

ASIA'S GAS GAMBLE:

Trump's AI and energy dominance agenda means costlier LNG

INTRODUCTION

Asia is central to plans for a massive expansion of U.S. liquefied natural gas (LNG), but greater dependence on U.S. fossil gas will come at a cost. The Trump administration's push for U.S. LNG export "[dominance](#)" comes just as U.S. gas production is becoming more expensive. For Asian countries already exposed to volatile fossil fuel import prices, more LNG will further drive their exposure and insecurity.

U.S. government and industry analysts project that the wholesale price of U.S. gas (Henry Hub) will rise steadily over the next decade (see Figure). **Between 2026 and 2040, the average wholesale price of gas could be 80 percent higher than during the past decade of U.S. LNG exports.** As the price of U.S. LNG is tied to the Henry Hub price, the cost of U.S. LNG will also rise.

JAPAN'S ROLE IN SUPPORTING TRUMP'S DOMINANCE AGENDA

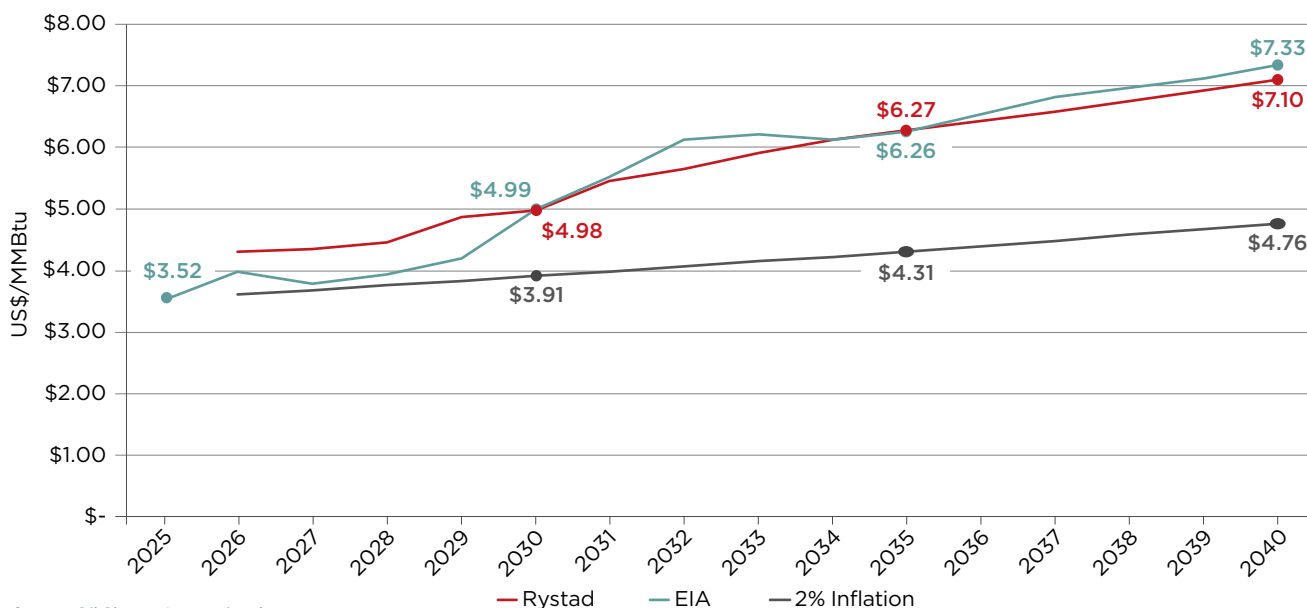
Japan is playing a particularly important role in Asia's fossil fuel dependence. It aims to cement its position in global fossil fuel markets and diversify its oil and

gas sources and routes by [investing](#) in global fossil fuel expansion, even as the current crisis reinforces the region's vulnerability to fossil fuel price shocks. This push is reinforced by President Trump's efforts to [pressure Japan to invest](#) more in fossil fuels.

The energy crisis triggered by the U.S. and Israeli war on Iran hit Asia the [hardest](#), exposing the region's energy vulnerability to imported fossil fuels. Japan responded by doubling down on fossil fuels and using the global crisis to drive oil and gas expansion. Japan announced a [USD 10 billion framework](#) to help Asian countries procure oil and gas, along with plans to [support pipelines](#) that bypass the Strait of Hormuz.

U.S. pressure also draws Japanese investments deeper into U.S. fossil fuel expansion. To appease Trump's tariff threats, Japan agreed to invest [\\$550 billion](#) in U.S. projects. The first two rounds of investments include over \$68 billion for oil and gas projects: over [\\$35 billion](#) in the first round and [\\$33 billion](#) in the second. Japan is deepening its reliance on U.S. gas at the expense of investment in affordable and reliable renewable energy.

Projected Nominal Average Henry Hub Prices Compared with 2% Inflation



NOTE: The average Henry Hub price since U.S. LNG exports began (2016-2025) was \$3.18/MMBtu. EIA is the U.S. Department of Energy's Energy Information Administration.

U.S. GAS PRICES ARE RISING

The expected surge in U.S. LNG exports could coincide with rapid growth in domestic U.S. gas demand. The Trump administration's energy dominance and artificial intelligence (AI) agendas have triggered a massive wave of LNG export facility and data center construction. Planned data centers are overwhelmingly [tied to gas power plant expansion](#). U.S. LNG exports, already the world's largest, could double by the early 2030s and continue to grow, while gas demand for power generation is [estimated to increase](#) 50 percent in the coming decade.

Meeting rising demand will [push gas producers to invest in costlier production](#) than before. The U.S. gas boom is entering its third decade, and the regions that have met most gas demand to date will not be able to meet the coming surge on their own. To raise gas production to expected levels, drilling will need to increase in the Haynesville region, where gas lies deeper and in more technically challenging geology. Higher drilling costs mean this will happen only if prices rise.

Japanese companies, including Mitsubishi, JERA, Osaka Gas, and Tokyo Gas, have made [substantial investments](#) in the costly Haynesville gas region as part of a strategy to own more of the U.S. LNG supply chain. This positions them to benefit from rising gas prices, hedging against lower profits from trading LNG.

However, this creates deeper fossil fuel lock-in. Japanese capital is expanding the U.S. gas system even as the underlying cost of producing U.S. gas is projected to rise. Investments in upstream gas production, LNG supply, and other U.S. gas infrastructure mean Japanese companies could maintain high levels of gas production, trade, and consumption, even as consumer costs rise. While supply chain integration may protect these companies' profits from rising U.S. LNG costs, this risky strategy could leave Asian consumers footing the bill.

Japan is pouring public finance into projects that the country's largest private banks [cannot finance in dollars](#). Japan should avoid tying its long-term energy strategy and public financial support to an increasingly expensive fossil fuel supply chain and redirect investment toward reducing gas demand and accelerating the renewable energy transition at home and across Asia.

CONCLUSION AND RECOMMENDATIONS

The fossil fuel industry sees Asia as central to its plans to absorb the coming wave of new LNG supply. Industry executives argue that an initial period of oversupply and [lower prices will stimulate new demand](#), particularly in Asia. However, building new gas power plants and other infrastructure in response to short-lived low LNG prices risks locking countries into decades of dependence on expensive and volatile imported fuel, with serious social, economic, and environmental implications.

As U.S. LNG expands, more of the global LNG market will be tied to rising Henry Hub prices. Asian governments face a choice: deepen dependence on increasingly expensive imported LNG or use the coming period to accelerate the energy transition into renewable energy, electrification, and efficiency.

For Japan, this requires resisting the Trump administration's pressure to underwrite further fossil fuel expansion and ending public finance that encourages greater gas dependence across the region. Public resources should instead support a fair and affordable transition away from fossil fuels, including through international public finance that enables lower-income countries to develop renewable energy systems without taking on additional debt.



This resource was written by Oil Change International (OCI). Please reach out to research@oilchange.org for any questions or comments.

Oil Change International is a research, communications, and advocacy organization focused on exposing the true costs of fossil fuels and facilitating the coming transition towards clean energy.

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