



RLA Chemical Market Insights – Friday, 03 July 2026

India Sets Sail in Green Methanol: India-Japanese Pact Opens Up New Possibilities

ACME Green Molecules has signed a \$1 billion binding long-term purchase and sale agreement with Japan's Mitsubishi Gas Chemical Company (MGC) to supply 100,000 tonnes of green methanol annually. The fuel will come from ACME's planned 200,000 tonnes/year green methanol plant in Paradip, Odisha.

Green methanol is increasingly being positioned as a lower-carbon alternative to conventional marine fuels such as Heavy Fuel Oil, Very Low Sulphur Fuel Oil and Marine Gas Oil. Its advantage is that it can be used as a liquid fuel with existing shipping and port infrastructure, needing only limited modifications. ACME said the deal is a key step in building a globally competitive green methanol business and supporting the transition to sustainable fuels and chemicals, especially in the marine and aviation sectors.

The Paradip project is being developed in partnership with IPICOL, Odisha's investment promotion agency. Earlier reports said ACME planned to invest about \$1.4 billion in the Odisha green methanol facility.

The company described the agreement with MGC as the first RFNBO-compliant green marine fuel collaboration by an Indian company. RFNBO refers to renewable fuels of non-biological origin under EU rules, including synthetic fuels such as green hydrogen and green methanol made using renewable electricity.

The deal also fits into a broader India-Japan clean fuel push. ACME has secured long-term offtake agreements with Japanese firms for green methanol and green ammonia. Separately, ACME and Japan's IHI Corp. received \$3 billion in Japanese government price support for an Odisha green hydrogen-linked venture, aimed at making

green hydrogen-based fuels cost-competitive with grey alternatives for Japanese customers.

From a chemical markets' perspective, ACME's 200,000 tonnes/year Paradip project would position India as an early supplier of RFNBO-compliant e-methanol for export markets, especially Japan and Europe-linked shipping customers. Global renewable methanol capacity is still emerging with around 263 renewable methanol projects globally with 48.5 million tonnes of announced capacity by 2031, including both e-methanol and bio-methanol. So, India's early projects can help secure long-term offtake, attract Japanese capital, and create a new export value chain around renewable power, green hydrogen, captured CO₂ and port logistics.

The biggest near-term impact will be in marine fuels. Methanol-capable ships are being ordered rapidly. (Analysis on methanol bunkering and its scope available in our latest quarterly report); Around 134 methanol-capable vessels were reportedly ordered in 2025, while market participants expect the share of methanol-capable vessels to rise to about 450 by 2030. This creates demand for reliable green methanol supply, and Indian coastal plants near ports such as Paradip can become bunkering/export hubs.

For climate goals, green methanol helps decarbonize hard-to-abate sectors where direct electrification is difficult, especially shipping, aviation fuels via derivatives, and chemicals. It supports India's National Green Hydrogen Mission, which targets at least 5 million tonnes of green hydrogen production capacity by 2030 and nearly 50 million tonnes/year of avoided CO₂ emissions from green hydrogen initiatives.

However, the impact depends on execution. since cost is also a challenge. Green/bio-methanol remains much more expensive than conventional



marine fuels, and availability is still limited. The new Indian green methanol capacity can reduce import dependence, create a premium export market, support port-led industrialization, and help shipping meet the IMO's target of net-zero GHG emissions by or around 2050.



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