Japan Bunker Fuel - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

Market Report | 2025-04-28 | 100 pages | Mordor Intelligence

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Report description:

The Japan Bunker Fuel Market size is estimated at USD 3.78 billion in 2025, and is expected to reach USD 5.84 billion by 2030, at a CAGR of 9.11% during the forecast period (2025-2030).

Key Highlights
- In the medium period, factors such as rising demand for cleaner bunker fuels due to implementing more restrictive environmental regulations and the growing trade of LNG for the power sector in the regions are expected to drive the market between 2024 and 2029.
- On the other hand, changes in the cost of bunker fuel and crude oil are expected to hinder the market's growth.
- Nevertheless, the number of ships in service and the demand for maritime transportation are expected to create several future market opportunities from 2024 to 2029.

Japan Bunker Fuel Market Trends

Very Low Sulfur Fuel Oil (VLSFO) is Expected to Witness Significant Growth

- Bunker fuels have a high sulfur content and may emit harmful fumes. Different methods can be employed to lower sulfur concentration. Ultra-low-sulfur fuel oil is one of the varieties of this kind of fuel. With an IMO regulation going into effect in January 2020, there is a growing need for very low sulfur fuel oil (VLSFO) with a sulfur concentration of less than 0.5%.
- The majority of the market for high-sulfur fuel oil (HSFO) bunker fuel is anticipated to be replaced soon by low-sulfur substitutes.

The majority of VLSFO sold on the market is made up of residual and distillate components combined with different cutters with different viscosities and sulfur contents to produce a product that meets specifications.
- The nation is focusing on increasing the number of refineries to overcome the increased demand for VLSFO. As of January 2024, Japan had 20 refineries. The country's refining capacity is 3.23 million b/d, compared to 6 million b/d in the early 1980s. The country is making strategies to increase the number of refineries to fulfill the demand for VLSFO and reach the previous numbers again. All these strategies are likely to fulfill the increased demand between 2024 and 2029.
- As of 2023, Japan's total bunker demand involved 70% of low-sulfur fuel oil (VLSFO) for deliveries of ocean-going vessels. This is more dependent on the refinery's capacity. The government is making plans to increase the refinery's capacity with several organizations. In February 2024, Cosmos announced that the refinery capacity is likely to be above 90% during FY2024-25 compared to 87.5 % in FY23-24.
- Moreover, in August 2023, Pemex announced that it had inked a deal with the Japan International Cooperation Agency (JICA) and the sustainable solutions company Adaptex to implement a plan for innovative technology to operate with greater energy efficiency in the refinery involving very low-sulfur fuel oil (VLSFO). All these types of agreements increase the demand for VLSFO between 2024 and 2029 and create future opportunities for the organization.
- Hence, driven by high domestic demand, recent developments, and upcoming oil refinery projects, the region is expected to drive the demand for the market from 2024 to 2029.

LNG as a Bunker Fuel is Likely to Witness Significant Growth

- The Japan LNG bunkering industry has developed over the last decade, driven by increased global LNG usage, clean energy demand, and the opportunity to minimize greenhouse gas emissions. LNG-powered vessels are becoming progressively higher in demand, and lower natural gas prices signaled the start of an expansion in the market for these kinds of vessels.
- The cost of converting the current operational vessels to LNG-powered vessels is significant. It is, therefore, not feasible economically. After the new pollution restrictions take effect, LNG-based vessels are anticipated to have the lowest operating costs of all the fuel options. Furthermore, a gradual transition from conventional ship fueling methods, such as heavy fuel oil, marine gas oil, and marine diesel oil, to LNG propulsion is more advantageous. The ship's operational efficiency has increased, and its carbon footprint is significantly reduced with LNG-based propulsion.
- Countries are now focusing on using LNG power carriers owing to the new environmental regulations. In February 2024, the first-ever capsized bulk carrier powered by LNG was to be delivered to Japan. The ship is the first Capesize LNG-fueled bulk carrier ever constructed at a Japanese shipyard, according to an NYK investigation. Expanding its fleet of LNG-fueled ships, NYK is taking on the issue of decarbonizing a complete supply chain while meeting the NYK Group's target of a 45% reduction in GHG emissions from FY2021 to FY2030. These developments increase the demand for LNG as a bunker fuel between 2024 and 2029.
- According to the Statistical Review of World Energy Data, LNG imports were reported to be 98.3 billion cubic meters in 2022, which was reduced by 2.96% compared to 2021. The imports are likely to increase in the coming years as the government focuses on increasing the refinery capacity by signing multiple deals.
- Furthermore, in August 2023, LNG Japan Corp. agreed to pay up to USD 880 million for a stake in a massive natural gas project off the coast of Australia. The Scarborough project will see Woodside Energy Group give up 10% of its ownership to the joint venture, which Sumitomo Corp. and Sojitz Corp hold. Furthermore, a deal was reached to deliver 12 cargoes, or roughly 900,000 tons, of liquefied natural gas (LNG) annually for ten years starting in 2026 from the project. All these types of agreements increase the capacity of LNG between 2024 and 2029 and create future opportunities for the organization.
- Hence, driven by high domestic demand, recent developments, and upcoming projects, the region is expected to drive the demand for the market from 2024 to 2029.

Japan Bunker Fuel Industry Overview

The Japanese bunker fuel market is semi-consolidated. Some of the major players in this market are PetroChina Company Limited, Ocean Bunkering Services (Pte) Ltd, Shell Eastern Trading (Pte) Ltd, Equatorial Marine Fuel Management Services Pte Ltd, and Sentek Marine & Trading Pte Ltd.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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