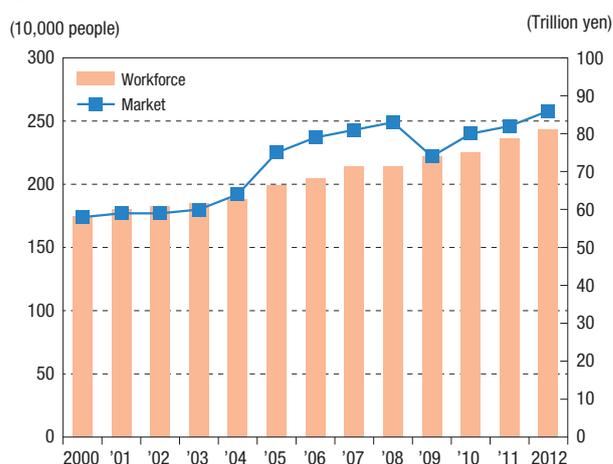


## Environmental goods and services industry

In Japan, annual estimates of the market and workforce for environmental goods and services are made with reference to the OECD classification of the environmental goods and services industry. Estimates for 2012 indicate a market of about 86 trillion yen and a workforce of about 2.43 million people, both of which appear to be expanding after recovering from the impact of the global financial crisis in 2008.

Also, surveys of business sentiment at companies engaged in environmental businesses indicate strong confidence both in the present and the future of the industry compared with other industries, and this sector can be expected to see continued growth in the future.

**Changes in the market and workforce for environmental goods and services**



Note: Estimation of market scale is based on domestic Japanese production volumes for both domestic and foreign markets (based on sales) by Japanese companies serving the environmental goods and services industry. These estimates do not take into account the likelihood of overlap or duplication within the industry.

Source: Ministry of the Environment

## Growth of green economy through increased use of environmental technologies

### Measures for development and deployment of environmental technologies that promote the growth of the green economy

A great variety of techniques are used in Japan's environmental policies. There is a tendency to view regulation as adding to the cost of economic activities, but in some cases, regulation can actually result in opportunities for increased use of beneficial environmental and energy-saving technologies. For example, rising energy costs and measures to regulate pollution have led Japan to develop some of the world's most advanced environmental and energy-saving technology. The introduction in 1978 of laws regulating automotive emissions were based on criteria that could not be achieved with existing technology, thereby forcibly stimulating

technological development and providing a competitive edge to whichever company in that industry was most quickly able to satisfy the new regulations.

In October 2012, the introduction in Japan of a Carbon Tax (Tax for Climate Change Mitigation) added a surcharge to the existing Petroleum and Coal Tax, based on a sliding tax rate that corresponded to the CO<sub>2</sub> emitted by each fossil fuel. In order to reduce the burden of this additional cost, the new tax rate was to be introduced in stages, the second of which was implemented in April 2014. As the tax is designed as a means of reducing energy-derived CO<sub>2</sub> emissions, tax revenues are used to fund energy-saving policies and the introduction of renewable energy sources. Additionally, a scheme introduced in 2011 for promoting energy-related investment, called the Green Investment Tax