

CANADA/JAPAN ENERGY RELATIONS

Oil and Gas

Japanese companies are becoming increasingly active in international exploration and development projects. Overseas projects now provide 13% of Japan's current domestic consumption. In early 1988, a consortium of Japanese oil companies announced Japan's first investment in conventional resources in Canada - a joint venture agreement with Ultramar Canada for drilling 75 wells in four western provinces.

The Canadian Government welcomes new foreign energy investment within the parameters of the Investment Canada Act. However, financially-sound Canadian-owned companies in the oil and gas sector are not eligible for foreign direct acquisition.

Nuclear

A decision on the introduction of CANDU into Japan is not imminent. Such a decision would involve many considerations including load growth and the progress of the DATR program, Japan's indigenous heavy water reactor. Power demand in Japan has been slow and CANDU is unlikely to be permitted to get ahead of the DATR project.

Japan is an important customer for Canadian isotopes and related products. In addition, there are a number of cooperation agreements between Canada and Japan in the nuclear sector, including waste management.

Uranium

The single most important market for Canadian uranium is Japan which has accounted for nearly 40% of total exports since commercial deliveries began in the 1960s.

According to MITI, Canada now holds 31% share (62,930 tonnes) of supply of uranium in Japan. The USA holds only 5% or 10,150 tonnes. Current uranium supply contracts with the Japanese power industry are through to be sufficient until the 1990s.