Thank you for inviting me to speak today.

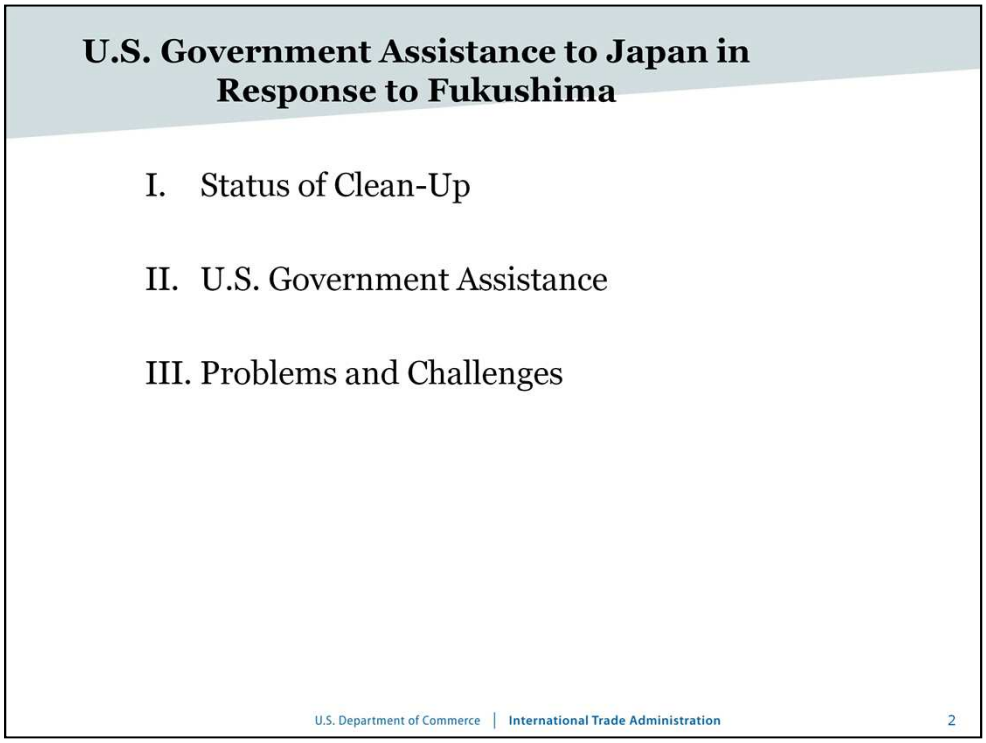
I am Danius Barzdukas from the Office of Japan, Korea and Taiwan at the Department of Commerce.

I cover the energy and environmental industries sectors for our office.

I worked with the Departments of Energy and State to help organize a trip by U.S. firms to Tokyo and Fukushima in June of this year.

It is more difficult to track what is going on in Japan from Washington than from Tokyo. Our Department of Energy Attache at the U.S. Embassy is the real expert on this issue, and unfortunately he was unable to be here today.

But I will do the best I can.



I want to do three things today.

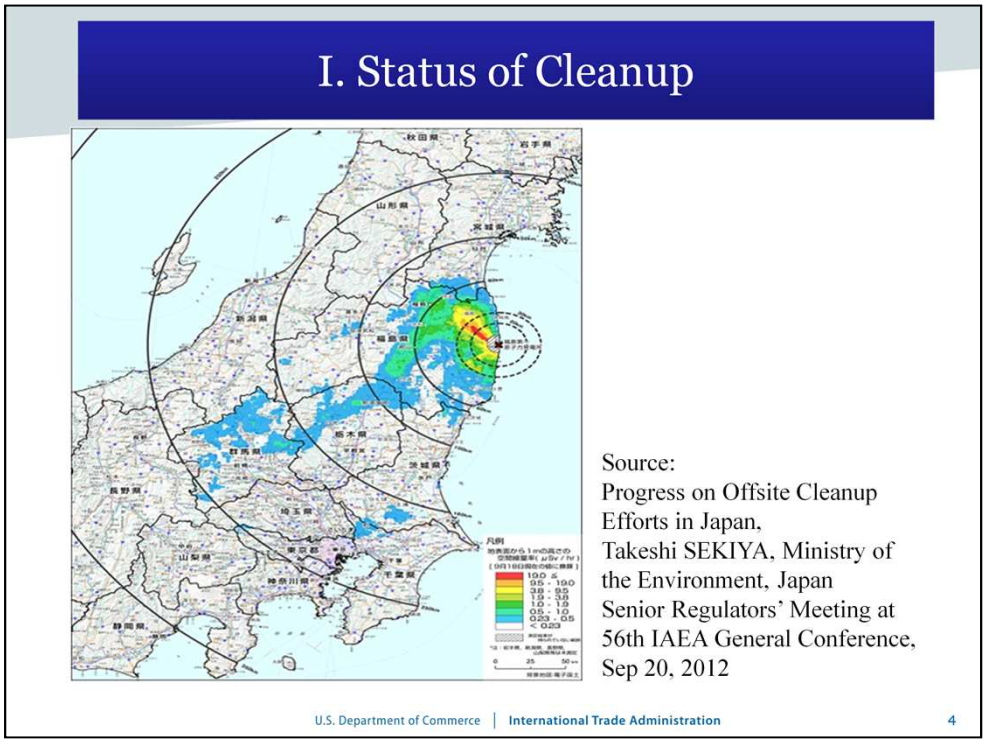
Provide a general outline of how the clean-up of Fukushima prefecture is progressing. I will be relying on information provided by the Ministry of Environment for this. The information is slightly dated, but I was unable to arrange meetings with anyone to get updates on this when I was in Tokyo recently.

I will then provide a brief update of what the United States is doing to assist with decontamination efforts and what plans we have.

Finally, I will give you the Department of Commerce's perspective on the problems and challenges with working in Japan. I hope not to discourage any of you from providing any possible assistance.

Part I.- Status of Clean-Up

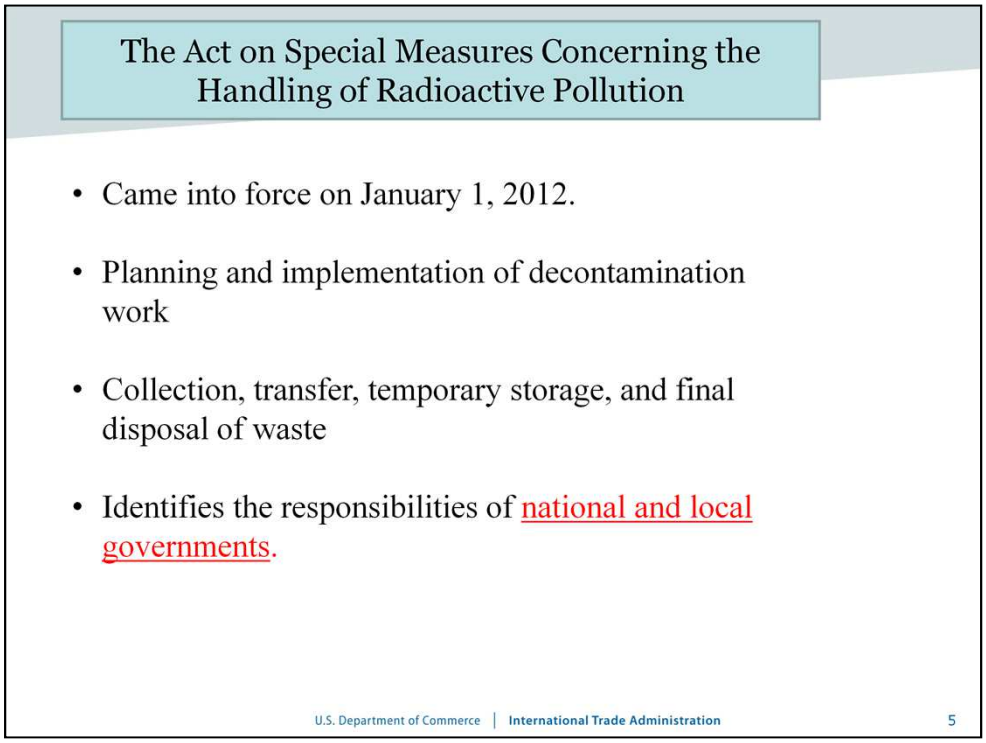
We'll start with the status of the clean up.



For those of you not familiar with it, here is a map of the area affected by the accident at Fukushima Dai-ichi nuclear plant.

Here is also the source I will be using for this information- a presentation made by Takeshi Sekiya on September 20.

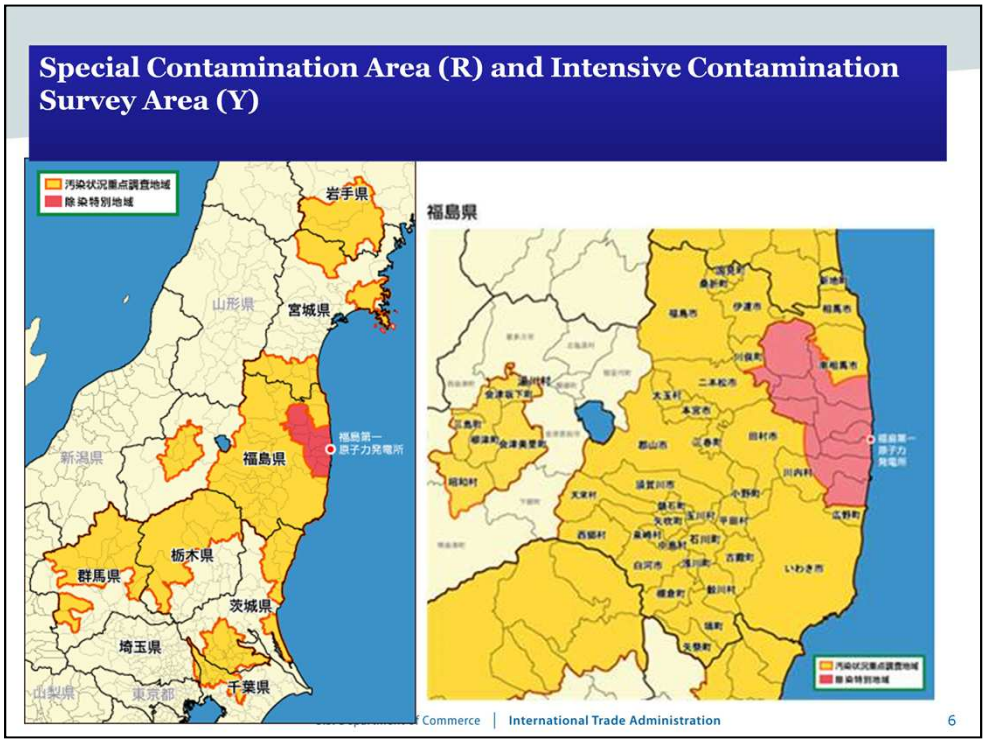
I will cover his information very briefly. I am not a technical expert on these issues.



Japan does have an approach toward dealing with decontamination. The Act on Special Measures Concerning the Handling of Radioactive Pollution came into force on January 1, 2012.

It addresses the needs for decontamination work as well as storage and waste disposal.

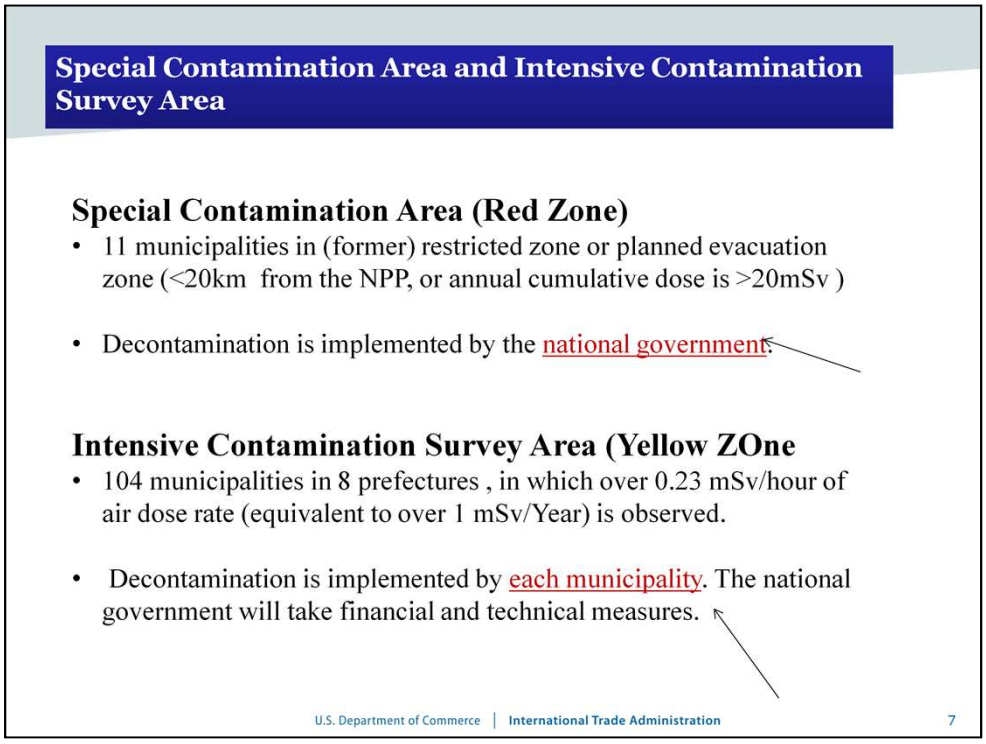
It splits up the responsibilities between the central and local governments. This is important since it makes it more difficult when looking at how to best help Japan or look for business opportunities.



Decontamination work is split into two areas, a Special Contamination Area (in red) where intense contamination occurred, and he Intensive Contamination Survey Area (in yellow) where less contamination occurred.

The central government is responsible for the red area.

Local governments are responsible for the yellow areas.

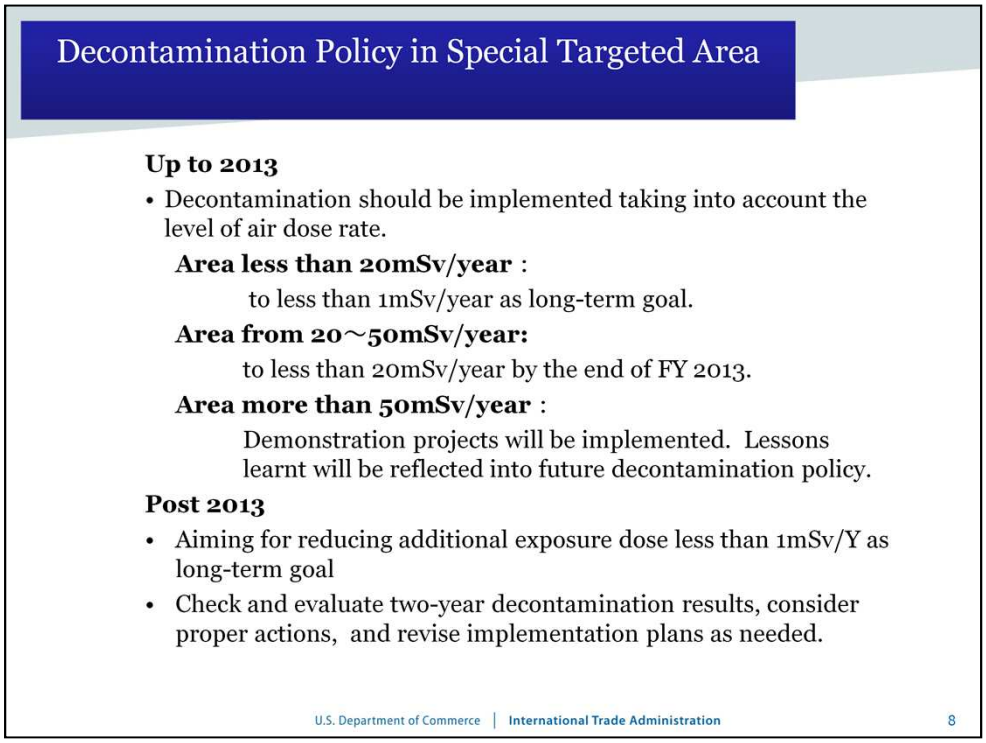


This is how they designated each area, based on how many millisieverts were detected.

So the special decontamination area is basically less than 20 km from the Plant or where the annual dose is greater than 20 millisieverts.

The intensive contamination area spreads over 8 prefectures.

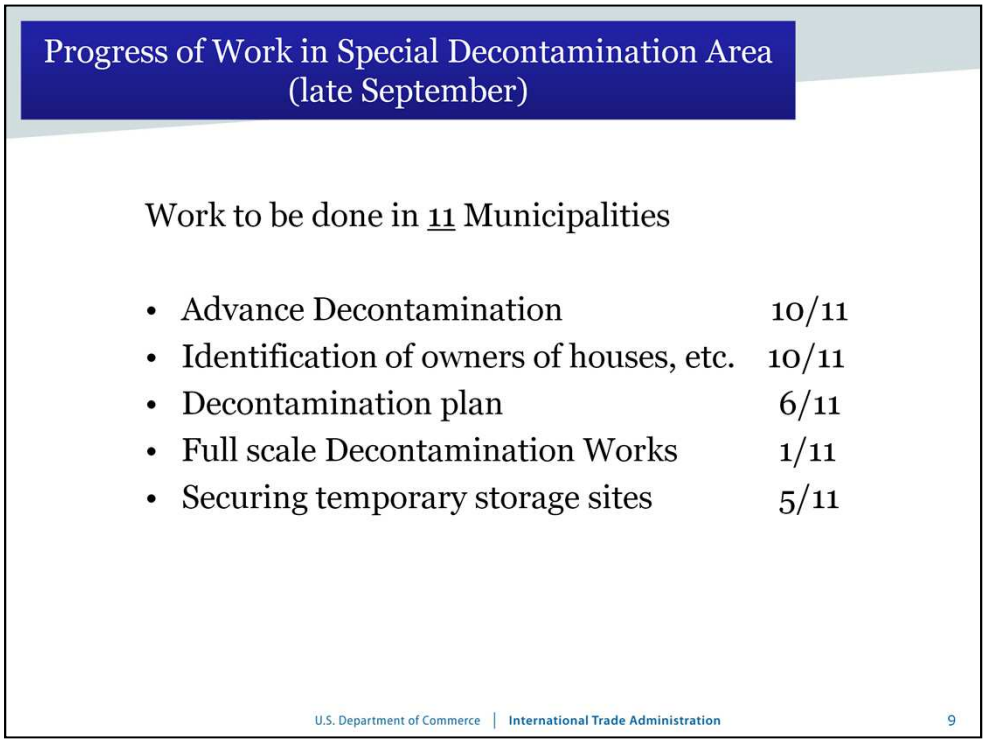
This also shows the responsibility for each area again.



Here are the goals for the red area.

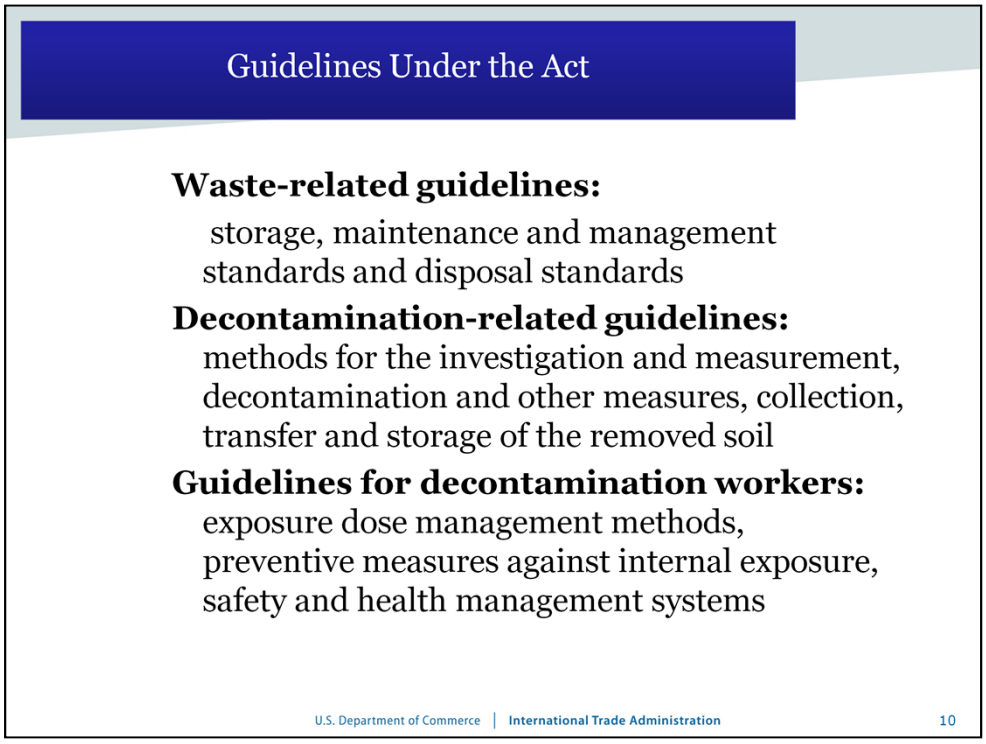
In the most highly contaminated area, they still plan to do demonstration projects to figure out the best way to deal with decontaminating the area.

This may be an opportunity for U.S. firms for using U.S. technology.

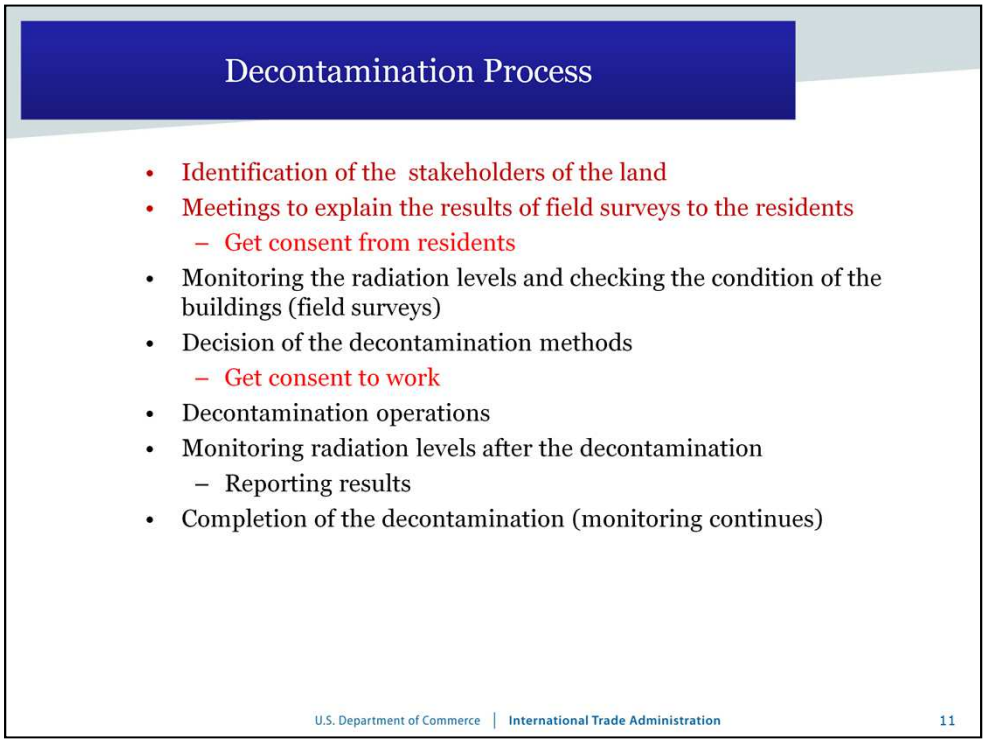


Here is some of the work that has been done in 11 municipalities in the red zone. It lists stages of work and the number of municipalities that have reached these stages.

Note that very little of the full scale decontamination has taken place.



This just shows that there are all sorts of guidelines for the decontamination



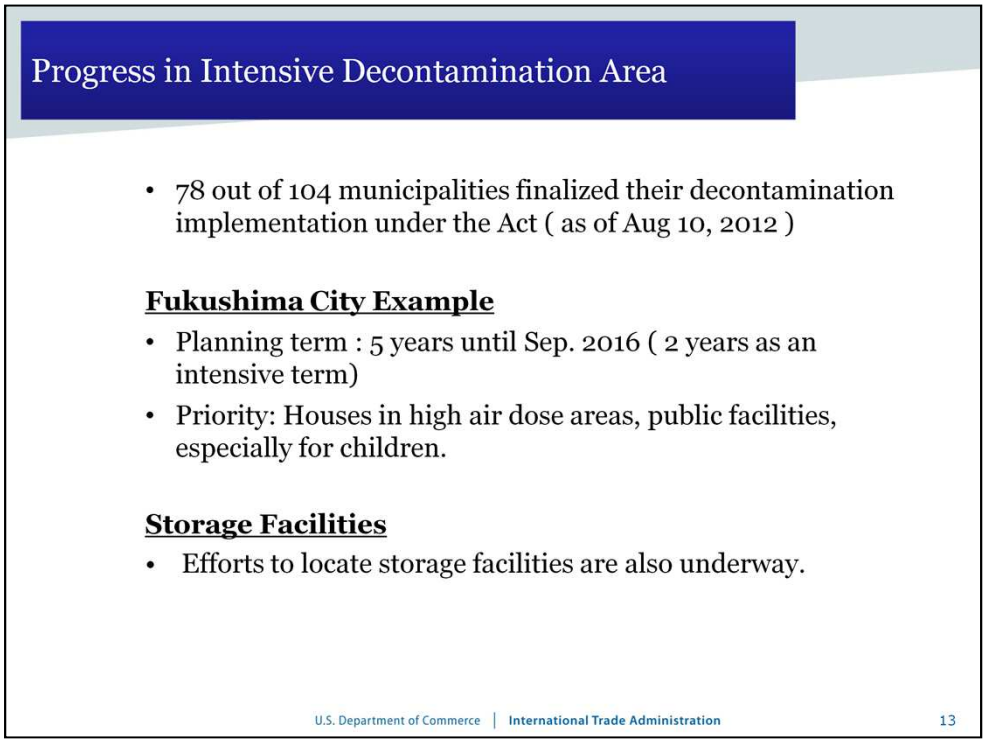
Here is some additional background on the process.

Note that a lot of the work involved outreach to the local residents and communities to get permission to do the work.

Not all of the work is technical.

Here is the type of work that was being done power-washing, wiping, etc.

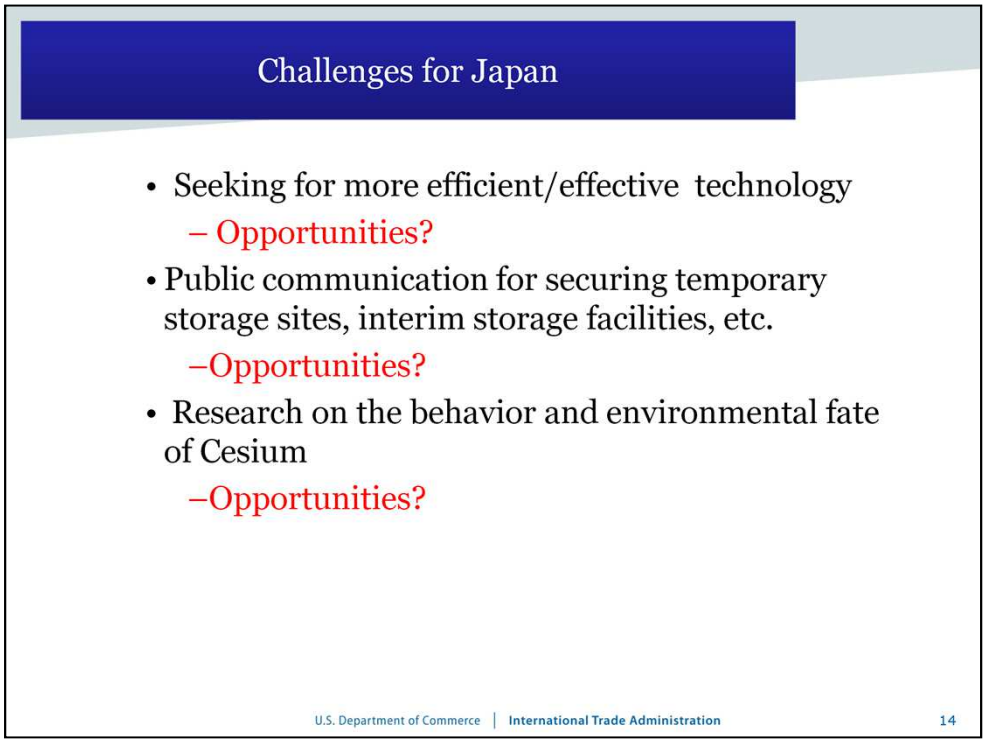
Those on the June trip saw this taking place.



Here is some background on the progress in the yellow areas.

They have a five –year plan. It includes areas such as specific parts of the city, high and low-dose areas, farmland, forested areas, public facilities.

Storage Facilities also need to be identified. We visited such a storage facility during the June visit.



These challenges also indicate where there are opportunities for U.S. firms.

1. Seeking for more efficient/effective technology for decontamination from the perspective of cost, time, etc. through demonstration project and R&D (incl. Soil/ Waste minimization and volume reduction)

2. Public Communication for securing storage sites or facilities.
    1. Challenging for U.S. firms- but maybe possible if working with a partner.
3. Research on cesium

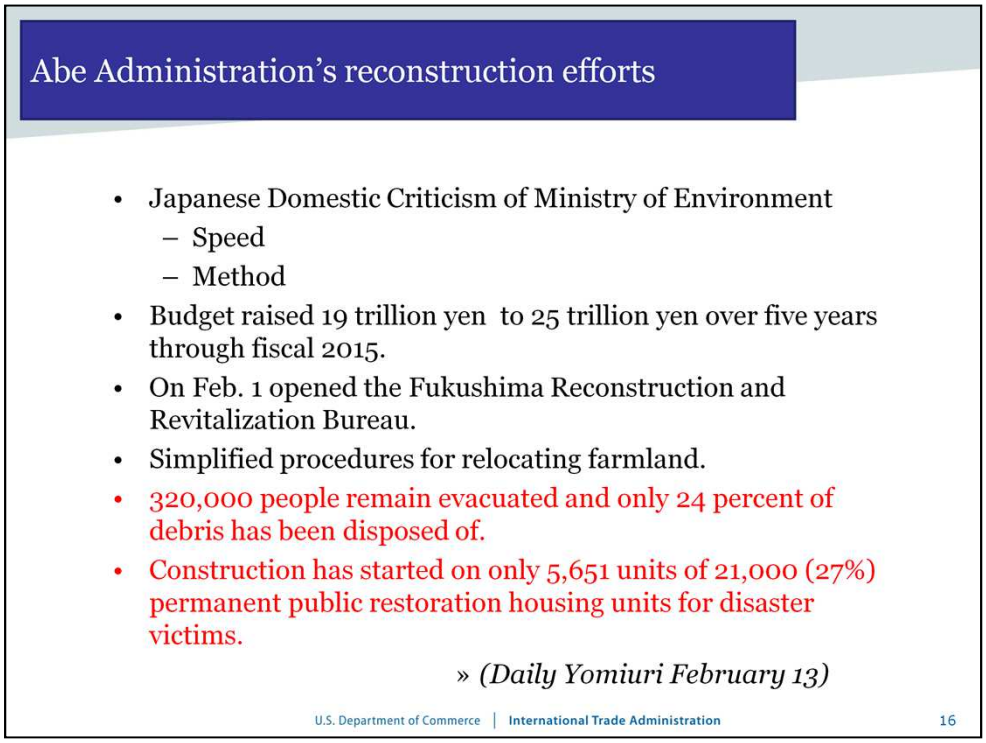
I want to point out some experiences we have with the first challenge- finding appropriate technology.

Japan is very focused on finding a technology to use. They are confident with their methodologies for clean-up. They just want to get something they do not have that they can implement.

There is a danger of a technology being copied. I believe there is already such a case regarding decontamination work.

Japan has the long term goal of developing its own domestic remediation industry. They were embarrassed they could not deal with the effects of the Nuclear Plant.

Japan also wants to develop its own domestic industry.



Budget for restoration raised 19 trillion yen to 25 trillion yen over five years through fiscal 2015.

On Feb. 1 opened the Fukushima reconstruction and revitalization bureau, under the Reconstruction Agency,.

The General Bureau will be headed by Reconstruction Minister Nemoto, and the Senior Vice Ministers for Reconstruction, Economy, Trade and Industry, and Environment will be in charge. The Former Administrative Vice Minister for Reconstruction, Mr. Minehisa, will assume the role of General Secretary (Jimu Kyokucho) of the organization. Approximately 70 officials from the Reconstruction Agency and the Environment Ministry will staff the General Bureau.

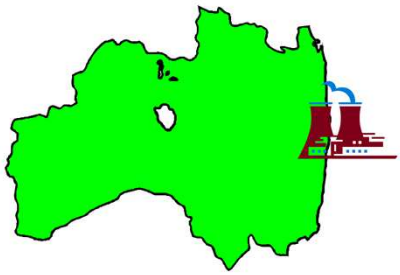
Meanwhile, Nikkei also reported that the "Fukushima Reconstruction Recovery General Headquarters（福島復興再生総括本部） was newly set up in Tokyo, It will be headed by the Reconstruction Minister, and will consist of Director-Generals of various Ministries, such as MLIT, MAFF and METI. The Reconstruction Minister will be able to give instructions directly to the various Ministries, and will deal with issues that are too complex for the Fukushima Reconstruction Recovery General Bureau to handle.

Simplified procedures for relocating farmland.

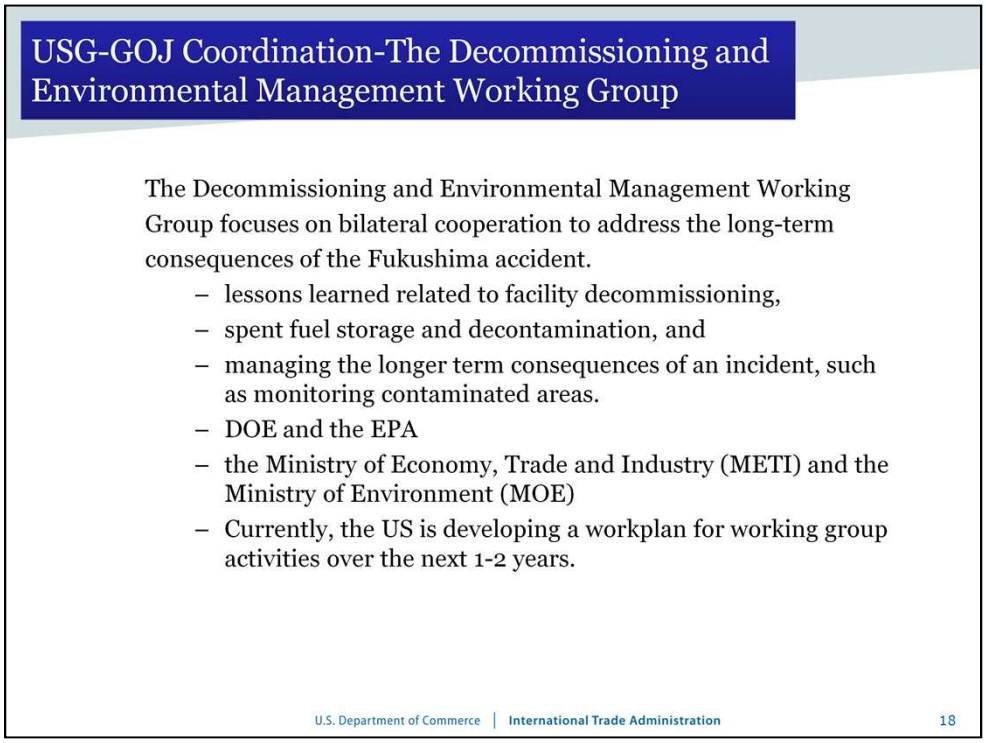
320,000 people remain evacuated and only 24 percent of debris has been disposed of.

Construction has started on only 5,651 units of 21,000 (27%) permanent public restoration housing units for disaster victims,.

Part II - U.S. Government Assistance



Here is our Department of Energy at work.



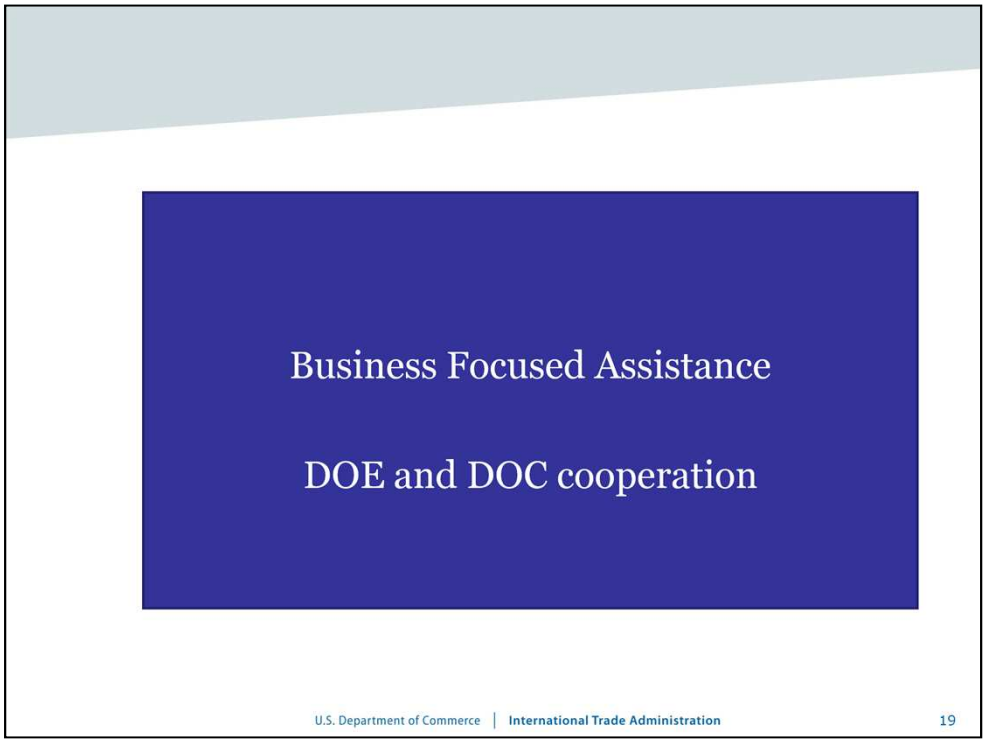
At the policy level, a Working Group has been set up to work on Fukushima.

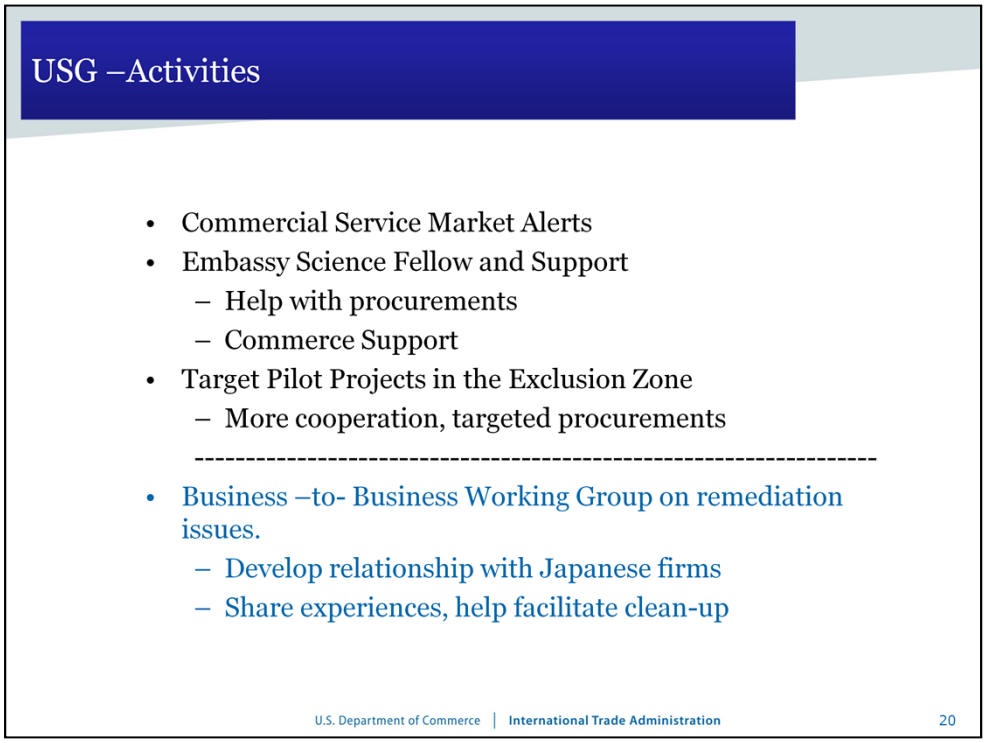
DOE and EPA are leading it, along with METI and MOE.

A working plan is being developed.

This may result in more useful information on lessons learnt being shared.

Perhaps someone can come and speak about this at a future meeting.


Business Focused Assistance
DOE and DOC cooperation
U.S. Department of Commerce | International Trade Administration
19



Here are some ideas we have been working with the DOE on.

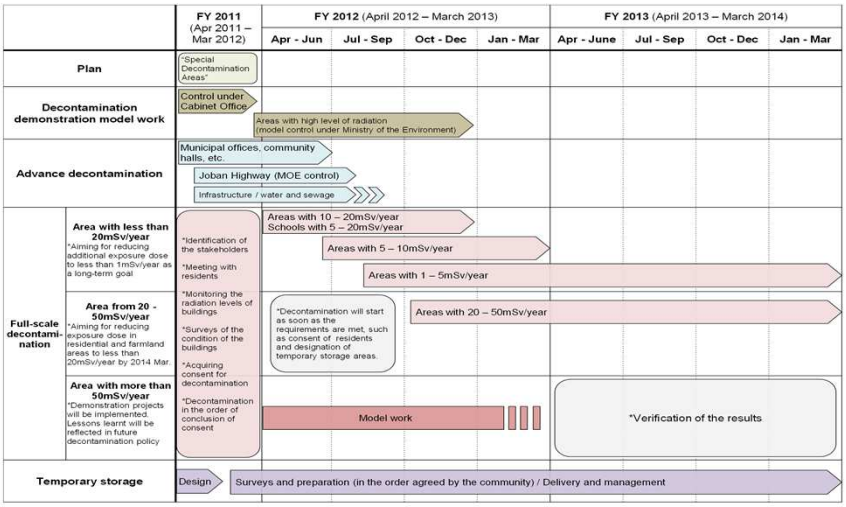
A Target Pilot Projects Program in the Exclusion Zone. We may be seeing some sort of progress on this.

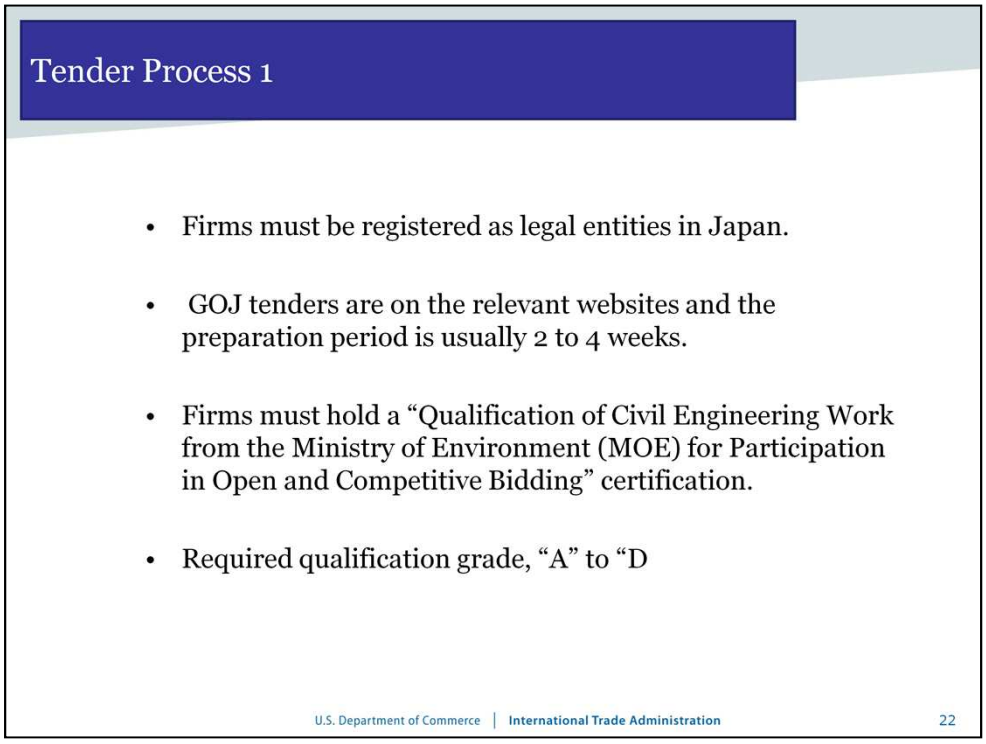
DOE is planning on sending an Embassy Science Fellow up into the area to assist with studying the region and providing input on procurements.

We would like to send a Liaison into the area to provide support, but are looking for funding resources.

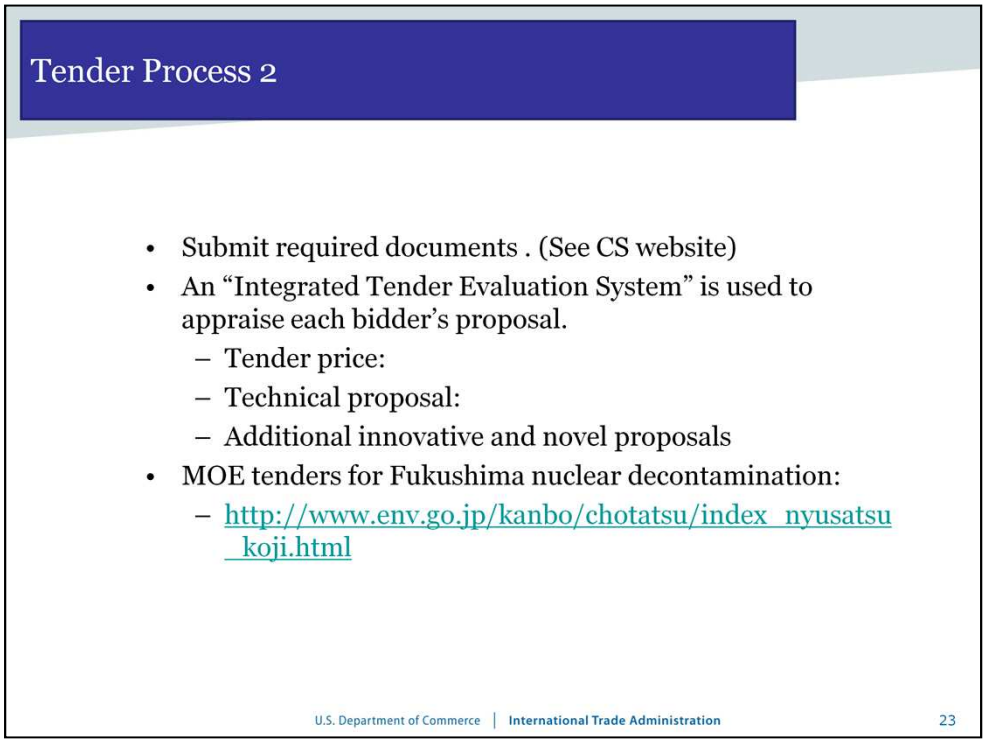
We would like to form a business to business working group to keep firms engaged on this issue. The Japanese Government has expressed interest in this i

Decontamination Schedule





A" is the highest level and qualifies firms to participate in projects exceeding 300 million yen (approximately $3.3 million). Also, an "A" grade is considered the minimum standard for nuclear decontamination projects.



To apply for tenders, bidders must submit a number of required documents .

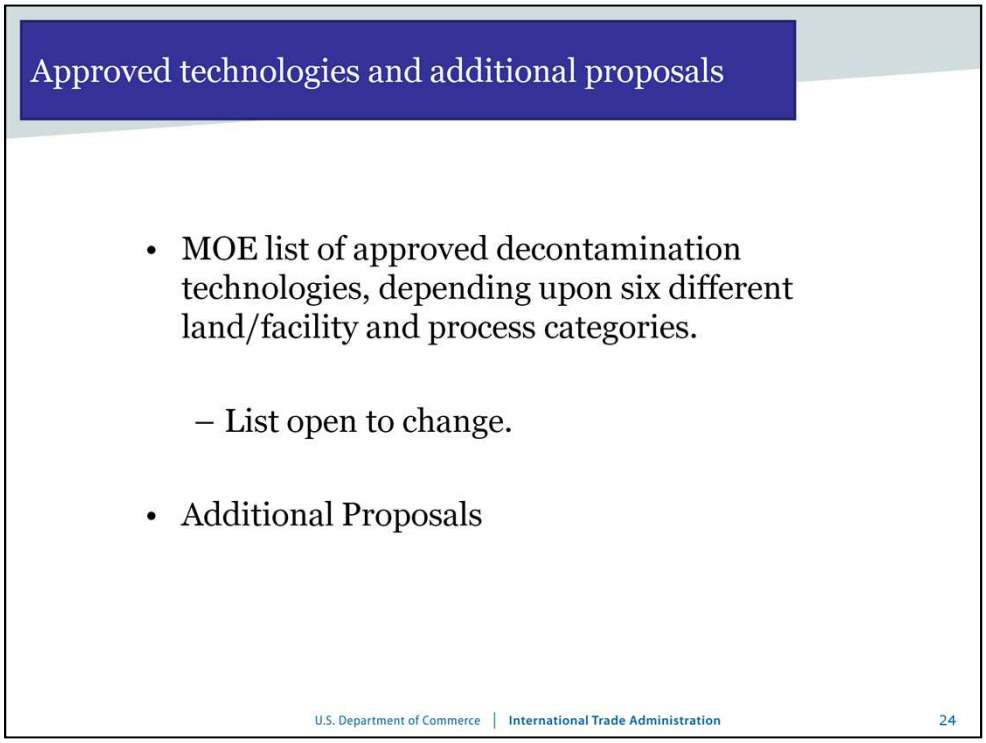
An "Integrated Tender Evaluation System" is used to appraise each bidder's proposal. This system is an overall rating methodology used my MOE to assess the suitability of each applicant firm for the particular project being tendered. This evaluation system consists of the following elements:

Tender price:

Technical proposal:

Additional innovative and novel proposals

MOE tenders for Fukushima nuclear decontamination work are made public via the following website (in Japanese only):
http://www.env.go.jp/kanbo/chotatsu/index_nyusatsu_koji.htm

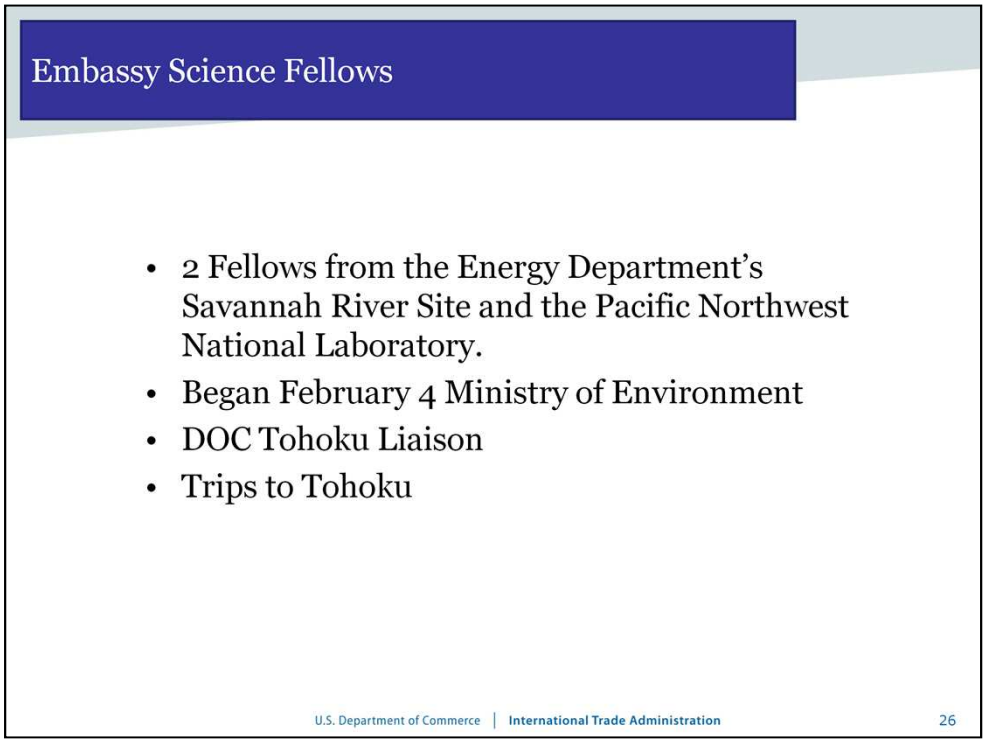


See CS Japan Fukushima Market Alert Website

Fukushima Decontamination Market Alerts

Commercial Service Japan
Fukushima Decontamination Market Alerts

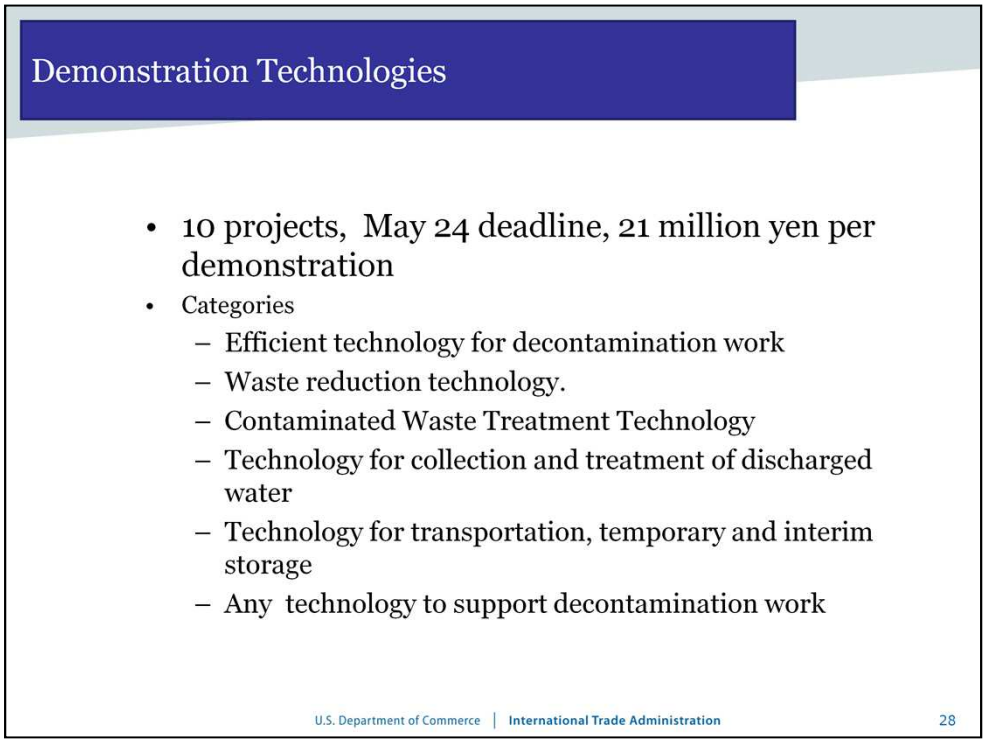
http://export.gov/japan/



Robert Sindelar from the Energy Department's Savannah River Site and Mark Triplett from the Pacific Northwest National Laboratory.

Target Pilot Projects

- 2 projects in highly in highly contaminated zone
- Estimated timeline: April
- Embassy Science Fellows, DOE, DOC working on Procurement Procedures



Planned Schedule:

Application Deadline: May 24, 2013

Examination of document and hearing (to be held in Tokyo), and selection: mid-June

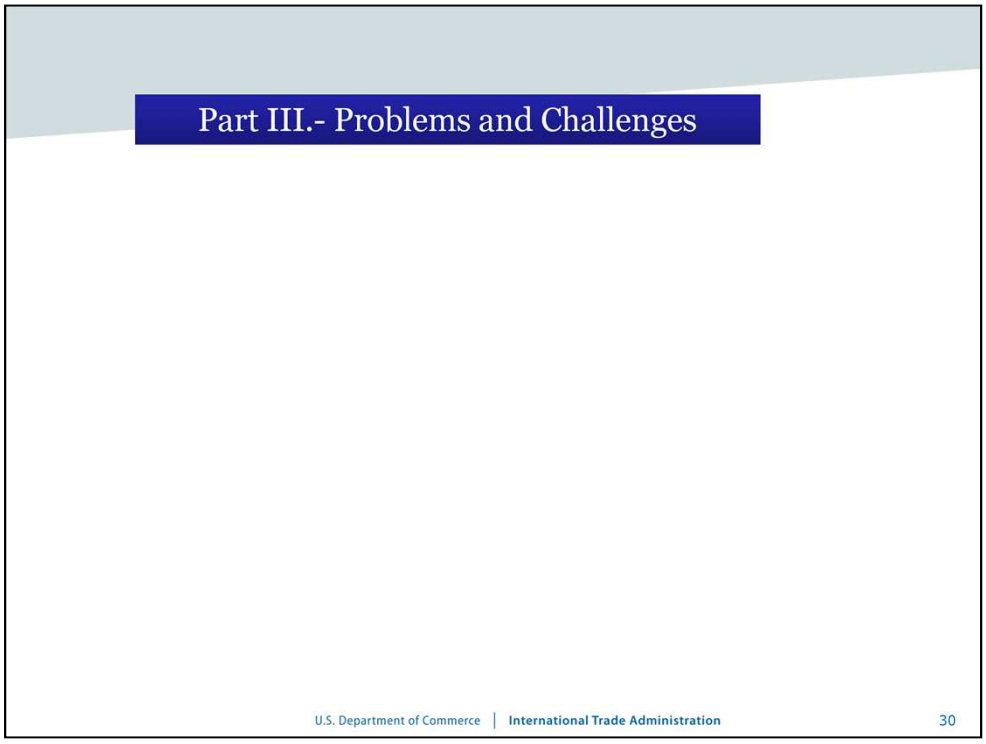
Demonstration: starting from July 2013

Evaluation of technology results: mid-November

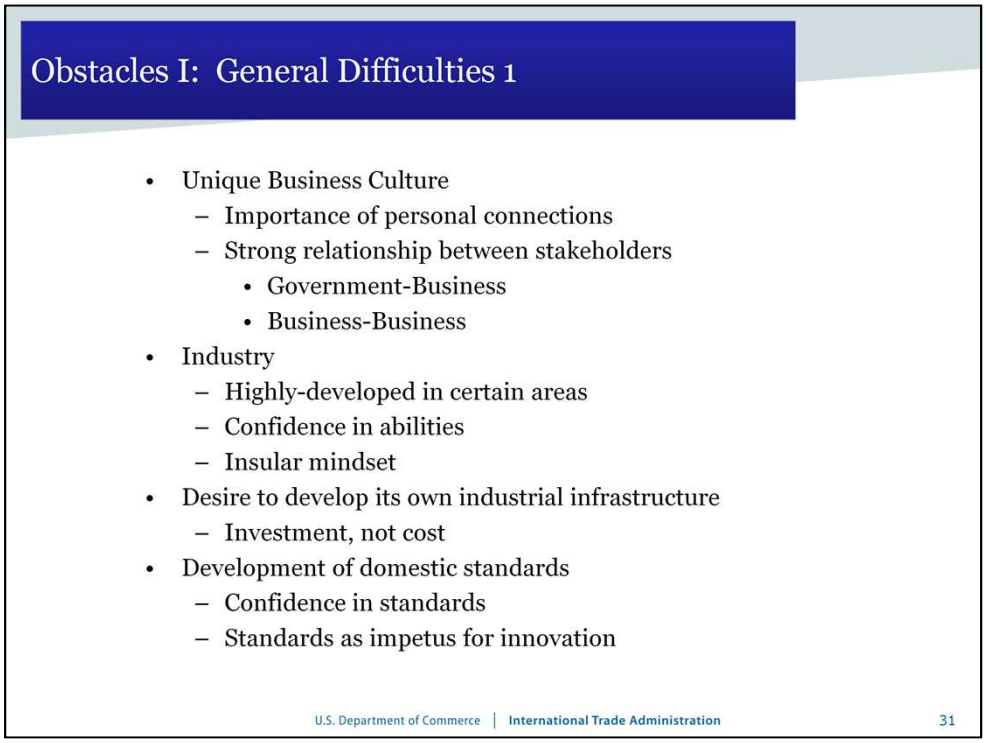
Budget: 21 million yen per a demonstration

U.S.-Japan Fukushima Business Working Group (tentative)

- Business to Business engagement on Fukushima
  - Business opportunities
  - Sharing expertise- experiences
- Matchmaking Opportunity
- Late Spring
- Need GOJ approval



Please admire my transition slide



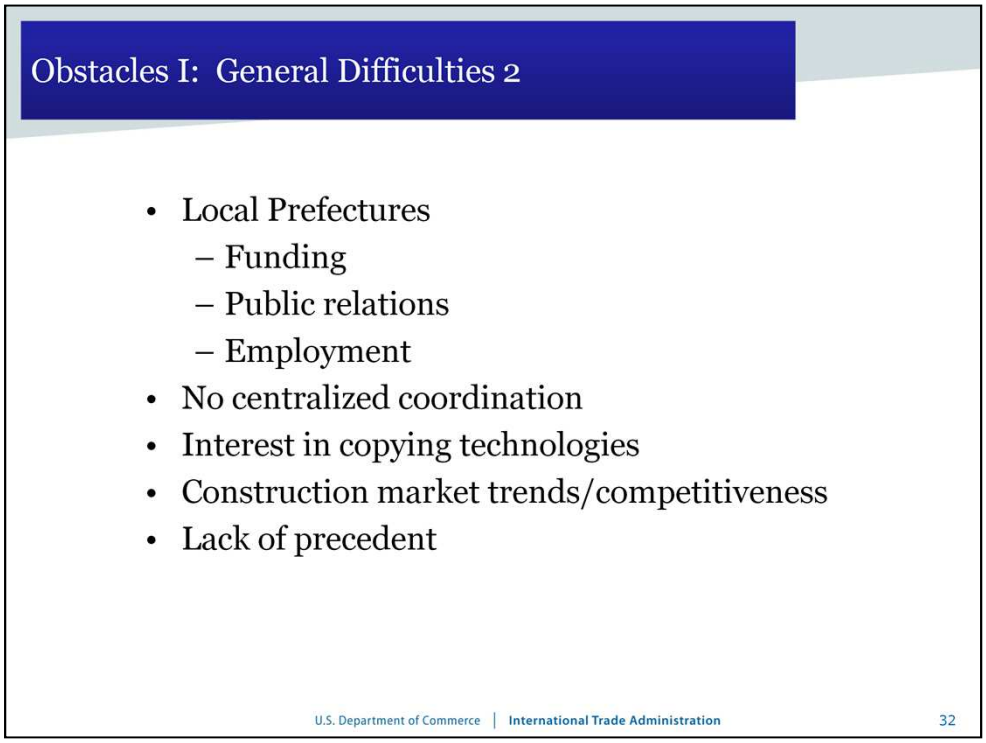
There are a lot of difficulties with working with Japan. Here is a list of a number of them. These all make it difficult for U.S. firms to easily penetrate the market.

There are strong ties between firms and firms and industry that make it hard for firms to easily switch partners.

These connections also ensure that information about business opportunities filters out in a non-transparent manner.

Japanese also have a confidence in their abilities and the standards they create, often wanting to create standards that are better than preexisting international ones. They often use such standards as an impetus for innovation.

Also, they often view business in terms of an investment, rather than a simple cost. So they would rather make the effort of creating a domestic infrastructure rather than simply purchase what is already available.

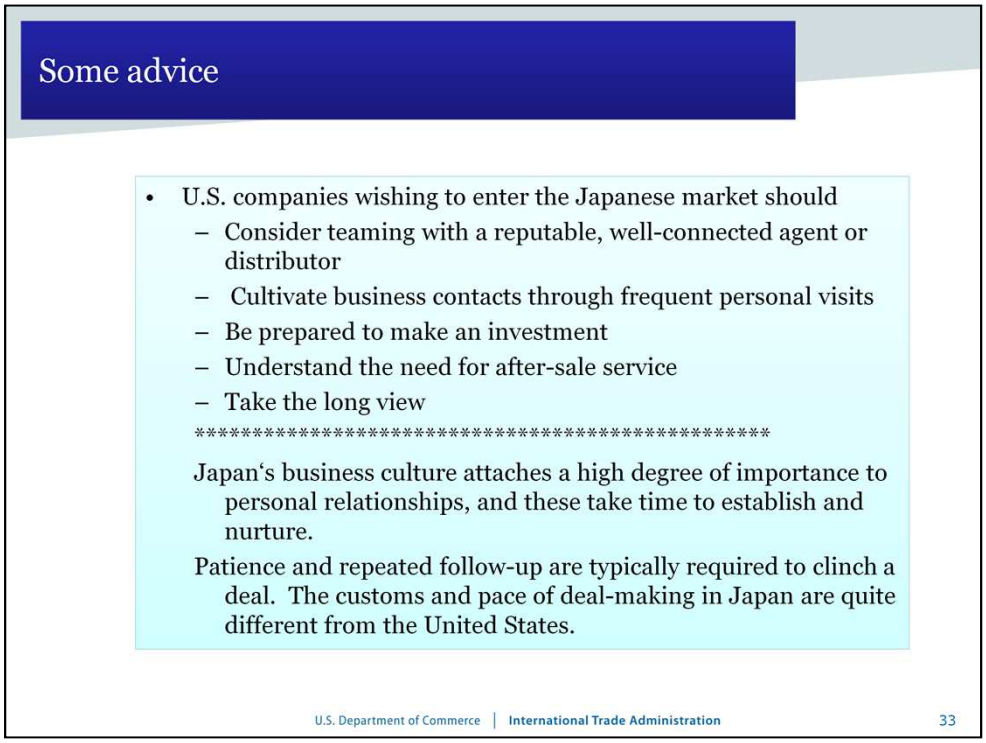


Here are some additional difficulties.

When dealing with local prefectures, even those from outside of the region face difficulties.

It is important to point out that Japan's domestic public works sector has seen declining investment for close to 15 years now, so many firms have gone out of business, profit margins are low, and competition is very intense.

Work on Fukushima is seen as an opportunity.



Here is some general advice we often give to firms interested in working in Japan and how to approach some of the obstacles mentioned.

Here are some of the services our Commercial Service can provide

Here are some contact points or

US Export Assistant Centers

Commercial Service Tokyo- their website has a lot of information

You can contact someone there by sending a message to them.

I am also a contact point. If you have any problems, contact me. I also send out information to those who were on the June trip. If you are interested, I can put you on my mailing list.