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The International Comparative Legal Guide to:

Environment & Climate Change Law 2016

13th Edition

A practical cross-border insight into environment and climate change law

Published by Global Legal Group, in association with Freshfields Bruckhaus Deringer LLP, with contributions from:

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URL: www.glgroup.co.uk

GLG Cover Design
F&F Studio Design

GLG Cover Image Source
iStockphoto

Printed by
Stephens & George Print Group
March 2016

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ISBN 978-1-910083-87-1
ISSN 2045-9661

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Japan

Nagashima Ohno & Tsunematsu

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1 Environmental Policy and its Enforcement

1.1 What is the basis of environmental policy in your jurisdiction and which agencies/bodies administer and enforce environmental law?

Basis of Environmental Policy

The following principles are generally recognised to be the basis of environmental policy and law in Japan:

- the polluter pays principle and the polluter acts principle;
- the precautionary principle; and
- the cooperative principle.

(1) The polluter pays principle/polluter acts principle

In Japan, no clear distinction is made between the polluter pays principle and the polluter acts principle. According to this principle, pollution prevention costs and corrective and other measures for maintaining the environment in an acceptable state are to be borne and undertaken by the polluter. Payment of environmental restoration costs and victim compensation amounts are key objectives of this principle.

The legal basis for the polluter pays principle/polluter acts principle is the Basic Environment Act, Article 8, paragraph 1, and Article 37. These articles do not directly impose a specific duty on polluters, but rather, specific duties are imposed by individual laws.

(2) Precautionary principle

The precautionary principle is based on Article 4 of the Basic Environment Act, which stipulates that environmental conservation must be carried out in such a manner that impediments are prevented before they arise. Under the precautionary principle, if there is a threat of serious harm (including environmental harm), preventative measures are to be taken irrespective of the lack of scientific certainty regarding the effectiveness of such measures. This principle has been applied in regard to, among others: (i) chemical substance control, ozone layer protection measures, and acid rain countermeasures; and (ii) global warming countermeasures and the uses of living modified organisms (for implementation of the policies and directives of international treaties).

(3) Cooperative principle

The objective of the cooperative principle is to promote agreements between a state or regional public organisation and other acting entities through legislative or administrative decisions. In a broad sense, this principle functions in three different levels, namely, international relations, internal relations of the state or regional public organisation, and relations between the state and other acting bodies. Under Japanese law, there is no provision which explicitly recognises this principle, but international cooperation, which the Basic Environmental Act lists as one of the basic policies for Japan's environmental conservation policy (Article 5), relates to national decision-making in the context of international relations with respect to environmental conservation, which is one aspect of the cooperative principle.

Regimes that are considered to be expressions of the cooperative principle include pollution prevention pacts, hearings with related persons at the legislative stage, and public participation in permit and approval procedures.

Domestic environmental law and principal authorities

Environmental law in Japan is constituted by a diverse range of legal regimes. With the Basic Environmental Act as the foundation, these regimes can be divided into the following several fields on the basis of their legal characteristics: (i) basic law (Basic Environmental Act, Nature Conversation Act, and other laws, setting forth the philosophy of, objectives of, and system for implementation of measures and the establishment of other basic frameworks in regard to environmental conservation); (ii) environmental regulations (regulations on the seven typical types of pollution and those that address other regulatory procedures and penal sanctions); (iii) environmental conservation law (laws, etc., relating to the natural environment, scenery, historical environment and preservation of diversity); (iv) environmental improvement laws (with a primary focus on the improvement of living environment facilities, land use regulations and laws, etc., relating to the installation and management of individual facilities); (v) laws relating to the bearing of costs or subsidies (financial measures for regional public entities for installation, etc., of environmental control facilities and for subsidies to business operators); (vi) remedies for victims and dispute settling (laws, etc., relating to payment of compensation to persons whose health has suffered because of pollution and amounts in regard to administrative processing of pollution-related disputes); and (vii) global environmental conservation law (laws, etc., relating to global warming and measures to address wide-region, cross-border environmental pollution).

The principal authorities and bodies responsible for administration and enforcement of Japan's environmental policy are the Ministry of the Environment and local governments.

1.2 What approach do such agencies/bodies take to the enforcement of environmental law?

The Ministry of the Environment and local governments are primarily responsible for the enforcement of environmental laws in

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Japan. The particulars of the authority granted to, as well as the division of authority between, the Ministry and local governments, differ depending on the individual law, but generally, in the case of breach of an individual law, the Ministry of the Environment or local government will have the authority to order certain measures under administrative law to be taken, such as suspension of work, licence revocation or variation, or restitution and remuneration.

Broadly speaking, the division of authority between the Ministry of the Environment and local governments is as follows:

- Administrative duties relating to such matters as the setting or determination of environmental standards, regulatory standards, and facilities subject to regulations, and the formulation of the total emissions reduction basic policy, and administrative duties relating to regions and items that are subject to total emissions regulations, are executed directly by the national government.
- The making of classifications under environmental standards (water pollution, etc.), the setting of total volume regulatory standards, and administrative duties relating to the constant monitoring of air pollution and preparation of measurement plans are statutory administrative duties delegated to the local governments. These duties supplement the environmental standards and regulatory standards discussed above.
- Formulation of pollution prevention plans and other plans; the discretionary adoption of stricter standards, improvement orders and other regulatory enforcement measures; administrative duties relating to report gathering and on-site inspections; making requests for provision of opinions, etc., to related government agencies; and similar administrative duties, are the duties of local governments.

1.3 To what extent are public authorities required to provide environment-related information to interested persons (including members of the public)?

To the extent that information, including environment-related information, is in the possession of an administrative agency or government-owned entity, under the Information Disclosure Act, it is subject to disclosure with limited exceptions for certain confidential information.

In addition to the general information disclosure policy set forth in the Information Disclosure Act, the following specific information disclosure obligations exist.

Public release of specified area registers pursuant to the Soil Contamination Countermeasures Act

Registers concerning land requiring specified measures to be undertaken based on the results of a soil contamination survey conducted pursuant to a duty or order requiring such survey to be performed, and registers concerning matters that must be submitted when changing land characteristics, must be produced for inspection upon request unless requisite justification for not doing so exists.

Public release of information concerning waste management facilities

Information regarding general waste management facilities and industrial waste management facilities is to be disclosed based on (i) the system for public release of documents relating to facility installation permits (Waste Management and Public Cleansing Act), and (ii) the duty imposed on installers of such facilities to record, maintain and disclose (upon request from a person with an interest in preserving the environment) information on certain matters relating to the maintenance and management of those facilities.

2 Environmental Permits

2.1 When is an environmental permit required, and may environmental permits be transferred from one person to another?

Whether an environmental permit is required depends on the individual law. Typical regulatory methods under the Water Pollution Control Act and other laws that provide for environmental conservation regulatory measures are as follows. Regarding the installation of specified facilities that generate emissions, to ensure compliance with emissions standards, a duty is imposed on the responsible party to submit a filing disclosing the type and structure details of the specified facility, the emissions processing method and the emissions contamination state and volume, and to refrain from constructing such facility for a certain period of time following the submission of such filing. A filing duty is also imposed when there are any structural modifications to such facilities. In addition, if the administrative authorities determine that the facility's emissions do not or will not comply with emissions standards, the authorities can suspend the plans for the facility's construction or order that they be modified.

In general, environmental permits may not be transferred from one person to another unless the competent authority gives its consent to such transfer pursuant to the relevant environmental regulation. However, under certain conditions (i.e., in cases of corporate merger or demerger, transfers by inheritance, etc.), a transfer can be made without the competent authority's consent.

2.2 What rights are there to appeal against the decision of an environmental regulator not to grant an environmental permit or in respect of the conditions contained in an environmental permit?

In general, a person whose application for an environmental permit has been denied or taken under consideration may petition the same administrative authority or its supervising agency for a reconsideration or cancellation of that decision. Under Japanese administrative law, in general, a court action to challenge that decision can only be initiated after the above petition is made.

2.3 Is it necessary to conduct environmental audits or environmental impact assessments for particularly polluting industries or other installations/projects?

Under the Environmental Impact Assessment Act (the "EIA Act"), an environmental impact assessment ("EIA") must be conducted by certain designated businesses. Businesses subject to the EIA Act are categorised as Class 1 businesses (for which the performance of EIA is mandatory), and Class 2 businesses (for which the mandatory performance of EIA is determined through a screening procedure in which the subject business and various other factors are considered). Article 2 of the EIA Act provides that Class 1 businesses are businesses "designated by government ordinance as having a large scale and a risk of causing substantial environmental impact", and Class 2 business are businesses "with a scale comparable to that of a Class 1 business" that have been designated by government ordinance.

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2.4 What enforcement powers do environmental regulators have in connection with the violation of permits?

In the event of an environmental permit violation, in addition to possibly having a permit suspended or revoked, the violator may be subjected to a criminal penalty (imprisonment and/or fine), ordered to take corrective measures, or ordered to suspend its businesses temporarily or permanently.

3 Waste

3.1 How is waste defined and do certain categories of waste involve additional duties or controls?

Japan's Waste Management and Public Cleansing Act recognises three categories of waste: general waste; industrial waste; and specially managed waste.

In general, "general waste" covers all items of waste other than industrial waste.

In general, "industrial waste" covers certain categories of commercial waste designated by such Act or by cabinet order that is generated from a business activity, and waste that is imported into Japan.

In general, "general/industrial waste under special control" covers types of general waste and industrial waste that are considered harmful to health and the environment.

3.2 To what extent is a producer of waste allowed to store and/or dispose of it on the site where it was produced?

Industrial waste must be stored and disposed of in accordance with detailed industrial waste storage and disposal standards.

3.3 Do producers of waste retain any residual liability in respect of the waste where they have transferred it to another person for disposal/treatment off-site (e.g. if the transferee/ultimate disposer goes bankrupt/ disappears)?

Under the Waste Management and Public Cleansing Act, businesses that generate industrial waste are required by law to confirm that their industrial waste has been disposed of properly even when they have transferred it to a third party for disposal, and they may become subject to certain required measures and orders if the disposal of their waste is not carried out properly. For general waste, subject to certain exceptions discussed in question 3.4 below, municipalities are required by the Waste Management and Public Cleansing Act to transport and properly dispose of general waste collected in their respective jurisdictions.

3.4 To what extent do waste producers have obligations regarding the take-back and recovery of their waste?

The obligations of waste producers to take-back or recover their waste are set out in individual laws including, but not limited to, the following:

- The Containers and Packaging Recycling Act (which requires households and businesses to separate certain waste products such as cans, plastic drinking bottles, glass bottles, etc., for separate collection by the municipalities and recycling either at recycling plants or by the producers of such waste products).
- The Home Appliance Recycling Act (which requires retailers of consumer appliances to receive and transport old appliances returned by consumers to designated places for recycling, and requires manufacturers of such appliances to take responsibility for such recycling).
- The Construction Material Recycling Act (which requires contractors of certain construction works projects to sort certain waste products, such as concrete, asphalt concrete and wood, for recycling).
- The End-of-Life Vehicle Recycling Act (which addresses various obligations relating to the disposal of vehicles and the collection and recycling of, among other things, metal, CFCs, airbags and shredder dust, and used parts).

4 Liabilities

4.1 What types of liabilities can arise where there is a breach of environmental laws and/or permits, and what defences are typically available?

Violators of environmental laws and/or permits may be subject to criminal liability, civil liability, and liability pursuant to administrative laws (due to the failure to comply with regulatory standards and orders).

To establish criminal liability, in general, an intent to commit the violation must be established, and thus if the offender was not aware of the offending incident at the time of the violation, in general, criminal liability will not be found.

To establish civil liability, in general, there must be wilful misconduct or negligence on the part of the offender, and if the claimant cannot establish (i) that the offender could have foreseen the occurrence of the environmental incident, and (ii) a causal relationship between the actor's conduct and the environmental incident, then no civil liability will be imposed; provided, however, that certain individual laws hold the responsible party strictly liable for damages arising from an environmental incident in the case of air pollution, water pollution, and radiation contamination from a nuclear disaster. In cases where a contractual relationship exists between the offender and the claimant, the offender may be sued for breach of contract due to the failure to perform a duty or obligation thereunder. In general, when there is more than one offender, all offenders will be jointly and severally liable for the damage.

The typical defences asserted include lack of intent (in the case of criminal liability) and the failure to establish the necessary elements for civil or criminal liability.

4.2 Can an operator be liable for environmental damage notwithstanding that the polluting activity is operated within permit limits?

In general, liability for environmental damage will not arise if the operator complies with regulatory standards pursuant to the relevant individual laws. However, certain laws impose strict liability against the responsible party in the case of air pollution, water pollution and radiation contamination from a nuclear disaster. For example, with respect to damages arising from the meltdown at the Fukushima Daiichi Nuclear Power Plant, Japan's Act on Compensation for Nuclear Damage (the 'Nuclear Compensation Act') imposes a strict (no-fault) liability and unlimited liability on the nuclear operator of that plant.

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4.3 Can directors and officers of corporations attract personal liabilities for environmental wrongdoing, and to what extent may they get insurance or rely on other indemnity protection in respect of such liabilities?

In general, under the Companies Act, directors and officers of corporations will not incur liability unless they intentionally or as a result of gross negligence fail to properly perform their duties. This principle also applies in relation to environmental wrongdoing.

Directors and officers of a corporation can purchase insurance covering such things as potential damages to third parties and certain related costs arising from their wrongdoing (including environmental wrongdoing). In certain cases, directors and officers may be able to obtain indemnity protection in respect of certain liabilities and costs (excluding criminal liability and liability incurred due to the pursuit of their own self-interests).

4.4 What are the different implications from an environmental liability perspective of a share sale on the one hand and an asset purchase on the other?

In the case of a purchase of shares in a company which owns contaminated property, emits pollution exceeding regulatory standards or has environmental liability, in general (unless the intent of such purchase is to escape liability arising from the environmental hazard in question), the share purchaser will not incur the legal liability of the company even if it purchases 100% of the company's shares; provided, however, that the competent authority might essentially require such shareholder (the purchaser) to perform or cause the company to undertake certain countermeasures to address or resolve the environmental hazard.

In the case of an asset purchase of contaminated property or property emitting pollution exceeding regulatory standards, in general, the purchaser will incur liability (it will assume the obligation to address the contamination or cease the emission) in relation to such property as the owner of such property pursuant to the applicable individual environmental law. However, certain liability remains with the seller or person to whom the environmental problem is attributable.

4.5 To what extent may lenders be liable for environmental wrongdoing and/or remediation costs?

There is no judicial precedent recognising lender liability for an environmental incident or damage, and no liability will be imposed against a lender by reason of its lending of funds to the person who causes an environmental incident or damage unless liability for such incident or damage is otherwise clearly attributable to the lender.

5 Contaminated Land

5.1 What is the approach to liability for contamination (including historic contamination) of soil or groundwater?

The general principle concerning liability for environmental damage, including historic environmental damage, is that the polluter is liable. That said, however, the Soil Contamination Countermeasures Act provides that an innocent owner, possessor, or manager of contaminated property can be ordered to investigate the existence of contamination, remove the contamination or take other measures to address the contamination.

5.2 How is liability allocated where more than one person is responsible for the contamination?

Under the Soil Contamination Countermeasures Act, corrective measures are to be performed by the responsible parties in a manner proportionate to their respective responsibilities for the contamination.

5.3 If a programme of environmental remediation is 'agreed' with an environmental regulator can the regulator come back and require additional works or can a third party challenge the agreement?

The ability of a regulator to come back and require additional works to be performed depends on the relevant individual law and the agreement on environmental remediation. As to a third party challenge, if a third party has an interest that is legally recognised under Japanese administrative law, such third party can challenge such agreement with the regulator.

5.4 Does a person have a private right of action to seek contribution from a previous owner or occupier of contaminated land when that owner caused, in whole or in part, contamination; and to what extent is it possible for a polluter to transfer the risk of contaminated land liability to a purchaser?

There are basically two ways for a purchaser to seek contribution from a previous land owner in connection with the purchased contaminated land; namely (i) by asserting a claim for damages against the prior owner or to compel the prior owner to remediate the contamination based on a latent defect liability (*kashi tanpo*) or representations and warranties (*hyomei hosho*) under the land purchase contract, in regard to the condition of the purchased land, and (ii) by asserting a claim against the seller for contribution or by exercising a right to compensation against the seller pursuant to the Soil Contamination Countermeasures Act. The transfer of the liability for contaminated land to a purchaser is contractually possible, but in cases where the obligee (i.e., the third-party victim of such contamination) is a person other than a buyer, such a transfer will be an assumption of an obligation, and the transfer will not be effective without the consent of such obligee. The prior owner will remain subject to criminal liability since criminal liability is imposed on the specific person who commits the criminal act and therefore cannot be transferred.

5.5 Does the government have authority to obtain from a polluter, monetary damages for aesthetic harms to public assets, e.g. rivers?

In general, aesthetic harm to public assets will not prompt the relevant governmental authority to seek monetary compensation from the responsible party.

6 Powers of Regulators

6.1 What powers do environmental regulators have to require production of documents, take samples, conduct site inspections, interview employees, etc.?

The extent of the powers of environmental regulators depends on the individual laws and local ordinances; however, in general,

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Japanese environmental regulators have the authority necessary to carry out their respective duties, including the authority to require production of documents, take samples, conduct site inspections and interview employees.

7 Reporting / Disclosure Obligations

7.1 If pollution is found on a site, or discovered to be migrating off-site, must it be disclosed to an environmental regulator or potentially affected third parties?

In general, polluters or owners of property that is contaminated or emits pollution are required to report such situation to the relevant environmental regulator. For example, under the Soil Contamination Countermeasures Act and local ordinances, soil contamination on a site must be disclosed to the relevant local authority. Also, see the response to question 7.3 below.

7.2 When and under what circumstances does a person have an affirmative obligation to investigate land for contamination?

Under the Soil Contamination Countermeasures Act, an affirmative obligation to investigate land for contamination arises in the following circumstances:

- when a factory using harmful substances is closed;
- when an area of land exceeding 3,000 square metres is to be developed; and
- when there is a risk that soil contamination poses a threat to human health.

7.3 To what extent is it necessary to disclose environmental problems, e.g. by a seller to a prospective purchaser in the context of merger and/or takeover transactions?

Under the Civil Code, generally, if property with an environmental issue is to be sold and the existence of such environmental issue is incompatible with the buyer's purpose for purchasing such property, the seller has a duty to make a good faith explanation regarding such environmental issue, and the seller will be liable to the buyer for compensatory damages if it fails to fulfil such duty. In this regard, the seller is required to disclose environmental issues regarding the property to the buyer. This duty also arises generally in the context of a share transfer transaction involving shares of a company possessing property with an environmental issue, where the value of the company is substantially tied to the value of the subject property. In addition, it is standard for a land sale agreement to require a seller to disclose the existence of all environmental problems regarding the property prior to closing.

It should be noted that the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof imposes on persons who transfer specified chemical substances to others a duty to provide the other party with data concerning the stability of chemical substances. Also, the Basic Act on Biodiversity imposes a duty on a transferor of genetically modified organisms to provide information regarding the appropriate use of such organisms upon transfer, provision, or delivery for contracted use.

8 General

8.1 Is it possible to use an environmental indemnity to limit exposure for actual or potential environment-related liabilities, and does making a payment to another person under an indemnity in respect of a matter (e.g. remediation) discharge the indemnifier's potential liability for that matter?

Environmental indemnities can be used to limit exposure for certain actual or potential environment-related liabilities (depending on the scope of the indemnity and the ability and willingness of the indemnitor to honour its obligations under the indemnity); however, criminal liability cannot be discharged through an indemnity.

8.2 Is it possible to shelter environmental liabilities off balance sheet, and can a company be dissolved in order to escape environmental liabilities?

In general, Japanese reporting regulations do not allow for the sheltering of environmental liabilities off balance sheet.

Subject to applicable bankruptcy laws, in general, a company can be dissolved in an attempt to escape environmental liabilities, but the proceeds from the sale of its assets and funds held by the company at the time of dissolution may be seized by third party claimants with claims against the company based on such environmental liabilities.

8.3 Can a person who holds shares in a company be held liable for breaches of environmental law and/or pollution caused by the company, and can a parent company be sued in its national court for pollution caused by a foreign subsidiary/affiliate?

In general, unless a determination is made that the principle of piercing the corporate veil applies (i.e., cases where liability is sought to be avoided through the use of different corporate identities and cases where the corporate form of the company is merely a sham or facade) or that the parent company or investor has acted as a joint tortfeasor, liability for environmental incidents or damage by a company will not attach to either the parent company or its investors.

8.4 Are there any laws to protect "whistle-blowers" who report environmental violations/matters?

Yes, under the Whistleblower Protection Act, in general, a company may not take any action in retaliation against any employee who reports on environmental violations by the company.

8.5 Are group or "class" actions available for pursuing environmental claims, and are penal or exemplary damages available?

Neither class actions nor penal or exemplary damages are recognised under Japanese law.

8.6 Do individuals or public interest groups benefit from any exemption from liability to pay costs when pursuing environmental litigation?

No such exemption exists.

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9 Emissions Trading and Climate Change

9.1 What emissions trading schemes are in operation in your jurisdiction and how is the emissions trading market developing there?

The Tokyo Metropolitan government currently implements an emission trading scheme (the "Tokyo Scheme") which imposes a legal obligation to reduce greenhouse gases on relevant parties. Under the Tokyo Scheme, owners, managers or other interest holders of certain large greenhouse gas emitters in Tokyo are required to reduce their greenhouse gas emissions to certain specified levels, and submit reports on their greenhouse gas emissions to the Tokyo Metropolitan Governor. Those who fail to perform such obligation by a certain deadline (the first deadline will be the end of March 2016) need to purchase credits from third parties through the emissions trading scheme. If they fail to purchase such credits, they will incur a certain penalty (which is currently JPY 500,000) or be required to reimburse the Tokyo Metropolitan Government for its costs (which could be quite high) in acquiring the necessary credits to offset the greenhouse gas emissions.

Additionally, as a measure arising from its Global Warming Strategy Promotion Ordinance, the prefecture of Saitama implemented an emissions trading scheme (the "Saitama Scheme"). The Saitama Scheme requires covered facilities in the commercial and industrial sectors to reduce their GHG emissions to certain specified levels and submit reports on their emissions of certain GHG substances. Trading of emissions credits is allowed and the Saitama Scheme is linked with the Tokyo Scheme. However, please note that the Saitama Scheme does not impose mandatory emission reduction obligations on the target GHG emitters, unlike the Tokyo Scheme.

9.2 Aside from the emissions trading schemes mentioned in question 9.1 above, is there any other requirement to monitor and report greenhouse gas emissions?

Under the Act on Rational Use of Energy and the Act Concerning the Promotion of Measures to Cope with Global Warming, reports on greenhouse gas emissions must be submitted by companies, etc. in Japan whose energy use in the preceding year has exceeded a certain level.

9.3 What is the overall policy approach to climate change regulation in your jurisdiction?

The basic Japanese law that addresses climate change is the Act on Promotion of Global Warming Countermeasures. This Act only provides for a general obligation on the government and business operators to promote global warming countermeasures and the legal recognition of credits under the Kyoto Protocol. Other than the implementing regulations for the Tokyo Scheme, there is no regulation that imposes a mandatory greenhouse gas reduction obligation. Thus, Japan basically implements a soft approach to climate change regulation.

10 Asbestos

10.1 Is your jurisdiction likely to follow the experience of the US in terms of asbestos litigation?

Asbestos litigation in Japan is not likely to follow the experience of the U.S. As Japan has enacted legislation to create a fund to recover the medical and related expenses of those who suffered asbestos-related injuries or illness, it is unlikely that a large number of asbestos litigation cases will be brought like in the U.S. In addition, unlike the U.S., there exists no class action system in Japan as explained in question 8.5 above.

10.2 What are the duties of owners/occupiers of premises in relation to asbestos on site?

Under the Civil Code, an owner of premises may be liable to an injured party for any injuries or illness sustained as a result of the disbursement of asbestos located on such premises. Also, under the Air Pollution Control Act, an owner of a building containing asbestos is required to, among other things, file a report with the prefectural governor regarding the implementation of demolition, repair or refurbishment work to be performed to such building.

Also, under the Labour Safety Act and its related regulations, an employer is required to protect its employees from asbestos-related harm in the workplace (such as construction sites).

11 Environmental Insurance Liabilities

11.1 What types of environmental insurance are available in the market, and how big a role does environmental risks insurance play in your jurisdiction?

There has been little demand for environmental insurance in Japan to date. There are relatively few insurance companies offering environmental insurance and there are very few types of insurance products available.

11.2 What is the environmental insurance claims experience in your jurisdiction?

See the response to question 11.1 above.

12 Updates

12.1 Please provide, in no more than 300 words, a summary of any new cases, trends and developments in Environment Law in your jurisdiction.

A hot topic related to environmental law is Japan's energy policy. The Japanese government is eager to control the increase in greenhouse gas emissions and lower its dependence on fossil fuels. On July 16, 2015, the Ministry of Economy, Trade and Industry ("METI") issued the target for Japan's energy mix in 2030. According to the long-term target set forth therein, renewable energy, such as solar and wind power, will account for 22–24% of the entire electricity supply as of 2030, while the share of LNG, coal and nuclear will be 27%, 26% and 20–22%, respectively. Renewable energy is likely to play an important role in the future electricity supply in Japan, and the current growth of the renewable energy investment market is robust.

In connection with the recent development in renewable energy investment, the recent amendment to the Act on Investment Trusts and Investment Corporations (the "Investment Trust Act") in 2014 allows investment corporations to hold infrastructure-related facilities (including mega solar facilities) and equity interests in

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such facilities (collectively, the "Infra Facilities, etc."). Thereafter, in April 2015, the Tokyo Stock Exchange launched a market for infrastructure funds and published the rules regarding such market. With such a new investment system, it has become possible to form REIT-like listed investment funds which directly or indirectly invest in renewable energy projects.

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- Languages:

Japanese and English.

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With one of the largest legal teams in the country, the firm brings a wealth of practical knowledge focused on the singular purpose of providing high quality legal expertise for developing optimum solutions for any business problem or goal that its clients may have. The firm, with its knowledge and experience across a full range of practice areas, is always prepared to meet the legal needs of its clients in any industry.

NO&T has established an Energy & Environment Practice Team ("E&E Practice Team") in order to further strengthen its practice in the field. The E&E Practice Team is comprised of several partners and associates who have vast knowledge and considerable experience in the field of energy and the environment. The members of the E&E Practice Team (including Kiyoshi Honda) specialise in the fields of corporate law, finance and litigation so that the E&E Practice Team may cover all aspects of energy and environmental matters. The team provides advice to power utility companies, trading companies, renewable energy companies, and financial institutions with respect to energy law matters and has been involved in many domestic and cross-border transactions. Also, the team provides environmental law advice to both domestic companies and foreign companies in relation to both transactions and disputes. After the enactment of the Japanese "Feed-in-tariff" law in August 2011, the E&E Practice Team has provided advice to investors in renewable energy projects and financial institutions contemplating providing project finance to renewable energy projects.

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