



Keidanren's Views on Climate Change Policy

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For Asian and Pacific Countries
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1. What is Keidanren?

What is Keidanren ?

Keidanren (Japan Business Federation)

- A comprehensive economic organization in Japan representing mainly big business
- 1,281 companies members, 127 industrial associations, and 47 regional economic organizations (as of June 15, 2011)
- Japanese representative of Business and Industry Advisory Committee to the OECD(BIAC)
- Regional partner of World Business Council for Sustainable Development (WBCSD)



2. Keidanren's position on climate change policy

Technology is the key

Technology is the key to combating climate change. Saving energy and switching to low-carbon energy sources are essential to restricting carbon dioxide (CO₂) emissions while maintaining or enhancing the level of economic activity.

Kaya Identity

CO2 Emission

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Energy Efficiency
 $\frac{\text{Energy Consumption}}{\text{GDP}}$

Carbon Intensity to Energy
 $\frac{\text{CO2 emissions}}{\text{Energy Consumption}}$

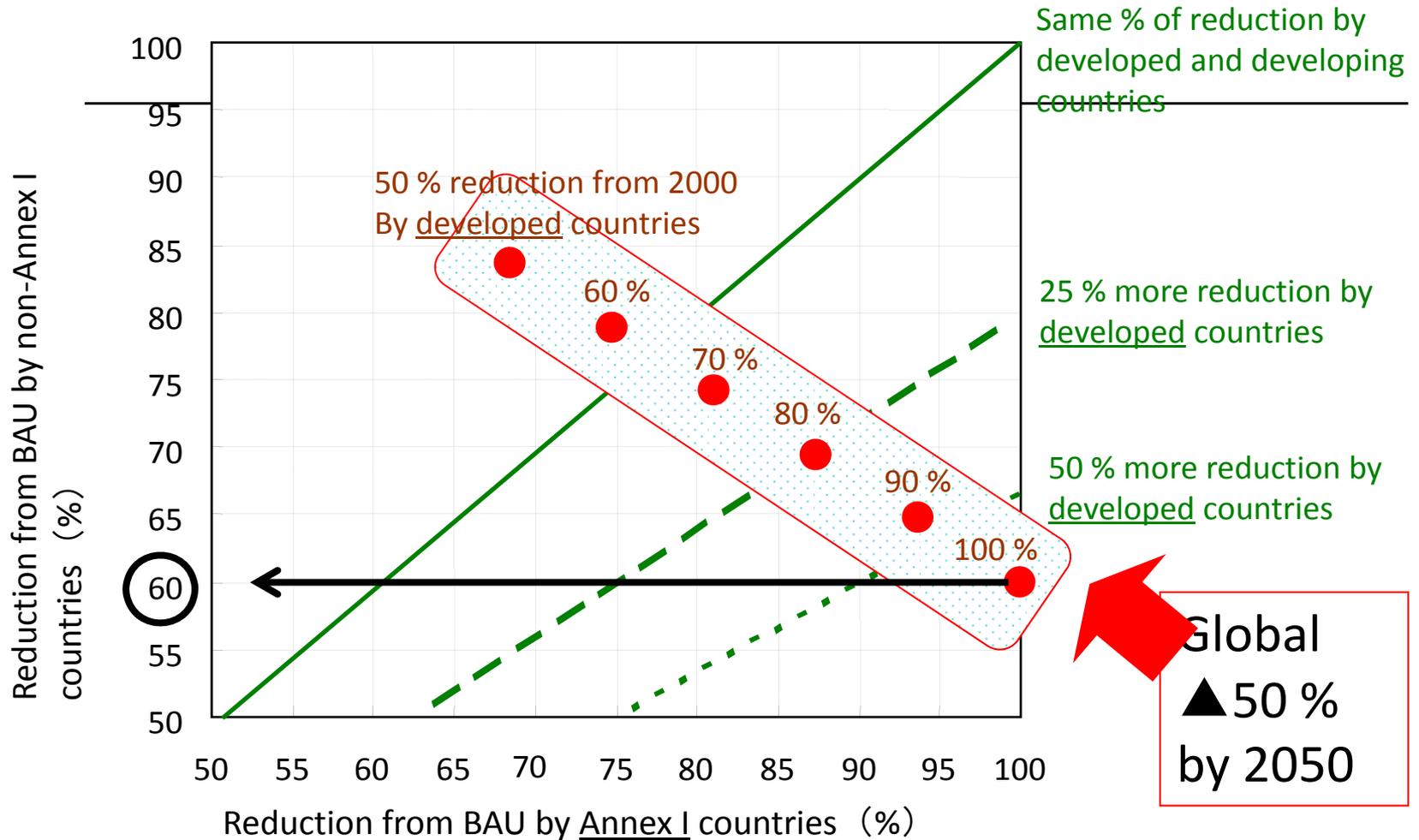
$\times \frac{\text{GDP}}{\text{Population}} \times \text{Population}$

Fundamental Rights

- Energy Saving
- Energy Efficiency of Components
 - Innovative Technology
 - Social System

- Low Carbon Primary Energy
- Nuclear
 - Renewable
 - Coal with CCS

Importance of Developing Innovative Technologies



Should developed countries realize no emission, developing countries would still need to reduce 60% from BAU emission in 2050. Therefore, technology is the key.

Our position towards proposed policy measures

- (1) a domestic emission trading scheme,
- (2) a carbon tax, and ;
- (3) a feed-in tariff scheme for renewable energy.

Our position towards proposed policy measures

In Japan, where energy conservation is already advanced and there is relatively little scope for reducing emissions, these lead to;

- (1) depriving companies of resources that could be devoted to R&D to develop and diffuse innovative technologies;
- (2) invite carbon leakage, and;
- (3) have a major negative impact on people's lives, employment, and industrial competitiveness.

Our position towards an emission trading scheme (a cap-and-trade)

A cap-and-trade style domestic emission trading scheme could have the following harmful effects;

- (1) hinder corporate initiatives taken from an LCA perspective;
- (2) impede fair and efficient competition among companies, and;
- (3) slow R&D efforts by enabling companies to meet targets by simply purchasing credits.

Our position towards a carbon tax

- (1) depriving companies of resources that could be devoted to R&D to develop and diffuse innovative technologies;
- (2) invite carbon leakage, and;
- (3) have a major negative impact on people's lives, employment, and industrial competitiveness.
- (4) More than 1 trillion yen has already been allocated to the government's measures to fight climate change, and it is debatable whether the government can clearly explain the necessity for additional sources of revenue that will place further burden on taxpayers.

Our position towards a feed-in-tariff scheme for renewable energy

- (1) depriving companies of resources that could be devoted to R&D to develop and diffuse innovative technologies;
- (2) invite carbon leakage, and;
- (3) have a major impact on people's lives, employment, and industrial competitiveness.
- (4) Since renewable energy is not cost-effective, we need to consider how far it should be supported given the additional burden on people, especially low income people and residents in the countryside, and the impact on major energy-intensive industries and the economy as a whole.

Our position towards Japan's mid-term target

Japan needs to conduct a transparent and open public debate on its reduction targets from the three perspectives of;

(1) international equity;

(2) feasibility, and;

(3) the appropriateness of the public burden;

in order to set medium-term targets that are acceptable to its citizens.

25% reduction from its emission of 1990 level is proposed by the Japanese Government)

Our position on a post-Kyoto international framework

- (1) Single Framework with Participation by All Major Emitters
- (2) Assuring International Equity
- (3) The Importance of Technology (Developing Innovative Technologies and Diffusing Existing Technologies)



3. Keidanren's Action Plan under the Kyoto Protocol (1st Commitment Period)

Efforts by Japanese Industry

April, 1991 Keidanren Global Environment Charter

- Each company must aim at being a good global corporate citizen, recognizing that grappling with environmental problems is essential to its own existence and its activities.

July, 1996 Keidanren Appeal on Environment

- We will take a voluntary, resolute and responsible approach in dealing with important tasks existing in the environmental field.

June, 1997 Keidanren Action Plan on Environment

- **Global Warming Measures**
- **Waste Disposal Measures**

* The progress is reviewed annually.

Keidanren Action Plan (Social commitment)

Keidanren's Action Plan on Environment is a self-regulatory program to reduce CO₂ emissions voluntarily participated by 34 industries in industry and energy-converting sectors.

- Program-wide target:
'to suppress the CO₂ emissions in 2008-2012(on average) from industrial & energy-converting sectors below its 1990 level'
- Each of the 34 industries sets numerical targets for CO₂ emissions reduction.
 - Targets can be;
(①CO₂ emissions, ②CO₂ emissions intensity,
③energy consumption, ④energy intensity)
- The progress is reviewed annually.

Participating Industries

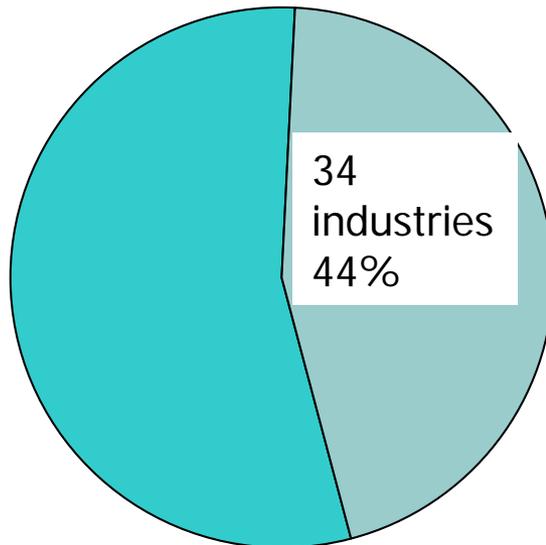
Industry	targets	Compared to fiscal 1990	Industry	targets	Compared to fiscal 1990
Federation of Electric Power Companies	CO2 emission intensity	-20%	Japan Aluminum Association	Energy intensity	-10%(from 1995)
Petroleum Association of Japan	Energy intensity	-10%	Brewers Association of Japan	CO2 emission	-6%
Japan Gas Association	CO2 emission	-3.7%	Japan Electric Wire and Cable Makers' Association	Energy consumption	± 0%
Japan Iron and Steel Federation	Energy consumption	-10%	Japan Auto-body Industries Association, Inc.	CO2 emission	-10%
Japan Chemical Industry Association	Energy intensity	-10%	Japan Dairy Industry Association	Energy intensity	-0.5%/year
Japan Paper Association	Energy intensity	-10%	Japan Brass Makers Association	Energy intensity	-7.5%(from 1995)
Cement Association of Japan	Energy intensity	-3%	Japan Society of Industrial Machinery Manufacturers	CO2 emission intensity	-1%/year
The Electrical and Electronics Industry	CO2 emission intensity	-2.5%	Japan Bearing Industrial Association	CO2 emission intensity	-13%(from 1997)
Japan Federation of Construction Contractors	CO2 emission intensity	-12%	Japan Sugar Refiners' Association	CO2 emission	-20%
Japan Automobile Manufacturers Association	CO2 emission	-10%	Japan Sanitary Equipment Industry Association	CO2 emission	-20%
Japan Auto Parts Industries Association	CO2 emission	-7%	The Japan Soft Drinks Association	CO2 emission intensity	-6%
Japan Federation of Housing Organizations	CO2 emission	-7%	Limestone Association of Japan	Energy intensity	-6%
Japan Mining Industry Association	Energy intensity	-10%	Japan Machine Tool Builders' Association	Energy intensity	-6%(from 1997)
Japan Lime Association	Energy consumption	-6%	Flour Millers Association	Energy intensity	-2%
The Japan Rubber Manufacturers Association	CO2 emission	± 0%	Japan Shipbuilders' Association of Japan	Energy intensity	-10%
The Federation of Pharmaceutical Manufacturers'Associations of Japan	CO2 emission	± 0%	Japan Industry Vehicles Association	CO2 emission	-10%
Flat Glass Association	Energy consumption	-15%	Japan Association of Rolling Stock Industries	CO2 emission	-10%
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Coverage of the Action Plan

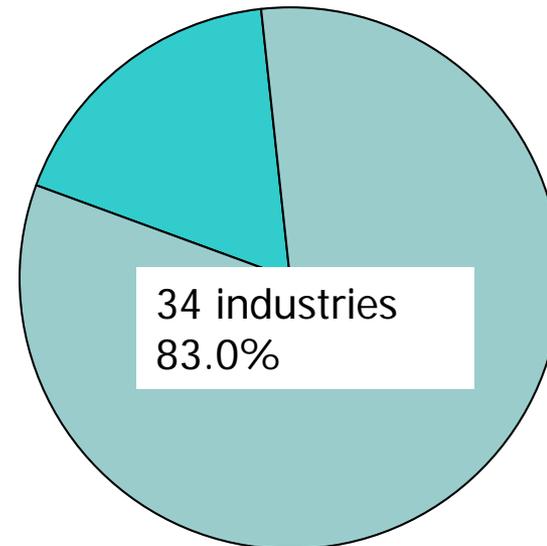
The coverage of the Action Plan is significantly large: the CO₂ emissions of 34 industries accounts for 44% of that of Japan's.

- 34 industries participated (566.6Mt-CO₂)

**Ratio against the total
1990 CO₂ emissions
(1,143.4Mt-CO₂)**

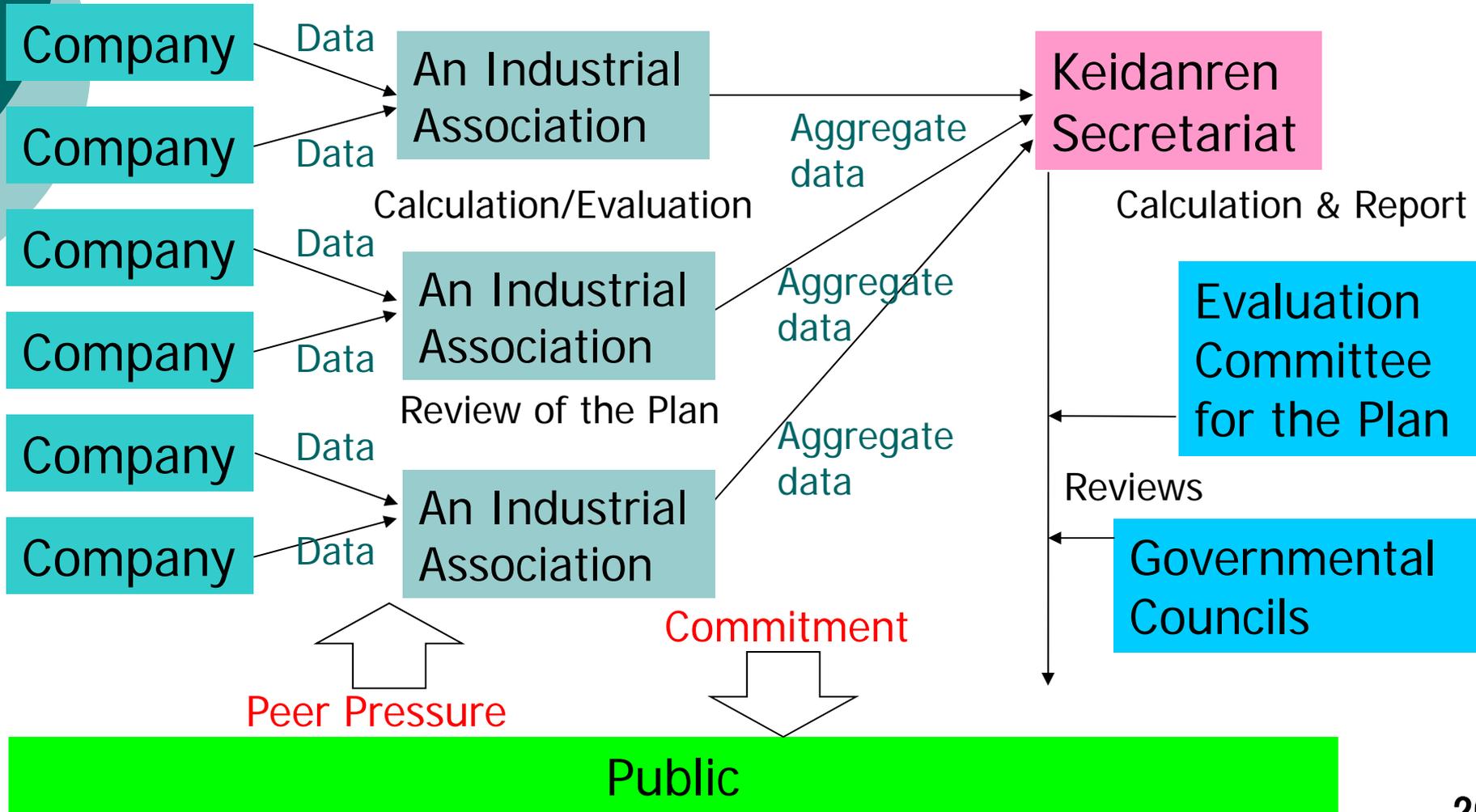


**Ratio against the 1990 CO₂
emissions from the entire
industrial and energy-converting
sectors (612.2Mt-CO₂)**



Review Process

The assessment of progress is conducted every year. The overall performance is publicized by Keidanren Secretariat.



Analysis of the Follow-up

	FY 2009	Prospects FY2008-2012
Change in production	+5.0%	+8.9%
Change in CO2 coefficient	-1.5%	-2.0%
Change in CO2 emissions per production	-15.8%	-15.2%
Total	-12.3%	-8.2%

Base year: 1990

P-D-C-A cycles of the Action Plan

Plan

- Establishment of the Action Plans by Each Individual Associations
Numerical Target Setting & Specified Measures
Actions for Climate Change Mitigation, etc.
- Compilation (with Verification by the Keidanren Committees) & Publication as the 'Keidanren Action Plan on the Environment'
- Constitution of Social Commitment

Do

- Implementation of the Action Plans by Each Individual Associations
- International Cooperative Schemes (e.g. CDM, Joint Implementation, etc.)

Action

- Additional Measures for Further Actions to reduce CO₂)
- Publication of the Results, Ensuring Credibility & Transparency

Check

- Check the Progress of the Actions by the Actual Performance (e.g. CO₂ Emissions & Energy Consumption in the Previous Year)
- Review of the Follow-up Process by the Evaluation Committee to Improve Credibility and Transparency

Keidanren Action Plan in Japanese Government's Policy

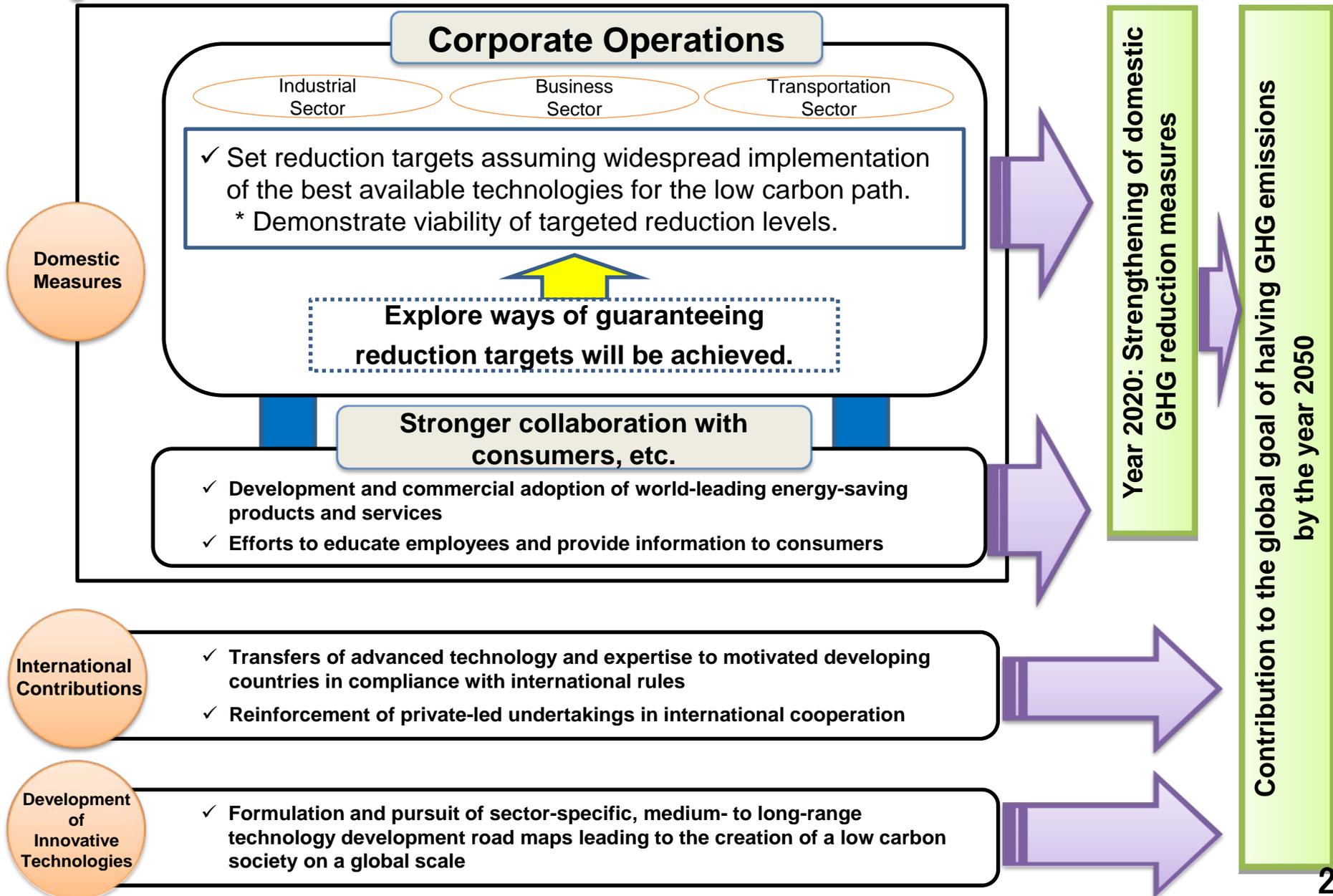
Kyoto Protocol Target Attainment Plan
(2008)

"Keidanren's Action Plan plays the most important role to reduce CO₂ emission in industrial & energy-converting sectors."



4. Keidanren's efforts in the post-Kyoto period

Nippon Keidanren's Commitment to a Low Carbon Society



"Nippon Keidanren's Commitment to a Low Carbon Society"

It comprises four pillars:

- (1) maximizing the introduction of best available low-carbon technologies in corporate activities,
- (2) developing and commercializing products and services that harness world-leading energy-saving technologies for consumers,
- (3) transferring technology and expertise to other countries, and
- (4) developing innovative technologies.