

2018 Energy Security Workshop Agenda

THE EMERGING RUSSIA-ASIA ENERGY AXIS

July 17, 2018 | 9:00–15:00 | Washington, D.C.
Woodrow Wilson International Center for Scholars
5th Floor Conference Room

***Close Hold Draft* (as of 6/20/2018)**

Russia possesses enormous oil, gas, and coal reserves and also neighbors some of the world's largest energy importers. Japan, China, and South Korea, among other Asian energy importers, have long sought greater access to these immense resources. Russia could significantly reduce these countries' heavy dependence on imports from the Middle East and sea lanes that pass through the contested waters of East Asia. While the results of prior efforts to strengthen Russia-Asia energy ties have been modest, this dynamic has begun to shift in ways that are creating opportunities for deepening ties and expanding trade. Shifts in Russia's energy industry are opening new avenues for investment in energy projects, and Russia's role in Northeast Asia and elsewhere in the region has been quietly growing. The country's rising energy presence in Asia is now contributing to closer Sino-Russian strategic alignment and is increasingly undermining the effectiveness of Western sanctions. This trend has important implications for energy security and the broader strategic outlook for the United States and Asia that are not yet well understood by senior U.S. policymakers.

Kindly note that the Energy Security Workshop is held under Chatham House Rule.

8:30–9:00 **Registration and Refreshments**

9:00–9:10 **Welcome and Introduction**

Andy NGUYEN
The National Bureau of Asian Research

Michael KUGELMAN
Woodrow Wilson International Center for Scholars

9:10–10:50 Panel One

Russia's Evolving Oil and Gas Industry and Growing Shift Toward Asia

The collapse of oil prices in 2014 and the imposition of Western sanctions dealt a major blow to Russia's energy industry. Sanctions undermined long-term competitive prospects for both Rosneft and Gazprom, while low oil and gas prices sent revenue plummeting. Since then, however, energy industry conditions in Russia have changed in ways that are creating opportunities for Russian exports to and investments in Asia's major energy importers. Rosneft, under Igor Sechin, has seized the initiative from Gazprom to become the main vehicle for Russian engagement with Asian energy markets. The company's international expansion includes major projects with China, India, Indonesia, and Vietnam, while the private Russian firm Novatek's Yamal LNG project has been largely financed with Chinese loans, investments, and off-take agreements. This panel will explore Russia's evolving energy industry, with a focus on the key players and industry strategies dominating the country's "pivot" to Asia.

Moderator:

Mikkal E. HERBERG

The National Bureau of Asian Research

Author:

James HENDERSON

Oxford Institute for Energy Studies

Discussants:

Edward C. CHOW

Center for Strategic and International Studies

Senior Industry Representative (to be invited)

10:50–11:00 Break

11:00–12:30 Panel Two

Energy Security and Strategic Perspectives from Asia

How are the key Asian oil and gas importers responding to Russia's turn toward Asia for energy exports, financing, and investment? China looks to be the most direct beneficiary. With its growing oil pipeline capacity, Russia has overtaken Saudi Arabia to become China's largest source of oil imports. China's national oil companies have been offered new investment opportunities in Russia, while Rosneft has recently acquired Chinese natural gas marketing assets and signed major downstream investment agreements. Beijing's frenzied "dash for gas" to reduce air pollution seems likely to prioritize the new Power of Siberia gas pipeline. Similarly, Japan is seeing opportunities to participate in projects to develop Russia's eastern Siberian oil and gas resources, including prospects for bringing more Sakhalin Island natural gas to Japan. Rosneft has also made major new investments in India and Indonesia and is seeking other opportunities in Asia more broadly. In addition, as the Arctic ice continues to melt, there will be major new potential for Russian LNG and oil shipments to China and East Asia via the Northern Sea Route. This panel will explore the economic and geopolitical implications of Russia's growing energy presence in Asia, including reactions from the region's major energy importers.

Moderator:

Mikkal E. HERBERG

The National Bureau of Asian Research

Authors:

Erica DOWNS

CNA Corporation

Shoichi ITOH

Institute for Energy Economics, Japan

Discussants:

Clara GILLISPIE

The National Bureau of Asian Research

Younkyoo KIM

Hanyang University

Michael KUGELMAN

Woodrow Wilson International Center for Scholars

12:30–13:30 Lunch

13:30–15:00 Panel Three

Implications for U.S. Energy and Strategic Interests in Asia

Russia's growing role in Asia's energy markets has important implications for the United States. Greater access to Russian oil and gas resources could significantly strengthen Asia's energy security and help reduce the region's dependence on Middle East imports and Asia's contested sea lanes. However, from a strategic perspective, such access to Asian markets is giving Russia an increasingly valuable alternative to Western capital and technology and thus risks significantly undermining the effectiveness of U.S. and European sanctions aimed at weakening Russia's critical energy sector. In particular, closer energy ties are adding new incentives for a broader Sino-Russian strategic alignment. Japan also welcomes greater access to Russian oil and gas resources, though it faces constraints as a key U.S. ally in Western sanctions. This panel will press for a clearer understanding of the implications of Russia's growing role in Asian energy markets for U.S. strategic interests in the region.

Moderator:

Mikkal E. HERBERG

The National Bureau of Asian Research

Co-Authors:

Meghan O'SULLIVAN

Harvard Kennedy School

Morena SKALAMERA (*as presented by Meghan O'Sullivan*)

Harvard Belfer Center; Institute of Applied Research at Narxoz University

Discussants:

Jonathan ELKIND

Columbia University, Center on Global Energy Policy

Senior U.S. Policy Representative (invited)

15:00

Conclusion

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