

Associated Press Worldstream

August 11, 2005 Thursday

## **JAPAN WON'T DIP INTO STRATEGIC OIL RESERVES DESPITE ESCALATING OIL PRICES, GOVERNMENT SAYS**

TOKYO

Japan has no plans to begin using its strategic oil reserves, and instead will look toward energy conservation efforts to ease the effects of surging oil prices, a top Japanese trade ministry official said Thursday.

"Looking at the domestic oil market, we don't see supply tightening for crude oil ... and we don't plan to hold talks with the IEA (International Energy Agency, an oil market watchdog) on releasing oil reserves (into the market)," Hideji Sugiyama, Vice Minister of Economy, Trade and Industry, told a news conference.

As of May 31, the Japanese government held 50.99 million kiloliters, or 320.7 million barrels, of state-owned crude stocks to guard against supply disruptions.

Oil prices rose on Thursday to a record US\$65.23 a barrel in Asian electronic trading on the New York Mercantile Exchange on concerns about tight gasoline supplies amid refinery shutdowns in the United States and tensions between Iran, a major oil producer, and Western countries.

The hike in prices has been increasing oil-consuming nations' import costs for crude oil, sparking concerns in Asia over adverse impacts on the region's economic growth.

Japan, with almost no natural resources of its own, is heavily dependent on oil, which accounts for about 52 percent of its primary energy consumption.

But Sugiyama said energy conservation was an effective tool in mitigating the negative economic effects of high oil prices in the world's second-largest economy.

Tokyo launched a national energy-saving initiative earlier this year that encourages Japanese businessmen to remove their ties, allowing for less air conditioning.