

Market Scan

Thorium Warms Up To Nuclear India

Vidya Ram , 12.09.08, 7:15 AM ET

LONDON - **Thorium Power** has become the first American company to march into the Indian nuclear market after an agreement to collaborate on the energy was finally signed between India and the United States last month. The Virginia-based nuclear energy company struck a deal with Punj Lloyd, an Indian engineering firm, to create a 50-50 joint venture which it hopes to have in place by the end of March, Seth Grae, chief executive of Thorium Power, told Forbes.com.

Through the joint venture, Thorium Power is planning to set up an investment fund for the nuclear energy industry, act as a consultancy to support other firms entering the Indian market and develop thorium fuel.

The use of thorium fuel for nuclear energy is still being tested, but Thorium Power believes positioning itself in India as quickly as possible could prove lucrative. "India has either the most thorium or second-most thorium after Australia," said Grae. (As there is no large industrial use of thorium, the size of reserves have to be estimated.)

Grae believes that there could be a fourth prong to his company's India venture eventually: "We are also looking at creating a nuclear operating company that would start up new reactors in countries that have never had them before."

Nuclear energy suppliers have been racing to enter the Indian market after the Nuclear Suppliers Group, an international organization representing companies that supply the energy, lifted its nuclear trade embargo on India in August. The embargo had been in place for the past thirty years, since India's first nuclear test.

So far the influx has been headed by Russia: last week India and Russia signed a nuclear agreement on civil nuclear cooperation, and Russia's nuclear energy conglomerate Rosatom will begin by building a reactor in the southern state of Tamil Nadu.

In October, the U.S. Congress finally gave its approval to legislation that would enable American companies to participate in India's civil nuclear energy program. The recent terrorist attacks on Mumbai, however, seem to have had an impact on the plans: an official trip for companies considering investing in the Indian nuclear sector that was due to take place last week was postponed to January.