Memorandum of Cooperation on Establishing a Liquid, Flexible and Global Liquefied Natural Gas Market between the Ministry of Economy, Trade and Industry of Japan, and the Ministry of Petroleum and Natural Gas of Republic of India

The Ministry of Economy, Trade and Industry of Japan and The Ministry of Petroleum and Natural Gas of the Republic of India, hereinafter collectively referred to as the “Participants”,

ACKNOWLEDGING the growing role of liquefied natural gas (“LNG”) in the mitigation of climate change as well as in enhancing energy security with reasonable prices for the Participants;

RECOGNIZING that global LNG demand has been increasing and it is expected to grow rapidly and the number of LNG importing countries will increase as well;

RECOGNIZING a large amount of LNG exported from countries such as the U.S. and Australia is likely to change the physical flows of LNG trades worldwide and integrate European, North American, and Asian natural gas markets;

RECOGNIZING in addition to long-term contracts, spot transactions and short-term contracts have become increasingly common in line with the development of LNG market and are expected to be more important for assuring flexible transactions as well as emergency responses, resulting in stronger needs for transparent, liquid and efficient LNG market; and
NOTING that the flexible and transparent LNG market is beneficial to both importing countries and exporting countries; Have reached on the following common recognition:

1. OBJECTIVE

This Memorandum of Cooperation (MoC) aims to expand cooperation between the Participants to establish a liquid, flexible and global LNG market.

2. AREAS OF COOPERATION

To expand cooperation in establishing a liquid, flexible and transparent global LNG market, the Participants share their intention to:

a. accelerate efforts in facilitating more flexible LNG contracts noting that destination restrictions should be abolished;
b. explore possibilities of cooperation in establishing reliable LNG spot price indices reflecting true LNG demand and supply;
c. exchange information and explore possible cooperation between the Participants on possible joint measures which they can implement against unexpected market disruption and other matters related to emergency response;
d. exchange information between the Participants for their policies related to natural gas and LNG such as LNG procurement, supply diversification, market deregulation, and promotion of open gas infrastructure including LNG re-gasification terminals, underground gas storages, and pipelines;
e. enhance cooperation to engage not only other importing countries but other exporting countries in joining efforts to establish a well-functioning LNG market;
f. co-operate in the field of shipping optimization by encouraging cargo swaps; and
g. begin other forms of cooperation on which the Participants decide.

3. POLICY DIALOGUE

The Participants will hold a policy dialogue to deepen cooperation with in the areas of cooperation described in paragraph 2 above.
4. MISCELLANEOUS

a. This MoC does not create any legal, contractual, or financial rights or obligations for each of the Participants.
b. Any dispute arising out of the provisions of this MOC may be settled amicably between the Participants through negotiations and consultations.
c. Cooperation under this MoC commences on the date of signature and will continue for a period of three (3) years. The MoC may be further renewed for a period of three (3) years subject to mutual consent.
d. This MoC may be terminated by either Participant by providing three (3) month written notice in advance.
e. This MoC may be modified by the mutual written consent of the Participants.

SIGNED IN __________, ON THIS ________ DAY OF __________, 2017.

For the Ministry of Petroleum and Natural Gas of India of the Republic of India

Dharmendra Pradhan
Minister of Petroleum and Natural Gas
and Minister of Skill Development and Entrepreneurship

For the Ministry of Economy, Trade and Industry of Japan

Hiroshige Seko
Minister of Economy, Trade and Industry