



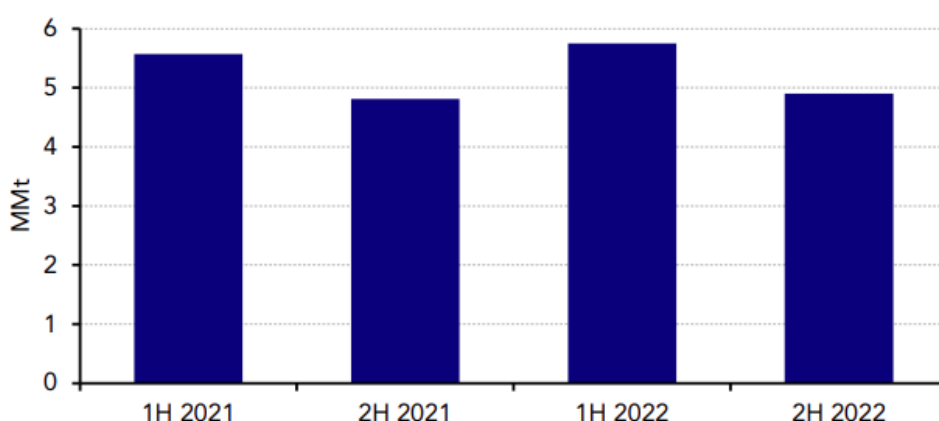
LPG Market Outlook

Imports for Japan up in 2022/2023

Imports for Japan are forecast to rise by 3% in 2022 to 10.7 MMt/y on the strength of petrochemical demand. Historically, the 1Q of every year is the highest in terms of imports. At times, there has been little difference between imports in the summer months and imports in 4Q. This typically leads to a slowdown in imports in the last half of the year.

The import forecast for 2H 2022 shows the same trend as has been seen in history. However, refinery maintenance reducing domestic LPG supplies from May to August and higher petrochemical demand may lead to higher imports than currently estimated in the latter half of 2022. For now, imports are forecast at about 4.9 MMt/y in 2H 2022 – down roughly 1 MMt from 1H 2022.

Japan LPG import comparison 2021/2022



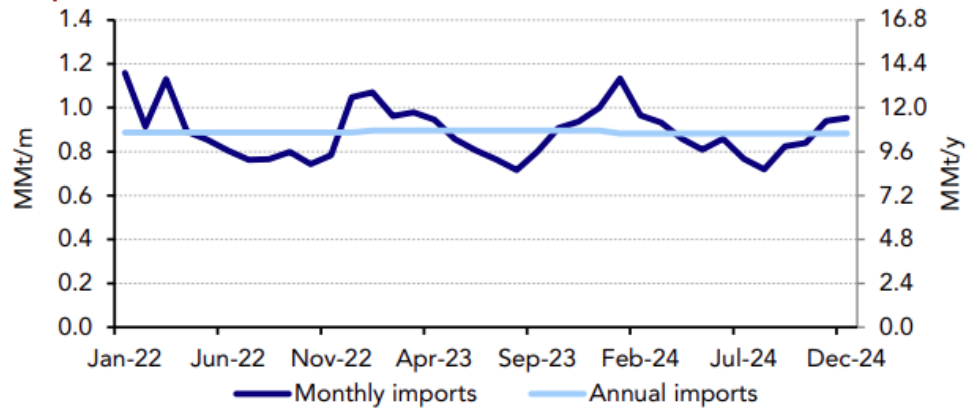
Imports in 2023 are forecast to rise only slightly to 10.8 MMt/y. Residential demand is forecast to be mostly flat and any increase in petrochemical demand will be based on the competition between feedstocks.

The Japanese Ministry of Economy, Trade, and Industry (METI) believes that LPG consumption in the residential sector will grow by less than 1% per year out to 2026 or 2027. METI cites a decrease in population, and an increase in the efficiency of LPG burning equipment.

Any rise in demand would come from the higher use of LPG as an additive in city gas distribution or petrochemical demand. Japan has imported more US LNG to meet city gas requirements and LPG is used to increase the calorific value of the LNG. Increased imports of LNG may lead to an increase in imports of LPG as a result.

However, Japan's city gas grid is not expected to expand in the near term as margins for city gas suppliers are low and investors have turned their attention to decarbonization projects. LPG demand growth is expected to slow in 2024 bringing imports lower to 10.6 MMt/y.

Japan LPG import forecast



Domestic supplies of LPG are also forecast to slowly decline in the next couple of years. The push to adopt electric vehicles in Japan has led some refiners to plan to close by 2024 as domestic demand for refined products falls. Some refineries are opting to re-configure to produce alternative fuels like ammonia.

Japan LPG demand and domestic supply forecast

