

*Cooperative Mitigation Actions
between
Developed and Developing
Countries*

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1. Cooperative Actions

- The Kyoto Protocol covers one third of the global GHG emissions. Considering “Hot Air” it does less substantially.
- To achieve the ultimate objective of the Convention all major emitting countries (“major emitters”) should have mitigation targets.
- The Bali Action Plan seems a good starting point for future negotiation.
- As emerging economies expand, cooperative mitigation actions between developed and developing major emitters are more important.
- The following is my personal view:

2. Sectoral Approaches

- An electric power sector:
 - has the biggest emission share,
 - does not face global competition, and
 - is easy to forecast emissions (i.e. $\text{CO}_2/\text{Wh} \times \text{Wh}/\text{GDP} \times \text{GDP}$).
- Each power sector in all major emitters should set a numerical target.
- Power sector-specific cooperative actions including transfer of technology are to be introduced.
- Other sectors esp. in confronting global competition should have universal intensity targets.

3. Low Carbon Technologies

- Low carbon technologies in power sectors include: renewable energy, efficiency improvement on supply side, carbon capture and storage (CCS), and nuclear power.
- Most major emitters have targets for renewables. Additionality of renewable CDM in developing major emitters is often questioned.
- Efficiency improvement such as turbines, transmission lines, etc. is to be encouraged.
- CCS CDM is under discussion.
- Nuclear power cooperation should be discussed, premised on nonproliferation and safety.

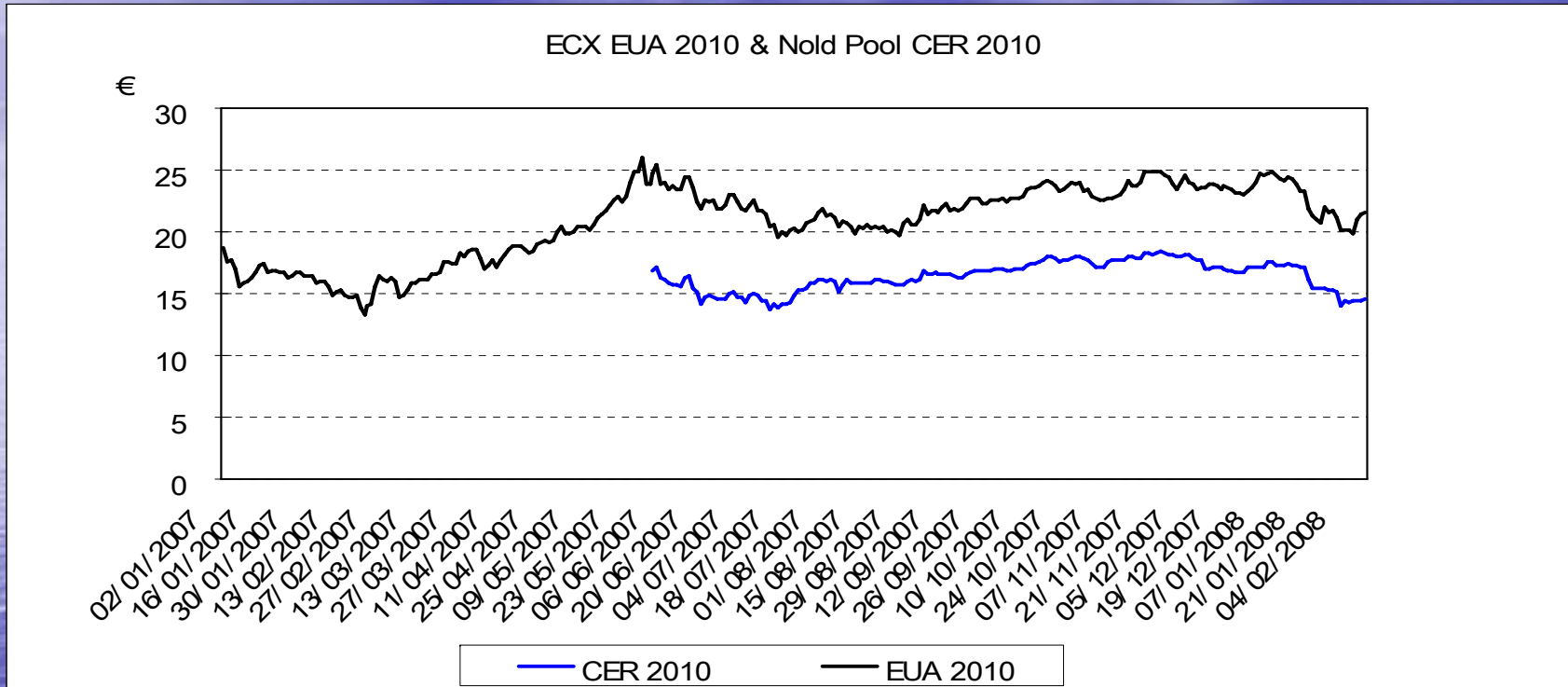
4. Flexible Mechanism

- “4 wins” is a key reason for success of CDM, i.e. “win-win” mechanism between developed and developing countries, and participation of both private sectors as engines of mechanism.
- Joint cooperative actions in power sectors between developed and developing countries should be designed, allowing participation of private sectors, which are considered similar to JI first track.
- Other sectors could continue the existing CDM.

5. Carbon Market

- Carbon prices (ex. EUA, CER) in the markets are correlated with oil prices (ex. WTI).
- Paradox of carbon price movements :
 - oil prices up → down of fossil fuels consumption → low carbon prices, or
 - oil prices up → shift from gas to coal for electricity → high carbon prices
- The existing carbon markets unlikely promote low carbon technologies.
- A key toward low carbon society is investments to and R&D of low carbon technologies.
- Revenues from carbon tax and/or auctions of carbon allowances should be used for low carbon technologies.

Paradox of Carbon Prices



Conclusion:

Toward Low Carbon society

- The ultimate objective of the Convention to achieve lower stabilization levels could be realized through low carbon society.
- A key toward low carbon society is investments to and R&D of low carbon technologies.
- Joint cooperative actions between developed and developing major emitters are most desirable.
- Cooperative actions in power sectors including transfer of technology should be designed, allowing participation of private sectors, being similar to JI first track.