

# CLIMATE SUDOKU

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## JAPAN'S BUMPY RIDE TOWARDS A POST-2012 TARGET



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- Having pledged under the Kyoto Protocol to reduce its greenhouse gas (GHG) emissions by 6% relative to 1990, the most recent data show Japanese emissions actually exceeding 1990 levels by 9% in 2006.
- Aggressive domestic emission cuts and the implementation of a progressive climate agenda continue to be delayed by bitter disputes between key ministries about who has the authority to draft policy on climate change.
- A Koizumi-like politician, who would be at once efficient, popular and beyond reproach, and who would exercise bold leadership in pulling Japan out of this policy morass, has yet to emerge.
- Since the Protocol ignores substantial emission cuts achieved through improvements in energy efficiency prior to 1990, criticism of the current Kyoto target's unfairness is deeply rooted in Japan. Consequently, some actors, especially from industrial quarters, vehemently oppose committing to a more ambitious figure. Climate NGOs and more progressive politicians pushing for deeper cuts face a bitter struggle against entrenched interests.
- The multiple stages of public consultation organized to set a target for the 2012-2020 period constituted a very unusual phenomenon in Japanese politics. The intense political struggle that surrounded this process revealed that deep divisions persist among relevant decision-makers.
- Japan's new mid-term target of an 8% cut in emissions for the Copenhagen negotiations only deepens its Kyoto commitment by 2 percentage points. This number represents reductions deemed achievable through purely domestic means, so Japan may agree in December to a deeper commitment, but significantly more ambitious concessions would be difficult to extract

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Ougijima Thermal Power Plant. Photo: Takato Marui

Under the Kyoto Protocol, Japan has pledged to reduce its GHG emissions during the first commitment period by 6% relative to 1990.<sup>1</sup> However, Japan's national GHG inventory indicates that emission levels for 2007, the latest year for which official estimates are currently available, have reached 1.374 billion tons of CO<sub>2</sub> equivalent, representing a 9% increase relative to the base year.

Japan's package of policies and measures placed heavy emphasis on improving energy efficiency, but developments in unrelated fields offset the benefits derived from technological progress. The yawning gap that resulted, of as much as 15 percentage points, raises serious questions about Tokyo's ability to reduce emissions to the level it has committed itself to. In order to bridge this gap, Japan has been making extensive use of emissions trading and carbon sinks, the two ways to offset increases in domestic emissions under the Protocol.

With the end of the first commitment period in sight, the need to decide on the shape of the world's climate change regime after 2012 has become apparent. The conference to be held this December in Copenhagen (COP15) has been designated as a key stepping stone towards the post-2012 climate regime following the Kyoto Protocol. It is

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1. The base year for the Kyoto Protocol is determined to be 1990 for carbon dioxide, methane and nitrous oxide, but 1995 for hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. However, as carbon dioxide makes up the overwhelming amount of GHG emissions, throughout this paper 1990 is used to refer to the base year for brevity's sake.

considered crucial for the success of the conference that countries specify the emission reductions they intend to achieve during the 2012-2020 phase.

This figure is the focal point in negotiating each country's responsibilities during the upcoming period. Scientific research suggests that developed countries need to cut emissions by 25-40% by 2020 relative to 1990. The European Union (EU) unilaterally pledged itself to 20% reductions and vowed to upgrade its commitment to -30% if other developed countries followed suit. Many voices in Japan, chiefly affiliated with large industrial interests, consider the Japanese target under Kyoto as hopelessly over-ambitious, especially as the considerable cuts in GHG emissions that Japan achieved from energy improvements before 1990 are not taken into account under the Protocol. Suggestions for even deeper emission cuts encounter firm resistance.

This paper explores the process through which Japan produced its post-2012 8% reduction target during the first half of 2009. It seeks to describe the context of the Japanese debate on climate change, to highlight the relationships between key actors, and to analyze the stance Japan is likely to take during the negotiations themselves.

### From an old target to a new one

Japan's Kyoto target, a 6% cut in GHG emissions relative to the 1990 level, was not based on economic analysis, but is the result of purely political negotiations. In 1997, while hosting a Conference

of Parties in its old imperial capital, Japan was surprised to find that the 2.5% reduction target it had formulated internally was greatly outbid by the two other major negotiating parties, the EU and the US. Although econometric models prepared by the Ministry of International Trade and Industry showed that under optimistic conditions Japan could at most achieve 0.5% cuts, Tokyo had to compromise at -6%.

The growth in Japanese emissions since 1990 stems from increases in the household, transportation and commercial sectors. Japan's advances in energy efficiency are offset by the steep rise in car ownership and the proliferation of household appliances. Reliance on fossil fuels in Japan's energy mix remains high, especially when it comes to coal. Nuclear energy is used inefficiently and investment in renewable energy sources is relatively low compared to other OECD countries. The use of market-based tools has been limited thus far.

During the recent domestic debate about Japan's mid-term target, the Ministry of the Environment (MOE), together with a network of environmentally-minded NGOs, pushed for a post-Kyoto commitment that would be in line with the EU's -20% target. However, opposition to deepening emission cuts is organized, fierce and unapologetic. Given the fallout of the current economic crisis, which has hollowed out Japan's export-driven economy, this message has gained additional weight and credibility.

Japanese business interests view the Kyoto Protocol as a diplomatic failure. The Japan Business Federation (Nippon Keidanren), the conservative voice of the country's major industrial associations, has repeatedly questioned the fairness of the Protocol in the media, often pointing out that other countries expect to fulfil their current targets by implementing policies that Japan had already put into practice by the end of the 1980s in response to the earlier oil shocks. The fact that the EU was able to volunteer for an aggressive target for the post-2012 period is also seen as the result of an unfair advantage, gained by absorbing states in Central and Eastern Europe that had shed a great deal of antiquated and emission-intensive industrial capacity after 1990.

This opposition is to some extent understandable. For the Keidanren, the marginal costs demanded by further emission cuts made a deeper commitment

unacceptable. Competition from China and the US was a key argument in this respect. These countries, for their individual reasons, were not bound to achieve emission cuts in the period up to 2012. The possibility that China will incur no obligations to reduce emissions after 2012 is a real one, and the target for the same period announced by the Obama administration, to reduce current emissions merely to the 1990 level, is less ambitious than most options entertained by Tokyo (see below).

Furthermore, by and large industries seem to be in compliance with the Kyoto Protocol, whereas, as pointed out above, other sectors are not. Key relevant indicators, such as total final consumption and direct and indirect sectoral emissions, place industries in a more favourable position today than in 1990. Having done their bit to cut emissions by implementing so-called "voluntary agreements", industries fear that further cuts will eventually bring government regulation down upon them, together with increased costs and loss of competitiveness, while the performance of other sectors remains unaddressed.

### **The decision-makers' position**

Japanese politicians typically lack auxiliary staff assisting them with professional expertise. Therefore the actual drafting of laws is generally outsourced to government bureaucracies, who enjoy a relatively free hand in this matter. As a rule, ministries and agencies encounter little opposition from elected officials and, even if they do, they often succeed in resisting it.

Japanese ministries are notorious for engaging in fierce battles with each other if a new issue comes up that falls potentially within the sphere of more than one of them. Climate change is just such an issue. MOE is a comparatively young and resource-poor ministry, struggling to assert itself in bureaucratic turf wars. The much better connected and staffed Ministry of Economy, Trade and Industry (METI) has long been trying to frame climate change as a question of energy policy, which would bring the target-setting agenda under the control of its own Agency on Natural Resources and Energy. MOE has had to create institutional alliances with domestic climate NGOs and the Ministry of Foreign Affairs in order to lend weight to its views, and often relies on



Japanese National Diet Building, where both Houses meet. Photo: Magne Land

international public opinion to stand up to METI and its business allies, such as the Keidanren.

Theoretically, Japan being a democracy, a debate of this magnitude cannot be held hostage to bureaucratic rivalries. However, in the case of the debate on mid-term targets, elected officials were, due to a variety of factors, not in a position where they could propel the discussion in a progressive direction.

The governing Liberal Democratic Party, traditionally a pro-business party, is an unlikely and reluctant champion of green causes. After the resignation of Koizumi Jun'ichirō in 2006, all subsequent Prime Ministers have suffered dismal approval ratings, the incumbent Asō Tarō most of all. The approval of an aggressive reduction target and the integration of economic measures into a more effective policy package, which would affect both voters and businesses, would have been out of character and improbable.

The Minister of the Environment, Saitō Tetsuo, from the Clean Government Party (Kōmeitō), was a strong backer of a progressive agenda on climate change, and repeatedly criticized the stance of business organizations as “retrograde”. His decision to openly break the political consensus that had started to coalesce in May (see below) had a powerful effect in compromise-driven Japanese politics, but the efficacy of his actions was curtailed by his limited political base.

The Democratic Party of Japan (DPJ) was also progressive. Rejecting typical bureaucratic interference, it had started to incorporate suggestions from environmental NGOs into its platform. It had also announced it would make the -25% target its basic negotiation position for the Copenhagen Conference if it won the upcoming September elections for the House of Representatives. However, a corruption scandal prompting the resignation of its party leader, Ozawa Ichirō, cast the DPJ into dire straits, potentially depriving the climate agenda of a powerful ally.

### **Distilling the final figure**

Having declared its intention to announce Japan's mid-term emission reduction target by the end of June, the Cabinet was caught between a rock and a hard place. It duly set up an Informal Advisory Committee on Global Warming to address this issue. Such advisory committees are an established feature of Japanese policy-making, bringing together the various parties interested in drafting particular legislation. Summoning conflicting groups to deliberate in a common arena is seen as a means whereby interest groups can view their demands within a wider context and facilitate the creation of a compromise in a non-confrontational manner.

The Committee's views on the matter were split, so in February, instead of producing a single

figure, it handed the Prime Minister as many as six targets to choose from. Some options clearly favoured economic actors, while others were designed to placate the concerns of the environmental camp. Drawing vigorous criticism from both domestic and international quarters, some of the initial targets had to be revised in March. Table 1 below shows the targets proposed by the Informal Advisory Committee on Global Warming as they evolved through early 2009.

<b>Presented in February</b>	
<b>Target</b>	<b>Trend*</b>
6% increase	12% softening
2% cut to 7% increase	8% to 13% softening
4% cut	2% softening
1–12% cut	5% softening to 6% deepening
16–17% cut	10% to 11% deepening
25% cut	19% deepening
<b>Changed in March</b>	
<b>Target</b>	<b>Trend*</b>
4% increase	10% softening
0–3% cut	6% to 9% softening
7% cut	1% deepening
15–16% cut	9% to 10% deepening
16–17% cut	10% to 11% deepening
25% cut	19% deepening

**Table 1: Options for emission reduction targets handed by the Informal Advisory Committee on Global Warming to the Japanese Cabinet.**

*\*The difference between the target for the first commitment period and the 2020 target: softening implies a less ambitious target, and deepening a more ambitious one.*

In defiance of this, the Keidanren went out of its way to voice its opposition to anything but the least stringent target, to the spirited criticism of the Minister of the Environment. As the attempt to reach a consensus within the relatively cloistered confines of a committee had failed, the Cabinet took the unusual step of organizing public hearings in major cities throughout Japan in April and May. Although these meetings were meant to facilitate the crystallization of a common figure, the polarization of opinions persisted. Being attended mostly by representatives of the business communities and environmental NGOs, over 70% favoured the 4% increase, and over 20% the 25% cut.

By mid-May some Japanese business groups started buckling under the pressure. While the Keidanren, Japan's most conservative business association, persisted in its support for the 4% increase, the Japan Chamber of Commerce showed its support for a target between a 1% increase and a 5% cut, while the Japan Association of Corporate Executives supported a 7% cut. It was this latter figure that support eventually started crystallizing around. This was arguably because it represented, according to a METI econometric study, the maximum emission reductions achievable by introducing any foreseeable new technologies into homes and businesses without making their use compulsory.

Nevertheless, vigorous clashes among ministers during Cabinet meetings were reported during early June, showing that the debate was far from settled. Finally, after the public debate on the subject had all but escalated out of control, on June 10 the Cabinet produced its final target for this year's Copenhagen negotiations, namely 15% reductions relative to 2005.

The target, representing emission cuts achievable through purely domestic means, actually only amounts to an 8–9% cut relative to the more traditional 1990 base year. As such, it represents a meagre improvement over the old –6% Kyoto target and it pales in comparison to the ambitious 20–30% cut advocated by the EU. However, it had the advantage of enjoying the support of the population, in addition to that of businesses and government representatives (see next page).

## The public's attitude

To get rid of the mid-term hot potato, in late May the Cabinet took the additional extraordinary decision to organize a public opinion poll on the Committee's targets. This was soon met by a rival poll sponsored by WWF Japan, an environmental NGO. The results of the two polls were strikingly divergent, as can be seen in Tables 2 and 3. This was most likely due to the different sequencing and formulation of the questions in the respective polls.

Supported +4%	15.3%
Supported -7%	45.4%
Supported -15%	13.5%
Supported -25%	4.9%
Undecided	20.9%

**Table 2: Support for various mid-term emission targets among the population, according to the Japanese government.**

Too high	30%
Roughly adequate	41%
Cannot be said to be high enough	22%
Other/did not respond	8%

**Table 3: Support for the -25% target among the population, according to WWF Japan.**

Due to divergent methodologies, the results of both polls can only be compared to each other to a limited extent. For example, the government poll first directed respondents' attention to the economic burden households were likely to incur as a result of mitigation policies, and only then asked which option they would support. Next to each of the four options further information was provided about the progressively accentuated household income contraction and the additional heating and lighting costs likely to arise. Predictably, respondents flocked

to the least expensive option that still featured some form of emission cuts, even though these were only modest.

The WWF poll first approached respondents with questions they were likely to go along with. It started out by asking them to evaluate the deeply unpopular current Prime Minister's climate policies - 62% said more needed to be done. Then it inquired about how important it was for Japan to boldly take international action on climate change - 85% said "somewhat" and "extremely" important. Finally, after explaining that *some* enterprises [emphasis added] favoured the +4% target, while the world's scientists advised 25-40% emission cuts to avoid critical global warming, they inquired about respondents' support for the -25% target alone. This is how the headline-making 63% rate of support for the most progressive option was arrived at.

The presumption that the wider public should have an informed opinion on technical questions with such far-reaching consequences is quite a significant one. The government poll even went as far as to enquire about fiscal measures to facilitate the penetration of energy-saving appliances and about the fairness criteria for international burden sharing. Thanks to the formulation of the questionnaires, respondents were coaxed into giving the answers each of the poll organizers needed in order to validate their respective views. This desperate groping for legitimacy shows how entrenched the conflict between the two sides had become in Japan.

## Conclusion

The recent debate on Japan's emission reduction targets for the 2012-2020 period was indeed exceptional. The escalation of this discussion from a committee, over public hearings, to public opinion polls targeting a non-expert population can be traced directly to the divide that exists between key members of the country's decision-making community. The way METI and business groups framed the discussion shows a distinct prioritization of economic interests over environmental concerns and, in the absence of strong international pressure, they would have been able to claim a much more decisive victory.



Advertisement by Avaaz.org prompting Prime Minister Asō to “be a hero” and declare a 25% reduction target.

Source: Avaaz/MAKE the RULE Campaign

Domestic newspapers had frequently warned this spring against repeating the “folly” of Kyoto. The Japanese government walked into Kyoto with an internally formulated target and ended up having its hand forced by its negotiating partners. This spring’s very public clash of opinions can be seen as an attempt to make the debate visible to the outside world. Upon hearing the news, UNFCCC Executive Secretary Yvo de Boer declared himself “speechless” about Japan’s unambitious target, but the extent of the debate sends a powerful message to outsiders that Tokyo is unlikely to make further concessions during the upcoming negotiations.

Japan’s government believes that its newest target, an 8% reduction in emissions, is the most it can achieve through purely domestic means. Tokyo may go beyond this figure during the Copenhagen negotiations, especially if flexibility mechanisms persist after 2012. Japan may continue to make use of them, since the way in which it achieves compliance with its target remains essentially a domestic matter. But, in the absence of dramatic changes, such as the emergence of a charismatic leader willing to push things in the right direction, one should not expect Japan to display much flexibility in this matter.

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