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Japan's Ratification of the Kyoto Protocol: Significance and Forthcoming Challenges

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On May 31, 2002, Japan's Upper House unanimously approved the country's ratification of the Kyoto Protocol, and a ratification instrument was subsequently deposited with the UNFCCC Secretariat on June 4. With this decision, Japan agreed under an international convention to assume the obligation of cutting greenhouse gas (GHG) emissions in 2008-2012 by 6% from 1990 levels.

The Kyoto Protocol shall enter into force on the ninetieth day after the date on which not less than 55 Parties to the Convention, incorporating Parties included in Annex I which accounted in total for at least 55 per cent of the total carbon dioxide emissions for 1990 of the Parties included in Annex I, have deposited their instruments of ratification, acceptance, approval or accession. After the U.S. declared it was breaking away from the Kyoto Protocol, ratification by Russia and Japan, in addition to the developing parties and the EU, became imperative* for ensuring that the protocol would come into force. In this context, Japan's decision this time has made its implementation more certain.

*Total CO₂ emissions in 1990 by the parties included in Annex I can be broken down by country/area as follows: the U.S. (36.1%), the EU (24.2%), Russia (17.4%), Japan (8.5%), the group of eight Central/East European countries (7.5%), Australia (2.1%), and Canada (3.3%). If Japan had joined the U.S. and Australia and walked away from the Kyoto Protocol, the three dissidents would in combination have accounted for 46.8% of total CO₂ emissions by Annex I, and the requirement for effectuation would consequently not have been met. Secession of the U.S. and Russia, which together account for 53.5%, would also have resulted in this condition being unmet.

Because Russia, the other country that holds the key, has delayed in advancing ratification procedures, the Kyoto Protocol can not take effect before commencement of the WSSD (World Summit on Sustainable Development which will be held from August 26 to September). In view of this, the media and others have been discussing whether or not the protocol can become effective within this year. At any rate, the question of when the protocol will come fully into effect depends on Russia. Meanwhile, ratification or otherwise by Australia—echoing the U.S.—and Canada, which is domestically split on ratification, needs to be watched, even though this will have little direct impact on effectuation.

The latest decision to ratify the Kyoto Protocol means that Japan now has to examine how to keep its international commitments in the days ahead in specific terms. Numerous discussions have been held and various measures have already been put in place. Nonetheless, the government will be under pressure to come up with measures that are more effective than before, while private business operators need to elaborate strategies by figuring out what new policies can be introduced by the government in the future.

The Japanese government's commitments to attaining the reduction target will be considered on the basis of the "Guideline of Measures to Prevent Global Warming" (hereinafter referred to as the "General Rules") laid down on March 19, 2002 by the Global Warming Prevention Headquarters. The General Rules specify over 100 different measures to help attain the Kyoto target and present a pragmatic image of how the target can be achieved. Namely, in order to achieve a 6% cut in GHG emissions from the 1990 levels, the General Rules set the following specific reduction targets: CO₂ emissions originating from energy must be kept down to the 1990 levels, CO₂, methane and nitrous oxide emissions stemming from non-energy sources must be cut by 0.5%, GHG emissions must be trimmed by 2% by introducing innovative technologies, and accelerating the efforts of each social actor, Emissions of the CFC alternatives etc. (HFCs, PFCs and SF₆) will be limited to about a 2%, and 3.9% of sinks must be secured through forest management. Also, the General Rules do not rule out the possibility of using emissions permits and the like, obtainable from abroad through the Kyoto Mechanism, etc., in order to fill a portion of the Kyoto target that can hardly (if at all) be met by the specified targets.

The General Rules are characterized in particular by their basic concept, which is a step-by-step approach to be taken in meeting the Kyoto target. The period from 2002 through 2004 is taken as the “first step,” from 2005 through 2007 as the “second step,” and from 2008 through 2012 as the “third step,” and the degree of target attainment is verified before the subsequent second or third steps are begun. If progress in reduction is insufficient, it is ruled that the measures specified in the General Rules must be reviewed and/or additional efforts must be initiated. With regard to the industrial sector, during the first step, mandatory actions such as an environmental tax or emissions trading will not be introduced for the time being. Instead, in consideration of the Keidanren voluntary action plan to arrest global warming, a third-party evaluation mechanism will be established to review expansion of participating industries in the program and other voluntary commitments.

The EU, which deposited its ratification of the Kyoto Protocol ahead of Japan, has shifted the focus of its discussion to the Kyoto Mechanism as an effective tool for achieving the target. A domestic emissions trading system was introduced by Denmark and the U.K., and its employment is under consideration by Norway and the EU. Each country probably believe that it would be better for them to start preparations earlier if they wanted to acquire more economically efficient instruments for achieving targets in the days ahead. Similarly, the Netherlands introduced JI (joint implementation)- and CDM (clean development mechanism)-based credits-earning systems, probably because the Dutch government believed earlier commitments were not only essential but would also be advantageous for effective utilization of the Kyoto Mechanism in the future.

Meanwhile, in the background to the Russians’ slowness in ratifying the Kyoto Protocol are hints of a strategy through which they would like to give maximum boost to the profits expected from the Kyoto Mechanism-based emissions trading and invitation of JI projects. For the Russians, ratification of the protocol could be the trump card that will enable them to get the most favorable conditions possible from negotiations with industrialized governments. What support the Russian stance in particular is the fact that Russia is sure to possess abundant surplus emissions permits in the future, and that the industrialized countries will more or less have to depend on Russian emission allowances and credits. For this reason, the industrialized countries

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need to be aware that Russia can take the leadership in the emissions trading market in the future, and must then try to curb possible rises in the international emissions trading price by securing options to obtain emissions permits at an early stage. In other words, it is essential to consider how best to mitigate the economic impacts of target attainment.

It is a widely agreed assessment both at home and abroad that domestic efforts to achieve the Kyoto target have a higher cost in Japan than in any other industrialized countries. Therefore, the key to Japan's successful reduction efforts will be finding ways of putting the Kyoto Mechanism to effective use while alleviating the economic impacts. The problem is that the current General Rules position the Kyoto Mechanism simply as "supplemental to domestic actions," with the specifics of how to use the Mechanism left as future agenda. Given the possibility that Australia and Canada, among others, may follow the U.S. and break away from the Kyoto Protocol, Japan needs to hammer out more pragmatic strategies, including the best way of using the Kyoto Mechanism, and implement them at an early stage. In this context, the recent ratification of the Kyoto Protocol highlighted the situation in which Japan is placed today, and raised anew the need not only for the government but also for private business sector to create pragmatic strategies that can lead to a favorable future.

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