



# The EU-Japan Collaboration on the Global LNG Market

European Commission  
and

Ministry of Economy, Trade & Industry, Japan

Promoting a flexible,  
liquid and transparent  
global LNG market



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## Background

- The EU and Japan both keen to promote liquidity, transparency and flexibility of the global LNG market.

## Rationale

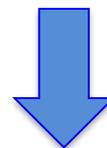
- LNG trading rules and practices that lead to more flexibility and the convergence of global gas markets are seen as the best condition for durable competitively priced LNG supplies and for improving the resilience of the international market and its capacity to respond to emergencies.



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### Action

- The EU and Japan together account for nearly 50% of global LNG consumption.
- Cooperation between the EU and Japan would enhance liquidity and flexibility of the global LNG market.



Memorandum of Cooperation (MoC)  
between the EU and Japan  
(July 2017)

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## The EU - Japan Joint Workshops

- As an implementation of the MoC, joint workshops are co-organized by the European Commission and the Ministry of Economy, Trade and Industry of Japan.
- Agenda of initial 4 workshops : flexibility in contracts for LNG sale and purchase, organization of gas hubs in consumer markets, price transparency and reporting, sustaining a robust investment climate.
- The EU and Japan drafted a model clauses on destination and cargo diversion in compliance with antitrust laws of the EU and Japan.

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- The 5<sup>th</sup> workshop (July 2019) focused on destination restrictions and profit sharing mechanisms :
  - The model clause was used to **facilitate dialogue between sector stakeholders** and with important LNG importing countries
  - **Commoditisation of LNG** will be enhanced by standardisation of contractual terms
- EU ideas on possible coming areas of collaboration with international partners :
  - Optimising the functioning of the gas **market** in consuming countries
  - Preparing for the **de-carbonisation** of the gas sector
  - Mitigating **methane** emissions along the gas/LNG value chain

