

Session 2: Regional Players (I) – North East Asia

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Korea's Energy Security

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Korea's national strategy is to ensure that it achieves energy security at both the supply chain and end-user levels. Although it already has achieved a high level of energy efficiency, it is still lower than other nations in terms of its value-added industries. Therefore, its current national energy security framework, National Energy Vision 2030, aims towards further decreasing the national energy intensity especially in those industries. Simultaneously, it intends to exploit the untapped renewable energies. To that end, Korea has to adopt a proactive stand towards renewable energy production. Therefore, its national energy framework emphasises foreign energy resource development, energy efficiency enhancement and research and development in renewable energy.

Korea's energy policy objectives are premised on the assumption that it has very limited natural resources and thus rely heavily on the imports of oil, natural gas and coal. The recent oil price hike raised renewed concerns over its energy security issues. Its previous energy policy has led to a number of measures throughout its energy supply chains and end-user sectors with the intent to reduce reliance on energy imports while enhancing its energy supply security. For instance, the industry sector was required to meet stringent regulations for a high level of energy efficiency. Building up on this, Korea's pursuit of increased energy market efficiency has led to the deregularisation and establishment of an environmentally friendly energy supply chain. Therefore, the pursuit of increased efficiency and environmentally friendly supply chains inevitably means that its national energy policy framework hinges upon a balance of three Es – Energy Security, Energy Efficiency and Environment Protection.

Korea's present energy policy framework seems timely considering that its major energy indicators, between 1981 and 2006, shows that despite its attained high level of efficiency, the country's total energy consumption increased at an average rate of 6.7 percent per annum. Its per capita energy consumption within the same period increased at 5.8 percent per annum. The national energy intensity, between 1998 and 2006, increased somewhat modestly at 1.3 percent per annum.

Thus, the new energy policy framework, amongst other things, targets five sectors in particular – demand, supply, building, transportation fuel and transportation. The respective strategies and objectives are to integrally manage energy policy conservation, improve energy efficiency, expand

the use of renewable energy and clean energy, improve energy efficiency in buildings and the efficient management of national transportation system and traffic demand as well as the establishment of logistics information network.

Meanwhile, with regard to the strategy on energy and the environment, Korea's vision is one of energy independency, energy intensity enhancement, a post-petroleum society, an energy welfare program and, energy industry and technology which all focus on enhancing the use of alternative sources of energy and reducing dependency on imported fossil fuels.