

SE Business
HD **Mitsubishi on the prowl for infrastructure projects**
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EXCLUSIVE JAPAN'S Mitsubishi Corp has revealed it is on the hunt to join and finance infrastructure projects in Australia as it seeks to boost non-resource sector profits and diversify its investment portfolio.

The **company**, which jointly owns giant Queensland **coal** producer BMA, is well known for its investments in Australia's **iron ore**, LNG and coking **coal** industries. But amid a price slump, Mitsubishi chief executive Ken Kobayashi said the **company** wanted to help build and fund the growing pipeline of infrastructure projects in Australia.

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Mitsubishi is preparing to plunge some of its considerable finance resources into the infrastructure market in a way that brings together Japanese construction and engineering expertise and Australian capabilities to tackle rail, port and potentially airport projects.

"We are open to positively considering opportunities that allow us to utilise our expertise as an investor and facilitator of infrastructure-related projects," Mr Kobayashi told The Australian.

He said the **company** was already forming partnerships with major Australian companies in preparation to bid on projects in the multi-**billion**-dollar pipeline of prospective infrastructure projects in Australia.

Mitsubishi, which has operated in Australia for more than 60 years and has invested more than \$10 **billion** in the country, is actively interested in public-private partnerships and greenfields infrastructure projects as both a financier and a facilitator.

Mr Kobayashi, in Australia to attend and to launch an expansion of BMA's Caval Ridge mine in Queensland's Bowen Basin yesterday, said Mitsubishi had begun to raise capital in Australia to support its expansion.

"We also established a finance **company**, MC Finance Australia, in 2012 and accessed the Australian capital markets with a \$300 **million** bond transaction in December last year.

"We will continue to utilise various finance methods to support our diversified business portfolio in Australia." Mr Kobayashi said the **company**'s new global goal was to double non-resources earnings by 2020, using 2012 as a baseline.

The Australian recently revealed Mitsubishi's \$100m move to set up the Petro Diamond Australia diesel import terminal in South Australia as the start of a chain of such facilities. Mitsubishi has also bought Australian grain handler Olam, now rebranded Agrex Australia, in a foray into the agricultural sector.

Mr Kobayashi said Australia was a vital destination for Mitsubishi, and more investments were on the horizon.

"Mitsubishi Corp is also contemplating new areas of investment in both resource and non-resource sectors in Australia." Mr Kobayashi yesterday attended the launch of the expansion at BMA, which is the world's largest seaborne supplier of coking **coal**, with Tony Abbott.

He said Mitsubishi had not changed its outlook for demand for **coal** and **iron ore**.

"The market is currently in a correction phase due to the delay in India's growth and slowdown in **China**'s economy," Mr Kobayashi said.

"Over the medium- to long-term, there is likely to be a gradual shake-out among high-cost producers, and as demand picks up in **China** and India and other developing countries, the supply-demand situation will improve and the market will gradually recover," he said.

BMA recently announced plans to axe 700 jobs across its Bowen Basin **coal operations**, but Mitsubishi remains upbeat on the overall venture, in which it is partnered with BHP Billiton.

"BMA is a tier-one asset in terms of available reserves, scale, mine life, potential for expansion, infrastructure and cost competitiveness," Mr Kobayashi said.

"We remain committed to continuing our efforts in cost reduction and productivity improvement, while at the same time delivering ongoing projects and ensuring that we maximise the value of our assets." The **company** also has a **stake** in the Browse LNG development and believes Australia is strongly placed to become the world's largest supplier of gas and to exploit its proximity to growing Asian markets.

"In relation to LNG, delayed economic recovery in Europe has kept demand low. "In the medium-term, however, demand in developing countries, led by **China**, is expected to grow, while on the supply side, some new projects will start **operations** later than scheduled," Mr Kobayashi said.

"This combination of factors suggests that the supply-demand balance will remain tight.

"As those projects that have secured markets get started, and those that have not secured markets either get postponed or completely shelved, demand and supply will converge."I'd say that our investments in the **energy** sector in Australia are fundamentally sound and will continue to contribute to providing a stable **energy** supply to the region."

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