

Japan

G20 coal subsidies



Japan's public finance institutions are still **among the world's largest providers** for coal-fired power plants

Coal and Japan's economy

US\$42,780



GDP per capita, PPP
(2016–2017 average)

114,487



2016 imports
(kilotonne oil equivalent)

718



2016 exports
(kilotonne oil equivalent)

34%



Share in power mix
(by generation)

Key findings

- Japan provides various fiscal support measures for coal technology research and development.
- Japan also provides public finance of at least ¥590 billion (US\$5.2 billion) internationally for coal mining, coal-fired power production and export of coal power technologies – though Japanese banks and companies recognise the high risks associated with coal development and appear to be moving away from coal.
- Japan is the only G7 country with a significant pipeline of planned coal-fired power projects. Since 2012, 50 new small-scale coal-fired power units have been announced.

Prominence of fossil fuels and subsidy phase-out commitments

- Fossil fuels represent 81% of electricity generation in Japan (IEA, 2019).
- Japan's Long-term Energy Supply and Demand Outlook sees coal at 26% of the electricity supply mix in 2030, with renewables at 22–24% (Ministry of Economy, Trade and Industry, 2015) – far off phasing out coal by 2030 as needed to align with the Paris Agreement (Climate Analytics, 2018).
- In March 2019, Japan's Ministry of the Environment, though not the ultimate decision-maker, announced it would oppose new domestic coal plants (Smee, 2019). However, all but one of the projected domestic coal plants in the pipeline have already passed the Ministry's review stage.
- As a member of the G20, Japan has committed to the phase-out of inefficient fossil fuel subsidies over the medium term (as agreed in 2009), and as a G7 member to do so with a 2025 deadline (G20, 2009; G7, 2016). As a party to the Convention on Biological Diversity (Aichi Target 3), Japan has committed to phasing out environmentally harmful subsidies, including those to fossil fuels, by 2020 (UN, 1992).
- Despite its G20 phase-out commitments, Japan is yet to undergo peer review of its fossil fuel subsidies.

Government support to coal production

- Japan still provides significant international public finance for thermal coal mining and the transport of thermal coal.

Government support to coal-fired power production

- Japan's public finance institutions – in particular the Japan International Cooperation Agency (JICA), Japan Bank for International Cooperation (JBIC) and Nippon Export and Investment Insurance (NEXI) – remain among the world's largest providers of public finance for coal-fired power plants, including new supercritical and subcritical plants. This is despite Japan's commitments under the Organisation for Economic Co-operation and Development (OECD) Arrangement and a policy of supporting only ultra-super critical technology (Ministry of the Environment, 2018).
- Japan is the only G7 country with a significant pipeline of planned coal-fired power projects (Littlecott et al., 2018). Since 2012, 50 new small-scale coal-fired power units have been announced. Of these, 13 units representing approximately 7 gigawatts (GW) of capacity have been cancelled, largely due to local opposition and economic reasons, while 12 new units representing 1.3 GW are in operation, and 25 units representing 15 GW remain in the planning or construction stage (Kiko Network, n.d.).
- No majority government-owned state-owned enterprises with coal mining or coal-fired power operations were identified during this research.
- The government provides some budgetary transfers for research and development related to coal, including carbon capture and storage (CCS) technologies.

Government support to coal and coal-fired power consumption

- No government support was identified for consumption of coal or coal-fired power during this research.

Government support to the transition away from coal and coal-fired power

- Japan still supports coal-fired power production and export of coal power technologies, though Japanese banks and companies have started recognising the risks associated with coal development. Recently, several trading houses, corporations and banks have announced a move away from coal (Buckley and Nicholas, 2018).

Japan's government support to coal and coal-fired power production and consumption

¥ millions, 2016–2017 annual average

Instrument	Coal production ⁱ	Coal-fired power	Coal consumption ⁱⁱ	Transition support ⁱⁱⁱ
Fiscal support	6,423	1,261	none identified	none identified
Public finance	120,208	469,642	none identified	none identified
Domestic	none identified	none identified	–	–
International	120,208	469,642	–	–
State-owned enterprise investment	none identified	none identified	none identified	none identified

Note: for more detail and sources see the Japan data sheet available at odi.org/g20-coal-subsidies/japan.

ⁱ This category includes support for coal exploration, mining, processing and transportation.

ⁱⁱ This category includes support for consumption of coal-fired power, and of coal other than for its use for coal-fired power generation (or for co-generation of power and heat).

ⁱⁱⁱ This category includes support for closing down mining sites, and for workers and communities in their transition away from coal and coal-fired power.

References

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This country study is one in an 18-part series. The country findings are collated in the summary report, which you can find at odi.org/g20-coal-subsidies along with full references, acknowledgements and further information about methodology and data sources.

Unreferenced information in this summary is from the analysis conducted for this report, available in the Japan data sheet at odi.org/g20-coal-subsidies/japan.

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