



U.S. Chamber of Commerce
International Affairs

U.S.-Japan
Business Council



Energy and Infrastructure



In today's complex geopolitical landscape, strengthening energy security is a top priority for every country. The United States and Japan, as strategic allies, are uniquely positioned to lead efforts in the Indo-Pacific region, guided by their shared commitment to a Free and Open Indo-Pacific (FOIP).

The U.S.-Japan Business Council and the Japan-U.S. Business Council (hereafter “the Councils”) have consistently stressed the importance of taking an all-of-the-above approach to realizing emissions reduction goals while recognizing the diverse pathways that individual countries must take based on their unique circumstances. The Councils encourage the U.S. and Japan to champion a diversified portfolio of lower carbon solutions, including natural gas, carbon capture, nuclear, geothermal, e-fuels such as e-methane/e-natural gas, bio-gas/biofuel, and hydrogen/ammonia-ready gas turbines, to ensure a pragmatic and inclusive path towards lower carbon energy.

1. Responsibility for Meeting Soaring Electricity Demand

The rapid expansion of generative AI and data centers is driving unprecedented electricity demand. According to the International Energy Agency (IEA), global electricity consumption for data centers reached 415 terawatt hours (TWh) in 2024, growing at 12% annually since 2017. Projections suggest this could more than double by 2030¹, underscoring the urgent need for resilient and scalable energy infrastructure. The energy and infrastructure sectors must demonstrate the ability to reliably meet this surging electricity demand. Governmental support is also important for the private sector to expand its capacity for products that support the long-term growth of electricity supply.

While hyper-scalers, utilities and energy providers must build new power generation in order to meet this demand, there are constraints, such as the limits on production capacity for large gas turbines, and grid shortages for energy transportation.

The industrial sector must also coordinate its response to rising electricity demand with the government. To do so, industry needs governmental support on broader issues including supply chains, permitting reform, financial incentives, policy and regulations, because these often involve political issues that the private sector cannot solve on its own. Consistency and predictability are important for companies to have the confidence to make the significant capital investments needed to expand and modernize power grids and energy infrastructure.

To meet rising energy demands and support long-term energy security, the Councils urge the U.S. and Japanese governments to undertake the following activities:

- **Expand production and transmission capacity** for electricity generation equipment through targeted incentives;
- **Digitize energy infrastructure** through technologies such as AI, IoT and quantum to enhance efficiency, resilience, and resource optimization. The U.S. and Japan should also take the lead in promoting the strengthening of cybersecurity for critical infrastructure such as Post Quantum Cryptography (PQC) and Quantum Key Distribution (QKD);
- **Secure critical mineral supply chains** that support the development of renewables and battery storage

¹ According to the IEA, global electricity consumption for data centers will increase 945 terawatt hours (TWh) by 2030 as a base case, which is double the number in 2024, and by 1,260 terawatt hours (TWh) as a lift-off case.

technologies and support innovation to reduce dependency;

- **Promote an increase in nuclear power deployment**, including advanced new reactors, small modular reactors, fast reactors, high-temperature gas-cooled reactors and nuclear fusion, under stringent safety standards;
- **Encourage investments in waste management which can recover critical minerals and other feedstock resources** and support next generation manufacturing. Waste management value chains represent investment in technology and job creation; while also supporting more employment opportunities in waste collection and innovative manufacturing using recycled material as feedstock for development of new products;
- **Advance research and development on** initiatives that lead to the effective operation of existing nuclear power plants, such as online maintenance, extension of operating periods, and even enhancement of rated load and flexible load control, which have proven successful in Europe; and,
- **Encourage greater investment in recycling technology**, including the deployment of advanced recycling which is a more suitable technology to address the complexity in developing economies in the region.

2. Continuing Efforts to Strengthen Energy Security

The Councils would welcome the continuations of the U.S. - Japan Energy Security Dialogue and the 1.5 track dialogue with the private sector every year. While uncertainties remain related to energy security, such as volatile energy prices and global competition over resources, it is important to continue these dialogues to foster stability and predictability.

Japan and Southeast Asia comprise a vast region which requires significant and secure energy supplies. Importing liquefied natural gas (LNG) has been a valuable strategy to help to alleviate global energy supply constraints and to strengthen energy security for the region. The Councils welcome that leaders of U.S. and Japan have announced their intention to strengthen energy security by unleashing the United States' affordable and reliable natural gas by increasing exports of U.S. LNG to Japan in a mutually beneficial manner in their official joint statement.

Nuclear power is also essential for reinforcing energy security as well as contributing to progress on carbon neutrality aspirations. In its Seventh Strategic Energy Plan in 2025, Japan outlines an enhanced role for nuclear power, due to its excellent supply stability, technological self-sufficiency rate and stable power generation at a constant output.

The Councils recommend that the U.S. and Japanese governments consider the following measures to enhance energy security and resilience for a stable worldwide energy supply:

- **Continue the Japan-U.S. Energy Security Dialogue** to strengthen bilateral partnerships and maintain 1.5-track dialogues with private sector partners for government-industry alignment;
- **Lobby to eliminate tariffs on energy-related products** with the recognition that a stable electricity supply with reasonable cost is not only the foundation of economic activity, but also important infrastructure for ensuring the prosperous and safe lives of the people in both countries.
- **Support infrastructure development** to boost U.S. LNG export capacity and efficiency to the Indo-Pacific, while accelerating low-carbon energy technology deployment in the region;
- **Encourage an increase in energy supplies** through inter-governmental frameworks with like-minded countries and invest in infrastructure to diversify sources and supply chains, reducing reliance on single suppliers;
- **Expand nuclear power utilization** and promote next-generation reactors as a key source of safe, resilient, and green baseload power to support energy security;
- **Increase capacity-building training, technical assistance, and technology transfers** between the U.S., Japan, and Southeast Asia to enable lower-carbon, affordable, reliable grids and energy sources that advance economic development and circular economy policies;
- **Leverage existing U.S.-Japan public-private dialogue frameworks** to support regional energy and infrastructure projects, including concessionary financing, business matching, private capital mobilization, and reduced regulatory barriers in Southeast Asia;

- **Support Southeast Asian policymakers in implementing their national waste management plans**, including through increased investment in waste management via U.S. and Japanese development funding and through the adoption of Extended Producer Responsibility (EPR) and its supporting regulations. Development support may include capacity building and technical assistance to enable wider adoption of circularity, including the use of fiscal incentives and mandates that could promote wider adoption of circular materials; and,
- **Implement legislation and policy** to assure the regulatory certainty and consistency necessary to attract long-term capital investments.

3. An All-of-the-Above Approach to a Lower Carbon Energy Future

The energy transition requires careful planning and international collaboration on pragmatic policies for energy production, power grids, efficiency measures and consumption to support achieving aspirational carbon neutrality goals and enhancing energy security.

The Councils are aware that the development of a lower carbon energy future is far more complicated than simply turning off fossil fuels and switching on renewables. It requires a balancing act between reducing society's emissions and ensuring secure, stable and affordable energy supplies for each country. Every country has different resource constraints, energy requirements, and is at a different stage of its development of a lower carbon pathway. Obviously, there can be no one-size-fits-all approach or collective pace, so we need to advance solutions that complement efforts to enable a balanced energy transition.

Various investments in potential alternatives are becoming available, including e-fuels such as e-methane/e-natural gas, bio-gas/biofuel, carbon capture systems, nuclear power, batteries, low-carbon hydrogen and ammonia in addition to employing natural energy resources such as solar, wind, geothermal, and pumped storage hydropower. Considering the best mix of power generation sources, thermal power is still needed and renovating these power plants would contribute to achieving carbon neutrality.

Technology development and innovation are critical to expanding adoption of these alternatives, and we must also offer the private sector a fair return in order to increase the number of actual projects using these alternatives. Limited incentives and support make it hard for commercial developers to greenlight resources and capital for such projects. It also diminishes the ability for equipment suppliers to join such projects. While the U.S. Inflation Reduction Act (IRA) has been modified, the Councils welcome that some incentives still continue, such as 45Q's tax credit for Carbon Capture, Utilization and Storage (CCUS) projects.

The Councils call on both governments to reinforce their support for the following initiatives to accelerate an All-of-the-Above Approach to the energy transition:

- **Continue commitments to switch to natural gas-fired generation** and methanol from higher-emission fuels, while deploying advanced technologies like dual-fuel gas turbines for natural gas and hydrogen/ammonia combustion, or hydrogen/ammonia-only systems;
- **Activate incentives for CCUS, hydrogen, ammonia, and other lower-carbon pathways** to repurpose infrastructure, reduce emissions in hard-to-abate sectors (e.g., industry and transportation), enhance building energy efficiency, and produce alternative fuels like hydrogen/ammonia, e-fuels (e-methane/e-natural gas), sustainable aviation fuel, and bio-gas;
- **Support scaled, safe advancement of lower-carbon hydrogen** by providing stable policies that enable competition across production technologies based on full lifecycle greenhouse gas intensity, use market-based accounting for growth, foster demand via carbon pricing and incentives, and facilitate infrastructure deployment;
- **Develop common principles such as "Resource Efficiency Principles (REP) and life cycle assessment (LCA) tools to evaluate the economic viability and scale of waste alternatives**, and additionally support the waste hierarchy by rethinking the traditional, linear "take-make-dispose" way of doing business to adopt new ways of working that maximize the value and use of our resources;
- **Amend the IRA's inflation adjustment clause** for CCUS tax credits (e.g., update 45Q to shift inflation

adjustment from 2027 to 2028 and base index from 2025 to 2026, while accounting for inflation since 2021) to attract investments in decarbonization projects. Furthermore, reconsider the new limits on foreign-derived feedstocks for 45Z;

- **Drive discussions on managing and reducing carbon intensity** via expanded low-carbon hydrogen, carbon dioxide capture solutions, methane emissions management, and renewable energy, with each country applying lifecycle analysis and carbon accounting frameworks—tailored to their energy and economic contexts—to improve transparency on product carbon content, imports, and consumption for advancing decarbonization; and
- **Develop a framework to measure the impact of Japanese investments** in U.S. decarbonization projects, enhancing visibility of Japan's global contributions to carbon neutrality.