

Japan power shortage has far-reaching effects, academics warn

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Japan's shortage of electricity may last two or three years in the wake of its nuclear-power crisis, posing a big challenge for the economy and its people, Professor Shigeyuki Abe of Doshisha University in Kyoto said.

The academic yesterday attended a seminar titled "Has the East Asian Growth Model Come to an End A Critical Review of the Export-Led Growth of Asian Countries" organised by Chula Global Network, which also heard that Japan's power shortage would have consequences outside that country.

"It will take two to three years to rebuild the [earthquake-damaged] power plant, and nuclear power accounts for 30 per cent of Japan's electricity supply. Now, we have to ration electricity with three-hour blackouts per day on a rolling basis.

"This will change the work style and lifestyle of Japanese as train and other transportation services rework their schedules due to power shortage."

The visiting professor said more people would work from home, while supply-chain disruptions and industrial production slowdowns "will certainly last longer than three months".

Regarding radiation leaking from the devastated nuclear power plant in Fukushima prefecture, he said it was still not known what the conclusion of this issue would be.

"Unlike the recovery of damaged areas [hit by the March 11 earthquake and tsunami], in which we have a lot of experience, Japan is not familiar about what to do with what's happening" with this nuclear-power crisis.

"So, I would say that electricity shortage is now the No 1 problem while the radiation issue is No 2.

"We also have to manage the rumours among Japanese, because fewer people now trust the government" regarding the radiation issue, he said.

Dr Pongsak Hoontrakul of Sasin Graduate Institute of Business Administration of Chulalongkorn University said during yesterday's seminar that the Japanese crisis would have a significant impact on global supply chains for automotive, semiconductors, electronics, special chemicals, machinery, precision equipment, and other hi-tech industries.

With factory slowdowns and shutdowns in Japan, production of tablet computers or automobiles of Japanese makes around the world could be halted soon because of the shortage of some parts and components.

Pongsak cited Mitsubishi Gas Chemical's factories near the earthquake-hit areas as an example, as they had to halt production, affecting the delivery of BT (bismaleimide triazine) and other high-performance laminates and related products.

Consequently, Taiwan Semiconductor Manufacturing Co had to halt production, while electronics manufacturers in Ayutthaya are also closing down because of the shortage of Japanese input, Pongsak said.

In the end, production of hi-tech items such as the Apple iPad and other tablet computers will be affected, as it is unlikely that replacements could be found within the next six months.

In the auto industry, Pongsak said each vehicle needed 20,000-30,000 parts and components, so the lack of any of these items could affect the global supply chain.

At present, Japanese-owned auto-assembly plants in Thailand and other countries have inventories of parts and components sufficient for just three weeks to 60 days.

If some items from Japan cannot be delivered, production lines will be affected, Pongsak said.

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