



Written by [Rebecca Terrell](#) on December 31, 2010

Japan Rejects Cap and Trade

The Japan Times reports the Japanese Cabinet this week adopted a basic policy on global warming aimed at cutting emissions by 25 percent from 1990 levels within the next 10 years. Missing from the plan was an expected cap-and-trade measure to place quotas on carbon dioxide and other so-called pollutants. The scheme sets emission ceilings for companies, allowing those that exceed their annual quotas to purchase emission allowances from other companies which have not yet reached their limits.



If adopted, cap-and-trade would have gone into effect by April 2013. Instead, cabinet officials stated they plan to “carefully examine” the proposal some time in the future. *The Daily Yomiuri Online* quoted the new policy document praising the idea of cap-and-trade as “a pillar of the fight against global warming,” while stating it “posed risks of excessive government interference in corporate activities and speculative financial transactions.”

The adopted measure contains other provisions of government interference, such as an environment tax beginning in October 2011, which will raise rates on fuel sources such as oil and coal. It also imposes updated Renewable Portfolio Standards (RPS), mandating that utilities purchase a certain percentage of their electricity at high fixed prices from “renewable energy” sources starting in 2012.

Media sources credit pressure from Japanese business as the deal-killer for cap-and-trade in their country. According to [The Diplomat](#), “A September survey by the Nippon Keidanren, Japan’s most influential business lobby, found that 61 of 64 firms were against the scheme.” The article explained companies fear cap-and-trade will cripple them under unwarranted regulations and associated costs in an already grueling economic environment.

Industry forces are not the only obstacle to cap-and-trade; diplomatic impasse poses another hindrance. Reporting for [The New American](#), Alex Newman said the Japanese delegation to the recent Climate Change Conference in Cancun “steadfastly refused to renew its commitments” to reducing GHG emissions. Global Environment Vice-Minister Hideki Minamikawa expressed frustration over the lack of consensus among international delegates and flatly refused to renew the Kyoto Protocol set to expire in 2012, which limits emissions in developed countries and funds “green” projects in developing nations.

Even though Japan did sign the final climate change agreement generated in Cancun, it did so only because of a loophole included in the document, according to [The New York Times](#). The loophole provision reads: “recalling Article 20, paragraph 2, and Article 21, paragraph 7 of the Kyoto Protocol,” a



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citation that specifies industrialized countries are not obligated to targets set in the Kyoto treaty after 2012.

Following in the wake of such uncertainty generated in Cancun, Japan's rejection of cap-and-trade "is a blow to the European Union's hopes that other top producers of greenhouse gases would introduce emission trading schemes and follows setbacks to similar efforts in the United States and Australia," claims [China Daily](#). These so-called setbacks are the U.S. Senate's [failure to pass cap-and-trade](#) this year and the 2009 [defeat of cap-and-trade](#) by the Australian parliament.



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