

East Asia Science & Security Network Report, September 22, 2004

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1. CHINA Energy and LEAP Model

The Nautilus Institute (ZHANG, Aling, WANG, Yanjia, GU, Alun, "ENERGY UPDATES OF 2003-2004 IN CHINA", May 11 - 14, 2004) released this report from the Asian Energy Security Workshop held in Beijing, China from May 11 - 14, 2004. The report reviews recent changes in China's energy sector, emphasizing rapid growth in energy consumption. The authors stressed concern that overheated investment and rising prices in specific industries have and will continue to add to China's energy shortages. The report argued, "driven by high profits, overheated investment will not slow down without government intervention." Policy options and concerns for power supply and power saving include greater immersion in world oil markets and strategic planning for a national reserve system.

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2. Energy Security and Cooperation Network in Northeast Asia

The Korea Times, (SUNG-KI, "REGIONAL NETWORK FOR ENERGY SECURITY PROPOSED," September 6, 2004) reported that The Institute of Foreign Affairs and National Security (IFANS) released this report calling for a network for energy security among South Korea, China, and Japan. The important impacts of a network of this type are the balance of energy supply and demand and increased energy diversity. "Russia is now the only energy supplier in the region while South Korea, Japan and China are the consumers," professor Lee said. "The dissymmetrical structure that demand exceeds the supply will result in high oil prices and ineffective energy distribution in the region in the foreseeable future." "So close cooperation under a triangular framework among the three countries is important to improve market circumstances that will be beneficial to consumers," he added. Lee also pointed to South Korea as a diplomatic go-between in the China - Japan "energy war."

3. Energy Challenges in Asia

Korean Energy Economics Institute (KEEI) and International Energy Agency (IEA), (Tanabe, Yasuo, "ENERGY CHALLENGES IN ASIA", March 2004) released this report for the Joint Conference on Northeast Asia Energy Security and Cooperation, March 16 - 17, 2004 in Seoul, Korea. In his report, Tanabe points out challenges in Asia that include proper structure of energy data and data sharing, oil stockpiling, cooperation in a growing renewable energy sector. In terms of the Oil Market, Tanabe argues "collective Asian demand should have market power vis-à-vis suppliers" and "establishment of a more open and transparent Asian Oil Market will create better price mechanism and supply-demand balance." Multilateral energy forum is suggested as a problem-solving tool.

4. Russia Natural Gas, Plans for Pipeline May be Suspended

The Donga -A Ilbo International (Kim, Ki-Hyan, "PLANS TO DEVELOP SIBERIAN GAS FIELDS BACKFIRE", September 16, 2004) reported that, because of the Russian government's move to nationalize the nation's energy sector, projects with non-state oil companies may be suspended or canceled. On September 15, Yuri Trutnev, minister of Russian Ministry of Natural Resources announced, "The foreign company BP-TNK's rights to develop the Kovytko gas fields near Irkutsk could be withdrawn." BP-TNK had plans to construct a 4900-kilometer natural gas pipeline from Kovytko to China and then to the Yellow Sea. BP, currently leading the Kovytko project, has invested \$6.7 billion in Russia already.

5. Diverging Trends in Energy Consumption in China and Japan, Korea

Energy Intelligence Group, Inc. (World Gas Intelligence, "UNUSUAL ELECTRICITY DEMAND PATTERNS IN CHINA, JAPAN, KOREA", September 15, 2004) reported that, while China used less power than anticipated through the summer, Japan and South Korea saw surges in energy demand and use. Tokyo Electric Power Co. (Tepco), Japan's largest power producer, reported "a 19% year-on-year jump in electricity output in July." This spike is believed to have been spurred by hot weather in Japan. The rise in energy consumption in South Korea, on the other hand, was due to rapid economic expansion, according to the report, with primary energy consumption in the country expected to rise by 3.3% for the fully-year 2004. "By contrast, China Radio International has quoted a government official as saying that the shortfall in generating capacity relative to demand in China since June has been only 20,000 megawatts, rather than the 30,000 MW forecast. Local [Chinese] governments had imposed heavy rationing of electricity on factories, manufacturers and retailers, and even turned off streetlights."

6. Biofuels for Transport

The International Energy Agency (IEA, "BIOFUELS FOR TRANSPORT: AN INTERNATIONAL PERSPECTIVE", 2004) published this paper examining recent trends in the nascent biofuels industry and the costs and benefits of biofuels as an alternative to petroleum in transport. The IEA states, "In the short term, conventional biofuel production processes...could help reduce oil use and thence greenhouse gas emissions, although the costs may be high. In the longer term, possibly within the next decade, advances in biofuel production and the use of new feedstocks could lead to greater, more cost-effective reductions." The report takes a global perspective on the industry, assessing regional similarities and differences, varying initiatives being undertaken around the world, and the prospect of a global market for biofuels.

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7. LEAP Training Workshop

Long-Range Energy Alternatives Planning (LEAP) Software Workshop

The Energy Research Center in Cape Town, South Africa is organizing a one week LEAP workshop to be held at the University of Cape Town, South Africa (UCT) from October 18-22, 2004. The workshop will be conducted by ERC staff and by Dr. Heaps of SEI-Boston, the main developer of LEAP. Tuition costs are 1000 Rand for staff of Educational institutions, governments & NGOs and 4300 Rand for staff of other organizations and individuals. COMMEND will provide bursaries to cover the costs of tuition for a limited number of applicants. All participants will be responsible for covering their travel and accommodation costs and all other incidental costs. If you wish to attend or apply for a bursary, send your CV and a short cover letter to ERC (ann@energetic.uct.ac.za) by September 30 describing your current work and experience of energy analysis, your plans for applying the knowledge you expect to gain from the workshop, and your level of computer expertise. Bursaries will be allocated based on these criteria, with preference given to candidates from Southern Africa and to those actively using or planning on using LEAP. Applicants will be informed whether they have been awarded a bursary in mid-September.

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