

Carbon Pricing and a new carbon credit market in Japan: JCM and the GX league

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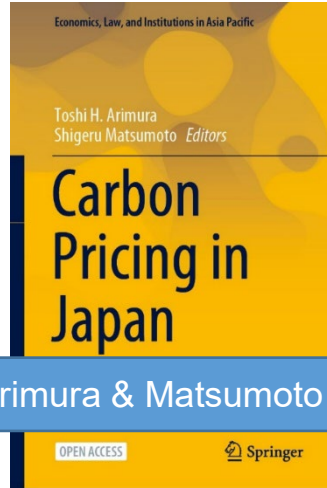


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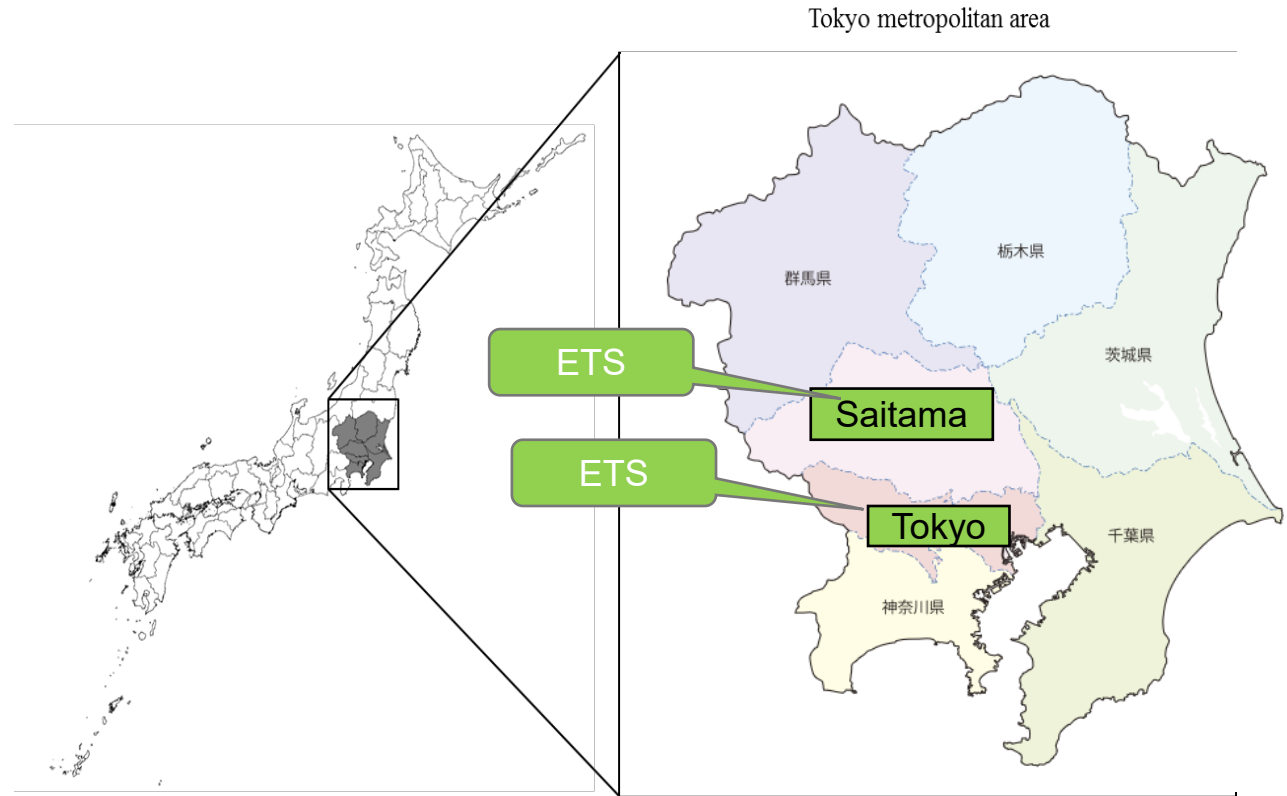
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Until Recently: Regional Carbon Pricing



<https://link.springer.com/book/10.1007/978-981-15-6964-7>



Tokyo/Saitama Emissions Trading Schemes

New Development Voluntary ETS & Credit Market *GX(Green Transformation) League*

【GX League】

Firms with an ambitious GHG emission target can participate in this GX league. They pledge their goal/targets and deliver emission reductions.

ESG Investment & Financial Sector

Japanese Business Federation now supports ETS based on GX league (May 2022)

Creation of Carbon Credits

Carbon Credit Market
(September 2022)

Credit Purchase

JCM: Joint Credit Mechanism

J-credit

Voluntary credit

Carbon Credit Report (June 2022)

Create a single market of voluntary credits, which helps increasing the supply of credits with quality.

Based on METI's resources (Presenter's Comments in Blue).

Joint Crediting Mechanism (JCM)

What is JCM

- Japanese government has been promoting a bilateral approach in which Japanese firms can earn emission reduction credits by investing in partner countries.
- Prime Minister Kishida is going to **increase the number of partner countries to 30.**

Partner Countries as of May 2022

Country	Year	Country	Year
Mongolia	2013	Palau	2014
Bangladesh	2013	Cambodia	2014
Ethiopia	2013	Mexico	2014
Kenya	2013	Saudi Arabia	2015
Maldives	2013	Chile	2015
Viet Nam	2013	Myanmar	2015
Laos	2013	Thailand	2015
Indonesia	2013	Philippines	2015
Costa Rica	2013		



Project List of MOE JCM Financing Support

Fig 8 in Carbon Credit Report

Project list of Ministry of the Environment JCM financing support
(FY 2013-2021) as of January 2022

Partner Country Total : 205 projects accepted (17 countries)
(Start of operation: 118 JCM project registrations: 58)

Prime Minister Kishida will increase
the number of partner to 30



(as of January 2022)

From “Carbon Credit Report” (Accessed on August 20,2022)

https://www.meti.go.jp/shingikai/energy_environment/carbon_credit/pdf/20220627_2.pdf

Thanks!

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Appendix

Current Carbon Tax in Japan (Tax Rate per CO2 ton)

Tax Revenue
(250 Billion
Yen) is used
for energy
efficiency &
renewable

New Carbon Tax?

Tax for Climate Change Mitigation
(289 Yen per ton of CO2)

Revenue to
promote
battery,
hydrogen or
CCUS?

Since
2012

Crude Oil
Petroleum
Products
(779 Yen)

**New Carbon
Tax?**

LPG, LNG
(400 Yen)

**New
Carbon tax?**

Coal
(301 yen)

**Petroleum
and coal
tax**

Based on the Carbon Pricing Committee under Ministry of the Environment, Japan

Changes in Carbon Tax Revenue (Billion Yen)

Source: Japanese Ministry of the Environment

