

Summary

Japan ranks second, tied with France, out of the G20 Organisation for Economic Cooperation and Development (OECD) member countries due to its low level of support for fossil fuel use and overall progress. However, it continues to provide public finance for domestic and overseas fossil fuel projects, making it the second-highest supplier of public finance out of G20 OECD member countries.

BIGGEST RED FLAG → Japan's continuing support for coal and liquefied natural gas projects abroad through its trade and development finance institutions have made it the second-highest public financier of fossil fuel projects of the G20 OECD members, with an average of USD 8.3 billion a year from 2017 to 2018. Much of this support has gone to coal projects in Bangladesh, Vietnam, and Indonesia that are contested by local communities because of their health and climate impacts (Son et al., 2019; Tucker et al., 2020).

PROGRESS → While Japan's overall support for fossil fuels dropped by 48%, it has backtracked on

Overall ranking and score (out of 11 countries)

2nd

55/100

1. Transparency	11th / Opaque	\$10.4 billion total government support to fossil fuels, 2017–2019 average, USD (\$2.1 billion direct transfers and \$8.3 billion public finance)
2. Pledges and commitments	11th / Very weak	
3. Scale of support for coal exploration, production, processing, and transportation	10th / Medium	\$1.1 billion of support to coal exploration, production, processing, and transportation
4. Scale of support for oil and gas exploration, production, refining, and transportation	6th / Low	\$5.9 billion of support to oil and gas exploration, production, refining, and transportation
5. Scale of support for fossil fuel power	8th / Medium	\$3.3 billion of support to fossil fuel-based power
6. Scale of support for fossil fuel use	1st / Low	\$34 million of support to fossil fuel use
7. Progress in ending support for fossil fuels	1st / Mediocre	944% increase in public finance for coal production relative to the 2014–2016 average

See Table 2 in the main report for score descriptions and their relationship to numerical scores. Estimates in the table are in USD (\$) and are annual averages based on the following sources:

- For direct transfers and tax expenditure: OECD (2020) data, 2017–2019 averages
- For induced transfers: International Energy Agency (2020) data, 2017–2019 averages
- For public finance: Oil Change International (2020) data collected from several sources, 2017–2018 averages
- For SOE investment: capex data collected by Overseas Development Institute (2020) from annual reports, 2017–2019 averages

pledges to end public finance for coal: Japan increased its public finance for coal by 944% relative to the 2014–2016 average, at USD 1.1 billion (2017–2018 average).

UNACCOUNTED FOR PROGRESS → In July 2020, Japan adopted a new policy stating that, in principle, it will no longer finance overseas coal plants in any country without a decarbonization policy. As written, the policy contains substantial exceptions, including for “highly efficient” technology or projects already under consideration (Institute for Global Environmental Strategies, 2020; Japan Times, 2020; No Coal Japan, 2020). A small number of domestic coal plants will also be phased out early under a 2020 policy (Tamura & Kuriyama, 2020).

MAIN UNACCOUNTED FOR AND UNQUANTIFIED SUPPORT → Poor transparency from public finance institutions means public finance support is likely much higher. Possible support from the New Energy and Industrial Technology Development Organization (NEDO) is also not included here (Doukas & Makhijani, 2015).

COVID-19 GOVERNMENT SUPPORT → The Energy Policy Tracker (International Institute for Sustainable Development et al., 2020) identified COVID-related support for Japan, but this support could not be quantified at the deadline for data collection for this scorecard (August 12, 2020).

TRANSPARENCY & PEER REVIEWS → Only one of Japan’s five public finance institutions (Japan International Cooperation Agency) publishes a comprehensive list of the projects supported. Japan has not yet committed to completing a peer review of its fossil fuel subsidies as part of the G20 commitment (OECD, 2019).

References

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