CHAPTER 3

Energy and Natural Resources Finance Group

Group Outline

- Ensure a stable supply of the energy and natural resources essential for Japan
- Balance energy security, supply chain resilience with green transformation, resolve social issues, and implement innovative technologies
- Provide cumulative loan commitments for energy and natural resource projects : approx. ¥2.46 trillion (43 projects over the past five years)

The Energy and Natural Resources Finance Group contributes to ensuring a stable supply of the energy and natural resources that are essential for the sound development of the Japanese economy. We accomplish them by supporting Japanese companies engaged in the acquisition of overseas resource interests, as well as the development and importation of energy and natural resources. We are contributing to a realistic energy transition by supporting upstream development and importation projects for natural gas and other energy sources, developing next-generation energy resources such as hydrogen and ammonia, and exploring and formulating projects to secure mineral resources such as base metals and battery metals.

“Building on our legacy of boldly meeting the challenges of changing times with agility, we will continue with our efforts in the energy and natural resources sectors as well as green transformation, based on the relationships of trust that we have built with our clients”

AMANO Tatsushi
Senior Executive Managing Officer,
Global Head of Energy and
Natural Resources Finance Group

Message

In accordance with its mission to ensure a stable supply of the energy and natural resources that are essential for Japan, the Energy and Natural Resources Finance Group has provided financing for projects that contribute to energy security and stronger supply chain resilience. Moreover, from the perspective of carbon neutrality, in recent years we have focused efforts on realizing a green transformation and the implementing innovative technologies, among other issues. We also work to solve social issues in the Global South, in countries of Africa, Central and South America, and the Middle East, as well as in former Soviet republics in Central Asia and the Caucasus.

The energy and natural resources sector, which our Group handles, has a wide-reaching impact on Japanese industry and the daily lives of the public. Economic security and energy security are therefore top policy priorities for the Japanese government. The prolonged Russian invasion of Ukraine, the ongoing Israel-Gaza war, and other factors have, however, created further uncertainty in the global economy, making the outlook for the energy and natural resources business environment increasingly opaque.

However, despite such an unpredictable environment, the areas where we are expected to fulfill our role, such as contribution to energy security, supply chain resilience enhancement, and green transformation, remain unchanged.

The current uncertainty in the business environment makes it more important than ever for us to engage in deeper dialogue with Japanese companies, major players in the natural resources sector, host countries, international organizations, and private financial institutions, while also strengthening partnerships and working to formulate and realize new projects. The Ninth Tokyo International Conference on African Development (TICAD 9) was held in Japan this fiscal year, and we intend to use the conference as an opportunity to work on formulating new projects in Africa, where Japanese companies are yet to establish an adequate business presence.

This fiscal year also marks the return of the World Expo to Osaka, 55 years after the city first hosted the event. In 1970, when Osaka hosted the Expo for the first time, JBIC's predecessor, the Export-Import Bank of Japan, financed its first-ever LNG project : a natural gas development initiative in Brunei. This was a time of transition in Japan's mineral sector, with a shift from domestic mines to sourcing raw materials from overseas. JBIC extended loans to mining projects in Indonesia, Canada, Australia, Papua New Guinea, and elsewhere.

In this way, JBIC's financing in the energy and natural resources sector has a track record of meeting the challenges of changing times by adapting swiftly despite uncertainty. This track record was built on relationships of trust forged through our dealings with our clients. We intend to carry this legacy forward and continue tackling new challenges together with our clients.

> "Even in an era of profound changes to the energy landscape, we are continuing to strengthen our relationships with Japanese companies and host countries in order to help drive the transition to sustainable energy"

01 | Strengths

- Deep relationships of trust with Japanese companies, the Japanese government, major players in the natural resources sector, state-owned energy companies, host countries, international organizations, and private financial institutions
- Flexible and responsive loan structuring capabilities to support green transformations, resolve social issues, and implement innovative technologies toward realizing a realistic energy transition. These efforts are carried out in coordination with Japanese companies and the Japanese government, as well as the international community
- Long-term, large-scale financing for resource development/ and import that contributes to energy security and the resilience of supply chains

02 | Assessment of the External Environment

The Japanese government has set a goal of achieving carbon neutrality by 2050. In the Seventh Strategic Energy Plan (approved by the Cabinet in February 2025), the government laid out its aim to make renewables a major power source, maintain a certain scale of nuclear power generation, and reduce fossil fuel-based power generation. The plan also outlines a path toward decarbonization through innovations in thermal power generation that incorporate emission reduction measures, such as hydrogen and ammonia-based power generation, CCUS*1, and carbon recycling technologies. The energy plan also outlines a scenario in which insufficient progress is made with innovative technologies that contribute to carbon neutrality, and points out that there is an ongoing need to ensure that a certain volume of LNG is secured.

In the meantime, geopolitical risks such as the Russian invasion of Ukraine and instability in the Middle East are becoming increasingly evident in resource-producing countries and regions, and energy security is becoming increasingly important. Major revisions to climate change policy have been announced in the U.S.

Japan, which has long emphasized the importance of energy transition through diverse pathways toward the shared goal of achieving net zero carbon emissions, must now prepare to respond more flexibly amid rising uncertainty. Heightened geopolitical risks and growing concerns over the supply of rare earths mean that the strengthening of supply chains for low-carbon iron resources and critical minerals has become a pressing challenge.

As the global energy situation undergoes a transformation, Japan's reliance on overseas procurement for many of its natural resources means it must take steps toward a realistic energy transition, with focus on energy security and supply chain resilience balanced with response to issues such as green transformation, social issue resolution, and implementation of innovative technologies.

*1 Carbon dioxide Capture, Usage, and Storage (CCUS) is a technology that separates and captures carbon dioxide that would otherwise become a greenhouse gas and utilizes and stores it.

03 | Growth Strategy

In line with the Japanese government's newly established Seventh Strategic Energy Plan, JBIC is formulating concrete low-carbon and decarbonization projects utilizing the Japanese government's price differential support system such as projects focused on hydrogen and ammonia, sustainable aviation fuel (SAF)*2, CCUS, and methanation*3. At the same time, JBIC will work to promote a realistic energy transition that contributes to energy security, with a focus on the use of energy resources like LNG, while also strengthening relationships with energy-producing countries. Through enhancing its multilateral coordination, JBIC will also work to develop and formulate projects involving the mineral resources essential for realizing a low-carbon and net-zero society, such as direct reduced iron, base metals, and battery metals.

Leveraging JBIC's networks with international organizations, government agencies, and overseas companies, we will strengthen relationships with African nations and other countries in the Global South through platforms such as TICAD 9 and COP30 (the 30th United Nations Climate Change conference). We will also work with such countries on concrete projects aimed at addressing social issues. In addition, we will collaborate with institutions such as the European Bank for Reconstruction and Development (EBRD) to develop and formulate projects contributing to Ukraine's reconstruction.

*2 Sustainable aviation fuel (SAF) is produced from raw materials derived from biomass, such as plant matter, and waste cooking oil from restaurants, etc.

*3 Methanation is a technology used to produce synthetic methane (e-methane) by reacting carbon dioxide with hydrogen. Methane is the primary component of natural gas.

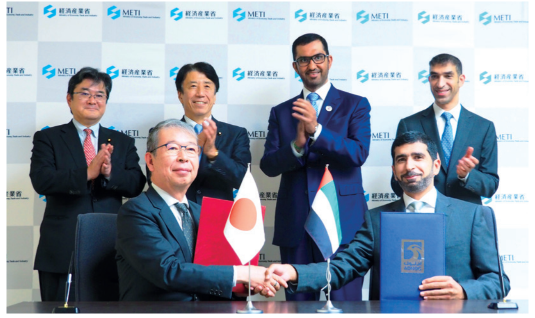
PROJECT HIGHLIGHT

Loans for Abu Dhabi National Oil Company (ADNOC) under GREEN Operations

–Supporting decarbonization and energy transition-related projects provided under JBIC's Global Action for Reconciling Economic Growth and Environmental Preservation (GREEN) operations–

JBIC established a credit line with ADNOC to support the company and its subsidiaries in their decarbonization and energy transition-related projects. ADNOC is an energy company wholly owned by the UAE government. It is the leading institution in the UAE and plays an extremely important role in Japan's resource strategy.

The establishment of this credit line is aimed at creating opportunities for collaboration between Japanese companies and ADNOC through support for ADNOC's projects, and is expected to contribute to decarbonization, which both Japan and the UAE are aiming for.



ADNOC is promoting decarbonization initiatives including the use of renewable energy as well as hydrogen and ammonia, with the goal of achieving net zero carbon emissions by 2045.

Ammonia Production and Sales Project in UAE

–Contributing to developing hydrogen supply chains and securing stable supplies of ammonia toward realization of decarbonized societies–

JBIC also extended a loan to Mitsui & Co., Ltd. (MITSUI) necessary for its ammonia production and sales business in the UAE.

The ammonia purchased by MITSUI will be used in Japan and elsewhere to produce fuel, chemicals, and fertilizer. Hydrogen and its derivatives, including ammonia, are regarded as key energy sources for achieving carbon neutrality, as they do not emit carbon dioxide when burned.

The loan extended to MITSUI will contribute to the building of supply chains for hydrogen and other green fuels in anticipation of a decarbonized society.

An ammonia production plant under construction in Al Ruwais, Abu Dhabi, which is scheduled to begin producing clean green ammonia by 2030. (Photo provided by MITSUI)

Financing for Corporación Nacional del Cobre de Chile (CODELCO)

–Contributing to securing a stable, long-term supply of mineral resources for Japan's copper industry–

JBIC extended a loan to CODELCO to secure the funds required for Japanese companies to stably import copper concentrate from CODELCO.

With the current decarbonization trend, the global demand for copper is expected to increase further in applications such as electric vehicles, renewable energy facilities and equipment.

The loan extended to CODELCO will help enhance the resilience of the entire supply chain for copper products by securing a long-term, stable supply of copper concentrate for Japanese companies.

CODELCO has built strong relationships with Japanese companies over many long years as one of the world's leading suppliers of mineral resources such as copper and lithium, and its future initiatives are anticipated.

Details about these and other projects can be found here ▶ https://www.jbic.go.jp/en/information/press/resources.html