

JCI Recommendations to the Government of Japan

**Accelerate the Transition Away from Overreliance on Imported
Fossil Fuels and Build Energy Security and a Decarbonized
Economy Through Renewable Energy**

Japan now has a critical opportunity to undertake a policy shift that will enable the country to transition away from its excessive dependence on imported fossil fuels, which leaves it highly vulnerable to geopolitical instability and price volatility. By seizing this opportunity, Japan can simultaneously strengthen its energy security, achieve decarbonization, and promote sustainable economic growth. Doing so will reduce future risks and lay the foundation for long-term prosperity.

At the same time, the climate crisis is unfolding with unprecedented severity. Increasingly frequent and intense heatwaves, heavy rainfall, droughts, and other extreme weather events in Japan and around the world are already threatening human lives and health, business activities and investment environments, as well as the stability of ecosystems and natural systems more broadly. Recognition of this crisis must serve as a common starting point shared across government and non-government actors alike.

Addressing these challenges requires a rapid transition toward renewable energy, accompanied by improvements in energy efficiency and widespread electrification, enabling a swift phase-out of fossil fuels. Across Europe and many other regions, governments and industries are accelerating investments in renewable energy, electricity grids, and battery storage to simultaneously advance decarbonization, energy security, and industrial competitiveness.

Achieving these goals will require close collaboration between governments and non-state actors and a whole-of-society approach. As a coalition of Japanese non-state actors, JCI members stand ready to advance this energy transition through ambitious partnerships with diverse stakeholders.

We therefore propose that the Government of Japan share this understanding of the challenges and jointly pursue the following four policy priorities.

1. Strengthen Energy Self-Sufficiency

Japan's energy self-sufficiency rate remains at only 16.4 percent. In 2024, imports of fossil fuels and related energy resources reached ¥24.2 trillion (approximately USD 151 billion), exceeding the value of Japan's exports of transportation

equipment, including automobiles. Reducing dependence on fossil fuels and achieving energy independence will require a substantial increase in the share of domestically produced renewable energy.

To this end, Japan must establish policy and market frameworks that enable the country's abundant renewable energy resources to be utilized to their fullest potential while maintaining harmony with the natural environment. Regulatory reforms for renewable energy development and effective mechanisms for local consensus-building should also be advanced.

Furthermore, strengthening transmission networks, expanding battery storage capacity, and promoting demand-side management are essential foundations for an independent energy system, enabling the stable integration of variable renewable energy sources such as solar and wind power.

2. Accelerate Decarbonization Through Electrification

Electricity is the energy carrier that can be decarbonized most rapidly through the expansion of renewable energy. Advancing electrification across transport, buildings, and industry can efficiently reduce greenhouse gas emissions while lowering costs through improved energy efficiency. Renewable-powered electrification will also reduce fossil fuel imports and strengthen energy security. Recognizing these benefits, the COP31 Presidency has proposed an international goal of increasing electricity's share of global final energy demand to 35 percent by 2035.

Heat pumps, a core technology for electrification, represent an area in which Japanese companies maintain strong global competitiveness and can make significant contributions to the global energy transition. Electrification should therefore be positioned as a central pillar of Japan's energy transition strategy, alongside renewable energy expansion and energy efficiency improvements.

To accelerate the electrification of heating, cooling, and water heating in residential and commercial buildings, and to scale up electrification in industry, the government should establish clear electrification targets within key policy frameworks such as the Strategic Energy Plan and the GX2040 Vision, accompanied by implementation timelines and concrete policy measures.

3. Build a Resilient Society Through Distributed Energy Systems

Because renewable energy can be deployed in a distributed manner across regions, it can help make the energy system more resilient than one that relies

heavily on centralized, large-scale power plants. Even when disasters or equipment failures occur, energy supply can be maintained more easily, thereby enhancing the resilience of society as a whole.

In addition, on-site solar power installations at homes, factories, warehouses, commercial facilities, and parking lots can significantly enhance urban resilience.

Successful examples can already be found across Japan, including rooftop solar installations on residential and commercial buildings, corporate power purchase agreements (PPAs), and agrivoltaic projects that revitalize abandoned farmland while combining agricultural production with solar power generation. Disseminating the knowledge and lessons learned from these successful initiatives led by businesses, local governments, and other stakeholders will be essential to accelerating the locally rooted deployment of renewable energy across the country.

4. Promote Investment in the Transition to Renewable Energy and Enhance Competitiveness

The transition to renewable energy presents an opportunity to redirect spending on imported fossil fuels toward domestic investment and job creation. Expanding renewable energy generation and related industries can revitalize local economies and contribute to sustainable economic growth. Globally, access to renewable energy has become an increasingly important factor influencing corporate location and investment decisions. Moreover, ensuring access to renewable electricity at stable and predictable prices can support companies' medium and long-term investment decisions and capital expenditures, while also enhancing Japan's industrial competitiveness and attractiveness as an investment destination.

To achieve this, businesses and investors require a predictable environment that supports long-term investment decisions. The government should establish not only long-term deployment targets for renewable energy technologies such as solar and wind power, but also clear roadmaps for achieving them. In addition, the government should provide early clarity regarding plans for the proactive expansion of transmission and distribution networks and on grid connection prospects, while streamlining and accelerating permitting and approval procedures for renewable energy projects and associated infrastructure to create a predictable investment environment.