Good morning, H.E. Secretary General Rusnak, and ladies and gentlemen.

I am Nobuaki Ito, the deputy director general of Trade Policy Bureau, METI. On behalf of the Ministry, I would like to speak a few words.

As you all participants, know very well, Japan is short of energy resources, and it is significantly important for Japan to make investments in the field of energy resources abroad. Furthermore, after the Great East Japan Earthquake in 2011, the self-sufficiency ratio of primary energy has sharply declined. It reached to 6% by the year of 2012.

At the same time, the new trend has appeared as a result of technological innovations, the increase of energy generated from solar power systems and other renewable energies.

In addition to undertaking domestic efforts, Japanese
companies are making huge investments in the field of energy and mineral resources in emerging economies.

I would like to show some examples of such investment to the contracting parties of the energy charter treaty. A Japanese large manufacturing company has already acquired a British Nuclear Energy Company. Also the other Japanese trading company has concluded partnership on wind power development with a Dutch public company and obtained the certain stock shares of the plant. In the field of crude oil, JOGMEC has succeeded in acquiring resource interests in Kazakhstan

It has been reported that the transaction with the British company totaled to nearly 900 billion yen. And also the transaction with the Dutch company amounted to around several 100 billion yen. In order to recover the initial investment for these huge projects, usually more than 10 years of operations are necessary.

From the view point of investment returns over a long
period, I would like to emphasize the importance of ECT. When private companies face problems on investments in emerging economies, for example, in a case where the receiving governments took back the rights and interests which were initially given to investors, they have utilized the ECT for settling down existing disputes.

The scope of the ECT is limited to the field of energy resources, however, the ECT has the same type of articles as bilateral investment treaties. If the receiving governments expropriated the investment, investors are entitled to appeal to arbitration with using the ISDS clause. In this regard, the ECT has significant meaning in protection of investment in this field.

Moreover, the importance of ECT is not limited to utilization of ISDS clause but also other peaceful means of dispute-settlement which are available under this treaty.

Japanese METI has some experiences to reach certain
reconciliations in disputes between investment receiving government and Japanese private sector. I would like to draw your attention to an example of the dispute in Shang-hai.

At that time, the local government demanded a number of Japanese investors to relocate the project sites at the early stage of the project for the purpose of developing commercial and residential areas based on the new urban-development project. Besides, the proposed compensation by the local government was extremely small. As the peaceful settlement of this dispute, Japanese government requested a compensation which was equivalent to the financial value as that in which investors would have gained, if expropriation or nationalization had not been taken. This kind of clause has been included in the investment protection treaty between Japan and China. In the end, Japanese side was able to obtain the sufficient compensation.

We have a high degree of expectation for peaceful
dispute settlement system such as reconciliation in addition to arbitration. And for Japanese companies, we expect them to utilize the ECT and bilateral investment treaties for resolving international disputes.

METI is making an effort for smooth resolution of international disputes and expand the understanding of investment treaty especially in terms of utilization. We are preparing explanatory materials for the private sector which are including previous arbitration cases that Japanese companies would face abroad. They will be open to public in next spring.

In concluding my remarks, I really expect that today’s forum will contribute to the promotion of correct understanding as well as active use of the ECT and bilateral investment treaties.

Thank you for attention.