

Keidanren's Opinion on Japan's Climate Change Policy for the Immediate Future

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Keidanren

Based on Prime Minister Shinzo Abe's instructions on 25 January this year, the Japanese government is currently conducting a zero-based review of its 25 percent emission reduction target in preparation for the 19th session of the Conference of the Parties (COP 19) to the United Nations Framework Convention on Climate Change, as well as developing assertive diplomatic strategies to tackle climate change with the aim of contributing to the international community by fully utilising Japanese advanced technologies.

Furthermore, in a new climate change initiative following on from the Kyoto Protocol Target Achievement Plan which ended in fiscal 2012, joint meetings of Japan's Central Environment Council and Industrial Structure Council have taken the lead in examining policies to form a plan for Japan's climate change measures.

In view of these circumstances, Keidanren makes the following proposals regarding Japan's climate change policies for the immediate future.

1. Importance of Climate Change Measures

- (1) Climate change prevention is a crucial issue for all humanity, requiring proactive initiatives by government, industry, and citizens worldwide. Since 1997 we have reduced Japan's CO₂ emissions through Keidanren's Action Plan on the Environment, and in April this year we took this plan to the next level by beginning implementation of Keidanren's Commitment to a Low Carbon Society¹, as a social commitment.
- (2) Although Japan is not participating in the second commitment period of the Kyoto Protocol, it needs to take proactive steps to address climate change while balancing such environmental measures with economic growth. In this context, it is vital for Japan to adopt targets and plans of some kind, and to steadily take measures to address climate change on the basis of a plan-do-check-act cycle.

¹ See <http://www.keidanren.or.jp/en/policy/2013/003.html>.

Through such efforts, Japan needs to maintain world-class levels of national and corporate energy efficiency, and the goods and services supplied by its companies should remain global leaders in energy conservation and low-carbon technologies.

2. Fundamental Approach to 2020 Targets

- (1) Since CO₂ from energy sources accounts for 90 percent of Japan's greenhouse gas (GHG) emissions, climate change policy is inextricably linked to energy policy.

To address climate change while achieving economic growth, Japan first needs to establish a growth strategy and formulate the energy policies and basic energy plan required to fulfil this strategy. It then needs to determine the energy mix to be achieved by 2020 and decide GHG emission targets for that year.

- (2) The Advisory Committee for Natural Resources and Energy is now discussing future energy policy and the basic energy plan in light of the Japan Revitalization Strategy formulated in June and the impact of the Great East Japan Earthquake. A review of nuclear power generation based on the new standards that went into effect in July has just begun, and at present it is difficult to predict future operations.

Amid such difficulties in settling on an energy mix before the end of this year, it is impossible for Japan to responsibly decide or announce national targets for 2020 before COP 19 in November. Nor is it appropriate to simply set a broad target range on the grounds that many uncertainties exist, since such a course could damage the government's credibility both domestically and internationally.

- (3) Accordingly, Japan should not set targets for 2020 until next year at the earliest, once it has determined a specific energy mix.

In addition to fulfilling the three prerequisites of implementation feasibility, appropriateness of the burden on the people, and international fairness², such target-setting should build up the actual emission reduction potential of Japan's industrial, transportation, and commercial and residential sectors.

² In addition to comparisons of CO₂ emissions and primary energy usage per unit of GDP, indicators of international fairness should reflect past reduction efforts and, from the perspective of preventing carbon leakage, consider other factors including verifying the comparative assessments of marginal abatement costs for leading industrial countries that were conducted as part of the study of the midterm targets made under the Aso administration.

3. Upcoming Climate Change Negotiations

- (1) Given the above situation, the Japanese government should declare its intention to submit 2020 targets for Japan once energy policy has been set and prospects for nuclear power generation have become clear.
- (2) At the same time, Japan needs to show the international community that it continues to actively pursue measures to address climate change on a global scale. Based on Keidanren's Commitment to a Low Carbon Society and its Proposal for Assertive Diplomatic Strategies to Tackle Climate Change (16 July 2013)³, the government should formulate specific policies in a climate change measures plan focused on the three key pillars set out below. It should also swiftly conduct a sweeping review of global warming tax and the feed-in tariff system for renewable energy, which impede innovation.

(a) Enhanced Domestic Measures

The government needs to work towards steadily restarting nuclear power stations where safety has been confirmed and the understanding of local residents has been gained.

It should also support the greatest possible introduction of best available technologies applicable to domestic business activities.

Moreover, tax breaks and other incentives are required in order to encourage CO₂ emission reductions throughout the entire life cycle including the usage and consumption phases by promoting wider spread of energy-saving products and services.

Essential to such initiatives will be IT-driven energy conservation systems, such as intelligent transport systems, home energy management systems, and building energy management systems, as well as national efforts such as public campaigns.

(b) Promotion of International Contributions

Widespread use of Japan's advanced technologies, products, and expertise can greatly contribute to global climate change countermeasures.

³ See <http://www.keidanren.or.jp/en/policy/2013/065.html>.

The Bilateral/Joint Offset Mechanism is a particularly effective tool for realising emission reduction potential in emerging and developing countries. In order to actively promote the Mechanism, the government should announce specific public support measures to be implemented by 2020 and collaborate with the business community to design systems based on partner countries' needs for technologies, products, and expertise.

(c) Innovative Technology Development

The government needs to draw up a defined road map based on the Environmental Energy Technology Revolution Plan, share it with the public, and promote innovative technology development⁴ focused on priority fields. It should internationally disclose specific measures towards this end, including details of government investment in R&D.

⁴ For more information on key technologies, see the outline of the results of Keidanren's Questionnaire Survey on Energy and Low-Carbon Technologies published on 22 July 2013 (<http://www.keidanren.or.jp/en/policy/2013/069.html>).