

War in Ukraine and energy security

Putin, a misguided prospect, no longer has a chance of victory

I am not an expert in military or geopolitics, but I would like to attempt to set out certain issues. Mr Putin's plan to win the first phase of the war with a lightning attack and force the Ukrainian side to accept (1) demilitarization and (2) the transfer of sovereignty over the Crimean Peninsula has completely failed. The establishment of a puppet government has now become more difficult.

Mr Putin's failure was that he underestimated his adversary. (i) the resistance of the Ukrainian people, (ii) the unity of the international democratic community (EU and non-aligned Europe), and (iii) his disregard for the resilience of the US. The chaos over the Afghan withdrawal exposed the incompetence of the Biden administration. Also Mr. Putin may have red that the US intervention in Ukraine will not happen since there are those in the US who believe that Russia's demands (rejection of NATO's eastward expansion) are reasonable, and those, like former President Trump, who advocate America First and isolationism.

The chicken race began. Mr Putin will make a second mistake of expectation. He will try to break through the faltering in the first round with more hard-line measures and win the Ukrainian side's acquiescence. This is Mr Putin's double down strategy. The attack on the nuclear plant may be a double down itself. Urban warfare will start over Kiev, and the bloodshed is likely to escalate quickly. The use of biological and chemical weapons may begin. A courage test has begun with the Biden administration, which wants to avoid an escalation to World War III. Biden has stated that he will not fight Russian forces on Ukrainian soil, but how long can he endure the atrocities inside Ukraine? The Biden administration's red line is to not let an inch of NATO territory be violated, but it should not be able to let the genocide in Ukraine go on indefinitely.

At last, the WSJ raises preparations for NATO entry

The US/NATO cannot withstand Putin's tyranny because a more powerful force for changing the status quo, China, which has made it its national policy to seize and return Taiwan as its own territory, is waiting in the wings. If a precedent is set here where an invasion is justified, it will provide a major incentive for China to seek the annexation of Taiwan. The war in Ukraine should serve as a good basis for a probable future Taiwan contingency, and the WSJ has begun to raise preparations for NATO entry (editorial, 14 Mar.).

A Ukrainian defeat is therefore unlikely. In the end, a suitable punishment will be imposed on Mr Putin's ambitions. Russia will be subject to economic sanctions by the West, its dependence on energy will be taken away, Great Russianism will collapse, and it will be forced into long-term stagnation as a poor developing country.

China will be assessed

The US and NATO are pressing China to clarify its attitude. It is suspected of providing a loophole against Western sanctions by offering economic support through the purchase of Russian natural gas and military material support, which could isolate China depending on its response. China's total trade with Russia in January-February jumped 38.5% year-on-year, far exceeding the growth rate of China's total trade (+15.9%).

China abstained from the UN resolution condemning Russia. It also issued a joint statement (4 February) with Putin, who visited China for the opening ceremony of the Beijing Olympics,

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which Western leaders boycotted, 'unanimously clarifying its stance against the US'. According to the statement, "The two countries reaffirm that Sino-Russian inter-state relations are above the Cold War-era politico-military alliance. The friendship between the two countries is unlimited" and "there are no taboos or limits to cooperation between the two countries"; furthermore, "the Chinese side opposes the further expansion of NATO" and "the Chinese side sympathizes with and supports Russia's proposal for the formation of long-term, legally binding security in Europe". It also states, "they are strongly alarmed by the negative impact of the U.S. Indo-Pacific strategy on regional peace and stability." Although not a legal alliance, this could be seen as the formation of a Russo-Chinese entente. With Putin's Russia defeat in sight, Xi Jinping's China may find itself in a difficult position.

This will, in turn, lead to the strengthening of US hegemony.

The importance of energy security in the new Cold War era

The lesson of the war in Ukraine is the importance of energy security. Energy interdiction is a lifeline, not to mention the late World War II. Mr Putin created the Ukraine crisis by making the most of Russia's energy leverage.

Without the EU's energy supply vulnerability of dependence on Russia, Mr Putin would have been dissuaded from invading Ukraine: the EU has become increasingly dependent on Russian gas as gas production from the North Sea and the Netherlands declines, and now depends on Russia for 40% of its gas. With the promotion of renewable energy, the phasing out of coal-fired power and the suspension of nuclear power development, the EU's dependence on Russia for natural gas has only increased. It is believed that Mr Putin decided to invade Ukraine in the hope that the risk of sanctions would be avoided due to the EU's high dependence on natural gas from Russia.

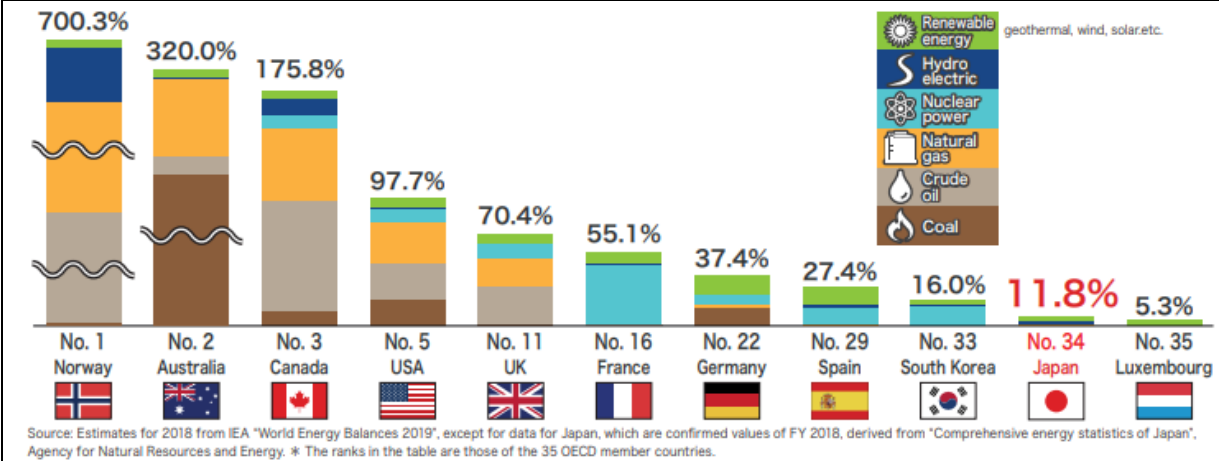
By now it is too late, but the EU-leading German Scholz government has taken a major policy turn. On 27 February, immediately after the Russian invasion of Ukraine, a special session of the German parliament announced a military modernization budget of €100 billion and an increase in the military budget (from 1.5% to 2% of GDP). The shelving of the Nord Stream 2 pipeline on the North Sea route was also put forward. The exclusion of Russia from the international payment system SWIFT, aid to Ukraine in the form of missiles and armoured vehicles, the building up of coal and natural gas reserves, and the construction of two LNG receiving terminals from Qatar and the US were also put forward with the agreement of the Greens; the extension of the operation of nuclear power plants, which were to be phased out in 2022, and the abolition of the restart of nuclear power plants may also be on the chopping block.

How Japan will respond to the new Cold War, starting with a reassessment of nuclear power plants

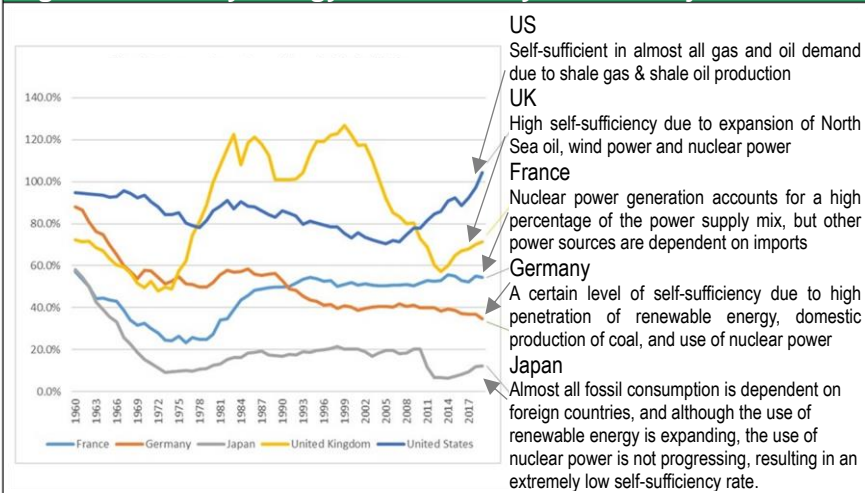
The potential risks for Japan, bordered by Russia, China and North Korea, the only three nuclear-powered countries in the world with the power to change the status quo, are extremely high. As seen in Germany, a drastic change in the policy of the past is needed. Along with the strengthening of alliances and the development and modernization of military forces, there is an urgent need to rebuild the energy security system. A good place to start would be to re-evaluate nuclear power. It is inevitable that the debate on restarting nuclear power plants will include not only (1) the safety of nuclear power plants, but also national security considerations.

An international comparison of Japan's energy self-sufficiency rate shows that it is 12%, the lowest among major countries. It is not far behind the US at 97% and China at 80%, and lower than Germany (37%) and Italy (23%), both of which are threatened by Russia.

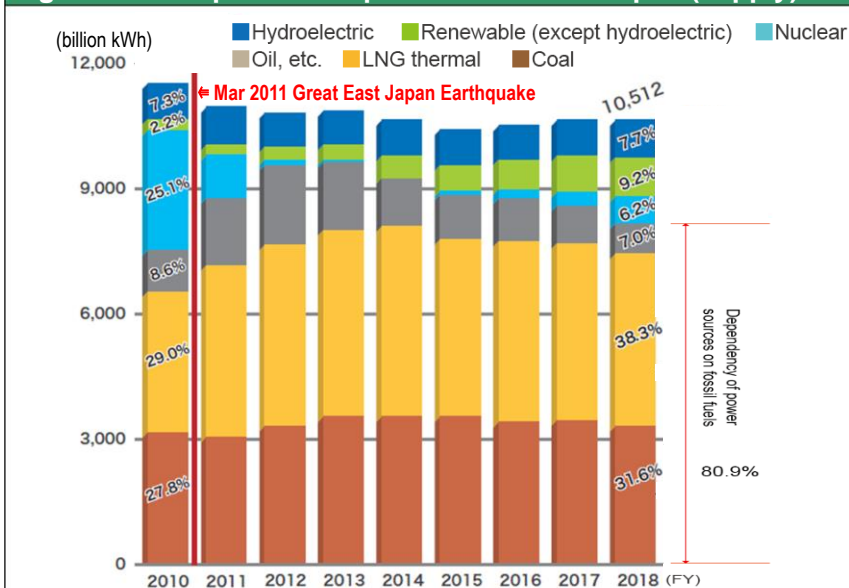
In the long term, it is important to promote the shift away from fossil fuels and towards renewable energies with the aim of achieving zero carbon emissions. However, for a prolonged period of time until a complete transformation of the energy structure, thermal power generation will still be the main source of power. Continued investment in natural gas and LNG from stable suppliers such as the US and Australia is necessary. However, to improve self-sufficiency, it will be essential to re-evaluate nuclear power as a clean and security-enhancing source of power. Of the 36 nuclear power plants in existence, only 10 have been restarted. There is also a need to extend the operating period from the current 40 years to 60 years, which is considered safe. In addition, the need for safer small modular reactors (SMRs) will increase. In November last year, France took the lead in restarting new nuclear power plants. In response to the new situation of war in Ukraine, it may be time for Japan to drastically change its energy policy, as Germany and France have done.

Figure 1: Comparisons of primary energy self-sufficiency ratios among major nations (2018)

Source: Japan - Agency for Natural Resources and Energy

Figure 2: Primary energy self-efficiency ratio in major countries

Source: Japan- Agency for Natural Resources and Energy

Figure 3 : Composition of power sources in Japan (supply)

Source: Japan- Agency for Natural Resources and Energy

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