

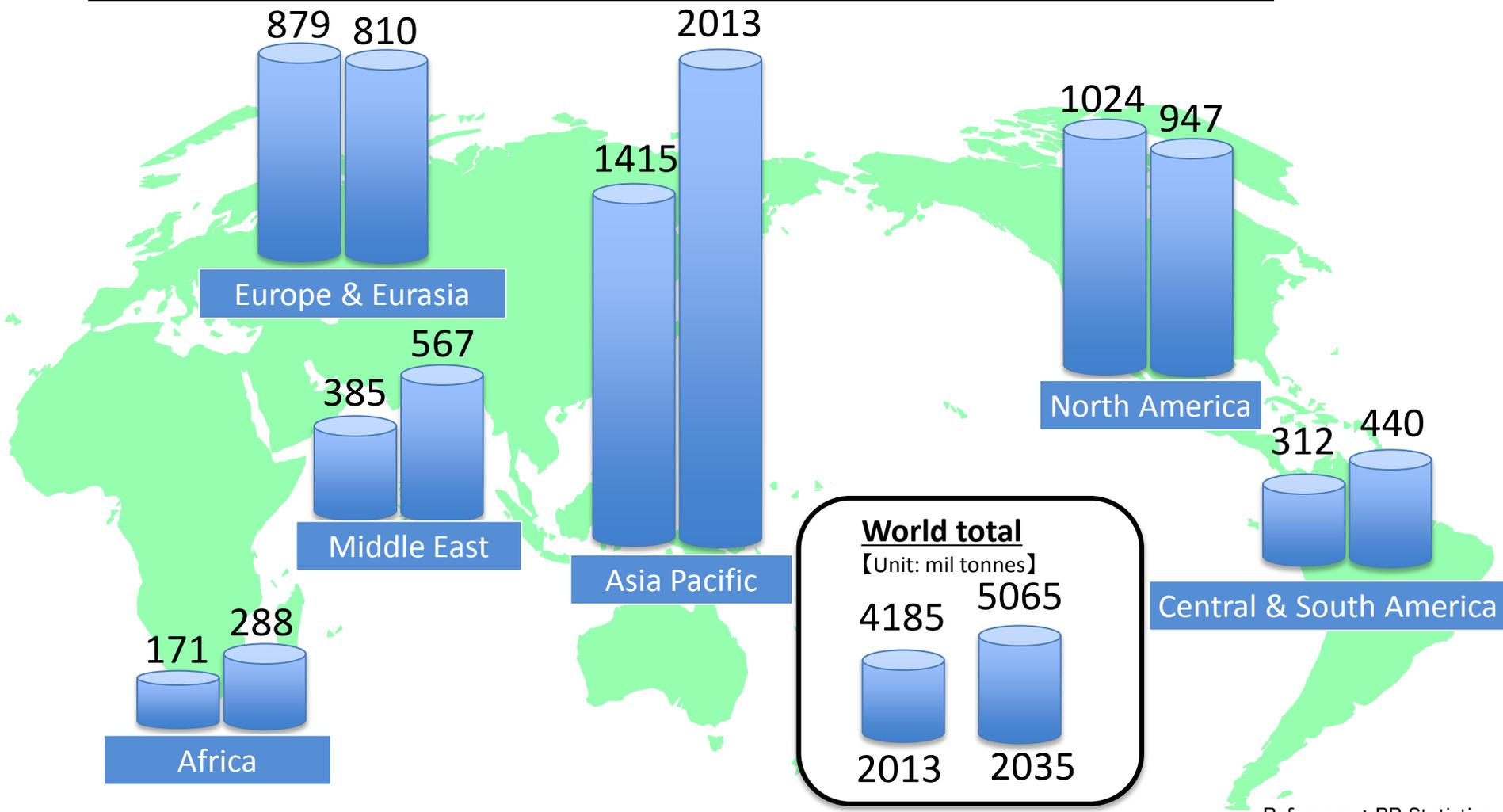
Opportunity for Cooperation in Energy
Sector between Russia and Japan in
Eastern Siberia and the Russian Far East



International Conference on Energy Cooperation between Russia and Japan

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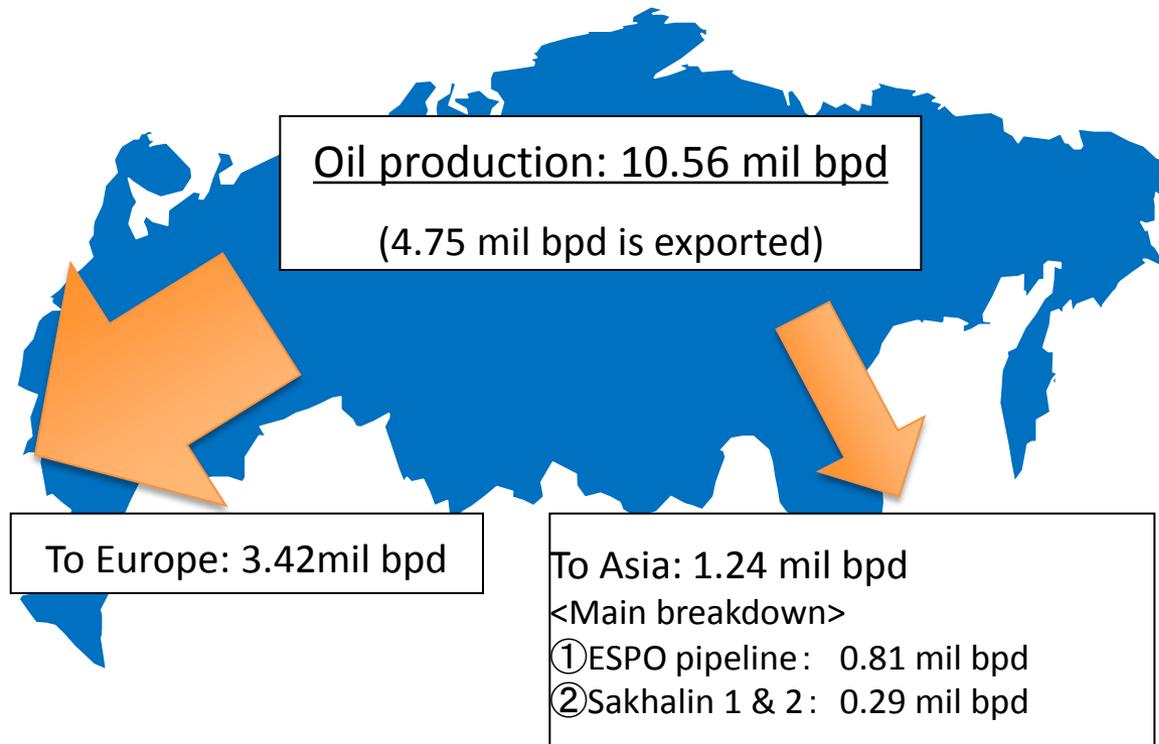
Current Global Oil Demand and Its Outlook



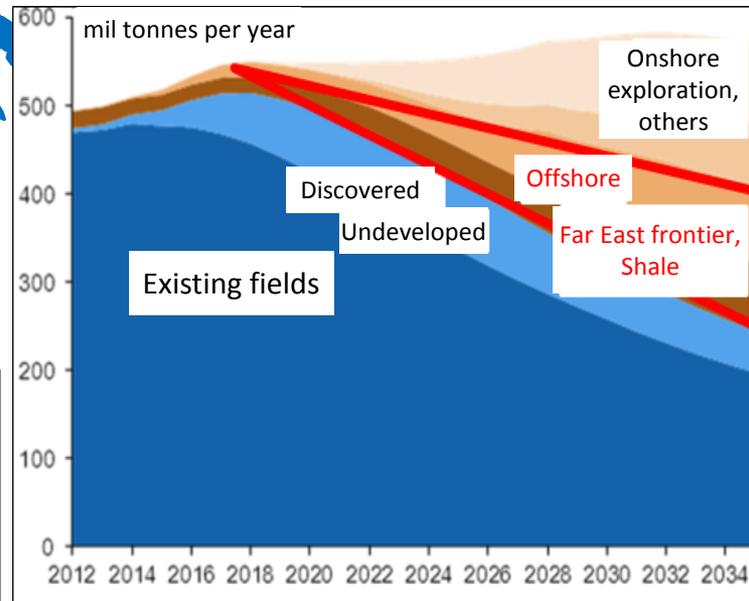
Reference : BP Statistics

- Oil is one of the most stable energy resources given that world primary energy demand will increase, and demand outlook for oil is expected to increase.
- It will be led mainly by Asian countries such as China and India.

Oil Production and Export in Russia (2014)



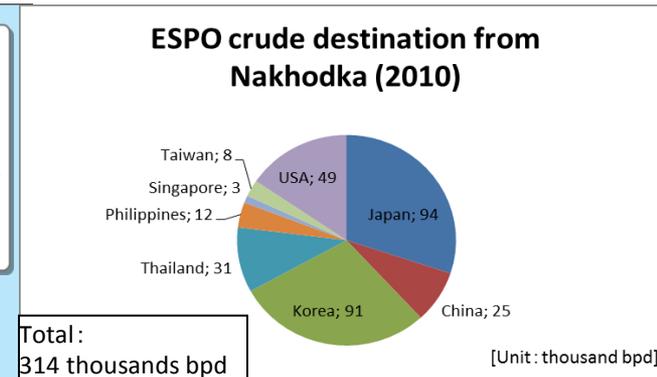
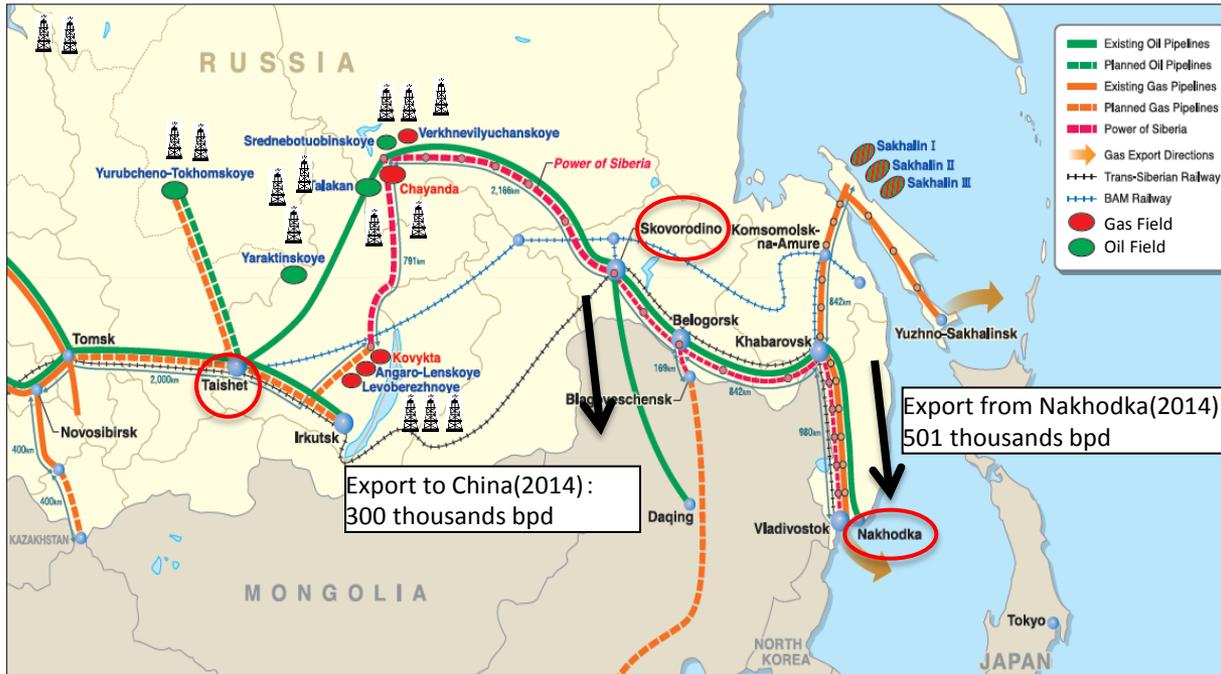
< Oil Production Outlook >



Reference : U.S. Energy Information Administration, Wood Mackenzie

- 72% and 26% of produced oil is exported to European and Asian regions respectively.
- Oil production from West Siberia, which produces about 60% of the oil, is in a declining trend. It is expected to increase production in the frontier areas such as East Siberia.
- Russia is focusing on the development of those areas promoting development programs of the Russian Far East and is intending to increase exports to growing Asian market.

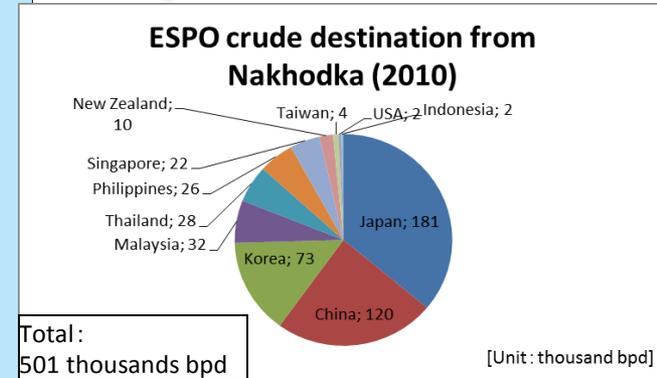
ESPO Pipeline Capacity and Crude Destination History



Export from Nakhodka(2014): 501 thousands bpd

Export to China(2014): 300 thousands bpd

Concentrated in Asian markets such as Japan and China



<<Current Capacity>>

- Nakhodka (Kozmino port) : 600 thousands bpd (30mil tons/year)
- China Daqing spur : 300 thousands bpd (15mil tons/year)

<<Expansion Plan>> ※Planned to be expanded by 2019

- Nakhodka(Kozmino port) : 1000 thousands bpd(50mil tons/year)
- China Daqing spur : 600 thousands bpd(30mil tons/year)

- Crude supply to Asia is increased after ESPO pipeline start up.
- Crude supply to Asia is also increased contributing to strengthening Japan's energy security and diversification of oil resources.
- ESPO expansion may boost crude oil supply to Asia.

Reference : Transneft

Importance of the Development of Resources in Eastern Siberia and the Russian Far East

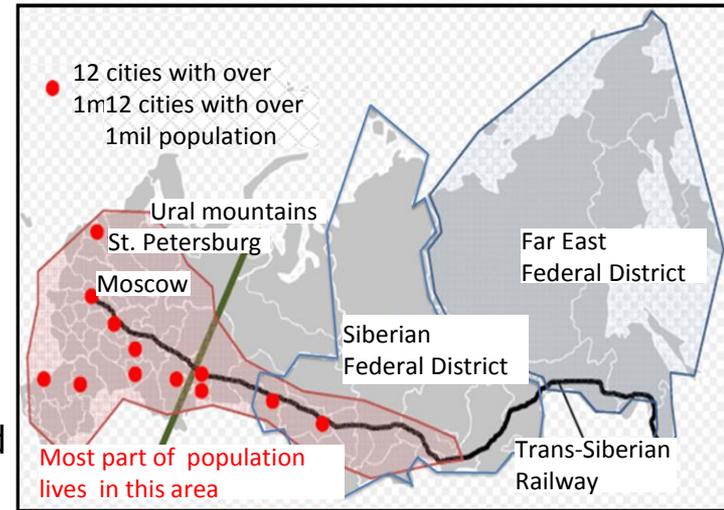
<Environment Recognition Surrounding Russia>

① External factors

- ✓ Maturation of European economy, which is traditional export market for Russian oil and gas
- ✓ EU's intention to decrease dependency on Russian gas
- ✓ Growing energy demand in Asia

② Internal factors

- ✓ Production decline of existing oil & gas fields mainly in West Siberia
- ⇒ Development of frontier areas such as East Siberia is required
- ✓ Diversification of energy market is required
- ✓ Development of resource-rich Far East area is required.



- Development of East Siberia and Far East Russia is most important issue for Russia.
- Energy procurement from Far East Russia significantly contributes to Japan energy security.
- Development of this area is beneficial both for Russia and Japan. Thus, Mitsui has the intention to be engaged in projects from upstream to downstream in the area.

360° business innovation.

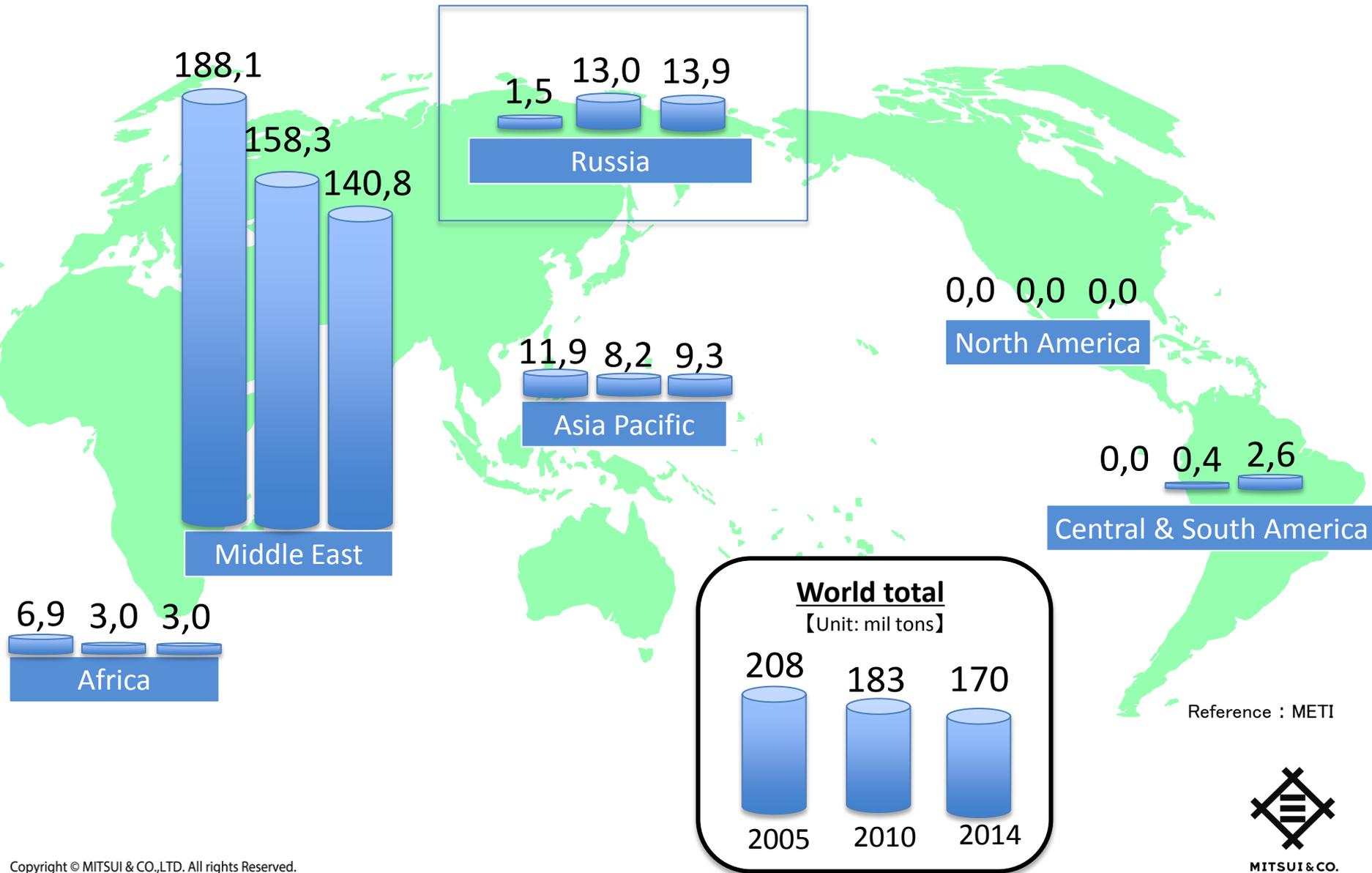


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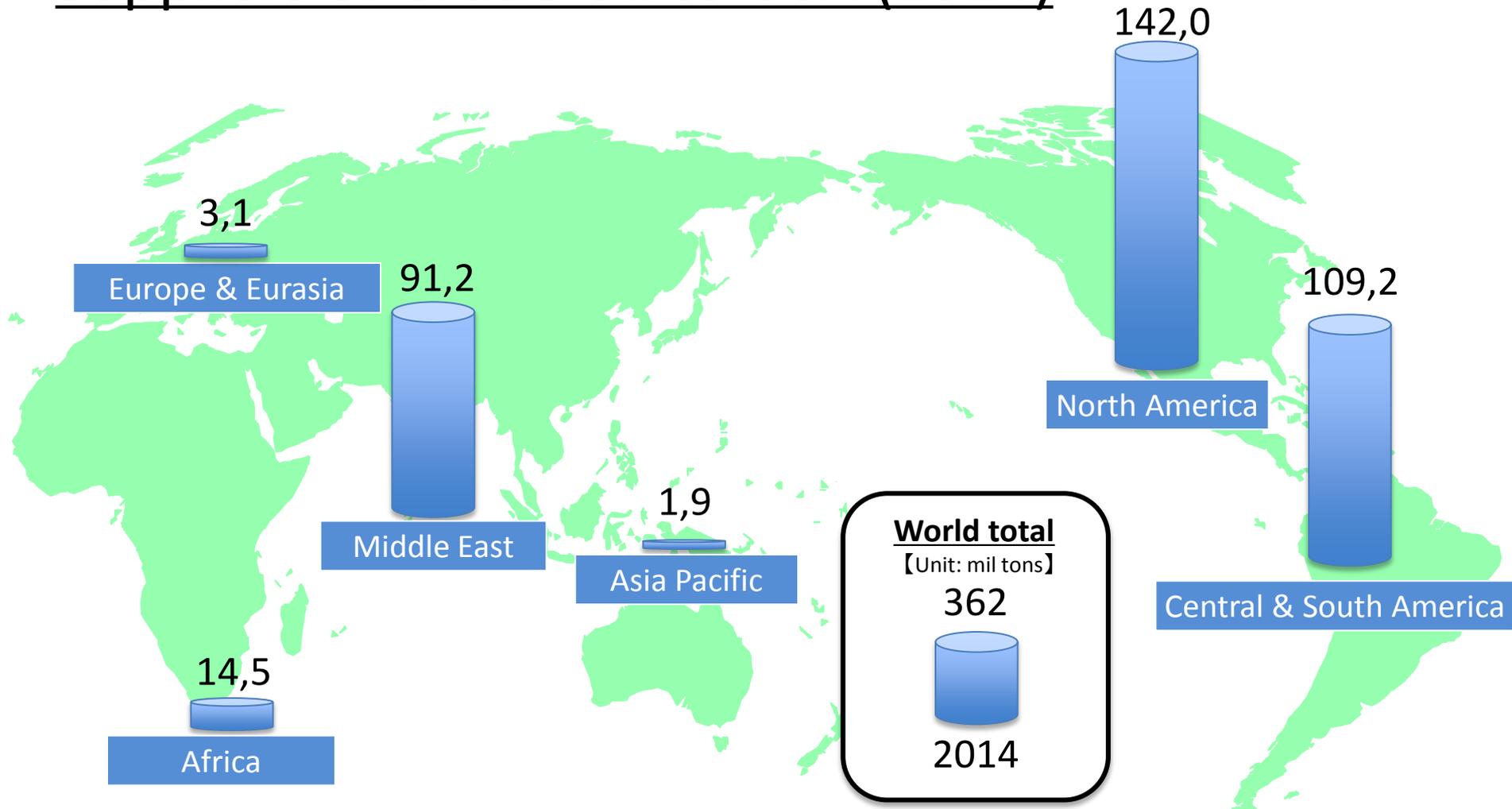
Appendix



Suppliers of Crude Oil to Japan



Suppliers of Crude Oil to USA (2014)



Reference : U.S. Energy Information Administration