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# The Middle East Turmoil and Japan's Oil Security

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# Abstract

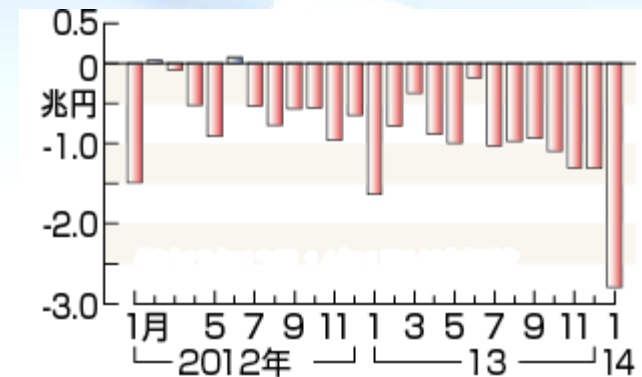
- Geopolitical challenges in the Middle East following the “Arab Spring”
  - prolonged instability and growing uncertainties
- Structural changes of Japan’s energy policy following March 2011
  - suspension of nuclear reactors
  - dependency on other energy sources
- Where and how does the Middle East fit in for Japan?

# Turmoil in the Middle East

- Uncertainties following the “Arab Spring”
  - governance
  - internal security
  - FDI
- Spread of instability
  - regional competition
  - sectarian differences
- Bigger tabs
  - social expenditures
  - expanded development plans
- Reliance on higher oil/gas revenues
  - rentier states
  - semi-rentier states: on the payroll of rentier states

# Another side of 3.11

- Fukushima Dai-Ichi incident
  - followed by shutdown of all 50 existing reactors
  - suspension of construction works for new reactors
- Contingency plan for power generation
  - crude oil
  - natural gas
  - coal
  - renewables
- Burden on the national economy
  - trade balance: after recording 30 years of surplus, plunged to deficit of **Yen 11.5 trillion** (2013); record high **Yen 2.8 trillion** for January 2014 alone!
  - current account surplus diminishing quickly



# Requirements for Energy Resources

- Pre 3.11 era: **3Es**
  - **E**nergy Security: quantitative assurances & timely delivery
  - **E**conomic Efficiency: affordable prices & utilization
  - **E**nvironment: lessening CO<sub>2</sub> emission
- Post 3.11: **3Es+S**
  - Energy Security
  - Economic Efficiency
  - Environment
  - **S**afety: incident free & resilience

# Revision of Japan's Energy Basic Plan

## 1. Oil

- *remains to be an important source of energy*

## 2. Natural gas

- *an important energy source to expand its role*

## 3. Coal

- *a superior source for securing base load*

## 4. LP gas

- *a clean energy source for dispersive power generation*

## 5. Nuclear

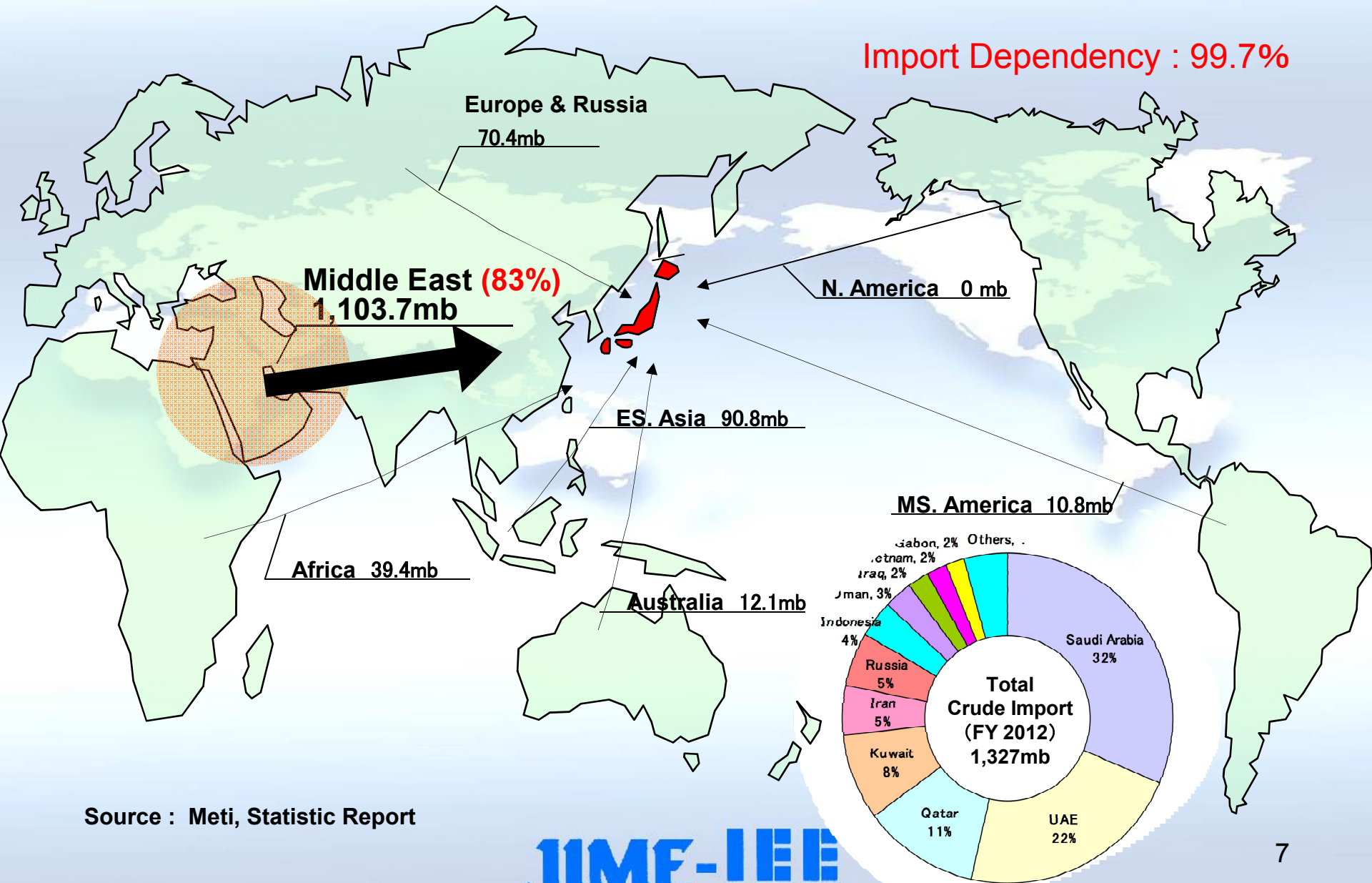
- *an important power source contributing to stable base load, on the premise of safety assurances*

## 6. Renewables

- *favorable indigenous and diversified energy sources*

# Crude Oil Imports to Japan (FY 2022)

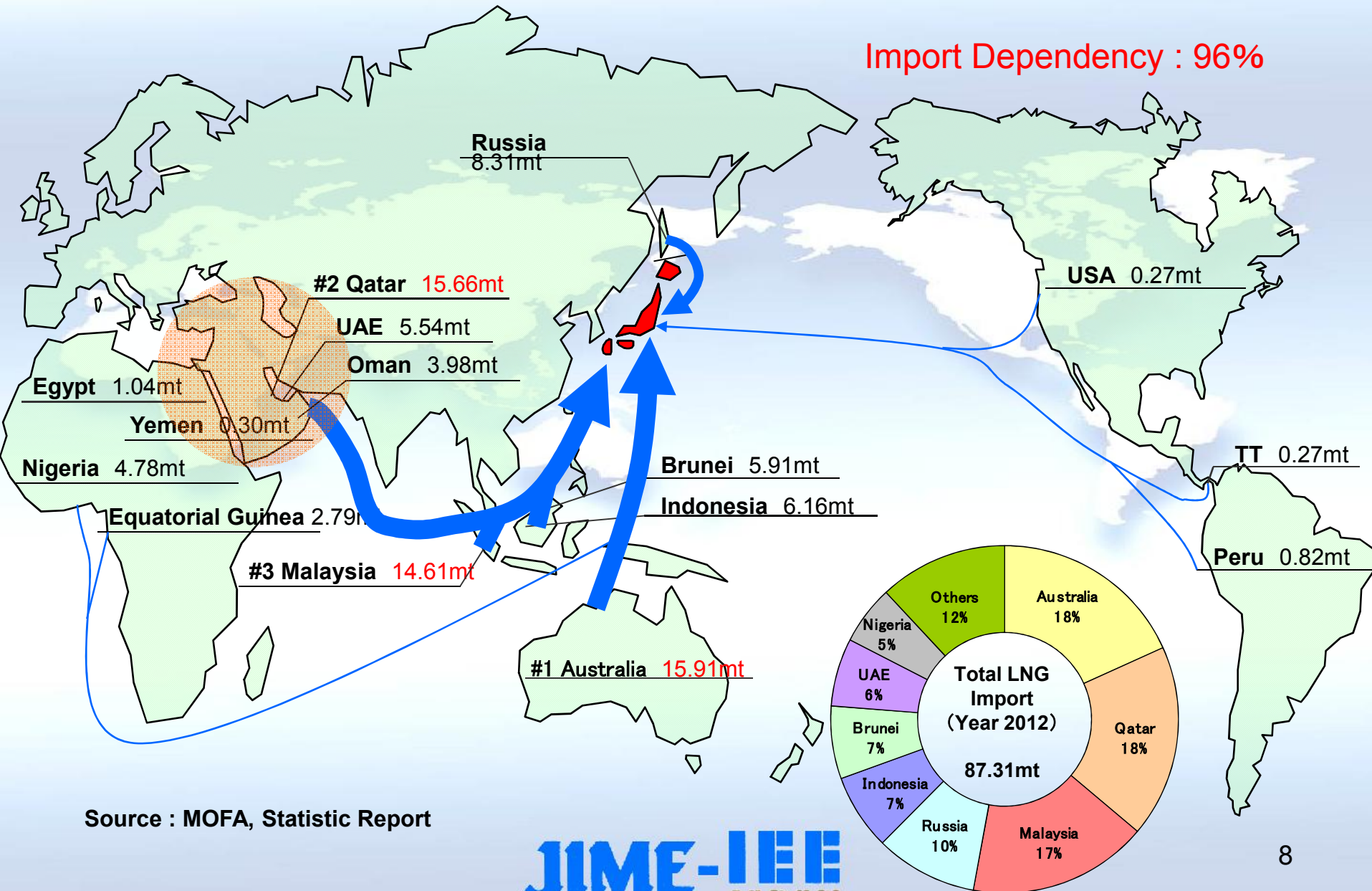
Import Dependency : 99.7%



Source : Meti, Statistic Report

# LNG Imports to Japan (Year 2012)

Import Dependency : 96%



Source : MOFA, Statistic Report



# Securing Energy through Diplomacy

- Strengthening bilateral ties with resource-rich countries
  - PM Abe's visit to [all](#) 6 GCC states
  - visits to Russia, Canada, Mozambique, et al
- Promoting foreign investment in the Middle East
  - bilateral investment treaties
  - economic partnership agreements
  - FTAs
- Laying foundations for mutual dependency
  - technical cooperation & technology transfer
  - financial assistance
  - next generation human resources development

# Challenges from/for the Middle East

- Increasingly complex situation
  - rising domestic criticism against respective governments and demand for rights
  - geopolitical rivalry and tension flaring simultaneously
  - absence of positive external influence on regional actors and respective leaders
  - higher oil prices for temporary arrangements likely to exacerbate future problems
- Need for the Middle East to calibrate its position in the future following the “**shale revolution**”
  - who’s going to win and who’s going to lose?