



East Asia Science and Security Network Report, 2 August 2006

Recommended Citation

"East Asia Science and Security Network Report, 2 August 2006", EASSNet, August 02, 2006,
<https://nautilus.org/eassnet/east-asia-science-and-security-network-report-2-august-2006/>

1. DPRK Energy Experts Working Group Meeting

The Nautilus Institute released papers and related materials from the DPRK ENERGY EXPERTS WORKING GROUP MEETING held in San Francisco, California on June 26 and 27, 2006. The meeting was funded by the US Department of Energy and Korea Energy Economics Institute and co hosted by the Preventive Defense Project at Stanford University and the Center for the Pacific Rim at the University of San Francisco. The meeting provided a forum for experts on the DPRK to exchange views on the appropriate "next steps" in DPRK energy sector redevelopment. Further, experts were allowed an opportunity to explore the activities and means by which the various parties concerned with Korean peninsula affairs might engage and work with the DPRK to help resolve the DPRK's energy problems, and, in so doing, begin to address and ameliorate the regional and global insecurities of which the DPRK's energy problems are a key part.

2. Russian Natural Gas & Energy Saving Potential

The International Energy Agency (IEA, "OPTIMISING RUSSIAN NATURAL GAS - REFORM AND CLIMATE POLICY," July, 2006) released this book which "analyses and estimates potential savings and the associated reductions in greenhouse gas emissions in the oil extraction (flaring), gas transmission and distribution sectors. The book also describes Russia's emerging climate policy and institutional framework, including work still ahead before the country is eligible for the Kyoto Protocol's flexibility mechanisms and can attract financing for greenhouse gas reductions. The authors stress the need for Russia to tap the full potential of energy savings and greenhouse gas emission reductions through a more competitive environment in the gas sector to attract timely investments.

[Read the report](#)

3. PRC Energy Security & Intl Relations

BBC Monitoring (Xinhua News Agency Reporters, "FOREIGN MINISTER EXPOUNDS CHINA'S VIEWS ON ENERGY SECURITY, ASEAN COMMUNITY," July 28, 2006) reported that PRC Foreign

Minister Li Zhaoxing attended a luncheon party of the foreign ministers of ASEAN member countries and its dialogue partners in the Malaysian capital of Kuala Lumpur on 27 July to expound PRC's position on energy security, the building of the ASEAN Community, and other issues. Talking about energy security, Li Zhaoxing said: China attaches great importance to the issue of energy security and is a constructive force in safeguarding and strengthening world energy security.

Agence France Presse (P. Harmsen, "CHINA APPROVES FIVE-BILLION-DOLLAR PETROCHEMICAL VENTURE WITH KUWAIT," July 27, 2006) reported that PRC has approved a five-billion-dollar domestic oil refinery joint venture with Kuwait, state media said Thursday, marking another major development in the Asian nation's quest for energy. The project, between PRC's Sinopec and Kuwait Petroleum Corp., will become the biggest Sino-foreign joint venture in the petrochemical industry, according to the Shanghai Securities News.

Agence France Presse ("CHINA CONSIDERING 25-YEAR LNG AGREEMENT WITH PETRONAS," July 27, 2006) reported that PRC's top economic planning agency was considering the approval of a 25-year supply agreement for liquefied natural gas (LNG) with Malaysian energy giant Petronas, state press said Thursday. A framework agreement for Petronas to supply LNG to a Shanghai terminal had been reached but a final deal can only be realized after a price for the gas is agreed upon, the official Xinhua news agency reported.

The Press Trust of India ("CHINA TO HELP PAKISTAN BUILD THREE 300 MEGAWATT NUCLEAR PLANTS," July 28, 2006) reported that, just as the US House of Representatives endorsed the Indo-US civilian nuclear deal, PRC was reportedly going to help Pakistan build six 300 megawatt nuclear power plants. PRC will help Pakistan build six 300-mwt nuclear power stations, state-run APP news agency reported citing an article that appeared in 'China Daily' yesterday.

4. PRC Renewable Energy

Xinhua News Agency ("CHINA ACCELERATES CONSTRUCTION OF RENEWABLE ENERGY PROJECTS," July 31, 2006) reported that PRC is accelerating its construction of renewable energy projects across the country, with hydropower and wind-power capacity to reach 180 million kilowatts and 5 million kilowatts by 2010. Xu Dingming, deputy office director of the State Council Energy Leading Group, was quoted by the Shanghai Securities News as saying at the East Asia Investment Forum.

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5. PRC Energy Consumption in Industry

Asia Pulse ("CHINA CONSIDERS ENERGY CONSUMPTION IN APPROVING NEW PROJECTS," July 27, 2006) reported that the energy consumption indicator will be taken as a compulsory threshold when authorities approve, certify or record new investment projects, Ma Kai, minister in charge of China's National Development and Reform Commission said on July 26 at a national conference on energy saving work. In response to the country's current dissatisfactory energy-saving situation, the stipulation is aimed to check excessively fast growth of high-energy consuming industries.

6. Sakhalin-2 Exports Delayed

The Russian Oil and Gas Report ("SAKHALIN ENERGY FACES EXPORT PROBLEMS," July 28, 2006) reported that the operator of Sakhalin-2, Sakhalin Energy, had to delay its export oil shipments for more than a month due to lack of coordination between Russian official departments. After six years of discussion, those proved to be unable to agree upon opening a frontier point for the project. As a result, in 2006, the company will sell 250-500 thousand tons of crude less than planned and lose up to \$250 million. That may extend the payback period and delay the profit earnings of the production sharing project.

7. Russian International Energy & Politics

BBC Monitoring (ITAR-TASS, "HIGHLY-ENRICHED NUCLEAR FUEL FROM LIBYA TAKEN BACK TO RUSSIA," July 26, 2006) reported that highly-enriched nuclear fuel has been taken from Libya to Russia, Rosatom [Russian Federal Agency for Atomic Energy] press secretary Sergey Novikov told ITAR-TASS today. "On 25 July, 3 kg of fresh (nonirradiated) highly-enriched fuel from the Tajoura research reactor in Libya was taken to Russia," he said. Nuclear fuel from Libya will shortly arrive at the Luch research and production association, where it will be processed into nuclear materials of low enrichment and sent for use in the production of fuel elements for power reactors at nuclear power stations.

Agence France Presse (L. Godeau, "VENEZUELAN LEADER SEALS ARMS DEAL WITH MOSCOW," July 27, 2006) reported that Venezuelan President Hugo Chavez has sealed a massive arms deal to buy Russian fighter jets, officials said Thursday, as he met with Russia's Vladimir Putin on a tour seen as a snub to the United States. The two leaders focused on Russian energy investment in Venezuela and Venezuelan arms purchases from Russia at their Kremlin meeting.

Agence France Presse ("RUSSIA'S GAZPROM TO HELP VENEZUELA DEVELOP GAS SECTOR," July 29, 2006) reported that Russian gas giant Gazprom has signed a contract with Venezuela to help plan development of the South American country's natural gas sector, Gazprom said in a statement on Saturday. Gazprom will develop "a general scheme for development of the gas industry" in Venezuela over the medium and long-term, the statement said.

Agence France Presse ("RUSSIA TO BUILD KAZAKHSTAN'S FIRST NUCLEAR POWER PLANT," July 26, 2006) reported that Russia is to build a nuclear power plant for Kazakhstan, the first in the former Soviet republic, Russian nuclear construction company Atomstroyexport said on Wednesday. The company, responsible for building nuclear plants outside Russia, said it and the Kazakh national nuclear company, Kazatomprom, had on Tuesday signed an agreement creating a joint venture to develop the project.

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8. ASEAN Plus Three Energy Security

Xinhua News Agency ("ASEAN COMMITS TO CLOSER COOPERATION WITH CHINA, JAPAN AND SOUTH KOREA," July 26, 2006) reported that the foreign ministers of ASEAN, PRC, Japan and the Republic of Korea here Wednesday expressed continued commitment to the ASEAN Plus Three process. The foreign ministers of the 10-member Association of Southeast Asian Nations (ASEAN) met with their counterparts from PRC, Japan and ROK at the Seventh ASEAN Plus Three Foreign Ministers' Meeting here on Wednesday. The ministers reaffirmed the urgent need to address energy

security issues as the increase in oil prices has highlighted the need to search for alternative sources of energy.

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