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Japanese Business Groups Holding Back Paris-Aligned Climate Policy

The Keidanren's positions increasingly at odds with mainstream corporate Japan

Powerful business groups representing Japan's automotive and heavy industries are continuing to hold back progress on Paris-aligned climate policy in the country and delaying the transition to renewable energy, a *new report* by climate think tank InfluenceMap shows.

The analysis draws on InfluenceMap's continuously updated *Corporate Climate Policy Engagement - Japan Platform*, which tracks the climate policy engagement of the country's 50 most important industry groups and 20 largest companies.

It shows that climate policy engagement in Japan continues to be dominated by several large trade groups, including the **Japan Iron and Steel Federation (JISF)**, the **Federation of Electric Power Companies (FEPC)** and the **Japan Automobile Manufacturers Association (JAMA)**.

Together with the **Japan Business Federation (Keidanren)**, these groups are misaligned with the goals of the Paris Agreement when it comes to climate policy engagement. They are also significantly more engaged than pro-climate business voices in Japan.

While there have been some areas of improvement since InfluenceMap's 2020 previous report on this subject, the dominance of the negative engagement from these groups is at odds with the more positive climate positions of individual companies. These represent the majority of the Japanese economy – IT, retail, consumer goods, services, real estate, construction etc. and are increasingly speaking out on the need for Japan to show leadership on climate policy and transition it away from fossil fuels.

Key findings from the report include:

- The **Keidanren's** overall score has improved slightly since InfluenceMap's 2020 report. This is largely due to its positive response to the government's 2050 carbon neutrality goal and the 2030 targets for GHG emissions and renewables. However, on specific climate policies, the **Keidanren** continues to take fairly negative positions.
- The two most negative industry groups tracked by InfluenceMap are the **Japan Coal Frontier Organization (JCOAL)** and the **Japan Iron and Steel Federation (JISF)**. Both of these sector groups score in the 'E' band on InfluenceMap's A-to-F system of measuring climate policy engagement against Paris Agreement goals.
- Service industries, including the retail, medical and IT sectors, are less engaged relative to the fossil fuel value chain, however their engagement has increased since 2020. There are now more groups demonstrating active and positive advocacy, the most notable of which is the **Japan Climate Leaders Partnership (JCLP)**. It has demonstrated highly strategic and positive engagement on climate policies in Japan, including renewable policy, carbon

pricing, zero emission vehicles, and emission reduction targets.

- An increasing number of individual companies are becoming more active in positive policy engagement, notably **Softbank Group** and **Takeda Pharmaceutical**. A subsidiary of the Softbank Group and Takeda Pharmaceutical are members of the **Japan Climate Leaders' Partnership (JCLP)**.

InfluenceMap's Japan Country Manager, Monica Nagashima, said: *“When it comes to climate policy engagement in Japan, groups representing heavy industries are overshadowing the rest of the economy. This is despite these sectors employing a relatively small fraction of the Japanese workforce and economic growth.”*

“While the heavy industrial sector continues to push back against various climate policies, there has been a gradual shift over the past few years within the broader economy towards more positive engagement.”

“This research raises questions about Japan’s key cross-sector business group – the Japanese Business Federation – about how it formulates its policy positions and whether it is accurately representing its entire membership base when it comes to climate policy.”

There has been growing interest from global investors in how corporate Japan is responding to the climate crisis, particularly when it comes to whether corporations are prepared for the energy transition away from fossil fuels.

The *Climate Action 100+* stewardship process is prioritizing policy engagement and has 10 Japanese companies on its target list: Daikin Industries, ENEOS Holdings, Hitachi, Honda Motor, Nippon Steel, Nissan Motor, Panasonic, Suzuki Motor, Toray Industries, Toyota Motor.

[*Click here for full report*](#)

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About InfluenceMap

InfluenceMap is a London-based think tank with offices in Tokyo, Seoul, and New York. It provides data driven analysis on issues related to energy and climate change. Our metrics for measuring corporate influence over climate policy are used by investors, including the global Climate Action 100+ investor engagement process.

Industry Groups and Climate Policy Engagement in Japan

