

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our Subscriber Agreement and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com.

<https://www.wsj.com/articles/japan-pushes-ahead-with-plan-to-add-russian-gas-imports-11651491927>

BUSINESS

Japan Pushes Ahead With Plan to Add Russian Gas Imports

CEO of Mitsui says ‘world’s energy balance will collapse’ unless Siberia natural-gas project goes forward



By [Peter Landers](#) [Follow](#) and [Chieko Tsuneoka](#) [Follow](#)

May. 2, 2022 7:45 am ET

TOKYO—The head of a top Japanese investor in Russia said his company would push ahead with a Siberian natural-gas project, part of Tokyo’s decision to [buck Western moves](#) and keep relying on Russian energy.

Kenichi Hori, chief executive of trading and investment company [Mitsui](#) [MITSU](#) **0.30%** ▲ & Co., spoke on Monday amid doubts about whether the \$21 billion Arctic LNG 2 project can start exporting next year as planned because of Western sanctions on Russia over its [invasion of Ukraine](#).

The project aims to liquefy natural gas extracted in Siberia and ship it mostly to East Asian users such as China and Japan. Mitsui is participating in a Japanese government-led consortium that owns 10% of the project.

“Considering the future demand for LNG in our nation and the world, we have to move ahead with this project. Otherwise the world’s energy balance will collapse, or there will be shortages,” Mr. Hori said at a news conference.

[Nearly one-tenth of Japan’s natural gas](#) comes from an existing Russian LNG facility on the island of

Sakhalin in which Mitsui owns a 12.5% stake. Mr. Hori's comments made clear that, in contrast to European nations trying to reduce their reliance on Russian energy, Japan hopes to add to its supplies by backing Russian facilities under construction.

Russian President Vladimir Putin and then-Japanese Prime Minister Shinzo Abe took part in a June 2019 signing ceremony in Osaka, Japan, when the Japanese government and Mitsui agreed to invest in Arctic LNG 2.

In November 2021, the government's Japan Bank for International Cooperation committed loans of up to €1.71 billion, equivalent to \$1.8 billion, to the project. A representative of the bank declined to say how much of the money has actually been lent.

Mitsui's position contrasts with that of a fellow investor in Arctic LNG 2, France's TotalEnergies SE. Total holds a roughly 20% stake in project leader Novatek, a privately held gas company, and directly holds 10% of Arctic LNG 2.



Total said last week it has taken a \$4.1 billion accounting charge tied to the project because it could no longer count on anticipated reserves from it.

Total's chief executive, Patrick Pouyanné, was asked about Arctic LNG 2 at an analyst meeting and said it was "difficult to believe that it can be built with the sanctions." He added, "We will not provide more capital to restart it." Novatek didn't respond to a request for comment.

Mitsui on Monday said it was writing down the value of its Arctic LNG 2 stake by ¥36.4 billion, equivalent to \$280 million, and recording other smaller losses in connection with loans and loan guarantees for the project, but it said it still believed the project had value.

Kenji Eda, an opposition member of Japan's Diet, or parliament, said the country should immediately withdraw from Arctic LNG 2. "This is a sanctions-busting project," Mr. Eda said at a recent parliamentary committee session. "The more Japan invests in this, the more money Putin gets for

his wars. There is no advantage for Japan.”

Masahiko Hosokawa, a former Ministry of Economy, Trade and Industry official who now teaches at Meisei University, countered that Tokyo would hurt itself by pulling out because China would gladly take any available stake—and probably give Russia better terms.

“Japan is the one that took the risk and put in the development funds. Now we’re seeing the results. If China can snap that up, they can buy without taking any risk,” he said. Russia too, he said, “would be overjoyed.”

The Group of Seven industrialized nations, to which Japan and France belong, has said members shouldn’t make any new investments in Russian energy. Tokyo officials have said the ban doesn’t apply to the Arctic LNG 2 project because it is already under way.

Mr. Hori of Mitsui said his company would observe sanctions regarding Russia and, within the law, “take all possible measures” to ensure Arctic LNG 2 is completed.

—*Jenny Strasburg in London contributed to this article.*

Write to Peter Landers at peter.landern@wsj.com and Chieko Tsuneoka at chieko.Tsuneoka@dowjones.com

Appeared in the May 3, 2022, print edition as ‘Japanese Firm Sticks With Russian Gas-Export Project’.

Copyright ©2022 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our Subscriber Agreement and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com.