Outline of Keidanren's Proposal for a Post-2012 International Framework on Climate Change (October 16, 2007)

1. Keys to Tackling Climate Change

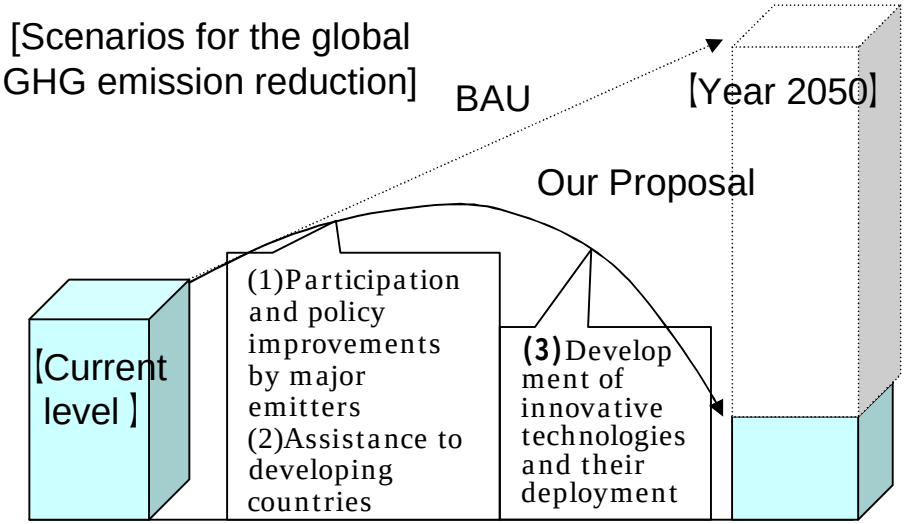
(1)Participation by all major GHG emitters

①Achieving all major emitter's participation
②Each participating emitter will improve its GHG reduction policies under the framework.

(2)Utilizing technology

①Assistance to developing countries
a. Sectoral Approach
b. Financial & technical support
②Development and deployment of innovative technologies

[Scenarios for the global GHG emission reduction]



2. Framework for Tackling Climate Change

"Commitment & Progress" System (P-D-C-A)

Commitment: Each country determines its own measures to tackle climate change.
Target should be set on energy efficiency basis.
Progress: Each country's fulfillment of its commitment would be checked by the UNFCCC, and where progress is inadequate, the country would be required to decide what further steps to take.

Contents of Country Commitments

(1)Energy efficiency based targets and measures to achieve them	(2)Measures related to sectoral approach	(3)Support for developing countries by finance and technology transfer	(4)Measures related to development of innovative technologies

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3. Efforts by Japanese Industries

○ Keidanren Voluntary Action Plan on the Environment aimed at reducing carbon dioxide emissions

○ The Plan's targets (to keep the CO2 emission under 1990 level) have been met for seven consecutive years.

○ In the post-2012 period, we will continue to work actively to tackle climate change using the Plan as a basic framework.

○ We will also play an important role in offering technical and financial assistance to developing countries.

Emissions Trading will undermine the vitality of Japanese manufacturing industries.

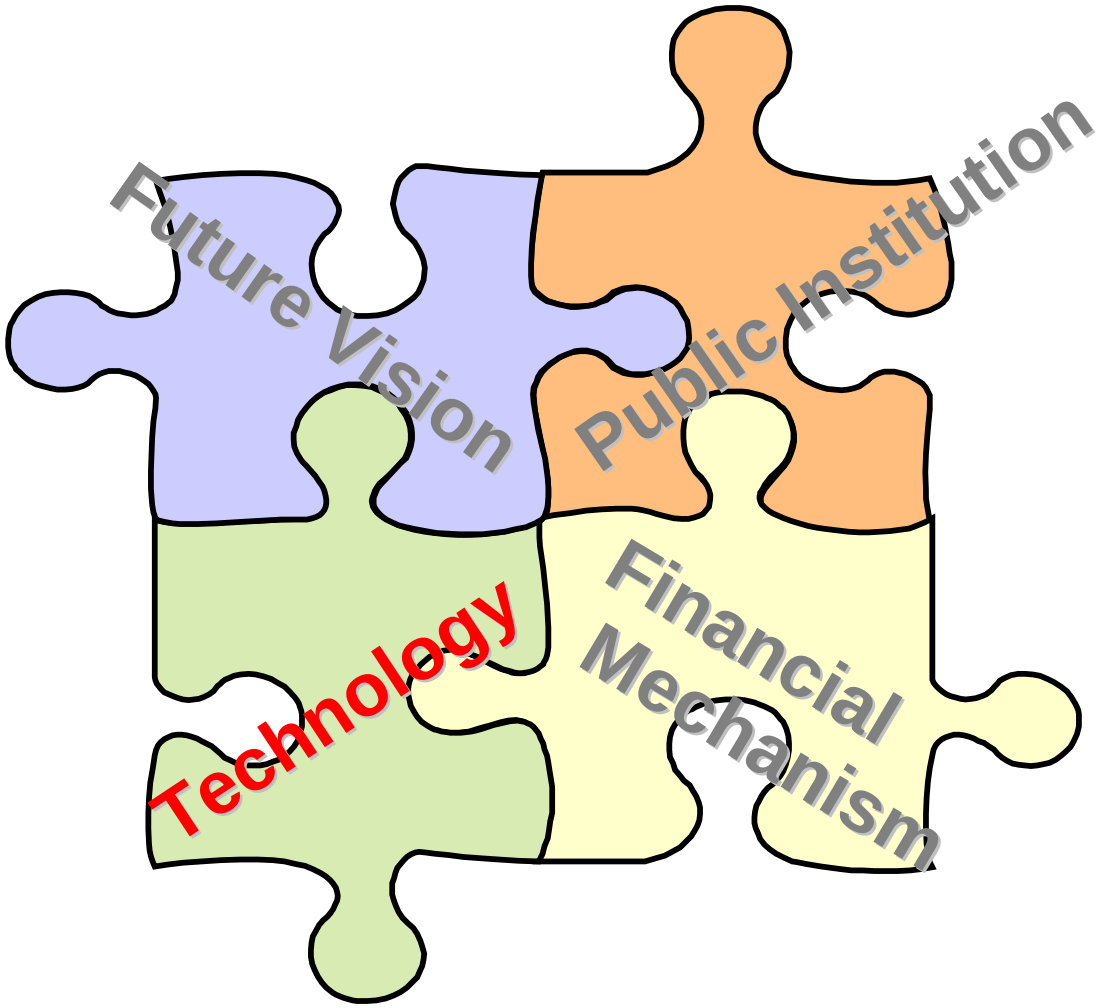
It will cause;

(a) governmental controlled economy which impedes healthy market mechanism,

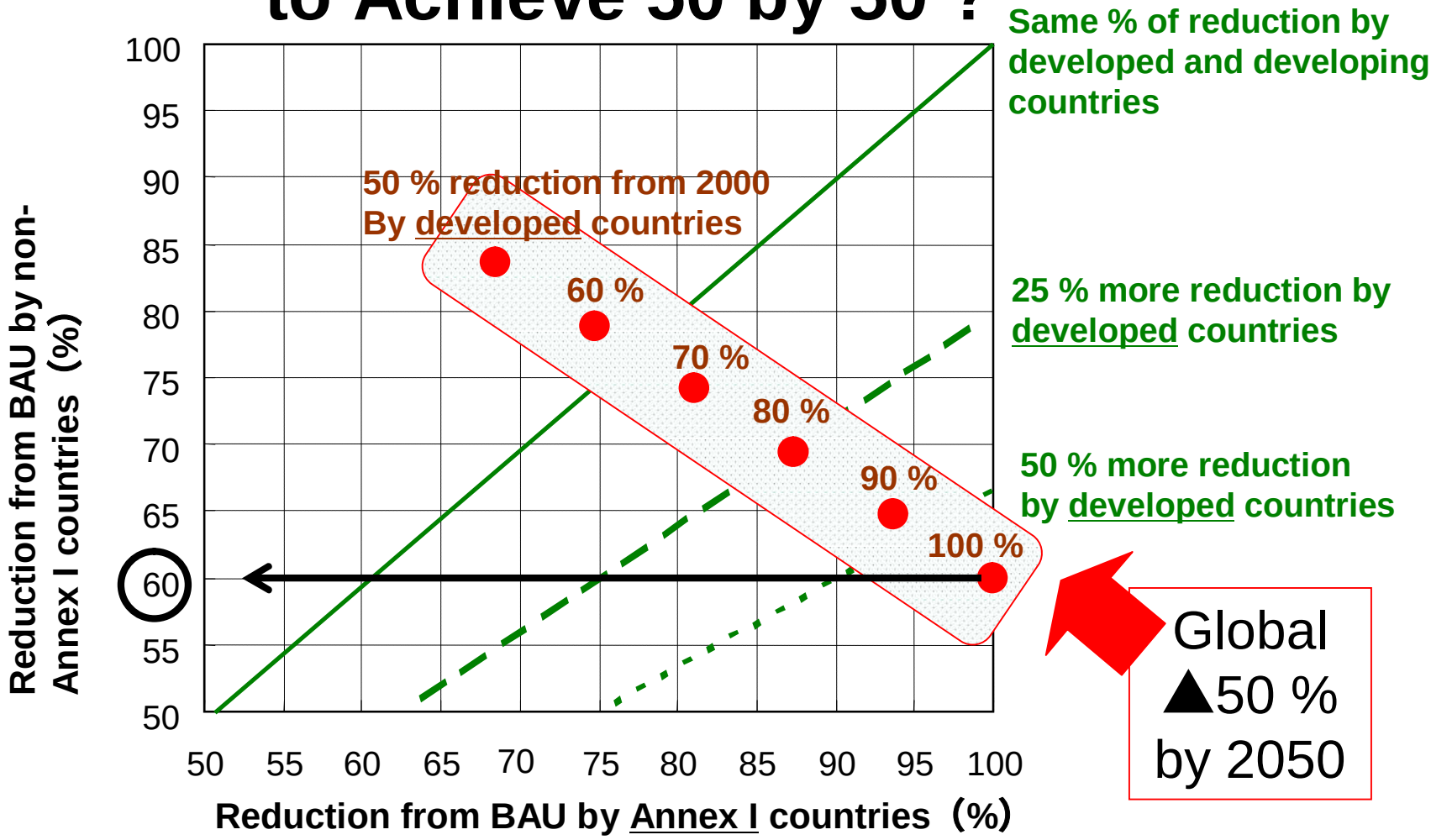
(b) inequitable and unfair allocation of emission rights, and

(c) restrictions for growing industries/companies and undue subsidies for declining industries/companies.

Business role



What is Differentiated Responsibilities to Achieve 50 by 50 ?



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

(Source: Akimoto, RITE, Yamaguchi, Tokyo University)

Kaya Identity

$CO_2 = CO_2/E \times E/GDP \times GDP/P \times P$

CO2: Total carbon dioxide emission

E: Energy, P: Population

CO_2 : Back casting target (-50% by 2050)

GDP/P, P: To be projected (fundamental human rights)

CO_2/E, E/GDP: To be challenged

(innovation, evolution, and deployment of technologies)

CO_2/E

Low Carbon Primary Energy

- Nuclear
- Renewable (Bio, Solar, Wind,……)
- Coal with CCS

E/GDP

Energy Saving

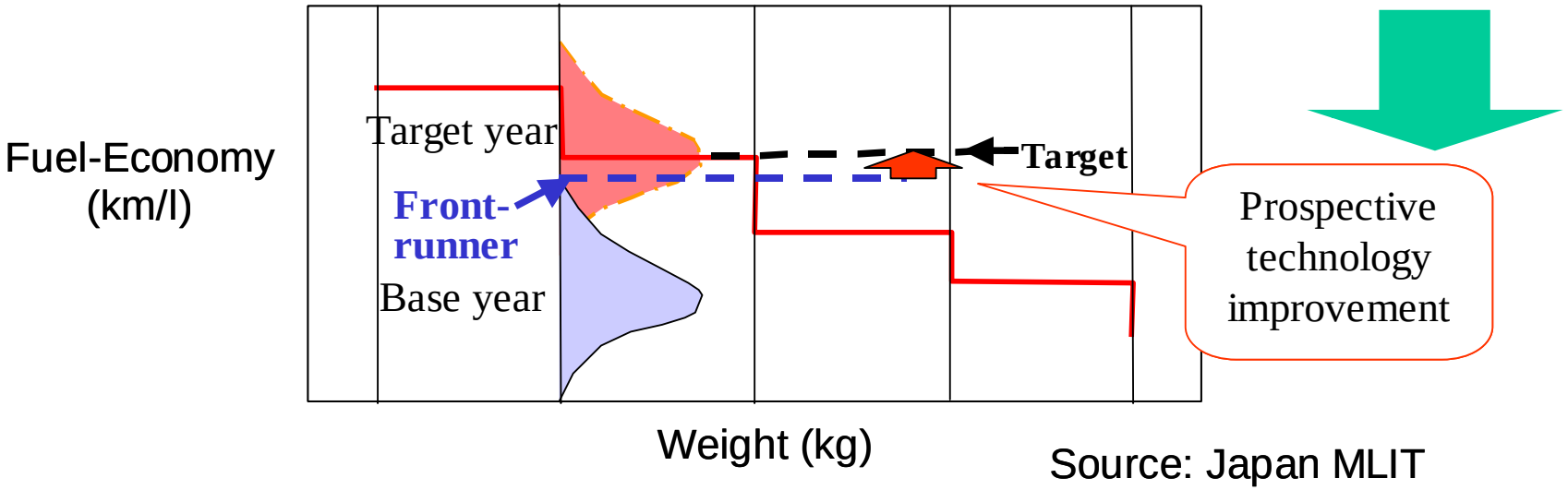
- Energy Efficiency of Components
- Innovative Technology
- Social System

Example:Japan Fuel efficiency standard
(Front Runner Approach)

Importance of Benchmarking

Bottom Up >>Top Down

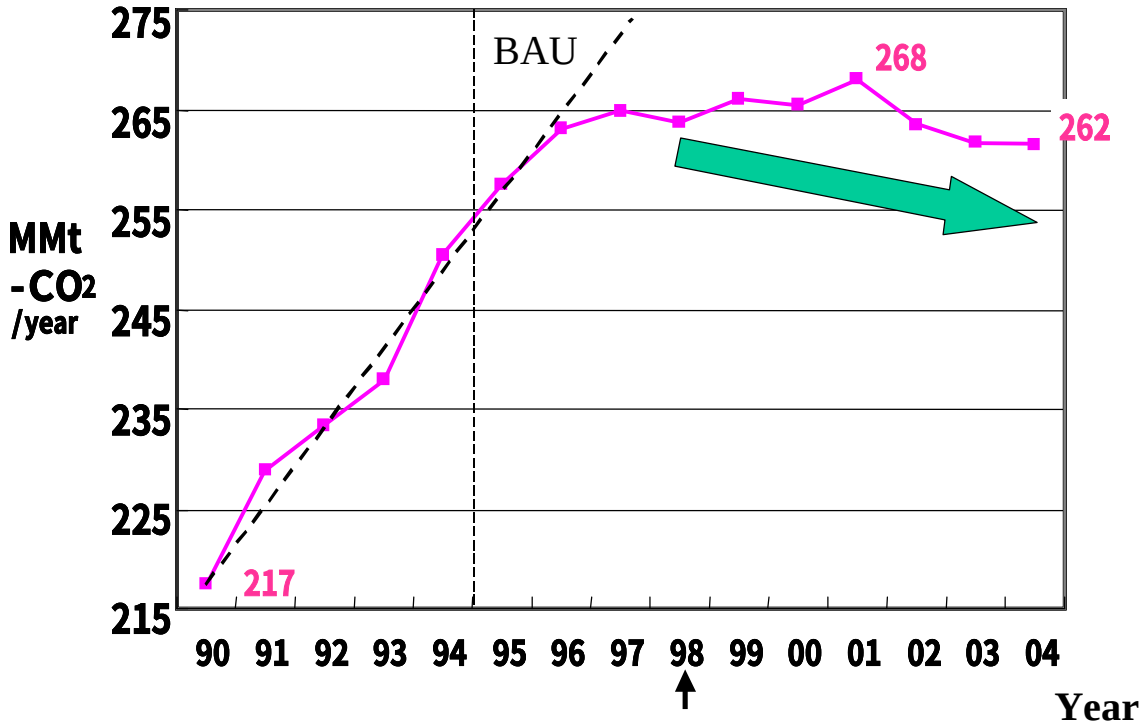
-Improvement of engine efficiency
e.g. Direct-injection engine, Reduction of friction loss, etc.
-Improvement of driving-train
e.g. Multiple AT (5AT, 6AT)
-Dissemination of hybrid system



Source: Japan MLIT

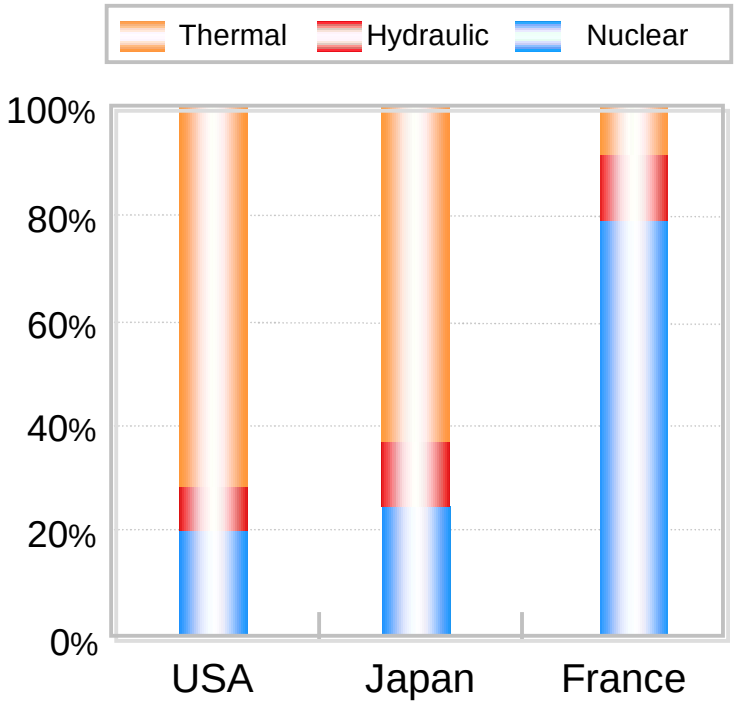
Example:Japan Fuel efficiency standard

Status of Front Runner Approach

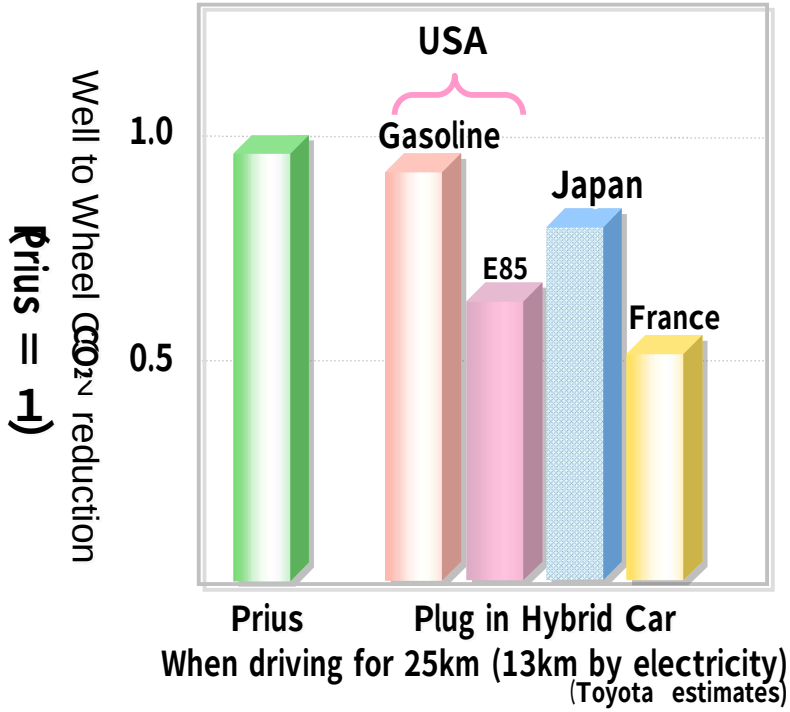


Advantages of Plug-in Hybrid Car

Electricity mix by country



Well to Wheel CO_2 reduction



Social advantages: Well to Wheel CO_2 reduction is possible.

Combining with biofuel will further increase the effect.

Bali Action Plan (December 2007)

Decides to launch a comprehensive process to enable implementation of the Convention beyond 2012 (Post Kyoto).

Reach an agreed outcome and adopt a decision at its fifteenth session (COP15, 2009).

Cooperative sectoral approaches and sector-specific actions, in order to enhance implementation of the Convention.

Major Economies Meeting II (January 2008 in Honolulu)

Discussions on:

Importance of Sectoral Approach in tackling GHG emissions.

Sectoral Approach as an effective tool of technology transfer and sharing best practices.

“Parallel Approach” (Multiplicity)