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## **LNG supply expansion and the Asian market: towards a sustainable future -The report of the workshop in Singapore by IEEJ-**

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On 14 January 2026, IEEJ co-hosted the workshop in Singapore titled “LNG supply expansion and the Asian market: towards a sustainable future” with the Economic Research Institute for ASEAN and East Asia (ERIA) and the Asia Natural Gas and Energy Association (ANGEA). 30 government officials and company executives from the Asia-Pacific region participated in the event with a frank exchange of views under the Chatham House Rule. The points raised during the discussion and IEEJ’s summary are as follows.

### Panel 1: " Upcoming LNG supply expansion and Asia: How will they impact each other?"

<Points of the discussion>

- ✓ The Asia-Pacific region, especially in Southeast Asia and South Asia, will continue driving the global energy demand increase with the transition from coal and population growth. LNG has the importance of complementing renewable energy and sustaining energy security.
- ✓ In the Asia-Pacific region, geographical constraints make it challenging to scale up renewable energy, while the development of new coal-fired power plants is becoming increasingly difficult. Against this backdrop, natural gas is emerging as a practical and flexible solution. LNG, in particular, is uniquely positioned to address all three dimensions of the energy trilemma—affordability, sustainability, and energy security—simultaneously.
- ✓ The "various pathways" approach advocated by the Asian Zero Emission Community (AZEC) has been positively received by ASEAN countries as a practical framework that takes into account their diverse national circumstances.
- ✓ On the other hand, natural gas currently faces intense price competition from coal, particularly in Southeast Asia. There is a significant risk that the region could revert to coal without LNG being supplied at affordable prices and without timely investment decisions in related infrastructure, such as gas turbines.
- ✓ Because uncertainty in approval processes within LNG exporting countries can undermine visibility on affordable LNG supply, timely environmental approvals and regulatory transparency are essential.
- ✓ Since companies cannot shoulder all the risks stemming from uncertain long-term LNG demand forecasts, further clarification of the clearer government's position on the role of LNG would help strengthen corporate commitment.
- ✓ Promoting dialogue between producers and consumers is essential to managing the risks associated with fluctuations in LNG demand.

< IEEJ's Summary>

- ✓ In the Asia-Pacific region, LNG demand is expected to grow, especially in Southeast and South Asia. This is due to population growth and economic growth, as well as the expected decline in LNG prices due to the global expansion of LNG supply, mainly from the United States and Qatar, in addition to the conversion from coal to gas in Southeast and South Asia.
- ✓ On the other hand, especially in Asia, where coal prices are highly competitive, attention should be paid to whether the expansion of LNG supply and the introduction of related infrastructure, including gas turbines, will proceed as planned.
- ✓ In addition, while it is important to pay attention to environmental and labor-related measures and energy security in supply countries, unexpected retroactive changes in the system may mean a deterioration in the investment environment from the perspective of business operators, which may lead to a decline in investment. This also increases the uncertainty of whether affordable LNG will be stably supplied to the market.
- ✓ In order to address these uncertainties in both supply and demand, and to meet the seemingly conflicting needs of "responding to increasing LNG supply costs" and "securing affordable prices", it is important not only for companies to make self-help efforts, but also to promote dialogue and expand cooperation between both producing and consuming countries, and to further strengthen public-private cooperation. For example, public announcements for the clear role of LNG in the future and expanding public support for the LNG sector will lead to maintaining and stimulating companies' incentive to invest and finance LNG projects.
- ✓ In addition, in response to uncertainty in the Asian market, it is important for buyers to increase flexibility in LNG procurement in light of seasonal fluctuations and potentially fluctuating electricity demand. It is also an advantage for sellers to continue to secure and increase sales in the Asian market, where demand is expected to increase in the future, and it is important for both supply and consuming countries to contribute to the development of a flexible LNG market environment through dialogue with each other.

Panel 2: "GHG emission reductions in LNG value chain - How should they be dealt with in Asia?"

< Points of the discussion>

- ✓ As the reduction of GHG emissions is - and will remain - an unavoidable priority, the LNG industry needs to present concrete data demonstrating actual emissions reductions achieved through measures such as methane emission management, CCS, and electrification.
- ✓ Ensuring transparency by disclosing company-level GHG emissions-reduction data can help clarify what LNG buyers are actually paying for, potentially laying the foundation for market development.
- ✓ While standardizing certification processes for GHG emission reductions is important, LNG importers in Northeast Asia - given their role as a major demand centre - are in a strong position to lead such an effort. Enhanced cooperation between governments and companies is essential to achieving such standardization.

- ✓ The issue of how to bear and share the cost of GHG reductions should be discussed in further depth by involving both exporting and importing countries, as well as both the public and private sectors.
- ✓ As a concrete initiative to reduce GHG emissions by engaging relevant stakeholders, the “CLEAN Initiative” aims to reduce methane emissions through voluntary efforts undertaken by member companies across the LNG value chain, supported by governments.

< IEEJ’s Summary >

- ✓ LNG, which emits fewer GHG emissions compared to coal and oil, is expected to play an important role in meeting increased electricity demand and ensuring a stable supply in preparation for future uncertainties. It is also essential to promote GHG emission reduction in the LNG value chain from the perspective of sustainability.
- ✓ In order to sustainably reduce GHG emissions, it is important for both importers and exporters to work in a realistic manner without significantly compromising economic viability and energy security. In particular, methane emissions reduction is cost-effective because it can increase the volume of gas that can be sold by preventing leakage, and the effect of the reduction efforts is expected to be quickly realized. In the medium- to long-term, it is also important to gradually promote electrification and the introduction of CCS and CCUS.
- ✓ On the other hand, there seems to be a “difference” between buyers and sellers, regarding how buyers and sellers should bear the increasing cost of GHG reductions. For example, there remains the issue of how much transparency LNG importers should expect from upstream and midstream companies. Rather than overly pursuing data completeness, it is also important to improve transparency at a practical level, so that we can understand comparability between operators and progress in improvements.
- ✓ In addition, it is important to advance discussions on the cost-effectiveness of GHG emission reduction measures. It is expected that mechanisms such as the CLEAN initiative will be strengthened and expanded to encourage voluntary initiatives by companies supported by governments.

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