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Biofuel Situation in Japan



Shiro Saka and Satoshi Aramaki
Country Representatives of Japan

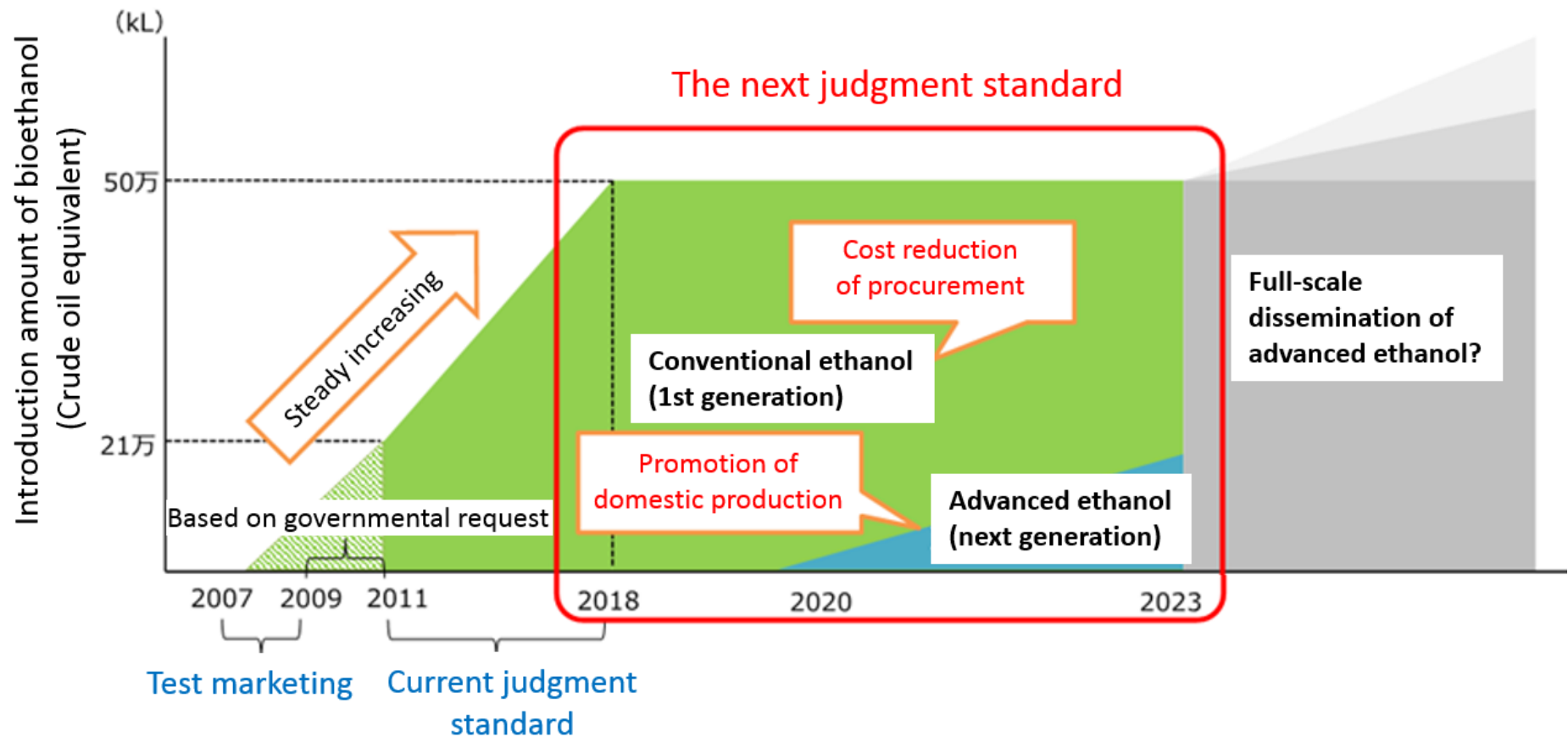
Current Biofuel Situation in Japan

- ✓ **Conventional domestic bioethanol projects (the 1st generation) in Japan do not lead to business and all the bioethanol is imported from Brazil at present.**
- ✓ **Simple increase of biofuel introduction at present may result in expansion of twin deficits and be inefficient compared to other means.**

Biofuels are surely recognized as one of the potential alternatives in transportation sector to bring low carbon society, but simultaneously the introduction policy of biofuels shall be discussed with “3E” rationally.

Pathway Image of Biofuels Introduction

The next judgment standard period is recognized as “transition stage”, in which it is most important political issue to construct cost and environmental effective system with “3E” for full-scale introduction of biofuels (domestic and advanced).



Source: Future vision concept of “the Next Judgment Standard” (draft), Agency for Natural Resources and Energy, January 2018.

Introduction Concept of Advanced Bioethanol

Concerning advanced bioethanol, which is attracting attentions in the view of food competition avoidance and domestic production, there are signs of production starting for commercialization in a few years.

- ❑ From a point of view to utilize domestic biomass feedstock at the maximum, not only cellulosic biomass but also food waste will be investigated as introduction target because of not competing with food.
- ❑ Considering to have superiority compared to the conventional bioethanol such as “avoidance of food competition“, “high GHG reduction effect“, “creation of additional value from waste“, the introduction promotion policy like “high incentive for high performance” shall be investigated.

Other Biofuels

- Different from gasoline whose demand seems to decrease because of EV shift and structural reasons such as population reduction, large vehicle and airplane fossil fuels which need high energy density is expected to have steady demand.
- From the medium- and long-term perspective, introduction of biojet and biodiesel fuels shall be continuously investigated considering possibility of the policy resource investment.

Demand change of fuels in Japan

| | 2006FY | 2021FY(estimate) | Decrease rate |
|----------|--------------|------------------|---------------|
| Gasoline | 60,550,000kL | 47,050,000kL | ▲22% |
| Jet fuel | 5,390,000kL | 5,340,000kL | ▲1% |
| Diesel | 36,610,000kL | 33,360,000kL | ▲9% |

Source: Statistics of Agency for Natural Resource and Energy, Petroleum products demand and supply calculation 2017-2021

Source: Future vision concept of “the Next Judgment Standard” (draft), Agency for Natural Resources and Energy, January 2018.