

JNOC exercises its mandate through four main activities: (a) the provision of equity capital and loans to Japanese oil companies as support for oil exploration both offshore Japan and abroad; (b) the provision of loan guarantees to firms advancing to the development stage; (c) the undertaking of research on, and development of, oil exploration and production technology; and (d) the management of a national stockpile of oil for situations of supply shortage. The Corporation does not actually undertake exploration and development activity itself, but works closely with private sector firms in their endeavours. In many ways, JNOC has often been viewed as a type of bank, albeit one which is highly specialized in terms of its financial activity.

Between 1967, when it was first established, and 1991, Japan's state-owned oil company has provided financial aid to approximately 200 private sector oil exploration firms, and has supported over 170 oil and gas projects. A close working partnership (which has taken the form of equity infusion) has developed between JNOC and many of these firms. Of the total number of companies receiving some form of assistance, 26 supply Japanese refineries with oil, accounting for 12% of Japan's crude oil imports.

JNOC also maintains a national oil stockpile of some 37 million kilolitres (236.5 million barrels) to supplement the private stockpiles that are required under Japanese law. Oil is held in five national stockpile bases and other facilities throughout the country. Work is also underway to complete the construction of an additional five bases and to increase the national stockpile quantity by the mid-1990s to the targeted 50 million kilolitres.

Private stockpiles, financed in part by JNOC, amounted to 47.7 million kilolitres at the end of 1991. These private stockpiles represent a 90-day supply for the companies involved. By the mid-1990s, however, the government hopes to have reduced this requirement to 70 days of consumption.

The refining and distribution of petroleum products is also carried out by private firms, some 33 in all. For many years, this aspect of petroleum activity was intensely regulated, particularly the amount of crude passing through the refineries. In a plan adopted in 1987, and now essentially completed, downstream operations have been largely deregulated. As it stands now, the industry undertakes its activities without direct government regulation, although it has retained significant informal influence.