

Domestic Actions and Implementation

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1

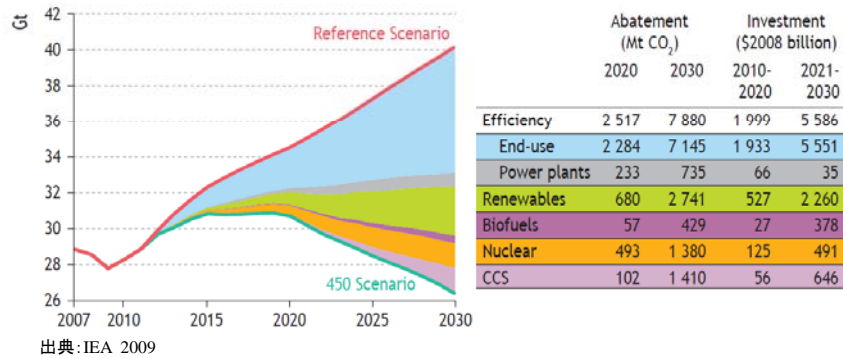
Outline

- Background
- Developing countries
 - With special reference to China
(findings from IGES-ERI Policy Dialogue)
- Developed countries
 - With special reference to Japan
- Conclusions

2

Background

World energy-related CO₂ emissions abatement



- For the 450 Scenario to be achieved, emissions reduction or control by all the countries are required.
 - OECD plus countries: From 13.1 Gt (2007) to 7.7 Gt (2030)
 - Major economies (Brazil, China, the Middle East, Russia, and South Africa) : peak at 12.6 Gt (2020) and decline to 11.1 Gt (2030)
 - Other developing countries: Reduce from BAU
- However,
 - ⇒ *Challenges to domestic actions and implementation*

3

Long History in Domestic Actions by Developing Countries

- Many developing countries have been taking various **domestic climate-related actions**, even though some of such actions were **motivated by non-climate goals**.
 - “Six developing countries (Brazil, China, India, Mexico, South Africa and Turkey) reduced their emissions growth over the past three decades by about 300 million t-C a year”. (Chandler et al., 2002)
 - China’s 20% energy intensity reduction programme (2006-2010) could deliver 190 million t-C reduction from BAU in 2010 (ERI 2009).
- However, lack of adequate international recognition
 - Various options have been discussed (SD-PAM, Registry, Sectoral no-loose target etc)
- Recently, developing countries became more engaged.

4

Recent Developments in Developing Countries (1)

- South Africa: Env. Minister (July 2008)
 - To **peak out its GHG emissions by 2025–30**
 - To introduce carbon tax and mandatory sectoral energy intensity targets
- India: Env. Minister (Sep. 2009)
 - “Even two decades from now, India’s **per-capita GHG emissions** will be well **below the global average** of 25 years earlier,”
- Indonesia: President Yudhoyono’s statement at the Pittsburgh G20 Meeting (Oct. 2009)
 - Voluntary pledge (or “own commitment as good citizens of the world”) to **reduce Indonesia’s emissions by 26% by 2020 from BAU**, and by **up to 41% with international support**

5

Recent Developments in Developing Countries (2)

- China: President Hu Jintao’s address to United Nations Climate Change Summit (Oct. 2009)
 - to cut carbon dioxide emissions per GDP by a “**notable margin**” by 2020 from 2005 levels
 - to increase the share of “non-fossil fuels” in primary energy consumption to around 15 percent by 2020
 - to increase forest coverage by 40 million hectares and forest stock volume by 1.3 billion cubic meters by 2020 from 2005 levels
 - step up efforts to develop green economy, low carbon economy...
- *Implying the possibility of China’s commitment with programmes (such as energy intensity target, RE target etc)?*
- Behind this announcement lay a number of recent developments

6

China: Recent Developments

- 11th Five Year Plan (2006-2010): 20% reduction of energy consumption per unit GDP by 2010 on 2005 levels
 - 4 % reduction annually, but progress initially slow
 - 2006: 1.33%
 - 2007: 3.27%
 - But gaps have narrowed significantly
 - Recent estimates suggest reduction of 10.1% between 2006-2008
 - Replacement of backward capacity
 - Inclusion of intensity targets in local leader promotional incentives
- Energy intensity targets likely extended into 12th Five Year Plan and could be a significant piece of **“notable margin”**

China: Recent Developments

Administration

Jun 2006 Establishing energy conservation and emissions reduction steering group chaired by PM
 Jun 2006-National Climate Change Leading Group
 Sep 2006 Targets distributed to provinces
 Oct 2008-Climate Change Department under the National Development and Reform Commission (NDRC)

Since 2006, China has introduced a number of climate-related programs

Monitoring

Nov 2007 Implementation program of energy intensity per GDP statistical index
 Nov 2007 Implementation program of unit energy use per GDP exam
 Nov 2007 Implementation program of unit energy use per GDP monitoring

Industry

Apr 2006 1000 large energy user programs by national government
 Apr 2006 Extending provincial large energy user monitoring program
 Jun 2006 Closure of small-size industries in energy intensity sectors, including cement, steel, non-ferrous, chemicals
 Jan 2007 approval for new projects based on energy efficiency standards

Energy Conservation

June 2007 Work program for energy conservation and emission reduction
 October 2007 Energy Conservation Law (Revised)

Buildings

February 2006 11th five year plan for energy conservation in buildings
 June 2007 Building efficiency standard implementation

Standardization

Sept 2006 Second catalogue of energy efficiency labeling for consumer products
 January 2008 Third catalogue of energy efficiency labeling for consumer products

Power generation

January 2007 Closure of small power plants
 2007 Regulation for new power plants to be super critical or ultra super critical

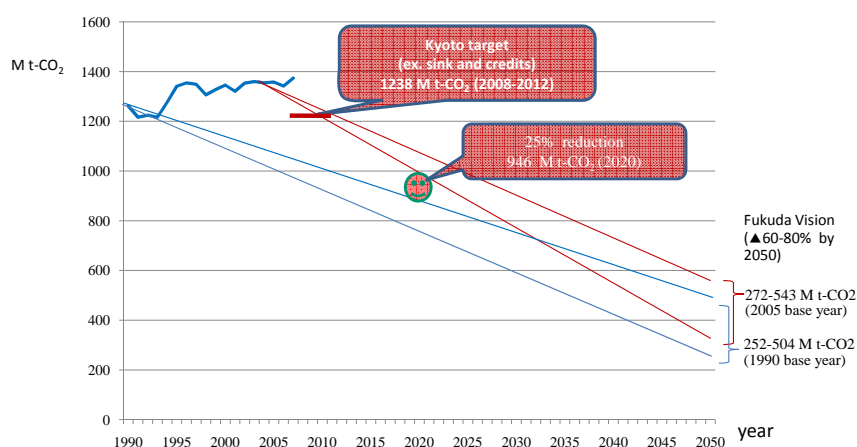
Transport

September 2007 Light duty fuel efficiency standards
 Public consumption
 June 2008 Eliminating cost-free use of plastic bags

Implementation: Issues and Challenges for China

- Clarifying ambiguities
 - What does “notable margin” mean
 - How does it relate to energy intensity targets and other programs?
- Compliance incentives
 - Promotional incentives more palatable with low cost mitigation options
 - May be more difficult with more expensive abatement decisions
- Commitments with programmes
 - Caps are not politically feasible but commitments with programmes may be
 - How would be the rigidity of such commitments ensured?
 - How can they be packaged as NAMAs and MRVed?
 - What type of legal status would such commitments be?

Japan: Recent Developments



- Prime Minister Hatoyama announced Japan’s mid-term target, 25% cut from 1990 levels in 2020
- Japan’s commitment is premised on agreement of “ambitious targets by all major economies”

Japan: Recent Developments

- Hatoyama Initiative: Support for Developing Countries
- Four principles
 - Developed countries provide substantial, new and additional public and private financing
 - International recognition of developing countries' emissions reductions, in particular those achieved through financial assistance, in a MRV manner
 - Innovative climate aid mechanism
 - Under the auspices of the UNFCCC
 - One-stop provision of information on and matching of available bilateral and multilateral financing
 - Framework to promote the transfer of low-carbon technologies, while protecting IPRs

11

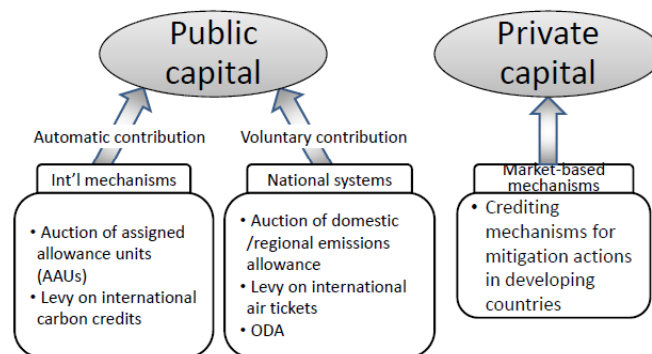
Japan: Issues and Challenges

- Clarify how Japan will achieve its target
 - Ratio of carbon sinks and international carbon credits
 - Domestic emissions trading scheme or carbon tax
 - Feed-in-tariff for renewable energy
- Contradiction with other policies
 - Abolition of highway toll, and abolition of gasoline tax
- Clarify “ambitious targets by all the major economies”
 - No concrete criteria for judging the ambitiousness of other countries' targets
 - Abatement costs are important in terms of international competitiveness, but are just one of several criteria
 - Responsibility, ability to pay, reduction potentials, emissions per capita

12

Japan: Issues and Challenges

- Clarify how support for developing countries will be raised and allocated?
- Address several important points which the Hatoyama Initiative misses
 - Ownership
 - Governance
 - Adaptation



13

Conclusions

- Both China (and some developing countries) and Japan have taken ambitious steps; however, these countries need to gradually clarify ambiguities
- Important to recognize that ambiguity is calculated and strategic
 - Meant to appease domestic interest groups and enhance negotiating positions with other countries
- China
 - Specifying linkages between “notable margin” and ongoing policies, including but not limited to energy intensity targets
 - Extend and strengthen local promotional incentives for energy intensity and wider range of policies
 - Consider package of action-based commitments distinct from caps
 - Acknowledge concessions from developed countries such as Hatoyama initiative
- Japan
 - Enact mandatory measures to set a price on carbon
 - Enhance coordination between climate and other policies
 - Specify criteria for judging the ambitiousness of other countries’ targets
 - Provide concrete policy options to support developing countries

14

Conclusions

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- Important to recognize that ambiguity is calculated and strategic
 - Meant to appease domestic interest groups and enhance negotiating positions with other countries
- China
 - Specifying linkages between “notable margin” and ongoing policies
 - *General lesson: Ensuring the rigidity of action-oriented commitments*
 - Extend and strengthen local promotional incentives for energy intensity and wider range of policies
 - *General lessons: Establishing incentive mechanisms for implementation/compliance*
 - Consider package of action-based commitments distinct from caps
 - Acknowledge concessions from developed countries such as Hatoyama initiative
- Japan
 - Enact mandatory measures to set a price on carbon
 - Enhance coordination between climate and other policies
 - Specify criteria for judging the ambitiousness of other countries’ targets
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15

Thank you very much!

16

Questions

1. How could domestic actions be enhanced?
2. What are the main opportunities and obstacles for domestic actions?
3. How could the future climate regime help India (and other developing countries) achieve its targets and other nationally appropriate mitigation actions (NAMAs)?