

Business Sectors' Efforts and Expectation for IPCC

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Global efforts will start from 2020 under Paris Agreement, which became effective last November. Unlike from Kyoto Protocol, which impose emission reduction obligations only on a part of developed countries, Paris Agreement was designed as a Pledge & Review scheme, in which all the countries voluntarily pledge emission reduction targets and the progress are to be reported and mutually checked. This scheme is, in fact, a mirror image of what Japanese industry sector has been doing under Keidanren Voluntary Action Plan from 2007, and continuing under Keidanren's Action Plan for Low-carbon Society. Japanese industry sector has achieved more than originally pledged target. So our experiences can bring valuable insights to the implementation of Paris Agreement.

The key messages are that the Paris Agreement should be implemented under voluntary, cooperative manner and fairly recognizing each others' contributions, rather than under compulsory, hostile manner with punitive incentives. Considering the reality that the major GHG emission growth is now coming from developing countries, how countries can best contribute to the global base emission reduction, rather than competing in the game of domestic emission reduction amounts, is critically important for the success of Paris Agreement.

In this context, Japanese industry expects IPCC to take care of the following two issues;

- 1) Emission reduction measures assume companies as GHG emitters and have asked companies to reduce emissions from operation. However, individual company's business only covers a part of the whole value chain of products and services provided to the society. To de-carbonizing the whole society, assessing the measures from the viewpoints of total lifecycle is necessary.
- 2) It is argued that the intensive carbon pricing is necessary for the deeper emission reduction. Carbon pricing can be effective if it is uniformly introduced in global scale, but it may rather bring harm considering the reality that countries and regions have been implementing different schemes with various intensities. In addition, only explicit carbon pricing such as carbon tax and ETS have been promoted but other implicit carbon pricing schemes such as fuel taxes, FIT and energy saving standards are not well understood, analyzed and evaluated. Therefore, the assessment on the efficiency, effectiveness and issues from the view that both explicit and implicit carbon pricing are, in real world, implemented, is necessary.