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The Union Cabinet chaired by Prime Minister Shri Narendra Modi has approved the signing of the Memorandum of Cooperation (MoC) between India and Japan on establishing a liquid, flexible and global LNG Market.

The MoC will promote bilateral relationship between India and Japan in the energy sector. It will contribute to the diversification of gas supplies for India. This will strengthen our energy security and lead to more competitive prices for consumers.

The MoC provides a framework to cooperate in facilitating flexibility in LNG contracts, abolition of Destination Restriction Clause and also explore possibilities of cooperation in establishing reliable LNG spot price indices reflecting true LNG demand and supply.

Background:

India and Japan are major consumers of energy in the world. In the LNG sector, Japan is the world's largest importer and India is the 4th largest importer. Under the Japan-India Energy Partnership Initiative signed in January 2016, the two sides had agreed to work together in promoting well-functioning energy markets and affirmed to promote a transparent and diversified Liquefied Natural Gas (LNG) market through the relaxation of Destination Restriction Clause.

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