

Policy package to promote investment through “Pro-Growth Carbon Pricing”

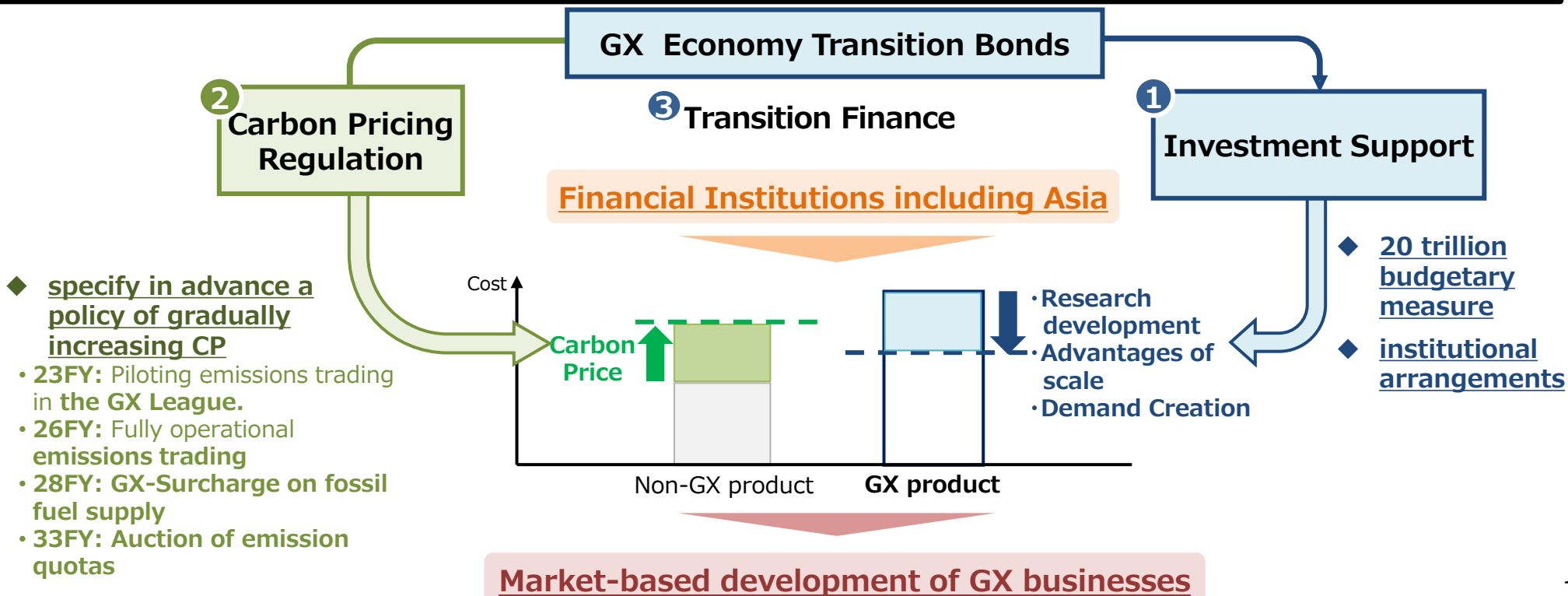
■ Realise over 150 trillion yen of public-private GX investment over the next 10 years through the implementation of “Pro-Growth Carbon Pricing”.

- ① Government support for bold upfront investment by issuing new government bonds; 20 trillion JPY over the next 10 years
- ② Introduction of carbon pricing; GX-Surcharge on fossil fuel supply and allowance auctioning to power generation companies

Introduce **CP** after a period for companies to work on **GX**, and **specify in advance a policy of gradually increasing CP**.
 ⇒ A system whereby the earlier a company works on **GX**, the lighter the future burden will be, thereby **drawing out GX investment** from companies.

- ③ Use of new financial tools

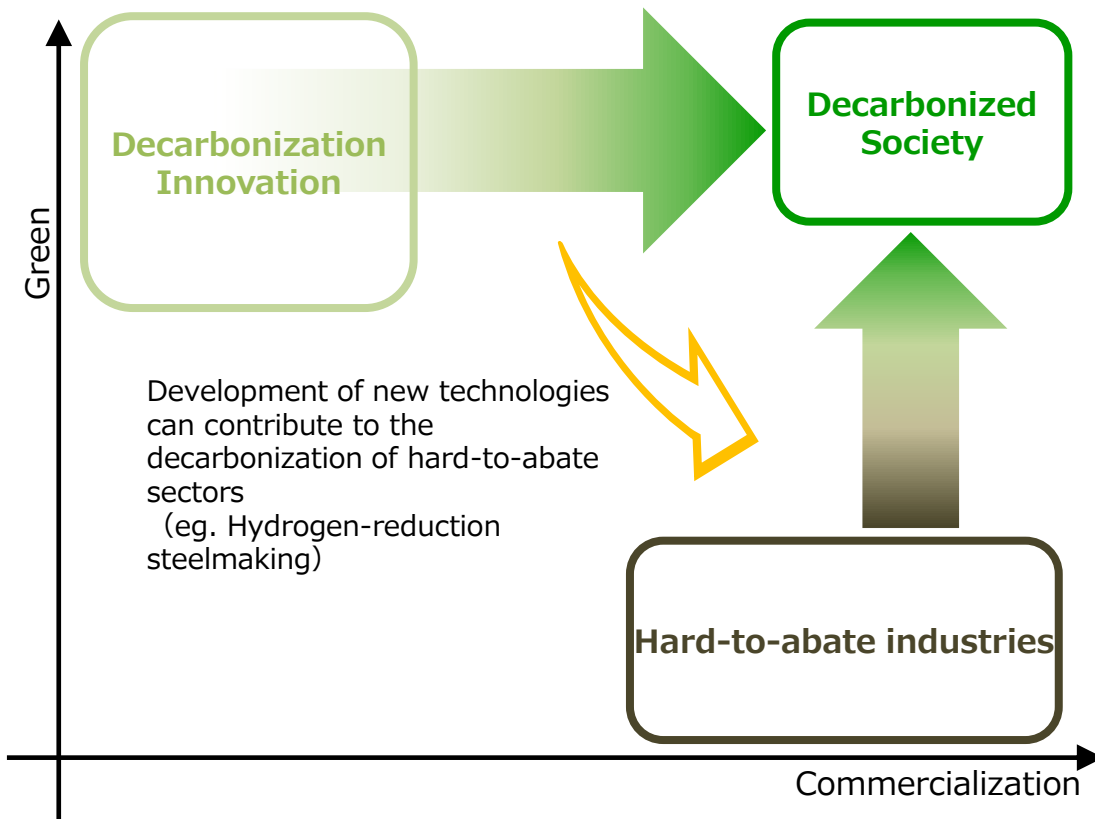
Promote **transition finance**, including the issuance of ‘**GX Economy Transition Bonds**’ (also specified in the G7 communiqué).
 ⇒ Promote **GX in Asia**, which accounts for half of global emissions.



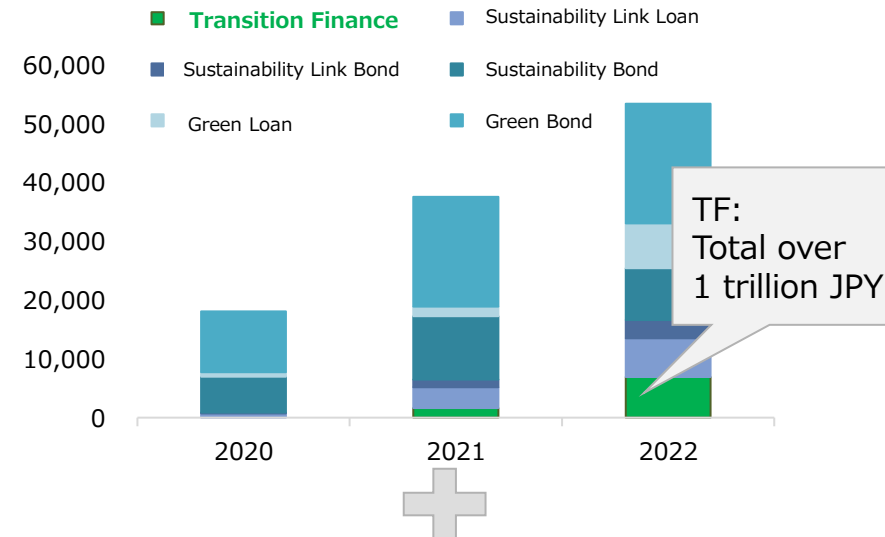
Transition Finance to Realize the Whole-of-Economy Decarbonization

- Realizing carbon neutrality requires ①energy saving, ②shift to renewable energy, and ③electrification. In addition, a portion of emissions from the industry cannot be reduced by electrification and will need new approaches (e.g. heat demand, steel reduction, etc.).
- In order to achieve decarbonization while simultaneously achieving economic growth and energy stability, A) developing innovative technologies with decarbonization potential and B) promoting the decarbonization of high-emitting sectors crucial to the economy is needed.
- Transition finance supports both efforts by providing financing for those with credible transition plans aligned with the goals of the Paris Agreement.

<Efforts needed for decarbonization>



<Growth of the Transition Finance Market>



Decarbonization investment potential of roughly 40 trillion USD by 2050 in Asia