

Policy Proposal towards COP 18

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1. Introduction

- Truly effective measures to address global warming will require both developed and emerging/developing countries to reduce emissions while balancing such efforts with economic growth.
- At COP 17, agreements were made that a new framework applying to all countries will come into force in 2020. Keidanren regards this as the first step toward creating a truly effective international framework..

2. Reducing GHGs on a Global Scale

- As global energy demand grows, promoting energy conservation will be the most effective and essential tool.
- The private sector, which plays a major role in developing technologies, holds the key to success. It is necessary to promote widespread adoption of existing low-carbon technologies, products, and services, while developing and deploying innovative technologies.
- Japan has created a society that maximizes wealth while minimizing resource consumption (it has the lowest ratios to GDP of energy use and of CO2 emissions). It is Japan's mission to continue to maintain and enhance the world's highest levels of energy efficiency.
- Measures to address fluorocarbons, which are outside the scope of the Kyoto Protocol, are also vital from the perspective of controlling GHG emissions.

3. Towards a Truly Effective International Framework

- (1) A Single Framework with All Major Emitters Participating Responsibly
 - The new framework to apply to all countries from 2020 should require each country to reduce emissions according to its respective capabilities, with no division between developed and developing nations.
- (2) Interim Efforts Required
 - Share Japanese technology, expertise, and experience with a view to emerging and developing countries participating in the framework.
 - Offer support via East Asia Low Carbon Growth Partnership Dialogue and African Green Growth Strategy, and sector-specific cooperation via GSEP, etc.

4. Swift Construction of Frameworks for Technology Transfer and Financial Cooperation

(1) Bilateral Offset Mechanism

There is a need to improve CDM, while complementing it with new schemes such as a bilateral offset mechanism, ensuring simplicity, objectivity, and practicality. This requires the following:

- (a) Establish subcommittees under intergovernmental joint committees to involve and reflect the views of industry, which will take a lead role in projects.
- (b) Offer policy and financial support for smooth project implementation through measures such as two-step loans.
- (c) Implement appropriate MRV systems and steadily build a solid track record to promote understanding in the international community.

(2) Technical Cooperation

- We hope that TEC and CTCN, which will encourage technology development and transfer, will take shape soon.
- It will be important to incorporate technologies in which Japan excels into TEC technology maps, make CTCN a reality, and train personnel in developing countries.
- At the same time, effective protection for intellectual property rights in developing countries is essential.

(3) Financial Cooperation

- We hope that GCF will act as a lever for advancing energy-saving and low-carbon projects in developing countries.
- The private-sector observers to the GCF board should be discussed and selected by the business community itself to reflect a wide range of views.

5. Views on Japan's Medium-Term Targets

- Government's "Innovative Strategy for Energy and the Environment" presents various problems, including feasibility.
- The government should rewrite Japan's energy strategy to make it realistic and subsequently re-examine Japan's medium-term targets.

6. The Japanese Business Community's Contribution to Achieving a Low-Carbon Society

- To date, the Japanese business community has made efforts to cut emissions by reducing carbon intensity on the basis of voluntary action plans.
- From 2013, it is determined to continue contributing to global emission reductions on the basis of Keidanren's Commitment to a Low Carbon Society.
- Efforts to fulfill this commitment are vital to contributing to low-carbon growth on a global scale, and we hope that government policies will support this aim. Keidanren opposes the introduction of schemes, such as a national emissions trading system, that could hinder innovation.