

Country Statement by the Republic of Korea

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Thank you very much, Mr. Chair

Good afternoon. Distinguished participants

My name is Jung-Gwan Kim. I am the Director of Energy & Resource Policy Division at the Ministry of Commerce, Industry and Energy (or simply MOCIE) of the Korean government. My Ministry is the supporting organization in Korea to sponsor the research projects for promoting regional energy cooperation in Northeast Asia.

Mr. Chair. Before I make my remark, I would like to take this opportunity to express my sincere gratitude to you and participants in this workshop for your active participation and valuable contribution to the workshop. As a sponsor of the project, I also thank the organizer of this Workshop, the Korea Energy Economics Institute, (*particularly Dr. Ji-Chul Ryu and his colleagues*) for organizing this meaningful regional energy expert workshop.

(As you observed today, we do not have any delegate from the Russian Federation nor from our northern brother, the DPR Korea, for this meeting. Russian delegates were invited but they regretted their participation at the last moment in last week due to their conflicted commitment, in spite of their strong interest in this meeting. However, as for the DPR Korea, it is pity to say that current political environment still does not allow us to invite any delegate from the DPR Korea to the meeting being held in Seoul. Such a political complicity in Northeast Asia, particularly surrounding the Korean Peninsular, need to be resolved in pursuit of mutual energy cooperation in the region.)

The advantages in regional energy cooperation in Northeast Asia are already widely well recognised, notably for the enhancement of the regional energy security which will be beneficial for all the countries in the region. This is obviously an expectation of a win-win game play. However, there still exist political barriers hindering the promotion of regional energy cooperation in Northeast Asia. I would say, those barriers can be resolved politically or economically, and in other aspect, by bilateral or multilateral approach. What I would like to emphasize here today is the multilateral economic approach for facilitating regional energy cooperation in Northeast Asia, which is, I believe, the most acceptable option for the countries in the region.

Being de-coupled from the political concerns of the countries involved, energy cooperation issues need to be taken as purely economic matters by minimizing its political impacts. Economic transparency, being independent of political issues, can be guaranteed by adopting principles of market mechanism for the energy sector in each country in Northeast Asia. China and Russia have successfully adopted the market mechanism in transition from the socialist economic system. Only the DPR Korea is still in very early stage of doing so. In this respect, it is clear messages for us to jointly assist the DPR Korea learn our earlier experiences of adopting the market mechanism. Joint assistance clearly implies the multilateral approach.

The large scaled energy development and investment projects in Northeast Asia, like a construction of cross border natural gas pipeline and power interconnection system are to be definitely pursued with a long term goal. These projects cannot be materialized unless investment risks are significantly reduced in the region, mainly being related political reality in Northeast Asia. No one will intend to invest a large amount of money for the energy project as far as the risk exists.

Then, what policy option will be given to us? I would say, one is the joint effort to reduce the risk through establishing the multilateral energy cooperative framework with political concerns being minimized. The other is the commencement of the cooperative project having no serious the financial risk. The project of the latter category includes human resources training program, information exchanges, government and expert dialogues with the countries of less experiences with market mechanism like the DPR Korea and Mongolia.

Last April, the Korean government proposed at the Vladivostok meeting to create the so-called Northeast Energy Research Centre. The Centre, I believe, will play a role in enhancing mutual understanding of energy issues in each country in Northeast Asia by undertaking joint research projects of common interests. Mr Yokobori made an excellent presentation in this afternoon on the role of the APERC for the APEC member economic with the similar function of the Northeast Asian Energy Research Centre to the Northeast Asian countries.

Mr. Chair. Regional energy cooperation in Northeast Asia should not be limited to the countries in the region. We should welcome the participation of the countries outside the region, like the United States, the European Union, and the ASEAN and also the international organizations. The Korean government already actively works with the UNESCAP, Mr. Chair your organization, and also the TRADP, and the ASEAN+3. The contribution from the countries and the international organization will be essentially instrumental in promoting regional energy cooperation in Northeast Asia.

Mr. Chair. I would like to thank the UNESCAP for your initiatives in promoting multilateral energy cooperation in Northeast Asia. We are supporting you in organizing the TFE meeting to be held in Bangkok on the middle of this month and looking forward to having a successful and fruitful outcome from the meeting to design the roadmap of energy–economic cooperation in Northeast Asia.

Mr. Chair. I would like to close my remark here and would like to invite open discussion from participants of this meeting.

Thank you very much for your attention.