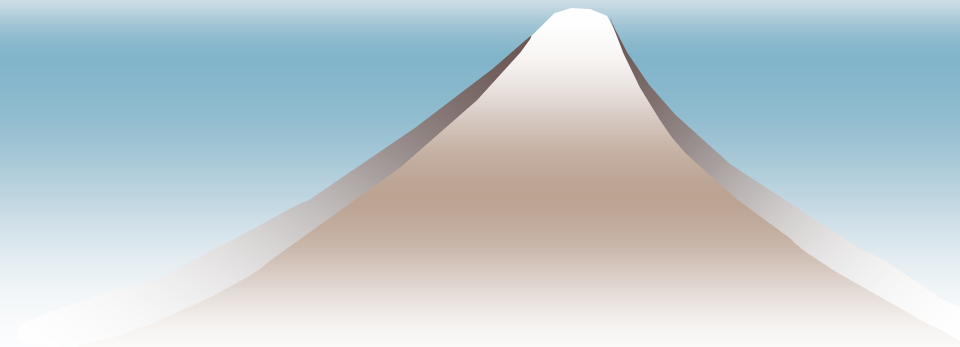


Japan's Emission Reduction Scheme “Emission Trading”

Takuro Kobashi, Ph.D.
Institute for
Global Environmental Strategies



Outline

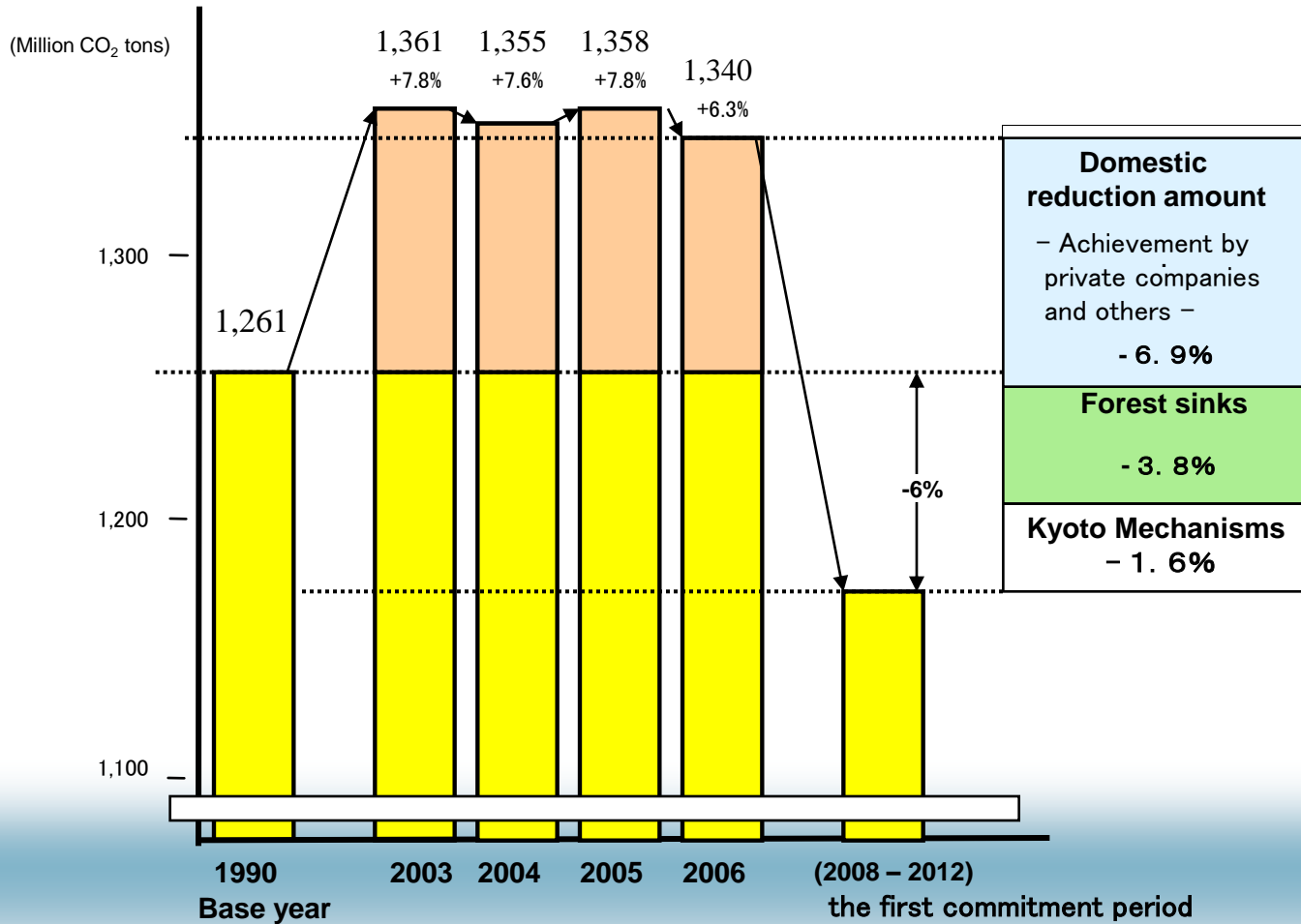
- ◆ Kyoto Target and Plan
- ◆ Carbon Markets in Japan
- ◆ Trial Integrated Carbon Market



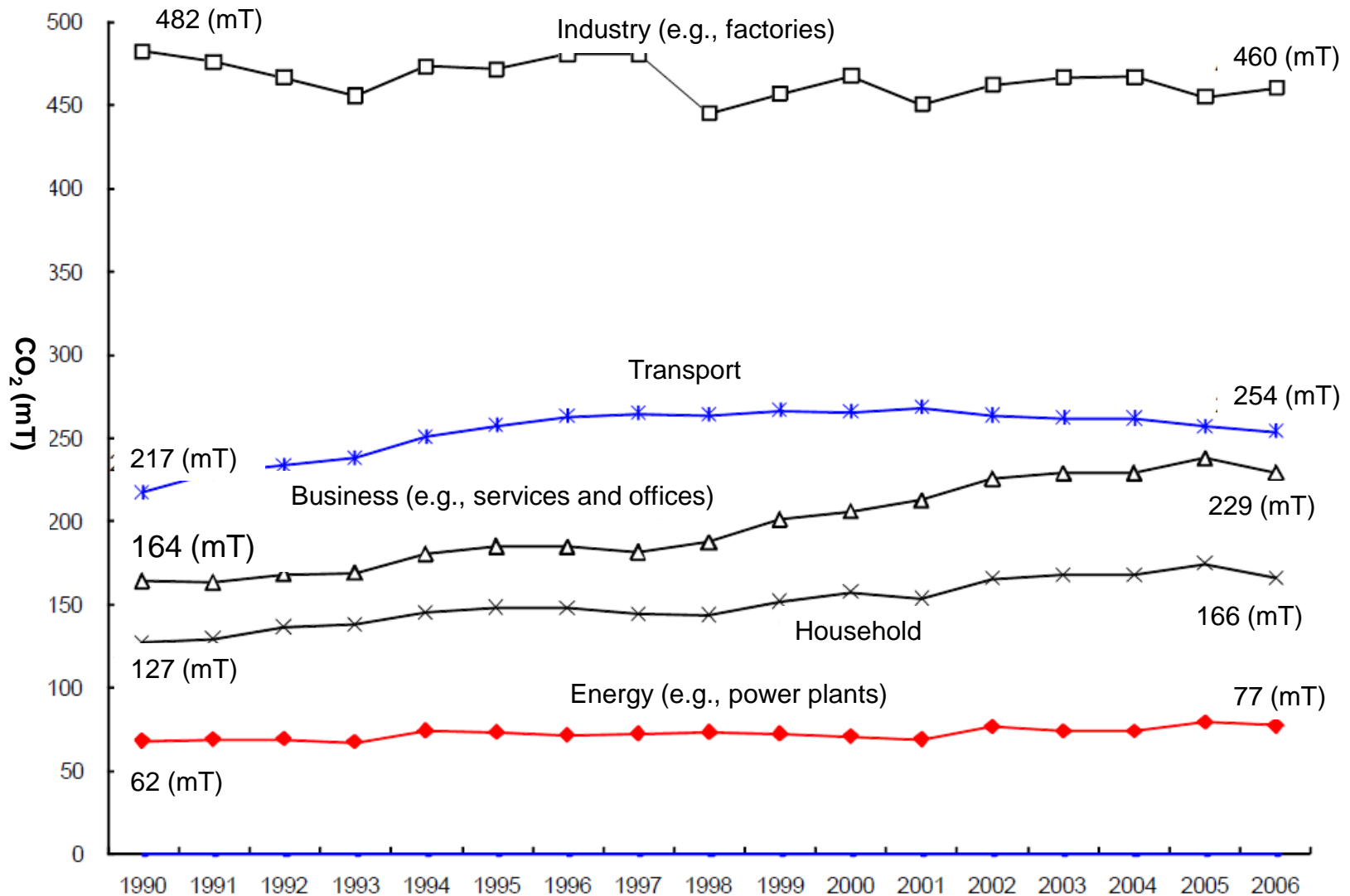
Kyoto Target and Plan



Kyoto Protocol Target Achievement Plan



Trends in Emissions by Sectors

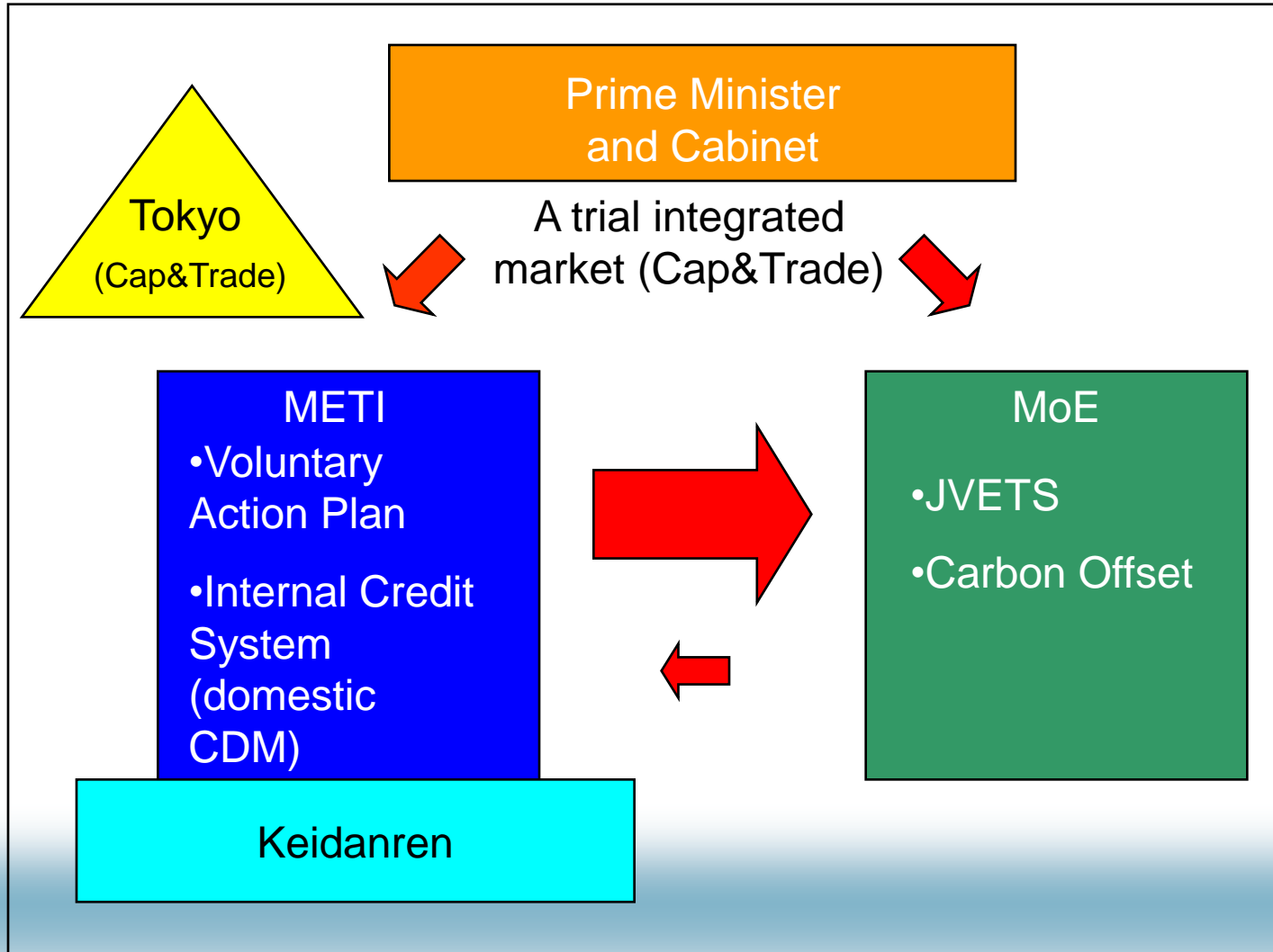


Fukuda Vision

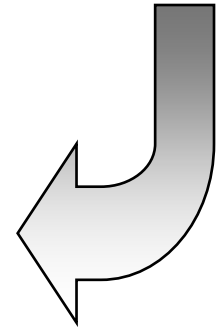
- ◆ Announced on June 9th.
- ◆ A long term goal of 60-80 % reduction by Japanese society.
- ◆ Development and promotion of innovative technologies
- ◆ A trial for emission trading



Actors for market mechanisms in Japan



International
Carbon
Market (e.g.,
CDM)

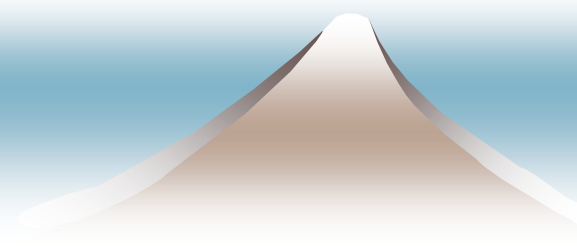


Carbon Markets in Japan



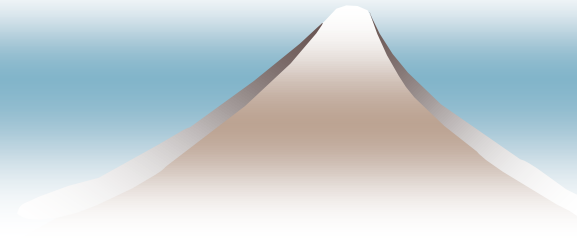
Carbon Markets in Japan

- ◆ JVETS (Japanese Voluntary Emissions Trading Scheme)
- ◆ Voluntary markets (e.g., carbon offsets)
- ◆ Internal Credit System (domestic CDM)
- ◆ Clean Development Mechanism (CDM)
- ◆ **A Trial for Emission Trading**
- ◆ Tokyo metropolitan C&T



JVETS

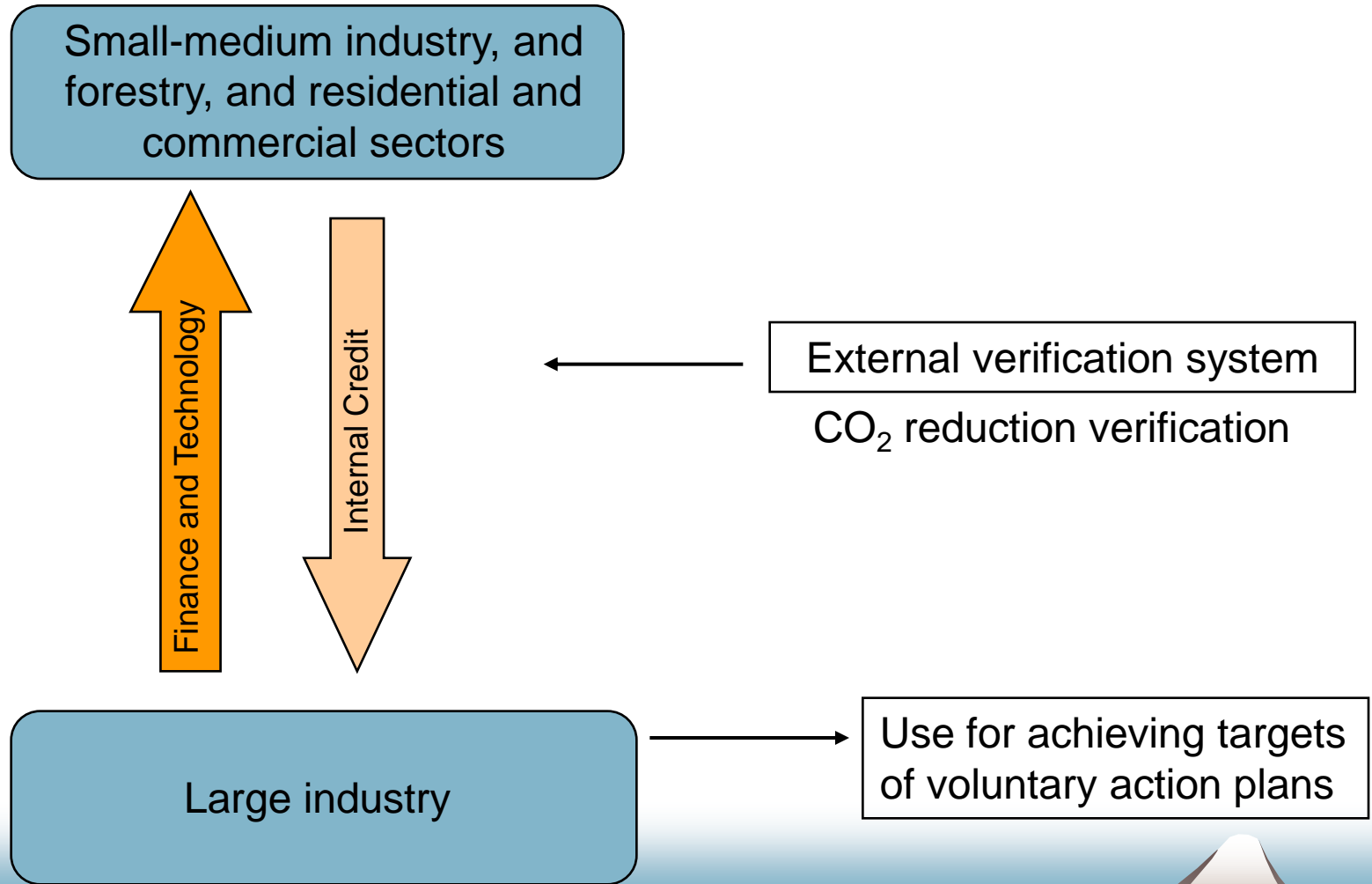
- ◆ Voluntary emission trading scheme in Japan since 2005 by MOE.
- ◆ Rapidly growing since the beginning of 2008 with over 200 participants (e.g., steel, paper & pulp, ceramics).
- ◆ The “monitoring, reporting and verification system” under JVETS can be a basis for a mandatory C&T in the future.



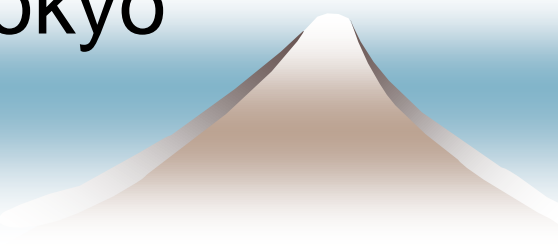
JVETS – Term 2006

- ◆ 61 companies participated
- ◆ 55k ton of CO₂ emission amount was traded.
- ◆ The average price was 1250 yen (\$12)/ton.
- ◆ Total CO₂ emission reduction was 280k ton.

Internal Credit (CDM) System



Tokyo's Initiative

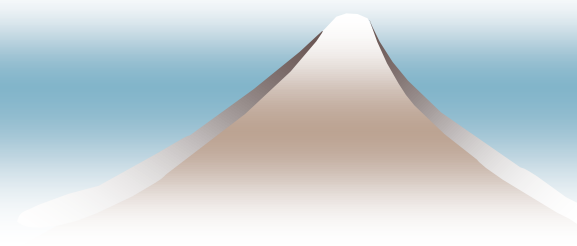
- ◆ Mandatory cap & trade system beginning from FY2010
 - ◆ Gas covered: CO₂
 - ◆ Cap setting: Base year emission × 5(years) × Compliance factor (e.g., 0.9)
 - ◆ Penalty: Financial penalty
 - ◆ Several local governments (e.g., Saitama, Ishikawa, Shimane) may join Tokyo
- 

Trial Integrated Carbon Market



Trial Integrated Market

- ◆ Voluntary participation and voluntary target setting built upon “Voluntary Action Plan”
- ◆ Gas covered: CO₂
- ◆ Target: emission amount or intensity
- ◆ Penalty: No
- ◆ Period: 2008-2012, and cycle is one year.
- ◆ Credits: CERs, credits from internal credit system, JVETS, voluntary targets



Schedule

October-December

- Gather participants

January-March

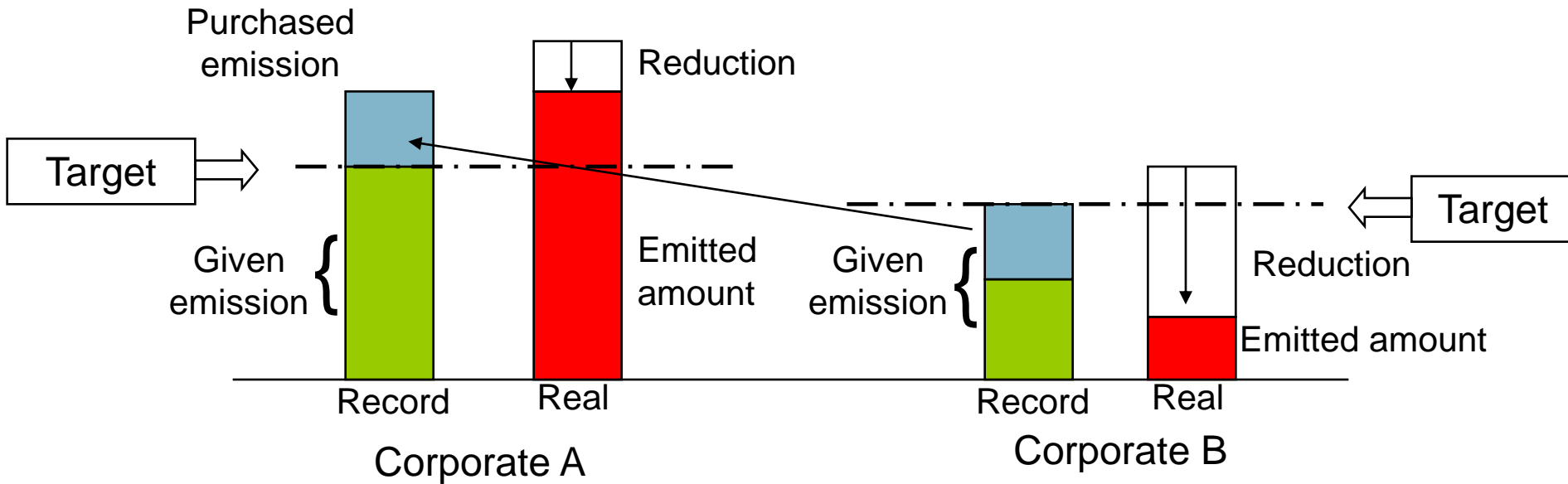
- Verify appropriateness of targets

August

- Report on a year-round emission of the previous fiscal year



Schematics of Trial Integrated Market



Thank you for your attention!

Takuro Kobashi (kobashi@iges.or.jp)

Tel :+81-(0)46-855-3871

Institute for Global Environmental Strategies

A decorative graphic at the bottom right of the slide, featuring a stylized mountain peak or cone shape. The peak is light brown and tapers to a point, set against a blue gradient background that transitions from light blue at the top to a darker blue at the bottom.