

May 19, 2006 Friday
Asia Edition 1

JAPAN WARNED OVER ITS ENERGY SECURITY

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Japan's very existence as a state could be compromised if it does not develop amore strategic approach to energy security, accordingto a report presented to Junichiro Koizumi, prime minister, yesterday.

The report from the Japan Forum on International Relations, an independent think-tank, says: "Japan's overall approach lags behind the changes occurring in the world. The strategic importance of energy has a far greater importance than is appreciated in Japan."

Big changes in the global energy balance - including the voracious appetite of China and India, geopolitical uncertainty in oil-producing regions, and dwindling oil and gas reserves in advanced nations - mean Japan can no longer view energy as a mere commodity to be bought on the international market.

"This shift has caused national interests to start colliding in the international energy market," the report says, alluding to energy diplomacy by suppliers such as Russia and Venezuela,as well as disputes over resources, such as that between Japan and China over gas reserves in the East China Sea.

"There has never been a time when a comprehensive energy strategy has been more sorely needed for a country as poor in energy resources as Japan," it says.

The report makes several recommendations, which include:

- *To build a stable, long-term energy relationship with Russia, whose enormous gas and oil reserves could help wean Japan off dependence on Middle Eastern oil, which makes up nearly 90 per cent of its supply.

- *Piping gas to Japan as part of a strategy of securing a long-term supply.

In practice, deregulation of the energy sector, which limits the ability of the state to dictate policy, and Japan's lack of a domestic gas infrastructure have set back hopes of bringing gas by pipeline.

A plan to build a gas pipeline from Sakhalin, in eastern Siberia, for example, has been all but abandoned, with Japanese distributors preferring to import liquefiednatural gas.

*To develop a regional co-operation strategy "to avoid China becoming a destabilising factor in the international energy market".

In relation to disputes such as that in the East China Sea, it called for Japan to "assume a position with international persuasive power".

Japanese government officials met Chinese counterparts in Tokyo yesterday to discuss a long-running dispute over gas reserves being exploited by China. Little progress appears to have been made.

*To expand the share of nuclear energy in Japan's energy mix. Nuclear power meets about a third of electricity needs.

Plans to build additional power stations have made little headway following a series of safety-related scandals in the nuclear industry.