

Estimated Market Size of Japan's Environmental Industries of 2010, and Report of Japan's Environmental Industry Growth Engine

Tuesday, May 15, 2012

The Ministry of the Environment (MOE) has been conducting the estimation of Japan's market size of environmental industries, and announced the 2010 market size. It indicated the market size was approximately 75 trillion yen in 2008 and shrank to 67 trillion yen in 2009 due to the global financial and economic turmoil, however, turned to expand and reached 69 trillion yen in 2010. The employment size grew from 1.80 million people in 2009 and reached 1.85 million in 2010.

The MOE also announced the first Report of Japan's Environmental Industry Growth Engine. It included a survey that the MOE had conducted from 2000 onwards on the market trend and 20 domestic companies engaged in environmental business. According to the survey result, the MOE proposed the market growth factors and necessary national policies for both supply and demand of environmental industry.

1. Purpose

The MOE is collecting and providing information for policy makings to build a society that improves and develops both environment and economy, and for industries and economic activities that contribute to environmental conservation.

This FY2011 program re-classified the categories of environmental industries, estimated Japan's environmental market size of 2010, made a trial calculation of the added value and the import and export, researched market trends in 5 countries in Asia, surveyed on and analyzed supply and demand, and provided the first Report of Japan's Environmental Industry Growth Engine that comprehended the trend and prospect of environmental industry in Japan.

2. Summary

1) Estimated Market Size of Japan's Environmental Industries and Related Information

a) Re-classification:

From 3 major categories based on OECD classification, re-classified to 4 major categories: (1) pollution management, (2) countermeasures against climate changes, (3) waste management and efficient use of resources, and (4) natural environment management, according to the market trend and governmental policies in Japan and to understand industries against climate changes better

b) Market/Employment size:

Based on a), revealed that the environmental market turned to expand in 2010 due to the

economic recovery, although it shrank in 2009 due to the Lehman's fall. The market size reached approximately 69 trillion yen (increased 4% from the previous year) and the employment size 1.85 million people (increased 3% from the previous year).

c) Products/Services excluded from b):

Made a trial calculation of the market size of products and services that were excluded from b) as not appropriate for continuous estimation, etc., yet in noticeable environmental industry (e.g. smart grid, infrastructure maintenance)

d) Added value and the import/export:

Referred to the industry input-output table, and made a trial calculation. The added value of the environmental industries was approximately 32 trillion yen (6.7% of the nominal GDP in 2010).

e) Market trends in 5 countries in Asia:

Referred to the national plans for renewable energies and relevant estimations by overseas institutions, estimated the market size of renewable energy and other environmental industries in China, India, Thailand, Indonesia, and Vietnam

2) Report of Japan's Environmental Industry Growth Engine

To analyze the effect of environmental conservation on the economic growth, extracted the growth factors for the environmental industry, and examined necessary national policies by:

- a) Retroactively re-estimating the environmental industry from the year 2000 onwards;
- b) Analyzing the environmental industry that had the distinctive growth rate;
- c) Surveying 20 domestic companies engaged in environmental business

The result attributed success factors for suppliers in the environmental industry to technologies, business models, product and service functions, cost competitiveness, regional and human resources, external cooperation, and human networking, and increase factors for demand to national policies, changes in awareness and behavior of various entities, changes in the economic environment, and increases in overseas demand. Consequently the result proposed necessary national policies to expand the environmental industry. Thus support measures for suppliers were promoting technological development, subsidies, taxation and financing, using regional resources, and deregulation. Booster measures for demand were regulation and standardization, subsidies and taxation, information, and public procurement.

The information is available at [Environmental Economics Portal Site](http://www.env.go.jp/policy/keizai_portal/index.html).

(http://www.env.go.jp/policy/keizai_portal/index.html)

Go to page [Industry](http://www.env.go.jp/policy/keizai_portal/B_industry/index.html) (http://www.env.go.jp/policy/keizai_portal/B_industry/index.html) for detail.