

**Japan LNG Market Assessment, By Infrastructure [LNG Liquefaction Plants, LNG Regasification Facilities, LNG Shipping], By End-use [Power Generation, Industrial, Residential and Commercial, Others], By Region, Opportunities and Forecast, FY2018-FY2032F**

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**Report description:**

Japan LNG market is expected to observe a CAGR of 4.11% during the forecast period FY2025- FY2032, rising from USD 45.81 billion in FY2024 to USD 63.23 billion in FY2032. Japan is regarded as one of the world's largest LNG importers. The need for LNG supply in Japan is increasing due to the country's limited local energy resources. Moreover, the necessity for reliable and reasonably clean energy sources by reducing greenhouse gas emissions makes LNG a vital component of the country's energy landscape. Hence, a perfect balance is maintained between environmental responsibility and economic growth.

For instance, in May 2024, Japan's LNG imports were 4.87 million tons, resulting in a surge of 5.6% from the same month last year, according to preliminary figures from Japan's finance ministry. The cost of the imports was roughly USD 2.85 billion, representing a 9.1% increase year-on-year. These patterns highlighted Japan's continued reliance on LNG to fulfill its energy demands in the face of unpredictable global supply dynamics.

Rise in Investments for LNG is Expediting Market Growth

With the growing need for secure energy supplies, Japan is actively investing in LNG. The Japanese government has intended to keep LNG handling capacity at around 100 million tons per year by 2030. Furthermore, Japanese corporations are extending investments in LNG facilities across Asia-Pacific with the aim of increasing energy security, thereby ensuring that they remain competitive in the rapidly changing global market.

For instance, in May 2024, Japan's JERA Co, Inc. intended to invest over USD 32 billion over the next decade in LNG and novel fuels, including hydrogen and ammonia. By FY2035, the corporation expects to handle approximately 35 million tons of LNG per year, 20 Gigawatts of renewable energy capacity, and 7 million tons of hydrogen and ammonia. The investment approach aligns with Japan's aim of lowering carbon emissions by at least 60% by FY2050, therefore promoting the transition to a low-carbon

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society.

#### Collaboration With Foreign Countries for Long-Term LNG Supplies is Expediting the Market Growth

Japan's cooperation with other nations on long-term LNG supply is essential for energy security and stability. Japan is diversifying its supply chain by boosting connections with different allies. The strategy mitigates geopolitical risks and ensures consistent LNG supplies to fulfill Japan's energy demands, especially as the country moves to a more environmentally friendly energy mix.

For instance, in May 2024, Japan boosted its reliance on Australia and the United States for long-term LNG supply by signing crucial contracts till the early 2030s. In response to uncertainty in Australian LNG supply policy, Japan is diversifying its sources by boosting connections with its allies. Recent equity investments in Australian and the United States projects aim to provide steady, long-term LNG supply, showing Japan's dedication to energy security in the face of changing global dynamics and the constant need for reliable energy sources.

#### Establishment of Regasification Facilities is Proliferating Market Growth

Japan has built a strong network of gasification plants to support significant usage of LNG. Japan is a leader in Asia-Pacific in terms of operational capabilities. The country has multiple LNG storage terminals, which together contribute a major share of Asia's total regasification capacity. The plants receive LNG from overseas, store it, and convert it back into gas for distribution through pipelines. The continued development of the terminals is crucial to ensure a clean and stable LNG supply in Japan's energy landscape.

For instance, in April 2024, Japan's Mitsui O.S.K. Lines Ltd. (MOL) started commercial operations of its floating storage & regasification unit (FSRU) to provide LNG to the Jawa 1 LNG-fired power plant. The FSRU, owned by MOL, has a total generating capacity of 1,760 MW, can store 170,000 m<sup>3</sup> of LNG, and regasify 300 million standard cubic feet per day (MMcsfd).

#### Government Initiatives are Amplifying Market Prosperity

Government policies in Japan LNG market are critical for energy security and addressing future supply concerns. Investments in infrastructure and strategic alliances with nations such as Australia and the United States are crucial for sustaining a steady LNG supply. The initiatives are anticipated to cater to ample benefits for market expedition over the forecast years.

For instance, in March 2024, the Japanese government stated that it is actively shifting its focus on LNG in Southeast Asia.

Japanese firms are investing in the LNG infrastructure of Vietnam, Philippines, and Indonesia to boost demand and expand trading capacity. The approach seeks to sustain Japan's yearly LNG handling capacity despite the rising LNG surpluses.

#### Central Japan is Leading the Market Share

Central Japan has emerged as a leader in the market due to its strategic infrastructure and significant consumption. The region has several important LNG terminals which facilitate LNG import and regasification to meet the energy needs of densely populated areas. Major utilities in central Japan, such as Jera Co Inc. and Tokyo Gas Co., Ltd., have historically been the largest buyers of LNG. The regions are recognized for their capability to secure long-term contracts for LNG projects.

Central Japan has one of the most prominent LNG companies in the country, Tokyo Gas Ltd. As per the Japanese government, Central Japan is shifting its focus to southeastern Asia for LNG trading. In August 2024, Tokyo Gas Ltd. collaborated with Mitsui Corporation to develop a 1,500 MW LNG power plant in Northern Vietnam. Moreover, Tokyo Gas Ltd. is preparing to develop an LNG terminal in Philippines, but it is still pending government approval.

#### Future Market Scenario (FY2025 - FY2032)

-□ Japanese corporations are diversifying the LNG supplies and investing in LNG infrastructure for growing Asian regions to meet the demand adequately, which can prove to be a significant movement in the future for market proliferation.

-□ The Japanese governments is making significant investments in LNG-fired power stations to strengthen its foothold in the Asian market, which is anticipated to yield significant benefits for market growth.

-□ Japan's long-term energy policy is continuing to develop, balancing LNG dependency with the expansion of renewable and nuclear energy. Japanese utilities are improving their trading capabilities to properly handle surplus LNG and expand into new markets, thereby paving a great future for market growth.

#### Key Players Landscape and Outlook

Japanese companies have continued to invest in the building of LNG plants by aggressively making strategic investments. The Japanese companies have started developing LNG projects through various strategic partnerships. In such collaborative work, Japanese companies are planning to diversify risks, gain access to advanced technologies, and strengthen their positions in the

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frequently changing LNG market.

In December 2023, the Kansai Electric Power Group and Hartree Partners signed a contract to combine LNG supply with carbon investments. The partnership would further strengthen energy security while considering Japan's sustainability commitments. The deal fits well within the strategy of the Japanese government of balancing energy needs with decarbonization goals, thereby signifying a carbon-neutral LNG use. This reflects a growing trend in Japanese companies to embrace carbon management as a part of the energy supply chain and bring changes toward more sustainable energy practices.

## **Table of Contents:**

1. □ Project Scope and Definitions
2. □ Research Methodology
3. □ Executive Summary
4. □ Voice of Customer
  - 4.1. □ Product and Market Intelligence
  - 4.2. □ Factors Considered in Purchase Decisions
    - 4.2.1. □ Calorific Value
    - 4.2.2. □ Contract Terms
    - 4.2.3. □ Lead Time
    - 4.2.4. □ Order Quantity
    - 4.2.5. □ Safety Measures
    - 4.2.6. □ Infrastructure Capability
  - 4.3. □ Supply Chain Management
  - 4.4. □ Demand and Supply Mechanism
  - 4.5. □ Channel of Purchase
5. □ Japan LNG Market Outlook, FY2018-FY2032F
  - 5.1. □ Market Size Analysis & Forecast
    - 5.1.1. □ By Value
    - 5.1.2. □ By Volume
  - 5.2. □ Market Share Analysis & Forecast
    - 5.2.1. □ By Infrastructure
      - 5.2.1.1. □ LNG Liquefaction Plants
      - 5.2.1.2. □ LNG Regasification Facilities
      - 5.2.1.3. □ LNG Shipping
    - 5.2.2. □ By End-use
      - 5.2.2.1. □ Power Generation
      - 5.2.2.2. □ Industrial
      - 5.2.2.3. □ Residential and Commercial
      - 5.2.2.4. □ Others
    - 5.2.3. □ By Region
      - 5.2.3.1. □ North [Hokkaido and Tohoku]
      - 5.2.3.2. □ Central [Kanto and Chubu]
      - 5.2.3.3. □ South [Kansai, Chugoku, Shikoku, Kyushu, Okinawa]
    - 5.2.4. □ By Company Market Share Analysis (Top 5 Companies and Others - By Value, FY2024)
  - 5.3. □ Market Map Analysis, FY2024
    - 5.3.1. □ By Infrastructure
    - 5.3.2. □ By End-use
    - 5.3.3. □ By Region
6. □ Demand Supply Analysis

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- 7. Import and Export Analysis
- 8. Value Chain Analysis
- 9. Porter's Five Forces Analysis
- 10. PESTLE Analysis
- 11. Pricing Analysis
- 12. Market Dynamics
  - 12.1. Market Drivers
  - 12.2. Market Challenges
- 13. Market Trends and Developments
- 14. Case Studies
- 15. Competitive Landscape
  - 15.1. Competition Matrix of Top 5 Market Leaders
  - 15.2. SWOT Analysis for Top 5 Players
  - 15.3. Key Players Landscape for Top 8 Market Players
    - 15.3.1. Inpex Corporation
      - 15.3.1.1. Company Details
      - 15.3.1.2. Key Management Personnel
      - 15.3.1.3. Products and Services
      - 15.3.1.4. Financials (As Reported)
      - 15.3.1.5. Key Market Focus and Geographical Presence
      - 15.3.1.6. Recent Developments/Collaborations/Partnerships/Mergers and Acquisition
    - 15.3.2. Japan Petroleum Exploration Company Limited (JAPEX)
    - 15.3.3. Tokyo Gas Engineering Solutions Corporation
    - 15.3.4. Osaka Gas Co., Ltd.
    - 15.3.5. Toho Gas Co., Ltd.
    - 15.3.6. Saibu Gas Co. Ltd.
    - 15.3.7. The Kansai Electric Power Co., Inc.
    - 15.3.8. JERA Co., Inc.
- \*Companies mentioned above DO NOT hold any order as per market share and can be changed as per information available during research work.
- 16. Strategic Recommendations
- 17. About Us and Disclaimer

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