

Japan's Approach to Article 6: The Role of the Joint Crediting Mechanism and Its Latest Progress

Keitaro TSUJI

Director

Office for the Joint Crediting Mechanism & International Carbon Market

Ministry of the Environment, Japan

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Ministry of the Environment

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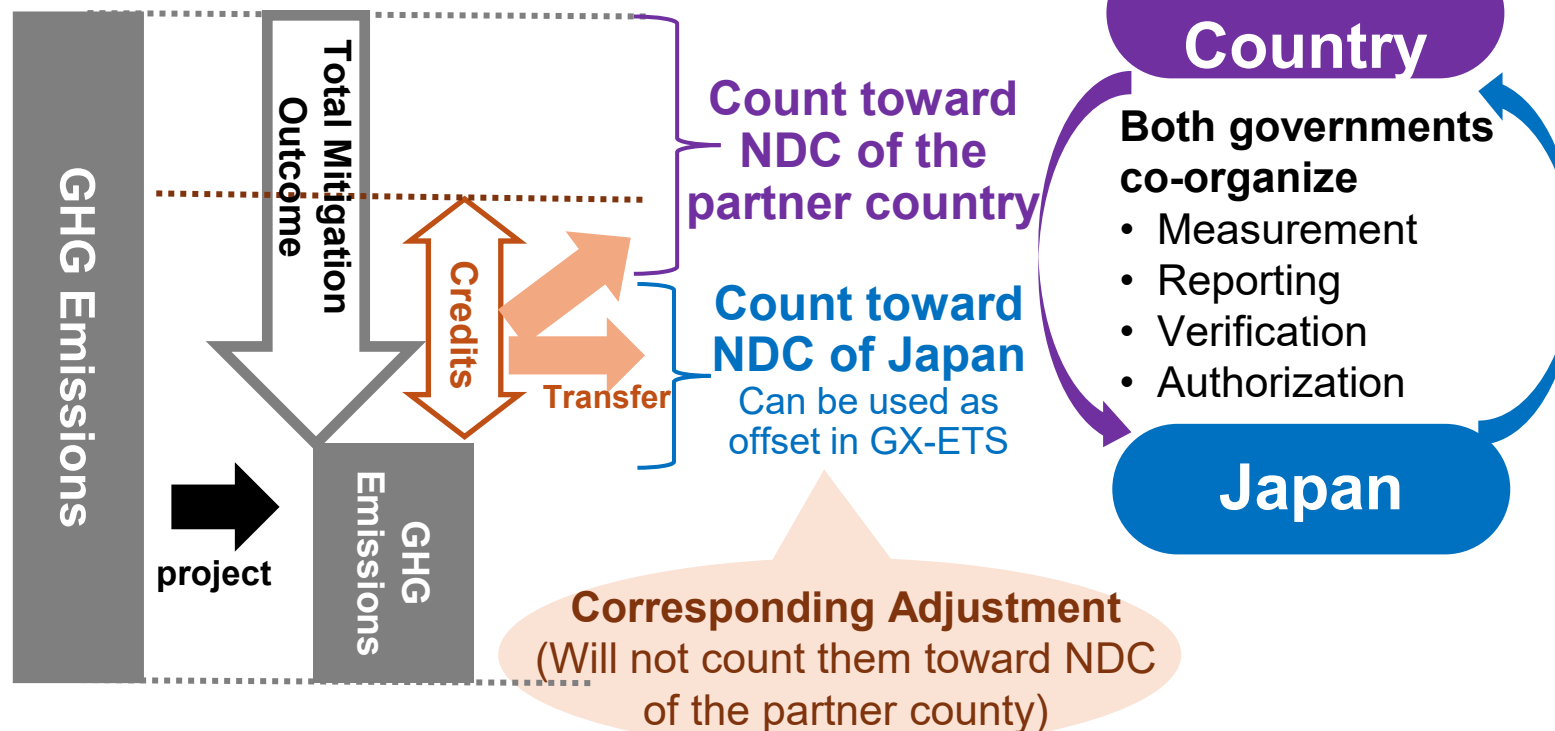
Ministry of the Environment

1. Overview of the Joint Crediting Mechanism (JCM)

Overview of the Joint Crediting Mechanism (JCM)

- JCM is a carbon market tool where Japanese companies and government cooperate with mitigation activities in partner countries (31 as of Today).
- Among total mitigation outcomes, both governments conservatively calculate, authorize and share JCM credits between the companies/countries in proportion to their contributions, in line with Article 6 of the Paris Agreement.
- JCM incentivizes Japan's investment in decarbonization projects bringing various benefits including achievement of NDC and sustainable development.

Mitigation outcome and its transfer



Decarbonization projects invested by Japan



Renewable



Energy Saving



Waste



Forestry



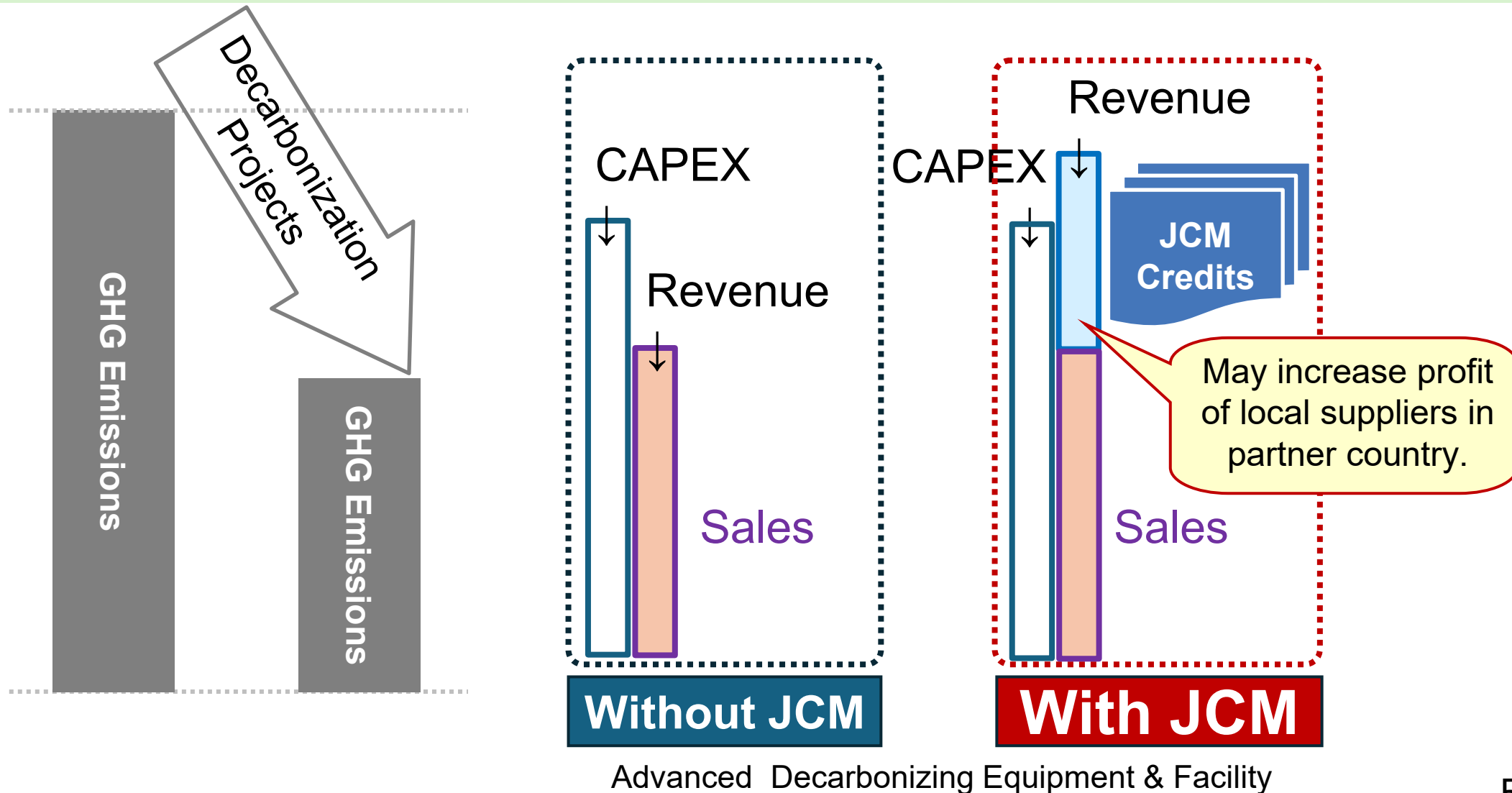
Agriculture



CCS

JCM credit incentive works for deduction of cost

- **JCM incentivizes Japan's investment** in decarbonization projects bringing various benefits including
 - Deduction of price for decarbonizing material/energy in the partner country.
 - Increase of profit for supply by partner country's local suppliers.



JCM 31 Partner Countries and Ongoing Projects

as of December 5, 2025

Total 290 JCM Projects



*Numbers indicates the order of signatures

* Total number of JCM projects, including those supported by MOE and METI, as well as private sectors.

More than 290 JCM projects with over 3 billion USD of investment all over the world

Renewable Energy



Solar power, FARMLAND Co., Ltd., Chile



Floating Solar PV, TSB Co., Ltd., Thailand



Hydro Power Plant, Toyo Energy Farm Co., Ltd., Indonesia



Biogas Power Generation, ITOCHU Corporation, Philippines



Binary Power Generation Project at Geothermal Power Plant, MHI, Ltd., Philippines

Energy efficiency [Consumer sector]



Energy saving at convenience stores, Panasonic, Indonesia



High-efficiency refrigerator, Mayekawa MFG, Indonesia

Energy efficiency [Industrial sector]

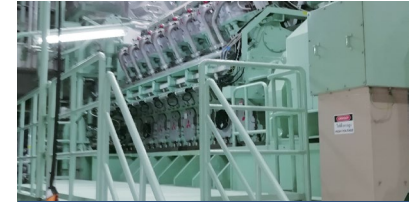


Optimization in petroleum refining plant, Yokogawa Electric Corp. Indonesia



Energy-saving of mobile communications base transceiver stations, KDDI Corp. Indonesia

Effective Use of Energy



Gas Co-generation System and Absorption Chiller, Kansai Electric Power, Thailand

Energy efficiency [Urban sector]



LED street lighting system with wireless network control, MinebeaMitsumi, Cambodia



Amorphous transformers in power distribution, Yuko-Keiso, Vietnam

Waste



Power Generation with Methane Gas Recovery System, NTTDATA, Mexico



Waste to Energy Plant, JFE engineering, Vietnam

Transport



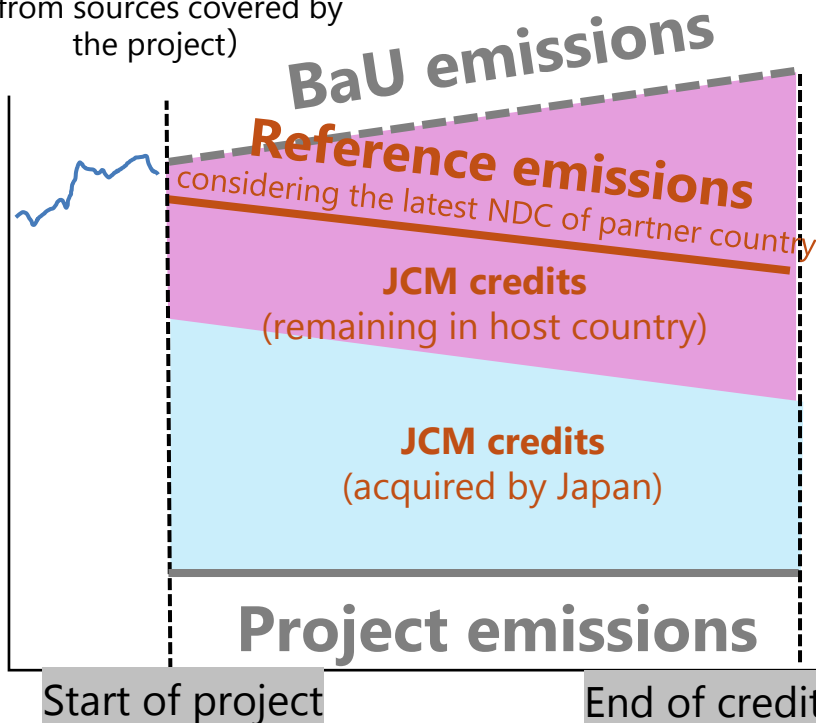
CNG-Diesel Hybrid Public Bus, Hokusan Co., Ltd., Indonesia

Evaluation and crediting of mitigation outcomes under the JCM

1. Mitigation outcomes issued as **JCM credits** are the difference between **project emissions** and **reference emissions** that are established considering the **latest NDC of partner country**.
2. Total mitigation outcomes by JCM projects, the difference between business-as-usual (BaU) and project emissions, **consist of mitigation outcomes that is 1) NOT issued as JCM credits, mitigation outcomes issued as JCM credits acquired by 2) partner countries and 3) Japan**. All of them **contribute to achieving their NDCs**.
3. **Allocation of total mitigation outcomes for each government and participant** will be consulted and decided bilaterally, taking into consideration their **respective contributions to the JCM project**. Such contribution includes **private and public financial contributions**, in-kind contributions, such as **technical and operational contributions**.

Emission amount

(from sources covered by the project)



Total mitigation outcomes by JCM projects

1) Mitigation outcomes NOT issued as JCM credits

2) Mitigation outcomes issued as JCM credits acquired by partner country

3) Mitigation outcomes Issued as JCM credits acquired by Japan

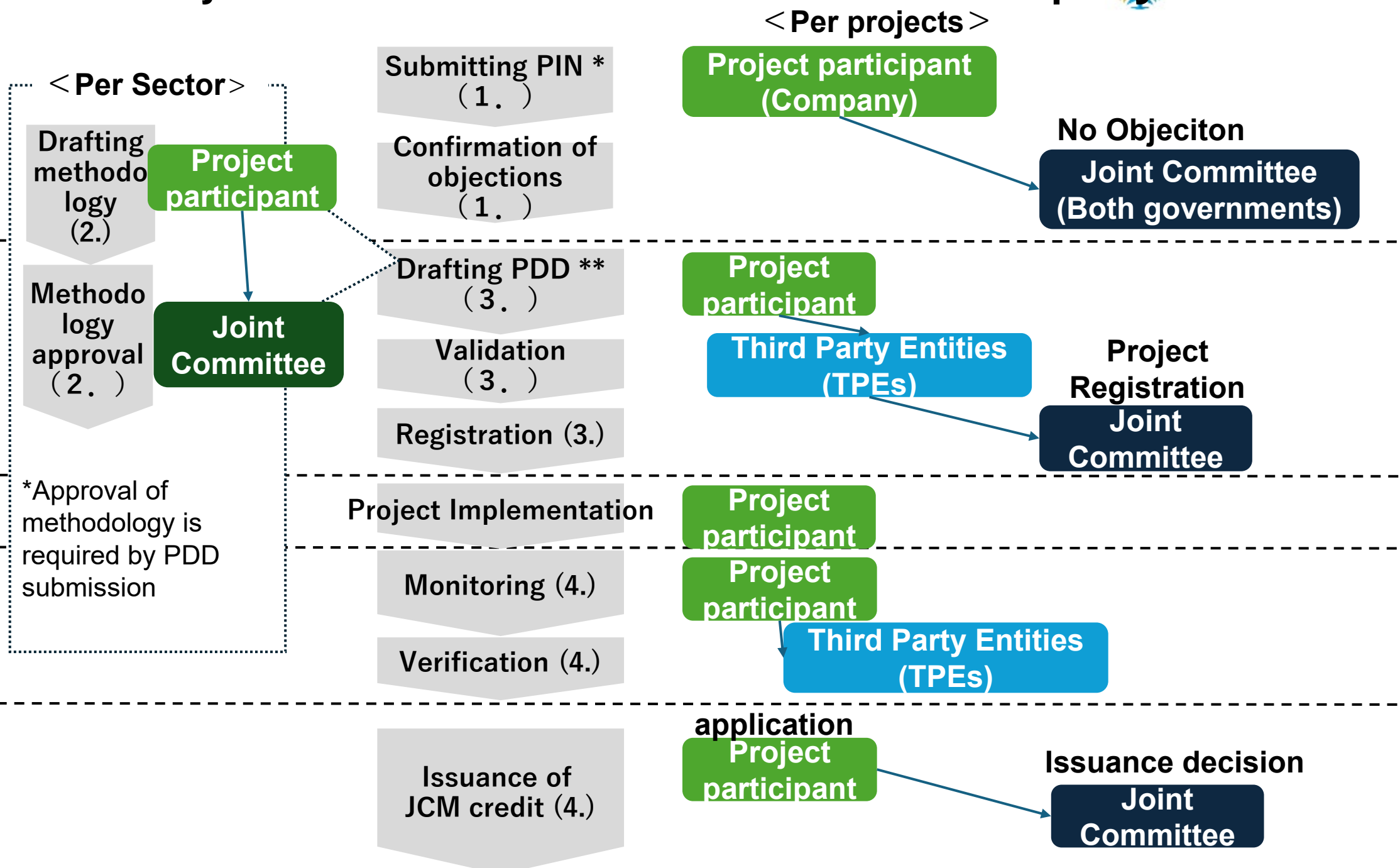
Partner country's contribution

Reflected in partner country's inventory and contributes to achieving its NDC

Japan's contribution

Used for Japan's NDC, etc

JCM Project Process and Role of Private Company



* **PIN (Project Idea Note)**: Explains the outline of the project.

** **PDD (Project Design Document)**: Includes monitoring methods and estimated emission reductions. Required for project registration.

2. Recent Updates on the JCM

Recent Updates on the JCM

■ Submission of the Article 6 Initial Report

- Japan submitted additional initial report on 14 October 2025.
- 6 JCM partner countries submitted their initial reports with technical support by Article 6 Implementation Partnership Center (A6IP).
- Initial report is the important and necessary condition for the authorization as Internationally Transferred Mitigation Outcomes (ITMOs)."

■ First issuance of the ITMOs under the JCM

- The 1st ITMOs issuance under the JCM between Japan-Thailand on 11 Nov 2025: 1,009 ton-co2 (Monitoring period: 2021/01/01~2021/12/31).
- The news was shared at 6.2 Ambition Dialogue during COP30

■ The 11th JCM Partner Countries' Meeting at COP30

- On November 19, 2025, the "11th JCM Partner Countries Meeting" was held at the COP30 Japan Pavilion with a total of 16 countries in attendance including Bangladesh.
- Minister Ishihara announced the Joint Statement on Article 6.2 Bilateral Cooperative Approaches.

The 11th JCM Partner Countries' Meeting at COP30

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- On November 19, 2025, the “11th JCM Partner Countries Meeting” was held at the COP30 Japan Pavilion with a total of 16 countries in attendance including Bangladesh and 4 ministers.
- Minister Ishihara announced the “Joint Statement: Early Mover Group of Article 6.2 Bilateral Cooperative Approaches.”



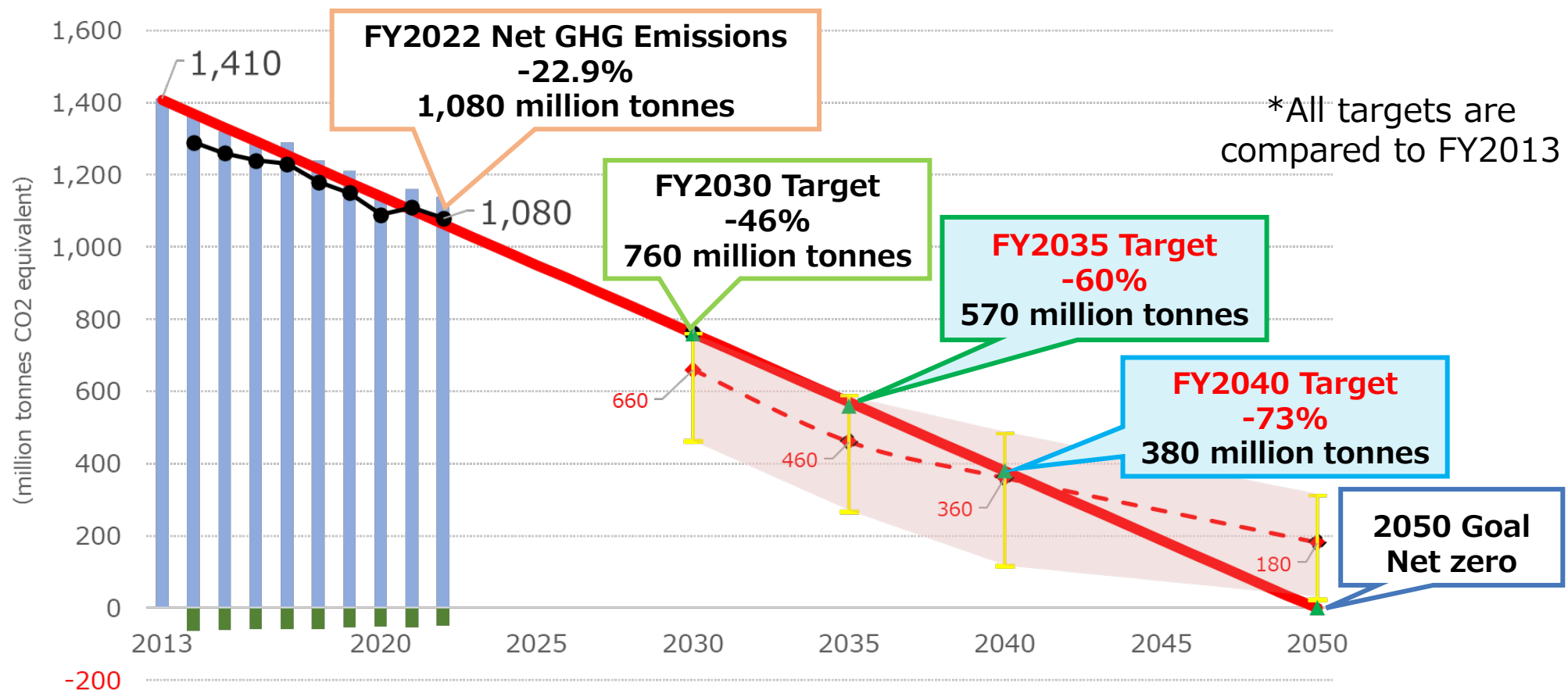
● Joint Statement on Article 6.2 Bilateral Cooperative Approaches

In order to strengthen the implementation of bilateral cooperative approaches under Article 6.2, the statement conveys our commitment to collaborate through a learning by doing approach

- Key actions
 - Accelerate Article **6.2 preparatory process** for long-term investment
 - **Practice, Streamline and Flexibility** for broader participation
 - Continuous support on **capacity building** programs

Japan's Updated NDC in Feb 2025

- Japan seeks a **linear pathway towards net zero by 2050**. As for the new NDC in Feb 2025, Japan sets ambitious targets to reduce its GHG emissions **by 60% in FY2035 and by 73% in FY2040**, from its FY2013 levels, **aligned with the global 1.5°C goal**.
- New NDC expressed **that through JCM, Japan aims to contribute to reduction of 100 million ton-CO₂ in 2030 and 200 million ton-CO₂ in 2040 globally**. **Accumulated *Not the credit amount*
- These targets **increase medium and long-term predictability** and **accelerate Green Transformation (GX) investments**.

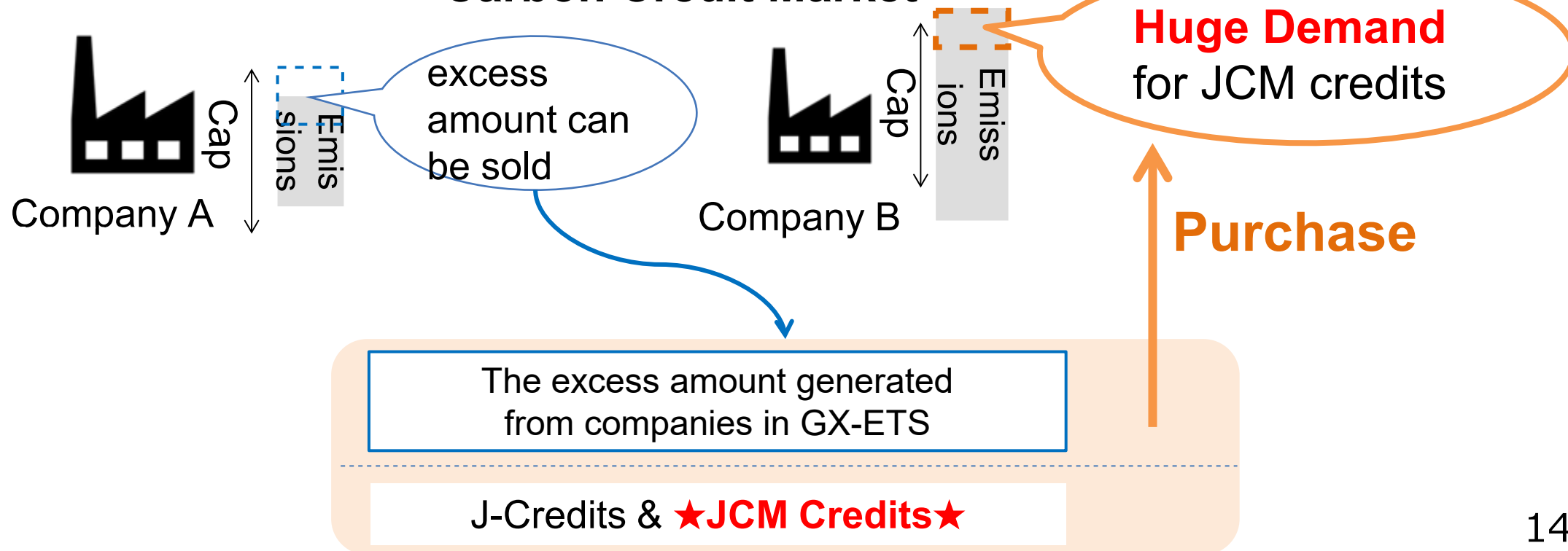


Japan Launches Compliance Carbon Market

NEW

- Japan will launch domestic compliance market in FY 2026 (GX-ETS).
 - Mandatory ETS (Emission Trading Scheme), covering about **600 million ton-co2 per year**
- JCM credits acquired by Japan can be used **for the achievement of companies' compliance targets (caps) under GX-ETS**, which **creates the huge demand for JCM credits**.

GX-ETS (Emission Trading Scheme) and Carbon Credit Market



Application Criteria for JCM Projects

1. For a project to be eligible for the JCM, it is required to provide **added value through the use of the JCM**, specifically:
 1. The **need for incentives from credits to ensure project viability** (e.g., there is no revenue expected other than credit income, or even if revenue is expected, the payback period would be prolonged or the internal rate of return (IRR) would be low without credit income, making project implementation difficult). However, no uniform numerical standards, such as IRR or payback period, will be set.
 2. From the perspective of contributing to the Partner Country's NDC, the project is required to **demonstrate particular excellence** in aspects such as **level of difficulty of the technology, scale, or speed of implementation**.
 3. The **potential for spillover and horizontal expansion** within the Partner Country (including **participation of local companies** and **benefits to local industries** through **capacity building and technology acquisition**).

The **representative company is requested to explain these points**. Based on this, and **following sector-specific guidelines and methodologies** as a premise, the relevant ministries and government agencies will **comprehensively determine JCM applicability**, considering factors such as **accountability in an international context**.

Application Criteria for JCM Projects (Continued)

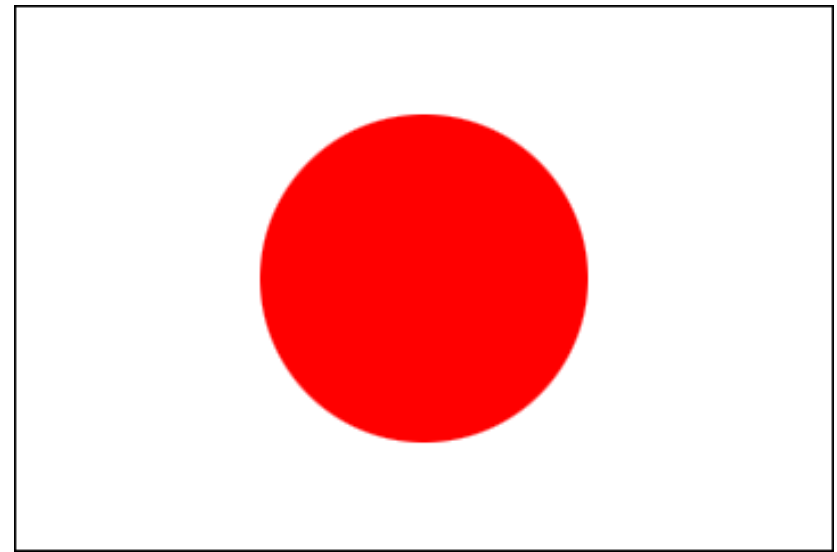
2. **Before the earlier of the start date of procurement of equipment or construction of facilities** for emission reductions or removals, the Project Idea Note (PIN) **has been submitted to the government of the Partner Country** through the Government of Japan. However, projects that have already started procurement or construction will be **exempt from this condition**, in case due to **subsequent changes in circumstances** (e.g., changes in the business environment causing difficulties in continuation), the **representative company can reasonably explain** that the need for incentives from credits or added value as indicated in paragraph 1 has arisen, and **projects implemented with public financial support** for equipment or facilities toward application of the JCM.
3. Regarding the condition described in **paragraph 2 above**, **projects that do not procure an equipment** for emission reductions or removals (**e.g., forestry sector, agriculture sector, land use sector**) are **exempt**. For the forestry sector, activities started before the approval of the JCM guidelines for the forestry sector between Japan and the Partner Country may still be eligible if they meet the requirements described in the guidelines.
4. The **PIN clearly explains the role of Japanese companies or government** in emission reductions or removals and **quantifies the financial contribution from Japan**.

Please note that approval of a proposed project as the JCM requires consent with the government of the Partner Country, and meeting the above criteria does not guarantee approval of a JCM project.

3. JCM between Bangladesh and Japan

Bangladesh and Japan started the JCM in 2013

- 2nd JCM Partner country!
- 6 JCM projects are going on and contributing actual emission reduction and sustainable development of Bangladesh



Recent Development of JCM in Bangladesh

JCM Joint Committee of both governments made the following important decisions in September 2025.

1. Adoption of the revised JCM Rules and Guidelines

- The revised Rules and Guidelines operationalize the JCM in alignment with Article 6 Paris Agreement.
- This is the significant milestone for JCM between Bangladesh and Japan, as the important and necessary step for the authorization of JCM credits as “Internationally Transferred Mitigation Outcomes (ITMOs)”.

2. No Objection on the Planned Project

- The Joint Committee decided no objection to the planned project: BD_PIN001 “Sustainable Rice Cultivation Project” through Efficient Water Management.”



[Reference] Updated of JCM Rules and Guidelines JCM THE JOINT CREDITING MECHANISM

The JCM Rules and Guidelines are currently being revised to operationalize the JCM in alignment with Article 6, enabling the authorization of JCM credits as Internationally Transferred Mitigation Outcomes (ITMOs)."

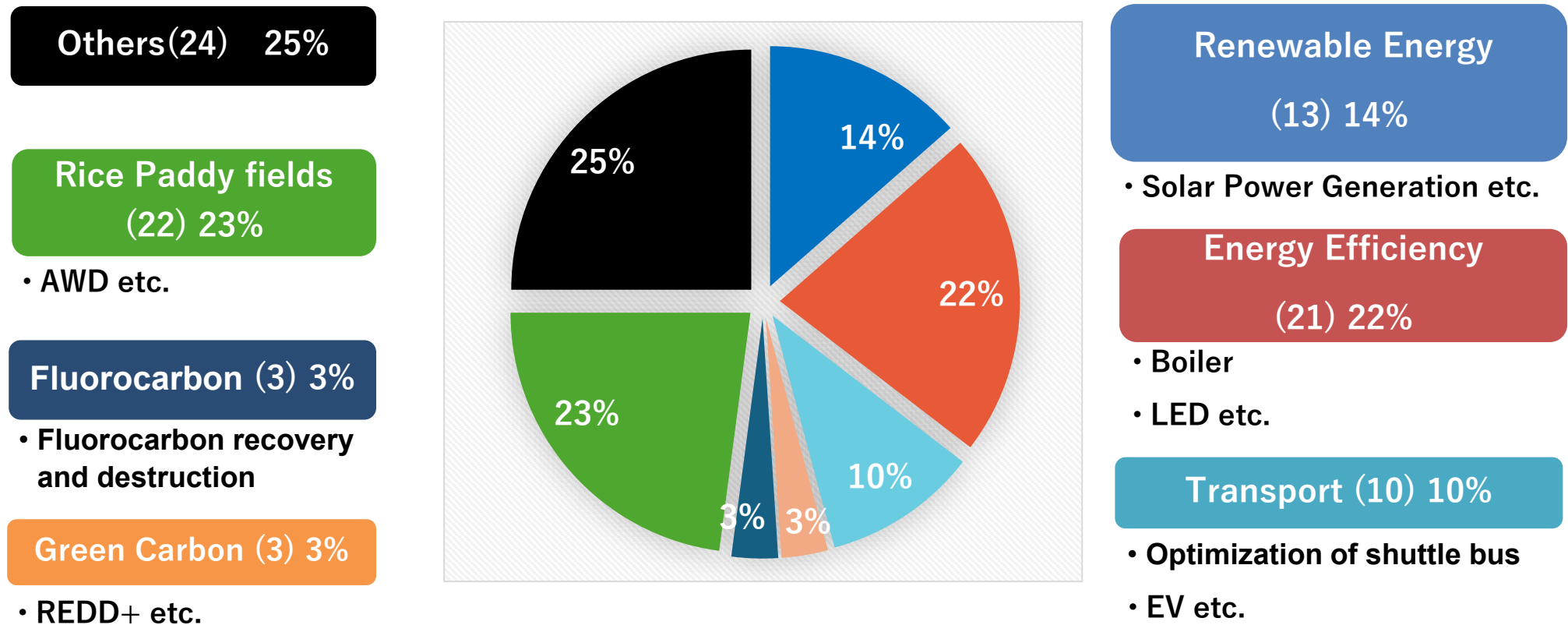
1. Crediting period
(e.g. fixed 10 years, or renewable 5 years, max 15 years)
2. **Guidelines for SDIP and SDIR** *A6 related
= Sustainable Development Implementation Plan and Report
3. Project Idea Note (PIN)
4. Decision on credit allocation at the project registration
5. Authorization *A6 related
6. Reference emissions taking into account the latest NDC of a partner country *A6 related
7. The latest ISO (14064-2, 14064-3 and 14065)

Thank You

Appendix

JCM projects without subsidy: 100 pipeline projects

- As of February 2025, we have approximately 100 consultations as follows.
- Quite a few projects are to reduce GHG from non-fossil fuel sources.



Article 6.2 Ambition Dialogue at COP30

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- During the Article 6.2 Ambition Dialogue, the Ministry of the Environment of Japan explained and communicated internationally the latest status of the JCM (including the first issuance of ITMOs) and its environmental integrity.

1. Establishment of the JCM Implementation Agency (JCMA) in April 2025
2. Establishment of Joint Committee between Japan and Partner Countries
3. Formulation of the procedures on the authorization & corresponding adjustments (Revised on March 31, 2025) in accordance with Article 6.
4. Authorization approach enough for Article 6 authorization in the JCM cycle which allows for enhancement of foreseeability for private companies
5. Mitigation outcomes issued as JCM credits are calculated conservatively as the difference between project emissions and reference emissions; this is determined taking into consideration the latest NDC of the partner country
6. Total mitigation outcomes consist of two parts: one part issued as JCM credits acquired by Japan and the partner country, and another part that is not issued, yet reflected in partner country's inventory and contributes to achieving its NDC.

**Legal Institutionalization of JCM and Establishment
of the Designated JCM Implementation Agency
under the Revised Act on Promotion of Global
Warming Countermeasures**

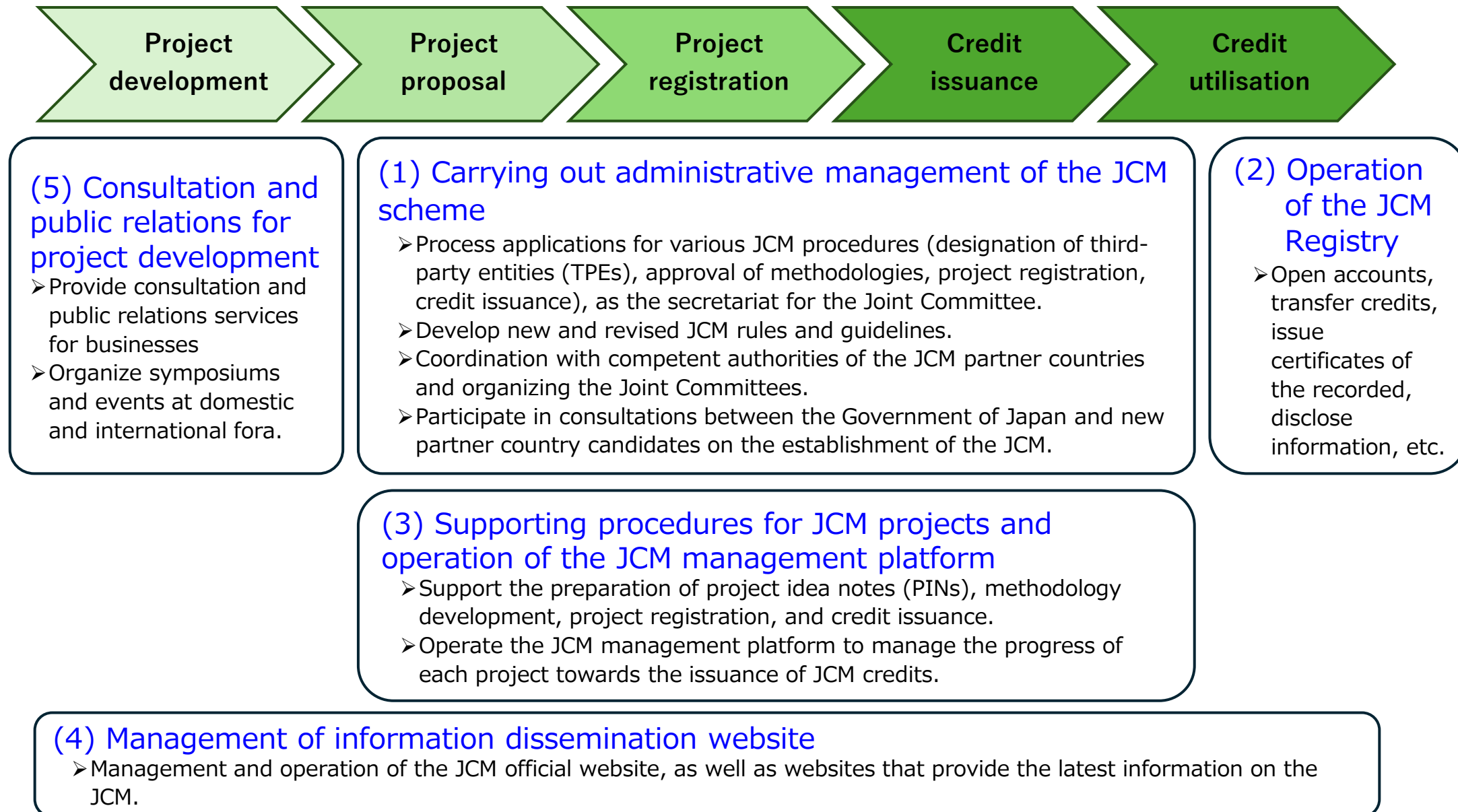
JCMA Overview

(As of September 1st, 2025)

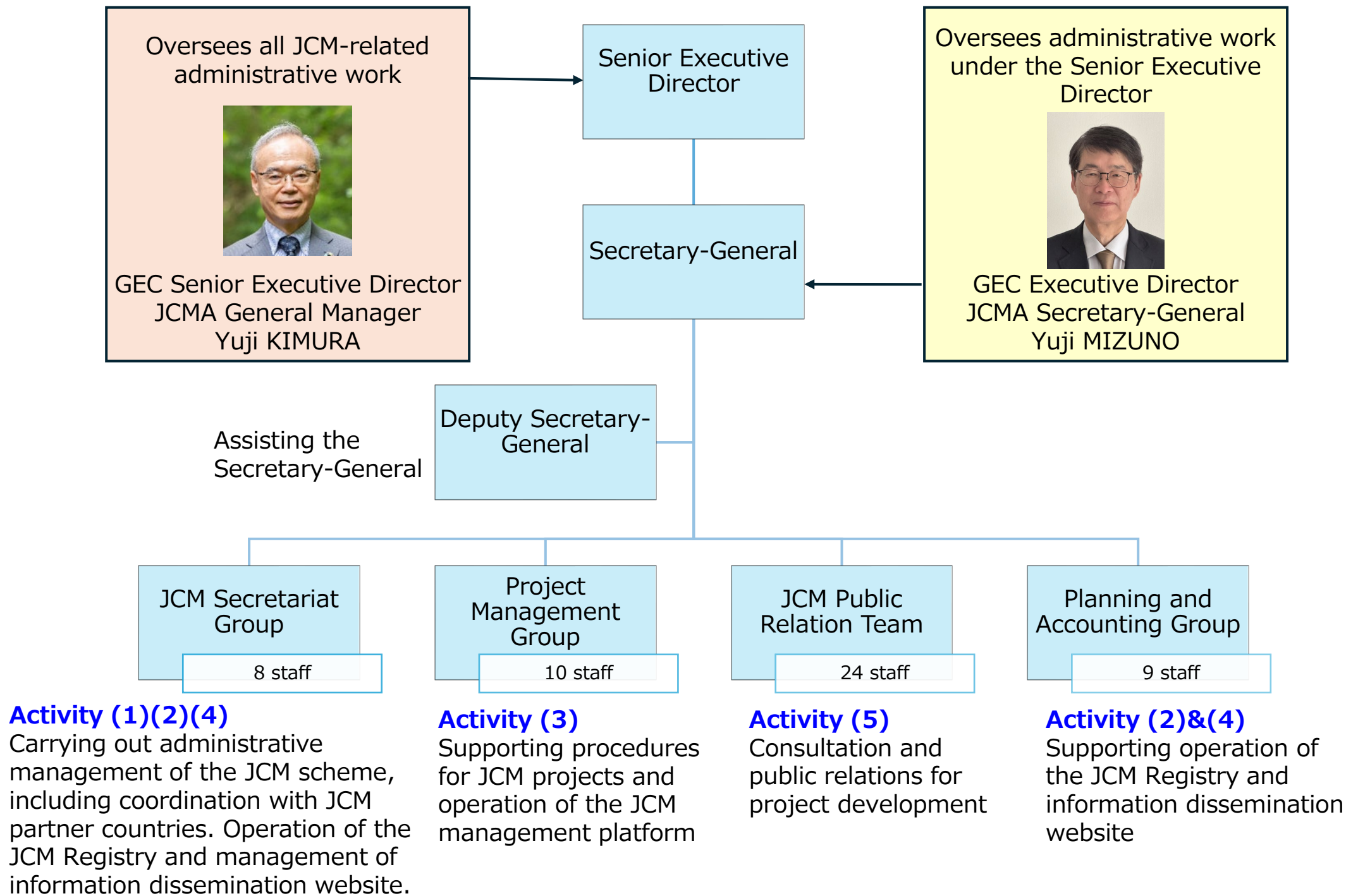
- In accordance with the revised Act on Promotion of Global Warming, the Global Environment Centre was appointed as the designated JCM Implementation Agency (JCMA).
 - The JCMA carries out operation of the JCM, from project registration to credit issuance, including consultation with partner countries, on behalf of the competent ministers, and also takes actions for the effective implementation of JCM projects.
 - The JCMA coordinates with multiple countries at the same time as an organization with the same authority as the government and promotes streamlined and accelerated process by making it a one-stop service for issuance JCM credit.
-
- Name: The Joint Crediting Mechanism Implementation Agency, designated by the Government of Japan
*Abbreviation: JCM Implementation Agency (JCMA)
 - Organisation: Global Environment Centre (GEC), 7th Floor, Sumitomo Fudosan Hongo Bldg., Bunkyo-ku, 3-22-5 Hongo, Tokyo
 - Board Members: Senior Executive Director: Yuji KIMURA, Secretary-General: Yuji MIZUNO
 - Structure: JCM Secretariat Gr., Project Management Gr., Public Relation Team, Planning & Accounting Gr.
Total 52 staff
 - Competent Minister: Environment; Economy, Trade and Industry; and Agriculture, Forestry and Fisheries
 - Main activities of the JCMA
 - (1) Carrying out administrative management of the JCM scheme
 - (2) Operation of the JCM Registry
 - (3) Supporting procedures for JCM projects and operation of the JCM management platform
 - (4) Management of the information dissemination website
 - (5) Consultation and public relations for project development

JCMA Activities

- The JCMA conducts the works in line with each step of the JCM as below. The JCMA also supports and facilitates the JCM overall.



JCMA Organisational Structure



Financial programs by Japanese Government

Financial programs by Japanese Government

	Programme	Type of support
Ministry of the Environment	Subsidy Programme for the JCM Facility Introduction	Subsidy
	Japan Fund for the JCM (JFJCM) - managed by ADB	Grant
	Project development/capacity building/MRV support	Technical cooperation
Ministry of Economy, Trade and Industry	JCM Feasibility Study	Technical cooperation
	JCM Demonstration Programme	Government-commissioned project
Ministry of Agriculture, Forestry and Fisheries	Development of MRV for JCM projects in Agriculture – implemented by ADB	Technical cooperation

JCM Website

URL: <https://www.jcm.go.jp/>

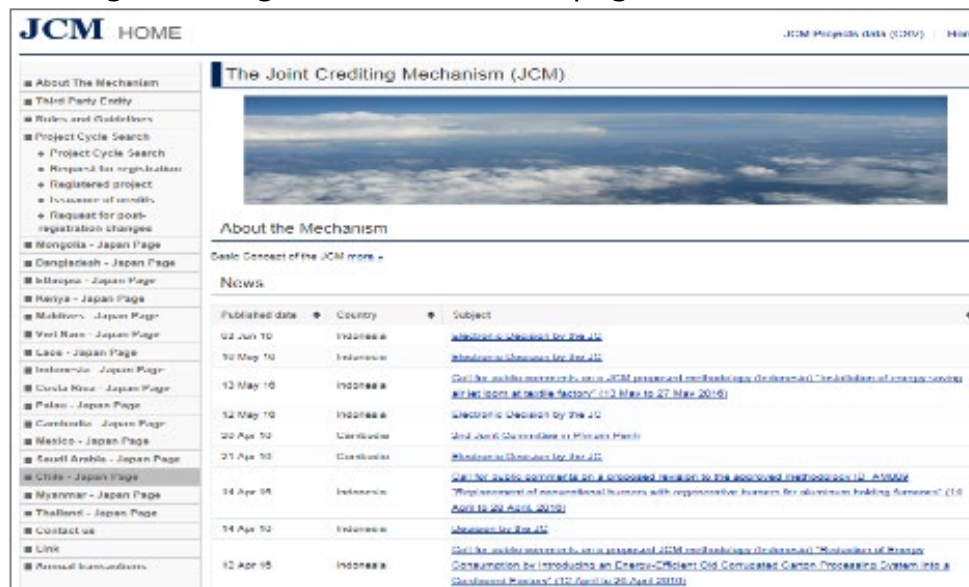
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- Individual JCM Partner countries-Japan page

Function

- Information sharing to the public, e.g.,
 - the JC decisions
 - rules and guidelines
 - methodologies and projects
 - issuance of JCM credits
 - call for public inputs/comments
 - status of TPEs, etc.
- Internal information sharing for the JC members, e.g.
 - File sharing for electric decisions by the JC

▼Image of the general information page



▼Image of the individual JCM Partner countries-Japan page

