

# Achieving a Low Carbon Society of Global Scale

— Proposals for Climate Change Policy —

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Nippon Keidanren

## Background

- In December 2009 "Nippon Keidanren's Commitment to a Low Carbon Society" was published. This basic policy set out a vision for the Japanese business community to harness its technological prowess and assume an instrumental role in achieving the target of halving global GHG emissions by 2050. In response to this initiative, many industries have announced or are formulating action plans.
- Through "Nippon Keidanren's Commitment to a Low Carbon Society," the Japanese business community is determined to continue to achieve world-leading CO<sub>2</sub> efficiency not only in the production process but also in the process of developing and commercialising products and services.
- In June this year, the Cabinet of Japan approved a New Growth Strategy and a Strategic Energy Plan. Steady implementation of "Nippon Keidanren's Commitment to a Low Carbon Society" can enhance the effectiveness of government measures.

### 1. The Importance of Technology

- Technology is the key to combating climate change while also pursuing growth strategies.
- The 4 pillars of the "Commitment to a Low Carbon Society":
  - (1) Maximising the introduction of best available low-carbon technologies in corporate activities
  - (2) Developing and commercialising world-leading products and services for consumers
  - (3) Transferring technology and expertise to other countries
  - (4) Developing innovative technologies
- "Nippon Keidanren's Commitment to a Low Carbon Society" can play a major role in achieving a low carbon society by being clearly positioned as part of the government's measures to fight climate change.
- Rather than penalising companies that achieve world-leading levels of CO<sub>2</sub> reduction, we need to create an environment where they can focus on technology development and diffusion.

### 2. A Level International Playing Field

- To supply world-leading products and services in both Japan and abroad and thereby help reduce global CO<sub>2</sub> emissions and contribute to growth in Japan, it is essential to enhance the competitive advantage of Japan as a business location.
- Further distortion of the competitive environment through mistaken climate change countermeasures combined with the existing high cost structure could make it difficult for Japan to make an international contribution. It will also have a negative impact on the economy and employment.
- Japan's midterm GHG reduction target should be revisited, and we need to re-initiate open, transparent public debate from the standpoints of (1) international equity, (2) feasibility, and (3) the appropriateness of the public burden.

### 3. Focusing on LCA

- We need to strategically foster and strengthen industries that make major contributions to GHG reduction over the entire life cycle of a product.

### 4. New Mechanism to Evaluate International Contributions

- Government initiatives such as examination of bilateral offset mechanisms are highly rated.
- Need to accelerate inter-government talks aimed at reaching bilateral agreements with developing countries.

### 5. Accelerating Development of Innovative Technologies

- Developing and diffusing innovative technologies will be essential to halving world GHG emissions by 2050.
- Japan needs to expand and entrench tax incentives for R&D, and to steadily implement large-scale trials of low carbon technologies.

### 6. On the Introduction of New Policy Instruments

- The government is examining: (1) a domestic emission trading scheme, (2) a tax for measures against global warming, and (3) a feed-in tariff scheme for renewable energy. While such policies will have a major impact on people's lives and employment, they present problems including carbon leakage and depriving companies of resources for developing and diffusing innovative technologies. The Japanese business community is against arbitrary introduction of such policies.
- The government should first clarify the overall effects and cost burdens of these three policies, and commit to transparent and open public debate.

### 7. Conclusion

- Through "Nippon Keidanren's Commitment to a Low Carbon Society," companies within an industry cooperate on initiatives that surpass the sum of individual companies' efforts by sharing targets and best practice, standardising LCA information, and transferring technologies overseas.
- Using "Nippon Keidanren's Commitment to a Low Carbon Society" as a focus, we will strengthen dialogue with the government and other related parties to promote joint public-private initiatives.