

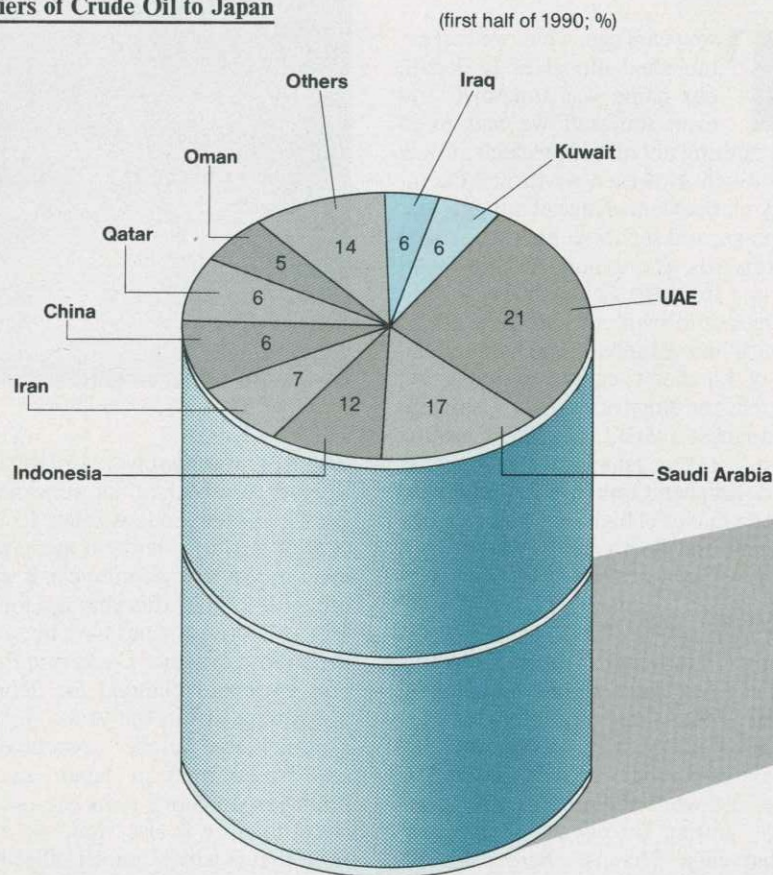
The Gulf Crisis and Japan's Energy Needs

The Persian Gulf crisis triggered by Iraq's invasion of Kuwait is of great concern to Japan, which depends on the region for nearly 70% of its oil supply. So far, however, the crisis seems likely to cause less damage than did the oil crunch of the 1970s. Japan was importing only 12% of its crude oil from Iraq and Kuwait—half from each of them—while existing oil reserves are enough to cover the nation's oil consumption for 142 days.

Learning from previous oil crises, Japan has reduced its dependence on oil for its energy needs, and has taken energy-saving measures which should prevent a serious shortage.

Nonetheless, Japan remains highly dependent on overseas oil supplies. The continuing economic expansion since 1987 has increased final energy consumption again after years of decline, while dependence on oil has been edging upward again since 1985.

Suppliers of Crude Oil to Japan



Trends in Japanese Oil Reserves (days)

	Private sector	Government	Total
First oil crisis, Oct. 1973	67	—	67
Second oil crisis, Dec. 1978	85	7	92
June 1990	88	54	142

Note: Days calculated based on Oil Reserve Law

Trends in Japan's Oil Supply and Demand

