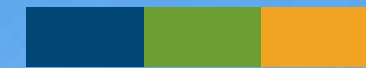
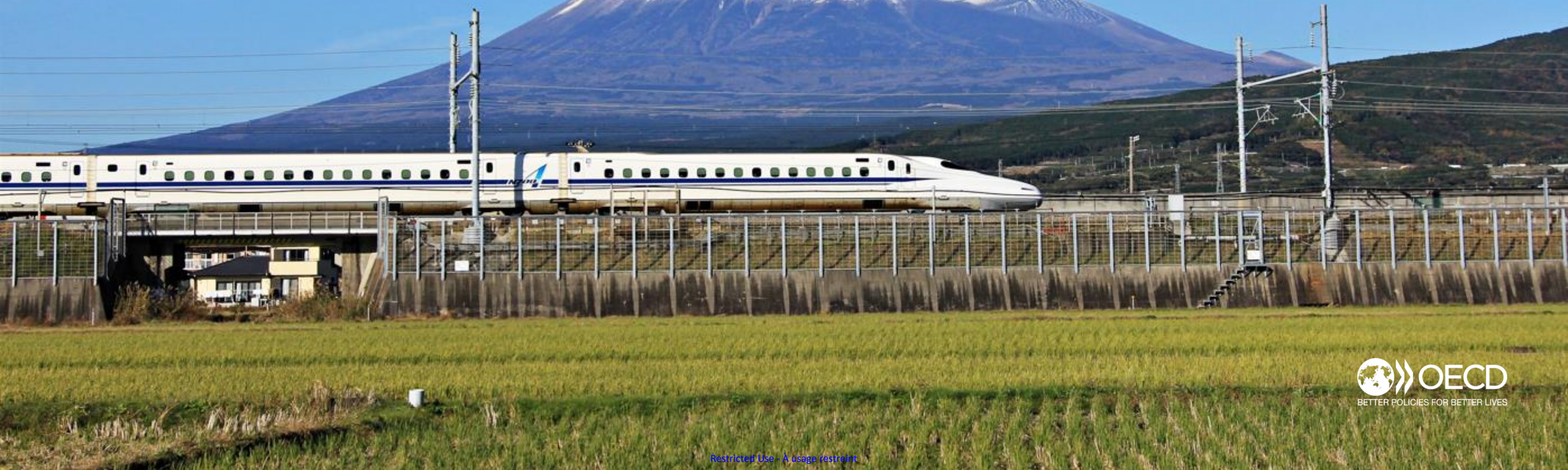


Environmental Performance Reviews: Japan 2025

Chapter 1 – Towards sustainable development



Ivana Capozza, OECD Environment Directorate
Yokohama, 21 March 2025



Towards sustainable development: A comprehensive chapter



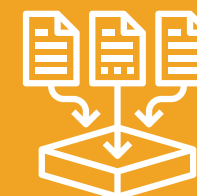
Key environmental challenges

- Progress towards net zero
- Accelerating the clean energy transition
- Tackling air pollution
- Progress towards a circular economy
- Towards a nature-positive economy
- Enhancing resilience to the impact of a changing climate



Environmental governance

- Enhancing the environmental policy and institutional frameworks
- Promoting public awareness and stakeholder engagement



Environmental policy mix

- Strengthening the regulatory framework
- Fostering voluntary measures and corporate social responsibility
- Greening the tax system and improving carbon pricing
- Reforming potentially environmentally harmful subsidies



Investing in green growth

- Investing in environmental protection and the clean energy transition
- Encouraging investment in low-carbon power generation
- Mobilising efforts to reduce and decarbonise final energy use

Towards sustainable development: A comprehensive chapter



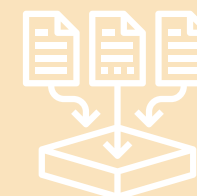
Key environmental challenges

- Progress towards net zero
- Accelerating the clean energy transition
- Tackling air pollution
- Progress towards a circular economy
- Towards a nature-positive economy
- Enhancing resilience to the impact of a changing climate



Environmental governance

- Enhancing the environmental policy and institutional frameworks
- Promoting public awareness and stakeholder engagement



Environmental policy mix

- Strengthening the regulatory framework
- Fostering voluntary measures and corporate social responsibility
- Greening the tax system and improving carbon pricing
- Reforming potentially environmentally harmful subsidies



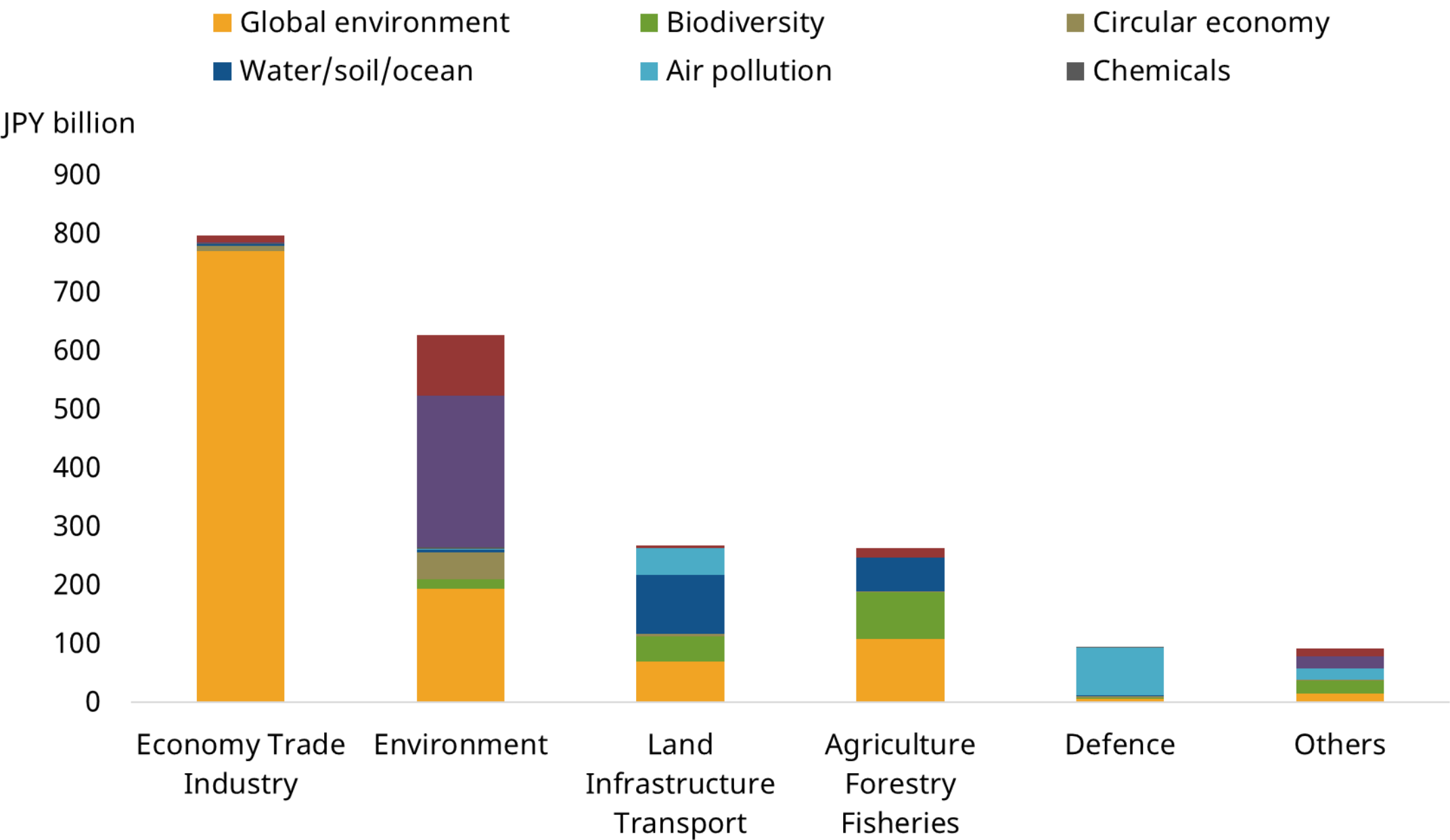
Investing in green growth

- Investing in environmental protection and the clean energy transition
- Encouraging investment in low-carbon power generation
- Mobilising efforts to reduce and decarbonise final energy use

With several ministries handling environmental policy, institutional co-ordination is key



Budget allocations for environmental protection by media and ministry, FY2024

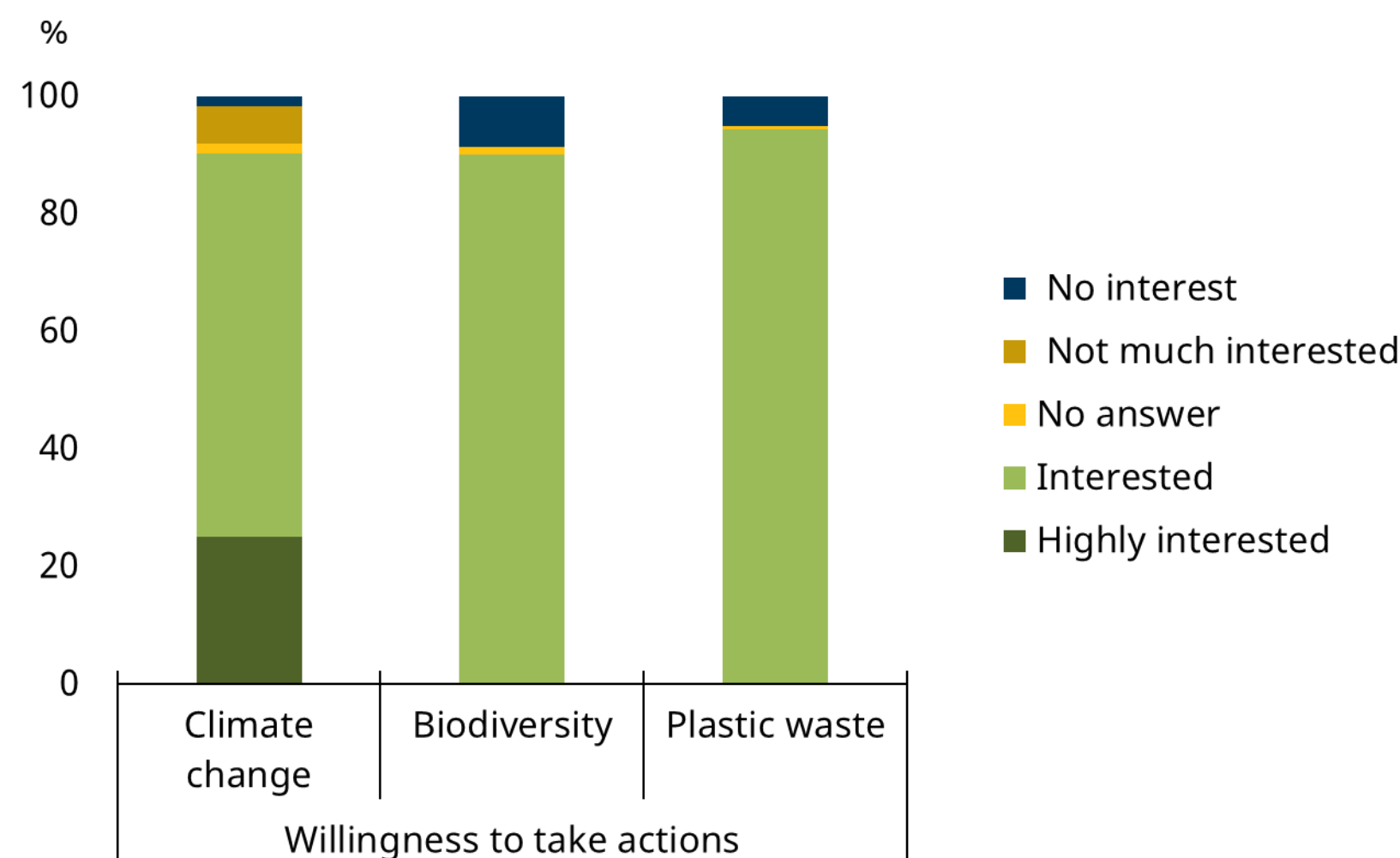


Public participation in environmental matters could be enhanced



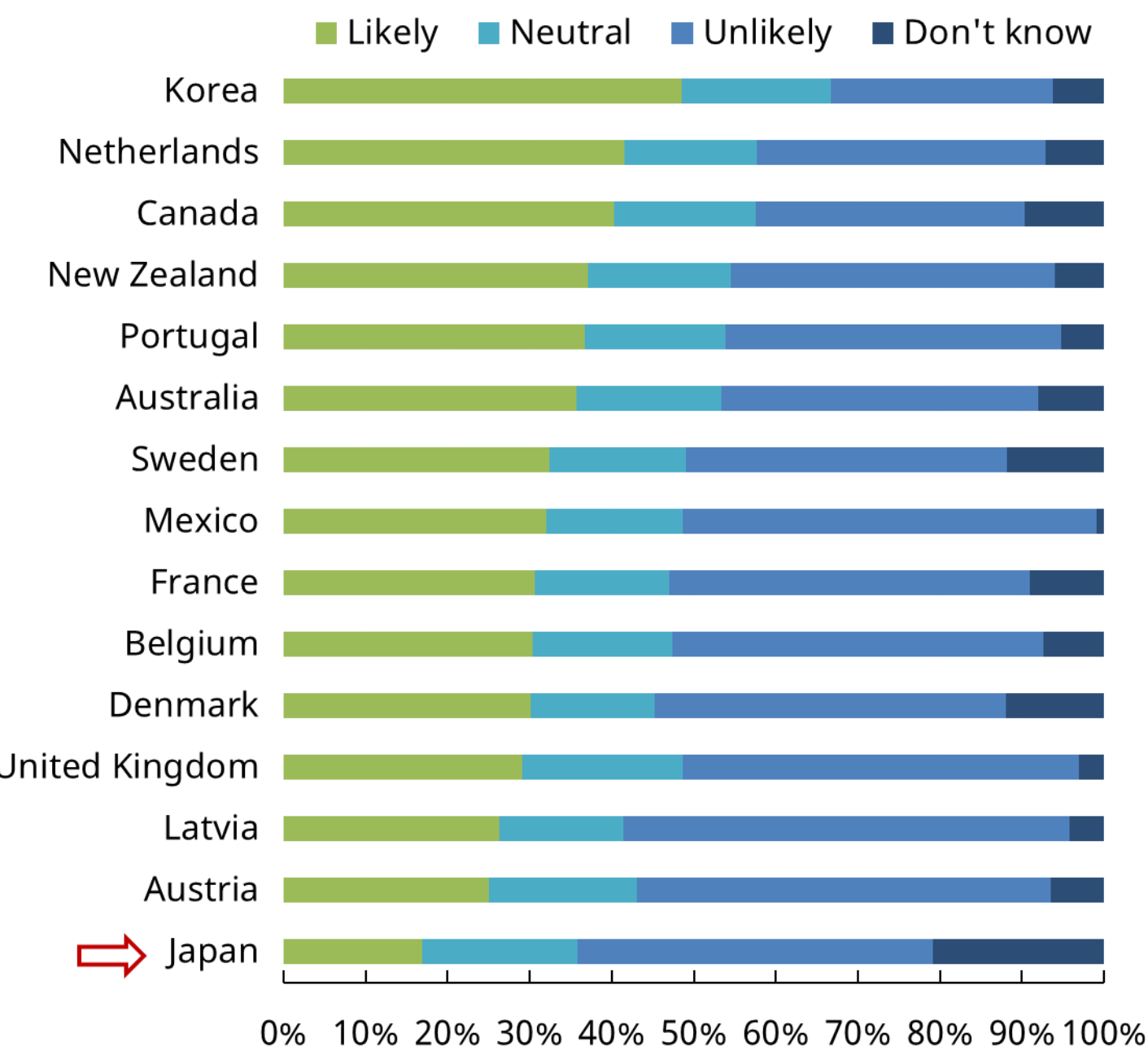
Citizens' awareness by environmental domain

Percentage of respondents



Perceived likelihood that governments would adopt opinions expressed in a public consultation, 2021

Percentage of respondents



Source: Cabinet Office, Government of Japan (2024), Public Opinion Surveys (several issues); OECD (2023), Government at a Glance 2023.

Towards sustainable development: A comprehensive chapter



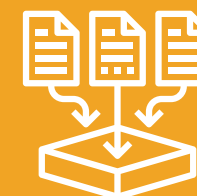
Key environmental challenges

- Progress towards net zero
- Accelerating the clean energy transition
- Tackling air pollution
- Progress towards a circular economy
- Towards a nature-positive economy
- Enhancing resilience to the impact of a changing climate



Environmental governance

- Enhancing the environmental policy and institutional frameworks
- Promoting public awareness and stakeholder engagement



Environmental policy mix

- Strengthening the regulatory framework
- Fostering voluntary measures and corporate social responsibility
- Greening the tax system and improving carbon pricing
- Reforming potentially environmentally harmful subsidies



Investing in green growth

- Investing in environmental protection and the clean energy transition
- Encouraging investment in low-carbon power generation
- Mobilising efforts to reduce and decarbonise final energy use

Japan has a broad environmental policy mix

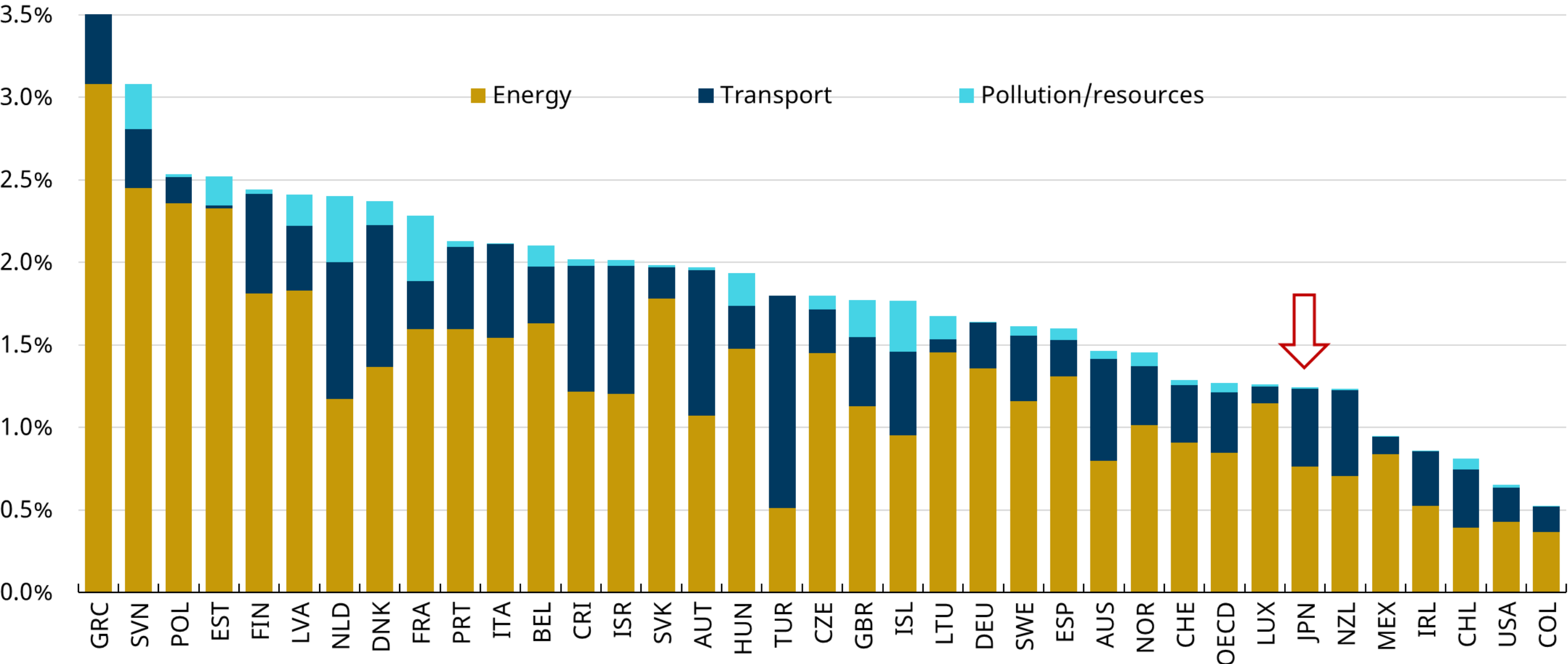


- Expand the EIA scope; improve public engagement in the EIA process
- Establish a system for environmental assessment of plans and programmes
- Transition to integrated environmental permitting
- Assess the cost effectiveness of Keidanren Voluntary Action Plan, targets and benchmarking
- Continue to develop demand-side initiatives to encourage consumers to adopt energy-saving behaviours and practices

Environmental taxes play a limited role and generate little revenue



Environmentally related tax revenue by tax base, percentage of GDP, 2022

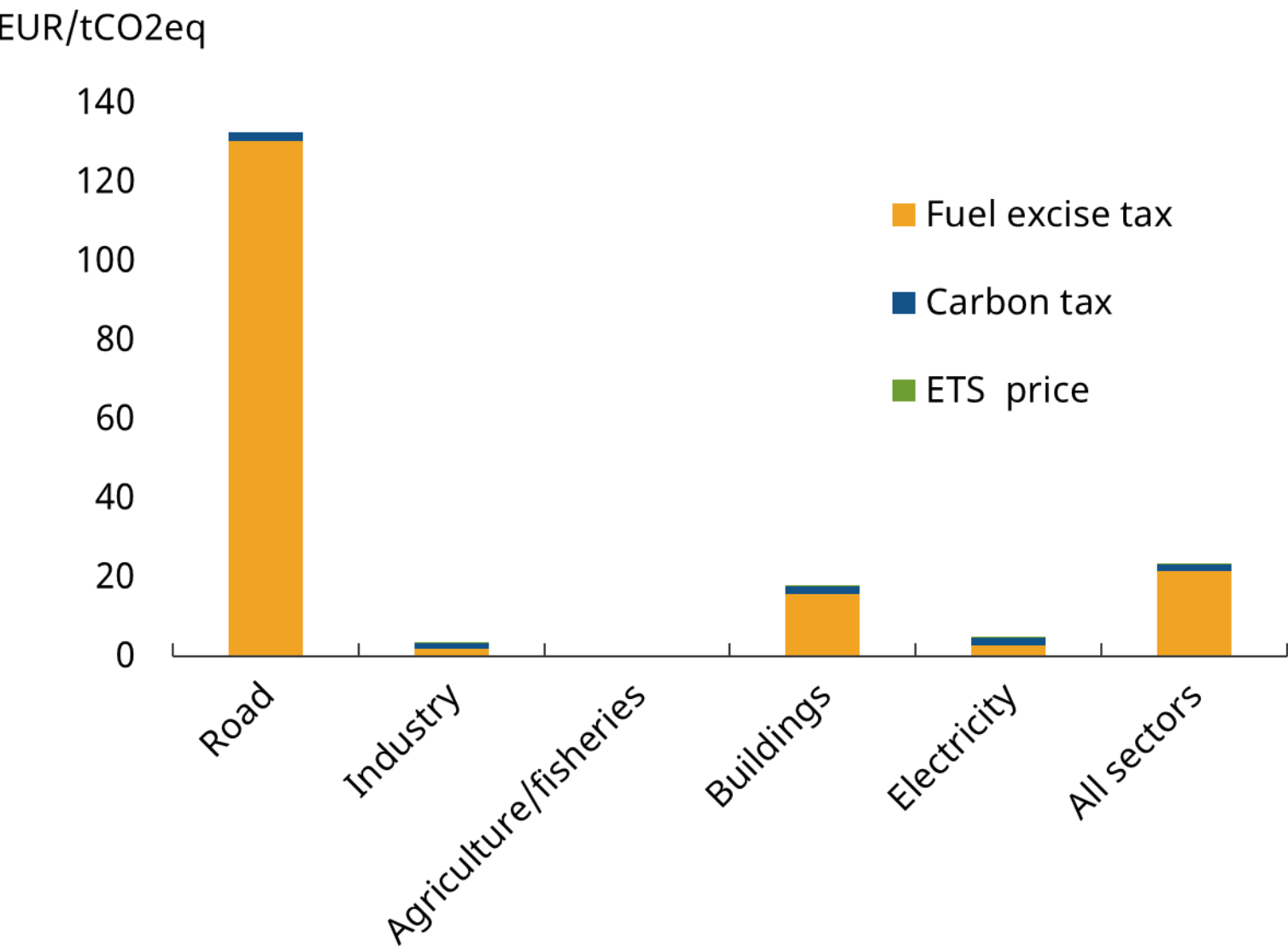


Source: OECD Environment Statistics (database).

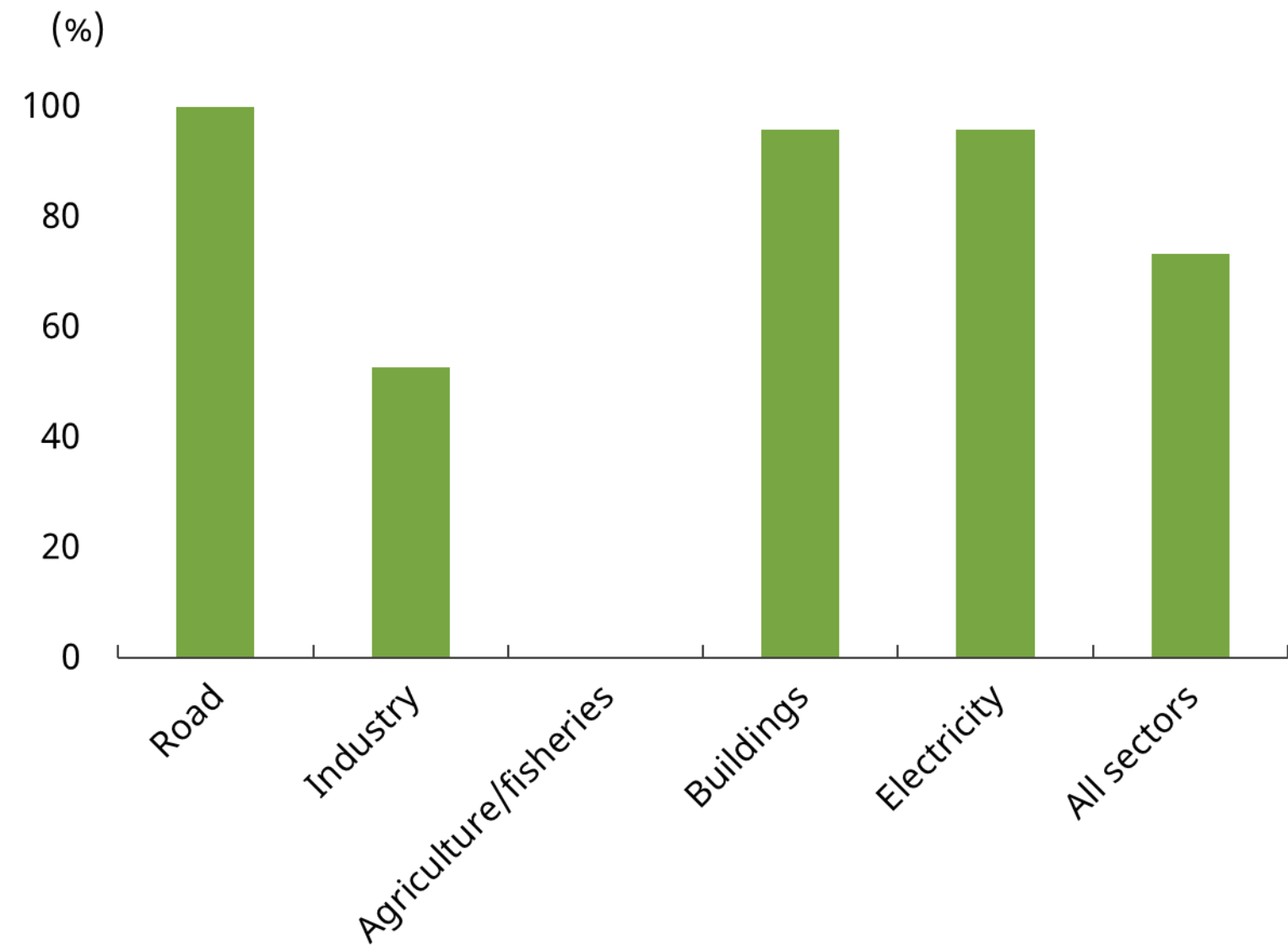
Some sectors are partially or fully exempt from carbon pricing



Average effective carbon rates, 2023

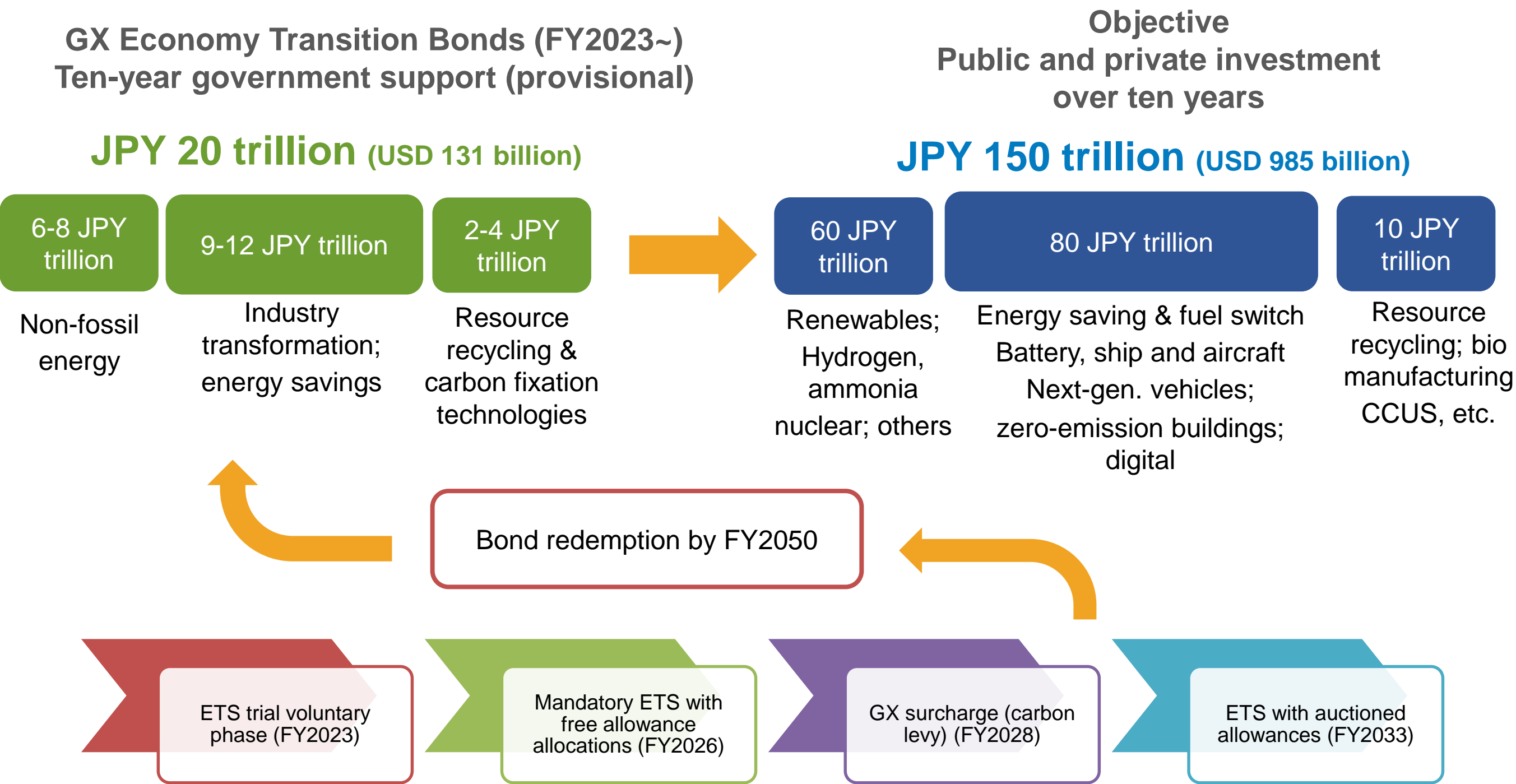


Share of emissions covered by sector, 2023



Note: ETS = emissions trading system. Effective carbon rate is the sum of prices from the carbon tax, fuel excises and ETS permits.
Source: OECD (2024), Tax and Environment (database).

The GX Basic Policy and Pro-Growth Carbon Pricing are welcome



Towards sustainable development: A comprehensive chapter



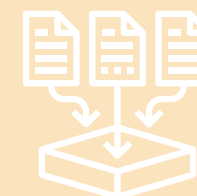
Key environmental challenges

- Progress towards net zero
- Accelerating the clean energy transition
- Tackling air pollution
- Progress towards a circular economy
- Towards a nature-positive economy
- Enhancing resilience to the impact of a changing climate



Environmental governance

- Enhancing the environmental policy and institutional frameworks
- Promoting public awareness and stakeholder engagement



Environmental policy mix

- Strengthening the regulatory framework
- Fostering voluntary measures and corporate social responsibility
- Greening the tax system and improving carbon pricing
- Reforming potentially environmentally harmful subsidies



Investing in green growth

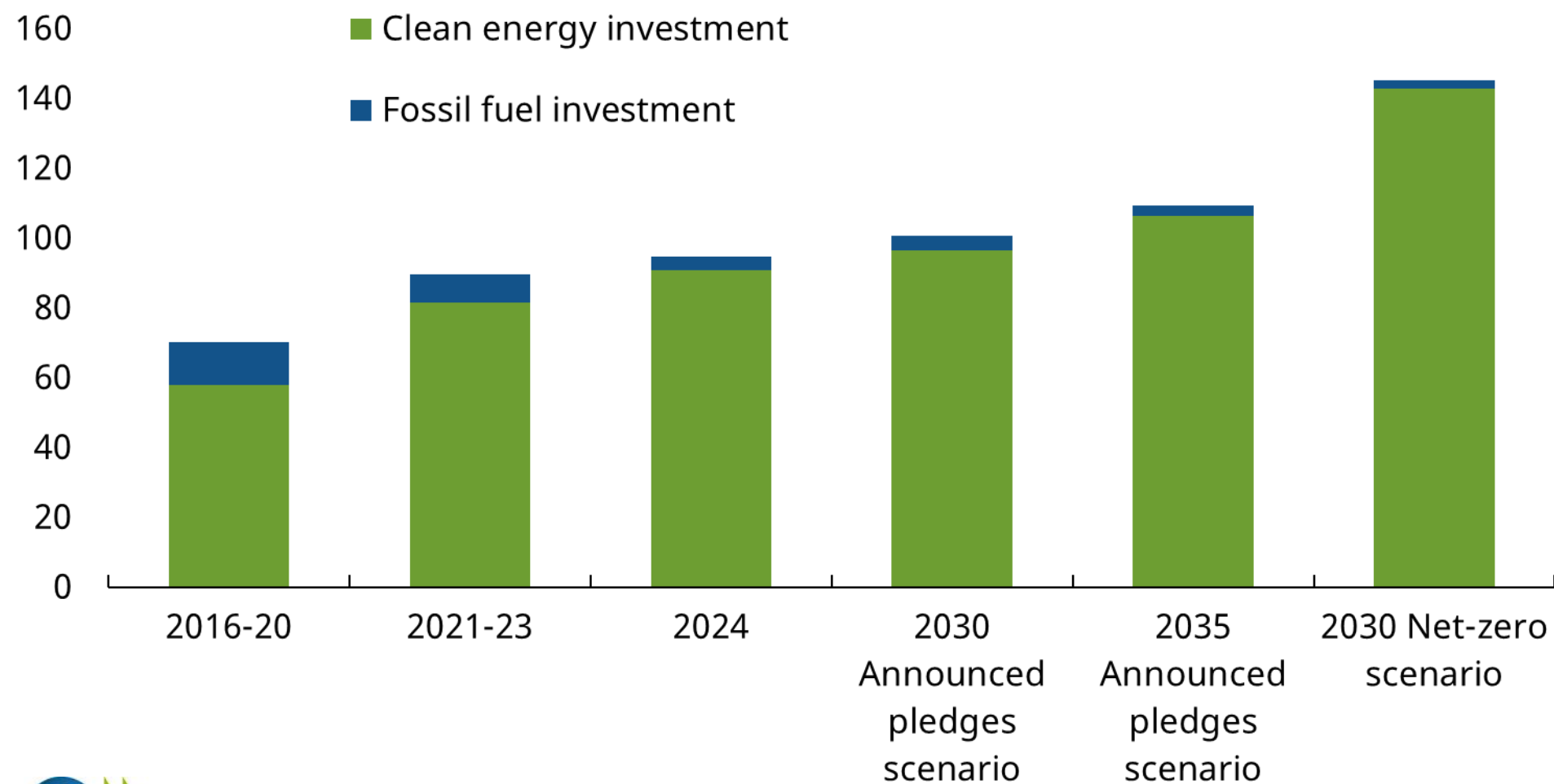
- Investing in environmental protection and the clean energy transition
- Encouraging investment in low-carbon power generation
- Mobilising efforts to reduce and decarbonise final energy use

Japan has increasingly invested in the clean energy transition



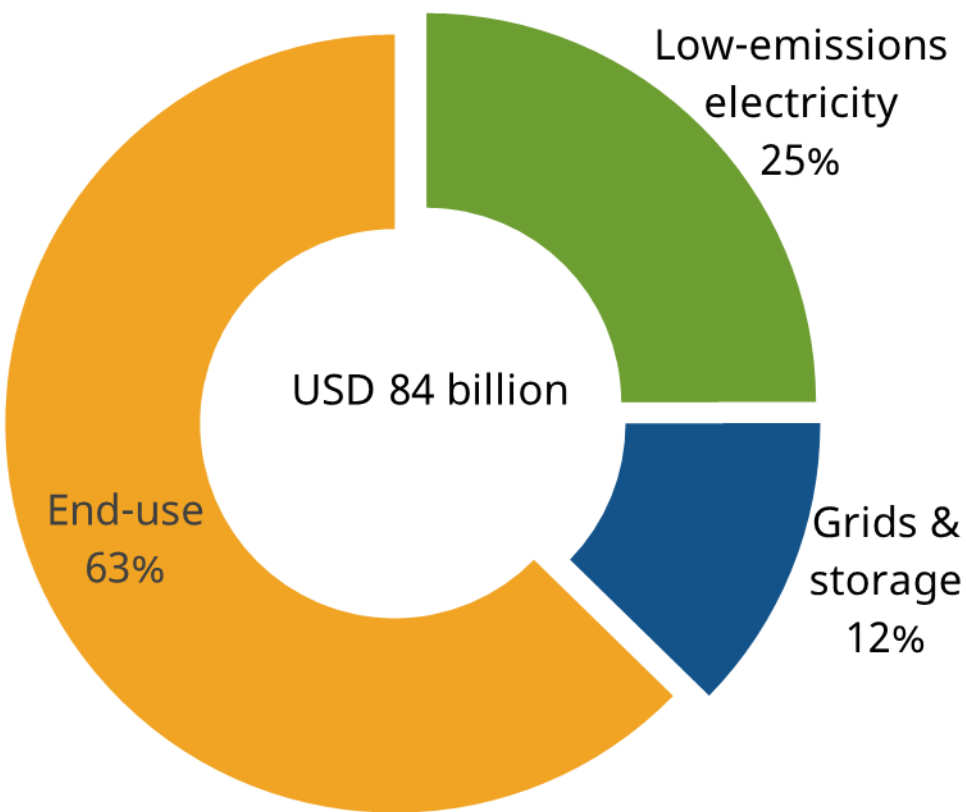
Energy investment trends and outlook

USD billion,
2023 prices



Source: IEA (2024), IEA World Energy Investment 2024, IEA preliminary data.

Clean energy investment by category, 2021-24

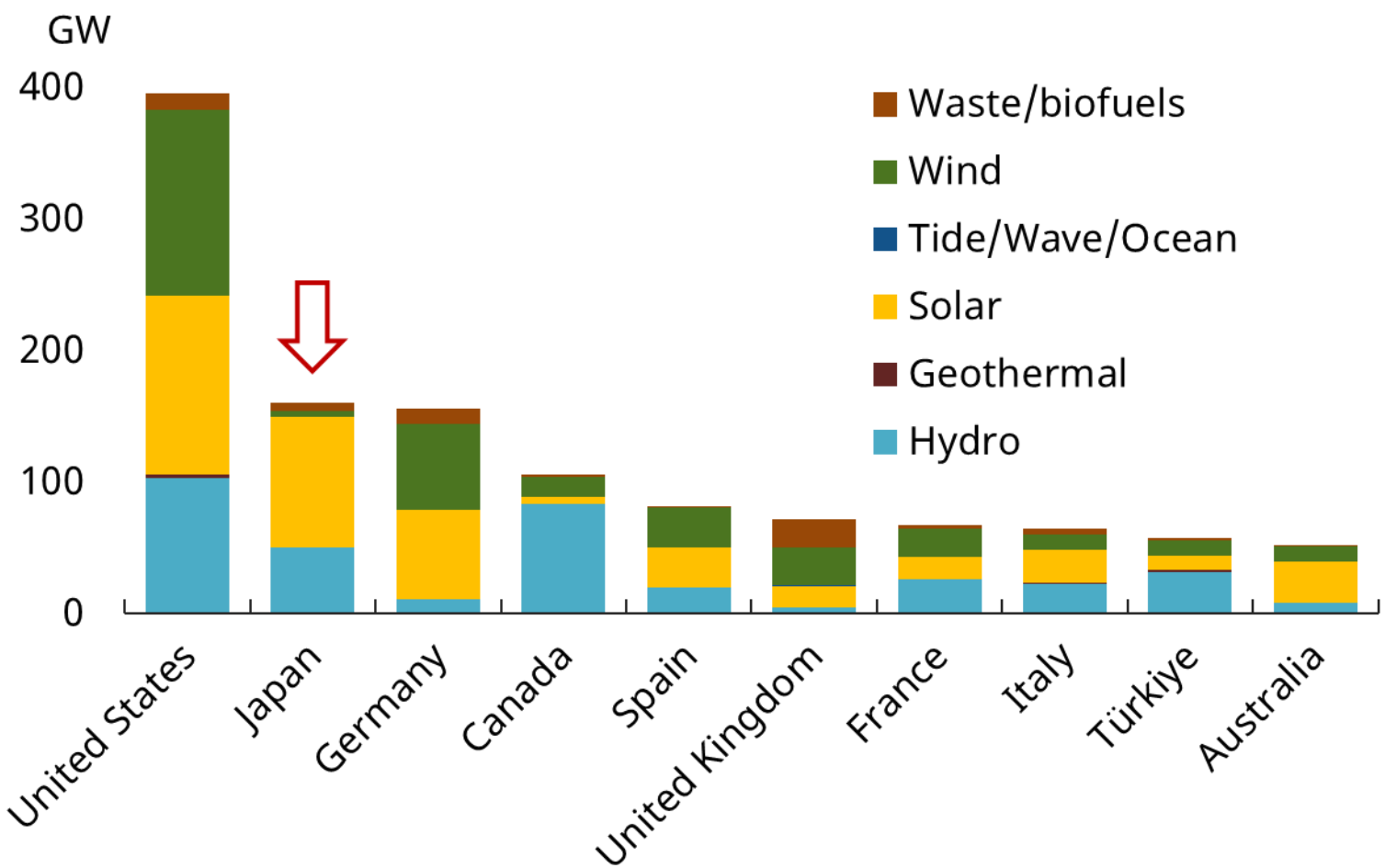


Japan should keep removing barriers to unlock its vast renewable energy potential



Electricity installed capacity by renewable source

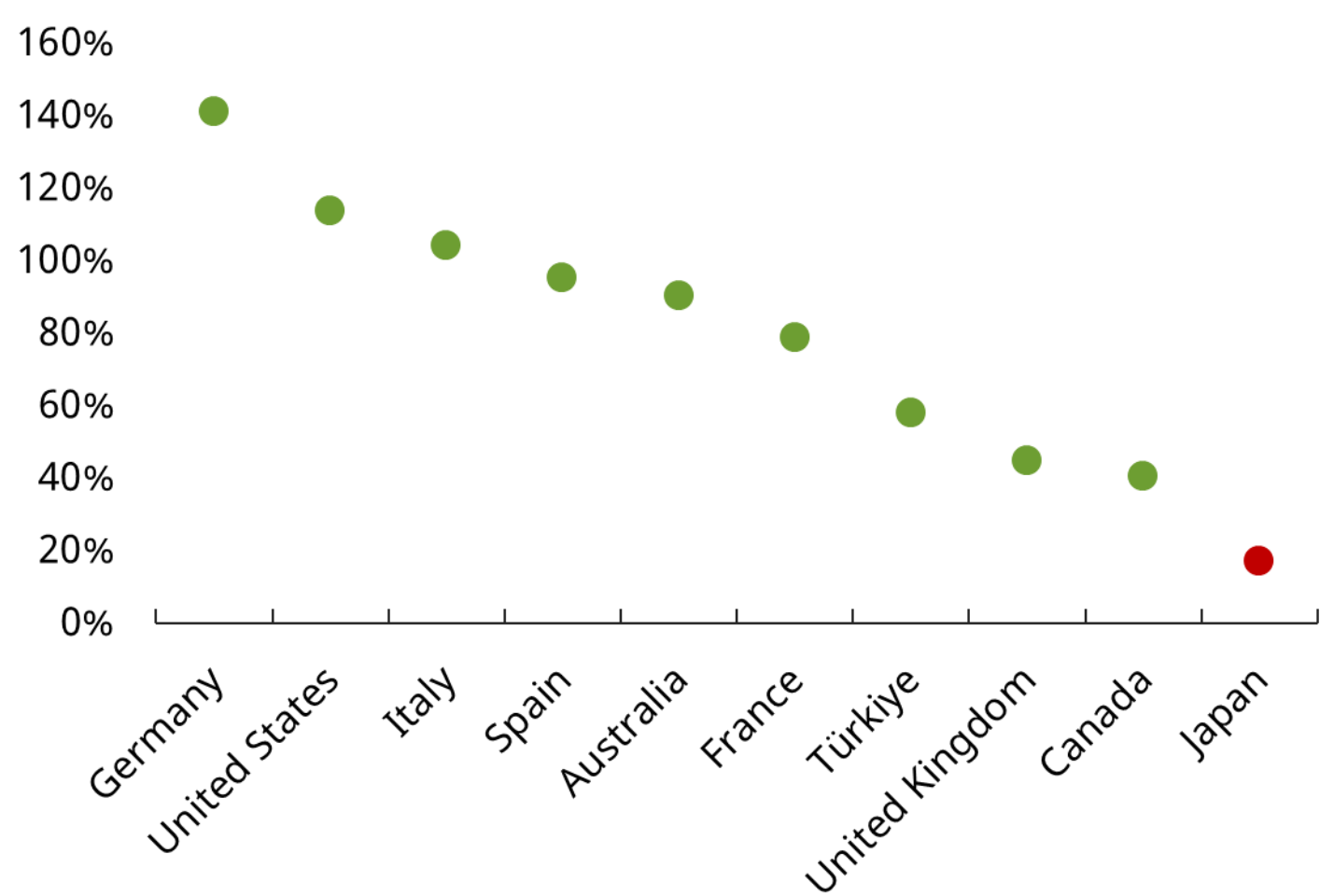
Top 10 OECD countries, 2022



Source: Source: IEA (2024), Renewables Information (database).

2030 renewable power capacity targets

OECD countries with the top 10 renewables capacities, IEA estimates

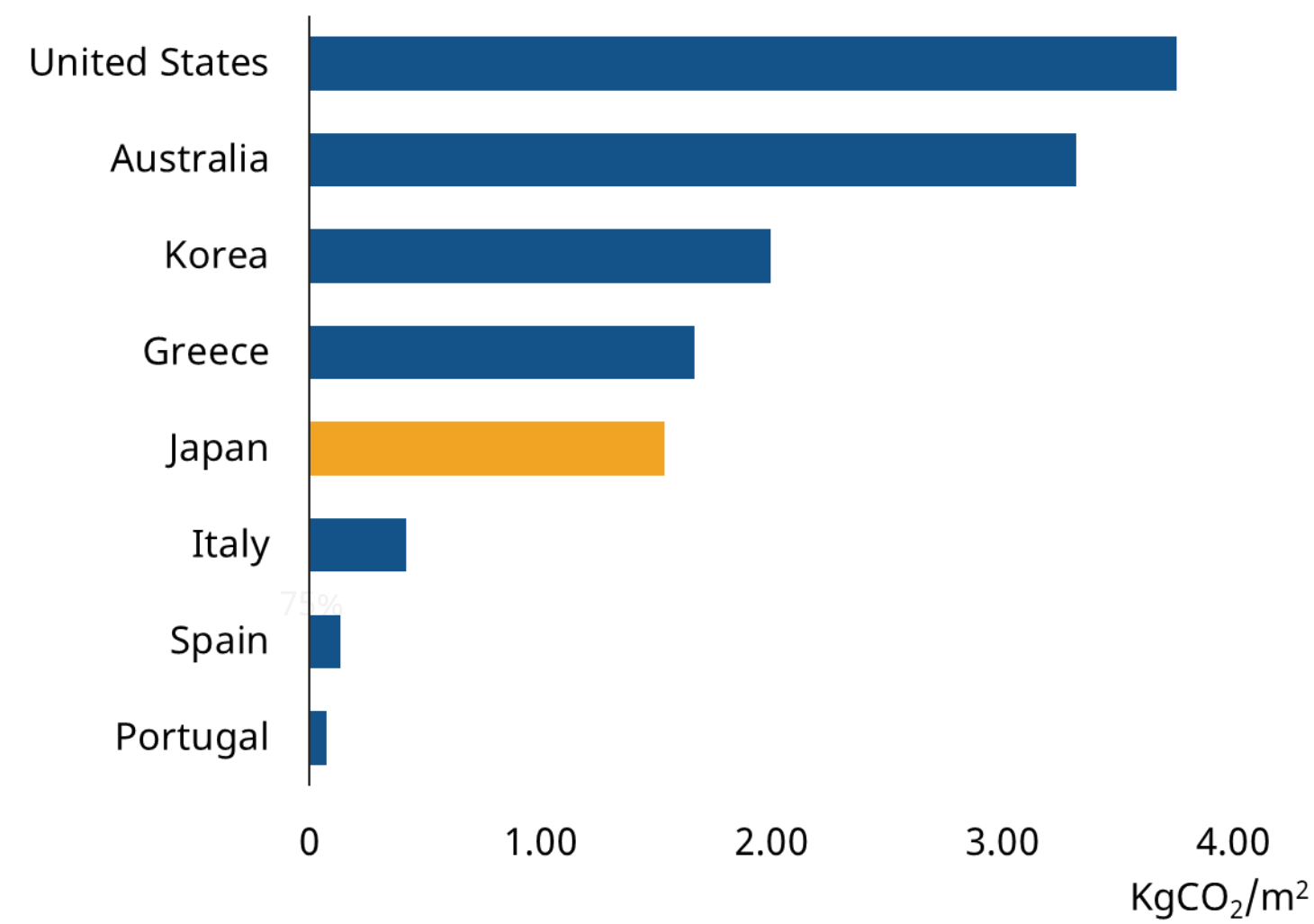


More could be done to reduce GHG emissions from buildings

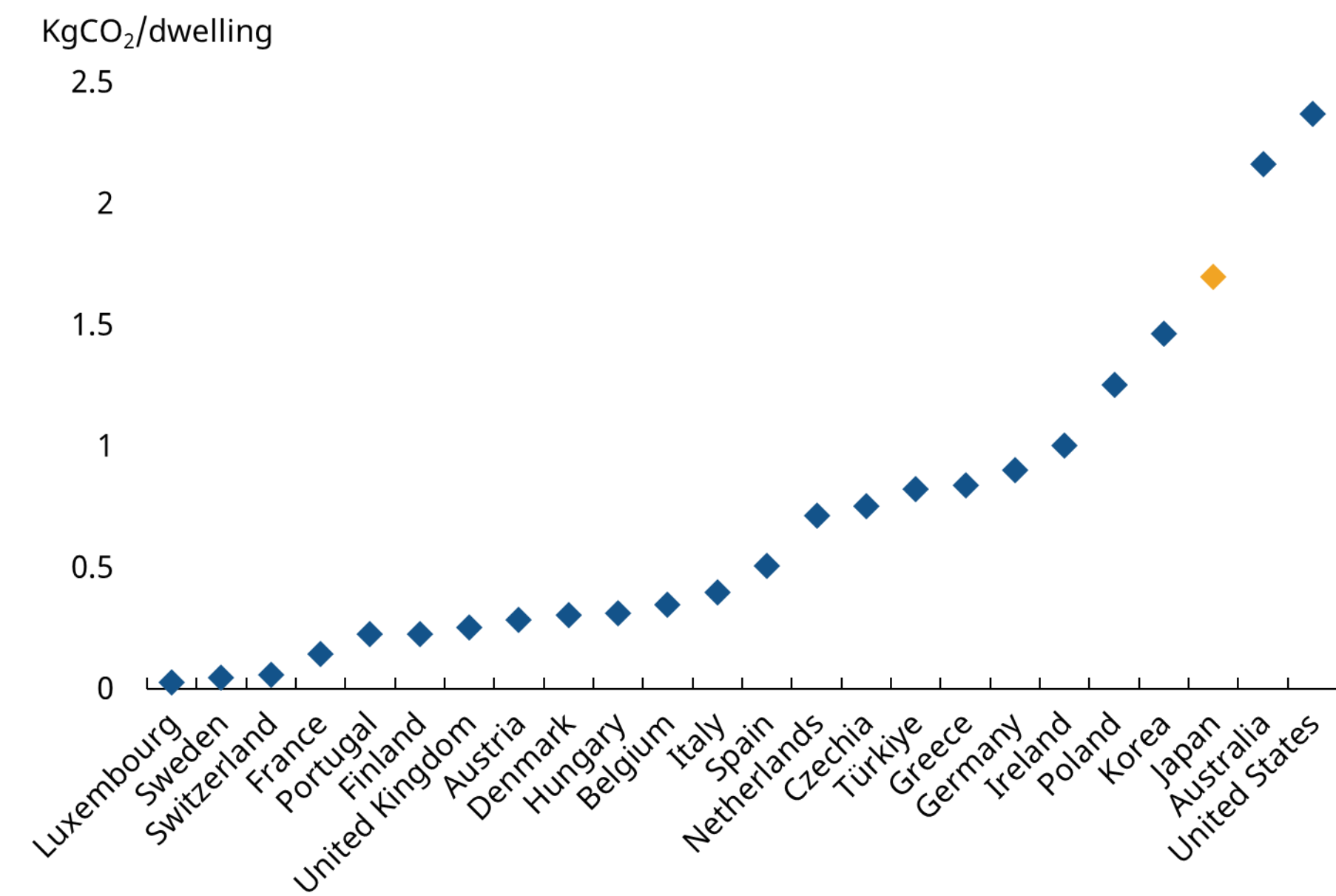


Carbon intensity for space cooling, 2022

Temperature adjusted, countries with similar climate



Carbon intensity of residential appliances, 2022

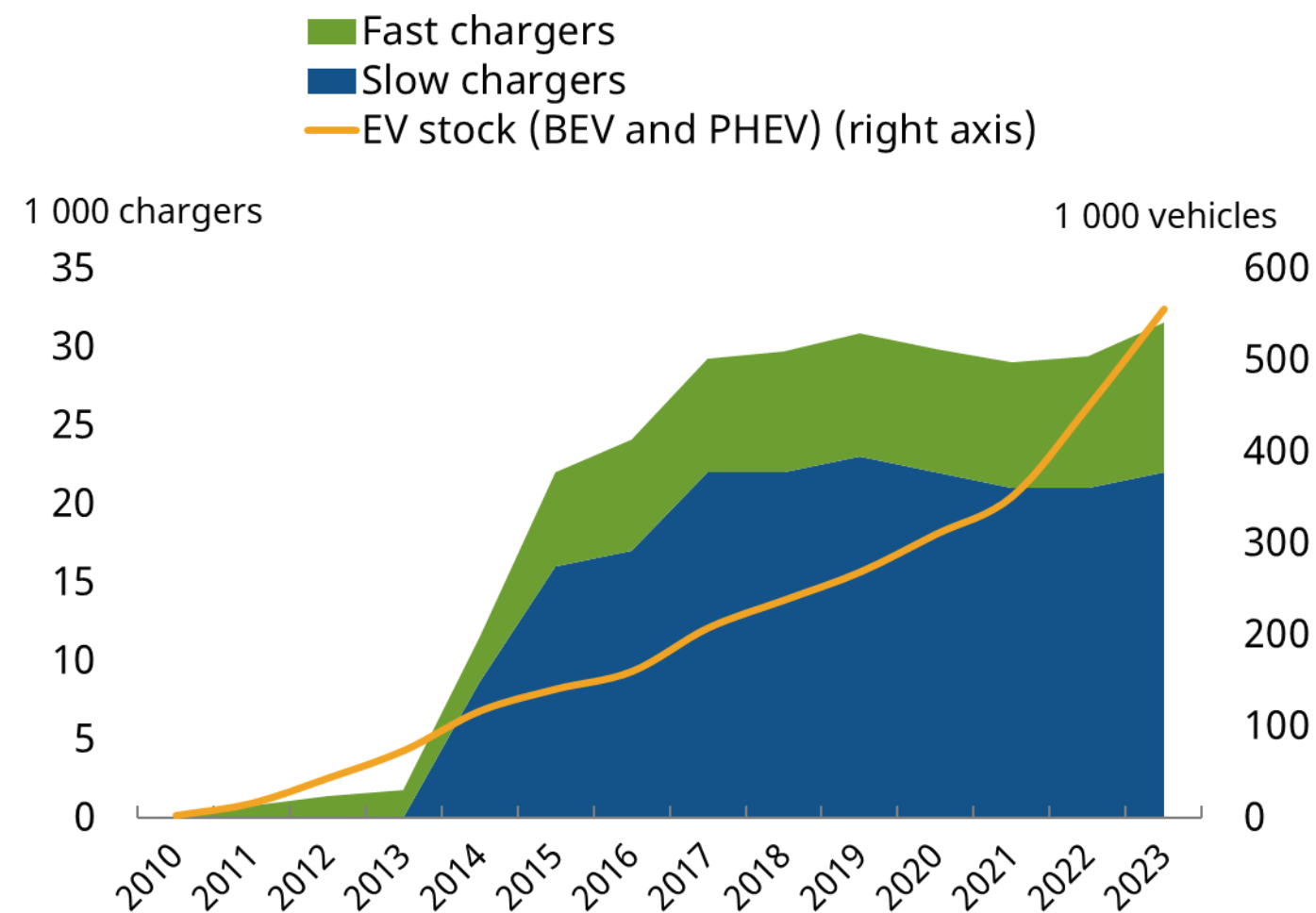


Source: IEA (2024), IEA Energy End-uses and Efficiency Indicators (database).

Japan needs to accelerate EV deployment

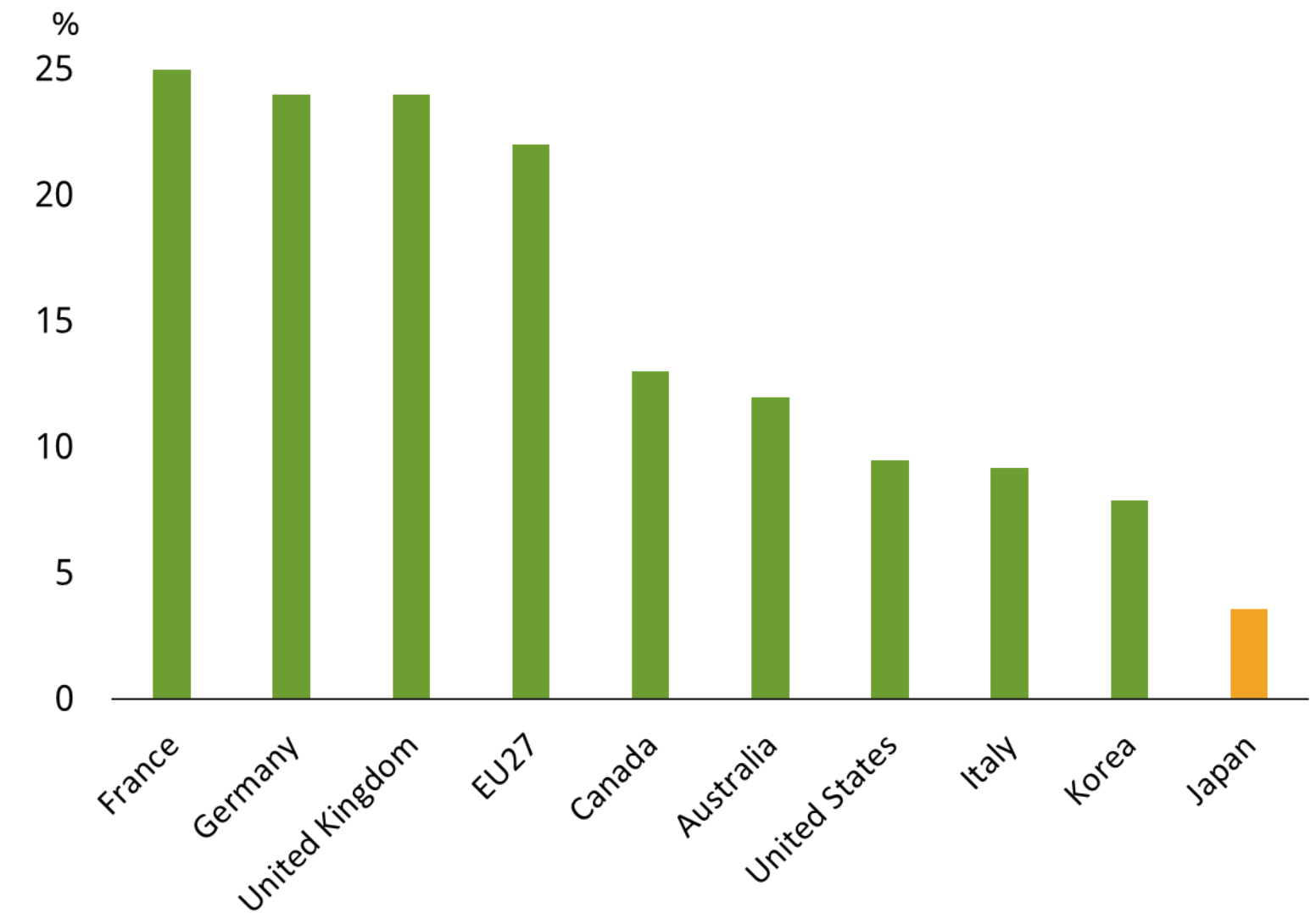


Public EV chargers and EV fleet



Share of electric cars in sales, 2023

Selected OECD countries



Note: Note: BEVs = Battery electric vehicles; PHEVs = plug-in hybrid electric vehicles.
Source: IEA (2024), Global EV Outlook 2024.

This chapter provides 25 recommendations



- > A more comprehensive and cost-effective policy package
- > Better cross-policy alignment
- > Enhanced institutional co-ordination and public participation

Thank you!



OECD Environmental Performance Reviews: Japan 2025

The report and all data are available on
<http://oe.cd/epr-japan>

Environmental Performance Review programme

<http://oe.cd/epr>

CONTACTS

Head of Division: **Nathalie Girouard**
Nathalie.Girouard@oecd.org

Report Co-ordinator: **Ivana Capozza**
Ivana.Capozza@oecd.org

Communications: **Fiorella Cianchi**
Fiorella.Cianchi@oecd.org