

International workshops on the global LNG market

co-organised by the Ministry of Economy,
Trade and Industry of Japan and the
Directorate-General for Energy of the
European Commission

Promoting a flexible,
liquid and transparent
global LNG market

Background

- Importance of LNG for the EU's and Japan's objectives of reliable, affordable and sustainable energy supply
- EU Strategy for LNG and gas storage (February 2016)
- Japan's Strategy for LNG Market Development (May 2016)



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Rationale

- LNG trading rules and practices that lead to more flexibility and the convergence of global gas markets are seen as the best condition for durable competitively priced LNG supplies and for improving the resilience of the international market and its capacity to respond to emergencies.



EU – Japan Memorandum of Cooperation (11 July 2017)

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<https://ec.europa.eu/energy/en/news/eu-and-japan-boost-cooperation-energy-security>





Series of 4 workshops between November 2017 and October 2018

**Promoting a flexible,
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Series of 4 workshops between November 2017 and October 2018

- 1. flexibility in contracts for LNG sale and purchase**
- 2. the organization of gas hubs in consumer markets**
- 3. price transparency and reporting**
- 4. sustaining a robust investment climate.**

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***Model Clause on diversion :
https://www.jurists.co.jp/ja/news/181022_2.html***



4 workshops between November 2017 and October 2018

- **'incremental changes' to traditional LNG market model**
- **address a buyer-seller mismatch as evidenced by lack of investment decisions in recent years**



Allow and promote that gas flows to where it is most needed and most valued

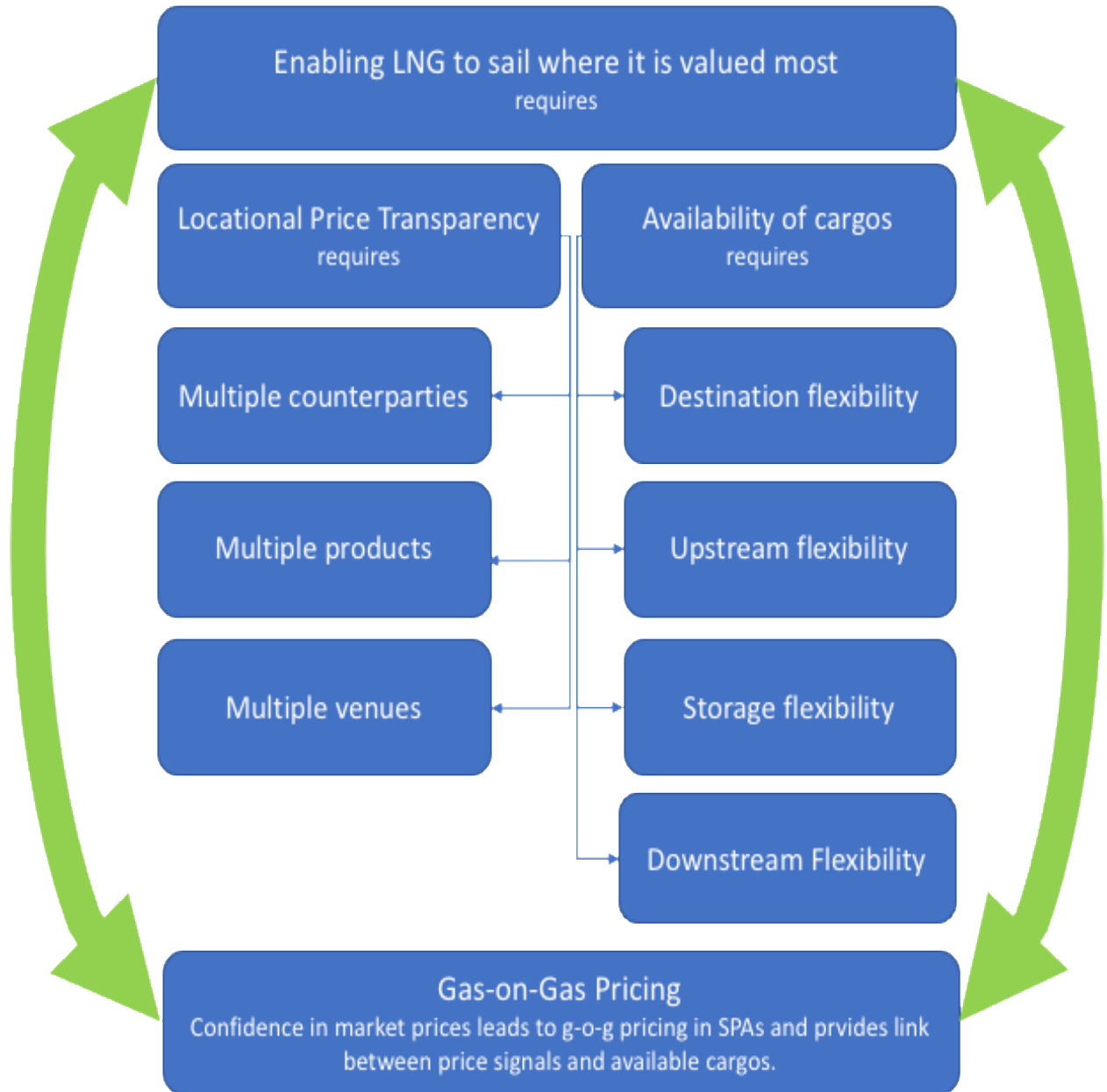
→ flexible trade as requested by consumers

→ return on investment to be ensured through deep trading opportunities

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Continued EU – Japan cooperation on the global LNG market, will include

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- assess the model clause on destination flexibility with legal experts from other jurisdictions;
- further facilitate the discussion on efficient risk allocation among different players in LNG investment as well as emergency response from the perspective of enhancing security of supply



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- promote that existing flexibilities in the current LNG market environment be expanded (regarding terminals and trading venues);
- encourage participation in LNG trading platforms that provide price transparency;
- promote that gas consuming countries consider benefits and opportunities of, challenges and barriers to full downstream market liberalization;
- facilitate the exploration of wholesale level price discovery and integrated regional 'virtual' terminals.



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The final report of the workshop series will be available from November 15 onwards at:
<https://ec.europa.eu/energy/en/topics/international-cooperation>
<http://www.meti.go.jp/english/index.html>

***THANK YOU FOR YOUR
ATTENTION !***

