such international electricity transmission network in Northeast Asia. Mr. Yoon proposed that joint research be carried out into the potential for developing an electricity transmission network running from China and Russia via the DPRK, while also continuing discussions aimed at establishing an energy community.

Following these presentations by the panelists, the commentators offered their remarks. First of all, Richard Collins (Former Vice-Chairman, East-West Center Board of Governors) noted that the greater part of the discussion up to that point had focused on markets and technological potential, with political problems being ignored. He cited the issue of dependence on Middle Eastern oil as an example, pointing out that the problem is political instability in the Middle East. In addition, he stated that it is necessary to compare the cost of implementing mega-projects with the cost of not implementing them. Mr. Collins demonstrated his recognition of the current situation in which China and Japan are in constant competition with each other with regard to Russia’s energy resources, and expressed his view that the EU would also become a competitor for Russia’s energy resources in a few years’ time. Accordingly, he concluded that, rather than competing with others in the same region, it is necessary for the countries of Northeast Asia to form an alliance and initiate specific projects, before they begin to have to compete with the EU for Russian gas.

Mitsuho Uchida (Research Advisor, Central Research Institute of the Electric Power Industry), who was the next to speak, underlined the necessity of cooperation, including that in the field of energy technology, in order to promote the reduction of greenhouse gas

emissions, the application of renewable energy and the efficient use of energy. Moreover, he agreed that the interconnected energy network proposed by Mr. Yoon would lead to an increase in energy efficiency.

Young-Doo Kim (General Manager, Office of Technology and Project Planning, Korea Gas Corporation (KOGAS)) informed those present that the ROK government and KOGAS is working on a project involving the supply of gas by means of a pipeline from the Kovykta gas field to the ROK, in order to reduce the share accounted for by LNG, which is expensive.

Kengo Asakura (President, Ecology and Energy Co., Ltd.) recommended that a pipeline linking Sakhalin with Western Japan via the Korean Peninsula be constructed as Northeast Asia's first international gas pipeline. There are three reasons for this: firstly, thinking about the economic aspects, the price of 10 cents or more per cubic meter quoted by the Russian side is too expensive for Northeastern China, so the gas would have to be supplied to the ROK and/or Japan. Secondly, this could be packaged with measures aimed at solving the problem of the DPRK's nuclear development program, which is currently being tackled via six-party talks. Thirdly, as the countries involved in the six-party talks would contribute to this project from their diverse perspectives, it could prove to be a catalyst for making practical progress with regard to the vision for an Asian energy community.

Vladimir Ivanov (Director, Research Division, ERINA) told those present that the Niigata Energy Forum, which took place on 31st January and 1st February, had attracted a broad range of participants and provided an overview of two energy projects relating to the DPRK that were the subject of presentations at the forum. These were a project involving the supply of electricity from Far Eastern Russia to the Korean Peninsula and another involving the construction of a gas pipeline from Sakhalin to the Korean Peninsula.

Finally, Ganbold (Councilor, Asia and America Department, Mongolian Ministry of Foreign Affairs and Board Member, Northeast Asia Association of Mongolia) expressed his opinion that renewable energy products in Mongolia could be included in energy cooperation in Northeast Asia.