

**Keynote Speech by H.E. Ichiro Kamoshita, Minister of the Environment of Japan,
in the Session on Climate Change**

Introduction

Here at the beginning of the session on Climate Change, as the chair of the G8 Environment Ministers Meeting and as the Environment Minister of Japan, I would like to share with you my views on the issue of climate change.

Kobe has long flourished as a port town, acting as a window toward other countries. In this meeting, we will gather ideas from 19 countries and regions as well as from international organizations and NGOs to address issues relevant to the entire human society. I hope that through this meeting we find some suggestions for an appropriate international set of rules toward the stabilization of climate change, and on how to achieve sustainable and low-carbon societies. I intend to send a strong message from environment ministers here in Kobe to our leaders to gather at the G8 Hokkaido Toyako Summit .

As we discuss our future destination, it is important to understand the path we have taken. At COP13 last December, in the final stages of the negotiation on the Bali Action Plan, developing, emerging, and developed countries expressed widely different views, raising concerns that an agreement might not be reached. In the end, however, we were able to elude such an outcome and reached an agreement. I believe that this is attributable to a common sentiment among countries that a lack of decision in Bali would hinder the protection of the global environment. It was a historic moment, with all nations moving toward a common goal. And now, we must continue our pursuit by actually proceeding on the track laid before us.

Transitions to Low-carbon Societies for the Achievement of Long-term Goals

Long-term goals

As the chair, I would like to highlight the first point of focus in this session: the transition to low-carbon societies for the achievement of long-term goals.

To realize the ultimate objective of the United Nations Framework Convention on Climate Change to stabilize atmospheric concentrations of greenhouse gases (GHGs), global GHG emissions must be reduced to the same level as natural absorption capacity as early as possible. Last year at the G8 Summit in Heiligendamm, our leaders agreed to

seriously consider at least halving global GHG emissions by 2050 as a long-term goal. I hope that this goal will constitute a shared vision among the participating countries to the G8 Hokkaido Toyako Summit this year.

In order to halve global GHG emissions, there is a strong expectation that developed countries would strengthen their reduction measures and aim for reduction goals much higher than 50% to demonstrate their leadership. While pursuing the long-term global goal, it is also important to consider the medium term, in which global emissions should peak during the next 10-20 years. I expect that the importance of such effort will be acknowledged by all the leaders attending the G8 Summit .

Low-carbon societies

Identifying actual measures to reduce GHG emissions is as important as agreeing on goals or sharing recognitions. Transforming the current socio-economic structure to achieve low-carbon societies is essential for our sustainable future. In addition to technological innovations, we need innovations in our lifestyle and social infrastructure. Japan has been conducting a joint research project, collaborating with the United Kingdom, on low-carbon societies. Please take a look at the handouts for the results of the project.

For all countries to make the transition toward low-carbon societies, it is important that we all have a clear vision of such societies. Thus, I would like to call for the establishment of an international network of institutions involved in research on low-carbon societies. This network aims at facilitating information sharing and research collaboration to share the vision.

Participation of citizens and the industries is indispensable for the establishment of the low-carbon societies. Also, carbon pricing is necessary so that payment would be made depending on the emission volume and that everyone would be responsible for their emissions.

Economic instruments such as carbon tax and emissions trading are effective and efficient measures for furthering GHG emissions reductions. Domestic emissions trading has been introduced or discussed in various countries. In Japan, four options of emissions trading were proposed as a result of the discussions among stakeholders including industries. Please refer to the handouts for further information. We will continue our discussions in order to establish an appropriate scheme and will strengthen linkages with other countries.

Decarbonization can also take place in financial and capital markets. Financial resources are necessary to the transformation to low carbon societies and development of new technologies, and finance should play an important role in this regard. Carbon disclosure may play an important role in informing investors of significant risks and opportunities from climate change. Carbon disclosure will provide company executives with shareholder's concerns regarding potential impact of climate change on their corporate value. In addition, carbon offsets is a mechanism that enables a wide range of stakeholders such as citizens, companies, and governments to contribute to mitigation actions. In shifting toward low-carbon societies, international cooperation regarding carbon offsets will play an important role.

Cooperation between Developed and Developing Countries

Co-benefits and technology transfer

The second point I want to raise is cooperation among developed countries and developing countries. The key to promoting mitigation actions in developing countries is the approach that produces co-benefits in the area of development. The Ministry of the Environment of Japan has compiled and developed a collection of best practices, technology maps, and tools to identify co-benefits projects in the area of pollution abatement, forest conservation, and the 3Rs. There should be many similar examples in other countries as well. We would like to assist developing countries to use these tools and knowledge by sharing our experiences. In April, Japan, in collaboration with UNESCAP, established the "AP Gateway" with an aim of supporting information sharing and developing projects in the Asia-Pacific region. For Japan's activities on co-benefits, please refer to the handouts.

The role of the OECD should not be overlooked. It is effective to consider expanding the current work of the OECD on climate change to mainstream co-benefits measures in development in addition to the work of mainstreaming adaptation into development.

The CDM must contribute to sustainable development. It is necessary to improve the current CDM system to take into account the co-benefits from development.

Adaptation

The IPCC Fourth Assessment Report (AR4) released last year indicates that global temperatures rose by 0.74°C over the past 100 years, and it is projected that the temperature will rise by 1.1-6.4°C by the end of this century. Therefore, in addition to

mitigation efforts, we have to deal with issues of how to adapt to adverse impacts of climate change.

In particular, least developed countries and small island developing states require immediate actions in areas such as water resources, sanitation, and coastal management.

For that purpose, it is important to mainstream adaptation measures into development policies and strategies. We commend the efforts of the OECD to date in this area. It is necessary to strengthen the capacity for impact assessments. It is important for countries to work together to assist developing countries in accordance with the Millennium Development Goals.

Finance and capacity building

Furthering assistance to developing countries, Japan established the Cool Earth Partnership, pledging financial support amounting to the scale of US\$10 billion over the next five years. In addition to that, Japan, together with the U.S. and the U.K, is soliciting other donors to join in establishing an additional multilateral fund.

The Ministry of the Environment of Japan closely cooperates with the Japan Bank for International Cooperation (JBIC) to develop good projects in developing countries under the Cool Earth Partnership. Emphasis is placed on developing co-benefits projects which respond to local environmental needs while tackling global climate change.

However, government assistance have limitations. In order to scale up climate change actions in developing countries, private investments are indispensable. Examples of measures to promote private investments include the active use of carbon markets and public-private partnerships (PPP). It is important to give consideration to innovative funding mechanisms such as taxation measures that are applicable internationally.

Capacity building is also a critical component of development assistance. I welcome Germany's initiative to host next year's midterm conference of the United Nations Decade of Education for Sustainable Development, an initiative which began in 2005. It is important to promote education for sustainable development throughout the world by sharing best practices from various countries. Also, I would like to underscore the effectiveness of supporting capacity building through collaborations among universities across developing and developed countries, in partnership with international organizations.

Post-2012 Framework

Cool Earth Promotion Programme

The last, but probably the most important topic, is how to develop the post-2012 framework.

Last year in May, Japan proposed the “Cool Earth 50” that outlined three principles for the future framework: (1) ensuring the participation of all major economies, thus leading to larger global reductions of emissions than the first Commitment Period of the Kyoto Protocol, (2) ensuring the framework to be flexible and diverse, taking into consideration the different circumstances of each country, and (3) ensuring compatibility between environmental protection and economic growth. Japan will continue to advocate such principles under the principle of “common but differentiated responsibilities and respective capabilities.”

Prime Minister Fukuda further elaborated on Japan’s proposal at the Davos meeting last January, stressing that Japan will set a quantified national target. Japan will exert its utmost efforts in achieving future emission reductions together with other countries. At the same time, Japan is committed to furthering discussions on how to develop methodologies to set fair targets. In formulating the post-2012 framework, to ensure fairness and equity, it is important to correct undesired distortions from carbon leakages and international competitions.

Effectiveness of analyses of emission reduction potentials

Developing methodologies to set fair target is an important component to attaining long-term, sustained emission reductions. The Government of Japan organized an international workshop on May 8th as a part of our efforts to further the discussions on the methodologies. As you can see in the provided Co-Chairs’ Summary; (1) analyses of emission reduction potentials through a sectoral approach will provide a scientific basis for negotiations on the post-2012 to enable the formulation of an effective framework; (2) in developing countries, there are large and relatively low-cost mitigation opportunities which can be realized through cooperative sectoral approach, with support from developed countries; (3) it is necessary to expand and accelerate the collection of data in terms of technologies, timings of their adoption and diffusion rates, especially in developing countries; (4) it was recognized that some gaps may exist between required emission reduction levels for climate stabilization and emission reduction potentials. In order to achieve the peaking-out of global GHG emissions, we need to bridge the gap by

encouraging the maximization of the emission reduction potentials through exploring additional policies, innovative technologies, and behavioral changes induced by measures such as national campaigns.

The participants of the workshop shared the view that this process should be continued in order to promote the discussion on the methodologies and to give inputs with minimized uncertainties to the negotiation process under the UNFCCC. In this context, we would like to hold a second workshop following the G8 Hokkaido Toyako Summit.

Actions by developed and developing countries

Developed countries should take the lead in emissions reductions and identify their fair and equitable quantified national targets so that the global GHG emissions would peak within the next 10-20 years. It should be emphasized that the principle of “common but differentiated responsibilities and respective capabilities” are the basis of such activities. Furthermore, mitigation actions by developing countries are important. It is especially important for developing countries with rapidly increasing emissions to curb their growth rate of increase.

Assistance towards mitigation actions in developing countries

Incentives are necessary to promote mitigation actions in developing countries. CDM-like mechanisms should be continued with appropriate improvements. It is also necessary to scale-up the CDM.

Measurability, reportability, and verifiability

Based on the Bali Action Plan, measurable, reportable, and verifiable nationally appropriate commitments or actions must be undertaken by developed countries. Development of methodologies to ensure this requirement is important. In order to formulate and promote further environmental policies, it is important to aggregate methodologies developed by various countries and make them available to the UNFCCC process.

It is especially important to set up GHG inventories in developing countries through capacity building by developed countries including the G8 countries.

The Ministry of the Environment of Japan mandates factories and offices that exceed certain sizes to calculate and report GHG emissions, and then discloses the gathered data to the public. G8 countries with similar schemes of measuring, reporting, and verifying GHG emissions at the national as well as at the factory and office level should share their best practices to promote the building of capacity in developing countries. On July 16th and 17th, Japan will host the workshop on GHG inventories in Asia to improve the accuracy of GHG inventories in Asian countries. We welcome the participation from other regions as well.

Importance of dialogues among major countries and “the Kobe Initiative”

Continuation of dialogues among major countries would provide valuable input for the UN process to build confidence towards the establishment of an effective post-2012 framework. The Gleneagles Dialogue that consists of G8 and outreach countries has just concluded. However, it is critical to preserve such opportunities for dialogues. I would like to draw your attention to four elements that I wish to discuss with you today at the Environment Ministers Meeting, (1) an international research network on low-carbon societies, (2) scientific analysis on sectoral mitigation potentials, (3) promotion of co-benefits approach, and (4) capacity building for developing countries on inventories and data collection (measurability, reportability, and verifiability [MRV]). As a follow-up to the discussion today, I propose that we hold a meeting as appropriate, after the G8 Summit, possibly this autumn, to address these four elements, and name this process the “Kobe Initiative.”

Conclusion

With your active participation, I am confident that we can generate fruitful outcomes which would be received as significant input by our leaders at the G8 Hokkaido Toyako Summit in July. Through this process, I believe that the Summit will produce results to advance the UN negotiation. I would like to finish my speech by reiterating that Japan, as the President of the G8 Summit, is committed to promoting our global efforts through the cooperation with other countries.