

# ASIAN ENERGY SECURITY NETWORK DAILY REPORT, January 26, 2004

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### LATEST REPORT

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## 1. Nautilus Releases New Russian Far East Energy Sector Study

The Nautilus Institute released a study by Victor Kalashnikov and Alexander Ognev ("Energy Sector Activities and Plans in the Russian Far East," 11/8/03) of the current status of the energy market in the Russian Far-East written for the East Asian Energy Futures Project (EAEF) workshop convened by Nautilus Institute in November 2003 in Vancouver, Canada. They present information on the current supply and demand conditions in the Russian Far-East, new and ongoing development projects like Sakhalin-1, Sakhalin-2, Bureiskaya HPP and Network Project, and a summary of the Russian energy strategy up to 2020.

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## 2. DPRK on Energy Grid Interconnection

The Nautilus Institute released "THE PROSPECT OF ELECTRICAL ENERGY DEVELOPMENT IN DPRK AND REGIONAL CO-OPERATION IN NORTH-EAST ASIA," a DPRK study examining the potential for regional cooperation on Grid Interconnection projects that the DPRK delegation presented to the Workshop on Grid Interconnection in Vladivostok, Russia on October 31, 2003. The DPRK delegation stated: "Combine [Connecting the electric grids, editor] between Far East of Russia-DPRK-Republic of Korea is the first step network for the model of inter-ties; quick completion of this [connection, editor] will be the best reasonable option in the step-plan."

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## 3. DPRK Establishes Ministry of Oil

Korean Central News Agency, ("DPRK ESTABLISHES MINISTRY OF OIL," Pyongyang, 1/2/04) reported that the Presidium of the Supreme People's Assembly of the Democratic People's Republic of Korea promulgated on Dec. 31, 2003 a decree on raising the General Bureau of Oil Industry to the status of the Ministry of Oil Industry. The DPRK started oil exploration research in 1965 and increased its activity in this field in 1990s, after the termination of subsidized oil supplies from the Soviet Union. The DPRK announced in 1997 that it succeeded in extracting 450 barrels of crude oil off Nampo shore in 1997. According to unconfirmed reports, 2.2 million barrels (300,000 tons) was produced in a well off Sukchon County, South Pyong'an Province. The establishment of the Ministry of Oil Industry suggests that if the DPRK has not started oil production yet, it may be close to it.

<http://www.kbc-global.com>.

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## 4. Asian-Pacific Energy Demand and Supply Outlook

This study by the Asian Pacific Energy Research Centre (APEC Energy Demand and Supply Outlook 2002) examines energy outlooks for the Asia Pacific region between now and 2020. This is the first such report to include information on Peru, Russia, and Vietnam.

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## 5. Global Disclosure Publishes Study on Cooperative Energy Development

Nautilus Institute's Global Disclosure project published Raymond J. Albright, "Siberian Energy for Japan and the United States," 1972-73 Senior Seminar in Foreign Policy, US State Department,

Washington DC. This case study is taken from a series produced for the US State Department's Senior Seminar in Foreign Policy released to the Nautilus Institute under the US Freedom of Information Act. Raymond Albright wrote this case study during the first energy crisis in the 1970s. Albright analyzed possible conflict and cooperation between the United States and Japan to obtain access to energy sources in then Soviet Siberia. Three decades later, discussion continues about developing Siberian energy resources by gas pipelines, LNG lines, or grid interconnection projects. These efforts have the potential to foster regional cooperation in East Asia as well as be an important source of energy to nations like the United States and Japan, which will import a massive amount of their energy supply from abroad, or new energy markets like the People's Republic of China. Albright's case study examines collaborative development and exploration projects between nations, the difficulties that must be overcome on the part of companies and governments to make these projects successful, and their benefit to the participating countries involved in the partnership. Many of his lessons-learned remain salient today and explain the slow pace of Siberian energy export.

<http://www.nautilus.org/foia/Siberia.html>

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## **6. Energy Security in Japan**

The Institute of Energy Economics's Toichi, Tsutomu ("ENERGY SECURITY IN ASIA AND JAPANESE POLICY," July, 2003) explains that securing a stable supply of energy is-and will continue to be-of vital national interest for Japan. However, the end of the Cold War paradigm and the acceleration of globalization demand a comprehensive overhaul of Japan's energy diplomacy. First, it has become even more important that energy policy and security policy be coordinated. Second, to give Japan more influence with oil-producing countries in the Middle East, cooperative relationships with Korea, Taiwan, and China must be built up, and the bargaining power of the entire Northeast Asian region increased. Third, the trend in international negotiations regarding global warming is greatly affected by the global energy crisis; thus, close coordination between energy diplomacy and environmental diplomacy is required. Hence, coordinated efforts are required at the policy level to deal effectively with both energy and environmental problems.

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