

East Asia Science & Security Network Report, November 9, 2005

Recommended Citation

"East Asia Science & Security Network Report, November 9, 2005", EASSNet, November 09, 2005,
<https://nautilus.org/eassnet/east-asia-science-security-network-report-november-9-2005/>

1. LNG Market and Japan

The Institute of Energy Economics, Japan (IEEJ) (Takeo Suzuki, "THE CHANGING WORLD LNG MARKET AND ITS IMPACT ON JAPAN: DIVERSIFIED MARKET STRUCTURE AND THE CHALLENGES FACED BY JAPAN," June 21, 2005) released this report summarizing IEEJ 392nd Regular Research Session. "This report provides an overview and analysis of (1) world LNG market conditions, (2) changes in LNG contract conditions, and (3) the current LNG pricing systems, thereby shedding light on the possible impacts of these factors on Japanese businesses and as well as on the challenges to be addressed in the future."

[Read the report](#)

2. Impact of Oil Prices

Australian Bureau of Agricultural and Resource Economics (ABARE) (D. McDonald, C. Chester, D. Gunasekera, B. Buetre, J. Penm, L. Fairhead, "IMPACT OF OIL PRICES," October, 2005) released this report for the Asia Pacific Economic Cooperation (APEC) Energy Working Group. The study analyzes the potential impacts in the APEC region of sustained high oil prices. Key components of the report include: analysis of current trends in crude oil production, consumption and trade; evaluation of impacts of high oil prices on trade; analysis of alternative technologies role in decreasing economic vulnerability to oil price shocks; and a discussion of trade and investment barriers.

[Read the report](#)

3. Renewables Market

International Energy Agency (IEA) (T. Gül, T. Stenzel, "VARIABILITY OF WIND POWER AND OTHER RENEWABLES: MANAGEMENT OPTIONS AND STRATEGIES," November 2, 2005) released this report that "links the current debate about the 'intermittency' of wind power into the wider context of natural cycles of resource availability of all renewable energy technologies. It investigates whether there are technical limits to the market penetration of renewable energy technologies due to these cycles and it discusses some of the economic implications and outlines key cost variables."

[Read the report](#)

4. PRC-Russia Cooperation

RIA Novosti ("CHINA MAY GRANT LOAN FOR FLOATING NUCLEAR POWER UNIT IN RUSSIAN NORTH," October 30, 2005) reported that PRC could give Russia an export loan to build a floating energy unit for the nuclear power plant being constructed in Severodvinsk in Russia's European Far North, a source in the Russian delegation currently visiting Beijing said Sunday. The Russian delegation led by Russian Vice Premier Alexander Zhukov is making preparations for the 10th regular meeting of the two countries' heads of government scheduled for November 3. According to the source, Russia and PRC aim to resolve as soon as possible the issue of the project's financing through a Chinese loan

Business Daily Update (Financial Times Information "SINO-RUSSIAN ENERGY LINKS TO EXPAND," November 4, 2005) reported that PRC and Russia yesterday reaffirmed that the construction of a cross-border crude oil pipeline will go ahead as per an earlier agreement and vowed to enhance energy co-operation. The commitment was made during discussions between Premier Wen Jiabao and his Russian counterpart Mikhail Fradkov at the 10th Sino-Russian Prime Ministers' Meeting in Beijing. Fradkov said that Chinese and Russian companies are conducting a feasibility study on the oil pipeline linking Angarsk, in Russia's Siberia, and Daqing in Northeast China's Heilongjiang Province.

Agence France Presse ("RUSSIA TO BOOST OIL SHIPMENTS TO CHINA, COLLABORATE ON SPACE EXPLORATION," November 5, 2005) reported that Russia has pledged to almost double its annual oil shipments to PRC and to expand the two countries' cooperation on gas and space projects, state media said Saturday. The agreements came in a joint communiqué signed in the Chinese capital by Chinese Premier Wen Jiabao and Russian Prime Minister Mikhail Fradkov at the end of talks Friday, the Xinhua news agency said. The two sides have agreed to almost double Russia's annual oil shipments to PRC by rail to 15 million tons in 2006, according to the communiqué. Russia delivered 5.8 million tons of crude by rail to PRC last year and the amount would reach 8 million tons this year, Fradkov said earlier.

5. PRC-Japan Relations

The Financial Times (D. Pilling, "JAPAN STRIKES EASIER TONE ON GAS DISPUTES," November 5, 2005, Tokyo) reported that Japan's new trade minister, who has better relations with PRC than any other cabinet official, yesterday made overtures to Beijing, saying he was prepared to be more flexible over energy and territorial disputes. Toshihiro Nikai, speaking to the foreign press for the first time since his appointment in this week's cabinet reshuffle, said he wanted to promote amicable discussions over disputed gas reserves in the East China sea, arguments over which have soured

already bad relations between the Asian neighbors.

6. Russia on Energy Security

ITAR-TASS News Agency ("THERE ARE THREE ELEMENTS OF GLOBAL ENERGY SECURITY-KHRISTENKO," October 31, 2005, Moscow) reported that, according to Russian Minister of Industry and Energy Viktor Khristenko, there are "three key elements" of global energy security, a subject which will be among the key items on the G-8 2006 agenda. "The first one is the security of the traditional sources of energy," the minister stated. The second element, the minister said, are the "renewable sources of energy. The third element, he believes, is energy effectiveness. Khristenko's pronouncements may be regarded as a sort of prelude to the forum, which opens in Moscow on Monday, where the leaders of the world energy market will discuss problems of energy security in the G-8 countries. Special attention will be given to Russia's role on the oil and gas markets in light of its 2006 presidency in G-8

7. DPRK Energy

Yonhap News Agency ("RUSSIAN URGES SIMULTANEOUS TALKS ON NORTH KOREAN NUCLEAR ARMS, LWR PROVISION," November 1, 2005, Seoul) reported that Russia on Tuesday [1 November] proposed that the provision of light-water reactors (LWRs) to DPRK and the North's dismantling of nuclear weapons should take place simultaneously. "Here you see an issue of mutual mistrust. The only solution, therefore, is all the steps synchronize," Russian Ambassador to Seoul Gleb A. Ivaschentsov said in an interview with Yonhap News Agency. "Any preconditions may lead to mistrust and a lack of trust may delay the process." The Russian envoy was talking about the differing positions between Pyongyang and Washington on the joint statement signed at the end of the fourth round of six-party talks in Beijing in early September.

8. ROK Nuclear Waste

Yonhap News ("SOUTH KOREAN GOVERNMENT SELECTS FIRST NUCLEAR WASTE DEPOSIT SITE," November 3, 2005) reported that the [ROK] government on Thursday [3 November] officially confirmed the city of Kyongju as the site of the country's first nuclear repository. The city had the highest percentage of support for hosting the facility among four cities that held a plebiscite on the issue Wednesday. The government plans to build the facility, to be located in the city's Yangbuk region, on the coast of the East Sea, by 2008. Kyongju is 371 kilometers southeast of Seoul. The city will receive a special state subsidy of 300bn won (288m dollars), a multi-billion won sub-atomic particle accelerator and will also become host to the headquarters of the state-run Korea Hydro and Nuclear Power Co, the Ministry of Commerce, Industry and said.

9. PRC Environment

Xinhua News Agency ("CHINA'S WEST-TO-EAST GAS PIPELINE PROVED AN ENVIRONMENTAL-FRIENDLY PROJECT," November 4, 2005, Beijing) reported that the giant project pumping natural gas from PRC's energy-rich West to energy-thirsty East passed environmental appraisal organized by the State Environmental Protection Administration (SEPA) on November 4. According to the

appraisal team, all environmental protection targets have effectively been completed during the construction and operation of the project, which has reached the environmental protection requirements of both the state and local governments. The 4,000 kilometer-long pipeline runs through different geographical conditions including desert, grassland, farmland and rivers, passes regions with state-listed nature preserves or cultural relics and traverses the ancient Great Wall 12 times.

Xinhua News Agency (Wang Jingzhong, "CHINA FOCUS: CHINA VOWS TO CURB POLLUTION, BUILD ENVIRONMENT-FRIENDLY SOCIETY," November 2, 2005, Beijing) reported that "environment-friendly" will be a key word in PRC's future development as the ruling Communist Party of China (CPC) Central Committee has set a target of building such a society in its recent plenum to battle pollution and sustain economic growth. The fifth plenary session of 16th CPC Central Committee proposed to "build a resources-saving and environment-friendly society", underscoring that it will be a strategic task for PRC's mid- and long-term economic and social development. "This is a strategic option of China," said Liu Hongliang, an academician of the Chinese Academy of Engineering (CAE), citing this as the only way to put the country on the track of sustainable development.

Produced by the Nautilus Institute.

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Nautilus Institute

608 San Miguel Ave., Berkeley, CA 94707-1535 | Phone: (510) 423-0372 | Email:

nautilus@nautilus.org