

September 2024

Recent developments in Carbon Offset Markets in Japan

For achieving a green transformation (GX) and carbon net-zero (carbon-neutrality)

Kenji Miyagawa

Ryotaro Kagawa / Mai Kurano

So Kamimura / Seina Kanyama / Yudai Kurita / Aya Shinjo

Contents

1. Introduction
2. Recent developments in carbon credit markets in Japan
3. Recent developments in carbon credit transactions outside of Japan
4. Final remarks

1. Introduction

The Japanese Government has announced its nationally-determined contribution (“NDC”) to achieve 46% reduction of greenhouse gasses (“GHG”) by 2030 compared to 2013 and carbon net-zero by 2050. In order to achieve its NDC, the Japanese government has been implementing various policies, including establishment of the GX League, Japan's version of an emissions trading system (“Japanese ETS”). Phase 1 of the GX League began in 2023, and discussions are accelerating to launch Phase 2 around 2026. In this newsletter, we will provide an overview of recent developments in the Japanese and overseas carbon credit markets and outline some of the issues that Japanese and international players should be aware of.

2. Recent developments in carbon credit markets in Japan

2.1. GX Implementation Council

Implementation of Climate Change policies/regulations in Japan (including rules for a Japanese ETS) have been led by the GX Implementation Council which is chaired by the Prime Minister of Japan.

Since July 2022, the GX Implementation Council has been meeting to discuss measures to achieve a green transformation. At the 10th meeting of the GX Implementation Council in December 2023¹, the “Sector-specific Investment Strategy Proposal”² was formulated, setting out GX policies in each priority sector for approximately the next 10 years.

Subsequently, at the 11th meeting of the GX Implementation Council held on May 13, 2024³, in order to improve the predictability of the business environment and promote domestic investment that will maintain and strengthen high-value-added industrial processes essential to Japan's growth, the GX2040 Vision was presented from a longer-term perspective, taking a comprehensive view of industrial structure, industrial sites, and energy, which is a step forward from the previous GX policies. In particular, the topics outlined below were discussed⁴.

GX can be viewed as a transformation of the industrial structure, and its realization requires upfront investment from both the public and private sectors. The following measures proposed by the GX Implementation Council will strongly encourage public and private investment in GX.

2.1.1. Energy

As industrial competitiveness is expected to be more dependent on energy than ever before, the transition to decarbonized energy, which is currently quite uncertain in terms of demand and technology, needs to be accelerated. To this end, it is necessary to ensure a stable energy supply by taking measures to address issues such as promoting investment in decarbonized power sources where the return on investment is difficult to predict, by developing decarbonized power sources and grids, by ensuring the supply of hydrogen, ammonia, and other new energy sources, and by securing fossil fuels during the transition period.

¹ https://www.cas.go.jp/jp/seisaku/gx_jikkou_kaigi/dai10/index.html (Japanese only)

² Reference Material 2 “Sector-specific Investment Strategy Proposal” of the GX Implementation Council (10th Meeting) (December 15, 2023)

https://www.cas.go.jp/jp/seisaku/gx_jikkou_kaigi/dai10/siryou2.pdf (Japanese only)

³ https://www.cas.go.jp/jp/seisaku/gx_jikkou_kaigi/dai11/index.html (Japanese only)

⁴ Reference Material 1 “To Accelerate a Green Transformation in Japan” of the GX Implementation Council (11th Meeting) (May 13, 2024), prepared by the Minister in Charge of Promoting GX https://www.cas.go.jp/jp/seisaku/gx_jikkou_kaigi/dai11/siryou1.pdf (Japanese only)

2.1.2. GX industrial sites

Given the status of development of decarbonized power sources and grids, and other factors such as new energy supply hubs, or bases, it is necessary to consider where to locate energy-intensive industries, including data centers, steel, and chemicals, and to discuss where to locate new industrial sites, which could be called “decarbonized industrial hubs.” These studies would provide a clear picture of the locations suitable for decarbonized energy bases and GX industrial clusters in each region and improve investment predictability.

2.1.3. GX industrial structure

Japan’s industrial structure is expected to change in the process of promoting GX, and what kind of industrial structure should be pursued will become an important issue. It is necessary to discuss how to secure domestic industrial sites for industries in which Japan has advantages, promote innovation through next-generation technologies, and strengthen supply chains in light of the kinds of changes that the economic security environment will undergo.

2.1.4. Creating GX markets (including Japanese ETS)

It is important to promote the creation of GX markets (including Japanese ETS) that appreciates the value of decarbonization, including the design of a detailed carbon pricing system, because instilling in business practices the notion that decarbonization not only increases costs but also creates new value will drive GX investment by the industrial sector.

2.2. Legal Issues Study Group (METI/MoE)

Phase 2 of the GX League, which will begin around 2026, is expected to tighten regulations in a number of ways, and one of the possible measures is the introduction of a mandatory cap-and-trade system that would impose emissions caps on large emitters. However, various legal issues need to be examined before such a system can be implemented.

Under these circumstances, the Ministry of Economy, Trade and Industry (METI) and the Ministry of the Environment (MoE) have been holding meetings of the Legal Issues Study Group (the “Study Group (METI/MoE)”) to identify potential legal issues that will arise when applying other countries’ emissions trading systems and Japan’s carbon credits (e.g., J-Credits⁵) to Japan’s legal framework, to organize ideas on these legal issues from an academic and practical perspective, and to use such ideas in considering the design of a concrete emissions trading system⁶.

⁵ <https://japancredit.go.jp/english/>

⁶ Reference Material 3 “Purpose of the Legal Issues Study Group Conducive to Examining Emissions Trading Systems for Achieving a Green Transformation,” prepared by the Secretariat of the Legal Issues Study Group
https://www.meti.go.jp/shingikai/energy_environment/gx_implementation/pdf/001_03_00.pdf (Japanese only)

2.2.1. First Meeting of the Legal Issues Study Group Conducive to Examining Emissions Trading Systems for Achieving a Green Transformation (the “First Meeting”); held on May 17, 2024⁷)

At the First Meeting, constitutional issues related to emissions trading systems were identified. Under emissions trading systems, the burden of amortizing emissions allowances is imposed by law on certain business operators, which may result in the restriction of their constitutional rights, in particular, the freedom of business (Article 22, Paragraph 1 of the Constitution of Japan), the principle of equality (Article 14 of the Constitution of Japan) and property rights (Article 29 of the Constitution of Japan). Therefore, these were raised as constitutional issues⁸.

2.2.2 Second Meeting of the Legal Issues Study Group Conducive to Examining Emissions Trading Systems for Achieving a Green Transformation (the “Second Meeting”); held on June 5, 2024⁹)

Based on the issues identified at the First Meeting, a draft outline of the approach to such constitutional issues was presented at the Second Meeting¹⁰, which suggests that none of the issues would raise constitutional concerns if the system adheres to reasonable parameters (e.g., emission cap/allowances are allocated to large emitters in a fair and reasonable manner).

At the Second Meeting, administrative law issues related to emissions trading systems were identified. In the context of emissions trading systems, the following administrative law issues were raised: the obligation to amortize emissions allowances and the position of emissions allowances under administrative law; how to ensure remedies for eligible business operators and procedures to protect their rights; how administrative penalties should be imposed under emissions trading systems; legal considerations in the implementation of emissions trading

⁷ https://www.meti.go.jp/shingikai/energy_environment/gx_implementation/001.html and https://www.env.go.jp/press/press_03186.html (Japanese only)

See also the following *Shojihomu* Portal article about the Legal Issues Study Group:

“SH4960: METI and MOE Held the First Meeting of the Legal Issues Study Group Conducive to Examining Emissions Trading Systems for Achieving a Green Transformation (May 17, 2024),” written by Kenji Miyagawa, Ryotaro Kagawa and Mai Kurano on the *Shojihomu* Portal on May 31, 2024.

⁸ Reference Material 4 “Constitutional Issues,” METI’s explanatory material

https://www.meti.go.jp/shingikai/energy_environment/gx_implementation/pdf/001_04_00.pdf (Japanese only)

⁹ <https://www.meti.go.jp/english/index.html> and <https://www.env.go.jp/en/index.html>

¹⁰ Reference Material 3 “[Draft Outline] Legal Issues and Concepts of Emissions Trading Systems (Constitution)” (the Legal Issues Study Group Conducive to Examining Emissions Trading Systems for Achieving a Green Transformation; June 5, 2024)

https://www.meti.go.jp/shingikai/energy_environment/gx_implementation/pdf/002_03_00.pdf (Japanese only)

systems; and how to ensure the effectiveness of emissions trading systems¹¹.

2.2.3. Third Meeting of the Legal Issues Study Group Conducive to Examining Emissions Trading Systems for Achieving a Green Transformation (the “Third Meeting”); held on July 22, 2024)

Based on the issues identified at the Second Meeting, a draft outline of the approach to administrative law issues was presented at the Third Meeting, and the method of allocating emissions allowances under the Korean Emissions Trading System (K-ETS) was examined there in order to consider the design of a Japanese ETS¹².

In addition, civil law issues related to emissions trading systems were identified at the Third Meeting. The civil law issues discussed in the context of emissions trading systems included the nature of emissions allowances under the Civil Code of Japan, the rules for emissions allowance trading, and the application of existing laws and regulations to emissions allowances¹³. Specifically, on the first issue, many members of the Study Group agreed that emissions allowances can be categorized as "property rights" under the Civil Code of Japan. Regarding the second issue, the Study Group members discussed what kind of rules should be established for emissions allowance trading, if, for example, (a) the seller of emissions allowances has acquired such emissions allowances in a fraudulent matter and the seller's acquisition of such emissions allowances has been terminated due to such a fraud after the seller has sold them to a bona fide purchaser, or (b) the Japanese government inadvertently allocates an excessive amount of free allowances. As for the third issue, it was discussed whether or not security interests, including pledges, can be created in emissions allowances.

In addition to the meetings of the Study Group (METI/MoE) mentioned above, (1) a meeting of the “Working Group on Financial Infrastructure for Carbon Credit Transactions” (Financial Services Agency of Japan (“JFSA”))¹⁴ was formed to discuss potential regulatory issues, and (2) the “Discussion Paper: The Position of Carbon Credits under Private Law, Focusing on the

¹¹ Reference Material 4 “Administrative Law Issues” (METI, Environmental Economy Office, June 5, 2024) https://www.meti.go.jp/shingikai/energy_environment/gx_implementation/pdf/002_04_00.pdf (Japanese only)

¹² Reference Material 3 “[Draft Outline] Legal Issues and Concepts of Emissions Trading Systems (Administrative Law)” (the Legal Issues Study Group Conducive to Examining Emissions Trading Systems for Achieving a Green Transformation; July 22, 2024) https://www.meti.go.jp/shingikai/energy_environment/gx_implementation/pdf/003_03_00.pdf (Japanese only)

¹³ Third Meeting of the Legal Issues Study Group, Reference Material 4 “Civil Law Issues” (METI, Environmental Economy Office, July 22, 2024) https://www.meti.go.jp/shingikai/energy_environment/gx_implementation/pdf/003_04_00.pdf (Japanese only)

¹⁴ <https://www.fsa.go.jp/en/index.html>

Legal Nature and Legal Principles of Attribution and Transfer”¹⁵ was published by the Financial Law Board¹⁶.

It may be possible to argue that greater investment into a Japanese ETS could be encouraged if Japanese ETS (together with applicable Japanese laws and regulations) could provide legal certainty, given that there are still uncertainties in connection with the legal nature of and/or applicable regulations related to international voluntary carbon credits¹⁷. In light of the fact that the 2024 Amended Global Warming Countermeasures Act now includes trade protection clauses for a JCM (Joint Crediting Mechanism), as described in Section 2.4 below, it is hoped that trade protection clauses will be introduced for emissions allowances and various carbon credits (governed by Japanese law).

2.3. Japanese ETS (GX League)

In the Japanese ETS (i.e., GX League), various working groups (“WGs”) have been formed with the aim of not only conducting emissions trading, but also of holding discussions and crafting policy proposals by participating companies.¹⁸ For example, “Guidelines for Use of Eligible Carbon Credits in Japanese ETS” were developed in April 2024 based on the discussions held within the “Eligible Carbon Credits WG.” An overview of the guidelines is as follows.

2.3.1. Specific requirements for eligible carbon credits in a Japanese ETS

J-credits and JCM credits are eligible carbon credits in the Japanese ETS since J-credits and JCM credits are believed to make direct contributions to achieving NDC by the Japanese Government. The Eligible Carbon Credits WG has published the rules concerning specific requirements for other carbon credits (e.g., international/Japanese voluntary carbon credits) (“Other Carbon Credits”) to be qualified as eligible carbon credits under the Japanese ETS. Such rules can be summarized as follows:¹⁹

	GHG reduction / removal projects	GHG reduction / removal projects operated outside of Japan
--	-------------------------------------	---

¹⁵ <http://www.flb.gr.jp/jdoc/publication61-j.pdf> (Japanese only)

¹⁶ <http://www.flb.gr.jp/epage/eabout.htm>

¹⁷ Please refer to discussions concerning legal nature and/or applicable regulations related to international voluntary carbon credits below.

ISDA:

<https://www.isda.org/a/38ngE/Legal-Implications-of-Voluntary-Carbon-Credits.pdf>

<https://www.isda.org/2022/11/22/the-legal-nature-of-voluntary-carbon-credits-france-japan-and-singapore/>

UNIDROIT:

<https://www.unidroit.org/work-in-progress/verified-carbon-credits/>

¹⁸ For developments in GX League, see our newsletter in March 2024 (linked below):

https://www.amt-law.com/asset/pdf/bulletins12_pdf/240328_j.pdf

¹⁹ For more information on the requirements for Other Eligible Carbon Credits, see the link below:
[GX-ETSにおける 適格カーボン・クレジットの 活用に関するガイドライン \(gx-league.go.jp\)](https://www.gx-league.go.jp) (Japanese only)

	operated in Japan	
Operator	No restriction on operator	Projects in which GX League participating companies, etc. have been involved on an ongoing basis from the early stages of the project launch
Place of operation	Projects that are operated in Japan	Projects that are difficult to operate in JCM
Methodology	<ol style="list-style-type: none"> Any of the following methodologies are expected to contribute to Japan's NDC in the future: (i) CCU; (ii) Coastal blue carbon; (iii) BECCS; (iv) DACCS Those that meet certain quality standards such as modularity of projects, permanence, governance of project, or that the Japanese Government be involved in its operation to a certain degree and that it be deemed to ensure the transparency and fairness of operation. When programs meeting the above exist both in and outside Japan, ones in Japan have priority. 	

2.3.2. Specific procedures for application for eligible carbon credit in Japanese ETS

Other Carbon Credits will need to be registered as “eligible carbon credits” under the Japanese ETS upon application to and approval by the GX League Administrator. Once they are approved, details of such Other Carbon Credits will be published at the website of the GX League Administrator.²⁰

2.4. Amendments to Global Warming Countermeasures Act in 2024

The Japanese Cabinet approved the “bill to partially amend the Act on Promotion of Global Warming Countermeasures” on March 5, 2024,²¹ and the bill was adopted on June 12, 2024 and promulgated on June 19, 2024²² (the amended act is hereinafter referred to as the “2024 Amended Global Warming Countermeasures Act”). The 2024 Amended Global Warming Countermeasures Act mainly aims at (i) strengthening the implementation framework of the JCM, and (ii) improving the regional decarbonization promotion project scheme to achieve Japan's NDC under the Paris Agreement, whereas (iii) the introduction of deal protection provisions for JCM credits is noteworthy from the viewpoint of facilitating carbon credit trading. Below is an overview of (iii) above.

²⁰ For more information on the procedures for application for Other Eligible Carbon Credits, see the link below:

[GX-ETSにおける 適格カーボン・クレジットの 活用に関するガイドライン \(gx-league.go.jp\)](https://www.gx-league.go.jp/) (Japanese only)

²¹ See the link of the Ministry of the Environment below:

https://www.env.go.jp/press/press_02855.html

²² See the link of the House of Representatives below:

https://www.shugiin.go.jp/internet/itdb_gian.nsf/html/gian/keika/1DDBBF2.htm (Japanese only)

2.4.1 Definition of the carbon credits covered

It additionally covers JCM credits, which are defined as “emission reductions by international cooperation” in the proposed amendment (Article 2, Paragraph 9 of the 2024 Amended Global Warming Countermeasures Act).

2.4.2 Requirements for transferring JCM credits

The competent minister creates a register of accounts for emission reduction by emission reduction, opens a government-owned account, and opens entity-owned accounts for each JCM entity for the purpose of management of JCM credits. Acquisition and transfer (“Transfer”) of JCM credits are made by way of recording them in the account register in the same manner as certified emission reductions (“CERs”) under the Kyoto Protocol. It is now clear that the transfer of JCM credits must be implemented and perfected by changing the title holder in the JCM registry (Article 57-12 of the 2024 Amended Global Warming Countermeasures Act).

2.4.3. Deemed title holder

The registered title holder at the JCM registry is deemed to be a true title holder of such JCM credits (Article 57-15 of the 2024 Amended Global Warming Countermeasures Act).

2.4.4. Bona fide acquisition

The bona fide purchaser of JCM credits will be able to acquire the title of such JCM credits so long as such bona fide purchaser trusted the registered title holder under the JCM registry without committing willful misconduct or gross negligence (Article 57-16 of the 2024 Amended Global Warming Countermeasures Act).

2.5. Activity Status of Working Group on Sustainability Disclosure (Reporting) and Verification

The “Working Group on Sustainability Disclosure (Reporting) and Assurance” (“Disclosure WG”) of the Financial System Council discusses the disclosure of sustainability information and how it should be verified based on the standards disclosed by the Sustainability Standards Board of Japan (the “SSBJ”) on March 29, 2024 (collectively, the “SSBJ Standards”)²³. Discussions at the Disclosure WG can be summarized as set out below.

2.5.1. Scope and timing, etc. of application of SSBJ Standards

Companies listed on the Prime Market of Tokyo Stock Exchange were identified as a potential scope of application since they have already provided Climate-related Disclosures under the TCFD framework.

²³ The SSBJ Standards consist of the following three drafts: (i) Universal Sustainability Disclosure Standard Exposure Draft “Application of the Sustainability Disclosure Standards,” (ii) Theme-based Sustainability Disclosure Standard Exposure Draft No.1 “General Disclosures,” and (iii) Theme-based Sustainability Disclosure Standard Exposure Draft No. 2 “Climate-related Disclosures.”
https://www.ssb-j.jp/en/exposure_drafts/y2024/2024-0329.html

Assuming that the functional consistency of the SSBJ Standards is fixed at the same level as the standards disclosed by the International Sustainability Standards Board (the “ISSB”) (the “ISSB Standards”), many members agreed that the SSBJ Standards should be incorporated into the Financial Instruments and Exchange Act of Japan (the “FIEA”).

Regarding the timing of application, participants suggested that the SSBJ Standards should be applied first to companies with a large market capitalization listed on the Prime Market and then to companies with a smaller market capitalization, and that a voluntary application period should be provided.

2.5.2. Disclosure of Scope 3 GHG emissions

The SSBJ Standards require disclosure of Scope 3 GHG emissions for each of the 15 categories under the Greenhouse Gas Protocol²⁴ and specify two measurement methods: direct measurement and estimation. The problem is that measurement by estimation leads to measurement uncertainty. The Disclosure WG noted that there is a request to improve the disclosure system through discussions between companies and information users, with the scope of disclosure made as broad as possible.

2.5.3. Safe harbor for liability for false statements, etc.

Regarding false statements, etc. in disclosed documents, the FIEA provides a special provision to facilitate the administrative disposition and the enforcement of civil liability, as well as the provision of criminal liability. Sustainability information generally relates to the mid-to-long term sustainability of a company and contains forward-looking information. Moreover, the disclosure of Scope 3 GHG emissions requires the collection of data including the supply chain, meaning that a company must rely to some extent on data from third parties beyond its control. Therefore, it is reasonable to have certain safe harbor provisions for potential liabilities in order to encourage active disclosure by applicable companies.

Regarding liability for false statements, etc., in forward-looking information and reference documents, the “Points to Note Regarding Disclosure of Corporate Affairs (Guideline for the Disclosure of Corporate Affairs)”²⁵ refers to the concept of a safe harbor. However, the Disclosure WG noted the need to consider how the safe harbor should be applied in accordance with the specific nature of sustainability information.

3. Recent developments in carbon credit transactions outside of Japan

²⁴ https://ghgprotocol.org/sites/default/files/2023-03/Scope3_Calculation_Guidance_0%5B1%5D.pdf

²⁵ https://www.fsa.go.jp/common/law/kaiji/230131_kaiji.pdf (Japanese only)

3.1. ICVCM

The Integrity Council for the Voluntary Carbon Market (ICVCM) is an independent organization that establishes a quality requirement for carbon credits, especially for international voluntary carbon credits (“VCCs”) certified and issued under various standards. Among others, ICVCM has published the Core Carbon Principles²⁶ (the “CCPs”) which set out detailed requirements of “high quality” VCCs.

Based on announcements by ICVCM²⁷, there seem to be 5 carbon credits/standards listed below which have satisfied the CCPs. It is expected that trading of VCCs will be enhanced by (a) greater supply of high quality VCCs with a CCP label, and (b) buyers of VCCs can rely on the CCP label.

- (1) ACR
- (2) Climate Action Reserve (“CAR”)
- (3) Architecture for REDD+ Transactions (“ART”)
- (4) Gold Standard
- (5) Verified Carbon Standard (“VCS”)

3.2. CORSIA

The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) is a framework operated by the International Civil Aviation Organization (ICAO) to decarbonize the international aviation sector. In addition to technological innovation, operational improvements and the use of sustainable aviation fuels, the organization aims to reduce the greenhouse gas emissions from the international aviation sector through an offsetting scheme. Since it is difficult to ascertain the status of international aviation operating across national borders based on the Paris Agreement, the CORSIA was established to directly bind large international airlines. However, tied to the issue of carbon credit quality, obtaining certification as CORSIA Eligible would be one of the methods available for guaranteeing quality.

As it currently stands in the first phase (from 2024 to 2026), large international airlines are obliged to reduce GHG emissions on flights between the countries that voluntarily participate, and are allowed to offset their emissions through qualified carbon credits (Phase 1) as described in Section 3.2.1(b) below.

3.2.1. CORSIA Eligible Carbon Credit (CORSIA Eligible Units)²⁸

- (a) CORSIA eligible carbon credits (pilot phase)

²⁶ <https://icvcm.org/the-core-carbon-principles/>

²⁷ <https://icvcm.org/assessment-status/>

²⁸ ICAO “CORSIA Eligible Emissions Units” (https://www.icao.int/environmental-protection/CORSIA/Documents/CORSIA%20Eligible%20Emissions%20Units/CORSIA%20Eligible%20Emissions%20Units_March%202024.pdf)

Many carbon credits including Verra and Gold Standard are certified as eligible carbon credits (pilot phase). (See page 3 and beyond of CORSIA Eligible Emissions Units (link in Note 28).)

(b) CORSIA eligible carbon credits (first phase)

Materials published as of March 2024 indicate that American Carbon Registry (ACR) and ART are certified as CORCIA eligible (first phase). In order to solve the issue of carbon credit quality, it is desirable that a broader scope of domestic and international carbon credits be certified as CORSIA eligible carbon credits so that an environment will be established for transaction parties to safely carry out a wide variety of carbon credit transactions.

3.2.2. CORCIA Eligible Fuels²⁹

CORSIA allows aircraft operators to reduce their offsetting requirements through the use of CORSIA eligible fuels, which include CORSIA sustainable aviation fuels (SAF) and CORSIA lower carbon aviation fuels (LCAF). The ICAO is constantly amending the ICAO documents on CORSIA eligible fuels³⁰.

3.3. Recent climate change lawsuits in foreign countries

Climate change-related lawsuits have been increasing outside of Japan, including in the United States and European countries. Such lawsuits help Japanese companies to examine climate change risks at home and abroad. Some recent examples are listed below.

3.3.1. U.S. | Consumers v. Leading airline

This lawsuit was filed because the leading U.S. airline was overselling itself as “the world’s first carbon-neutral airline.” While the company’s advertising was found to be misleading to consumers, the ruling did not hold the company legally liable.

3.3.2. Netherlands | Environment NGO v. Leading European airline

This lawsuit was filed because the leading European airline’s advertising was deemed to be greenwashing, which was misleading to consumers.

3.3.3. Matters to be noted by Japanese companies

There is a growing interest in exaggerated environmental advertising, including as related to climate change goal compliance (greenwashing), in Japan. When demonstrating their contribution to environmental values, including climate change goal compliance in advertisements, it may be sensible to avoid abstract expressions as much as possible and to make concrete claims based on specific data to support any claims made (e.g., GHG emissions related to certain products/services and carbon credits to offset such GHG emissions).

²⁹ See the link below:

<https://www.icao.int/environmental-protection/CORSIA/Pages/CORSIA-Eligible-Fuels.aspx>

³⁰ ICAO “CORSIA Newsletter April 2024” (https://www.icao.int/environmental-protection/CORSIA/Documents/CORSIA_Newsletter_Apr%202024_ENV_1.pdf)

4. Final remarks

The second phase of the Japanese ETS starting from 2026 may become a major development which attracts a wide range of international/Japanese players. It is expected that not only compliance markets but also voluntary markets will grow in Japan, and it is worth building strategies that maximize opportunities in Japanese markets accordingly.

-
-
- This newsletter is published as a general service to clients and friends and does not constitute legal advice. Should you wish to receive further information or advice, please contact the authors as follows:

 - Authors:
 - Kenji Miyagawa (kenji.miyagawa@amt-law.com)
 - Ryotaro Kagawa
 - Mai Kurano (mai.kurano@amt-law.com)
 - So Kamimura (so.kamimura@amt-law.com)
 - Seina Kanyama (seina.kanyama@amt-law.com)
 - Yudai Kurita (yudai.kurita@amt-law.com)
 - Aya Shinjo (aya.shinjo@amt-law.com)

 - If you wish to unsubscribe from future publications, kindly contact us at [General Inquiry](#).

 - The back issues of the newsletter are available [here](#).