

## **Participation in LNG Producer-Consumer Conference and Annual GIIGNL General Assembly**

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On October 6 and 7, I participated in two important international conferences on liquefied natural gas in Hiroshima. On October 6, the LNG Producer-Consumer Conference 2024 was cosponsored by the Ministry of Economy, Trade and Industry and the International Energy Agency. The conference was initiated as a meeting of high-level representatives from governments and industries in LNG producing and consuming countries in 2012 amid the dramatically increasing importance of LNG for electricity supply and energy security due to the shutdown of nuclear power plants in Japan following the 2011 Great East Japan Earthquake. It has taken root as an important platform for discussing LNG issues around the world. From the perspective of reaffirming the emphasis on public-private dialogue, the 13th LNG Producer-Consumer Conference was held in collaboration with the International Group of LNG Importers (GIIGNL) as described later. Many participants gathered for lively discussions at the conference that started at 8 a.m. on Sunday.

On October 7, GIIGNL's annual General Assembly meeting took place, attended by top executives of companies involved in LNG import related business. Although it is a group of LNG importers, various players involved in LNG imports participate in the group, including upstream, midstream, and downstream LNG supply chain companies. It is an important meeting that brings together key LNG business leaders. Both the LNG Producer-Consumer Conference and the annual GIIGNL General Assembly were held at the Grand Prince Hotel Hiroshima, where an annual Group of Seven summit took place in May last year. I had the opportunity to participate in both conferences and listened to the discussions of LNG stakeholders around the world with great interest. In the following, I would like to summarize the points that left a particularly strong impression on me through my participation in both conferences.

First, I was deeply impressed by the strong awareness of the importance of LNG at both conferences and their clear commitment to promoting LNG around the world. Among primary energy sources, natural gas has continued to expand over the past half century with the most stable and largest growth. International LNG trade has continued to grow faster than pipeline gas trade, becoming the mainstay of international gas trade. LNG has thus achieved such important development and played major roles. In the past few years, however, various challenges regarding the future of LNG have become apparent, resulting in a sense of uncertainty about the future.

As the trend toward decarbonization accelerates at a rapid pace, with countries setting forth net-zero emissions targets for the middle of this century, a view that the use of even natural gas/LNG that is cleaner than other fossil fuels will decline rapidly for the desirable future achievement of net zero emissions has become influential at various levels.

Since the Ukraine crisis, however, various changes have been seen in the debate over global

energy issues. While the importance of decarbonization remains unchanged, there has been a growing worldwide awareness that security of energy supply, which is indispensable for people's lives and the economy, is the most important among fundamentals and cannot be neglected. In this context, the idea that it is important to provide energy in a stable and reliable manner at affordable prices has come to the fore again. This is a natural idea in a sense.

Under these circumstances, there is a trend where we have no choice but to reaffirm the importance of fossil fuels supporting the energy system, if the energy transition, though making progress, takes a considerable amount of time. In this context, the significance of LNG has been understood and recognized worldwide.

In today's world, efforts are being made under high ideals toward an energy transition that aims to achieve both decarbonization and energy security. While this is important, the need to take into account the reality in our daily lives, economic conditions, and employment is also an important issue for the world including both developed and developing countries. Under these circumstances, the awareness that the effective use of LNG as a pragmatic choice will ultimately contribute to the successful energy transition has become widespread, given the gap between the ideal and the reality that can be understood as a serious problem.

Of course, the debate over energy issues is complex, with various conflicting opinions. Even today, we frequently hear opinions that give priority to the pursuit of the ideal and call for the transition or walk away from fossil fuels. The existence of such opinions and the fact that they have a certain influence in the debate over global energy issues also represent an aspect of reality.

Even now, there are various challenges and uncertainties regarding the future of LNG. In the recent international energy situation, however, I feel that the idea that LNG should or can play a role in achieving both energy security and decarbonization has gained momentum. This was the most impressive point I felt when I participated in the two conferences.

Rather, the two international conferences seem to have featured positive discussions on what challenges must be overcome in order for LNG to continue to play important roles and be used and selected as an energy option.

Regarding what is required to ensure a stable supply of LNG and maintain LNG price competitiveness and affordability, discussions were held from various perspectives on the enhancement of emergency response capabilities, and the ideal form of international cooperation for a stable supply and its embodiment, with consensus building promoted. As LNG growth is expected particularly in emerging and developing Asian countries, various considerations and discussions were held on what factors support the development and expansion of the LNG market in Asia. In order to achieve a stable supply and affordability for LNG, it is essential to secure a sufficient supply. In this respect, there are challenges to be addressed to realize the necessary investment. As the expansion of LNG supply is predicted mainly in the United States, how to deal with the existence of uncertainties regarding the realization of LNG supply expansion was raised as an issue to be addressed.

Another important point was that discussions at the conferences indicated a strong awareness of the need for efforts to decarbonize the entire LNG supply chain. LNG is certainly expected to play important roles in the future. In order to meet these expectations, LNG supply chain stakeholders are required to make every possible effort to clean and decarbonize LNG. At the conferences, there was a lively discussion on various relevant initiatives and the status of their

implementation. With regard to various options such as methane emission countermeasures, E-NG, and CCS/CCUS (carbon capture and storage, and carbon capture, utilization, and storage), various initiatives may be required for policy and institution development, technology development, cost cuts, infrastructure development, and international cooperation. I look forward to future efforts by all LNG stakeholders to contribute to the promotion of the global energy transition.

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