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BANK FOR
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Regional Cross-national Cooperation in Energy and Resources in Northeast Asia and Potential Capital Mobilization

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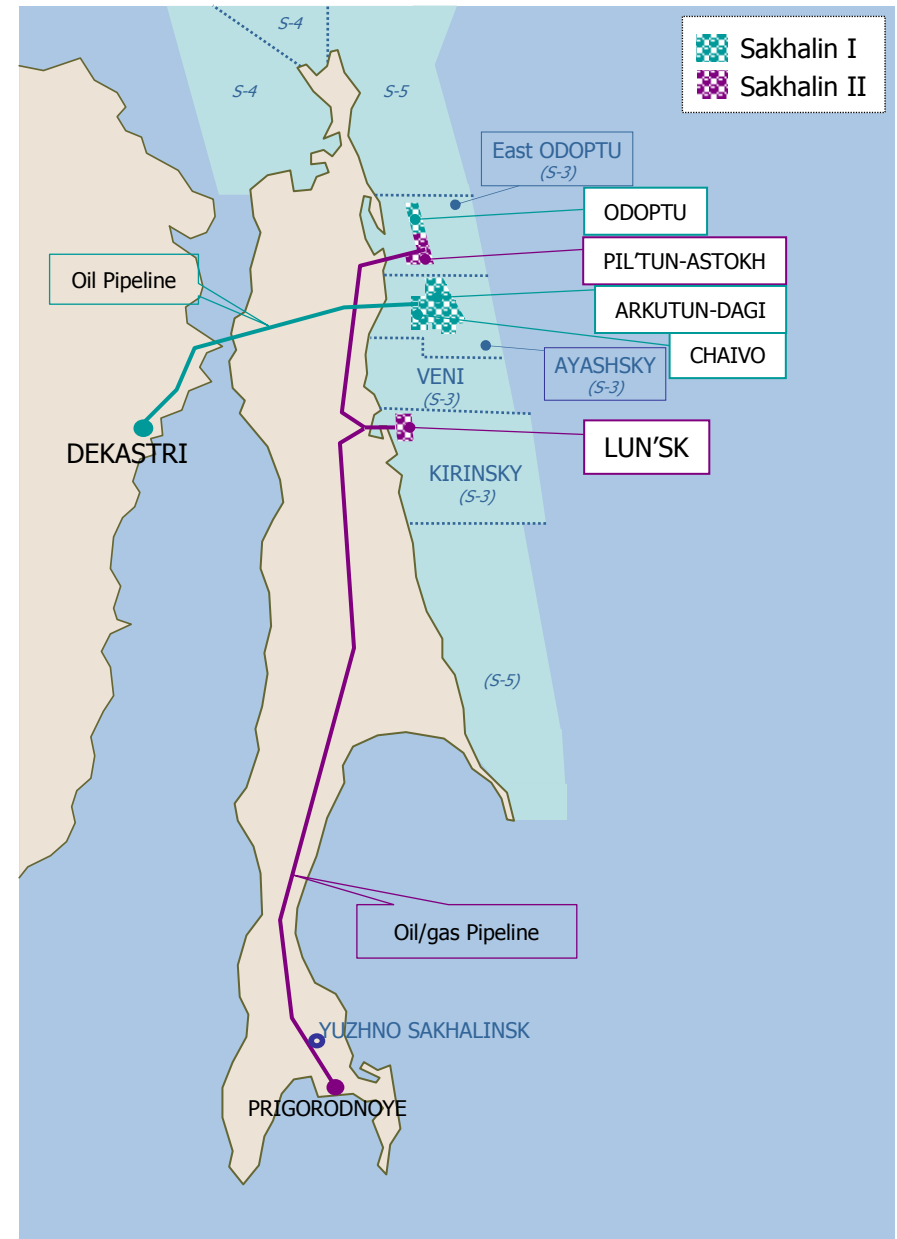
2008 Working Group on Energy Cooperation in Northeast Asia,
21 March, 2008

Agenda for the Northeast Asia regional cooperation

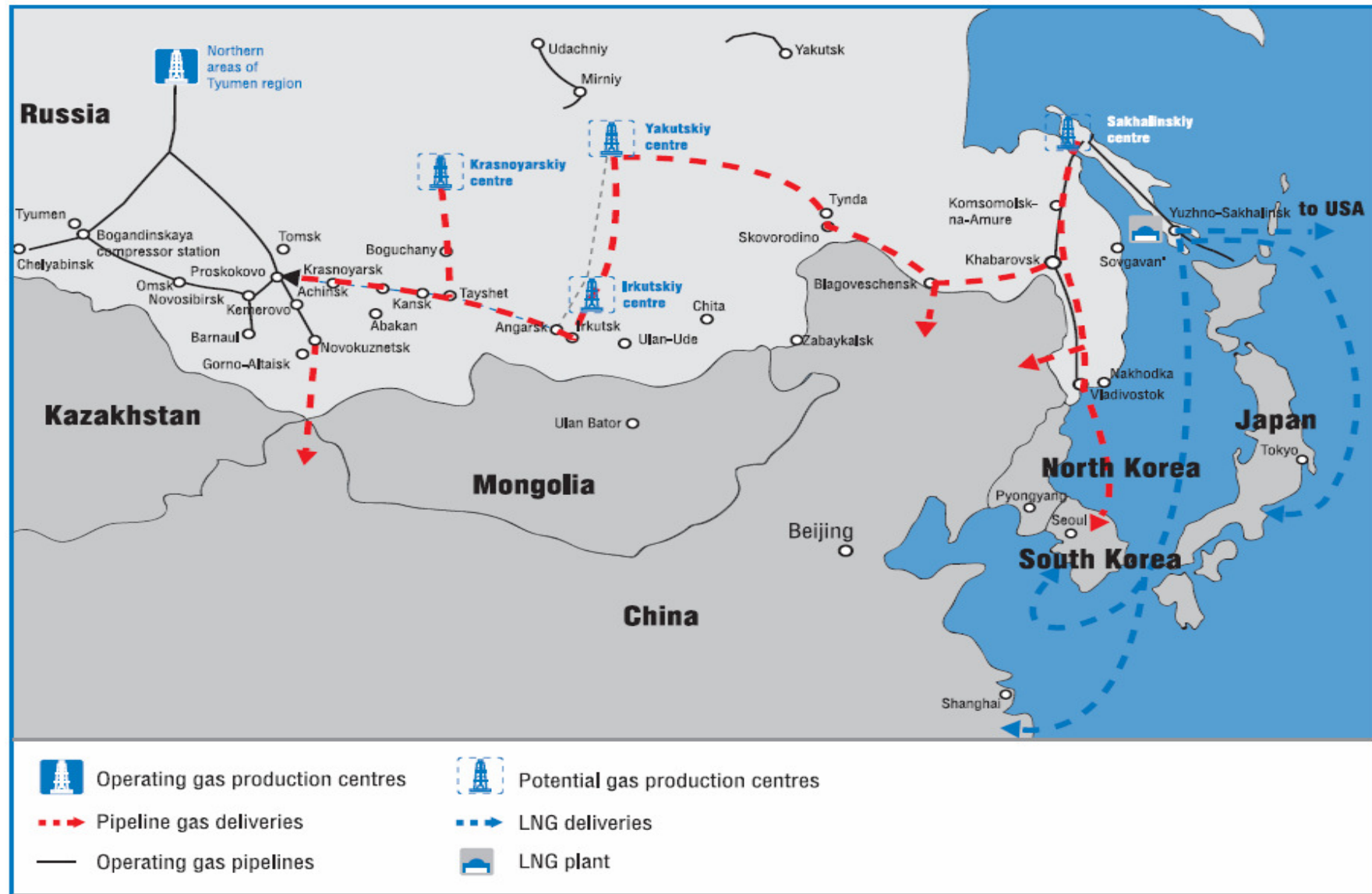
- Huge potential, but enormous financial gap
- Surging project costs and bottlenecks of the infrastructure
- Sakhalin 1&2 and the subsequent projects → expanding regional gas network beyond the borders
- Mineral resources development in Mongolia → overall infrastructure and outlets requirement

Sakhalin Project

		Sakhalin I	Sakhalin II
Mine Site		Chaivo, Odoptu, Arkutun-Dagi	Piltun-Astokh, Lunsk
Estimated Recoverable Reserves	Oil	2.3 billion bbl	1.1 billion bbl
	Gas	17 tcf (LNG 340 million ton)	17 tcf (LNG 340 million ton)
Production Volume (peak time)	Oil	250 thousand bbl/day	180 thousand bbl/day
	Gas	8 million ton/year	9.6 million ton/year
Project Implementing Body		SOEDCO: 30% Exxon : 30% Rosneft: 8.5% ONGC: 20% Sakhalinmorneftegas: 11.5%	Sakhalin Energy Company (Gazprom: 50%, Shell: 27.5%, Mitsui: 12.5%, Mitsubishi: 10%)
Project Cost		USD 12 billion	USD 20 billion



The Program for the Unified Gas Production, Transportation, Supply System Development in East Siberia and Far East



(Source: Gazprom)

Development of Mongolia's Mineral Resources



Main Issues

- ✓ Concern on Emerging Resource Nationalism
- ✓ Undeveloped Legal Framework of Investment for Natural Resources
- ✓ Unstable Government
- ✓ Bottleneck of Infrastructure

Key issues to be addressed

- More regional cooperation rather than protectionism or resource nationalism
- Role of sub-sovereign and local governments
- Transitional mandate as EBRD model
- Private-Public Partnership and role of private sector
- Strategic investments for the future generation