

Government and Industry Differ on Emissions Reduction Goals

Before the end of the current fiscal year (i.e., by March 31, 2005), the government plans to implement its Climate Change Policy Program. The Ministry of the Environment (MOE) has already compiled a draft proposal on those principles, and explained them to a meeting of the Environment Committee of the Central Environment Council (an advisory body to MOE Minister) on December 10.

In the draft, MOE proposes that - toward the achievement of the overall targets - separate targets for each type of business be incorporated clearly in the government's plan. Those targets have already been touched upon by the Voluntary Action Plan drawn up by the Japan Federation of Economic Organizations (Keidanren), the predecessor of the present Japan Business Federation (Nippon Keidanren). Also, the Ministry recommends that the credits that private companies would have earned by carrying out emissions trading under the Kyoto mechanisms be transferred to the government without compensation.

Keidanren's Voluntary Action Plan, drawn up in 1997 for the industrial sector, proposed separate numerical targets for greenhouse-gas emissions reduction for each business category. By combining those numerical targets, the government deems it possible to reduce Japan's industrial CO₂ emissions by 7%. Now that the Kyoto Protocol has come into effect, the government wants to clearly delineate a plan to do so.

MOE asserts, "In any future outlook of emissions, it would be meaningless to discuss a 7% reduction in the industrial sector without including specific targets for separate business categories. To meet the numerical targets set by the Kyoto Protocol, the government's plan ought to include the numerical targets for various categories of businesses as proposed in Keidanren's Voluntary Action Plan."

In objection to that, Teruaki Masumoto, vice president of the Federation of Electric Power Companies (FEPC), said, "The Voluntary Action Plan was issued by the industry prior to the Kyoto Protocol, so as to make it easier for companies to participate in its activities. Accordingly, it is not appropriate to use it as a basis for unifying emission standards, or to include it in the government's plan." The government and industry plan to pursue further discussions on the matter.

In order to include the credits from the use of Kyoto mechanisms in its calculation of emissions reductions, the government must first obtain them, putting them in a so-called "depreciation account" in the national registry. While the government wants to obtain credits earned by companies without compensation, Masumoto said, "Some companies have already spent more than ¥10 billion (around \$100 million) for that purpose, and they regard them as investments or assets. The transfer of credits to the government without compensation would represent a huge loss for such companies."

It was predicted at the meeting that at the current rate, Japan's greenhouse gas emissions in 2010 - the midpoint of the commitment period of 2008-2012 - would exceed 1990 levels by 6.4%. As Japan's target under the Kyoto Protocol has been set at a 6% reduction from 1990 levels, an additional 12.4% from current emission levels would thus have to be reduced by implementing additional measures.

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