

2. INTERNATIONAL COOPERATION/ASIA ENERGY CONSERVATION PROGRAM

2.1 Significance of energy conservation cooperation

The significance of Japan's international cooperation in the energy conservation field with Asian countries is as shown below.

(1) Improving energy supply-demand structure in Asia

Cooperation in the energy conservation field with Asian countries will improve energy efficiency, suppress a sharp increase in demand for energy, and improve the energy supply-demand structure. Consequently, the cooperation will contribute to stabilizing the mid- and long-term energy supply-demand in Asia, while at the same time stabilizing the crude oil market price and improving the global energy supply-demand structure. In particular, the suppression of energy demand and the reform of energy supply-demand structure in foreign countries through energy conservation cooperation will contribute to the energy security of Japan, which is heavily dependent on overseas countries for most of its energy resources.

(2) Solving global environmental problems

Asian countries consume a large amount of energy and at the same time are attributed to a large proportion of CO₂ emissions in the world. The promotion of cooperation in the energy conservation field will lead to the reduction of CO₂ emissions in Asian countries and contribute to solving global environmental problems.

(3) International contribution

Generally speaking, Asian countries are heavily dependent on imported oil and have a fragile energy supply-demand structure. For this reason, under present circumstances, with oil prices at historically high levels, there is an increasing need for the stabilization of energy supply-demand in Asian countries. Against the above problem, there are great expectations for Japan, which has the world's top track record in terms of energy conservation, to cooperate in the energy conservation field. Japan's active promotion of cooperation in the energy conservation field with Asian countries will meet their expectations and externally show our attitude of a firm commitment to energy security in Asia. This international contribution is of great significance and will help to strengthen Japan's leadership in Asian countries in energy and other fields.

(4) Reduction of destabilizing factors in the Asian economy

Recently, Japan has undergone an extremely profound economic interdependence with Asian countries, including China, in both export/import and investment exchange. However, the energy problem remains a destabilizing factor for growing Asian economy. The promotion of cooperation in the energy conservation field will make Asia's economic structure invulnerable to fluctuations in energy price, prevent the energy problem from hampering economic growth, and result in the reduction of destabilizing factors of the whole economy in Asia, including Japan.

(5) Deepening the business exchange between Japan and Asian countries

In order to promote energy conservation in Asian countries, it is necessary to improve energy conservation-related systems, develop human resources, and diffuse energy-saving appliances and facilities. Energy conservation is needed in all fields, including the industrial, commercial and household fields of each country. It is expected that the market size of energy-saving appliances and facilities in Asian countries will substantially expand with future economic growth. Asian countries have a big expectation of the transfer of globally leading energy-saving technology possessed by the Japanese industry. Responding to such expectations will contribute to encouraging energy conservation in Asia and deepening the business exchange between Japan and Asian countries.

2.2 Future course to strengthen cooperation in the energy conservation field

The energy supply-demand structure needs to be improved in Asian countries by promoting energy conservation on their own initiative, in the light of the above-mentioned. In order to do so, efforts for international cooperation in the energy conservation field will be drastically made to implement the “Asia energy conservation program” based on the following ideas:

(1) Support for establishing the legal/policy system in Asian countries

Some improvements have been made on the legal system concerning energy conservation, including the Energy Conservation Law and energy-efficiency standards. However, it is still pointed out that the legal system has not been working satisfactorily due to lack of substantial enforcement, although the foundation of the legal system concerning energy conservation has been built in Asian countries.

Under these circumstances, Japan will reinforce a support for establishing and implementing the legal system concerning energy conservation in Asian countries. To be more specific, Japan will support for the development of human resources, including the dispatch of long term experts to Asian countries, and receiving of trainees in the training course, and for the formulation of energy efficiency standards and the establishment of energy statistics system. Japan will also support for establishing an energy conservation center in various countries and regions.

(2) Cooperation in the household, transportation, and electric power sectors

In the heavy-energy-consuming countries in Asia, including China and India, the industrial sector consumes considerable amount of energy, and Japan has been cooperating with these countries, mainly in the industrial sector. Because energy demand is forecasted to increase sharply due to the drastic improvement in the standard of living and the progress in motorization, a growing need arises for the promotion of energy conservation in the household and transportation sectors. In response to the above, Japan will start to cooperate in the energy conservation of the household and transportation sectors, while continuing a cooperation in the industrial sector as before. Specifically, Japan will cooperate in internationally expanding the energy-efficiency standards, the labeling system and the ESCO system. There are many countries where low efficiency is kept unimproved in the electric power generation and distribution, for which Japan will cooperate.

(3) Support for the business-based diffusion of Japanese-made energy-saving appliances and facilities into Asian countries

In order for Asian countries to voluntarily promote energy conservation, it is helpful to introduce energy-efficient appliances and facilities in the industrial, commercial, household, and transportation sectors, as well as to establish the legal systems. In order to activate an investment in energy conservation in Asian countries, it is necessary for Japanese companies to support the business activities in Asian countries, through transferring their own energy-saving technology. In order to support the business activities of the Japanese companies in Asian countries, it is necessary to promote business exchange through dialog among industries, business meeting, etc. Policy-based finance will be provided by the Japan Bank for International Cooperation (independent administrative agency) and others. The CDM scheme will be also helpful from the viewpoint of supporting energy-saving businesses.

(4) Collaboration with international organizations

The energy supply-demand problem in Asia is important, not only to Japan but also to the global energy market. As known well, European countries, the USA and international organizations have cooperated with Asian countries in the energy conservation field. Under present circumstances, in order to lend effective cooperation in the energy conservation field, it is necessary to establish an international cooperation system in collaboration with overseas

donors, including the IEA and APEC, and international financial institutions, such as the ADB, to facilitate smooth financing for energy conservation projects. In addition, it is presented to support the formulation of energy efficiency standards of electric appliances in collaborate with international NPOs, for which Japan is ready to provide the necessary financial support.

(5) Collaboration with the government and agencies concerned

The New Energy and Industrial Technology Development Organization, Japan International Cooperation Agency, Japan Bank for International Cooperation, Japan External Trade Organization, The Energy Conservation Center, Japan, and other agencies concerned have been enthusiastically striving to implement an international cooperation in the energy conservation field. To be more effectively and efficiently, close communication and coordination are strongly requested among the international projects supported by overseas donors, while reinforced coordination between the government and agencies concerned is essential. The “energy conservation/new energy international cooperation council”, consisting of some cooperation agencies and the Ministry of Economy, Trade and Industry, should play an active role as a principal gathering to orientate an effective international cooperation in both the energy conservation and new energy fields. In order to cope with international cooperation needs in the energy conservation field, the functions of the agencies concerned should be reexamined and strengthened, as necessary.

(6) International development of the benchmark approach using the international framework

The benchmark approach that enables the comparison of energy efficiency in each sector is an effective means of promoting energy conservation. Japan will strongly support the IEA in preparing an energy efficiency benchmark. Based on the benchmark approach, Japan will help companies with technical capabilities to carry out business activities, participate in the energy conservation technology transfer project proposed in the Asia-Pacific Partnership (APP), and diffuse the benchmark approach through the international framework of APEC, ASEAN plus 3 and others. In addition, the benchmark approach can be employed for raising the technological rating of the Japanese companies which have an excellent energy-saving technology.

2.3 Future efforts

(1) Countries to be concentrated

It is necessary to consider the following factors and select the Asian countries on which Japan should concentrate a cooperation in energy conservation field:

- a) Size for energy demand
- b) Importance of a country in the energy policy of Japan
- c) Economic relation with Japan
- d) Commitment to the promotion of energy conservation

After considering the above, China, India, Thailand, Indonesia, and Vietnam are prioritized candidate for cooperation.

(2) Implementation plan

Bilateral policy dialogs will be held with the above-mentioned countries to discuss future directions for Japan’s cooperation. Considering the energy situation and cooperation needs of each country, an action plan will be formulated to promote a cooperation in the energy conservation field.

Source) Material at the 9th Energy Efficiency and Conservation Subcommittee of the Advisory Committee on Energy and Natural Resources (May 2006)
<http://www.meti.go.jp/committee/materials/downloadfiles/g60607h1lj.pdf>