

Asia Energy Cooperation Forum: Exploring an Asian Mechanism for Energy Cooperation

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The Asia Energy Cooperation Forum, themed “The Sustainable Development of Asian Energy and the Path for Cooperation” and jointly organized by the Center for International Energy Strategic Studies of the China Institute of International Studies (CIIS), Chongqing Liangjiang New Area and the Foreign and Overseas Chinese Affairs Office of Chongqing Municipal Government, was held in Chongqing on June 27-28, 2016. Deputy Chairman of the National Committee of the Chinese People’s Political Consultative Conference (CPPCC) Wang Zhengwei delivered the keynote speech at the Forum, and Chongqing’s Mayor Huang Qifan and Turkmenistan Ambassador to China Chinar Rustamova delivered speeches. Moreover, congratulatory messages from the Russian and Kazakhstan embassies in China were sent to the Forum, which was attended by approximately 200 people, including officials and experts from more than 10 Asian countries and international organizations such as the International Energy Agency, the International Energy Forum, and the Energy Charter, as well as researchers from large energy enterprises and leading think tanks at home and abroad. With the aim of helping to implement the proposal made by President Xi Jinping at the 2015 Boao Forum to “work towards an energy and resources cooperation mechanism in Asia to ensure energy and resources security,” the Asia Energy Cooperation Forum endeavored to facilitate academic discussions on the approaches to building an energy and resources cooperation platform in Asia. Centered on Asian energy governance and

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an Asian cooperation mechanism, participants at the Forum held in-depth discussions on these two topics as well as the global and regional energy situation. Two formal documents were released based on full consultation with the relevant parties: Asia Energy Cooperation Forum: Chongqing Consensus and Proposal to Build a Platform for Cooperation among Energy Think Tanks in Asia.

New Features of the International and Asian Energy Landscape

In recent years, the international energy landscape has witnessed big changes. A technological revolution is in the ascendancy, and technological innovation has been rapidly transformed into productivity, which has resulted in greater global energy production capacity. With the global energy supply exceeding actual demand, the oil and gas market has shifted from a seller's market to a buyer's market. Influenced by the Paris Agreement on climate change reached in 2015 and the increase in the global energy production capacity, the focus of global energy governance has gradually shifted from simply maintaining energy security toward a broader consideration of energy security, an effective response to climate change and low-carbon development. Asia, as the world's largest and most dynamic energy market, is expected to remain an energy consumption center till 2030. However, the region is beset by problems such as an irrational consumption structure, lack of pricing power, weak and unbalanced infrastructure, investment security issues, complex geopolitical relations, and uncertainties in supply security. At present, most Asian countries are still undergoing industrialization, and thus their common challenge lies in how to balance industrialization and low-carbon development.

Asian Energy Cooperation Mechanism: An Irresistible Trend

The high complementarity in energy among Asian countries means they have natural cooperation advantages. There are a number of important oil

and gas production centers in West Asia, Russia, and Central Asia, which together account for 60.7 percent of the known global oil reserves and 58 percent of the production, and 78 percent of the world's known natural gas reserves and 53 percent of the production. The region also has major energy consumers such as China, India, Japan, and the Republic of Korea, while China is also one of the most important countries in the world for the development of new energy. The major countries in Asia have overlapping interests regarding the maintenance of supply-demand balance and transport security, as well as the construction of energy discourse and environmental protection. Therefore they not only have practical conditions to carry forward mutually beneficial cooperation, but also strong desires to unleash their complementary potential through cooperation. Energy cooperation in Asia therefore could be the starting point for promoting the Belt and Road Initiative and regional development.

Asian energy cooperation is facing both opportunities and challenges due to changes in the international energy landscape. In the context of the generally unstable global economic recovery and weak economic growth, promoting energy cooperation will inject strong impetus into regional economic development. As the global energy supply slightly exceeds the demand, strengthening regional energy cooperation is of great significance for diversifying energy imports, reducing the Asian Premium, joining the development of upstream industries, and guaranteeing oil and gas transport security. Furthermore, the cooperation is conducive for stabilizing the market share of producing countries, reducing the costs of oil and gas exploration, and building a good consumption structure for primary energy. Promoting the construction of an Asian energy cooperation platform will help countries in the region synergize their development strategies, diversify their economic structure, and achieve economic growth. Asian countries' wishes and desires for energy cooperation far exceed the geopolitical divisions that have emerged in recent years. To sum up, deepening energy cooperation would enrich the connotations of bilateral and multilateral cooperation and promote

regional security and stability.

However, Asia's energy landscape also has serious defects and practical risks. Asia is vast in size, and the development of different sub-regions is notably diversified, and parties involved in international energy cooperation have different priorities. Therefore, it is extremely difficult to seek a balance of interests and achieve mutual benefit among energy producing countries, transit countries and consuming countries. Due to the decentralization of the market, energy cooperation in Asia has for a long time only been conducted bilaterally or mini-laterally. Furthermore, in recent years, problems such as intensifying competition, lack of funds, and aging facilities have all become more serious. The lack of a mechanism has greatly restrained the expansion of energy cooperation in Asia. In addition, factors both traditional and non-traditional, such as hotspot conflicts, competition and international terrorism have restricted regional energy cooperation. This has not only had a negative influence on Asia's promising economic status, but also affected the relations among Asian countries. Therefore, an Asian energy governance and cooperation mechanism should be constructed as it would be in the interests of all parties in the region.

Path and Pattern of Asian Energy Governance and Cooperation

To build an energy cooperation mechanism, Asian countries should not only learn from the successful experiences of other countries, but also combine experience with reality. Innovative thinking should take the lead in forming a cooperation mechanism that pursues the common interests of revitalizing the region and ensuring sustainable development. In addition, Asian countries should pay attention to the changing times and international order and establish their own cooperation path that conforms to their overall interests.

Top-down approach: building an inter-governmental cooperation platform. Countries' bilateral cooperation could be expanded to sub-regional multilateral cooperation. Based on the formation of sub-regional cooperation networks, the final goal of an Asian energy cooperation mechanism would

be achievable. Countries in the region can start by cooperating on the easy things first and gradually progress to accomplish tough things such as constructing a permanent mechanism with all parties involved, in which experts, ministers and even leaders can meet regularly to discuss and decide major issues concerning Asian energy development and cooperation.

Bottom-up approach: building a transnational industrial alliance. Diversified transnational alliances or organizations could be proposed according to different parts of the energy sector, including oil and gas, coal, the grid and new energy, in which civil communications and exchanges can be conducted to enhance public consensus. Thus, the prioritized areas based on all parties' needs and the reality in the energy sector could, when the time is ripe, start before intergovernmental projects.

Exploring a new pattern of cooperation piloted by regional enterprises. As the major players in the energy market, enterprises could conduct pragmatic cooperation through projects that promote exchanges and interactions in Asia. Only when enterprises find and share common interests will pragmatic cooperation be achieved. At the same time, with regard regional energy distribution and demand, and through overall and reasonable planning, countries can start bilateral and multilateral projects in order to achieve the scale development of transnational cooperation.

Releasing the potential of Asia's existing sub-regional energy cooperation platforms. Through integration and transformation, these platforms will be the prototype for the future Asian energy cooperation mechanism. Over the years, many sub-regional cooperation platforms, such as APEC, "10+3," and the Shanghai Cooperation Organization (SCO) have been established in Asia. Despite their different roles, and their specific cooperation areas and projects, Asian countries should not exclude these existing mechanisms when seeking energy cooperation, but take them as the starting point and foundation to strengthen dialogue and consultation, enhance mutual trust, balance different interests, and promote policy coordination. On the basis of equal consultation, openness and inclusiveness, and shared interests, governments could promote the quality

and scale of existing mechanisms and gradually integrate some decentralized and independent sub-regional mechanisms, in order to ultimately form an energy governance and cooperation mechanism tailored to the region's particular characteristics and needs.

Supporting Track II Asian Energy Cooperation Dialogue

The major participating countries in the Asia Energy Cooperation Forum held a positive attitude toward it, sending delegates from their relevant authorities, enterprises and leading think tanks to the Forum. High-level representatives from major international energy agencies also attended. The participants spoke highly of the great significance of China holding the Forum, and expressed appreciation for China's contribution in deepening regional cooperation. The discussion form of the Forum was flexible, so varying ideas could be collected from officials, entrepreneurs and scholars. Furthermore, conducive to strengthening mutual trust and interaction, the Forum laid a good political foundation for pragmatic cooperation. The participants recognized the concept of joint development, mutually beneficial and win-win energy cooperation, believing that only through joint development can all parties be motivated and complementary advantages utilized to create synergy for the best results; only the concept of mutually beneficial cooperation can fully reflect the equality and common interests among countries in pursuit of common development and prosperity; and only win-win cooperation will ensure regional stability, expand cooperation areas, and enhance the level of cooperation. They expressed their wish that the Forum could launch the Asian energy cooperation process, and such events could gradually normalize and institutionalize in order to promote in-depth Track II dialogue and exchanges. Hence, the Forum could play an active role in the Asian energy and resources cooperation mechanism. 🌐