

Japan's LNG Market Outlook and Global Gas Security Measures

LNG Producer-Consumer Conference 2015

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Satoshi Kusakabe
Commissioner

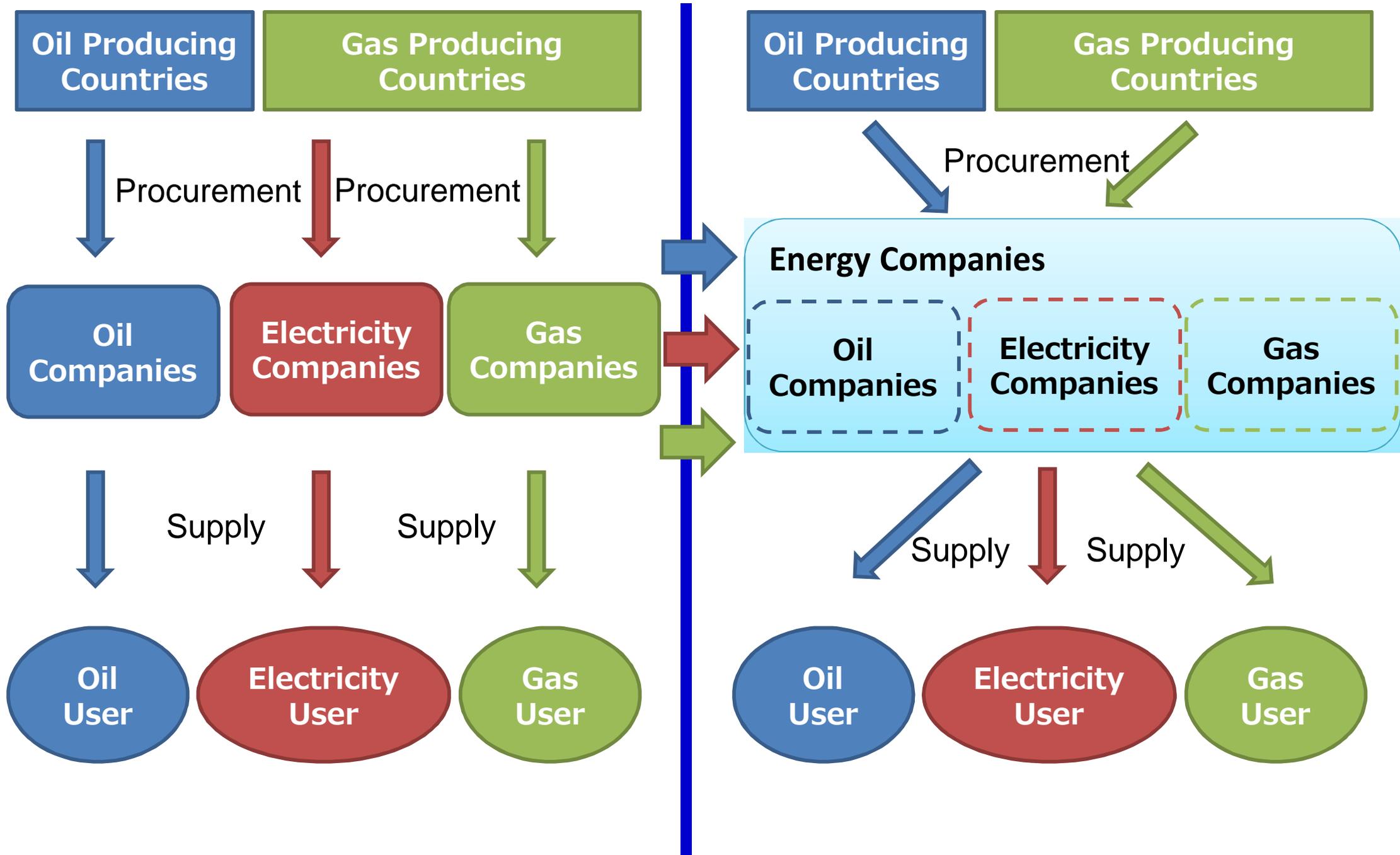
Agency for Natural Resources and Energy
Ministry of Economy, Trade and Industry of Japan

1. Japan continues to be the largest LNG player despite its demand decrease

Ratio of Each Energy Source in Primary Energy Supply

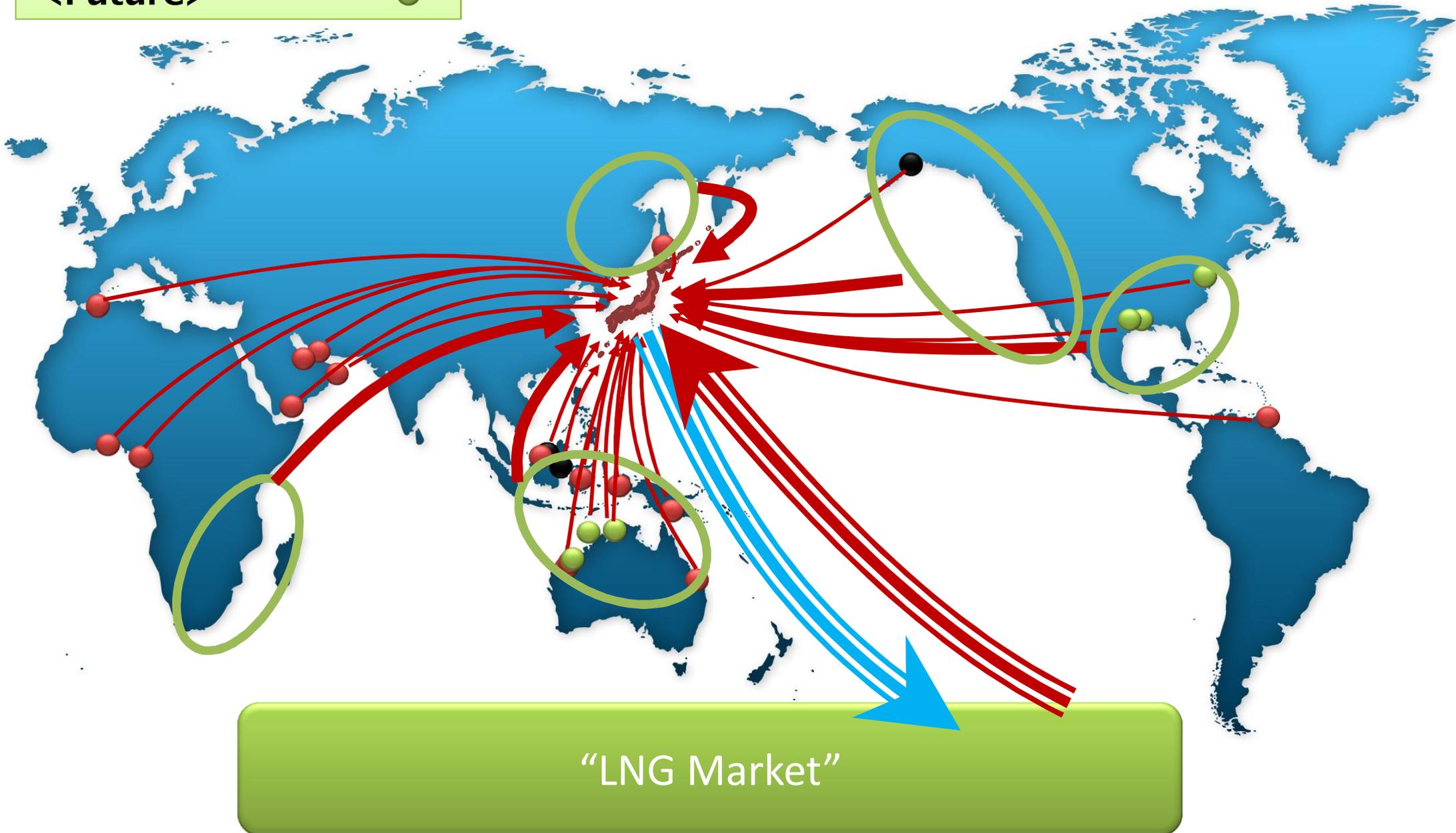
	1970	2010	2012	2030
Fossil Fuel	92%	82%	92%	76%
Others	8%	18%	8%	24%
	1970	2010	2012	2030
Oil	70%	40%	44%	33%
Coal	21%	23%	23%	25%
Natural Gas	1%	19%	25%	18%
	1970	2010	2012	2030
LNG	1 million ton	71 million ton	90 million ton	62 million ton

2. Japanese energy system reform puts Japanese utilities under competition

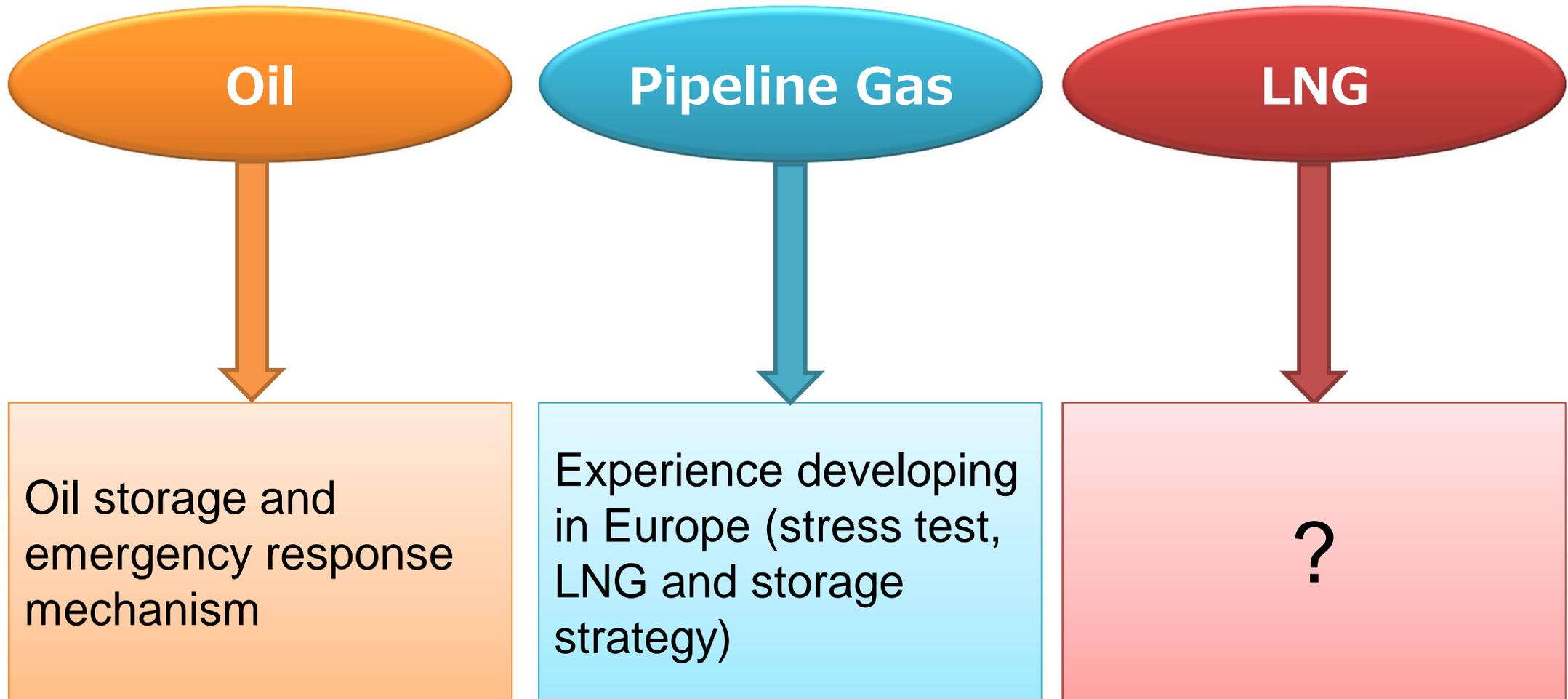


3. LNG supply sources will diversify throughout the world

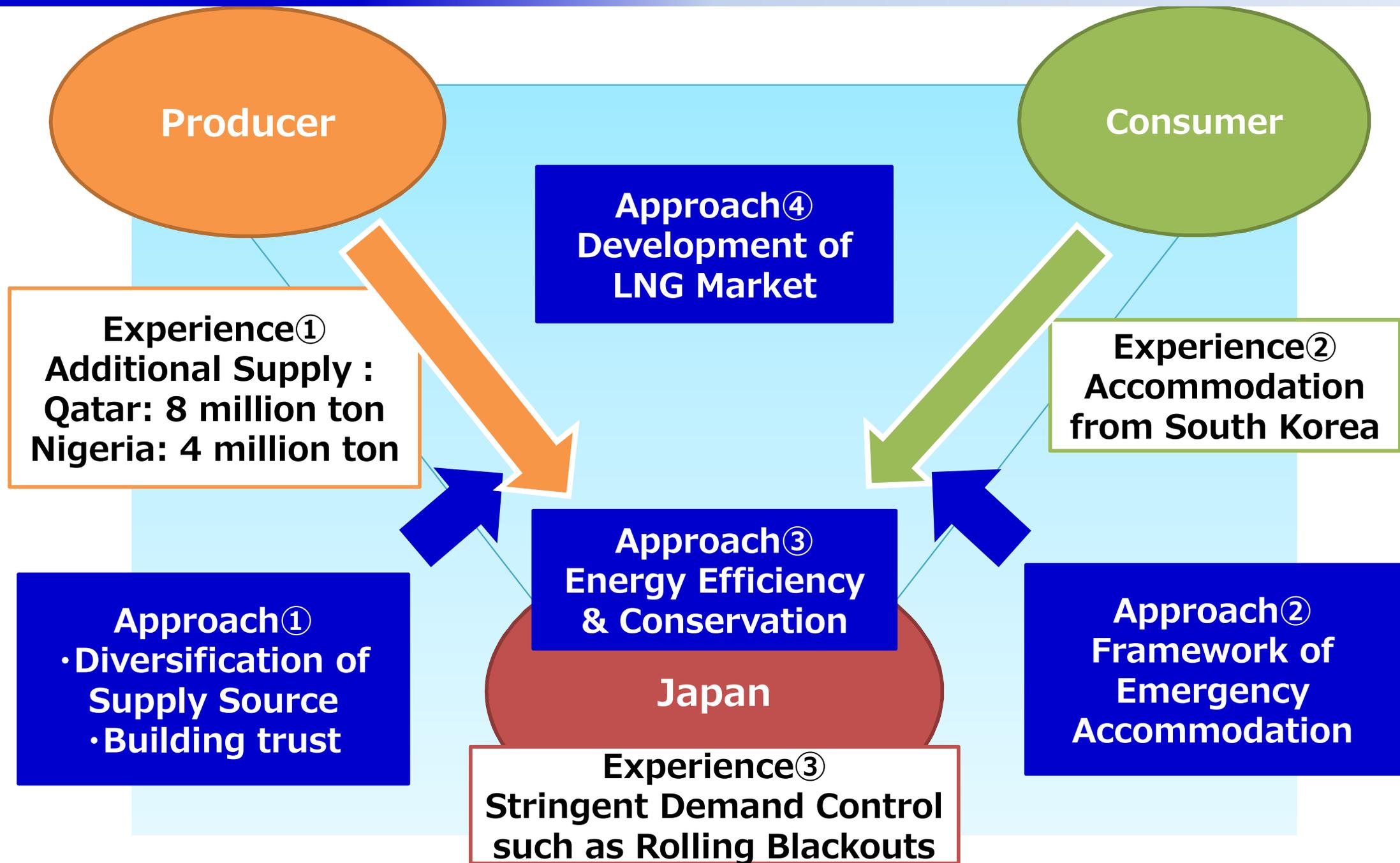
- <Past(1970s)> ●
- <Present> ●
- <Future> ●



4. Is LNG secure compared to oil and pipeline gas?



5. LNG emergency response after the Great Earthquake, and sustainable approaches today



6. Recommendation for strengthening global gas security

Recommendation	Possible Approach
① Bilateral Cooperation between Producers & Consumers	<ul style="list-style-type: none">● Sharing mid- & long-term supply-demand outlook● Investment in upstream projects by consuming companies● Construction of wider cooperation in area beyond energy
② Bilateral Cooperation between Consumers	<ul style="list-style-type: none">● Cooperation of promoting energy efficiency & conservation● Accommodating LNG between buyers
③ Development of LNG Market	<ul style="list-style-type: none">● More flexible transaction (relaxation of destination clauses)● Enhancement of liquidity (expansion of spot transactions, revitalization of LNG over-the-counter market)● Increasing LNG players (new project start-ups)
④ Multilateral Framework	<ul style="list-style-type: none">● Strengthening gas market analysis (analysis of vulnerability on supply chain, transparent gas market data)● Establishment of emergency communication network, emergency exercise

As ① through ④ progress,

“ Cooperation between companies/governments develops synergistically

“ LNG becomes more attractive and competitive, bringing merit for both producers and consumers