METI
Ministry of Economy, Trade and Industry

POWERR Asia for energy security

-Overcoming the unprecedented energy challenge with ASEAN-

Jun 10th, 2026

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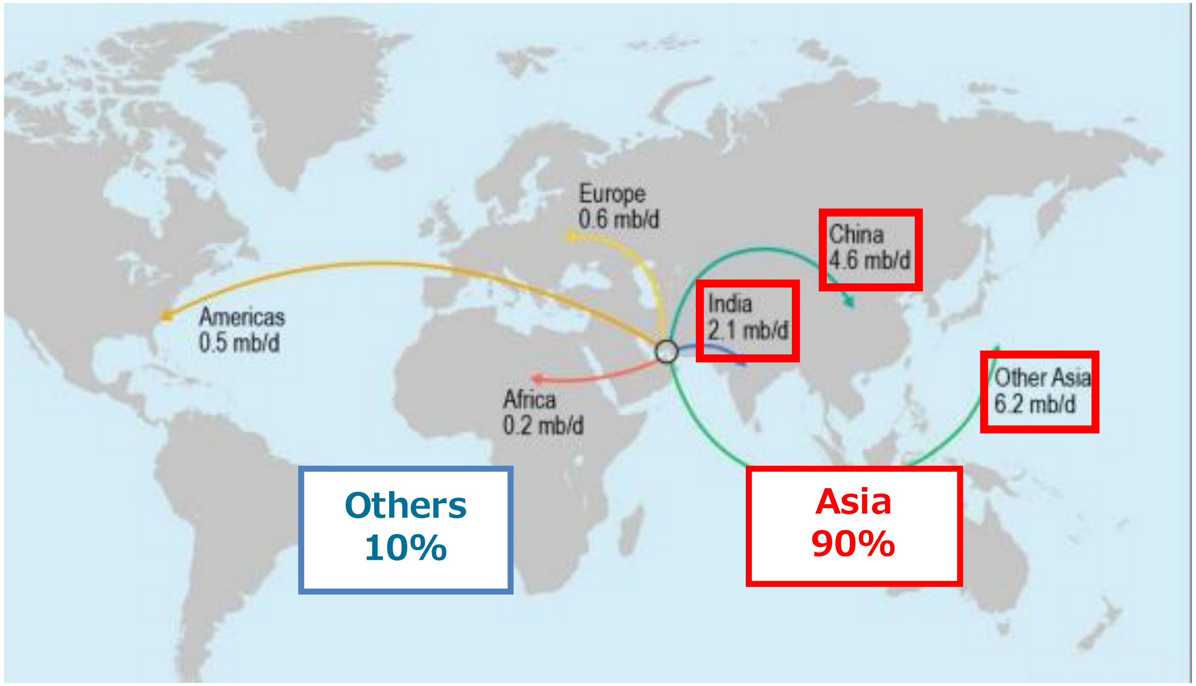
Impact of a Closure of the strait of Hormuz on AZEC Partner

- Around **<u>90% of the crude oil passing through the Strait of Hormuz</u>**—approximately 13 million barrels per day—**<u>is destined for Asia</u>**.

Destinations of Crude Oil Shipped via the Strait of Hormuz



(Source) IEA

Asia's Dependence on Hormuz for Crude Oil Imports

	Dependence on Hormuz	Stockpile measured in days of supply
Philippines	94%	45 days
Vietnam	81%	30 days
Singapore	69%	Not disclosed
Thailand	61%	60 days
Malaysia	47%	Not disclosed
Indonesia	21%	25 days
Japan	92%	201 days

JPN/IEA Oil Stockpile Release

(Oil Stockpile Releases)

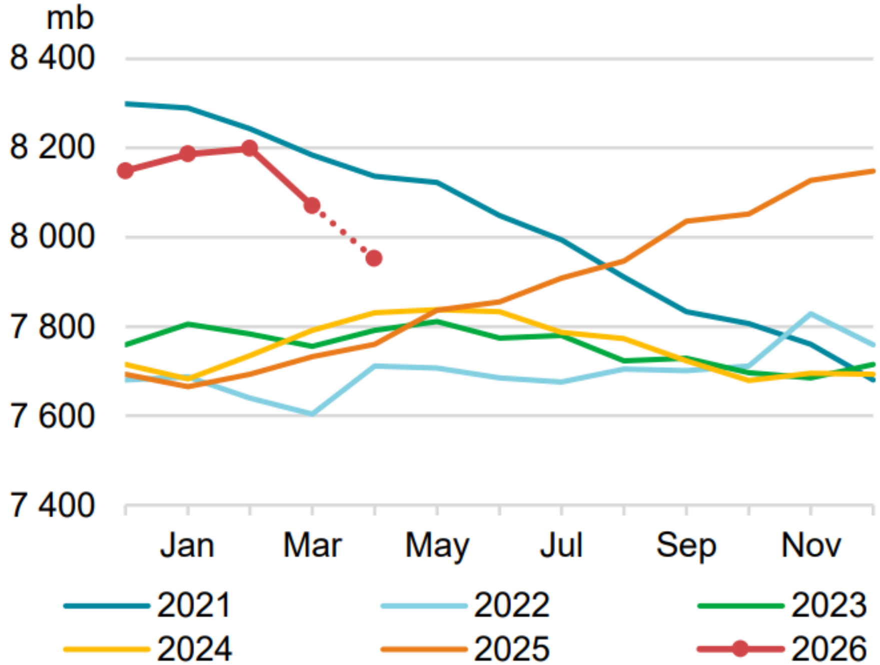
- On March 11**, ahead of the IEA announcement, Japan declared the release of oil stockpiles equivalent to 45 days' worth of national consumption**.
- Later that same day, the **IEA announced that its member countries had agreed to undertake a coordinated release of 400 million barrels of oil stockpiles**.
- The total volume amounted to **412 million barrels, marking the largest release in IEA history** and surpassing the 180 million barrels released in response to Russia's invasion of Ukraine.
- METI, based on Article 31 of the Oil Stockpiling Act, decided to release national crude oil stockpiles equivalent to one month's supply on March 24, with the release beginning on March 26.
- Furthermore, on April 15, METI decided to release an additional amount equivalent to 20 days of supply as a second phase of releases starting in early May.

(Procurement of crude oil and other resources)

- In light of the situation in the Strait of Hormuz, **measures are being taken to increase imports of U.S. crude oil** and **secure alternative procurement routes to the Middle East**.

Total Global Observed Inventories

- Inventory that had built up during the COVID-19 period in 2021 was reduced over the course of one year.
- More recently, inventories had again increased to levels comparable to the COVID-19 period, providing some buffer; however, they are now declining rapidly.
- At the current pace, they are expected to fall below the lowest level seen in the past five years within the next one to two months.



Sources: IEA, *Kayrros, Kpler, FEDCom/S&P Global Platts, Enterprise Singapore.*

Asia Zero-Emission Community (AZEC) Plus online Summit on energy resilience

- Prime Minister Takaichi announced the launch of the "**Partnership On Wide Energy and Resources Resilience (POWERR Asia)**," **a new cooperation framework encompassing both emergency responses and structural measures with mid- to long-term perspectives, supported by $10 billion in financial cooperation**.

(Photo: Cabinet Public Affairs Office)

- The countries most affected by disruptions in the supply of energy and resources passing through the Strait of Hormuz are those in Asia.
- It is necessary for Asian countries to work together to address the challenge, as these impacts extend to all countries closely connected through supply chains.

Overview of POWERR Asia (Partnership on Wide Energy and Resources Resilience Asia)

Financial support etc., totaling approx. ¥1.5 trillion (US$10 billion) .

- In response to fuel supply shortages and supply-chain disruptions in Asia, **Japan will provide financial cooperation to Asian countries**, including:

①**Cooperation on emergency responses** such as loans to procure crude oil and petroleum products and to maintain supply chains

②**Cooperation on increasing crude oil stockpiling capacity in Asia**, including establishing stockpiling and release schemes, and supporting the construction and use of storage tanks.

【Emergency Response】

Supply procurement and supply-chain maintenance

① **Financial support for local companies**

② **Fiscal support for Asian governments**

③ **Strengthening collaboration with international organizations**

【Structural Response】

Asia Economic and Energy Resilience Initiative

① **Strengthening energy supply systems**

② **Diversifying energy sources**

③ **Upgrading industry**

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【Emergency Response】

Supply procurement and supply-chain maintenance

① Financial support for local companies

【JBIC, JICA, NEXI, subsidies】

- Credit provision and credit enhancement to procure alternative crude oil and petroleum products such as U.S. crude oil
- Financing for companies in Asia that are part of Japan's supply-chain.

② Fiscal support for Asian governments

【JICA】

- Loans for response measures by the governments of partner countries that are part of Japan's supply-chain.

③ Strengthening collaboration with international organizations

- Coordination with ADB financial support (support for supply-chain companies, etc.)
- IEA market analysis and recommendations (visualizing oil flows after coordinated releases)

【Structural Response】

Asia Economic and Energy Resilience Initiative

① Strengthening energy supply systems

【JOGMEC, JBIC, ODA, NEXI, in coordination with IEA and ERIA】

- Support for building crude oil stockpiling and release systems
- Support for the construction and use of infrastructure such as storage tanks
- Support for restoring production capacity (oil facilities, etc.) in Middle Eastern oil-producing countries
- Securing the safety of sea lanes

② Diversifying energy sources

【JBIC, ODA, NEXI, subsidies, in coordination with ADB】

- LNG, Biofuels, Next-generation solar power, Nuclear power (SMRs), Critical minerals

③ Upgrading industry

【JBIC, ODA, NEXI, subsidies, in coordination with ADB】

- Energy-efficiency investment and cooperation
- Improving manufacturing efficiency through the introduction of new technologies