

Asian Model for Energy Security: A Path for Cooperation*

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Abstract: Maintaining and stabilizing the security of energy is certainly one of the most important matters of international security in the contemporary international system. This is even more significant for Asian countries where the consumption rate as well as the energy consumption growth rate is higher compared to the rest of the world. As a matter of fact Eastern Asian countries are major energy consumers while Western Asian countries are main producers of energy. Thus promoting cooperation between East and West Asia is the appropriate policy and method to remove such challenges in Asia. Designing and implementing a framework to institutionalizing cooperation between eastern and western Asia is a necessity in today's world.

Introduction

The significance of oil as a strategic material traces back to the beginning of the 20th century. In the Cold War era, oil had been

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considered as a principle element for the growth of industrial countries. In the post Cold War era, this demand for oil had even accentuated, mainly due to its key role in the world economic growth and its vitality in industrial nations' energy security. It is in this period that concerns for the future of this energy source had been raised amongst the highest levels of governments. In the future, due to the constantly increasing needs to energy, if transactions and cooperation among oil consumer and producer countries fail, such concerns will be even more serious.

Energy consumption growth in the last decade in Asia and the sustainability of such a demand made the security of energy a vital and complicated matter in the world's largest continent. Fortunately, the western region of Asia is known as the main supplier of energy and the eastern region (including India) as the major consumer of energy. This, in turn, would provide an energy-based cooperation which is to be considered as an advantage in the new international environment. Energy may potentially make it possible grounds for beginning constructive dialogues for the creation of "East-West interdependency" in such a way that eventually an "Asian model for energy security" will be established.

Developments in Energy Security Concept

There have been numerous changes in the concept of energy security over the years. In the 1950s, energy security was defined as the necessity of protection of energy supply in the wartime and of its availability to all consumers and to world major powers in particular. In the Cold War era, energy security policy went beyond the purely military arena and energy transactions enjoyed a basic role in the economy of the most industrial countries so that it was known as the development source by world major industrial powers.

Under such circumstances, any tribulation or cessation in the energy supply and price shocks would notably affect the effectiveness as well as economic functions of main oil and gas importers, and similarly the world economic crisis and problems would certainly have effects on the energy producers as well. The oil crisis in the 1970s

reduced the gross national production growth of the majority of western states, raised the inflation rates as well as economic recession.

The importance and determining role of oil in the development of the industrial states has given rise to a global issue. It's worth mentioning that the extension of the process of globalization after the post Cold War era highlighted the significance of the oil as well. The increasing asymmetry between energy suppliers and consumers at the international level turned the energy to be the focal point in the international security discussions and underlined it more than ever.

As a matter of fact it should be noted that the 1990s free markets context has linked the energy security to global economy. Some observers interpreted the energy security as the preservation of internal economy in terms of price changes, inflation, and the rate of the economic growth and transfer of capital as well as the protection of international economic and financial systems. (Vaezi, 2006) In the given situation, energy security goes beyond a simple framework for achieving military security of oil-rich regions or purely energy consumption and also covers the attempts organized to reduce dependency on imported energy and turned to be a very complicated issue.

The world' increasingly dependency on oil and gas is one of the key factors in the foreseeable future and its effects on the economy of energy producer and consumer countries that made the energy security a sensitive and vital issue for big powers and for the major energy consumer states.

Such developments drew the attention of the international actors to the energy issue and caused the energy security challenges to be increasingly strengthened. In the global energy markets, none of the consumers as well as producers, despite its autonomy, is unable to separate itself from the energy requirements, shocks and uncertainty. Any development in the global energy markets is linked to the political, economic and security variants since it is very interlaced and different players at different levels seeking to meet divergence objectives.

Energy security in the contemporary world has given rise the energy consumers and producers to be more closer ever than before

and has provided the required ground for their interactions and consultations, because neither producers nor consumers would achieve energy security alone and any crisis in the global energy market challenging the world economy would inevitably affect them as well. Putting it another way, simultaneity of mutual vulnerability and common interests are the determinant feature of the existing international relations. In fact "common interest" and "mutual vulnerability" are two sides of the same coin resulting in the interdependency. This could lead to set the initial ground for the creation of an interdependency model between energy producers and consumers.

Energy Supply and Demand in the World

It should be mentioned that in the past, any crisis in energy used to be managed naturally based on the market factors activities. In the 1970's crisis, for example, global recession afterwards reduced the world's demand for oil but technology advancement, decrease in prices and more productivity in both supply and demand resolved the crisis. The discovery of huge reserves and its advantages made market factors as the key players and removed any arrangements, regulations and controls in this regard.

As a result of price decrease in 1985, there were 15 millions barrels of oil as additional production capacity per day in OPEC that was 50 per cent of the total production capacity of these countries and 25 per cent of world demand. During Iraq's invasion of Kuwait in 1990, the world production capacity increased about 5 to 5.5 millions barrels per day that was 20 per cent of OPEC production capacity and 8 per cent of world demand. Such an additional production capacity would control oil supply fluctuation and manage future energy crises.

With the increase in production capacity between the 1980s and 1990s, it was believed by energy markets that there was overabundance of oil reserves and all problems were possible to be solved by market arrangements. The Iraq invasion of Kuwait in 1990-1991 and the control of oil crises are between two major factors that strengthened such an idea. Such processes have been even stronger in the 1990s by the collapse of communism, expansion of globalization

and liberalization of market systems. As a result of the false image of energy market stability and the lack of any comprehensive national energy policy, United States included energy in a number of its political disputes with some countries and set limitations for any increase in production. On the other hand, investments in energy that was expected to be encouraged by market arrangements have never come to a reality and projected production capacity actually resulted in reduction of capacity. In addition, due to the failure of predicted investments in the industry and production, OPEC additional production capacity decreased to just 2 per cent of world demand in 2001 while the shortage of additional production capacity continued. (Jaffe, 2005) All in all, the most important price determinant factor in the current oil market was the leakage of additional production capacity.

Based on current statistics a 50 percent increase in the world oil supply is expected in the next two decades (The U.S. National Commission, 2004:1-2) and it will rise from 85 million barrels per day in 2005 to around 118 million barrels in the year 2025. (Spencer, 2004:6) These figures are even more intensive for the world natural gas demand in the next two decades compared to the oil consumption growth. The forecasts show that the gas consumption trend in the world during the next three decades would experience a 70 per cent growth and rise from 92 to 156 trillion cubic feet of reserves and demand for the natural gas by the year 2030 will rise from 23 to 28 per cent of the aggregate world energy demand. (Asadikia n.d:1) It is predicted that the energy consumption in the developing world would rise to double by the year 2025.

As a cause of such developments, the world faced an increasingly upward trend in the energy supply and demand. Due to the sever decrease in the "additional production capacity" there is now a serious shortage. Based on a simulation by the U.S. national energy policy commission in 2005, a 4 per cent shortage in the daily oil supply could lead to a 177 per cent increase in the prices. The formation of such intensive market gradually during the past two decades traces back to the excessive reliance on the self-regulation power and arrangements of the energy market.

Energy Supply and Demand in Asia

Asia featured the highest energy consumption growth rate in the world in the past decade and its rapid development highlighted the energy supply and energy security as a top priority for its developing countries. According to the International Energy Organization, there would be a 42 per cent raise in the world energy demand arise from the developing Asia (excluded Japan and South Korea) by the year 2030, while United States and Canada would only cause a 26 per cent growth in the world energy demand. (Swanstrom, 2005)

World oil reserves statistics and figures suggest that there are 1,118 billions barrels of oil in the world now, 735 (62 per cent) out of which belong to the Persian Gulf region. (BP 2005) Similarly, 40 per cent of the world natural gas reserves belong to the Persian Gulf region as well. According to the calculations, the daily crude oil production is expected to reach to the 26 millions barrels in the year 2010 and will rise to the 35 millions barrels by the year 2020. As a result of such increase the share of this region in the world crude oil production will rise from 27 per cent to 33 per cent by the year 2020¹.

Under such estimations, the share of Asia in the developing countries' consumption growth is 69 per cent. (Jaffe, 2004:13-14) The high growth in the Asia's energy consumption plays a significant role in the world energy consumption growth consequently. Currently the average energy consumption growth rate of the Asian industrializing counties is 3 per cent annually while such a rate for the entire world is 1.7 per cent. According to the predictions by the International Energy Agency such a growing rate for this region will cause a 40 per cent growth in the world aggregate energy consumption. By the year 2010, Asia's oil consumption will count for 25 to 30 million barrels per day out of which the biggest portion will belong to the Persian Gulf region. (Vaezi, 2006)

China will import 3 to 5 million barrels of oil per day by the year 2010 alone while its oil imports were 1.4 million battles per day in the year 1999. (Caldar n.d) Regarding the increasing trend of energy

consumption in China and its important role in the energy security, China approach toward the energy security and this country's capacity for cooperation in the energy area will be exclusively examined in the present paper.

India is one of the Asian countries that experienced a considerable economic growth in the last decades. At present, India imports around 60 to 70 per cent of its oil needs and is expected to import 91 per cent of its energy consumption by the year 2025² that will be the world's third biggest energy importer. Generally, from the year 2002 to 2030, on average India's annual oil demand is projected at a 2.9 per cent increase and its dependency to imported oil will raise from 68 per cent in 2004 to 91 per cent by the year 2030³.

India's oil consumption is estimated to reach to 4 million barrels per day by the year 2010, 3.35 million barrels out of which will be imported. This will rise to 5 and 6 million barrels in 2020 and 2030⁴. India now secures 9 per cent of its energy consumption from natural gas and this is expected to rise to 14 per cent in the year 2010⁵. Findings suggest that India's gas consumption has reached to over 116 million cubic meters in 2006-2007 and it will rise to 322 millions cubic meters by the year 2025⁶.

Furthermore, Asia current oil consumption account for the 40 per cent of the world total present production that means 82 million barrels per day and a high growth in this trend is expected in the coming next 20 years. Giving the increasingly economic growth of the Asian countries, such an amount in the world largest continent will raise more that ever. (Asian Identity, 2005)

China's Approach toward Energy Security

One of the strategic challenges in China is to deal with its energy security and understandably, energy is one of the strategic priorities of this country. It should be noted that energy security is a general challenge for all developed or developing countries in the Asia because this continent is known as the world's most dynamic economic region characterized by high sensitivity as well as vulnerability. China, *inter alia*, in the Asia enjoys one of the highest economic growth rates and therefore, its energy consumption is also

more than others. The oil consumption of this country between 1995 and 2005, for example, by 100 per cent growth reached to 6.8 million barrels per day. China's dependency on imported oil increasingly grew since it first begun to import oil in 1993; so that more than half of its oil has been secured by external resources in 2005. It is forecasted by the most estimation that China's oil consumption will have a 4.5 percent annual growth. Such a rate is two times the world average growth rate and four times the developed states possible growth rate.

Moreover, china's government decision, in 2004, to set up strategic reserves has given rise to increase in consumption and thus its import. In the framework of government planning, China should stock 100 million barrels in reserves by 2008. That is equal to 35 days worth of importing, 200 millions barrels in 2015 that is equal to 50 days importation and 600 million barrels in 2020 that is equal to 90 days importation. With regard to this plan, it should be said that there is no sufficient internal production to meet such a rapid energy demand and as a result the major proportion of this has to be achieved by international resources.

In the recent years, all-out efforts have been conducted to promote relations with oil-rich states of the region, particularly the main countries, by China to expand its share from the region reserves more than ever. In line with this plan, China follows an energy strategy in the Middle East region that has three dimensions:

- 1- Conducting an active diplomacy to establish a link with oil-rich countries to guarantee the energy supply in the long run. Oil Strategic Participation contract signed between China and Saudi Arabia in 1999 provides a good example;
- 2- Facilitating the required conditions for China's oil companies to invest and develop oil fields in the region;
- 3- Persuading mutual investments by Middle East states oil companies in China's refinery industry and energy markets.

There have already been notable accomplishments by China in implementing such strategies in the Middle East. In addition to establishing important contracts with Iran, China established a very close cooperation with Saudi Arabia. The actual results of China and Saudi Arabia cooperation (apart from oil supply) are as follows:

- 1- A refinery facility with more than 8 billion dollars investment in Ghuanzhu, China has been set up by Saudi Arabia;
- 2- A Saudi Arabian company- Aramco- participated in the two refinery project in Fojiman with 3.5 billion dollars investment and King Dao refinery with 2.1 billion dollars investment;
- 3- Supply of oil to Chinese strategic reserves by Saudi Arabia and participation of this country's basic industry company in the refinery and petrochemical projects in Northeast china.

With the aim of implementing this strategy, China has recently started to negotiate with Iraq as another important state in the area of energy. Iraq oil minister's trip to China to hold initial talks for reactivating the concluded agreement between two countries (when Saddam Hussein was in power) has been carried out in the framework of this strategy. The axes of the talks were reclamation of a 1.2 billion dollar contract to explore oil in Ahdab oil field in Iraq. This contract was concluded between China and Iraq in 1997 but due to the special conditions of Iraq, it was never implemented.

With regards to the aforementioned facts, energy security has certainly played a key role in the formation of China's policy toward Middle East; concerning China's ever increasing needs to energy on the one hand and unique capabilities of the Middle East on the other hand, this variant is underlined more so than before.

Asian Model of Energy Security

The increasing demand for energy by Asian countries and the necessity of securing it from external resources highlights energy security as a vital issue for these states. Due to mentioned facts, more developments in economy and industry in Asia in the coming years would strengthen the importance of energy and its security as well.

Self-sufficiency is one of the notable characters of this world's largest continent. To put it in another way, there are sufficient resources, technology and human sources as the principle organ of the development and progress in Asia. Self-autarky in energy provides a

clear example. The major proportion of the world energy belongs to Asia. Similarly, the other side of this continent with its development is the most dynamic economic region of the world; and such dynamism made the need of energy even more intensive. The proper exploitation of such self-autarky is the point. By expansion of transactions among oil-rich countries majority of them located in the West and Central Asia and the major energy consumer states most of them located in the East and South Asia, while taking advantages of the self-autarky, would lead to the enhancement of interdependency and ultimately "Asian solidarity".

Under such circumstances, the main energy producers are in Western Asia and the major energy consumers of the world are in the eastern Asian region along with India. Taking into account the decline of energy production in the rest of the world, west Asia and particularly Persian Gulf region is the only reliable resource that would supply energy to the world energy consumers in the next 50 years. As world energy consumption statistics and figures suggest the eastern Asian newly industrializing economies along with India enjoy the most increasing rate of energy consumption growth. (Vaezi, 2006)

The rapid economic growth in the East Asia as well as India, the quick expansion of urbanization and the unprecedented developments in the transportations are among factors that intensified the dependency of this region to imported energy. (Jaffe, 2004) In the given situation, energy security especially for major consumers is a vital objective that automatically has been linked to Persian Gulf region.

Based on the said discussion, it could be concluded that interdependency between Persian Gulf region, East and South Asia is taking its form. On the basis of interdependency theory, two actors are in such positions in which they could meet at least one of each others strategic needs. The states of the Persian Gulf region are able to guarantee the "energy security" as one of the strategic challenges of the Asian countries and on the other hand, Asian countries are able to meet some of Persian Gulf states needs in the area of development and security.

It seems, under such circumstances, the numerous appropriate grounds for initiating a constructive dialogue aiming at setting up an

Asian interdependency model with the focus on energy security is now provided. Furthermore, the energy producers and consumers in the East and West Asia have already got some reliable geographical links and there is not any political tensions and crisis between East and West of Asia. Under this interdependency model, West Asia is known as the energy supplier generally and East Asia is regarded as the technology and capital supplier particularly in the field of energy.

Islamic Republic of Iran and Energy

The Islamic Republic of Iran's economic potential, its geopolitical location between Middle East, Persian Gulf and Caspian Sea and neighboring with Central Asia, and its huge oil and natural gas reserves make it a major player in energy supply to Asian consumers. 137 billions barrels of proved world oil reserves (12 per cent) belong to Iran and after Saudi Arabia is the second holder of such reserves. In addition, Iran with 27 trillion cubic meters of world natural gas (15 per cent) is the second holder of natural gas after Russia. Iran with daily production of 4 million barrels of oil and annually production of 120 billions cubic meters of natural gas produces 4 and 5 percent of the world oil and gas.

Islamic Republic of Iran's independence policy to manage its energy resources, its political sustainability and its special interests in cooperation with Asian countries to set up and strengthen solidarity make its capacity even more extended. Furthermore, large projects in oil, gas and petrochemical industries with participation of foreign companies are predicted in the fourth five year development plan. (Vaezi, 2006)

An all-out effort to link China to Iran-Pakistan-India gas pipeline is regarded as the first and fundamental step to put Asian interdependency forward. West Asia including Iran by the achievement of such goal would play a significant role in the East and South Asian energy security, and that could result in the formation of interdependency in the two sides of the continent.

Moreover, the establishment of gas pipeline between India and Pakistan which is also known as the "Peace Pipeline" would help to resolve one of the most important crises of Asia, the Kashmir border

dispute between India and Pakistan. That, in turn, could be a practical step to make "peace and development" a reality in the world's largest continent.

All in all, it should be said that Iran with its evident advantages in terms of oil and gas reserves and due to its geopolitical location has the potential to play a significant role in promoting the common interests and reducing the mutual vulnerability. In this regard, Iran is ready to plan for initial bilateral dialogues with Asian consumers upon which the first efforts to promote common interests and reducing vulnerabilities would be devised and implemented. This would be a starting point to set up multilateral dialogues in the two sides of the continent. Furthermore, such bilateral dialogues could be set up based on the possibility of gas transfer to the Asian consumer countries through liquefied natural gas (LNG) pipelines. In the given situations, Iran with its special position is able to take serious steps with the contribution of the other Asian consumers to fulfill initial Asian cooperation and Asian dialogue.

To make the abovementioned discussion clearer, China's future capacity to demand more energy and its cooperation grounds with the Islamic Republic of Iran will be analyzed below.

Islamic Republic of Iran and China Cooperation

The existence of large and diverse capacity made Iran and China relations more dynamic in the recent years in such a way that their relations have been increasingly extended to the different areas. Energy, for example, is one of the most important capacity-building areas in these two parties' relations. Undoubtedly, energy would play a principle role in the dynamism of their relations. The potential mutual cooperation capacities between Iran and China in the area of energy are widespread and could bring about significant positive political and security consequences.

1-Oil

There is no doubt that China, *inter alia*, with its highest consumption and consumption growth rate as well as its rapid economic growth has got serious concerns about the security of

energy necessary for its economy because achieving more reliable energy resources is one of the significant elements in the sustainability of its modernization as a strategic option.

In spite of the fact that China was the world's fifth largest oil producer in the 1993, its rapid economic growth added it to the oil importer countries list. A decade after this consumption growth rate, China became the second largest oil consumption of the world in the 2003. According to the figures from 1993 to 2003, there had been a 90 per cent growth in the China's oil consumption while its domestic production growth was less than 15 per cent. (Leveret & Badder, 2005-6)

Understandably, the increasing gap between domestic production and oil consumption would steadily deepen China's dependency on the imported oil. China's dependency on imported oil has risen from 20 million tons in 1996 to 70 million tons in 2002 and 100 million tons in 2005. Predictions suggest that such figures will reach to 150 million tons in 2010 and 250-300 million tons in 2020. Putting it another way, China's dependency on imported oil has raised from 30 per cent in 2002 to 50 percent in 2007, and will rise to 60 per cent in 2010 and 85 per cent in 2030. (Leveret & Badder, 2005-6)

Iran supplies 10 to 12 million tons oil to China and is among the first three China's oil supplier. Meanwhile there is more capacity for Iran to supply oil to China as well.

2- Gas

Although it's true that just 3 per cent of China's needs to energy is fulfilled by gas but estimations shows that such need will be doubled by the year 2010. Accordingly, demands on China's natural gas markets will reach to 120 billion cubic meters by the year 2010 and 200 billion cubic meters by the year 2020. In the most optimistic mood, 40 and 80 billion cubic meters should be secured through external resources⁷.

What should be taken into account in this regard is that currently the share of gas in the China's energy basket is only 3 per cent which is very little compared to world and Asian standards⁸. Therefore, there are many potential capacities to be expanded. Due to these facts China's Reform and Development Commission has

recently announced that the share of gas in the China's energy basket will rise to 12 per cent by the year 2020.

China with its notable economic growth and its increasing needs to energy has got the required grounds to expand cooperation with Persian Gulf region states including Iran; so that Iran has got the capacity to supply major proportions of China's needs to energy. The capacities for mutual cooperation, especially in the area of gas, are widespread and Iran's huge gas reserves, in turn, create the ground for more cooperation with this regard. Implementing large liquefied natural gas (LNG) projects in the South and North Pars Gas Fields in the future could meet some of China's needs through LNG exportation.

In late 2006, negotiations on a 16 billion dollars investment in the North Pars Gas Field resulted in the initial agreements and in the 21st September 2006 a Memorandum of Understanding to develop Northern Pars Gas Field were concluded between National Iranian Oil Company (NIOC) and China National Offshore Oil Corporation (CNOOC). Under the concluded Memorandum of Understanding, CNOOC will be in charge of setting up a facility to convert the gas to LNG, as well as transportation and marketing and is committed to invest 5 billion dollars aiming at exploring and producing gas and 11 billion dollars in sub-projects. (Iran Newspaper, 2005)

Furthermore, in early 2007, another Memorandum of Understanding aiming at a 3.6 billion dollars investment on South Pars Gas Field has been concluded between China National Petroleum Corporation (CNPC) and National Iranian Oil Company. CNPC, based on the concluded Memorandum of Understanding, committed to invest 1.8 billion dollars on exploring and gas production as well as 1.8 billion dollars on establishment of a Liquefied Natural Gas Production Terminal. (Keyhan Newspaper, 2005)

Having a precise look at China's energy situation reveals that on the one hand, due to its economic growth, China's energy demand is increasingly expanded and on the other hand, due to the shortage of its local resources, China's dependency on imported energy is growing as well. The intensity of dependency on the external resources is more evident when it is said that despite a high economic growth rate, China's share, with 20 per cent of world population, from

the world gross national product (GNP) is only 4 per cent. Therefore, there are still considerable capacities for GNP as well as energy consumption growth in China and such surplus energy consumption should be making up through external resources. Although compared to the other countries, China is the biggest energy consumer in Asia nowadays, but it has got the lowest energy consumption per capita. China's energy consumption per capita is only half of the world per capita.

All in all it should be said that China's increasing needs to energy along with insufficient internal resources made energy security a priority in its national security. On the other hand, energy and its security would be secured through international energy resources with Persian Gulf at the top.

Asian Security

Asia as the most dynamic economic region in the world has got the highest sensitivity and vulnerability in terms of "energy security" in the last decade. Similarly, the Persian Gulf as the most important world energy transfer point is one of the principle regions of the international political crisis in the post Cold War era. Two devastating wars in the first decade of post Cold War era in this region present clarifying evidence of such assumption. This simultaneous paradox shows that there is not any relations between the process of political security in the region and "energy security" as the main preoccupation of the energy consumer counties that in turn are the main actors of the international system. From one hand, this has led the security of the regional states to be unstable and from the other hand there is no other alternative for energy consumers but to link their energy security as well as national security to an "unpredictable" region. The attempts of the United States and some other international actors to impose a hegemonic security model on this region is one of the most important factors contributing in the creating of such destabilizing environment. The United States unilateral approach, for example, in occupying Iraq and its policies during the occupations not only led to instability and insecurity in

Iraq but also intensified the concerns of the regional countries and spilled such instability over these states as well.

Attempts to eliminate Iran's contribution in the regional security arrangements could be analyzed within this context. The eligible resolution to overcome the region security difficulties is a "cooperative security" and replacing it with the region's existing security arrangements. Such a model is based on consultation and participation of all involved parties to set up security and stability in the region. In other words, the regional security order within the framework of this model is a collective order and arises from transactions, cooperation and consultations among all regional countries and would enjoy the required stability and steady through including the interest of all involved parties.

Taking advantage of the capacities from both sides of the world largest continent with the aim of achieving the cooperative security model is in fact an attempt to make one of the most sensitive region of international politics "predictable" and a significant element in preserving the interest of both energy producers and consumers. (Vaezi, 2006)

Conclusion

Relations between the states of the Persian Gulf region from one hand and East and South Asia from the other hand could be summarized as follows:

- 1- A large capacity has emerged based on "energy" in East and West Asia relations. It is possible to take advantage from the said capacity to diversify the cooperation and to promote the Asian economic relation levels on the framework of a comprehensive strategy on the basis of the interest of all Asian counties; such a capacity could possibly act as an economic compliment and in case of a "collective will" it will flourish more grounds for cooperation.
- 2- "Energy economy" and cooperation in the area of energy industry are not the only factors the existing capacities should be viewed upon, but its consequences should be analyzed on the broad framework of "security" and "Asian

solidarity". Such capacities have to be viewed beyond a technical and economic point of view and political economy should be the basis of the analysis. Economic and political capacities and interests should simultaneously be taken into account.

3- The Persian Gulf region is the focal point of production and transfer of world energy. At the same time, it is known as one of the most instable region of the world as well. Taking into account the role of energy in the developments of Asian countries and prevention of mutual vulnerability, maintenance of peace and stability is required in this region.

4- The effective contribution of Asian countries, its major powers particularly, is necessary to reduce the said mutual vulnerability, because without the proportionate production of this common material, Asian states would face lots of difficulties in achieving "energy security".

5- The needs to energy and economic growth in Asia have given rise to interdependency between West and East of Asia. Under such circumstances, dialogues and exchange of ideas among elites and policy makers from countries of these two regions is necessary to manage and preserve the common interests.

6- With regard to the above mentioned facts, designing a comprehensive framework for setting up regular dialogues among the states of Persian Gulf region and the major energy consumer countries in Asia is required more than ever. In line with the said framework, the existing situation between East and West Asia will be first analyzed and methods to promote common interests and to eliminate the mutual vulnerability will be explored and implemented.

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Notes

¹ Energy Information Administration, *International energy outlook*, 2004.

² “India’s Energy Dilemma”, in www.csis.org

³ www.indexmendi.com

⁴ World Energy Outlook 2004.

⁵ In Market Research.com, “Countries Covered: India”.

⁶ Report of the Group on India Hydrocarbon Vision

⁷ www.ei.doe.gov/emery/cabs/china/html.

⁸ The average gas consumption in the world energy basket is 28 per cent and among Asian countries, it is 8.8 per cent.