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THE CASE FOR JAPAN'S ENERGY STRATEGY AFTER THE SHALE REVOLUTION

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The Asahi Shimbun Globe did a feature story last November 4 on the “Shale Revolution” originating in North America. This coverage gave me a real sense that the economic power and geopolitical position underpinning US foreign policy will gain considerable strength in the second half of this decade. In my view, it is very unlikely that “energy independence” for North America would cause the US to revert to isolationism.

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There is little probability that the US will reduce its involvement in the Middle East simply because of diminished energy dependence on that region; indeed, it may even become possible for the US to shift from its conventional Middle East policy compelled by pragmatism to emphasize steady energy supplies and instead actively pursue a policy placing greater focus on “democratic values.” Japan would in principle benefit from the creation of an international environment allowing the US to remain engaged on global issues. Taking advantage of the favorable opportunity presented by the “Shale Revolution,” more in-depth discussions should be undertaken on strategies for advancing the Japan-US alliance through stronger ties in the energy sector.

Although President Obama enjoys solid support among Americans interested in environmental issues and thus cannot afford to ignore the opposition to shale development, the prevailing view among experts is that he will not adopt policies severely hampering such development. The US is expected to begin exporting LNG to Japan in the latter half of this decade, but the extent of the exports to be permitted remains uncertain. A short-term priority for Japan is ensuring as stable a supply as possible of LNG imports from the US.


The current outlook for the US economy is by no means rosy, but the US’ underlying strength must be given its proper due. The “Shale Revolution” did not come out of nowhere. It is the product of steady technical innovation by “independents,” companies whose entrepreneurial spirit differentiates them from the oil and gas majors that have dominated oil and gas development heretofore, and it is important that the legal and financial frameworks needed to promote development be put in place. Shale development does not seem likely to proceed as smoothly in China or Europe as in North America. This means that the US and Canada will maintain their great influence in the resource sector. To a certain degree the US may even see an increasingly number of manufacturing companies return home, especially those in energy-intensive industries such as steel and petrochemical production.

Like it or not, Japan could find itself in future with less leeway to pursue a foreign policy divergent from US strategy. This does not necessarily mean, however, that Japan will be subservient to the US. Cooperation in the energy

sector has a reciprocal nature. Japan is obliged to derive as many lessons in nuclear power technology as possible from the Fukushima Dai-ichi nuclear power plant accident. Sharing these technical lessons with the US would no doubt be very beneficial for the US as it pursues dependable private-sector nuclear energy at home and non-proliferation of nuclear weapons internationally. This would also serve as a token of appreciation for the friendship demonstrated by the US in Operation Tomodachi.

Only with economic strength grounded in robust energy security and strong relations of trust with the US will Japan be able to present to the US and the international community meaningful recommendations from its own perspective whenever the US adopts a unilateralist foreign policy toward the Middle East or Asia that might prove detrimental to Japan's interests. It is essential that Japan bolster ties via the LNG trade and seek closer Japan-US cooperation in nuclear power, renewable energies, and improved energy efficiency.

Production sites should have achieved considerable diversification by around 2020, at which time the international trade in natural gas will undoubtedly have a larger market than at present. If tighter energy collaboration between Japan and the US can be ensured, Japan will gain significant leverage in negotiating with other petroleum and gas producing countries and will have a firmer footing from which to take on the distinctive and more difficult strategic issues it faces, including the large-scale introduction of gas from Russia as well as partnership with China and South Korea on LNG imports.

The debates on energy in last year's general elections scarcely rose above sloganeering, and the nearly total absence of in-depth and realistic discussions extending to foreign policy and security was quite unfortunate. Serious discussions among experts on a "post-revolution" energy strategy are very much needed. 

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