

# Japan's Approach

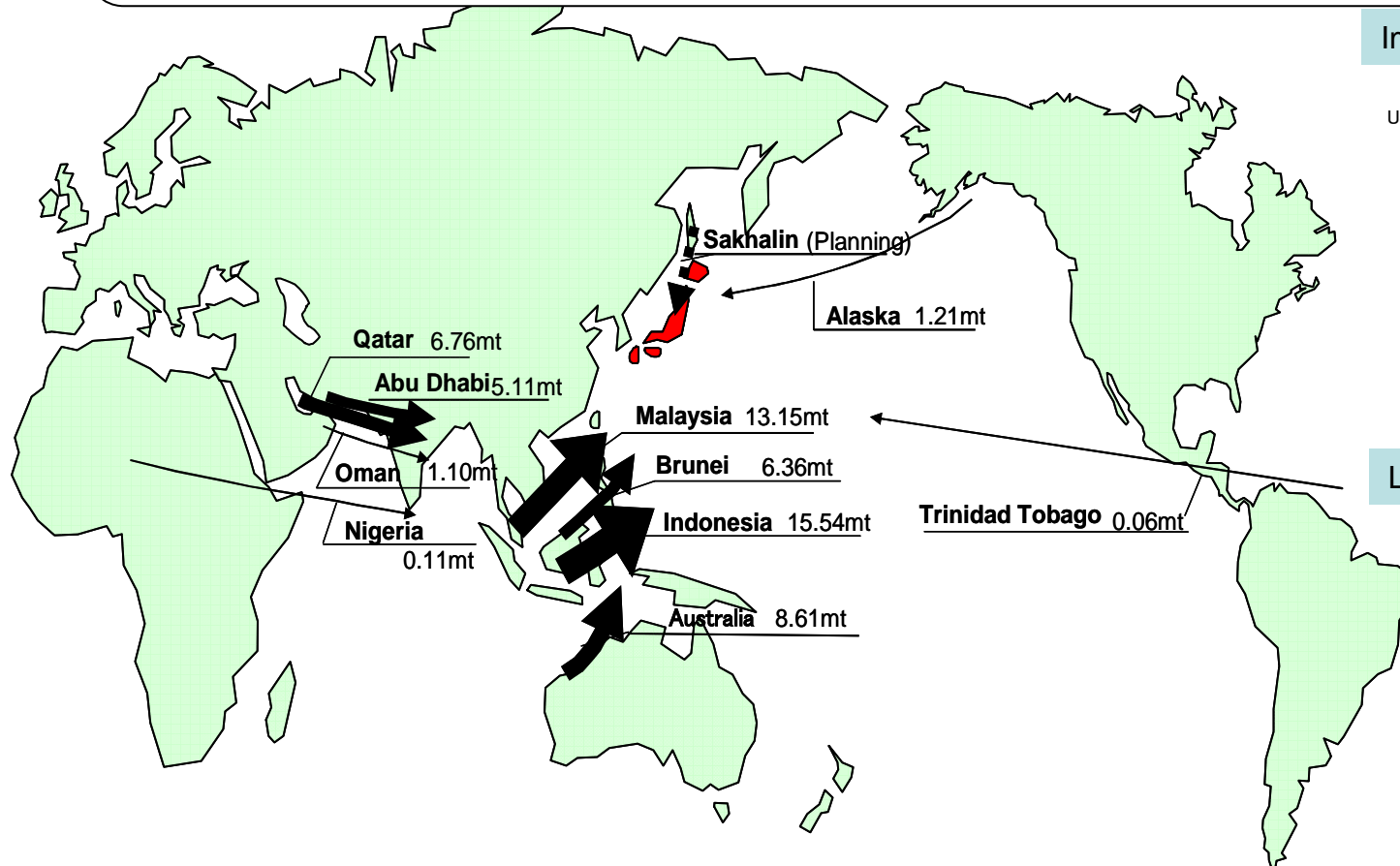
June 12th, 2006

Kenji GOTO

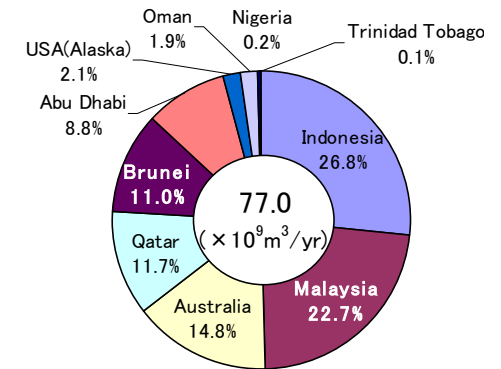
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# Features of Japan as a Natural Gas Buyer

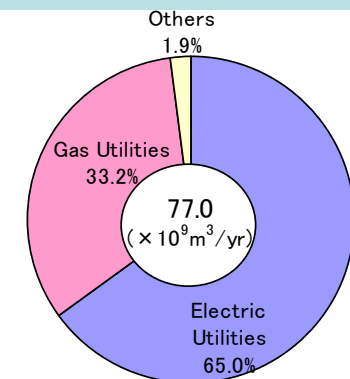
- World: More than 70% Natural gas is exported via Pipeline
- Japan: All is imported in the form of LNG
- **LNG source is diversified widely across the world**, 27% of Indonesia is the maximum
- Almost all LNG is bought by electric utilities & gas utilities



Import counterpart of LNG (2004)



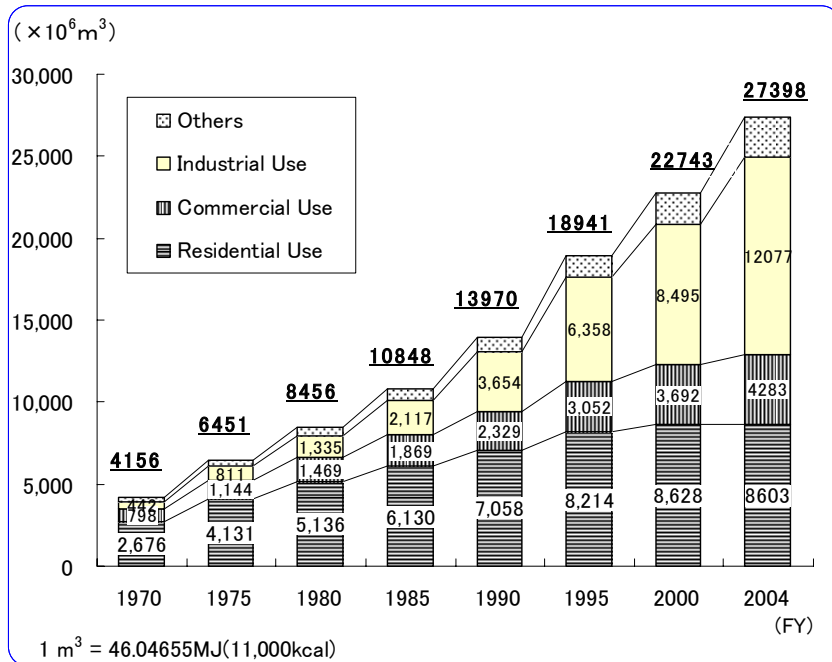
LNG Importers in Japan (2004)



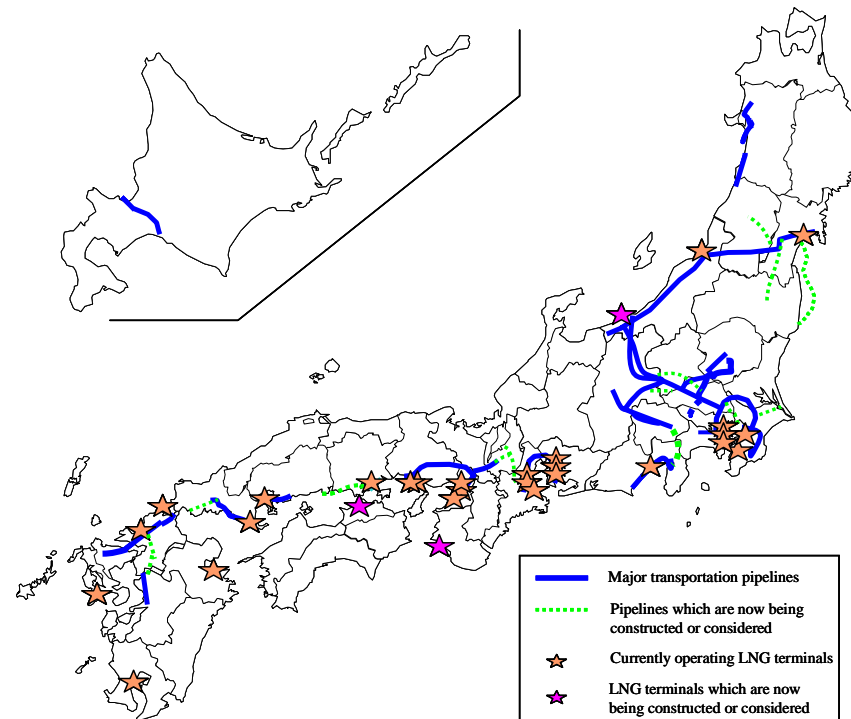
# Gas Market in Japan

- Town gas sales increased approximately **1.4 times** in 9 years (1995-2004)
  - Above all, **industrial use** increased **1.9 times** in the meantime
- Gas pipelines are now being developed
  - **Japanese natural gas market has large potential**  
(Industrial sector, commercial sector etc.)

Sales Increase of Town Gas in Japan



LNG Terminals & Trunk Pipelines in Japan

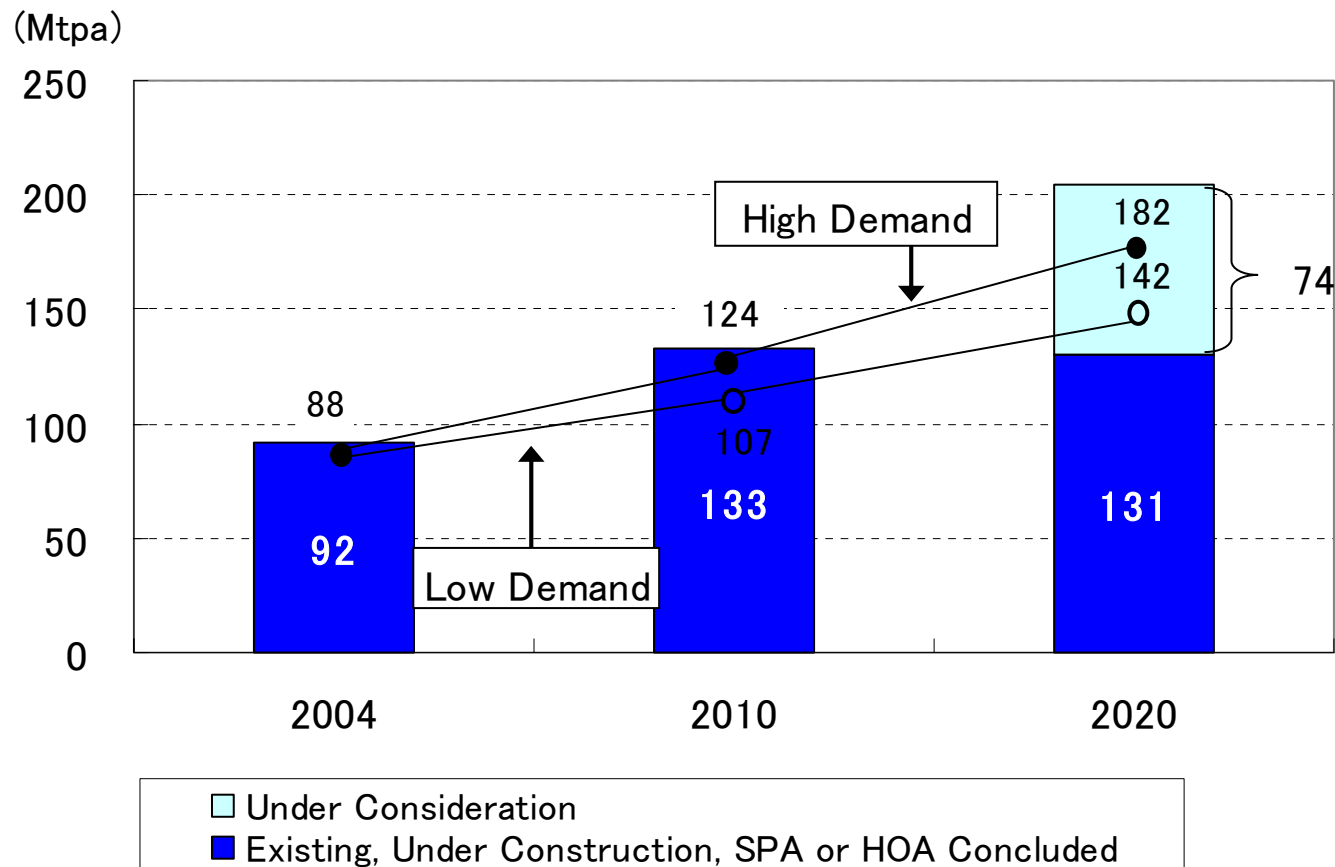


## Forecast of Asia-Pacific LNG Market

➤ Here is a compilation of various forecast data for LNG supply and demand in Asia-Pacific market

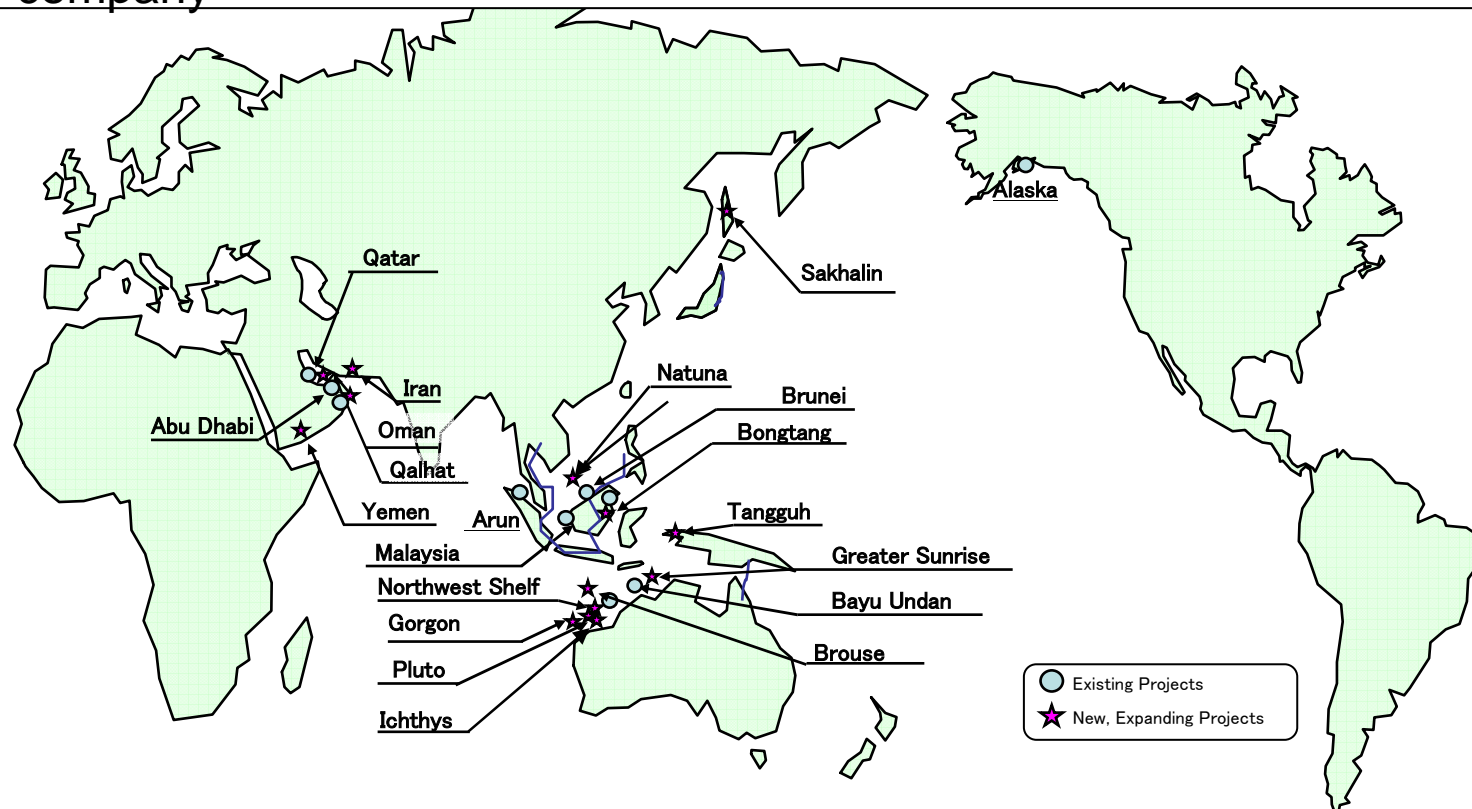
→ Great Difference among various resources or institutions

\* Data by the Institute of Energy Economics, Japan (IEEJ)



## Existing & Future LNG Projects

- Many projects will be launched around 2010.
  - We hold a hope those will be launched without delay.
- In several projects, Japanese utilities which have end users obtain their own interest.
  - Those utilities want to make their own supply chains.
- Japanese government is supporting to obtain an interest by Japanese company



## For the Smooth Development of Natural Gas Market

### ◆ Importance of LNG will increase in the world energy market

- To keep long-term development of both domestic & international natural gas market, we need...

#### **1. More refined information**

e.g. Development of new projects, readiness of LNG terminals  
→ To produce a correct forecast

#### **2. More effective communication**

Between consumers & suppliers, Among consumers, etc.

#### **3. More support for launching new projects**

Improvement in the investment climate, etc.

#### **4. Smoother trading in international LNG market**

Abolishing destination clause, etc.