

The pursuit of these goals has resulted in two main developments. The desire to reduce their respective dependencies on Middle East oil has resulted in increased intra-Asian trade in crude oil and oil products. Japan, Korea and Taiwan increasingly have turned to Indonesia, Malaysia and China to supply these commodities. They have also led to increased efforts to develop alternative energy sources such as coal, natural gas, and hydroelectric and nuclear power.

These efforts have been only partially successful. Moreover, in China, economic growth continues to outpace the development of energy sources. Because energy resource development generally requires significant investment, increasingly advanced technology and a long lead time, and because the guarantee of steady demand is likely to produce a larger response from energy suppliers, regional cooperation in energy development will likely increase over the course of the next few decades.⁴⁵ We would expect to observe this phenomenon first in China, and then in Russia.

The Japanese government has joined with the private sector in a program to develop energy technologies. A joint private/public entity, known as the New Energy Development Organization (NEDO), serves as the mechanism by which a coherent and integrated approach to energy technology development and trade promotion is undertaken. This cooperation between the private and public sectors has proven effective in commercialising energy technologies and developing export markets. The Japanese strategy has been to coordinate programs with different objectives so that they are mutually reinforcing.

NEDO is tasked with renewable energy technology research and development. The Ministry of International Trade and Industry (MITI) has been responsible for the development of alternative energy supplies and for identifying new technology for the private sector. The Japan International Cooperation Agency (JICA) is responsible for technical assistance to and grant-aid cooperation with developing countries. The Overseas Economic Cooperation Fund (OECF) promotes the export of Japanese energy equipment through concessionary financing. Grants, mixed credits and concessionary loans have become increasingly important in the contract bid process in Asia.⁴⁶ Japan is positioning itself well to meet the energy challenge, thereby increasing over time its

⁴⁵ For an expanded narrative on this topic, see Tsuyoshi Okamoto, Energy Policies of the East Asian NICs and ASEAN Countries and the Role of Japan and the United States, Harvard University Press, 1987.

⁴⁶ U.S. Department of Commerce, "A Competitive Assessment of the U.S. Renewable Energy Equipment Industry", Washington, December 1994.