



JAPAN

G7 FOSSIL FUEL SUBSIDY SCORECARD



Despite Japan's commitments to phase out fossil fuel subsidies and tackle climate change under the Paris Agreement, the government – like all G7 governments – continues to provide billions in support to oil, gas and coal, both domestically and internationally, through fiscal support and public financing mechanisms.

Overview

Japan's track record indicates an unwillingness to end fiscal support and public finance to fossil fuels. While it has joined several commitments to phase out fossil fuel subsidies – such as the G7 declaration to phase out fossil fuel subsidies by 2025 – the government is not very transparent about the extent of support for fossil fuels or plans for reforms of support for fossil fuels.

Japan has lower levels of fiscal support for fossil fuel consumption when compared to other G7 countries, but higher support for oil and gas exploration and production. Efforts to compensate for the drop in nuclear power generation after the Fukushima nuclear crisis in 2011 resulted in far more support for fossil fuels as compared to renewable energy.

Scoring G7 progress in ending government support for fossil fuels		FRANCE	GERMANY	CANADA	UK	ITALY	US
JAPAN	6th 44/100	1st 63/100	2nd 62/100	3rd 54/100	4th 47/100	5th 46/100	7th 42/100
Overall score and ranking							
1. Transparency	5th 30/100	3rd 50/100	1st 90/100	6th 25/100	7th 10/100	3rd 50/100	2nd 70/100
2. Pledges and commitments	6th 50/100	1st 83/100	1st 83/100	4th 75/100	1st 83/100	5th 58/100	7th 25/100
3. Ending support for fossil fuel exploration	7th 29/100	1st 63/100	1st 63/100	3rd 42/100	4th 38/100	4th 38/100	4th 38/100
4. Ending support for coal mining	6th 45/100	1st 75/100	4th 60/100	1st 75/100	5th 55/100	1st 75/100	7th 20/100
5. Ending support for oil and gas production	5th 38/100	1st 54/100	1st 54/100	7th 25/100	3rd 42/100	3rd 42/100	6th 33/100
6. Ending support for fossil fuel-based power	4th 46/100	2nd 64/100	6th 39/100	1st 71/100	3rd 50/100	7th 29/100	5th 43/100
7. Ending support for fossil fuel use	1st 71/100	4th 54/100	6th 46/100	2nd 67/100	5th 50/100	7th 33/100	2nd 67/100

Source: see G7 fossil fuel subsidy scorecard and Methodology note for references.

This country scorecard is one in a seven-part series. The country findings are collated in the summary report, which you can find at odi.org/g7-scorecard along with full references and further information about the methodology and data source used. This country scorecard was written by Han Chen, and peer reviewed by Yuri Okubo (Renewable Energy Institute), Shin Furuno (350 Japan), Yuki Tanabe (Japan Center for a Sustainable Environment and Society) and Jun Erik Rentschler (World Bank). Akihisa Kuriyama and Kenji Asakawa (IGES) contributed to the data and analysis for this report.

The authors gratefully acknowledge the financial support of the KR Foundation that made this report possible.

© Overseas Development Institute 2018. This work is licensed under CC BY-NC 4.0.





JAPAN

G7 FOSSIL FUEL SUBSIDY SCORECARD



Indicators

1. Transparency 30/100

- Japan does not provide national reports on its fiscal support for fossil fuel production and consumption.
- Japan has not yet participated in a fossil fuel subsidy peer review process as part of the G20 countries' longstanding commitment to phase out subsidies, nor has it committed to do so.
- Japan's public finance institutions such as the Development Bank of Japan, Japan Oil, Gas and Metals National Corporation (JOGMEC), Japan Bank for International Cooperation (JBIC), Nippon Export and Investment Insurance provide limited data about financed fossil fuel projects; the Japan International Cooperation Agency is the only institution that provides a greater level of detail.

Japan does not publish specific reports on fiscal support for fossil fuels, nor has it participated in the G20 fossil fuel subsidy peer review process.

2. Pledges and commitments 50/100

- Beyond its G7 and G20 commitments, Japan has made one other specific pledge to end fossil fuel subsidies: to phase out subsidies harmful to biodiversity by 2020, via the Aichi Biodiversity Target 3.
- Instead of phasing down fiscal support and public finance for fossil fuels, Japan has announced in the Growth Strategy 2017 continued support for coal-fired power plants both at home and abroad – committing to finance trips of foreign government officials to visit Japan to promote coal, and to fund many more coal projects globally.

3. Ending support for fossil fuel exploration 29/100

- International public finance for oil, gas and coal exploration by Japan included several billion dollars for projects in Australia, Brazil, Canada, Indonesia, Russia, the United Arab Emirates, the US and Viet Nam (2015 and 2016).
- In 2015 and 2016, Japan continued to provide fiscal support for fossil fuel exploration, such as geological surveys in risky areas and development of methane hydrate.
- Japan has provided extensive international public finance and fiscal support for fossil fuel exploration, and in 2017 and 2018 plans to continue providing support for fossil fuels globally included exploration in the North Sea, Mozambique, Australia and Canada.

4. Ending support for coal mining 45/100

- During 2015 and 2016, Japan continued to provide fiscal support and public finance for coal mining, including public financing abroad from JBIC and JOGMEC for coal mining and exploration in Indonesia.

5. Ending support for oil and gas production 38/100

- Japan's public finance for oil and gas production included billions of dollars for oil and liquid natural gas projects in the Bahamas, Brazil, Indonesia, Kuwait, Russia, Singapore, Trinidad and Tobago, and the United Arab Emirates (2015 and 2016). The funding supported the transport, extraction, and refining of fossil fuels.
- Japan also provided billions in domestic fiscal support for oil and gas production (2015 and 2016).

6. Ending support for fossil fuel-based power 46/100

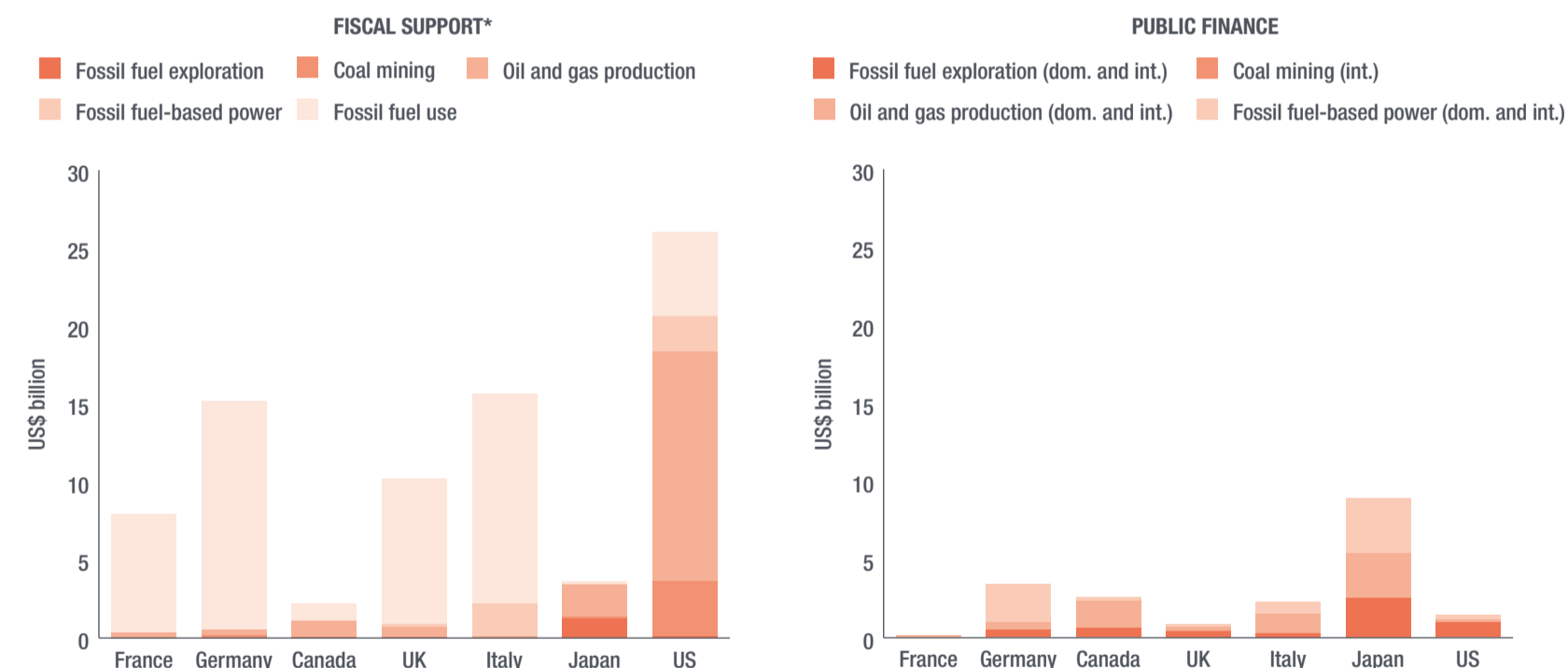
- Japan continues to finance coal-fired power plants abroad. It provided several billion dollars in public finance internationally for coal-fired power plants in Bangladesh, Indonesia and Viet Nam (2015 and 2016), with government documents indicating Japan will finance more coal plants abroad in the future.
- Japan also provided financing for natural gas-fired power plants in Bangladesh, Indonesia, Qatar, Sri Lanka, the US and Uzbekistan (2015 and 2016).

Japan's continuing support for coal-fired power plants abroad faces strong international criticism and opposition from local communities. Currently, several projects in Bangladesh, Botswana, Indonesia, Myanmar and Viet Nam are still under consideration for provision of public finance by the government.

7. Ending support for fossil fuel use 71/100

- Japan provides lower levels of fiscal support for fossil fuel consumption than the other G7 governments, and primarily provides support through tax exemptions for use of fossil fuels in the industrial sector and in the transport sector. No fiscal support for household consumption of fossil fuels was identified (2015 and 2016).

Figure 1 G7 fiscal support and public finance for fossil fuels (annual average 2015 and 2016)



*All domestic. Note: scoring under indicators 3–7 was based on totals in Figure 1 divided by gross domestic product (GDP), so that countries were compared based on totals per unit of GDP. Source: author's own

