

**Joint Statement of Energy Ministers of
The People's Republic of China, India, Japan, the Republic of Korea and the
United States
Aomori, Japan on 7 June 2008**

1. The Energy Ministers of the People's Republic of China, India, Japan, the Republic of Korea and the United States met in Aomori, Japan on 7 June 2008 to discuss ways for ensuring the stability of the international oil markets and for enhancing global energy security and extended the following message.
2. We will work together to embrace the following principles of energy security and encourage all major economies to do so: 1) transparency, predictability and stability of global energy markets, 2) improving the investment climate in the energy sector, 3) enhancing energy efficiency and energy saving, 4) diversifying energy mix, 5) securing critical energy infrastructure, 6) reducing energy poverty, and 7) addressing climate change and sustainable development.

Oil Market Overview

3. We share serious concerns over the current level of oil prices. Since the inaugural Five Country Energy Ministers Meeting in Beijing, China in December 2006, when the crude oil prices were already high at around \$60/bbl (WTI), the recent rise in oil prices to a peak of over \$138bbl has been the fastest and largest increase in oil market history. These prices are unprecedented and against the interest of both consuming and producing countries. They also pose a heavy burden – particularly on resource-scarce developing countries. Producing and consuming countries share a common interest in encouraging greater global energy market security and sustainability. Recognizing the crucial role of financial and macroeconomic policies in resolving current economic issues, all of us responsible for energy policy should work together.
4. Determinants of oil price are complex and considered by many to include shorter term factors such as supply policies of some producers and blocs, inventory levels, and geopolitical tensions. We welcome the forthcoming discussion on oil markets at the G8 Finance Ministers Meeting on 13-14 June 2008.
5. Some factors contributing to the oil market are more structural and longer-term in

nature, including the growth of global oil demand, particularly in the transportation sector, and the urgent need for increased and timely investment in the energy sector and enhanced access to oil and gas reserves around the world. Open and transparent markets and fair, effective and efficient regulation are critical to reducing uncertainties and promoting needed investment. We affirm the need to maximize investment in our own domestic production and we call on other oil producing countries to increase investment to keep markets well supplied in response to rising world demand.

6. We affirm to enhance vigorously our actions consistent with national circumstances which can be done at home to enhance emergency preparedness to address any supply disruption risks, to substantially improve energy efficiency, to promote non-conventional oil and alternative energy resources and to diversify supply routes. The development of alternative transport and fuel technologies is essential to reduce the oil dependence in the transport sector. Greater flow of oil products driven by the market also contributes to the oil market stability.
7. We welcome the positive outcome of the International Energy Forum (IEF) held in Rome in April 2008 and encourage the IEF to swiftly build on this outcome, delivering a programme of activities that drive shared analysis by producer and consumer countries tackling: barriers to energy investment; technology development; market transparency; cooperation between International and National Oil Companies; human capital through their energy sector skills initiative; and energy poverty. We will participate fully in the Joint Oil Data Initiative (JODI) and will provide timely, reliable and complete data to the initiative. Through such cooperative activities, both oil consuming and producing countries should strive to eliminate future uncertainties about oil supply stability.

Emergency Preparedness

8. Current trends indicate a growing threat to the world's oil supply security over the coming years. As major oil consumers and importers, we are determined to be well prepared for any supply disruption risk. At the December 2006 Meeting, we decided to strengthen our cooperation on strategic oil stocks. We welcome the tangible progress in the People's Republic of China and India towards building their strategic oil stocks and the U.S. expansion of its strategic oil stocks. We will further strengthen our emergency response capabilities.

9. We strongly believe that the IEA can cooperate with each of the Five Countries in the field of emergency preparedness. As the oil market is global, stronger cooperation and coordination between the IEA Member countries and Non-Member countries will enhance the collective effectiveness of our actions in time of emergency. We welcome the participation of the People's Republic of China and India in the Emergency Response Exercises with the IEA. We also welcome their close communication with the IEA through agreed-upon channels and their positive consideration of voluntary participation in the concerted actions of the IEA Member countries at the time of supply disruption. All of this will send a strong signal to the market that we, as major oil consuming countries, are united.

Investment Climate

10. With a view to ensuring long-term stability of oil and gas markets, all stakeholders share common responsibilities for ensuring adequate investment in oil and gas, as well as in new clean energy technologies. While appreciating the recent announcement of additional investment by producing countries, further efforts are necessary to ensure that sustained and adequate levels of investment are made, especially in upstream and downstream development of oil and gas supplies.
11. We will ensure an open, transparent, efficient and competitive investment climate including transparent, equitable, stable and effective legal and regulatory frameworks as the prerequisites for mobilizing investments in the whole energy supply chain, especially, but not limited to, oil and gas exploration and production. We seek to reduce the risk of unilateral and abrupt changes in contract terms for foreign and private operating companies in upstream oil and gas development that impede investment and increase costs.
12. We welcome the efforts of countries exporting oil and gas as well as minerals that are implementing the Extractive Industries Transparency Initiative (EITI) on a voluntary basis to strengthen governance by improving transparency and accountability in the extractives sector.

Energy Efficiency and Diversification

13. As major energy consuming and importing countries, we are also determined to take strong actions to cope with challenges faced by all of us. Energy efficiency

improvements are available and provide one of the most cost-effective short-term responses. Diversification of the energy mix through making wider use of clean and alternative fuel such as clean coal, nuclear, and renewables and diversification of the sources of imported fossil fuels, and of supply routes are necessary to enhance energy security. We recognize the important role of renewables and safe and peaceful nuclear energy in increasing energy security by diversifying the energy mix, maintaining economic growth and mitigating climate change.

14. We recognize that moving toward phased and gradual withdrawal of price subsidies for conventional energies is desirable and that such subsidies should be replaced wherever possible by better targeted policies for intended beneficiaries. Undistorted and market-based energy pricing helps markets send the appropriate signals to enhance energy efficiency and increase investment in alternative sources of energy. This could also lead to reduction in the government costs and greater integration of the domestic and global energy economies. We will further strengthen our policies and measures for improving energy efficiency and diversify energy sources by individually setting voluntary goals and action plans and will share our best practices. This will ultimately contribute to an improvement of investment climate in producing countries and enhancement of our resilience to energy supply disruption risks.

Conclusion

15. Adequate supplies of energy are indispensable to economic and social well-being in both developed and developing countries. As major energy consuming countries, which together account for nearly half of the world's oil consumption, we share common interests and will foster further cooperation among us aimed at enhancing market stability and ensuring global energy security, for which we have strong responsibilities.
16. We highly appreciate the offer of the Republic of Korea to host the third Five-Countries Energy Ministers Meeting.