

## **Webinar Transcript**

# **Global Energy Security Strategies: Indo-Pacific Scenarios in a Post Gulf War Context**

**07<sup>th</sup> May 2026, Thursday**

### **About the Organizer**

Mizuho India Japan Study Centre (MIJSC) is a Centre of Excellence at the Indian Institute of Management Bangalore dedicated to strengthening India–Japan collaboration across academia, industry, government, and society. Through research, executive education, policy dialogue, and industry engagement, the Centre promotes deeper bilateral cooperation in areas such as manufacturing, technology, sustainability, innovation, strategic affairs, and economic development.

### **About the Initiative**

The Webinar and Seminar Initiative of MIJSC brings together policymakers, academics, diplomats, industry leaders, and global experts to discuss emerging strategic, economic, technological, and geopolitical issues shaping India–Japan relations and the broader Indo-Pacific region. Through expert talks, bilateral dialogue, and collaborative discussions, the initiative seeks to foster long-term partnerships and informed policy engagement.

### **About the Moderator**

Saideep Rathnam is the Chief Operating Officer of the Mizuho India Japan Study Centre at IIM Bangalore. With over four decades of experience across aerospace, automotive manufacturing, operational excellence, and academia, he has worked extensively in leadership, manufacturing transformation, and strategic collaboration initiatives between India and Japan. An alumnus of IIM Bangalore and a Certified Chartered Management Accountant (UK), he has also played advisory roles in several national manufacturing and leadership initiatives.

### **About the Speaker**

Tatsuya Terazawa is the Chairman and CEO of the Institute of Energy Economics, Japan (IEEJ). He previously served as Vice Minister for International Affairs at Japan's Ministry of Economy, Trade and Industry (METI), where he was directly involved in international economic diplomacy, energy security negotiations, and G20 coordination under former Prime Minister Shinzo Abe. He has also advised the Japanese government during multiple crisis periods, including the COVID-19 response and the aftermath of the Great East Japan Earthquake. In addition to his policy and diplomatic work, he continues to engage with the next generation of policymakers as a professor of international negotiations.

## **Saideep Rathnam (Moderator) – Opening Remarks**

Saideep Rathnam opened the webinar by welcoming participants joining from India, Singapore, Europe, Japan, and the United States. He explained that the session had originally been scheduled for the previous week but had to be postponed due to unforeseen circumstances, and he thanked Tatsuya Terazawa for kindly agreeing to participate in the rescheduled session.

He briefly noted that the webinar formed part of MIJSC's ongoing "Tujin Speak" expert talk series and marked the Centre's 40th webinar overall. Moving quickly into the discussion, he clarified that the purpose of the session was not to debate the Gulf conflict itself or to focus narrowly on military developments and political narratives. Instead, the webinar sought to examine the structural consequences already unfolding within the global energy system and, more importantly, what those consequences might mean for the Indo-Pacific region in the years ahead.

Saideep observed that the Indo-Pacific today sits at the center of global energy tensions. It is simultaneously the world's largest demand center for energy and one of the most structurally dependent regions on external energy supplies. The region also represents a point where geopolitical competition, economic growth, and energy transition ambitions increasingly intersect.

He explained that countries such as India and Japan represent distinct but equally vulnerable models of energy dependence. Therefore, the way these countries respond to the present crisis could significantly influence not only their own resilience, but also the future architecture of energy security across Asia and the broader Indo-Pacific.

Introducing the speaker, Saideep highlighted Tatsuya Terazawa's extensive experience across energy policy, diplomacy, crisis management, and international negotiations. He then invited him to provide an overview of the global energy crisis and its implications for Asia.

## **Tatsuya Terazawa**

Tatsuya Terazawa began by apologizing for not being able to attend the originally scheduled webinar and thanked the audience for their patience and willingness to join the rescheduled session.

He then moved directly into the core subject, describing the attacks on Iran by the United States and Israel as one of the most severe disruptions in global energy supply in modern history. Prior to the attacks, nearly 20 percent of global crude oil and approximately 20 percent of global LNG passed through the Strait of Hormuz. With the escalation of conflict, the flow of crude oil and LNG through this critical corridor had effectively stopped, while multiple energy-related facilities across the region had also suffered direct damage.

Referring to comments made by the Executive Director of the International Energy Agency (IEA), Terazawa explained that the scale of disruption could potentially exceed the combined impact of the 1973 oil shock and the Russia–Ukraine conflict. In his assessment, the world was no longer facing merely an oil crisis, but a broad and systemic global energy crisis.

However, he emphasized that while the crisis was global in nature, its effects were disproportionately severe for Asia. Nearly 90 percent of the crude oil passing through the Strait of Hormuz before the attacks had been destined for Asian markets. Similarly, roughly 85 percent of LNG moving through the Strait was also bound for Asia.

Using Japan as an example, he explained that before the attacks, Japan depended on the Middle East for approximately 94 percent of its crude oil imports. Other Asian countries faced similarly high dependence levels, including the Philippines at 97 percent, Vietnam at 87 percent, and Thailand at 74 percent. Although Japan possessed strategic petroleum reserves sufficient for approximately 254 days, many Asian countries maintained significantly lower reserve levels, making the disruption particularly dangerous.

The situation for LNG, he argued, was equally alarming. Pakistan depended on the Middle East for 99 percent of its LNG imports, Bangladesh around 60 percent, India approximately 59 percent, Singapore 48 percent, and Taiwan 34 percent. Unlike crude oil, however, LNG presents additional challenges because it cannot easily be stored for long durations. Most countries, including Japan, possessed LNG reserves sufficient for only two to three weeks.

Terazawa compared the present crisis with Europe’s earlier experience following Russia’s invasion of Ukraine. While the Ukraine crisis had represented primarily a European gas crisis, the present situation was fundamentally an Asian energy crisis because of Asia’s overwhelming dependence on Middle Eastern oil and gas supplies.

He also explained that the current crisis extended far beyond crude oil itself. In contrast to the first oil shock of 1973, today’s energy system is deeply interconnected across multiple fuel categories and industrial supply chains. LNG now supports electricity generation across much of Asia, while LPG remains essential for cooking fuel in countries such as India.

Terazawa noted that the Middle East had also evolved into a major refining and industrial hub over the past several decades. Beyond exporting crude oil and LNG, countries in the region had significantly expanded their refining capacities and downstream industries. As a result, the Middle East had become a major global supplier of gasoline, diesel, jet fuel, petrochemical feedstocks, fertilizers, aluminum, and helium.

The disruption of shipping through the Strait of Hormuz therefore affected not only energy flows, but also industrial supply chains globally. Countries such as Vietnam and the

Philippines were already experiencing shortages of gasoline and diesel fuel, while even European airlines were beginning to reduce flight schedules due to shortages of jet fuel.

He particularly highlighted Japan's heavy dependence on Middle Eastern naphtha, which serves as a critical feedstock for the chemical industry. Approximately 40 percent of Japan's naphtha imports originated from the Middle East, making it one of Japan's most serious vulnerabilities under the current crisis.

The crisis, according to Terazawa, should therefore be understood not merely as an energy crisis but as a broader materials crisis. The disruption of fertilizer production and feedstocks could potentially create food security problems in developing economies unable to afford sharply higher fertilizer prices. Similarly, disruptions in helium supplies could affect semiconductor manufacturing and advanced industrial processes.

Terazawa then turned to the issue of semiconductor supply chains, using Taiwan as an example. Taiwan had aggressively phased out coal and nuclear power generation and consequently become heavily dependent on LNG imports for electricity generation. Because approximately 34 percent of Taiwan's LNG supply originated from the Middle East, disruptions in LNG imports could potentially affect electricity generation, semiconductor manufacturing, and AI-related server production globally.

He stressed that the present crisis was therefore not isolated to energy alone but represented a deeply interconnected systemic shock with cascading implications across food systems, industrial supply chains, advanced manufacturing, transportation, and global technology sectors.

Countries and corporations across Asia, including India and Japan, were now scrambling to implement emergency measures. Strategic petroleum reserve releases offered temporary relief, but reserves by definition were finite. While advanced economies might survive for several months, prolonged disruption would eventually create severe consequences even for developed countries.

Terazawa argued that diplomatic efforts to achieve an early resolution of the conflict were therefore critically important. However, he cautioned that neither India nor Japan alone possessed sufficient diplomatic influence to fully shape outcomes involving the United States, Israel, and Iran. Consequently, while diplomatic engagement remained necessary, countries also needed to prepare practical short-term and medium-term resilience strategies.

Among immediate measures, he emphasized the importance of securing alternative energy and material sources outside the Middle East. The United States had already emerged as an important alternative supplier of oil and LNG, while regions such as Central Asia, Africa, and Latin America could potentially provide additional diversification opportunities.

He also stressed the importance of demand-side energy conservation measures. Simple interventions such as raising room temperatures slightly, encouraging remote work, increasing public transportation use, and reducing unnecessary energy consumption could collectively help reduce demand pressure.

Another important short-term strategy involved regional collaboration between countries facing different vulnerabilities. Terazawa presented a hypothetical example of cooperation between India and Japan. Japan's immediate vulnerability centered around naphtha shortages, whereas India faced challenges related to LPG supply. At the same time, Japan possessed relatively low dependence on Middle Eastern LPG and potentially had spare LPG capacity, while India possessed significant refining capabilities and access to non-Middle Eastern crude oil sources. Such complementary vulnerabilities, he argued, could form the basis for practical regional energy cooperation mechanisms.

Moving into medium-term responses, Terazawa argued strongly for strengthening Asian energy security architecture. While the International Energy Agency plays a vital role in global energy coordination, its membership remains heavily dominated by Europe and North America, with only Japan, South Korea, and Turkey representing Asia among full members.

Because many Asian countries lack sufficient reserves and financial capacity to independently meet IEA-style energy security requirements, Terazawa suggested the need for complementary Asian mechanisms focused on reserve-sharing, coordination, financing support, and emergency cooperation.

He identified energy efficiency as another critical medium-term priority. As Asia continues to experience rapid economic growth and rising living standards, energy demand will continue to expand dramatically. Improving efficiency would therefore become essential not only for energy security but also for climate change mitigation.

Terazawa also argued for broader diversification of energy sources themselves. Beyond fossil fuel diversification, he advocated greater investment in nuclear power, geothermal energy, and renewable energy technologies.

Discussing nuclear energy, he explained that Japan's policy had shifted significantly following Russia's invasion of Ukraine. After more than a decade of gradually phasing down nuclear energy following the Fukushima disaster, Japan was now repositioning nuclear power as a major pillar of its future energy mix alongside renewables.

He also highlighted geothermal energy as an underappreciated renewable resource. Emerging enhanced geothermal technologies no longer depend exclusively on naturally occurring underground hot water reservoirs and could potentially be deployed much more widely.

At the same time, Terazawa cautioned that the transition toward renewable energy itself creates new forms of energy security dependence. Critical minerals, batteries, solar panels, wind turbines, and clean energy technologies remain highly concentrated within a small number of global supply chains. Replacing dependence on Middle Eastern oil with dependence on a single supplier of critical minerals and clean energy technologies would merely substitute one strategic vulnerability for another.

Therefore, he emphasized the importance of resilient and diversified supply chains for critical materials and clean energy technologies, arguing that India and Japan were well-positioned to collaborate strategically in building such resilience.

Terazawa concluded his formal remarks by stressing that no country could address these challenges alone. The scale and complexity of the crisis required trusted partnerships, and he strongly believed that India and Japan possessed the complementary strengths necessary to work together in addressing both immediate energy security challenges and long-term structural transformation.

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## **Discussion Session**

Following the presentation, Saideep Rathnam began the discussion by observing that financial and commodity markets still appeared to assume an eventual return to stability. He asked Terazawa what assumptions about global energy markets he believed were likely to prove incorrect over the coming year.

Terazawa responded that markets were operating under the assumption that the United States, particularly President Trump, would seek to exit the conflict quickly in order to avoid rising gasoline prices before the American midterm elections. However, he cautioned that this assumption underestimated the complexity of the conflict, particularly the differing objectives of Israel and Iran.

Even if the United States and Iran reached an agreement, Terazawa argued, any settlement would remain extremely fragile because Israel's strategic goals differed substantially from those of Washington. Furthermore, extensive mining of the Strait of Hormuz and physical damage to energy infrastructure meant that normalization would likely take far longer than markets currently anticipated.

When asked about policy sacrifices necessary for genuine energy resilience, Terazawa acknowledged the political difficulty of allowing energy prices to rise domestically. Governments in both India and Japan were already subsidizing fuel prices to protect consumers. However, he warned that such measures could not continue indefinitely because of their fiscal burden.

He emphasized that market pricing mechanisms would eventually need to play a role in moderating demand and encouraging conservation. Politically, however, raising energy prices remained highly difficult for democratic governments.

The discussion then shifted toward climate policy. Saideep asked whether the crisis would accelerate energy transition efforts or instead delay climate commitments. Terazawa explained that in the short term, many countries would likely increase coal usage in order to compensate for LNG shortages, thereby worsening emissions. However, over the longer term, he believed the crisis could accelerate investment in renewable energy and energy transition technologies.

At the same time, he cautioned that renewable-heavy systems create their own energy security challenges, particularly regarding intermittency, storage requirements, grid stability, and critical mineral dependence.

Saideep also questioned why Indo-Pacific energy cooperation had historically remained limited despite decades of regional dialogue. Terazawa candidly admitted that many governments, including Japan's, had discussed such risks rhetorically without genuinely believing that a Strait of Hormuz disruption could ever occur. The current crisis, he argued, had finally forced countries to confront these vulnerabilities seriously.

Further discussion explored OPEC stability, the divergence between Saudi and UAE energy strategies, nuclear power politics, public acceptance challenges surrounding spent nuclear fuel disposal, and the long-term potential of fusion energy technologies.

On nuclear power specifically, Terazawa identified it as one of the most politically difficult yet strategically unavoidable decisions facing both India and Japan. While acknowledging concerns around waste disposal and public acceptance, he argued that nuclear energy remained essential for balancing energy security, industrial stability, and decarbonization objectives.

Toward the conclusion of the discussion, Terazawa also emphasized the strong potential for India–Japan collaboration in clean hydrogen, ammonia, critical minerals, and clean energy supply chains. India's scale and renewable energy potential, combined with Japan's technological capabilities and financing capacity, created a natural basis for strategic cooperation.

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## **Closing Remarks**

Concluding the session, Saideep Rathnam thanked Tatsuya Terazawa for providing what he described as both a broad strategic overview and deep operational insight into one of the most critical geopolitical and economic challenges facing the Indo-Pacific region.

He observed that the discussion had moved well beyond the conventional framing of an “oil crisis” and had instead demonstrated how deeply interconnected energy systems, industrial supply chains, critical materials, food security, and technological infrastructure had become.

Terazawa thanked the audience once again for their patience regarding the rescheduled webinar and expressed his hope to visit IIM Bangalore and MIJSC again in the future, recalling his earlier participation during the Centre’s inauguration period.

The session concluded with appreciation from both sides and recognition of the growing importance of India–Japan collaboration in shaping the future architecture of energy security and resilience across the Indo-Pacific region.