

**SESSION 1:2 CLIMATE CHANGE, ENERGY INTERDEPENDENCE, AND THE
AGENDA FOR SUSTAINABLE SECURITY AFTER FUKUSHIMA**

Energy Supply & Demand between Australia and Japan

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- Japanese general trading house (sogo shosha) have been active in trading mineral resources between Australia and Japan, but the business model is shifting more towards investment in resource projects. It means that the contribution of Sogo Shosha in the resource business between the two countries is even greater today.
- Many steel and power companies have opened representative offices in Australia, and they are stepping up their direct equity investment in resource projects. However, most of their involvement in these projects started in recent years, and the magnitude of equity is not at a significant level.
- After the cataclysm on March 11, and especially as a result of the Fukushima disaster, each Japanese power company is trying hard to reactivate mothballed fossil-fuel-based power plants, which will only highlight the importance of fossil fuel supply, especially from Australia due to its geographical proximity to Japan.
- There is a problem of coping with increasing CO2 emissions, and we have to carefully watch how the Japanese government and power companies handle this issue.
- Another major issue is how the Japanese government handles existing nuclear power plants. Ex-prime minister Kan once openly stated that he wants to get rid of all nuclear power plants in the near future. On the other hand, Prime Minister Noda made it clear that he intends to approve restarting of nuclear power plants which passed so-called stress tests, though the details are still unclear.
- Many sogo shoshas were quite active in acquiring equity in uranium mining projects before the disaster. However, it is my understanding that they are carefully watching the development of the situation after the disaster, as the new construction of nuclear power plant faces a strong head wind.
- On the other hand, it is inconceivable that nuclear power generation will be shunned throughout the world. While the nuclear situation in Japan is unclear, newly industrialized countries and regions such as Russia, Southeast Asia, China, the Middle East and Eastern Europe are seen to continue their reliance on nuclear power generation.
- From such world supply & demand point of view, demand for uranium will likely continue, though there may be a short-term hiccup.

- Another factor is that Russian supply of diluted military-grade uranium will finish around 2013 to 2014, and this may add another factor to the world supply and demand for uranium.