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COPENHAGEN AND JAPAN

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1. Copenhagen - will it succeed?

A good Copenhagen deal is achievable despite difficulties on all major issues. In fact, the heads of state gathered for the G8-MEF in Italy made steady progress despite the difficulties. That will hopefully bolster the prospects for securing a new treaty on climate change in December.

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The G8 endorsed a global emissions reduction goal of 50% by 2050. They also agreed with a reduction “in aggregate, by 80% or more by 2050, compared to 1990 or more recent years.” Furthermore, the G8 heads of state for the first time committed to limiting the global temperature rise to 2 degrees Celsius above pre-industrial levels - the ceiling scientists believe is necessary to avoid catastrophic climate change impacts.

The MEF (Major Economies Forum) summit also achieved some developments. Although the forum failed to agree on the “50% by 2050” global emissions reduction target embraced by the G8, the MEF members did nonetheless agree to work together to set a global target before the Copenhagen meeting. Developing countries made other major concessions in accepting the creation of meaningful emission reductions from business-as-usual trends in the context of developing low carbon growth plans.

A new commitment by both developing and developed countries to prepare “low carbon growth plans” is significant. Under this commitment, emerging countries are to take prompt action to reduce emissions resulting in “a meaningful deviation from business as usual in the midterm” aided by developed country financing, technology transfer and capacity building.

Most significantly, the MEF also agreed to recognize that the increase in global average temperature “ought not to exceed 2 degrees C.”

The world media tends to qualify the G8-MEF as a failure because of the refusal of major developing countries to accept specific targets for reducing their emissions. Obviously the developing countries will keep insisting on further cuts in rich countries’ emissions. However, the refusal is in part due to the fact that the G8-MEF did not sufficiently discuss financial and technology support for developing countries.

All the MEF did was to decide to scale up financial resources for supporting action to mitigate and adapt to climate change in developing countries “urgently and substantially.” Finance ministers and central bank governors from 20 key economies will take up climate financing issues and report back to the G20 meeting in Pittsburgh in September.

Progress on climate financing – especially on assistance from

industrialized to developing countries - would be crucial for achieving a deal at Copenhagen. Progress on reduction targets will probably depend on the developed world's stance on finance.

2. What Japan should do

Japan has to prepare itself for a possible Copenhagen deal on a number of accounts.

First, Japan needs to establish a comprehensive and time-bound national strategy in the form of law to reduce its GHG emissions consistently and substantially and to achieve a thriving low carbon economy. The strategy must be consistent with already established long-term targets for achieving a 60-80% reduction from the present levels.

One of the emerging consensuses is for all countries to put economy-wide emissions under nationally binding control before they formulate an international treaty. Japan has to shift from the prevailing piecemeal legislation to comprehensive and economy-wide legislation, from enabling and inducing legislation to binding legislation.

Another emerging consensus is that the most cost-effective way to abate national emissions is to put a price on carbon and implement an emissions trading system. The EU is doing so and the US seeking to establish such a system. Japan has to make its own decision eventually.

Secondly, Japan must view GHG reduction not as a growth-restraining action but as a way to transition to a thriving low carbon system. People tend to take environmental considerations as constraints on free economic activities and growth, hence the oft-repeated slogan "in search of a harmony between economy and environment". Yet the cliché carries a hidden hint of the economy resisting doing anything that will hurt production and growth.

Actually, the world debate is shifting. People now conceive keeping the environment clean and pristine as not only compatible with growth but as actually enhancing growth through green investment. A tremendous surge in new demand for eco-cars is a testimony to this new trend.

Thirdly, Japan has to fully share the deep concern of the world toward the worsening climate situation. It henceforce has to act according to science and uphold the 2 degree C rise as Japan's climate objective. Only with Japan's positions on such key issues becoming clearer can the country spearhead the grand international endeavor to save the planet.

3. In search of a definitive climate solution -- a new mission for Japan?

Leadership demands a country not just tinker around but instead establish a new vision for the future. Leadership entails proposing a new and definitive solution for climate change. Here is a basic question to be asked: by negotiating a deal at Copenhagen, by trying to make it the most ambitious, are we sure we can stop global warming and achieve climate stability at an acceptable level? Nobody is sure.

The timing of US domestic legislation is unknown. The scale of China's abatement efforts is not known either. Without doubt, much will remain to be done after Copenhagen to contain climate change.

The Copenhagen deal will surely be based on national capping systems whereby countries try to cap others more than themselves. This risks not ensuring climate stability at the required level.

Then there is the huge moral dimension to consider. If the international community rises up to the challenge of climate change and mobilizes global efforts of this magnitude, it must succeed. After spending hundreds of trillions of dollars fighting against climate change, governments cannot tell their people at the end of the day, "Sorry folks, we failed to stop it..."

From the immensity of the challenge it is clear that the search for a definitive solution must continue well beyond Copenhagen.

The search for a definitive solution must start from the basic scientific truth. In fact, science tells us that there is a definite limit to the amount of GHGs that can be emitted safely over the long term so as to avoid a climate catastrophe. This finite amount of GHGs is called the "carbon budget".

Scientists from Oxford University and the Potsdam Institute for Climate Impact Research in Germany argue now that the grand total of the carbon

budget for keeping the temperature rise below 2 degrees C is 1 trillion tons of carbon (equivalent to 3.67 trillion tons of CO₂) and already half of this budget has been spent and is up in the atmosphere (*).

So we have to find the best way to consume the remaining 500 billion tons of carbon (allowing a 50% risk of exceeding 2 degrees C) or 250 billion tons in case we want the risk to drop to 25%.

The surest way to achieve climate stability at a desired level is to cap global GHG emissions strictly according to the carbon budget. Nations will then be allowed to collectively emit but only within the limit of that carbon budget.

The most cost-effective way to do this is to start global emissions trading. Allowances will be issued and traded freely world-wide. Free trading will create a single carbon price globally, forcing abatement to take place wherever it is least costly.

Only with a global carbon price can enterprises make sound decisions on burning fossil fuels. Enterprises will burn fossil fuels and emit CO₂ only if it is justified in light of the global carbon price.

Fundamentally, a global emission trading system would force fossil fuels to be burned in the most rational and competitive way possible. It would also compel enterprises to spearhead energy efficiency and invest in cleaner technologies.

A global emissions trading system is therefore not a growth-restraining practice, as businesses would be able to burn as much fossil fuel as needed providing they remain competitive in relation to the global carbon price.

Of course, a global carbon trading system may not be reality tomorrow or the day after tomorrow. Yet momentum is gathering.

The EU has announced that it aims to establish an emissions trading system amongst OECD countries by 2015, and a global ETS by 2020.

Developing countries are now talking about the limitations of the carbon budget. Experts in major developing countries are expressing new ideas based on global emissions trading and the carbon budget.

The world is deeply concerned as climate change is taking place much faster than previously thought. The situation is most definitely going to

deteriorate even further over time, and that will result in an ever stronger demand for the urgent implementation of a definitive solution in order to prevent a climate catastrophe.

The architecture of a global emissions trading system must be further elaborated. It must comprise other measures such as regulations, standards, technology innovation policies, etc., so that price signals work more effectively to push countries onto a low carbon path. Japan can start considering and spearheading a new global system that could stop global warming effectively and maximize growth globally.

(*) See “Humanity’s carbon budget set at one trillion tons” by Catherine Brahic, *New Scientist*, 29 April 2009. 

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