

View on possible means to achieve mitigation objective

broadening of the coverage of GHGs, sectors and source categories
and approaches targeting sectoral emissions

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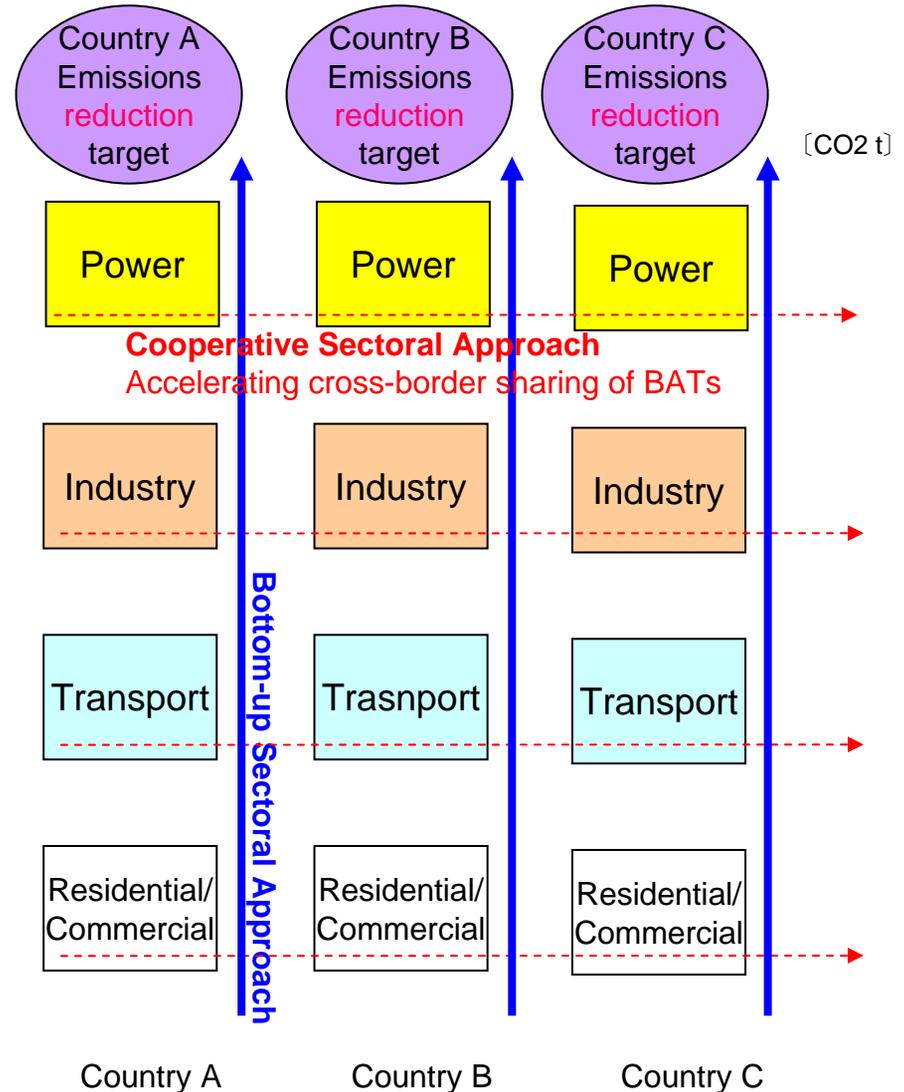
Sectoral Approach

■ A: Domestic Target Setting:

Effective estimation of economy-wide emission by accumulating sector-based mitigation potentials which could be materialized using Best Available Technologies/Best Practices (BATs/BPs).

■ B: Internationally Cooperative Sectoral Approach:

Effective and efficient mitigation by sector-based actions by cross-border sharing of BATs/BPs (e.g. APP, IISI, CSI), in accordance with common but differentiated responsibilities and respective capabilities.



Sectoral Approach (cont.)

Characteristics: Equitable Means

- We can compare efforts of each country under objective standards.
- Useful in dealing with Carbon Leakage.

Necessary Consideration:

- Costs & capability of each country to be taken into account.
- Need to take into account common but differentiated responsibilities and respective capabilities.

Furthering the debate on Sectoral Approach

Workshop on Sectoral Emissions Reduction Potentials:

- May 8th, 2008, Paris.
- Participants: Researchers, Industry, and Policy-makers
- Shared latest info. on analysis of sectoral mitigation potentials and cooperative sectoral activities.

Key Findings:

- Usefulness of the approach acknowledged. Various studies and activities are being undertaken.
- Wider coverage of data collection is crucial
- Need further research as well as policy discussions

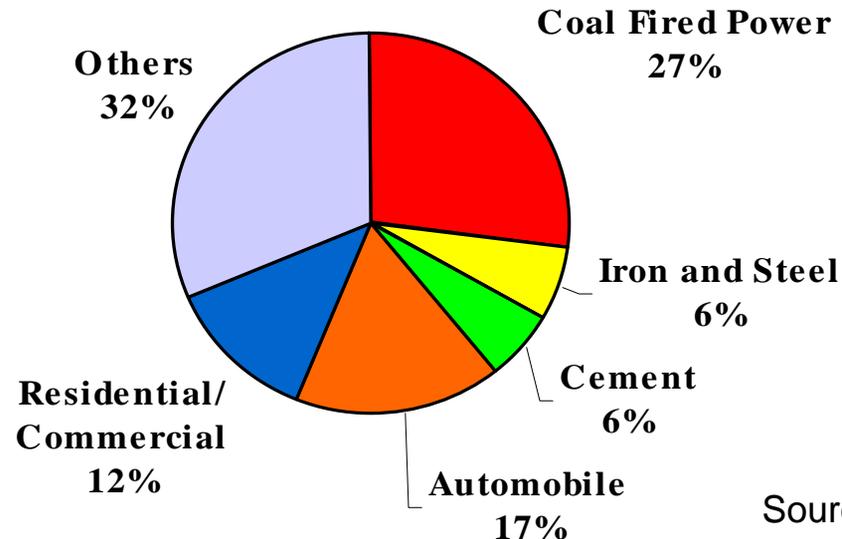
G8 Environmental Ministers Meeting (May 24-26, Kobe JAPAN)

- Bottom-up analyses of mitigation potentials can be useful tools for setting national reduction targets and can provide scientific and objective knowledge that contribute to the formulation of an effective future regime.
- Need to bridge a gap that might occur between bottom-up mitigation potentials and reduction levels required by top-down approach to ensure environmental integrity.
- Second WS to follow-up Paris meeting will be held in this fall, as a part of “Kobe Initiative”.

Need to start with “key sub-sectors”

- ***Prioritise “key sub-sectors” in terms of effectiveness and practicalities***
- ***Candidates for “key sub-sectors”***
 - ◆ **Power: Coal-Fired Power Generation (70% of power sector emissions)**
 - ◆ **Industry: Steel, Cement (50% of industrial sector emissions)**
 - ◆ **Transportation: Road Transportation (70% of transport sector)**

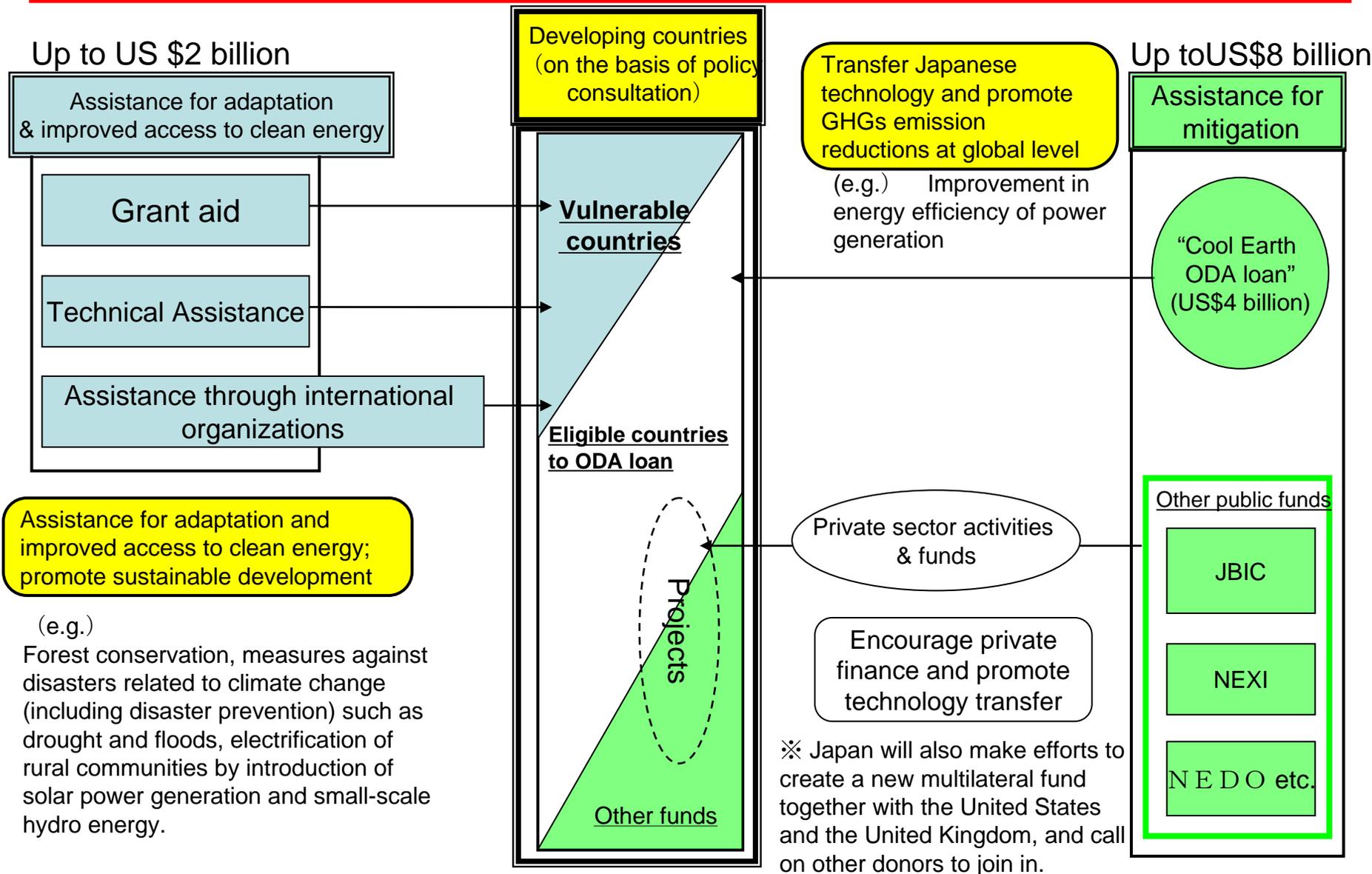
Global Energy Related CO2 Emissions: 27.1 Gt (2005)



Source: IEA

Financial Mechanism “Cool Earth Partnership” (Image)

From 2008, Japan will provide funds on the scale of US\$10 billion over the next five years. → to assist developing countries making efforts to reduce GHGs emissions and achieve economic growth in a compatible way.



Progress of “Cool Earth Partnership”

- **Indonesia**
 - (Nov.2007) Agreement reached on holding a policy consultation
 - (Mar.2008) Policy consultation held
- **Tuvalu**
 - (Dec.2007) Announcement by Prime Minister Fukuda to dispatch a survey mission
 - (Jan.2008) Visit of Environment Minister Kamoshita to Tuvalu
 - (Feb.-Mar.2008) Survey mission sent to Tuvalu, policy consultation held
- **Senegal, Madagascar, Nigeria**
 - (Feb.2008) Policy consultation mission dispatched
 - (Feb.2008) Provision of non-project grant aid for Senegal and Madagascar decided
 - (Mar.2008) Notes concerning the non-project grant aid signed and exchanged
- **Guyana**
 - (Feb.2008) Provision of non-project grant aid for Guyana decided based upon policy consultation
 - (Mar.2008) Notes concerning the non-project grant aid signed and exchanged
- **Gabon**
 - (Mar.2008) Agreement reached on holding a policy consultation

Japan will continue to promote the Cool Earth Partnership through policy Consultations with developing countries that aim to achieve both emissions reductions and economic growth.

ICAO 36th Assembly Resolution in Sep 2007 (International Aviation)

Group on International Aviation and Climate Change (GIACC) composed of senior government officials was established in order to develop an aggressive “ICAO Program of Action” by COP15

The ICAO Program includes;

1. Global aspirational goals in the form of fuel efficiency for international aviation
2. Implementation framework of strategies and measures, such as technological development, efficient operational measures, improvements in air-traffic management and market-based measures
3. Means to report and monitor progress of actions by Contracting States

(Note) Article 2.2 of Kyoto Protocol;

The Parties included in Annex I shall pursue limitation or reduction of emissions of GHGs not controlled by the Montreal Protocol from aviation and marine bunker fuels, working through the ICAO and the IMO respectively.

IMO 57th MEPC in April 2008 (International Shipping)

Decided 9 principles concerning regulatory framework on GHG emissions from ships

- Effective in contributing to the reduction of total global greenhouse gas emissions,
- Binding and equally applicable to all flag States in order to avoid evasion,
- Cost-effective,
- Able to limit, or at least, effectively minimize competitive distortion, and so on.

Considered Reduction Mechanism

	Short-Term	Long-Term
Technical measures	<ul style="list-style-type: none"> • Improvement of specific fuel consumption • Energy Efficiency Design • Use of wind power 	<ul style="list-style-type: none"> • Technical measures for ship design • Use of alternative fuels • A mandatory CO₂-design Index for new ships
Operational measures	<ul style="list-style-type: none"> • Energy Management Plan • Voluntary/mandatory reporting of CO₂ index and the purpose of reporting • Limitations on leakage rates of refrigerant gases 	<ul style="list-style-type: none"> • External verification scheme for CO₂ index • Unitary CO₂ index limit combined with penalty for non-compliance
Market-based measures	<ul style="list-style-type: none"> • Hybrid mechanism: Charge-cap-and-trade/ a charge on all fuel for shipping combined with a fund to buy credits/ marine fuel charge 	<ul style="list-style-type: none"> • Emissions Trading Scheme (ETS) • Inclusion of mandatory CO₂ element in port infrastructure charging

Decided to hold intersessional WG in June 2008 to further develop mechanisms, inter alia:

- CO₂ design index for new ships
- CO₂ operational index for all ships
- “Best Practices” for voluntary implementation
- Global fuel levy
- Emissions Trading
- Methodology for CO₂ efficiency baselines