

OIL AND GAS FOR ASIA

Geopolitical Implications of Asia's Rising Demand

2012 Energy Security Report Launch

Thursday, September 20 • The Reserve Officers Association • 8:00–11:30 a.m.



FEATURED PUBLICATION

**Oil and Gas for Asia:
Geopolitical Implications of Asia's
Rising Demand**

This year's Energy Security Report examines how Asia's rising energy demand, angst over high prices, and questions about the reliability of future oil and LNG supplies are shaping the agendas of the region's major power.

*Asia's New Role in Global Energy
Security*
John V. Mitchell

*China and Iran: Energy and/or
Geopolitics*
Zha Daojiong

*Do Overseas Investments by National Oil
Companies Enhance Energy Security at
Home? A View from Asia*
Philip Andrews-Speed

*Asia's Post-Fukushima Market for
Liquefied Natural Gas: A Special Focus
on Japan*
Tomoko Hosoe

*The Geopolitics of Asia's Rising Oil
and Gas Demand: Conclusions and
Implications for the United States*
Mikkal E. Herberg

For more information or to download a
copy of the full report, please visit
www.nbr.org.

*NBR would like to thank Chevron,
ConocoPhillips, ExxonMobil, JOGMEC,
and the Asian Development Bank for
their generous support of the 2012 Energy
Security Program, as well as the Woodrow
Wilson International Center for Scholars
for co hosting the May Energy Security
Workshop and the September launch.*

8:00 a.m. *Registration and Refreshments*

8:30 a.m. **WELCOME AND INTRODUCTION**

Meredith Miller
The National Bureau of Asian Research

OPENING

Charles W. Boustany, Jr.
U.S. House of Representatives

9:00 a.m. **PANEL: Oil and Gas for Asia**

Introducer: **Michael Kugelman**
Woodrow Wilson International Center for Scholars

Moderator: **Mikkal E. Herberg**
The National Bureau of Asian Research

Presenters: **Seethapathy Chander**
Asian Development Bank
Edward C. Chow
Center for Strategic and International Studies
Erica S. Downs
Brookings Institution

10:45 a.m. *Coffee Break*

11:00 a.m. **REMARKS**

Introducer: **Jane Harman**
Woodrow Wilson International Center for Scholars

Remarks: **Robert D. Hormats**
Department of State,
Under Secretary of State for Economic Growth,
Energy and the Environment

11:30 a.m. **CONCLUSION**

Meredith Miller
The National Bureau of Asian Research

CHARLES W. BOUSTANY, JR., MD

CHARLES W. BOUSTANY, JR., MD, is a member of the House of Representatives, representing Louisiana's Seventh Congressional District, which covers Acadiana and Southwest Louisiana. He is a cardiovascular surgeon with more than twenty years of experience and is serving his fourth term in office. Boustany has championed healthcare reform, sound energy policy, and hurricane recovery with time-proven solutions for all Americans. Boustany is a member of the House Ways and Means Committee and serves as Chair of the Subcommittee on Oversight. Additionally, he sits on the Ways and Means subcommittees for Human Resources and Select Revenue Measures. As Chairman of Oversight, Boustany focuses on revising the tax code to make it easier for American businesses to compete. Boustany works with the committee to promote sound economic development, expand markets for U.S. produced goods, and put programs like Medicare and Social Security on solid financial footing. He promotes responsible American energy production to help the American economy prosper. As a physician, Congressman Boustany is at the forefront of healthcare policy in Congress. He has worked to implement patient-centered healthcare solutions and introduced legislation providing seniors and veterans with increased access to tax-free health savings accounts.

SEETHAPATHY CHANDER

SEETHAPATHY CHANDER is the Director General, Regional and Sustainable Development Department of the Asian Development Bank (ADB). He is responsible for developing new concepts and solutions to aid poverty reduction and sustainable growth while also coordinating policy initiatives for sector and thematic areas of energy, transport, water and waste management, agriculture, information technology, education, health, environment, gender, governance, and civil society engagement. Mr. Chander is also the Chief Compliance Officer of the ADB and ensures that all supported projects comply with ADB's strict policies and guidelines on protection of the environment, society, and indigenous persons. In addition, he is the Principal Director of the Office of Information Systems and Technologies, overseeing ADB's Information and

Communications Technology network covering 28 locations worldwide. Previously, Mr. Chander served as Deputy Director General of ADB's Private Sector Operations Department, which promotes infrastructure and financial sector investment for private sector and commercially oriented state-owned enterprises. Mr. Chander was also concurrently the Chair of ADB's Energy Community of Practice, which provides guidance to ADB's operating departments on policy matters and energy sector initiatives. He also worked in ADB's energy sector operations in Bangladesh, India, Laos, and Turkmenistan for ten years between 1992 and 2002 and advised governments on power sector restructuring and large project developments. Prior to joining ADB, he worked for fifteen years with the National Thermal Power Corporation (NTPC), where he collaborated to design and construct NTPC's first 400 kV transmission systems and also served as engineering manager of NTPC's and India's first high-voltage direct current transmission systems. Mr. Chander is a graduate in electrical engineering from the Indian Institute of Technology in Delhi, where he majored in power systems engineering.

EDWARD C. CHOW

EDWARD C. CHOW is a Senior Fellow in the Energy and National Security Program at the Center for Strategic and International Studies (CSIS). He is an international energy expert with more than 30 years of oil industry experience and has worked in Asia, the Middle East, Africa, South America, Europe, and the former Soviet Union. He has developed policy and business strategy and successfully negotiated complex, multibillion-dollar international business ventures. Specializing in oil and gas investments in emerging economies, Mr. Chow has advised U.S. and foreign governments, international oil companies, multinational corporations, multilateral agencies, and international financial institutions. He also teaches part-time at the Elliott School for International Affairs at George Washington University. Mr. Chow spent 20 years with Chevron Corporation working on U.S. and overseas assignments. He was head of international external affairs at headquarters in California and played a leading role in negotiating international commercial agreements. While he was Chevron's principal international representative in

Washington, he worked closely with the White House, Capitol Hill, federal departments and agencies, foreign governments, international financial institutions, and the foreign policy community on international economic policy affecting worldwide energy investments. Between 1989 and 1991, he was based in Beijing as Chevron's country manager for China. Mr. Chow is a graduate of Ohio University with a BA in economics and an MA in international affairs. He has published articles in leading academic and foreign policy journals on global energy developments; spoken on energy at conferences in the United States, Europe, and Asia; and appeared in major international media.

ERICA S. DOWNS

ERICA S. DOWNS is a Fellow in the John L. Thornton China Center at the Brookings Institution. Before joining Brookings, she served as Energy Analyst at the Central Intelligence Agency, where she was a lead drafter of an intelligence community assessment of East Asian energy issues. She has also worked as an analyst at the RAND Corporation and a lecturer at the Foreign Affairs College in Beijing. Dr. Downs holds a PhD and an MA from Princeton University and a BS from Georgetown University. Her current research focuses on a complex of issues related to the international expansion of Chinese firms, especially in the energy, mining, and construction sectors. These issues include the relationship between Chinese state-owned companies and the party-state, the roles played by the China Development Bank and the Export-Import Bank of China, the extent to which cross-border deals are driven by the strategic intentions of the Chinese party-state versus the commercial objectives of Chinese companies, and the impact of the global activities of Chinese firms on China's foreign policy. Her recent publications include *Inside China, Inc: China Development Bank's Cross-Border Energy Deals* (2011) and "Getting China to Sanction Iran" (with Suzanne Maloney, 2011).

JANE HARMAN

JANE HARMAN resigned from Congress on February 28, 2011, to join the Woodrow Wilson Center as its first female Director, President, and CEO. Representing the aerospace center of California during nine terms in

Congress, she served on all the major security committees: six years on armed services, eight years on intelligence, and four years on homeland security. She has made numerous congressional fact-finding missions to hotspots around the world, including North Korea, Syria, Libya, Afghanistan, Pakistan, Yemen, and Guantanamo Bay, to assess threats against the United States. During her long public career, she has been recognized as a national expert at the nexus of security and public policy issues. Ms. Harman received the Defense Department Medal for Distinguished Service in 1998, the CIA Seal Medal in 2007, and the CIA Director's Award and the National Intelligence Distinguished Public Service Medal in 2011. She is a member of the Defense Policy Board, State Department Foreign Policy Board, CIA External Advisory Board, and the Director of National Intelligence's Senior Advisory Group and is a Trustee of the Aspen Institute and the University of Southern California.

MIKKAL HERBERG

MIKKAL E. HERBERG is Research Director of NBR's Energy Security Program. He is also a Senior Lecturer on international and Asian energy in the Graduate School of International Relations and Pacific Studies at the University of California, San Diego. Previously, Mr. Herberg spent twenty years in the oil industry in strategic planning roles for ARCO, where from 1997 to 2000 he was Director for Global Energy and Economics and responsible for worldwide energy, economic, and political analysis. He also headed country risk analysis and advised the executive management on risk conditions and investment strategies in countries and regions where ARCO had major investments. His previous positions with ARCO included Director of Portfolio Risk Management and Director for Emerging Markets. Mr. Herberg writes and speaks extensively on Asian energy issues to the energy industry, governments, and major research institutions in the Asia-Pacific region, Europe, and North America, including the United States, China, and Japan. He is cited frequently in the media, including the *Wall Street Journal*, the *Washington Post*, *South China Morning Post*, *Asahi Shimbun*, Reuters, *NIKKEI News*, *Caijing*, and National Public Radio.

ROBERT D. HORMATS

ROBERT D. HORMATS is U.S. Under Secretary of State for Economic Growth, Energy, and the Environment. He was formerly Vice Chairman of Goldman Sachs (International), which he joined Goldman Sachs in 1982. Under Secretary Hormats served as Assistant Secretary of State for Economic and Business Affairs from 1981 to 1982, Ambassador and Deputy U.S. Trade Representative from 1979 to 1981, and Senior Deputy Assistant Secretary for Economic and Business Affairs at the Department of State from 1977 to 1979. He served as a senior staff member for international economic affairs on the National Security Council from 1969 to 1977, where he was senior economic advisor to Henry Kissinger, General Brent Scowcroft, and Zbigniew Brzezinski. Under Secretary Hormats was a recipient of the French Legion of Honor in 1982 and the Arthur Fleming Award in 1974. He has been a Visiting Lecturer at Princeton University and served on the Board of Visitors of the Fletcher School of Law and Diplomacy and the Dean's Council of the John F. Kennedy School of Government at Harvard University. He is also a member of the Council on Foreign Relations. His publications include *The Price of Liberty: Paying for America's Wars from the Revolution to the War on Terror*, *Abraham Lincoln and the Global Economy*, *American Albatross: The Foreign Debt Dilemma*, and *Reforming the International Monetary System*. Other publications include articles in *Foreign Affairs*, *Foreign Policy*, the *New York Times*, the *Washington Post*, the *Wall Street Journal*, *American Banker* and the *Financial Times*.

MICHAEL KUGELMAN

MICHAEL KUGELMAN is South Asia Associate at the Woodrow Wilson International Center for Scholars, and is responsible for research, programming, and publications on the region. Since 2009, much of his scholarship has emphasized natural resource issues in South Asia, and particularly energy and water issues in India and Pakistan. He has published op-ed essays, commentaries, and blog posts in *Foreign Policy*, *Huffington Post*, *World Politics Review*, *Dawn*, *Express Tribune*, *Times of India*, *Asia Times Online*, *Newsline*, and *Daily Times*. He has also been interviewed by

numerous major media outlets including the *New York Times*, *Financial Times*, *Christian Science Monitor*, *National Geographic*, CNN, and *Voice of America*. Mr. Kugelman received his MA in law and diplomacy from the Fletcher School at Tufts University and his BA from American University's School of International Service. He has written and edited a number of publications on South Asia, including most recently *Reaping the Dividend: Overcoming Pakistan's Demographic Challenges* (2011) and *India's Contemporary Security Challenges* (2011).

MEREDITH MILLER

MEREDITH MILLER is Vice President of Trade, Economic, and Energy Affairs & Outreach, and Director of the Washington, D.C., Office at The National Bureau of Asian Research (NBR). Ms. Miller manages NBR research programs on economic, energy, and trade issues in Asia and guides engagement with Congress as NBR leverages its network of experts to bring objective, detailed analysis of strategic developments in Asia to policymakers. She also leads NBR's media and online outreach programs. Ms. Miller has experience in both the public and nonprofit sectors. She served at the U.S. Department of State as the Deputy Director for the Office of Economic Policy in the Bureau of East Asia and Pacific Affairs in the Bureau of Intelligence and Research. Prior to joining the State Department, Ms. Miller worked at the U.S.-Vietnam Trade Council on a technical assistance program to support completion of a bilateral trade agreement between the United States and Vietnam as the last step toward full normalization of relations between the two countries. Ms. Miller holds an MA in International Relations from the Paul H. Nitze School of Advanced International Studies (SAIS) at Johns Hopkins University and a BA in Anthropology from the University of Michigan. She is a specialist in Southeast Asia and speaks Indonesian.



PACIFIC ENERGY SUMMIT

*Building economic and environmental security
through innovative energy solutions*

MISSION

The Pacific Energy Summit aims to foster economic and energy security in the Asia-Pacific by developing practical solutions to the dual challenges of rising energy demand and climate change.

A REGIONAL GATHERING

The Pacific Energy Summit is an invitation-only event that convenes high-level policymakers, industry leaders, and experts to articulate regional energy needs and opportunities. Participants explore market-based policy solutions, coordinate efforts to effectively use available technology and limited resources, and foster public-private partnerships.

RESEARCH AND RESULTS

To inform sessions and prompt thought-provoking discussion, the Summit organizers commission policy papers and interviews with top energy and political experts. A final report highlighting Summit findings is distributed to key stakeholders in the Asia-Pacific region and the United States.

2012 • Hanoi, Vietnam

Innovative Generation: Powering a Prosperous Asia

The Summit explored best practices and policy solutions to help meet Asia's rising electricity demand, sustain economic growth, and address the concurrent environmental impacts, featuring participants such as Under Secretary of State Robert D. Hormats (United States), Secretary Jose Rene Almendras (Philippines), and other global leaders.

2012 Summit Papers

Powering Asia's Growth: Meeting Rising Electricity Needs

Mikkal Herberg, *The National Bureau of Asian Research and University of California, San Diego*

Electricity at the Right Price

Donald Hertzmark, *DMP Resources*

First Principles: Technology as an Enabler for Productive Power Markets

Peter Hughes, Scott Hare, and Maite Pina, *Ricardo Strategic Consulting*

Case Study on Power Sector Restructuring in Vietnam

Nguyen Anh Tuan, *Institute of Energy, Vietnam*

Prospects for Nuclear Energy in Asia

Hooman Peimani, *Energy Studies Institute*

Taking Renewable Energy to Scale in Asia

Letha Tawney, *World Resources Institute*

Principles of Successful Expansion of Rural Electrification Programs

Daniel Waddle, *NRECA International*

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*All Summit reports and papers
are available at <www.nbr.org>.*





PACIFIC ENERGY SUMMIT

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2011 • Jakarta, Indonesia

Unlocking the Potential of Natural Gas in the Asia-Pacific

Discussions focused on the growing role that natural gas can play in accelerating the transition to a low-carbon economy and supporting economic growth. Panel topics included the role of natural gas in climate change policies, the incorporation of natural gas in the power sector, and the future of unconventional gas, featuring participants such as Fatih Birol (International Energy Agency) and Minister Dato' Sri Peter Chin Fah Kui (Malaysia).

2011 Summit Papers

Natural Gas in Asia: History and Prospects

Mikkal Herberg, *The National Bureau of Asian Research and University of California, San Diego*

Asian Natural Gas: Supply, Infrastructure and Pricing Issues

James Jensen, *Jensen Associates*

Evolving Roles of LNG and Asian Economies in Global Natural Gas Markets

Hiroshi Hashimoto, *Gas Group, Institute of Energy Economics, Japan (IEEJ)*

Europe's Evolving Gas Market: Future Direction and Implications for Asia

Peter Hughes, *Ricardo Strategic Consulting*

The Policy Tightrope in Gas-Producing Countries: Stimulating Domestic Demand Without Discouraging Supply

Mark Thurber and Joseph Chang, *Program on Energy and Sustainable Development, Stanford University*

Unconventional Gas and Implications for the LNG Market

Alexis Aik and Chris Gascoyne, *FACTS Global Energy*

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Chevron, ExxonMobil, Japan Bank for International Cooperation (JBIC), Pertamina, Star Energy, and the Indonesian Institute for Energy Economics

2009 • Tokyo, Japan

Energy Security and Economic Growth in the Asia-Pacific: Innovations, Markets, and Smart Policies for a Low-Carbon Future

Summit delegates participated in sessions on developing a roadmap for action on efficient and clean energy technologies, the various mechanisms to promote implementation of these technologies, and the related uncertainties and challenges that countries such as China, India, Japan, and the United States

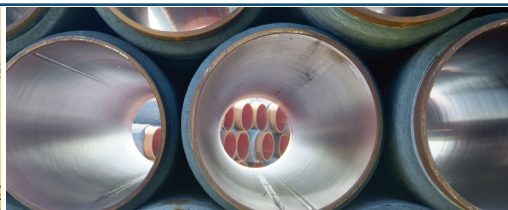
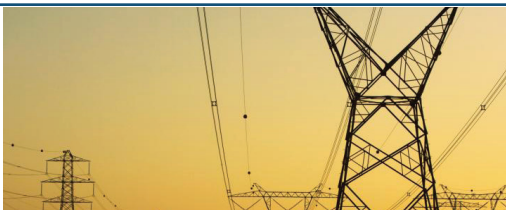
For more information on the Pacific Energy Summit, including sponsorship opportunities, please contact Lynann Butkiewicz at (202) 347-9767 or <nbrpes@nbr.org>.



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BACKGROUND ON NBR'S ENERGY SECURITY PROGRAM

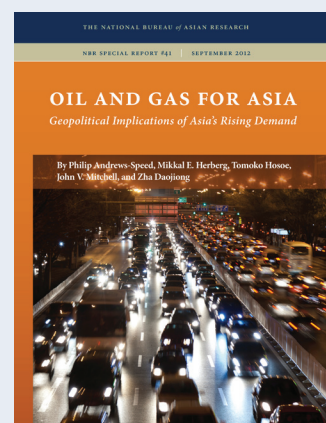
Now in its eighth year, NBR's Energy Security Program convenes top energy and geopolitical experts from industry, research, and policy for an assessment of the developments taking place in Asian energy markets and their implications for geopolitics. To inform and strengthen the public policy dialogue, experts share insights and recommendations through a number of channels, including an invitation-only spring workshop, NBR's annual Energy Security Report, and a public fall launch event.

PROGRAM THEMES

- **“Oil and Gas for Asia: Geopolitical Implications of Asia’s Rising Demand”** (2012) explores how Asia’s rising energy demand, coupled with angst over prices and the reliability of future oil and LNG supplies, is shaping the strategic and economic agendas of Asia’s major powers.
- **“Asia’s Rising Energy and Resource Nationalism”** (2011) examined if there is a connection between energy insecurity and state efforts to control major sea lanes, the impact of Asia’s national oil companies on the global industry, and the emergence of rare earth elements as an arena for national competition.
- **“Pipeline Politics in Asia: The Intersection of Demand, Energy Markets, and Supply Routes”** (2010) analyzed the growth in overland pipelines in industrializing Asia and the resulting implications for Asian regional politics and energy security geopolitics.
- **“The New Energy Silk Road: The Growing Asia–Middle East Energy Nexus”** (2009) assessed the likely evolution of Asia’s involvement in Middle East oil and gas development, including how Asia may affect future oil and gas supply development and the implications for U.S. policy.
- **“Opportunities and Constraints: Prospects for Russian Oil and Gas Supply to Asia”** (2008) examined the role of energy in Russia’s strategic vision, regional perspectives on Russia as a reliable energy supplier, and implications for U.S. policy in the region.
- **“The Rise of Asia’s National Oil Companies”** (2007) assessed the strategic and competitive implications of the rise of Asia’s national oil companies (NOC), examining the internal structures of Asia’s NOCs, their relationships with home governments, and geopolitical impacts for the United States and the region.

All reports are available for download at www.nbr.org.

2012 ENERGY SECURITY REPORT



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NBR would like to thank Chevron, ConocoPhillips, ExxonMobil, and JOGMEC for their generous support of the 2012 Energy Security Program as well as the Woodrow Wilson International Center for Scholars for co-hosting the May Energy Security Workshop and the September launch.

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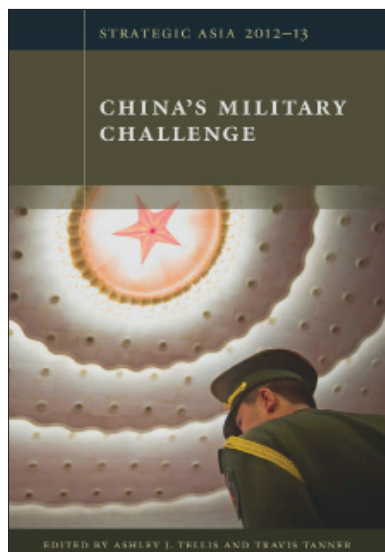
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For more information on NBR's Energy Security Program, please contact Clara Gillispie at eta@nbr.org or 202-347-9767.

STRATEGIC ASIA 2012–13

China's Military Challenge



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About the Book

In *Strategic Asia 2012–13: China's Military Challenge*, leading experts assess and forecast the impact of China's growing military capabilities. What are China's strategic aims? What are the challenges and opportunities facing the United States? How is the region responding to China's military power and to the U.S. policy of "strategic rebalancing"?

The National Bureau of Asian Research • October 2012 • ISBN 978-0-9818904-3-2 • \$34.95 (paperback) • \$19.95 (PDF)

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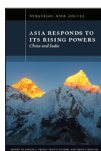
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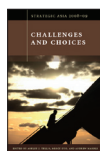
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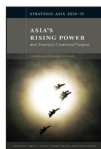
PAST STRATEGIC ASIA PUBLICATIONS



Asia Responds to Its Rising Powers—China and India explores how Asian States are responding to the rise of China and India and the strategies these states are pursuing to preserve their national interests.



Challenges and Choices assesses the major strategic choices on Asia facing the new U.S. president and administration as well as the broader policy community.



Asia's Rising Power and America's Continued Purpose marks the tenth anniversary of the series and takes stock of the region by providing an integrated perspective on the major issues that influence stability in the region.



Domestic Political Change and Grand Strategy examines internal and external drivers of grand strategy in Asia and evaluates the impact on Asian foreign policymaking.



Economic Meltdown and Geopolitical Stability analyzes the impact of the current global economic crisis on key Asian states and explores the strategic implications for the United States.



Trade, Interdependence, and Security evaluates how trade and interdependence fit into the grand strategies of key Asian states and how changing relationships could affect regional stability.

For further information on the Strategic Asia Program, please contact Travis Tanner, Senior Project Director, at ttanner@nbr.org.

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