Low carbon society and emissions trading system

Challenges and prospects for the measures against global warming and greenhouse gas emissions trading schemes in the agricultural sector

International Symposium of Policy Research Institute, the Ministry of Agriculture, Forestry and Fisheries

at U Thant International Conference Hall, United Nations University

by Kazuhiro UETA (Kyoto University)

February 2, 2011

Reduction of GHG emissions by 25% and policy instrument

- Reduction of GHG emissions and an epochal change in the history of civilization
- Beauteous Star 50 (2007)
- Reduction in GHG by 80% by 2050
- Change of government and the basic law on measures against global warming
- Purchase of renewable energy at a fixed price
- Global warming tax
- Emissions trading scheme

Basic principles of environmental economics

- Prevention of global warming shall be positioned as a challenging task for creation of the new future society and it shall be explicitly manifested in and outside of Japan that Japan should take the initiative in creating low-carbon technologies, town development, lifestyle, business model, etc. (New patterns of development)
- Explicit and ambitious medium-to long-term reduction targets (certainty)
- Efforts for the prevention of global warming will enhance competitiveness.
- Efforts for the prevention of global warming will also contribute to the solution of the social and economic problems of Japan (employment, regional economy, and futurity industry）.

Policy for promotion of environmental economic strategy

- Eco-friendly (low carbon) structural reform of the Japanese economy
- Put a price tag on carbon. ・・Motivation and fair cost burden
- Green New Deal・・・ Infrastructure development (social common capital) for a low carbon society
- Manufacturing and town development for prevention of global warming
- Creative industry (research and development) and region (decentralization)
- Stocking of ability to create and enjoy
- Ecological economy based on the regional initiative

Emissions trading scheme

- Idea of Dales (fixedness of supply and market)
- Acid rain program in the United States
- Kyoto Protocol: Kyoto mechanism
- EU-ETS, the United States and International trends
- Disputes on emissions trading scheme
- Initial allocation problem and auction
- (International) carbon market and speculative dealing
- System design and evolving system

Points of arguments in designing of the domestic emissions trading scheme

- Constituent elements of the emissions trading scheme
- ① Time horizon and total amount of emission quotas
- ② Rules for compliance
- ③ Objects on which a quota is to be set and the method of setting such a quota
- ④ Monitoring, quantifying and reporting of the amount of emissions
- ⑤ Measures for mitigating expenditure --Consideration to internationally competitive trades
- Infrastructure development and the option for the scheme
- Policy mix