

What is Carbon Offsetting?

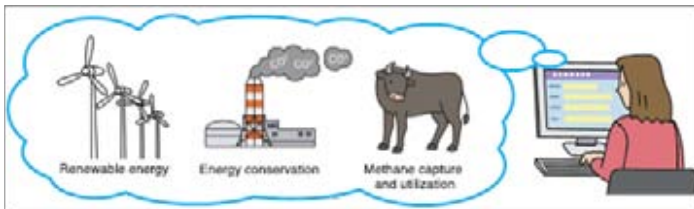
Carbon offsetting primarily encourages individuals/businesses to (1) aware their GHG emissions, (2) make efforts to reduce GHG emissions, (3) purchase credits, invest projects, or act on reducing GHG emissions, and (4) offset their emissions.



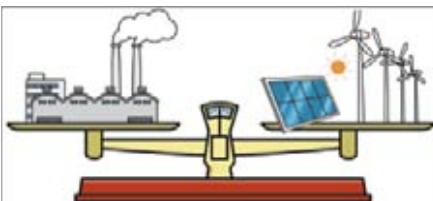
(1) Awareness of their GHG emissions



(2) Efforts to reduce GHG emissions



(3) Purchasing credits, investing projects, or acting on reducing GHG emissions



(4) Offsetting

Growing Carbon Offsetting Businesses

- As of December 31, 2008, about 360 carbon offsetting businesses were found in Japan and their majority are products and services.
- Carbon offsetting businesses have grown rapidly since January 2008. (cf. Only about 25 businesses were found at the end of 2007.)

Category	Concepts	Number of businesses
Market-oriented		
Products and services	Products or services with offsetting credits equivalent to the total or partial amount of GHG emissions resulting from the use of specific products or services (at the stakeholder's option).	193
Conferences and events	Promoters of international conferences, concerts, sports contests, etc. offset with credits the total or partial amount equivalent to the GHG emissions associated with the event (promoters or participants pay the necessary expense for offsetting).	50
Voluntary actions	Individuals and businesses offset GHG emissions associated with their daily lives or business activities by purchasing credits (individuals or businesses pay the necessary expense for offsetting).	43
Negotiation-oriented	Individuals and businesses offset GHG emissions by doing projects to reduce or eliminate GHG emissions on their own.	71

Current and future activities by the Ministry of the Environment

Current activities

Guidelines for carbon offsetting in Japan (Feb 2008)

Japan Carbon Offset Forum (J-COF) (Apr 2008)

Guidelines for calculating GHG emissions to be offset (Oct 2008)

Guidelines for providing information to ensure credibility of carbon offsetting activities (Oct 2008)

Statement of cooperation on carbon offsetting with the Department for Environment, Food and Rural Affairs, UK (Sep 2008)

Carbon offsetting business models (9 cases were adopted in August 2008. The results were announced in March 2009.)

Launch of Japanese Verified Emission Reduction Certification Scheme (Nov 2008)

Certification standards and labeling for carbon offsetting (March 2009)

Future activities

Promote carbon offsetting activities and ensure their credibility

Guidelines for carbon offsetting in Japan

- Panel meetings on guidelines for carbon offsetting in Japan were held five times from September 2007.
- After hearing public comments, guidelines for carbon offsetting in Japan were announced on February 2nd 2008.

<Objectives of the guidelines>

- Define the clear concepts of carbon offsetting and share the ideas in our society
- Promote carbon offsetting activities by the private sector offering minimal and appropriate guidelines
- Ensure credibility of carbon offsetting activities
- Establish a base for promoting carbon offsetting activities

Tasks for promoting carbon offsetting

- Promote awareness and activities of carbon offsetting among citizens, companies, NPO/NGOs, and central and local governments
 - Share information on carbon offsetting activities and expand their related markets
 - Establish credibility of carbon offsetting activities
- (1) Calculating emissions to be offset
 - (2) Ensuring the certainty, permanency and accuracy of emission reductions or removals by sink
 - (3) Avoiding double-counting of the credits to be offset
 - (4) Ensuring transparency of the activities of offset providers
 - (5) Sharing the awareness that offsetting does not justify taking no actions to reduce their GHG emissions

What is Japan Carbon Offset Forum?

Establishment: April 2008

Representative: Takejiro Sueyoshi

(Special Advisor to the United Nations Environmental Programme Financial Initiative (UNEP FI))

Secretariat: Overseas Environmental Cooperation Center (OECC)



Promote concepts of carbon offsetting to achieve a low carbon society

Provide information on international and domestic carbon offsetting activities

Hold workshops and open seminars for the public

Provide a consultation service on carbon offsetting (helpdesk)

HP : <http://www.j-cof.org/>

To ensure credibility of carbon offsetting activities

-Initiative actions by MOEJ and J-COF

“Guidelines for carbon offsetting in Japan” (Feb 2008)

Updated as needed

- FAQ on carbon offsetting
- Guidelines for calculating GHG emissions to be offset
- Guidelines for providing information to ensure credibility of carbon offsetting activities

Certification standards and labeling for carbon offsetting by the third-party certification entities

- The purposes of certification standards and labeling for carbon offsetting activities are to improve awareness of carbon offsetting and to create a fair market with credibility and consumer protection.

Draft of certification standards and labeling for carbon offsetting by the third-party certification entities (Ver.1.0)

Objectives

Improve awareness of carbon offsetting, promote carbon offsetting activities and create a fair market

Requirements

(1) Awareness of their GHG emissions

e.g. Guidelines for calculating emissions or carbon footprints , and data recording

(2) Efforts to reduce GHG emissions

e.g. compliance with laws and regulations related to climate protection, any emission reduction actions

(3) Purchasing credits, investing projects, or acting on reducing GHG emissions

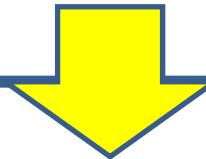
e.g. Types of credits (CER, J-VER, JPA etc.), contracts for purchasing credits

(4) Offsetting emissions

e.g. correspondence between credits and emissions, retirement or cancellation of credits

(5) Information disclosure

e.g. Guidelines for providing information



Labeling

Labeling will be made on activities certified by the third-party entities

Statement of cooperation on carbon offsetting with the Department for Environment, Food and Rural Affairs (DEFRA), UK

Background

Ministry of the Environment, Japan (MOEJ) formulated guidelines for carbon offsetting in Japan in February 2008 and established Japan Carbon Offset Forum (J-COF) in April. Currently, guidelines to ensure credibility of carbon offsetting is being developed. On the other hand, Department for Environment, Food and Rural Affairs (DEFRA), UK discusses guidelines for voluntary regulations on carbon offsetting.

In May 2008, Mr. Hilary Benn, Minister of DEFRA, and Mr. Ichiro Kamoshita, Minister of MOEJ (at the time), had a bilateral meeting during G8 Environment Ministers Meeting in Kobe, Japan and reached an agreement on cooperation of carbon offsetting activities.

agreed(director-general level)(Sep 2008)

Statement of Cooperation by the department for Environment, Food and Rural Affairs, UK and the Ministry of the Environment, Japan regarding Exchange of Information on Calculating Carbon Footprint and Carbon Offsetting

Exchanging information on carbon offsetting policy

- methodologies for calculating carbon footprints
- procedures and requirements surrounding the proposal quality assurance scheme for carbon offsetting
- information on the carbon offsetting market in both countries

Collaborating on raising public awareness of the role of carbon footprint calculation and carbon offsetting as part of a wider carbon mitigation hierarchy

Credits used for carbon offsetting

<Types of credits>

- Kyoto mechanism credits: AAU, ERU, CER, RMU
- Emission credits used for Japan's Voluntary Emissions Trading Scheme (JVETS)
- VER (Verified Emission Reduction)- Credit issued from activities of non-binding schemes (i.e. credits issued from activities based on other than Kyoto mechanism or EU-ETS)



VER

To ensure credibility of carbon offsetting activities, an official certification system is required. The certification standards should bring certainty that a carbon offsetting credit assures emission reductions/sinks and no double-counting.

Ministry of the Environment has established an offsetting credit system (J-VER system) which certifies credits from domestic GHG reduction/sink and that will stimulate domestic investments for domestic GHG reduction/sink projects therefore Japanese local industries are expected to be vitalized.