Discussion 8: Resource Nationalism and Market Power (IV)

Introduction to Asia
- Big Countries
  - China
  - India
  - Pakistan
- Small Countries
  - Taiwan
  - Singapore
  - South Korea
  - Japan
  - Phillipians
- 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

- 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