

Discussion 8: Resource Nationalism and Market Power (IV)

Introduction to Asia

- Big Countries
 - China
 - India
 - Pakistan
- Small Countries
 - Taiwan
 - Singapore
 - South Korea
 - Japan
 - Philippians
- Most are democracies
- Most are capitalistic
 - Even though they are capitalistic, there is a lot of government involvement in the energy sector
 - Oil acquisition policies
 - More controlled
 - Integrated strategy for getting oil

Obstacles to having an integrated (national) strategy for getting oil

- Democracies
 - Domestic issues or unrest
 - Budget constraints
- Authoritarian regimes
 - Trying to keep your supporters happy
 - Trying to keep your enemies at bay
 - If you are not a rich democratic country, you might have a really inefficient bureaucracy that won't allow you to get stuff done
- Things that the state cannot do in a mostly capitalistic society
 - Can't usually take over all of the companies
- Japan and energy stuff last summer
 - Instituted this summer Friday's program, all air conditioning was set to 82° F and people were encouraged to wear light clothes
 - Legal issues and administrative issues are the biggest obstacles that will not allow for a cohesive energy policy on a national level
- Consumers
 - Acquisition abroad
 - Oil and gas getting it from other people
 - Things countries can to do get oil from abroad
 - Invest abroad
 - Lock in energy reserves over time through contracts (secure supply)
 - Short term
 - Long term
 - Political deals
 - Who are the emerging key players
 - Japan
 - Aligned with US
 - No oil or gas (resource dependent)

- Reliant on supply lines
 - Is the US going to always be there for Japan?
 - Potentially
 - Worried about stability of energy supply
 - China
 - Worried about US, Japan, India, Australia
 - Worried about encirclement campaign
 - Issue with Taiwan → China wants it back
 - India
 - Worried about China, Pakistan, central Asia, and can't really count on US
- Lots of military implications and instability in the region
- Home market management
 - Reduce demand
 - Make economy efficient
 - R&D/Foreign Direct Investment
- Suppliers
 - Can they really use the oil weapon?
 - Not really, but it is still a great way to scare big countries to buy up lots of resources