LNG for Resale

Should the Japanese Government Fund New Overseas LNG Developments?

For decades, the Japanese government has defended massive public financing of overseas fossil fuel projects under the banner of "energy security." Between 1999 and 2024, the Japan Bank for International Cooperation (JBIC) channelled more than USD 84 billion into such ventures. Today, much of that support continues to flow into liquefied natural gas (LNG) projects. But reality tells a different story. **Many cargoes of the LNG shipped from projects that were financed by this public money never actually reaches Japan. Instead, it is resold on global markets**. In fiscal 2023, **37% of the LNG handled by Japanese companies** was not used domestically but resold overseas— a volume **larger than what Japan imported** from its largest supplier that year, Australia (which supplied 41% of the total).

Commissioned by FoE Japan, DataDesk research shows that from 2020 to 2024, Japanese firms resold 14.58 million tons of LNG to China alone. That is the equivalent of 22% of Japan's domestic demand in fiscal 2023 (64.89 million tons).

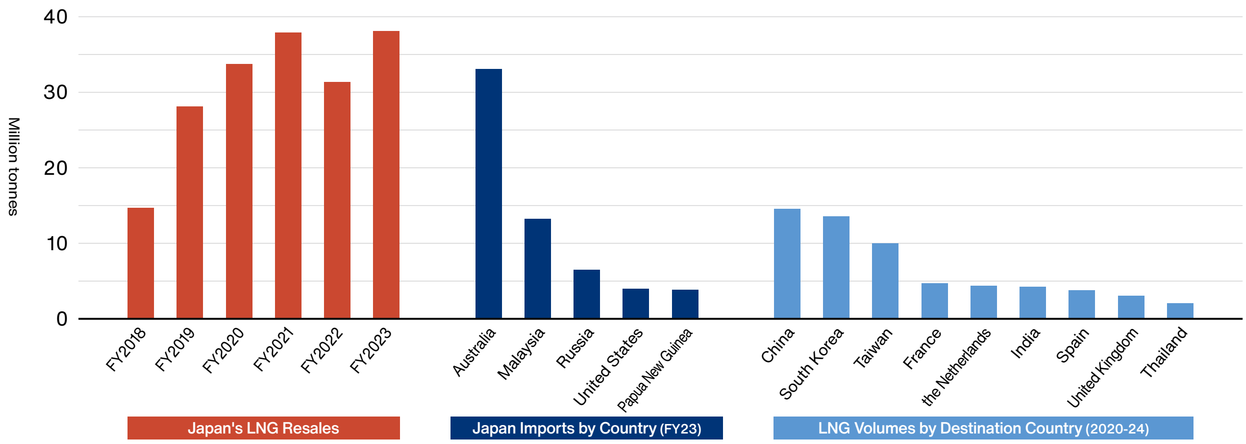


Figure 1. Japan's LNG resales compared to imports from major LNG trading partner and resales from Japan, by country

Source: IEEFA,DataDesk

The study also revealed that **many cargoes of the LNG handled by Japanese companies are resold to third countries**, even if they are shipped from JBIC-financed projects. For example, JBIC financing of USD 2.5 billion supported construction of the Cameron LNG project in Louisiana, USA. Yet from 2020 to 2024, nearly 65% of the LNG handled by Japanese companies from this project was resold abroad instead of reaching Japan. Similar patterns are seen in Australia, Indonesia and elsewhere (Figure 2). Despite this, project expansions are still under consideration—potentially with new JBIC loans. If LNG shipped from those existing LNG projects is already being resold in such large volumes, there is no justification for using public funds to support further LNG expansion. From 2020 to 2022, Japan provided about USD 6.9 billion in public funding annually for fossil fuel projects—far more than the national budget for higher education scholarships and tuition relief in 2024 (JPY 641 billion, or around USD 4.2 billion, calculated at average JPY 152.58 per USD in 2024).

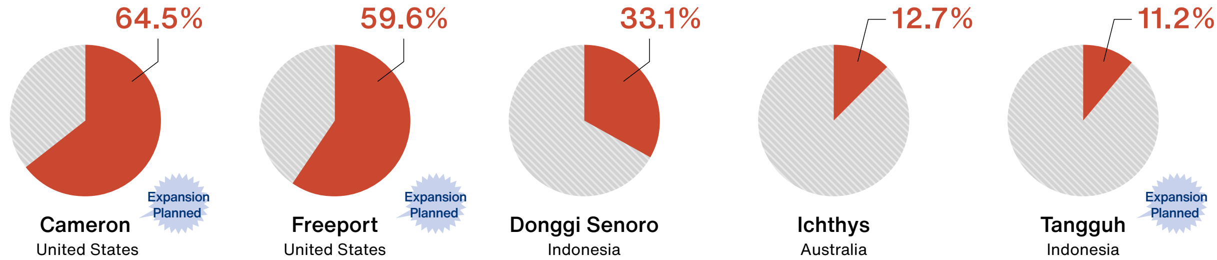
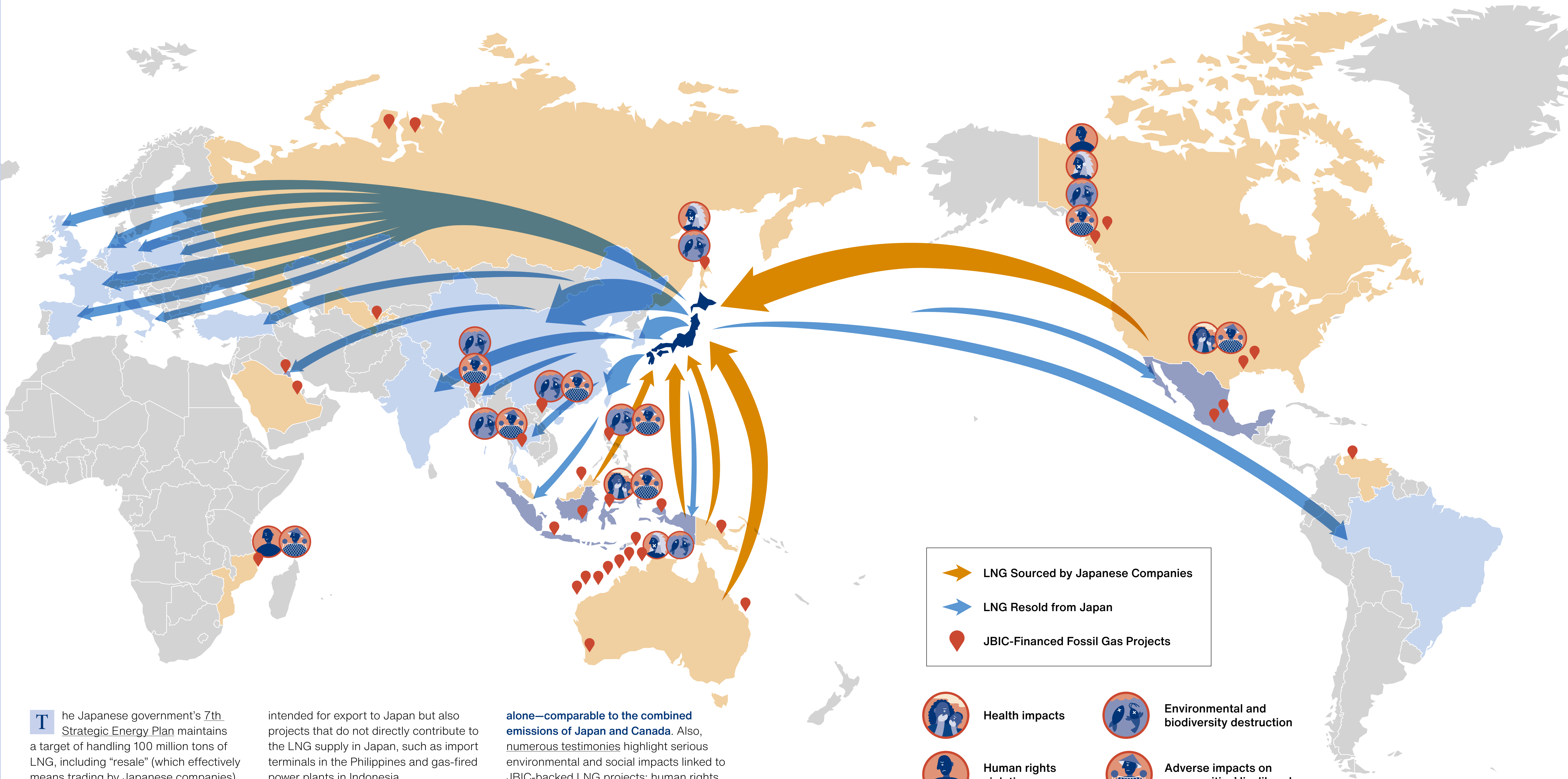


Figure 2. Proportion of LNG exported from projects financed by JBIC, handled by Japanese companies, and resold to a third country.

Overview of JBIC-Financed Overseas Gas Projects and LNG Trading by Japanese Companies



The Japanese government's 7th Strategic Energy Plan maintains a target of handling 100 million tons of LNG, including "resale" (which effectively means trading by Japanese companies), to ensure a stable supply of LNG in emergencies. JBIC's public funds back this policy financially, and in fact, 75% of the total LNG traded by Japanese companies is supplied from export terminals involving Japanese public funds. Since 2016, JBIC has funded 26 fossil gas projects in 15 countries around the world. These projects include not only LNG terminals intended for export to Japan but also projects that do not directly contribute to the LNG supply in Japan, such as import terminals in the Philippines and gas-fired power plants in Indonesia.

Yet **the Japanese government has failed to reckon with the severe consequences of this "stable supply" strategy—one that entangles countries worldwide in LNG dependence**. For example, a study commissioned by FoE Japan found that **greenhouse gas emissions from JBIC-financed fossil fuel projects totalled 1.7 billion tons of CO_2 equivalent in 2023 alone—comparable to the combined emissions of Japan and Canada**. Also, numerous testimonies highlight serious environmental and social impacts linked to JBIC-backed LNG projects: human rights violations, health damage, biodiversity loss, infringement of Indigenous rights, and harm to local livelihoods. In short, **Japanese public funds meant to ensure energy security are instead driving fossil fuel expansion abroad, worsening climate change and causing grave human rights concerns**.

* These are not the exhaustive list of projects and their issues identified by FoE Japan and local NGOs
Source: JBIC. 2023. 2023 Annual Report; FoE Japan. 2024. Faces of Impact: JBIC and Japan's LNG Financing Harms Communities and the Planet; Datadesk. 2025. Japanese LNG Trading: A Data-Driven Portrait of A State-Enabled Resale System.

Louisiana, the US

Cameron LNG Project

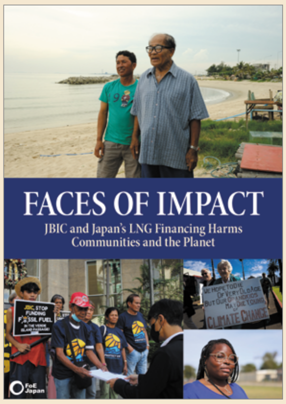
After operations began, the plant had already recorded 67 toxic leaks as of January 2023, releasing methane, volatile organic compounds, cancer-causing benzene, and other harmful pollutants. Nearby communities have suffered widespread health impacts. Local fisheries have also been hit hard: increased ship traffic, harmful emissions, and construction in fishing grounds have reduced catches and undermined livelihoods.

the Philippines

Ilijan LNG Import Terminal

This JBIC-invested project supplies gas to an adjacent thermal power plant, also backed by JBIC. Located on the Verde Island Passage—one of the world's top marine biodiversity hotspots—the project has triggered biodiversity loss, water pollution, and declining fish catches, threatening fishers' livelihoods. Local residents have filed an objection against JBIC over these impacts.

Report on the community and environmental damages from JBIC-financed gas projects in nine countries



Economically as well, LNG reselling makes little sense. JERA lost JPY 9.1 billion in 2020, while Kyushu Electric posted loss of more than 240 million USD in late 2019. These losses occurred because resale prices fell to just USD 4–6 per MMBtu, far below the long-term contract average of USD 12.4 per MMBtu since 2021. With global LNG oversupply expected to drive prices down further—potentially to USD 5.5 per MMBtu by 2030 under the IEA's Net Zero Scenario—continued reselling risks even greater losses. This demonstrates not only that new projects are unnecessary from an energy security perspective, but also that they pose real financial risks. It is irrational for Japan to keep supporting LNG with public funds.

The climate impacts of expanding LNG projects cannot be ignored. LNG has long been promoted as "cleaner" than coal, but new research shows that when methane emissions during gas extraction are included, **LNG produced in the U.S. generates 33% more greenhouse gas emissions than coal**. From a climate perspective, public support for new LNG projects must end immediately. While LNG is often described as a "transition fuel," the IEA's Net Zero by 2050 Scenario makes clear that existing LNG facilities are sufficient to meet projected demand. In fact, Japan's large-scale LNG reselling already proves the country does not need additional supply. At the very least, there is no justification for financing new gas projects with public money. **The Japanese government should immediately end JBIC's support for new overseas fossil fuel gas projects**.

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Written by Datadesk, Commissioned and Translated by FoE Japan

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