

# Japan

## General Information

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### ETS Description

Japan combines several carbon pricing instruments to help meet net zero by 2050: an existing carbon tax, a voluntary emission trading system named “GX-ETS”, and a carbon levy to be introduced from 2028. Plans for this are outlined in the Basic Plan for the “Green Transformation (GX) Policy”, Japan’s ten-year decarbonization strategy.

The GX-ETS started as a voluntary baseline-and-credit system in 2023. Almost 570 companies, making up more than 50% of national emissions, participate. Under the GX-ETS, J-Credits (see below) are traded on the Tokyo Stock Exchange.

The GX-ETS is expected to transition to a mandatory ETS from 2026 after its first compliance deadline. Upper and lower price limits are planned to be introduced. From 2033, auctioning will be introduced for high-emitting entities in the power sector. Separately, a carbon levy will be introduced from 2028 on fossil fuel importers.

Japan is actively participating in international carbon markets. Its Joint Crediting Mechanism (JCM) is a bilateral scheme to incentivize decarbonizing technologies and mitigation actions in 28 partner countries. JCM credits will also be eligible for use in the GX-ETS.

Separately, over 100 countries and organizations have joined Japan’s global capacity-building initiative, the Article 6 Implementation Partnership.

### ETS Status

under development

### Jurisdictions

Japan

## Emissions & Targets

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### Overall GHG Emissions excl. LULUCF (MtCO<sub>2</sub>e)

1,170.0 MtCO<sub>2</sub>e (2021)

### GHG reduction targets

**By FY2030:** 46% reduction from FY2013 GHG levels including LULUCF credits; and continue efforts to cut emissions by 50% (NDC)

**By 2050:** Net zero GHG emissions (updated NDC)

## Other Information

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### Institutions involved

**Ministry of the Environment:** Supports the implementation of JCM projects; manages the Subcommittee on the Utilization of Carbon Pricing and the Global Environmental Subcommittee; oversees the SHIFT program; tasked with developing carbon pricing in Japan.

**Ministry of Trade, Economy, and Industry:** Responsible for the GX League; tasked with developing carbon pricing in Japan jointly with the Ministry of Environment.

**Central Environment Council:** Advisory body to the Japanese Cabinet.

### **Regulatory Framework**

[GX Basic Plan](#)

[GX Promotion Act](#)

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