

Proposal for a Post-2012 International Framework The Japanese Business Community's Position on the COP 14 Agenda

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I. Introduction

Background

1. At COP 13 in December 2007, negotiations for a post-2012 regime began with the aim of reaching an agreement at COP 15 at the end of 2009.
2. Keidanren is submitting its recommendations on major points in preparation for the mid-term review of negotiations to be made at COP 14 in December 2008.

Principles of a post-2012 international framework

Effective to prevent climate change

Equitable commitments by countries

Compatibility of environmental protection & economic growth

II. Essential Elements of a Post-2012 International Framework

Participation by all major emitters

Participation by all major emitters, including the U.S., China, and India

Equitable medium-term targets

- Sectoral approach to target setting
- Reconsideration of base year

Emphasis on technology

- Spur development of innovative technologies
- Spur dissemination of existing technologies

III. Position on Specific Items

1. Long-term vision

The COP 14 should be progress on negotiations for adoption of long-term vision.

2. Medium-term targets (Mitigation)

(1) Content of medium-term targets

- a. **Total emissions targets** for countries with high living standards, high emissions.
- b. **Intensity targets**, such as energy efficiency, for emerging economies.

(2) Method of setting targets

- a. **A Bottom-up sectoral approach** (add up feasible reduction potential in each sector as calculated by the sectors).
- b. **Ensure country-by-country diversity** in the means for achieving targets.

(3) Reconsideration of base year

- a. The targets should be the figures for **total emissions or intensity (energy efficiency, etc.)** derived from "bottom-up sectoral approach" and the negotiations refer to the rate of reduction/improvement from (multiple) base years.
- b. **Reduction rate from emissions of the year 1990 should not be international commitments** from the view point of equity.

3. Developing innovative technologies

Promote development of innovative technologies by sharing technology roadmaps internationally, strengthening partnerships, and boosting R&D investment.

4. Technical assistance

(1) Business-based technology transfer

Important to promote **business-based technology transfer**, such as direct investment.

(2) Removing barriers to technology transfer

- a. **Important to remove impediments to business-based technology transfer**
 - Complex administrative procedures.
 - Lack of know-how, qualified personnel.
 - Poor protection of intellectual property.
- b. **No compulsory licensing/purchase of intellectual property** (destroys incentive for technological development).

(3) Sectoral approach to technical assistance

- a. Learn from experience of Asia-Pacific Partnership (APP).
- b. **Consider assistance measures using information from each sector on diffusion of technologies, reduction potential, etc.**

5. Funding

(1) Improving public funding mechanisms

- a. **Improve management of existing funds** for assisting developing countries.
- b. In determining each country's contribution to meet further demand, evaluate contribution fairly using varied criteria, including ODA outlays.

(2) Sectoral crediting mechanism

Concept: System whereby intensity targets are set for given industrial sectors in developing countries, and anything achieved beyond the target can be sold as credits.

Problems: a. Difficult to collect accurate data in developing countries. b. Lenient targets can result in over-issue of credits and no reduction benefits.

Therefore, **the system should be carefully considered.**

6. Adaptation

- a. Strengthen steps to support adaptation to handle the negative impact of climate change. Funding for that purpose should be handled by public sector in principle.
- b. **The private sector should contribute by providing the technology.**

IV. Other Key Points

1. Liberalizing trade in environmental goods & services

Eliminate tariffs, etc., on high-quality energy-efficient products to promote diffusion.

2. Japan's medium-term targets

Essential to use objective data to set **medium-term targets that are fair** in comparison with those of other countries and **feasible in every respect, including the concrete mitigation measures involved and their costs.**

V. Efforts by Japanese Industries

In the post-2012 era, Nippon Keidanren will adopt a new action plan and continue working to tackle climate change through all avenues, not only by reducing emissions from our own businesses' manufacturing and other processes but also by offering quality energy-efficient products, providing technical assistance to developing countries, and developing innovative technologies.