

Russian Prime Minister suggests energy aid to Japan

On 19 March in Yuzhno-Sakhalinsk, Prime Minister Vladimir Putin offered to undertake a number of activities which would bring about an increase in exports of Russian energy resources to Japan, in connection with the damage to the Fukushima nuclear plant. The proposal is mainly a political gesture, however, because Japan can obtain additional gas supplies from South-East Asia. Prime Minister Putin's offer is intended to demonstrate that despite the two nations' current poor political relations, Russia wants to cooperate with Japan in the area of energy, and is counting on the participation of Japanese companies in energy projects in the Russian Far East.

To meet Japan's current needs, Gazprom sent an oil tanker with 65,000 tonnes of natural gas (LNG) there on 22 March. In Yuzhno-Sakhalinsk, Prime Minister Putin reported that some of the LNG produced in Asia which now goes to the EU could be sent to Japan. In exchange, Gazprom is ready to increase the supply of raw materials to the EU market by 60 million m³ per day. Putin also suggested that, in connection with the expected rise in demand in Japan for raw materials, Russia is ready to bring forward the implementation of the Sakhalin-3 project to the second quarter of 2012, and to finish construction of the ESPO oil pipeline, so that oil can start reaching the Kozmino terminal in December 2012 (originally both projects were to have begun only in 2014). In addition, Russia has proposed the construction of an underwater cable to supply power to Japan (until 2013, at a cost of over US\$5 billion) and that Japanese companies should participate in exploiting the Kovykta gas deposit.

Prime Minister Putin's statement is a repeat of the same offer which Russia has been making to Tokyo for the last two years on developing economic cooperation in return for postponing the solution of the two countries' territorial disputes. However, implementing the proposals to significantly increase the supply of oil and gas to Japan will require time (at least two to three years), and Japanese firms can obtain *ad hoc* additional supplies of LNG from Asia, where there is currently a glut of liquefied gas. <WojK>