

# Comments on “Japan’s 5<sup>th</sup> National Communication” under the UNFCCC

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## 1. Budget (Chapter 1)

The budget related to the Kyoto Protocol Target Achievement Plan is heavily spent on nuclear power (23%), forest management (25%), and credit purchases through the Kyoto mechanism (9%). We believe that it should be shifted towards domestic reductions measures in order to accelerate energy efficiency and renewable energy.

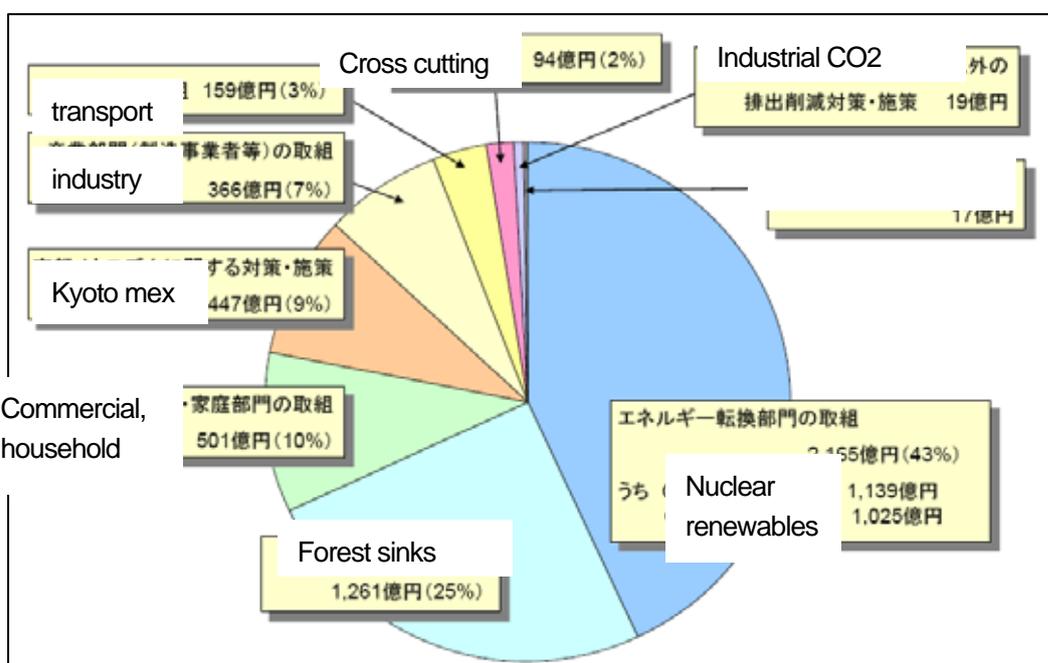
**Table 1.5 Budget Related to the Kyoto Protocol Target Achievement Plan**  
 (classification by type of measure)

(Unit: million yen)

	FY2008	FY2009	2008-2009 change	Growth Rate
A. Items directly affecting the six percent emission cut commitment of the Kyoto Protocol	5,194	5,385	191	3.7%
B. Items affecting greenhouse gas cuts in the mid- to long-term	3,096	3,446	350	11.3%
C. Other items that result in contributing to greenhouse gas cuts	3,430	2,716	-714	-20.8%
D. Basic measures, etc.	447	651	204	45.6%

(P.43, Japan’s 5<sup>th</sup> NC)

A. Items directly affecting the 6% emission cut commitment of the KP (502.9 billion yen, FY2010)

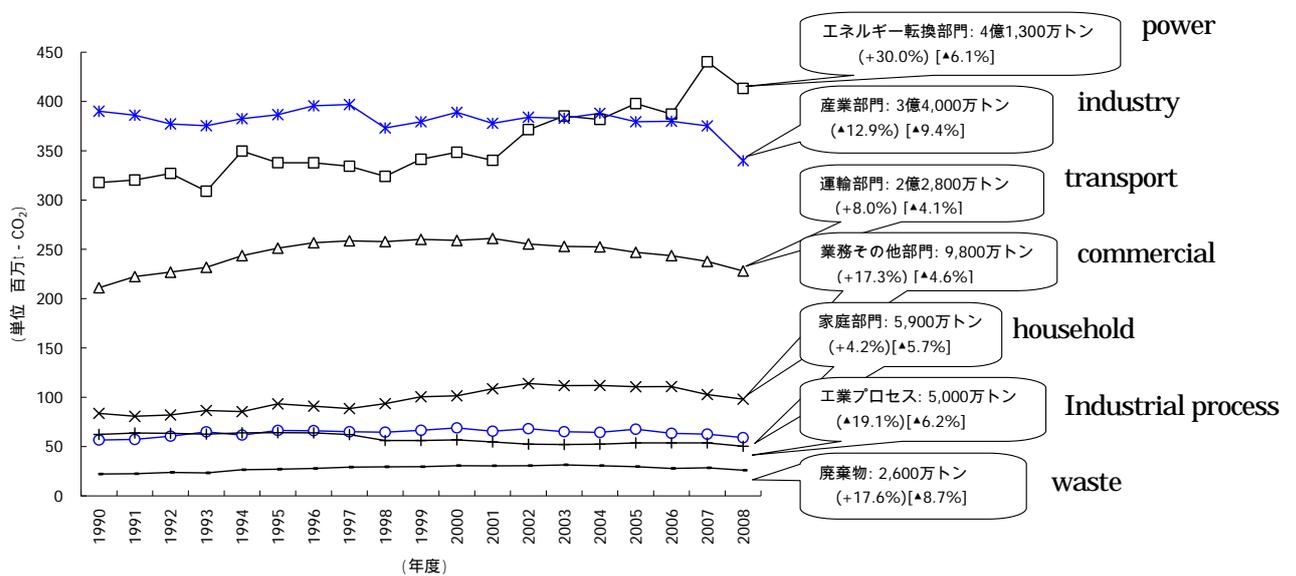


## 2. Emissions Trend and Reduction Potentials (Chapter 2)

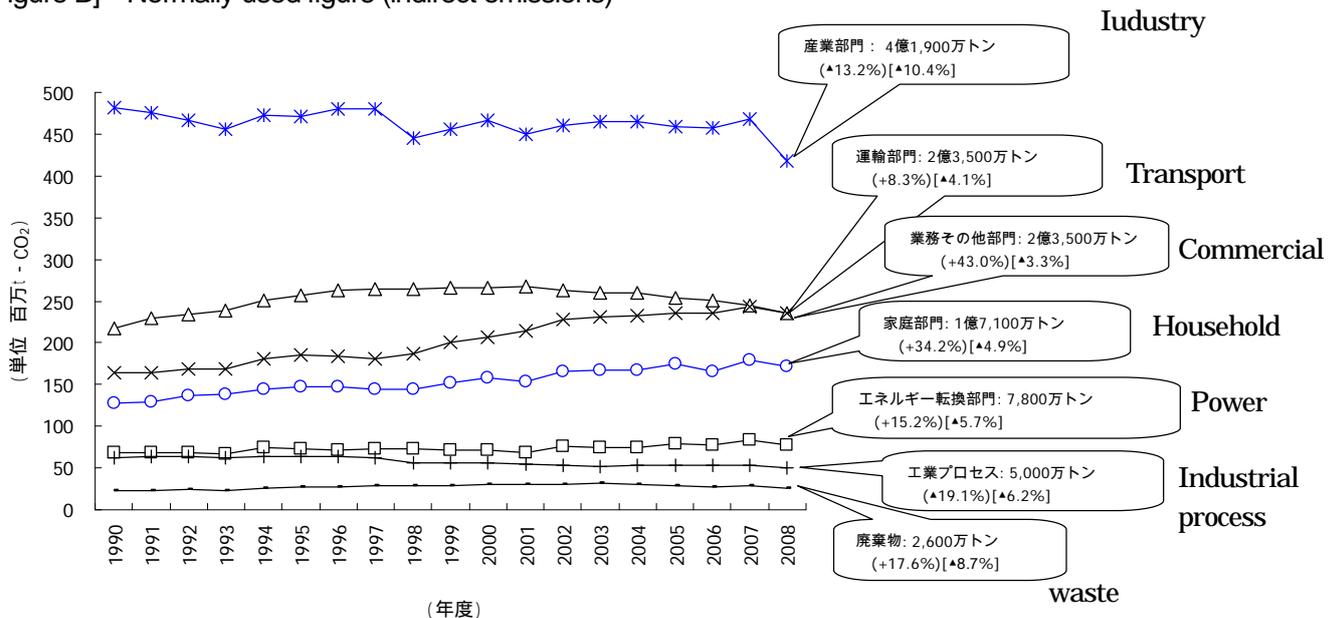
### (1) Direct and indirect emissions

Differences between *direct* and *indirect* emissions require the analysis of different emission trends. In the NC, emissions data and trends are reported in *direct* emissions, in which the power sector is the biggest emitter (Figure A). However, this figure isn't used in Japan as emissions are commonly reported in "indirect" emissions (Figure B). These are calculated by allocating emissions associated with electricity generation to final consumption sectors, such as factories, offices and households. In *indirect* emissions, the power sector's contribution is rendered invisible and an increase in emissions caused by an increased CO<sub>2</sub> per unit of energy could be falsely blamed upon the final consumption sector.

[ Figure A ] Inventory to UNFCCC (direct emissions)



[Figure B] Normally used figure (indirect emissions)

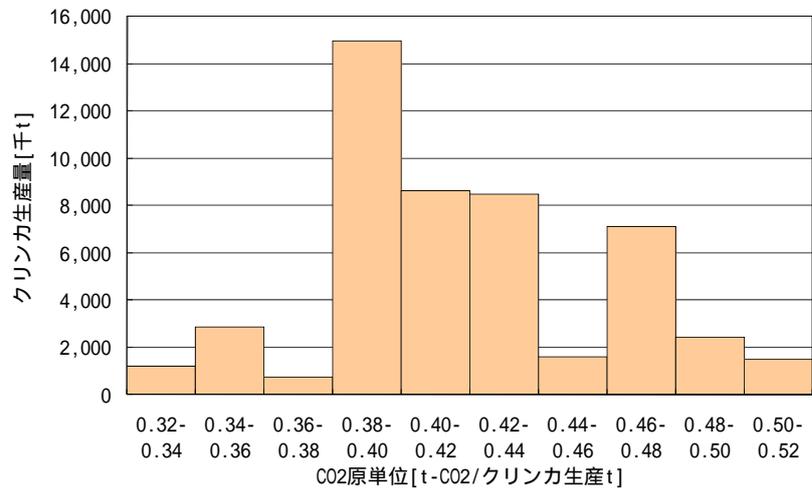


## (2) 150 large scale facilities responsible for 50% of Japan's total emissions

In FY2008, the GHG emissions data of 14,710 specified facilities was announced. The data was based on "indirect" emissions. According to Kiko Network's analysis, the data reveals that approximately 150 facilities, including 84 power plants and 16 steel plants, are responsible for 50% of Japan's total emissions (see attached press release). In other words, the data shows that a very limited number of large-scale facilities have a large role to play in any future emission reductions.

## (3) Reduction potentials

It is commonly said that Japanese industry has already obtained a high degree of energy efficiency and that there's no room left for improvement. Yet it must be pointed out that there's still potential to reduce cost-effectiveness, as not all facilities may yet be considered as energy efficient. In order to introduce appropriate incentive measures, data acquisition and transparency of information is essential.



Difference in efficiency in Cement sector  
(CO2 emission per clinker production)

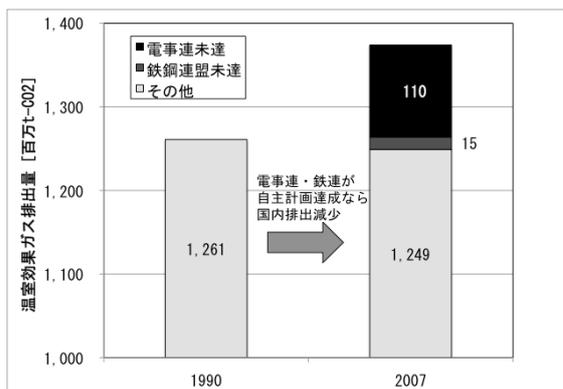
## 3. Policies and Measures (Chapter 3)

### (1) Kyoto Protocol Target Achievement Plan

The national climate policy has been revised three times since its first inception in 1998. However the main policy itself has not changed and there are still significant problems such as the following :

#### - Premise of nuclear power promotion

The scaling up of nuclear power plants and information regarding new construction and operation rates is unrealistically optimistic. For example, in 1998, the government planned to build 20 additional nuclear plants by 2010 and didn't introduce enough policies to improve efficiency and promote renewables. Yet the end result was that only three were added, with this failure causing a marked increase in overall national emissions. Currently, the plan is to build 14 new plants by 2030, but it is evident that this could never happen. This is because the climate policy and plan includes an overly optimistic nuclear plan assessment, so the reduction scenario itself is unrealistic.



#### Over-reliance on voluntary approach (See attached file)

The key policy for major industry is that of a voluntary approach. Policy debate in regards to this has been continuing for some time, but effective mandatory policies are yet to be introduced.

Figure: Emission increase from 1990. Black represents the failure of power sector, with the dark gray showing that of the steel industry.)

The increase in current emissions (until FY 2007) was mainly caused by the failure of a voluntary plan for the power and steel sectors (left figure).

- **Absence of economic instruments**

Carbon tax and cap & trade is yet to be introduced. Consequently, there is no price signal being sent to industries and individuals.

**(2) Recent policy debates**

Under the DPJ's administration, **the Climate Bill** (the Bill of the Basic Act on Global Warming Countermeasures) and **3 key policies** (Carbon tax, C&T, and Feed in Tariff) are under discussion. The bill, which has clear mid and long-term targets, is essential to have as a signal for LCS.

We believe that it is inevitable that these three policies will be introduced eventually, for without such political incentives, further reductions cannot be met. We are of the position that such incentives are essential not only for the global environment, but also for the sake of Japanese economic growth.