

Changes in the International LNG Landscape and Australia's Energy Strategy

Ken Koyama, PhD
Chief Economist, Senior Managing Director
The Institute of Energy Economics, Japan

On November 6–7, I had the opportunity to visit Canberra, the capital of Australia, to engage in discussions with members of the Australian Parliament, government officials, and stakeholders from the energy industry. Notably, on the 7th, I participated in a roundtable co-hosted by the United States Studies Centre (USSC), based in Sydney, and the Asian Natural Gas & Energy Association (ANGEA), headquartered in Singapore. At the outset of the meeting, I delivered a presentation based on the newly published “IEEJ Outlook 2026” and subsequently joined in a lively discussion conducted under the Chatham House Rule.

The overarching theme of the roundtable was titled “*Security, Prosperity, Sustainability: The Future of Gas in the Indo-Pacific.*” The first session, “*Geopolitical Dynamics and Indo-Pacific Energy Policies: The Big Picture,*” focused on global energy issues and their implications for Australia. The second session, “*Australia's Gas Future: The Road Ahead,*” centered on Australia's domestic gas challenges and prospects.

The international energy landscape is undergoing rapid and continuous transformation. Rising geopolitical risks, a shift in global energy demand toward emerging Asian economies, the proliferation of AI and data centers driving electricity demand, and the deepening fragmentation of the global order are all contributing to a complex and uncertain outlook. Amid these developments, expectations for the role of gas and LNG in the energy transition are growing. This raises critical questions for Australia: What does this mean for the country, and what strategic responses should it adopt in light of these global changes? These questions were keenly felt throughout the discussions.

Australia is one of the world's leading energy producers and exporters. As of 2024, the country held a 20% share of global LNG exports, ranking third after the United States (21%) and Qatar (20%). In coal exports, Australia ranked second with a 25% share, following Indonesia (30%). Traditionally, Australia has been a vital energy supplier to the Asia-Pacific region, particularly to Japan. In 2024, Australia accounted for 38% of Japan's LNG imports and 66% of its coal imports, making it the largest energy supplier to Japan. The stable development of investment and trade relations over many years has positioned the Japan-Australia energy relationship as one of mutual benefit and strategic importance.

However, in recent years, domestic perceptions in Australia—driven by global climate change initiatives and strong environmental advocacy—have increasingly scrutinized the fossil fuel industry. Concerns over gas shortages, particularly on the East Coast, and rising domestic energy prices have brought issues of energy security and affordability to the forefront. Consequently, debates around energy exports have begun to incorporate considerations of domestic supply and price stability. These developments have introduced a degree of volatility into Australia's energy policy, prompting a search for new approaches that reflect both domestic and international realities.

The Albanese government, which came to power in May 2022 after ending nine years of Liberal Party rule under Prime Ministers Abbott, Turnbull, and Morrison, has prioritized climate action. However, the outbreak of the Ukraine crisis and the resulting instability in global energy markets, along with rising energy prices, have elevated the importance of energy security in policy discussions. In response to these challenges, the government released the *Future Gas Strategy* in 2024, positioning gas as a critical transitional energy source and signaling a shift toward policies that ensure a stable gas supply.

Amid these changes, LNG exports are once again being recognized as contributors to economic growth and energy security for trade partners. At the same time, it has become increasingly important to align LNG export strategies with domestic supply and price stability. The Australian government is currently conducting a comprehensive *Gas Market Review* to address these issues. The discussions and exchanges during my visit provided valuable insights into the evolving perspectives within Australia on these matters.

It is no exaggeration to state that domestic energy issues—particularly those concerning pricing—have become a highly sensitive and universally critical concern, not only for Australia but for countries around the world. In today’s global landscape, there is scarcely a nation that can readily tolerate rising energy costs, which directly affect the daily lives of citizens and underpin the functioning of economic and industrial activities. In this regard, the Australian government continues to face formidable challenges, and I personally sensed the depth of its concern. Yet, I also sensed a growing awareness within the government of the new global realities.

The shift in global energy demand toward Asia—particularly ASEAN and India—is inevitable. Achieving decarbonization in these regions while minimizing the cost burden of energy transition is increasingly important. Meeting rising energy demand and managing the associated increase in import dependency are critical issues for ASEAN and India. Moreover, in the context of intensifying global fragmentation, including the escalating U.S.-China rivalry, strengthening strategic partnerships with ASEAN and India is essential for navigating global strategic competition. As a key Indo-Pacific nation, Australia must address these challenges as part of its national strategy, and LNG is poised to play a vital role in this effort. This was a key takeaway from the roundtable discussions.

Furthermore, strengthening Japan-Australia relations—and more broadly, Japan-U.S.-Australia cooperation—is crucial in the energy domain. As noted, supplying energy to meet Asia’s growing demand in a manner that also contributes to CO₂ reduction represents a mutually beneficial form of collaboration. Overcoming the “volatility” in Australia’s energy policy and reinforcing the Japan-Australia energy partnership is geopolitically significant. In the face of global fragmentation, cooperation among Japan, the U.S., and Australia is also increasingly focused on critical minerals such as rare earths. It is hoped that government and industry stakeholders from these countries will continue to engage in candid and open dialogue to advance strategic energy cooperation.

Ensuring stable domestic energy prices fundamentally requires securing an abundant supply, which in turn necessitates sufficient investment. Expanding investment to guarantee supply of LNG can also contribute to CO₂ reduction in the Indo-Pacific region’s energy transition. From a global perspective, this represents a meaningful contribution by Australia. I strongly hope that realistic and strategic energy policy discussions will continue to evolve in Australia.

Contact: report@tky.ieej.or.jp

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