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Climate Policies in 2017 Following the Entry into Force of the Paris Agreement: Outlook and Issues

<Executive Summary>

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Entry into force of the Paris Agreement

1. On October 5, 2016, the emissions of the countries that had ratified the Paris Agreement exceeded 55% of the world's total greenhouse gas emissions with the ratification by a number of EU Member States, and this led to its coming into effect on November 4. In response to this, the 1st session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA 1) was held from November 15 in conjunction with the 22nd session of the Conference of the Parties (COP 22).
2. The Ad Hoc Working Group on the Paris Agreement has been considering on: ex ante review of targets' setting, including five-yearly taking stock to assess the collective progress towards achieving the long-term goals ("global stocktake"); and ex post review of targets' achievement, including modalities, procedures and guidelines for the transparency framework for action and support, and modalities and procedures for the effective operation of the committee to facilitate implementation and promote compliance.
3. The COP22, which was held in Marrakesh, Morocco in November 2016, decided to conclude the work programme on implementing the Paris Agreement by COP24 in 2018.

2017 climate policy outlook and issues

4. The Ad Hoc Working Group on the Paris Agreement will be held in Bonn in May 2017, and the COP23 will be held also in Bonn in November with Fiji as the presiding country.
5. The COP22 made a decision to conclude the work programme on implementing the Paris Agreement by COP24 in 2018. Developing countries are of the opinion that the agenda was skewed toward matters relating to mitigation and that adaptation ought to be handled in a balanced manner with mitigation. In addition, the Ad Hoc Working Group on the Paris Agreement will continue to deliberate on the matters that still hasn't been delegated to any particular bodies as possible additional matters related to the implementation of the Paris Agreement. Based on these circumstances, the work programme to implement the Paris Agreement may not make any substantial progress in 2017.

Overseas

6. In the United States, the Trump administration transition team has announced that it would scrap the Obama administration's Climate Action Plan and Clean Power Plan, but it is unclear at this stage how the Trump administration will address these matters as well as the Paris Agreement and financial contributions to the Framework Convention on Climate Change. Any changes to policies would take time, given the administration is restricted in a relationship with the courts and Congress, for example, the U.S. Supreme Court ruled in 2007, "EPA (Environmental Protection Agency) can avoid promulgating regulations only if it determines that greenhouse gas do not contribute to climate change."
7. In China, the 13th Five-Year Plan was adopted and proclaimed in March 2016, and the Work Plan for Controlling Greenhouse Gas Emission during the 13th Five-Year Plan Period was published by the State Council in November. With regard to a nation-wide emissions trading scheme, work on allocating emission allowances will continue until the first quarter of 2017, following which trading will begin. The State Council also schedule to promulgate the Carbon Emission Allowances Trading Management Law. Energy consumption quota trading scheme, and regulation on both energy consumption and energy intensity are also scheduled, and how consistency among these schemes is ensured will be a focus of attention.
8. In the European Union, the followings have been proposed as of November 2016:

A revised Emissions Trading System Directive; Effort Sharing Regulation; a revised Energy Efficiency Directive; and a revised Renewable Energy Directive, toward achieving the 2030 climate and energy framework. Discussions with the European Parliament and Member States are set to continue. Unlike the targets for 2020, the targets for 2030 will presumably be difficult to attain, and coordination with the European Parliament and Member States is likely to take a substantial amount of time.

Domestic

9. Toward attaining targets for 2030, the pros and cons of the introduction of carbon pricing (domestic emissions trading scheme, carbon tax, etc.) are being discussed. The Plan for Global Warming Countermeasures of May 2016 states that careful consideration ought to be given to a domestic emissions trading scheme. The discussion should be based on lessons learned from the introduced carbon pricing in other countries and the implicit carbon prices suggested by Japan's energy taxes, the Act on the Rational Use of Energy (also referred to as the Energy Conservation Act), and the Action Plan for Achieving a Low-Carbon Society. In addition, a "non-fossil value trading market", through which the "non-fossil value" of non-fossil power sources are traded, is under consideration to provide a method of attaining the 44% non-fossil power source ratio target set in the "Act on Sophisticated Methods of Energy Supply Structures."
10. Toward 2050, Germany, the United States, Mexico, and Canada submitted their long-term low greenhouse gas emission development strategies during the COP period, which the Paris Agreement stipulates all Parties should strive to formulate and communicate. In Japan, discussions are also underway regarding the formulation of a long-term low greenhouse gas emission development strategy.
11. On such matters as carbon pricing and a long-term low greenhouse gas emission development strategy, the council of the Ministry of Economy, Trade and Industry and that of the Ministry of the Environment are scheduled to conclude their discussions respectively by March 2017. It will be necessary to closely watch how the two separate bodies will bring together what they have mapped out, as well as the discussion by the additional carbon pricing council that the Ministry of the Environment will set up in 2017.

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