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.
6. Ending support for fossil fuel-based power

- 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

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).

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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.

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