Toward the Post 2012 International Framework on Climate Change
(tentative translation)

Nippon Keidanren
April 17, 2007

Climate change is a problem that involves the entire earth, and to address it, it is essential to take effective, long-term measures in a sustainable manner and on a global scale. To this end, it is vital that all of the major emitters of greenhouse gases take steps to reduce emissions, and that we create an equitable international framework that will facilitate these countries' participation. Under the post 2012 framework, it is especially important that we reward countries for their efforts in curbing and reducing emissions and go all out to promote improved energy efficiency at the global scale. With these points in mind, Nippon Keidanren recommends the following with regard to Japan's contribution and the post 2012 international framework.

I. Japan must continue actively contributing to efforts to tackle climate change

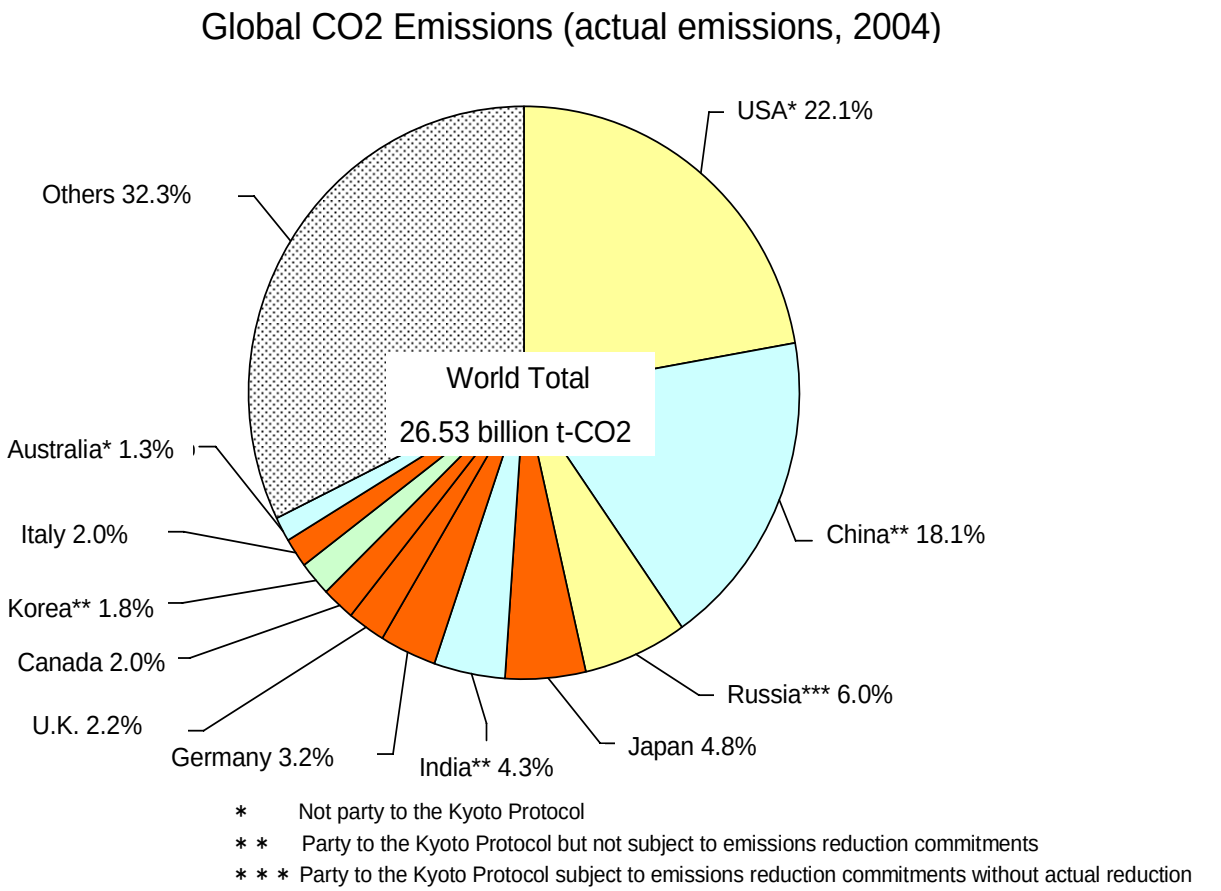
1. The Japanese government, people, and business community, while applying themselves to concrete, practical efforts to achieve the emissions reduction targets of the Kyoto Protocol, should also work proactively to put forth proposals for an effective international framework for the future. We in the business community should ramp up our voluntary efforts, including attainment of the goals of our pledge and review programme to reduce CO2 emissions. We hope that the Japanese government will create an environment that enables companies to promote innovation by encouraging business and industry to initiate voluntary approaches, instead of taking regulatory measures.

2. The business, government, and academic sectors should collaborate to promote widespread use of environmentally friendly goods and services, as well as technological innovation. To support the efforts of developing countries, Japanese industry should actively cooperate to improve manufacturing processes and products based on the world's most advanced environmental and energy-saving technology. Japan should also improve and enhance its Official Development Assistance (ODA) program so that it can be flexibly adapted to each country's needs and circumstances.

3. Making the best use of the knowledge and know-how of the business, government, and academic sectors, we must develop a feasible long-term scenario for addressing climate change and map out a direction for ideal social systems and technology development in the years ahead. We in the business community are ready to cooperate actively in these efforts.

II. It is essential to build an international framework within which every major greenhouse gas emitting nation can take effective steps against climate change, each according to its ability. It is necessary as well to create mechanisms that facilitate participation by all the major greenhouse gas emitters, while allowing economic growth and development to coexist with environmental preservation. To this end, Japan should negotiate tenaciously to achieve the goals outlines below.

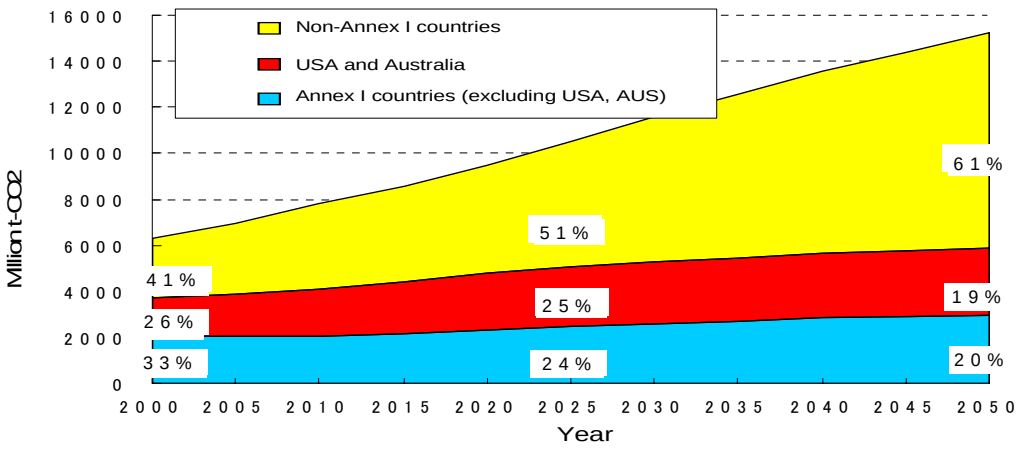
[Reference 1] Countries with virtual emissions reduction commitments under the Kyoto Protocol account for only 30% of global emissions



* Not party to the Kyoto Protocol
** Party to the Kyoto Protocol but not subject to emissions reduction commitments
*** Party to the Kyoto Protocol subject to emissions reduction commitments without actual reduction

Source: Institute of Energy Economics, Japan,
Handbook of Energy & Economic Statistics in Japan, 2007 edition

[Reference 2] Emissions from countries with no emissions reduction commitments under the Kyoto Protocol are projected to soar. Emissions from countries with emissions commitments are expected to decline by 20%.

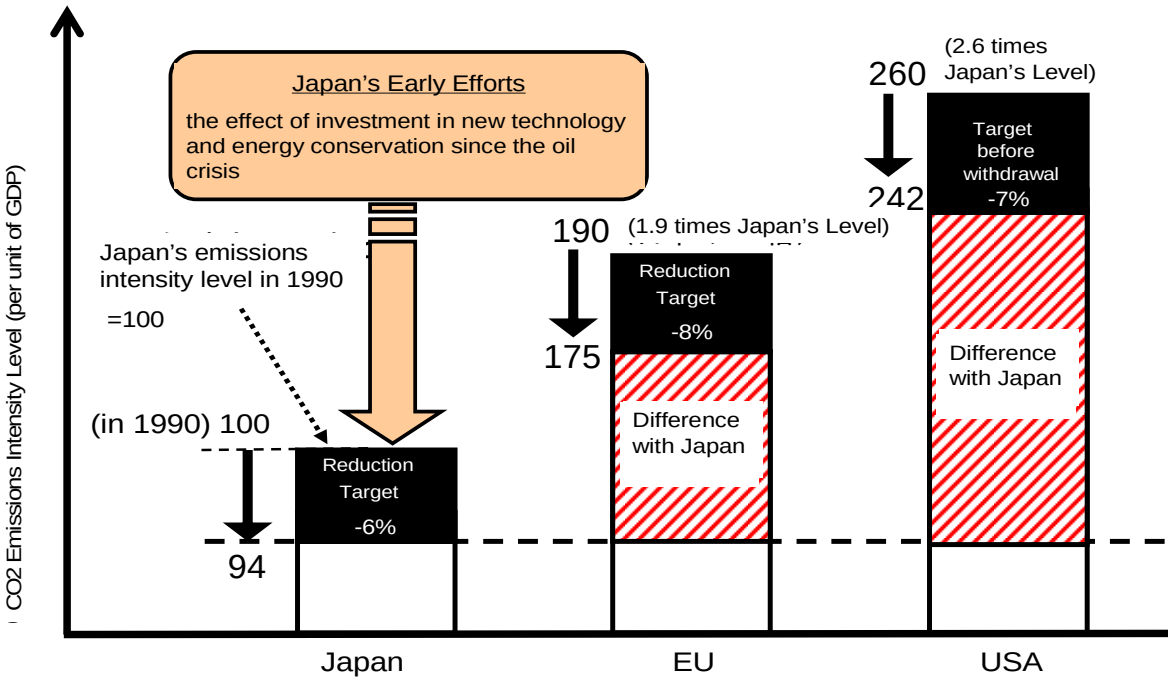


Source: Research Institute for Innovative Technology for the Earth

1. An equitable framework

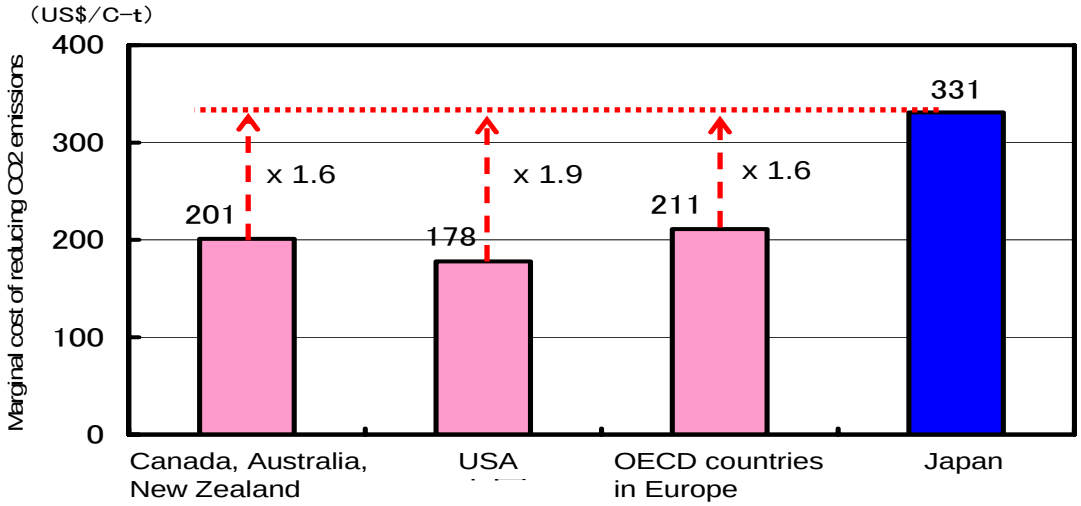
The post 2012 framework should lay emphasis on the potential of future technological innovation and take full account of the fruits of past measures and efforts, such as improvements in energy intensity.

[Reference 3] National emissions caps under the Kyoto Protocol did not take Japan's early efforts into account.



Source: Institute of Energy Economics, Japan,
Handbook of Energy & Economic Statistics in Japan, 2007 edition

[Reference 4] Because Japan took the lead in energy conservation efforts, the additional costs of achieving the targets of the Kyoto Protocol are 1.6–1.9 times higher for Japan than for other countries, which can adopt cheaper measures.



Source: Third Assessment Report
of the Intergovernmental Panel on Climate Change

2. Integration of energy policy and environmental policy

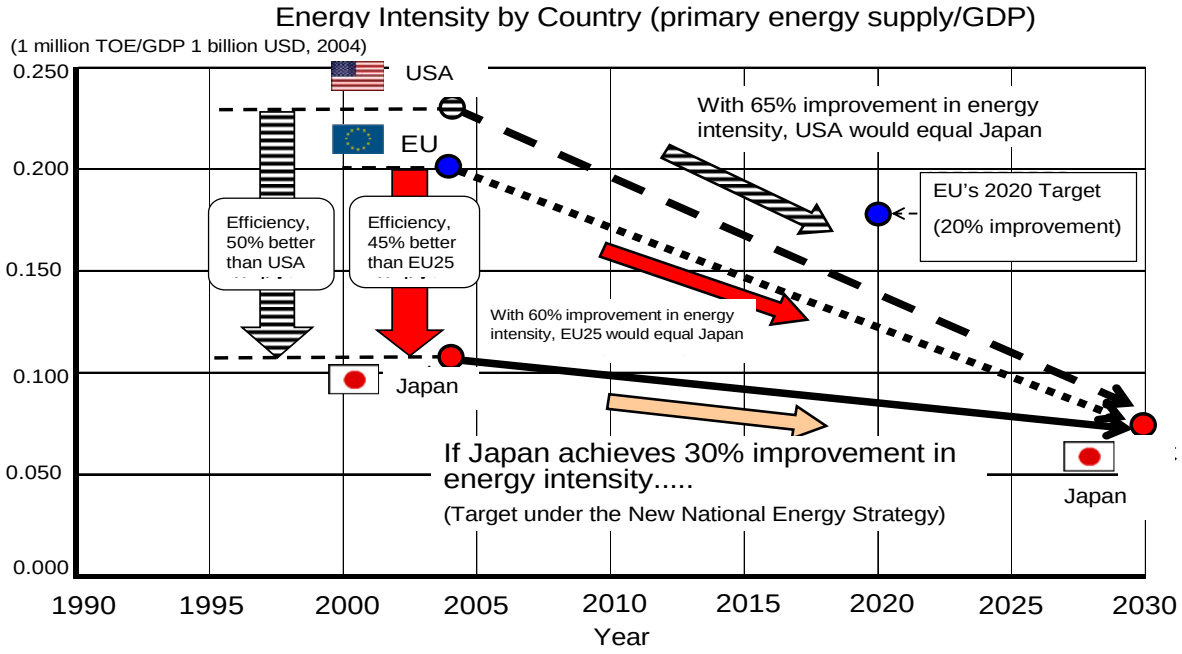
It is necessary to pursue policies that emphasize improved energy efficiency and a stable energy supply, prime concerns to most of the major greenhouse gas–emitting nations.

[Reference 5] Japan emits less CO_2 than other countries to generate the same GDP

2004	Japan	EU (25 countries)	USA	China	Russia	India
Percentage of world GDP	13.7%	24.7%	30.0%	4.8%	0.9%	1.6%
Percentage of world CO_2 emissions	4.8%	15.0%	22.1%	18.1%	6.0%	4.3%
CO_2 emissions required to yield same GDP (Japan = 1)	1	1.7	2.1	10.8	19.2	7.4

Source: Institute of Energy Economics, Japan,
Handbook of Energy & Economic Statistics in Japan, 2007 edition

[Reference 6] To attain Japan's energy conservation target for 2030 (30% improvement in energy intensity over FY 2003), the EU would have to improve energy efficiency by 60% and the US by 65%.



Source: Institute of Energy Economics, Japan,
Handbook of Energy & Economic Statistics in Japan, 2007 edition

3. Preservation of multiplicity to meet the circumstances of each country

Given the diversity of national economies, industrial structures, and energy situations, the framework must allow for a variety of measures to address climate change, so that each country can pursue the strategies that work best for it.

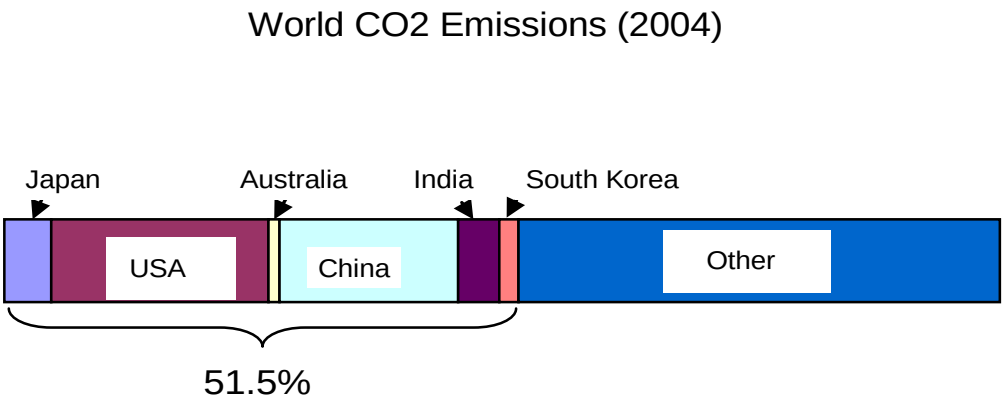
4. Technology-specific and sectoral approaches

The key to curbing and reducing carbon dioxide emissions on a global level is technology. We must enhance and strengthen partnerships between industry, government and academia, as well as international cooperation, with an eye to the ongoing dissemination of existing technologies and the development of innovative technologies.

Sectoral approaches like the Asia-Pacific Partnership on Clean Development and Climate (APP) are effective mechanisms for efficiently sharing and disseminating industry's knowledge and information.

It is important to steadily promote bottom-up strategies to ensure that effective measures are put into concrete practice. It is possible to pursue such efforts in a manner compatible with the processes under the United Nations Framework Convention on Climate Change.

[Reference 7] Combined CO_2 emissions of the APP6 countries is more than 50% of the world total



Source: International Energy Agency,
CO2 Emissions From Fuel Combustion, 2006

[Reference 8] There is great potential for reducing emissions through dissemination of Japan's outstanding energy-saving and environmental technologies.

Industry		Global emissions reduction
Electric power	If all countries achieved Japan's efficiency in thermoelectric power generation	1,700 million t-CO_2/year
Iron and Steel	If all countries achieved Japan's usage rate for technologies like exhaust heat recovery and continuous casting	300 million t-CO_2/year

5. Enhanced support for developing countries

We must support measures against climate change in the developing countries, including the application of environmental and energy conservation technologies that have been shown to be effective, training of human resources, and system building. We must actively promote concrete projects in developing countries in cooperation with their governments and related institutions.

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