

LNG INTELLIGENCE



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Japan Likely to Lift 2030 LNG Demand Forecast

Japan does not expect to make major changes to its long-term energy targets when it updates them later this year, although its forecast for LNG demand will likely be higher, an official from the Ministry of Economy, Trade and Industry (Meti) told a conference in Singapore on Wednesday.

Masato Sasaki, the director of Meti's petroleum and natural gas division, said discussions are taking place about what Japan's energy mix will look like in 2030 and in 2050, based on its commitments under the Paris climate agreement.

"The 2030 targets will be almost the same as what was announced in 2015," he said, adding that Japanese demand for LNG in 2030 could be higher than the previously forecast 62 million tons. Currently the world's largest LNG market, Japan's demand in 2030 had been predicted to drop by 27% from 85 million tons in 2015, the reference year, to 62 million tons, largely due to gains from competing fuels and the country's aging population. Japan updates these targets every three years.

"There are many uncertainties but we are confident that demand for LNG will increase to more than 62 million tons," Sasaki said at the LNG Supplies for Asian Markets conference organized by Conference Connection.

In 2015, Japan unveiled the targets for its energy sources for the first time since the 2011 Fukushima nuclear disaster. It then believed that nuclear would account for 20%-22% of Japan's electricity mix, gas 27%, coal 26% and renewables 22%-24% in 2030 ([LNGI Apr.27'15](#)).

Sasaki acknowledged many observers have doubts whether the targets can be realized due to slow nuclear restarts in Japan and the ambitious renewables target ([LNGI Feb.21'18](#)). "The main discussion is on how to achieve the goals for nuclear, renewables, oil and gas," he told reporters, adding that the many uncertainties would not drag down the 2030 LNG demand forecast. Only five nuclear reactors in Japan have restarted so far, out of 42 operable units.

Although Tokyo has committed to an 80% cut in greenhouse gas emissions by 2050 from the current level, it has been criticized for being a climate change laggard as it is still building new coal-fired power plants when many developed economies have halted them. Following Fukushima, Meti has encouraged the construction of coal-fired power plants using technologies that mitigate emissions of the most pollutive fossil fuel. "We are not changing our position but we will consider the criticism," Sasaki said.

More stringent restrictions on new coal-fired power plants to help Japan meet its emissions targets under the Paris deal, as well as banks' mounting reluctance to finance coal-fired power plants, may sway some utilities toward using gas as a fuel. Japan's environment ministry has been raising concerns over utilities' plans to build new coal power units. On the other hand, Japan is also facing an uphill task in decommissioning its Fukushima reactors.

A source with a Japanese LNG buyer agrees that Japan's future demand will likely be higher than 62 million tons, but he said it would not exceed current levels as demand has already peaked. Since hitting a peak of 87.3 million in 2012 -- the year after the Fukushima disaster -- Japan's LNG imports have slipped, coming at 83.6 million last year ([LNGI Jan.4'18](#)).

