India - Japan nuclear deal

Why in news?

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Japan’s Parliament, the Diet, had recently approved the India-Japan civil nuclear energy deal.

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What is the significance?

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- Japanese PM believes that nuclear exports are key to kick-starting the Japanese economy.
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- 2008 waiver it received from the Nuclear Suppliers’ Group so far has had limited tangible benefits for the country’s power industry.
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- This deal represents hope that it might finally begin paying off.
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- It is also a necessity for enabling India’s bilateral nuclear deals with other countries.
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- Key elements of certain reactors like the AP 1000 and EPR, including safety components and domes, are a near-Japanese monopoly.
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Has Japan lost significance in nuclear market?

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- Circumstances in the nuclear industry are undergoing tumultuous changes.
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- It makes the India-Japan deal less significant than it would have once been.
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- Recent developments have diminished Japan’s previously formidable nuclear capabilities.

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- The most dramatic example is that of Toshiba, once a titan of the Japanese nuclear reactor industry that is currently struggling to stay afloat following the enormous losses.
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- Hitachi Ltd., another nuclear heavyweight, also booked ‘an estimated $588 million write-down for fiscal 2016.
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- The company said ‘demand for nuclear fuel in the U.S. was unlikely to grow as strongly as had been expected’.
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- In the aftermath of the 2011 Fukushima nuclear disaster, the nuclear industry is facing a global crisis.
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- Stricter safety regulations have spiked the costs of constructing plants and ‘some countries have become more cautious about new reactors.
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- In Japan there has been no domestic construction on a new reactor for the past eight years.
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- Hitachi, Mitsubishi and Toshiba are all focussing on repair and maintenance of existing plants rather than on construction of new ones.
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- The emergence of cheap shale oil and gas has made competition in the energy sector tougher than ever.
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- Wind and solar power generation are also growing as viable, alternative energy sources.
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- According to the International Atomic Energy Agency (IAEA), just three nuclear reactors started construction worldwide last year, and only 51 were begun between 2010 and 2016.
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- In contrast 20 to 30 new were being built every year in the 1960s and 1970s.
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Source: The Hindu

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