



# Assessing use of carbon credits

## Climate Action Tracker assessment on use of carbon credits under Article 6 of the Paris Agreement

June 2026



## JAPAN



**Japan intends to buy a total of 100 million credits until 2030 and 200 million credits until 2040. However, as its domestic target is not 1.5°C compatible, this does not constitute a 'responsible use' of Article 6. Japan's main engagement with Article 6 is under Article 6.2, where there are no clear environmental or social safeguards. Furthermore, Japan has not established clear or binding safeguard standards. This risks undermining the integrity of the projects, and could result in no additional climate benefit.**

Japan intends to participate in Article 6 of the Paris Agreement as a buyer country, primarily through its Joint Crediting Mechanism (JCM), a bilateral scheme initiated nearly a decade ago. The country has signed [31 Bilateral Agreements](#) (BAs) under the [JCM](#) as of June 2026, including with Thailand, Indonesia, the Philippines and others.

To achieve its NDCs, Japan plans to purchase a cumulative amount of 100 million credits by 2030 and 200 million credits by 2040. However, the JCM's track record raises questions about how much it can realistically deliver on its objective to generate such a large volume of credits. Despite its long operation and partnerships with more than 30 countries, the JCM has realised relatively few projects and generated minimal verified emission reductions compared to Japan's overall targets.

As of June 2026, Japan has claimed around [0.8 MtCO<sub>2</sub> of JCM credits](#), far from its 2030 100 MtCO<sub>2</sub> target. To be used for NDC accounting, JCM credits need to be converted into Internationally Transferred Mitigation Outcomes (ITMOs) under Article 6, with 1 ITMO equalling 1 tCO<sub>2</sub>e.

Under Article 6 of the Paris Agreement, countries can trade emission reductions through bilateral agreements ([Article 6.2](#)) or the UN-supervised Paris Agreement Crediting Mechanism (PACM) ([Article 6.4](#)).

Article 6 was agreed as a means to enhance climate action and ambition through cooperation. However, in practice, Article 6 risks weakening global climate action by enabling wealthier countries to substitute or delay domestic emission cuts, rely on low-quality or non-additional carbon credits, and shift mitigation responsibility to lower-income seller countries, undermining ambition, equity, and environmental integrity. A responsible use of Article 6 requires a combination of high (domestic) ambition, adequate levels of climate finance, high-quality projects, and robust accounting practices.

To learn more about risks and responsible engagement in Article 6, see our [Article 6 briefing](#).

## Summary of Japan's participation and planned activities for Article 6

Article 6 participation	
<b>Role</b>	Buyer
<b>Expected to engage in Article 6.2</b>	Yes
<b>Expected to engage in Article 6.4</b>	Yes
<b>Stated purpose of Article 6 participation</b> (according to NDC)	"Japan participates in international discussions with regard to Article 6 of the Paris Agreement, thereby taking the lead in the development of appropriate international rules for the use of market mechanisms and its improvement through the implementation. (...) Japan will appropriately count the acquired credits to achieve its NDC."

Article 6 activities	
<b>Signed Article 6.2 agreements</b>	Yes, as a buyer country
<b>Number of Article 6.2 agreements signed</b>	31 agreements
<b>Article 6.2 projects in pipeline</b>	147 activities
<b>Article 6.4 projects in pipeline</b>	0 activities
<b>Volume of credits transferred to date from Article 6 projects</b>	<ul style="list-style-type: none"> <li>• 0.001 million ITMOs (valid throughout the NDC period 2021–2030)</li> <li>• 0.8 million credits issued under the JCM, which can potentially be transferred into ITMOs</li> </ul>
<b>Planned volume of Article 6 credits</b>	Japan plans to purchase: <ul style="list-style-type: none"> <li>• 100 million ITMOs (2021–2030)</li> <li>• 200 million ITMOs (2021–2040)</li> </ul>

### Legend:

- **Article 6.2**, also known as "cooperative approaches", mostly sets the accounting framework for the transfer of emission reductions based on bilateral agreements between countries.
- **Article 6.4**, also known as the Paris Agreement Crediting Mechanism (PACM), is a project-based mechanism under the supervision of the UN Climate Secretariat (UNFCCC). It allows for the participation of private actors.

## Evaluation



### Prerequisites

Japan does not meet the prerequisites for a responsible use of Article 6, as it neither has a 1.5°C compatible domestic NDC target nor does it provide adequate climate finance.



### Safeguards

Japan's engagement in Article 6 relies primarily on Article 6.2, which lacks basic environmental and social safeguards. Safeguards, rules, and requirements are fragmented, cooperation-specific, and embedded in JCM project rules and bilateral agreements, rather than articulated as national criteria.

Japan partly relies on host-country domestic standards and policies for environmental and social protection. As a result, Japan risks buying low-cost or non-additional mitigation options, which could firstly take away relatively cheap mitigation options from host countries and secondly weaken integrity by buying on paper-only reductions with no atmospheric benefit ("hot air").

The Japanese government has not published a **positive or negative list** of eligible activities. It neither established any **benefit sharing** agreements nor a national **grievance or complaints mechanism**. While [Japan's Initial Report](#) (UNFCCC reporting) indicates that complaints should be addressed through consultation by project participants, grievance handling remains at the project-level and is host country-based, providing an insufficient level of safeguards for affected communities.

Under the JCM, all projects are required to prepare a Sustainable Development and Safeguards Assessment and corresponding monitoring reports. Project participants must describe positive contributions to sustainable development goals (including SDG 13 and at least two additional SDGs) and identify potential negative impacts following a "do no net harm" approach. Project participants must revisit these elements through periodic monitoring reports. The assessment framework does not define basic safeguard thresholds or rights-based requirements.

Local **stakeholder consultation** is generally required at the project level, but project-based obligations are not framed as national rules. For REDD+ activities, Japan's approach does not go beyond the [UNFCCC Cancun safeguards](#).



### Transparency

Generally, Japan ensures a relatively high degree of process transparency, with methodologies, project documents, and decisions publicly available on the [JCM website](#).



### Projects

Current ongoing projects include mainly energy efficiency and renewable energy projects. This includes, for example, a [floating solar power activity in Thailand](#).