

Japan

The vast majority of business executives in Japan would like to see the government transition away from fossil fuels, with almost six in ten (58%) keen for renewables to replace coal in the electricity system.

After a decade of fossil gas-fired electricity almost all (96%) Japanese senior business respondents to the poll express a desire to transition from fossil fuels to a renewables-based electricity system, although many (36%) believe financial incentives are required to make it happen. Today, Asia's second largest economy relies on fossil fuels for over two-thirds (69%) of its electricity mix, a major contributing factor in its per capita emissions amounting to around double the global average.¹ Renewables-based electricity generation has been growing while nuclear has been declining in Japan since 2011.² Even so, Japan still ranks second lowest in the G7 in the deployment of renewables,³ with wind and solar making up a modest 12% of total electricity generation in 2023.⁴

Alongside the steady rise in renewables, fossil gas-fired electricity generation has also been creeping upwards, from 27% of the grid in 2014⁵ to around 32% in 2023.⁶ Yet, while Japan retains its status as the world's second-largest importer of fossil gas, demand for gas across the country's domestic economy is gradually decreasing.⁷ Experts project this trend will continue,⁸ raising hopes for a fossil-free, renewables-based power system in the medium-term future. Time is of the essence for business: almost two-thirds of Japanese corporate leaders (64%) want such a scenario by 2035 at the latest.

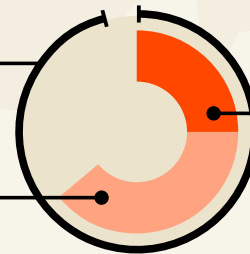
Do you think your government should transition away from fossil fuels to a renewables-based electricity system?

NET: Yes

96%

Yes, within
10 years
39%

Yes, within
5 years
25%



¹ <https://ember-energy.org/latest-insights/global-electricity-review-2024/major-countries-and-regions/#japan>

² Japan's reliance on nuclear power dropped from a high of 30% in 2011 to 9.6% today. <https://asian-power.com/news/japans-nuclear-energy-generation-96-in-2024>.

³ <https://ember-energy.org/data/electricity-data-explorer/>

⁴ <https://ember-energy.org/countries-and-regions/japan/>

⁵ <https://www.iea.org/policies/5748-strategic-energy-plan-2014#>

⁶ <https://www.iea.org/countries/japan/energy-mix#>

⁷ <https://ieefa.org/articles/japans-declining-gas-demand-will-leave-utilities-persistent-lng-oversupply-through-2030>

⁸ <https://ieefa.org/articles/japans-declining-gas-demand-will-leave-utilities-persistent-lng-oversupply-through-2030>

Electricity policy

Japan's long-standing "3E+S" approach⁹ to energy policy emphasises energy security, economic efficiency, and environmental protection, all of which chime strongly with business executives. The positive contribution that a renewables-based power system could have towards mitigating climate change resonates particularly strongly with many (64%) Japanese executives. Other benefits identified by business executives that chime with government policy is the ability of renewables to improve the country's energy security (50%) and to generate investment and innovation (36%).

Almost six in ten (58%) executives want the Japanese government's electricity policy to identify renewables as the technology of choice in a post-coal era, bypassing gas as an interim alternative. At nearly one third (32%) of total electricity generation, coal-fired electricity retains a significant role in Japan's national grid.¹⁰ In addition, despite Japan's commitment to growing its renewable base, the government has yet to adopt a national

plan to implement the G7's commitment for a phase-out of unabated coal-fired electricity in the first half of the 2030s.¹¹ A clear plan for a rapid phase-out would secure the country's international reputation as a climate leader, as well as increase its attractiveness as an investment and trading partner.¹² Such a step has the support of those business leaders who want the government to prioritise new investments in renewables; nearly two-thirds of whom (65%) back the phase-out of coal power by 2035.

Business 'asks'

A persistent request among nearly one third (32%) of business leaders is for clarity on renewable electricity's role within the country's climate and energy plans. The government's latest Strategic Energy Plan, approved in February 2025, sets an outlook of 30-40% share of thermal generation in the electricity mix by 2040.¹³ However, the plan fails to specify targets for each fuel.¹⁴ This leaves the door open well into the 2040s for fossil fuels, which could be

Top 3 requested actions that your government should take to accelerate the transition from fossil fuels (% who chose the following)

Provide financial incentives for renewable energy projects

36%

Ensure that the role of renewables-based electrification in other sectors is clear in forthcoming national climate plans

32%

Establish clear timelines and targets for renewables and storage deployment

31%

⁹ <https://www.edelmanglobaladvisory.com/japans-seventh-strategic-energy-plan>

¹⁰ <https://ember-energy.org/countries-and-regions/japan/>

¹¹ https://www.g7italy.it/wp-content/uploads/G7-Climate-Energy-Environment-Ministerial-Communique_Final.pdf?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosgenerate&stream=top

¹² A recent analysis suggests that achieving its net-zero targets could net Japan an estimated \$6.7 trillion in fresh investment, thereby fuelling innovation, job creation, and economic revitalisation. <https://about.bnef.com/blog/japan-can-meet-net-zero-goal-with-minimal-reliance-on-hydrogen-report-shows/>

¹³ <https://www.edelmanglobaladvisory.com/japans-seventh-strategic-energy-plan>; <https://japannews.yomiuri.co.jp/society/general-news/20250218-239359/>

¹⁴ <https://japannews.yomiuri.co.jp/society/general-news/20250218-239359/>; <https://www.renewable-ei.org/en/activities/reports/20250220.php>

used with or without alternative fuel mixing, or could be continued with technologies such as carbon capture and storage.¹⁵ This increases uncertainty in the investment environment by not specifying individual target shares for coal and gas. Moreover, it represents an unpopular outcome for the majority of respondents who want to see Japan transition away from fossil fuels within the next decade. The same is true for Japan's goal of deriving a 40-50% share of its electricity from renewables in 2040, which represents an increase of only 2 to 14 percentage points on its 2030 targets of 36-38%.^{16, 17}

¹⁵ <https://www.e3g.org/news/japan-s-draft-energy-plan-fails-to-meet-the-clean-energy-transition-imperative/>

¹⁶ Japan's new NDC aims to reduce greenhouse gas emissions by 60% from 2013 levels by 2035 and by 73% by 2040. This extends its 2030 goal of a reduction of 46%. <https://climateintegrate.org/archives/8108>

¹⁷ The business-led Japan Climate Leaders' Partnership is pushing for renewable electricity to represent a 60%-share of the grid by 2035. <https://japan-clp.jp/archives/17819>