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Energy and Infrastructure



In today's increasingly complex geopolitical landscape, strengthening energy security has become a strategic imperative for nations around the world. 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 (the “Councils”) reaffirm that a secure, affordable, and sustainable energy system is essential to economic resilience, industrial competitiveness, and long-term growth. Recent disruptions affecting the supply and transportation of critical energy resources have underscored the vulnerability of global energy supply chains and the degree to which Japan and the broader Indo-Pacific remain exposed to geopolitical risks. In parallel, rapidly rising electricity demand, driven by population growth, industrial expansion, and the rapid rise of artificial intelligence and data center infrastructure, is intensifying the need for practical, reliable, scalable, and investment-ready energy solutions that advance affordable, reliable, and lower-carbon energy while supporting economic growth and energy security.

Against this backdrop, the Councils underscore the importance of enhanced U.S.-Japan cooperation to strengthen energy security, reinforce power system reliability, and advance a lower-carbon future through pragmatic, technology-neutral policies. The Councils continue to support an all-of-the-above approach that reflects each country's energy realities while promoting solutions that are commercially viable, resilient, and deployable at scale. Such an approach should include diverse energy sources, supporting infrastructure, and enabling technologies, such as liquefied natural gas (LNG), nuclear energy, renewables, grid modernization, critical minerals, carbon management, hydrogen and ammonia, and other emerging energy solutions that can collectively advance stability, affordability, and sustainability.

1. Continuing Efforts to Strengthen Energy Security

Energy security must remain at the center of U.S.-Japan cooperation. Recent geopolitical and market disruptions have demonstrated that the complexity and interconnectedness of global energy supply chains leave economies vulnerable to supply disruptions, tighter market balances, transportation bottlenecks, infrastructure constraints, and broader macroeconomic effects. These risks underscore the importance of building resilient and diversified energy systems with the flexibility and preparedness needed to manage disruptions and evolving market conditions. The Councils therefore welcome continued U.S.-Japan dialogue on energy security and call for stronger bilateral coordination to reinforce resilience across fuel supply, strategic infrastructure, and critical energy materials.

A resilient energy system requires a diverse mix of energy sources, supported by secure supply chains and strategic infrastructure. LNG remains an indispensable pillar of regional energy security and can play an essential role in reducing emissions, particularly in Asia, where dependable and dispatchable power remains necessary for economic growth, industrial activity, and supporting the integration of variable renewable energy. Recent supply disruptions have further reinforced the value of diversified LNG procurement, flexible contracting, and expanded supply from trusted producers, including those in the United States. Likewise, the Councils recognize nuclear energy—including both the continued operation of existing reactors and the development of next-generation technologies—as a secure, resilient, and lower-carbon source of firm baseload power. In parallel, critical minerals have become an increasingly important dimension of energy security given their central role in lower-carbon energy technologies, digital infrastructure, batteries, and advanced manufacturing.

The Councils recommend that the governments of the United States and Japan, in partnership with the private sector:

- **Continue bilateral public-private coordination on energy security**, including the creation of a regular bilateral governmental and public-private dialogue on shared energy issues, consultation on supply risks, infrastructure constraints, emergency response, post-disaster infrastructure recovery, and regional market developments;
- **Enhance U.S.-Japan cooperation to strengthen the resilience of energy supply chains**, including LNG, crude oil, refined petroleum products, and related feedstocks, through measures such as the U.S.-Japan Strategic Investment Initiatives to advance diversification, strategic flexibility, preparedness measures, and investment in critical infrastructure. This will reinforce long-term energy security across Japan and the broader Indo-Pacific, and promote the safety, security, and freedom of navigation along key international sea lanes that support global energy trade;
- **Expand nuclear power deployment**, and promote development of high-quality, trusted and secure nuclear energy technology including next-generation reactors as a key source of safe, resilient, and lower-carbon baseload power to support energy security;
- **Strengthen critical mineral resilience** through cooperation in sourcing, processing, recycling, stockpiling, and partnerships with trusted third countries to reduce concentration risk;
- **Increase capacity-building training, technical assistance, and technology cooperation** between the U.S., Japan, and Indo-Pacific countries to enable lower-carbon, affordable, reliable grids and energy sources that advance economic development and circular economy policies;
- **Promote Indo-Pacific energy resilience** through financing, technical assistance, trade, and investment frameworks that help regional partners diversify energy sources and strengthen long-term supply security using initiatives such as POWER Asia (Partnership On Wide Energy and Resources Resilience Asia);
- **Strengthen cybersecurity for critical power infrastructure** through enhanced protection of power grids, secure digital infrastructure, improved threat readiness, and closer U.S.-Japan cooperation on standards, trusted technologies, information sharing, and resilience;
- **Establish fair cost-allocation mechanisms for electricity demand growth**, ensuring that large computational loads, such as data centers and AI infrastructure, bear the costs of the generation, grid, and interconnection investments they require, and;
- **Secure and develop the skilled technician workforce needed for reliable energy services** through expanded training, certification, and U.S.-Japan cooperation to address labor shortages and strengthen deployment, maintenance, and emergency response capabilities.

2. Meeting Rising Electricity Demand

Artificial intelligence and data centers are driving a significant increase in electricity demand across the United States and Japan. Meeting this demand is becoming increasingly challenging as infrastructure deployment faces constraints from transmission bottlenecks, manufacturing and supply-chain limitations, permitting delays, and shortages of critical equipment, including gas turbines and grid components. As a result, electricity demand growth is rapidly outpacing the speed at which reliable supply and supporting infrastructure can be brought online.

The Councils believe that closing this gap requires a predictable investment environment and a coordinated policy response. Governments must work with the private sector to accelerate the deployment of power generation, transmission, storage, and digital infrastructure; strengthen manufacturing and supply chains for critical equipment; and remove unnecessary barriers to investment. An effective response to rising electricity demand will enable industry to rapidly build dependable and dispatchable power sources, including LNG and nuclear energy, alongside transmission expansion, digital grid modernization, advanced efficiency measures, and other technologies that improve system performance. Greater attention should also be paid to circularity, waste recovery, and recycling technologies that can strengthen industrial resilience and recover valuable critical minerals and other materials.

The Councils recommend that the governments of the United States and Japan, in partnership with the private sector:

- **Accelerate investment in power generation, transmission, and grid equipment** through policies that

expand capacity, reform permitting framework to expedite multi-agency reviews and approvals for critical infrastructure, provide greater long-term permitting certainty and predictability, and reduce development delays;

- **Maintain technology-neutral policies** that enable the timely deployment of reliable and scalable power solutions to meet growing electricity demand, including from data centers, and complement longer-term grid expansion;
- **Strengthen electricity systems** through digital technologies such as AI, quantum technologies, advanced grid management systems, and stronger cybersecurity to improve reliability, operational efficiency, and resilience;
- **Support the digitalization and advanced maintenance of existing generation assets**, including the use of IoT-enabled monitoring and predictive maintenance, to improve asset availability, reliability, and operational efficiency as electricity demand continues to grow;
- **Enable timely deployment of reliable generation capacity**, including advanced nuclear technologies, through streamlined regulatory processes, efforts to build more robust supply chain, workforce development, and investment in supporting infrastructure;
- **Advance research, development, and regulatory initiatives that enhance the operational performance** of existing nuclear power plants, including online maintenance, operating life extensions, uprates, and flexible load-following capabilities that have been successfully implemented in Europe;
- **Strengthen manufacturing capacity and supply chains** for critical equipment, materials, and technologies needed to expand generation, transmission, and energy storage, including pumped-storage hydropower;
- **Invest in waste management research and development to recover critical minerals and other feedstock resources** as a means of reducing our shared dependence on unfavorable supply chains. Effective recycling policies will drive job creation and foster innovative techniques to support next-generation manufacturing;
- **Provide durable and predictable policy frameworks** that enable long-term private-sector investment in power generation, transmission, storage, and related infrastructure;
- **Ensure sufficient reliable and dispatchable generation capacity is brought online** in a timely manner to meet rising electricity demand while maintaining affordability and system reliability;
- **Promote investment in power and grid infrastructure across the Indo-Pacific** to support growing electricity demand, economic development, and energy security, and;
- **Promote targeted investment to meet AI- and data center-driven electricity demand** through grid modernization, new dedicated power generation, digital energy management, and “watt-bit collaboration” to accelerate “Speed to Power”.

3. Pragmatic Approach to Advancing a Lower Carbon Energy Future

The Councils recognize that advancing a lower carbon energy future is a complex undertaking that must be pursued in a manner consistent with energy security, affordability, and sustainability. No single technology, prescriptive pathway, or uniform timetable can address the diverse circumstances and needs of all countries. Energy strategies should reflect differences in resource endowments, industrial structures, demand profiles, and stages of development. Accordingly, governments should support pragmatic and technology-neutral frameworks that foster innovation and competition and mobilize investment, rather than prescriptive approaches that may constrain flexibility, distort markets, or undermine energy resilience. At the same time, stable, durable and market-oriented policy environments that enable investors to earn appropriate returns commensurate with risk will be essential to scaling commercially viable projects.

An all-of-the-above strategy should support the deployment of renewables, LNG, advanced nuclear, carbon capture and storage, hydrogen, ammonia, geothermal, grid enhancements, and energy-efficient technologies that can reduce emissions while preserving reliability and affordability. Existing infrastructure should also be leveraged where appropriate to improve system efficiency and accelerate near-term emissions reductions. The Councils emphasize that commercially sound policy frameworks are essential to ensure that viable projects can advance at scale and attract long-term private sector investment.

The Councils recommend that the governments of the United States and Japan, in partnership with the private sector:

- **Continue commitments to switch to natural gas-fired generation** and methanol from higher-emission fuels,

while deploying advanced technologies such as fuel-flexible gas turbines capable of using natural gas, hydrogen, or ammonia blends, as well as dedicated hydrogen or ammonia systems where technically and commercially feasible;

- **Expand and strengthen incentives and risk-mitigation mechanisms for Carbon Capture, Utilization and Storage (CCUS), hydrogen, ammonia, hydropower, geothermal energy, 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 and ammonia, e-fuels (e-methane and e-natural gas), sustainable aviation fuel, and bio-gas;
- **Adopt technology-neutral, performance-based, and investment-oriented policy frameworks** that improve project bankability, foster innovation, and mobilize large-scale private capital. Policies should reward measurable emissions reductions and system reliability outcomes, rather than prescribe a specific technology pathway;
- **Promote transparent and practical principles for evaluation**, including lifecycle-based approaches, clear carbon-accounting methodologies, and internationally compatible standards where appropriate. Greater alignment between the United States and Japan on measurement, reporting, and verification (MRV) can help reduce uncertainty, facilitate cross-border investment, and support broader deployment of commercially viable technologies that reduce emissions, and;
- **Expand U.S.-Japan cooperation in the Indo-Pacific** to deploy practical lower-carbon solutions that reinforce energy security, affordability and sustainable growth. Such cooperation should include public-private financing, technical assistance, capacity building, business partnerships, and regulatory collaboration to help regional partners develop energy systems that are reliable, affordable, lower-carbon, and aligned with their respective stages of development.

The Councils believe that strengthening energy security, meeting rising electricity demand, and advancing lower-carbon energy solutions are mutually reinforcing objectives. Through deeper U.S.-Japan cooperation and sustained partnership with the private sector, both countries can help foster a more resilient, affordable, and sustainable energy future while strengthening economic prosperity and energy security across the Indo-Pacific region.