

Opening remarks

1. Thank you Mr. Chairman.

My name is Seishu Makino. I am Senior Vice Minister of Economy, Trade and Industry in Japan.

I wish to pay my deepest respects to the Government of Kuwait and the IEF Secretariat, who are the organizers of today's conference.

It is my honor to be given this opportunity to speak as a panelist at this session on energy market stabilization. As ministers concerned with energy in our respective governments, we all know that this is our most pressing issue.

2. I would like to begin by noting that one year has passed since the Great East Japan Earthquake. I wish to use this opportunity to reiterate my sincerest gratitude to all of you for the invaluable support your countries extended to us in our time of need. Moreover, regarding the nuclear power station accident that the disaster caused, I would like to mention that the troubled reactors reached cold shutdown at the end of last year. As I speak, Japan's government and its people are joining hands to steadily move forward toward full recovery.

The current energy market

3. Looking at recent trends in the international energy market, we are now facing a highly uncertain time. Growing expectation for economic recovery in the United States and an influx of surplus money from international monetary easing, combined with geopolitical risks and the impact of the European debt problem, have made the outlook highly ambiguous. Accordingly, we must remain vigilant to market trends, including movement of crude oil prices.

I therefore believe that we will need to focus on two points with an eye to achieving market stabilization.

4. The first point is the sharing of long-term energy supply-and-demand forecasts among market players.

There is consensus within the international society that, given high volatility in crude oil price in recent years, sufficient investment must be secured to prevent tight market. Such investment is particularly needed in upstream development fields. This applies not only to crude oil but also to natural gas. Development of unconventional natural gas has become particularly active as part of the so-called "shale gas revolution." For this and similar trends, I

believe that systematic investment that takes a long-term perspective is required.

Amid such circumstances, it will be essential to raise the predictability of future demand on the basis of sufficient and appropriate investment in the energy sector.

Energy demand in Asia

5. Economic growth in Asia remains very strong. According to the IMF, over the past 10 years, Asia has achieved a high average annual growth rate of 5.1%. This compares to 3.7% for the global economy as a whole. Given this growth, it is widely accepted that Asia's energy demand will continue to rise steadily into the future.

Accordingly, since 2009, Japan has been preparing forecasts of Asia's demand that even include the Middle East. These forecasts are being made with the cooperation of experts from all parts of Asia. According to the latest research, it is anticipated that Asia's primary energy demand in 2035 will be 2.1 times greater than it was in 2009 and account for 52% of worldwide energy consumption.

6. Given this kind of the forecast, I would like to see oil producing countries engage in flexible production over the short term, as they also proceed with systematic investment in sufficient production facilities over the long term.

I would also like to ask the energy ministers here today to strive to expand their countries' use of clean energies with an eye to improving energy efficiency. In particular, knowing that the transport sector accounts for 62% of the world's oil consumption, we must remember that popularizing next-generation vehicles—such as electric vehicles and hybrids—will be just as important as improving the fuel efficiency of gasoline vehicles. Furthermore, we must also look beyond individual motor vehicles. We will need to combine transport means and systems that do not involve motor vehicles in order to build “smart communities” capable of achieving optimum energy use at the town and city level.

Japan's proposal for ensuring market transparency

7. The second point for achieving market stabilization is to improve transparency in the market. It is for this reason that we, the IEF members, have worked to raise market transparency by setting up JODI and broadly disclosing market data.

Demand for natural gas in Japan has been rising in the wake of the Great East Japan

Earthquake. That is why, as a member country, Japan has high expectations for full-scale operation of a JODI-Gas that covers not only pipeline gas but LNG within the year. Japan sees this move as important to ensuring transparency across a broader spectrum of the energy market.

8. Thus far, Japan has proactively contributed toward building an even fulfilling JODI. For instance, last year Japan accepted some 30 people from 15 Latin American countries for IEF-led statistical experts training. I would like to take this opportunity to present a new proposal. Given the importance of the natural gas market amid the soaring demand that I just mentioned, I would like to propose that Japan provide additional funding in order to promote development for a full-scale start of JODI-Gas this year as well as for better system convenience, which has been a lingering topic of concern.

Japan's commitment to the market

9. Japan is successfully rebuilding in the aftermath of the Great East Japan Earthquake, a crisis of unprecedented proportion. This success is being made possible by unity among Japan's general public as well as support extended to Japan by the international community. Likewise, I firmly believe that, when faced with challenges in the energy sector, we can overcome them by comprehensively strengthening ties between producing and consuming countries. I promise you that Japan will step up its efforts to promote producer-consumer dialogue and make a sustained contribution to energy market stability.

10. Thank you very much.