



# Climate Policy in Japan

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**The Eighth Tokyo Fiscal Forum**

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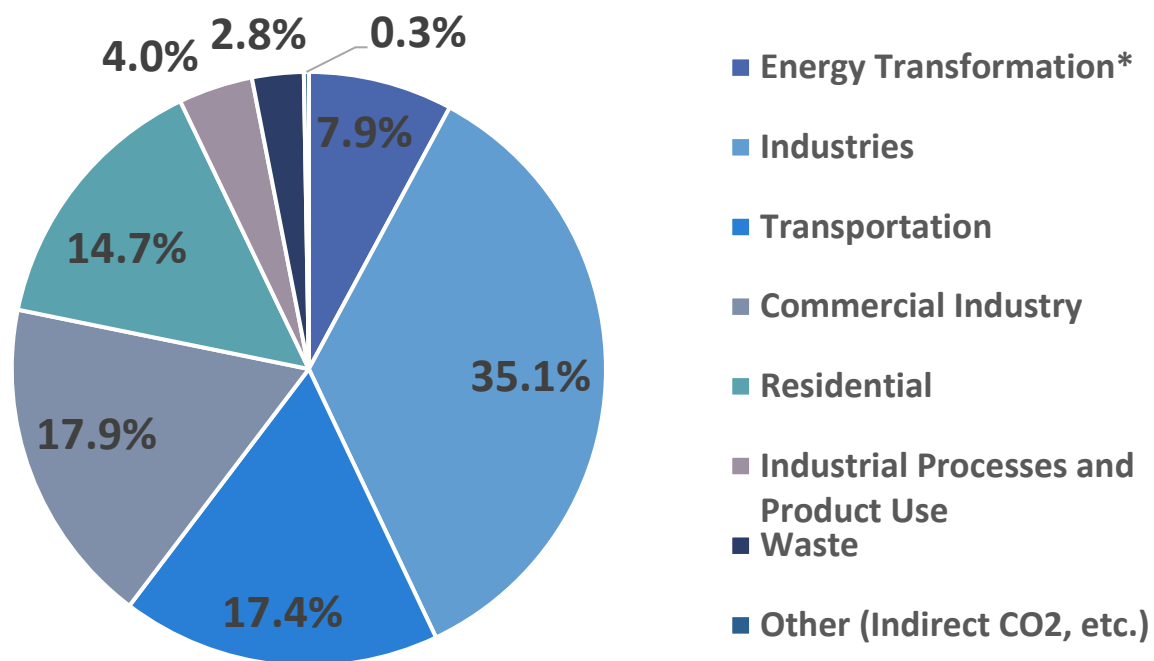
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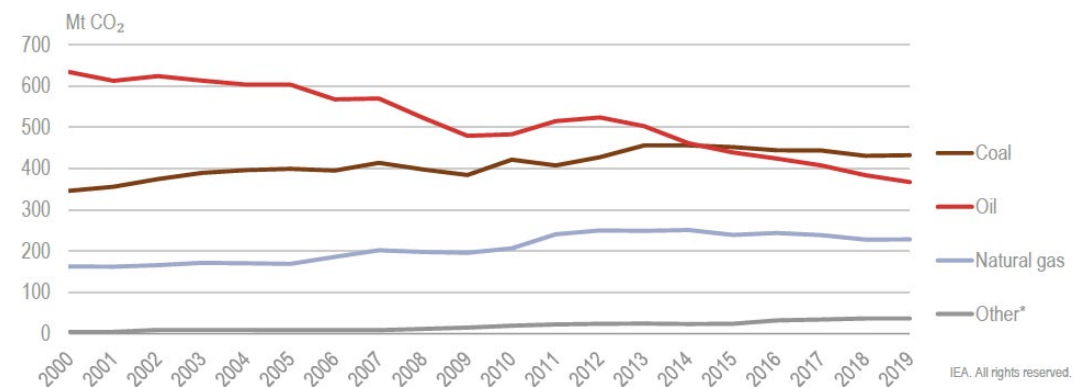
# Background: Japan's situation

- 35% of Japan's CO2 emissions (after allocation of power and heat) is from Industry.
- Coal is the largest emitter of CO2 in producing energy.
- The largest source of electricity generation is from natural gas.

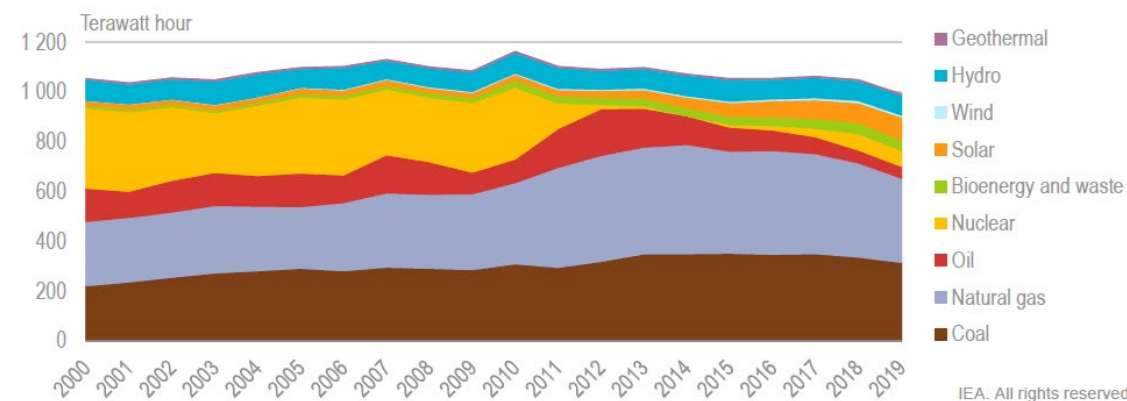
**Breakdown of CO2 emissions**  
(Share of Allocated emissions, FY2021)



**Figure 3.3 Japan's energy-related CO<sub>2</sub> emissions by energy source, 2000-19**



**Figure 7.1 Electricity generation by source in Japan, 2000-19**



# Japan's Effort towards Global Climate Change

## Domestic Policies

– Revised its Net Zero target and NDC in 2021, for ambitious targets.

- **Carbon-neutrality by 2050** (Set in October 2020)
- **46% GHG emissions reduction by 2030** vs. 2013 (NDC in April 2021)

## Supporting Developing Countries

- Developed countries set a joint goal to mobilize \$100 billion annually to support developing countries tackle climate change.

- Announced assistance on public- private-finance of 6.5 trillion yen (**worth \$50 billion**) **over 5 years**, from 2021 to 2025. (G7 Summit 2021, Cornwall, UK)
- Announced to provide, on top of above, **up to \$10 billion in the coming 5 years**.
- **Double assistance to appx. \$14.8 billion for adaptation to climate change** (2021 COP 26, Glasgow, UK)
- **Supporting countries with technology and finance through JETP, AZEC, JCM, etc.**

# Plan to reduce 46% of GHG emissions by 2030

## Comprehensive Plan for Act on Promotion of Global Warming Countermeasures:

Achieving 46% GHG emissions reduction by 2030 vs. 2013. (Cabinet Decision, October 2021)

GHG emissions		GHG Emissions (Unit: Mt-CO <sub>2</sub> eq.)		Reduction
		2013	2030 Target	
		<b>1,408</b>	<b>760</b>	<b>-46%</b>
Energy-related CO <sub>2</sub>		1,235	677	-45%
By Sector	Industry	463	289	-38%
	Commercial and other	238	116	-51%
	Residential	208	70	-66%
	Transport	224	146	-35%
	Energy conversion	106	56	-47%
Non-energy-related CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O		134	115	-14%
Four gases (HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> )		39	22	-44%
Removals by LULUCF		-	-48	-
Joint Crediting Mechanism (JCM)		Through public-private collaborations, Japan aims to secure accumulated emissions reductions and removals at the level of approximately 100 million t-CO <sub>2</sub> by FY 2030.		

# Pathways toward Net Zero (Green Transformation: GX)

## Maximum use of clean power sources

**Renewable Energy:** **Grid development plan** to expand renewable energy  
**8 x investment** in the next 10 years

**Nuclear power:** **Replacement** of reactors with next generation innovative reactors  
**Review of operating period**  
(40 years + 20-year extension + shutdown period)

## Mobilization of more than 150 trillion yen of Public and Private Investment

- Issue "**GX Economic Transition Bonds**" for upfront investment of 20 trillion yen
- Assists companies in developing their own strategy by providing "**Basic Guidelines on Climate Transition Finance**" and recommends elements for disclosure.
- Enabling environment for **sustainable finance and blended finance**; strengthen financial support through public-private partnership

## Introduction of "Growth Oriented Carbon Pricing" to incentivize green investment

### Emissions Trading System (GX-ETS)

- Full-scale operation of emissions trading system in high emission industries (FY2026)
- **Allowance auctioning** to be phased-in to power generation companies (FY2033)

### Carbon Levy

- To be introduced on fossil fuel importers (FY2028)

# Support for Developing Countries

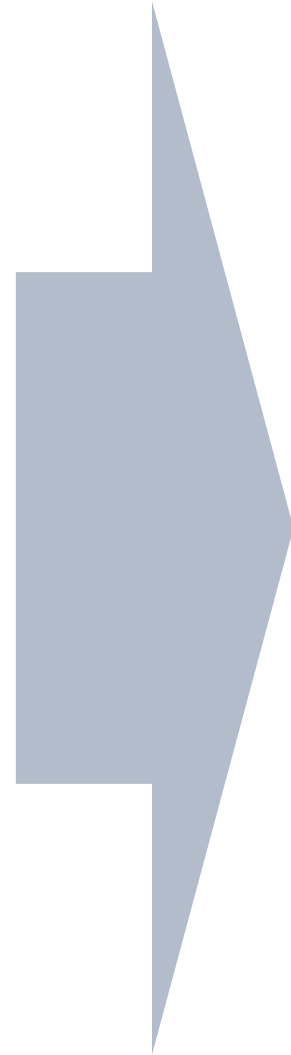
**ODAs  
(Bilateral &  
Multilateral)**

**Other Official  
Finance**

(Co-Finance with JBIC,  
Export Credit by NEXI,  
etc.)

**Mobilization of  
Private Finance**

through the use of  
official assistance



**Mitigation**

Efforts on the reduction of industrial,  
household, and other GHG  
E.g. Deployment of renewable energy

**Adaptation**

Implementing measures on climate change.  
e.g. Basic infrastructure on the disaster  
prevention, capacity building

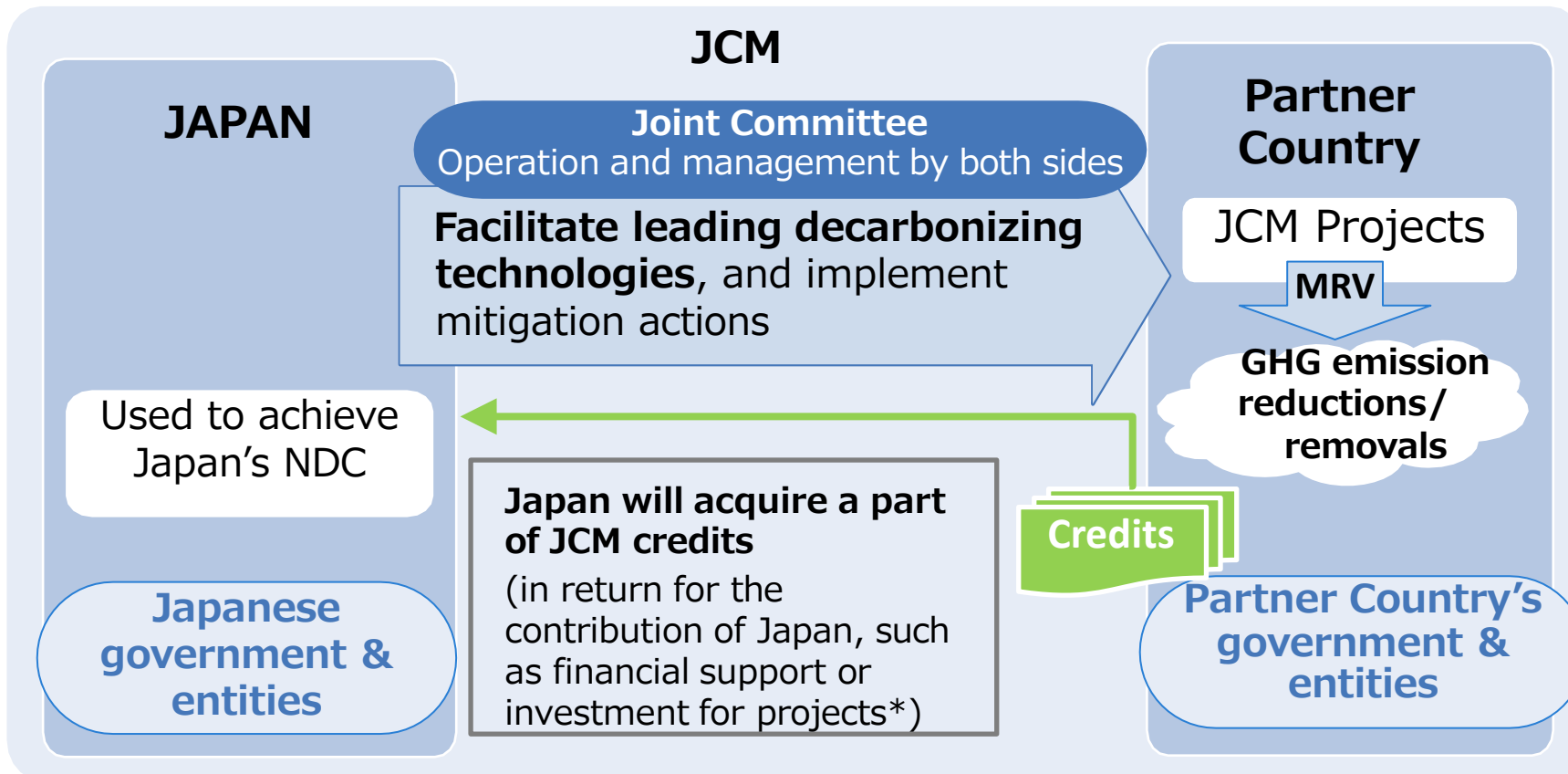
JETP, AZEC, JCM, etc.

# JCM (Joint Crediting Mechanism)

- JCM aims to contribute to the achievement of both Japan and Partner Countries' NDCs while ensuring the avoidance of double counting through corresponding adjustments.
- Expanding JCM partner countries and private-sector JCM projects (Cabinet Decision, June 2022)

## UNFCCC, Article 6 of the Paris Agreement

Reporting and Corresponding Adjustments



**26 Partner Countries**  
(As of April 2023)

**Example of a project supported by the JCM financing programs**



Solar power project in Chile



# Key Takeaways

**Domestic Effort**

**International Support**



Thank you!