

**ICAO**

**Session 3 : Emission Trading Scheme**

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# **Japanese Voluntary Carbon Market**

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# About JBIC



**A public financial institution owned by Japanese government  
Financing to energy resources development, Japanese investment to  
developing countries and export of equipments, including aircraft.**

**JBIC at carbon market :**

**‘Upstream to downstream’**

**1 Financing to the projects generating carbon credits**

**Combination of Japanese technology, Finance and Carbon Finance**

**2 Encouraging Carbon Market in Japan :**

**Carbon Trading Platform in Japan**

**Nikkei JBIC Carbon Price Index( N-J Carbon )**

**3 Advisory/Technical support**

**Voluntary Offset Market**

**Environment Finance – Cooperation with Sector benchmarking**

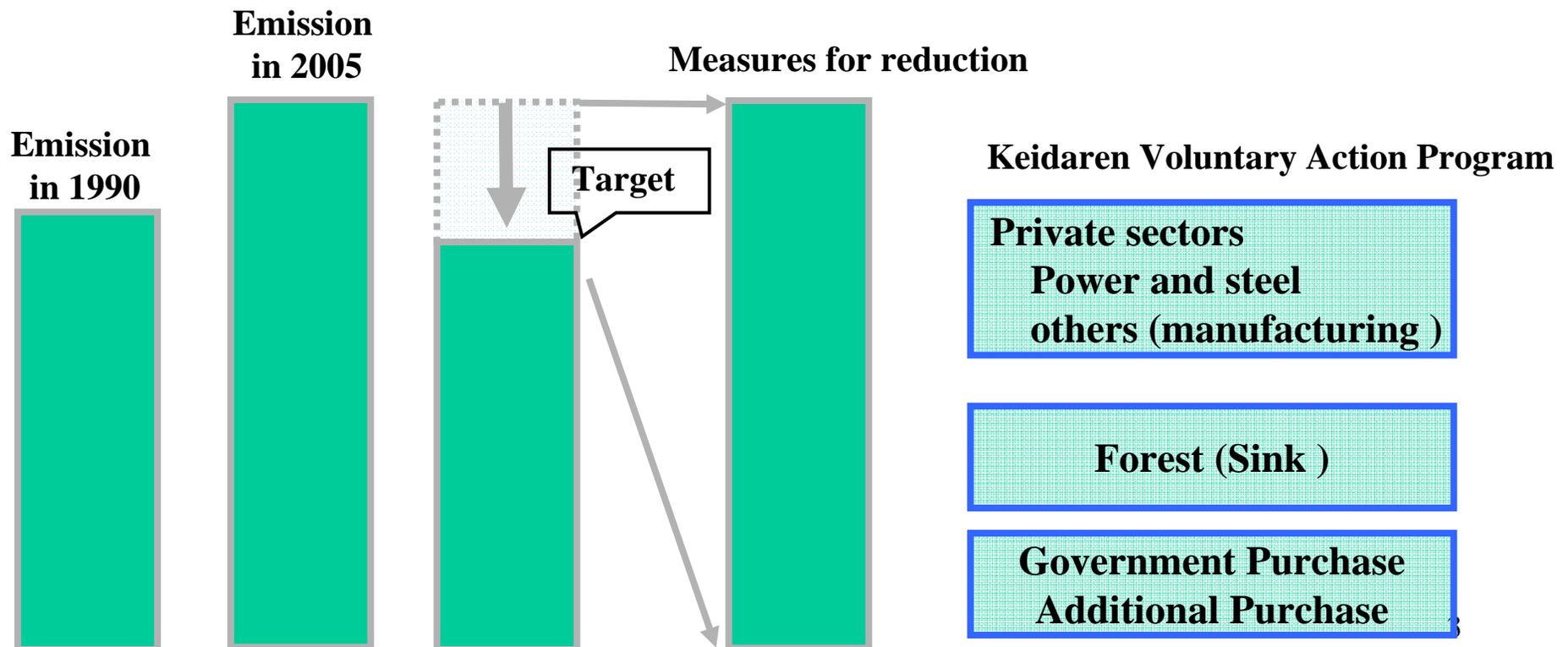
**Index Base Insurance**

# Japan for Kyoto Compliance



Reduction target : 6 %

Actual Emission : around 170 million is over



# Domestic Credits



## **Domestic CDM**

**Small scale installations not covered by Keidanren's Voluntary Action Program can generate new domestic credits by improving energy efficiency. Domestic Credits may be used for the compliance with Keidanren's target, say indirect Kyoto compliance.**

**Domestic Credits are not convertible for Kyoto credits.**

## **J-VET**

**A pilot program by MOE with voluntary participation. Participants should have reduction target for receiving subsidies for reduction investment. Additional reduction are tradable and used for the compliance of voluntary target. XX companies are participants.**

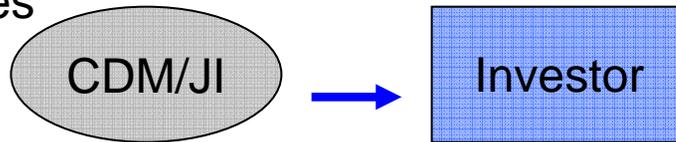
## **Local Government**

**Tokyo Metropolitan Government will start Cap & Trade type emission reduction from 2010 for their target with 25% reduction by 2020. In Tokyo there are no large power stations, say most of them are office buildings. Kyoto credits can not be used for their compliance.**

# Domestic CDM in Japan

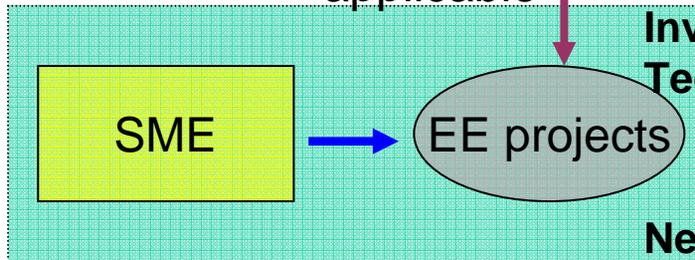


Developing Countries

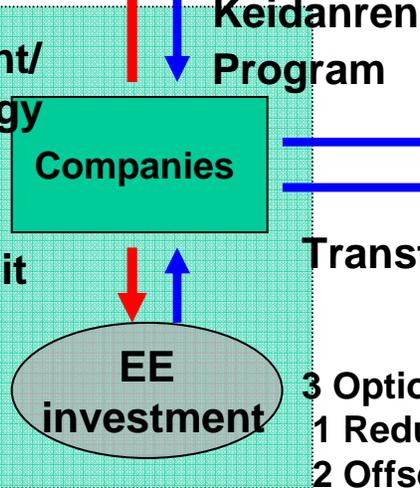


Kyoto Credit

'applicable'



Investment/  
Technology

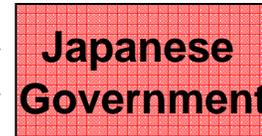


Keidanren  
Program

New Credit

Transfer

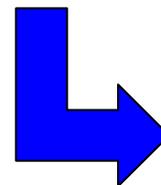
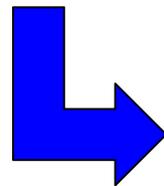
Offset



Kyoto target

Japan

- 3 Options for companies
- 1 Reduction at own facilities
- 2 Offset by Kyoto Credits
- 3 Offset by new Credits



Reduction at Inventory

# Voluntary Offset



## **1. Japanese Voluntary Offset Market**

**Purpose is voluntary**

**Individuals, events and companies (particularly consume products, shop, etc)**

**Credits standard : Kyoto standard**

**Private standard**

**Forest Credits**

## **2. Guidance by MOE**

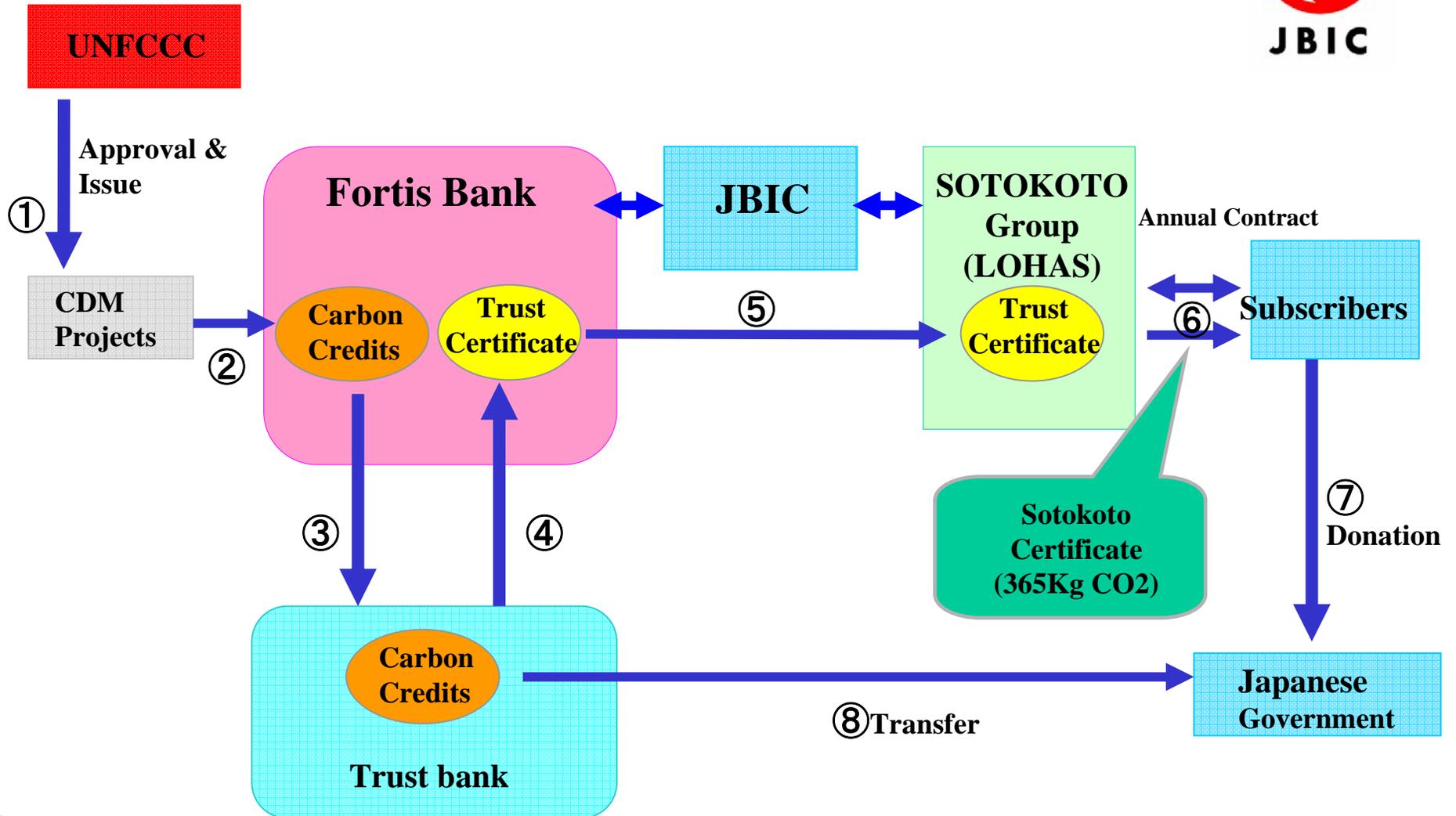
**Reliability and Cost performance**

**Third party's validation**

## **3. Political backup**

**'National movement'**

# LOHAS Magazine with Carbon Credits



Note  
Biomass Generation and  
Small Scale hydro in Brazil

## Case1

# Voluntary Carbon Offset International Workshop by Tokyo MG



Tokyo Metropolitan Government organized the Workshop with 7 experts from Asian countries and many Japanese experts.

### Total CO2 emission

|                               |            |
|-------------------------------|------------|
| Air travel by 7 experts       | 7.3 ton    |
| Ground transportation         | 0.062 ton  |
| Lighting and air conditioning | 0.176 ton  |
| Site visits                   | 0.0644 ton |
| total                         | 7.622 ton  |

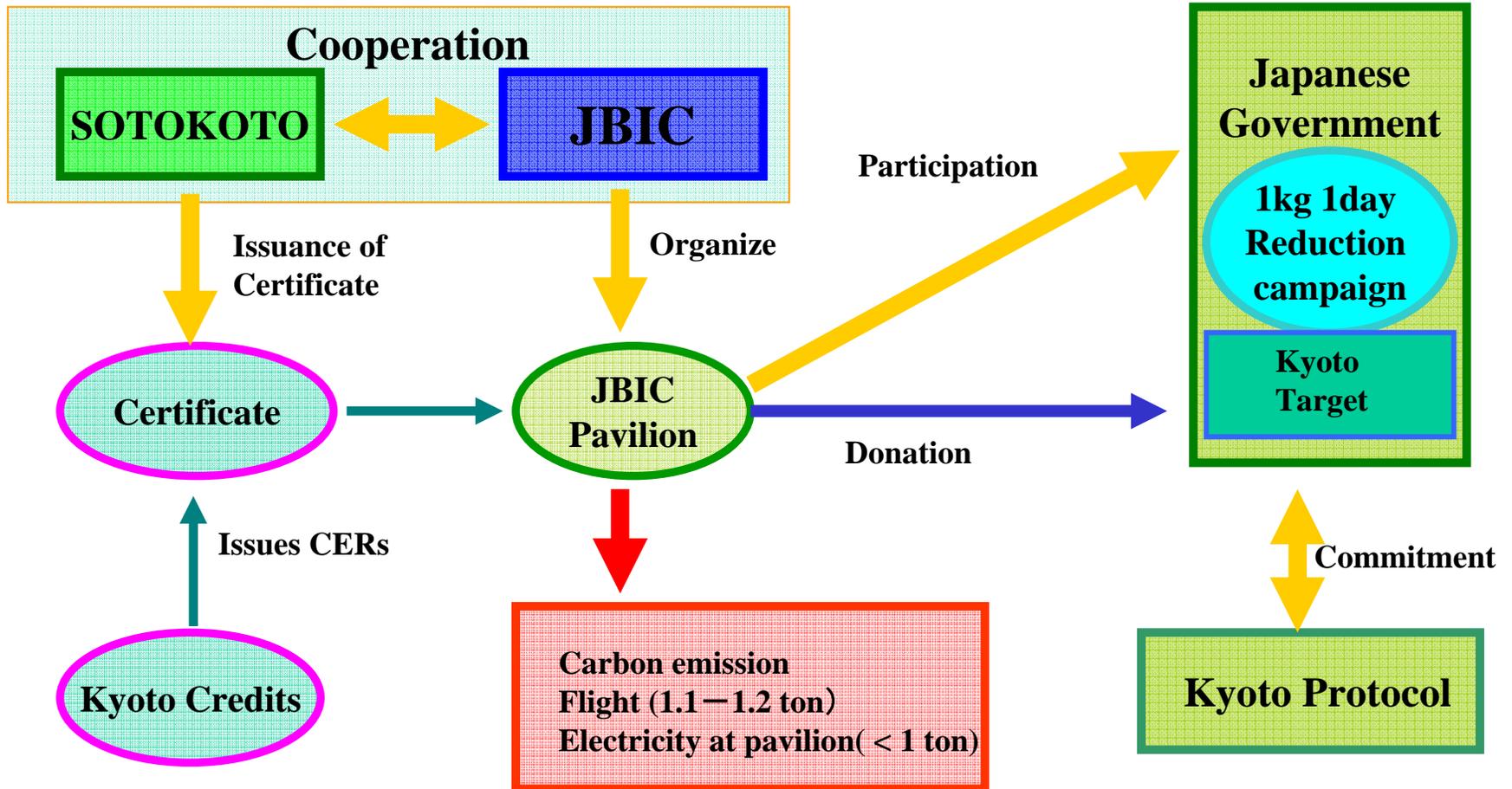
**Tokyo Climate Change Strategy**  
-Carbon Minus City  
-Environment Friendly Olympic 2016  
(official candidate)  
-Cooperation with JBIC

### Lessons

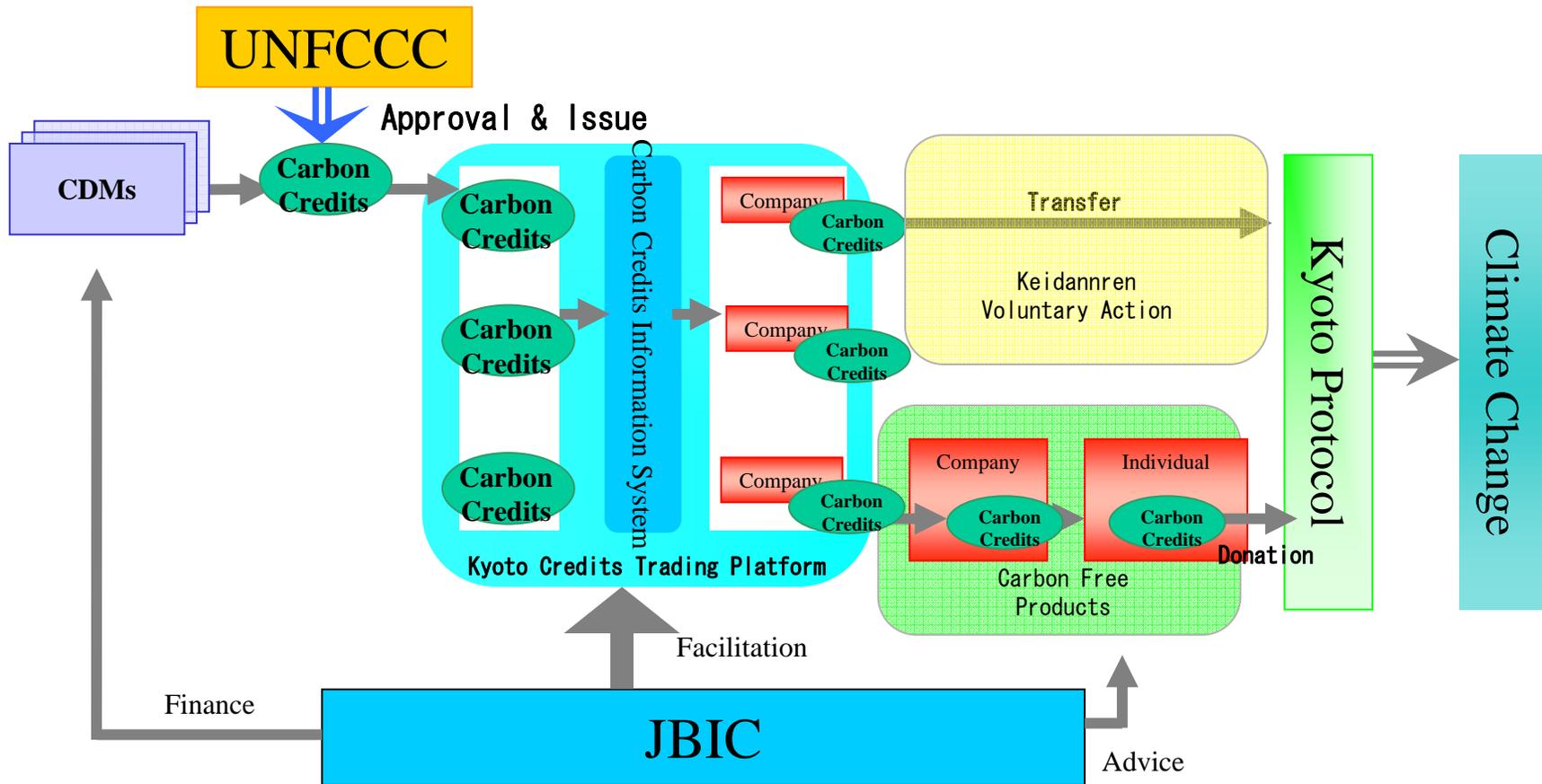
- 1 Most of emission comes from Air travel
- 2 Reliable and easy manage credits
- 3 Small amount of offset credits
- 4 Measurement of emission

Case2

# Voluntary Carbon Offset JBIC Pavilion at Carbon Conference



# Carbon Market and JBIC



(Note) Carbon Credits Information system will be jointly operated by JOI and JBIC and information of projects with carbon credits will be delivered to the limited members.

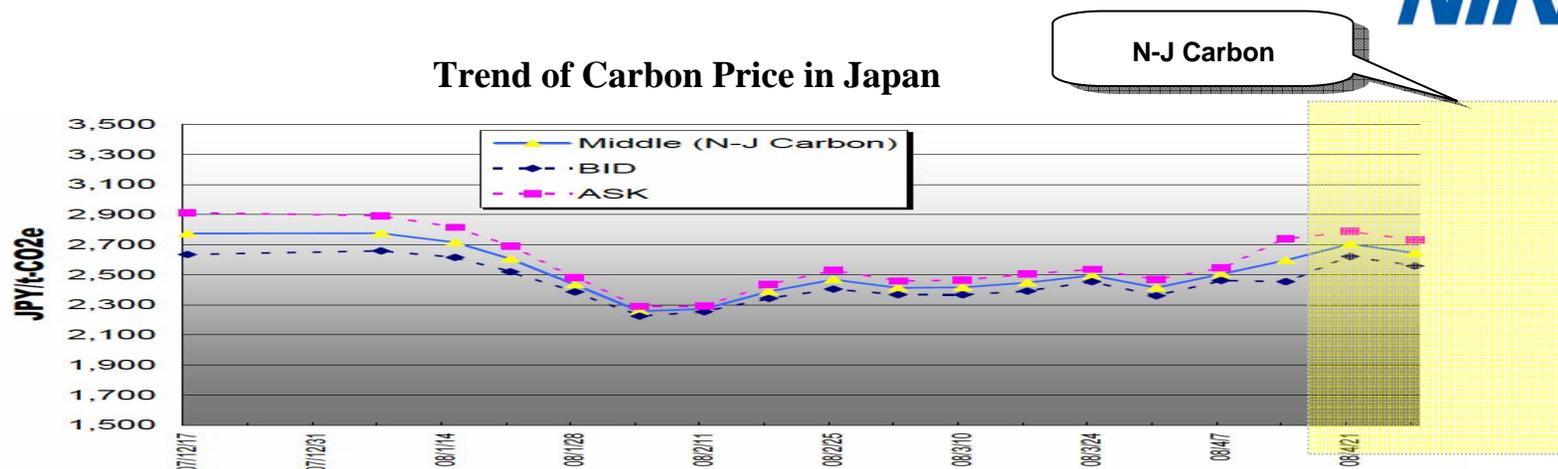
# Nikkei JBIC Carbon Quotation Index



**JBIC**

**NIKKEI**

**N-J Carbon : Every Monday ( 12:30 in Tokyo Time),  
by Nikkei Digital Media and JBIC from 21 April 2008**



- Indicative price for bidding and asking
- Japanese yen denominated

■ **Standardized Kyoto Credits for N-J Carbon**

- Excluding Kyoto Credits from forestry projects
- Spot delivery
- 50,000 tons CO2e
- Issued Kyoto Credits on the Japanese market (Registry: in Japan, (EU), Suisse, New Zealand, or UNFCCC)

■ **Price information partners:**

EcoSecurities, Fortis, JP Morgan, Marubeni Corporation, Natsource Japan



**Information providing platform  
Nikkei Digital Media Inc.**

(<http://eco.nikkei.co.jp/>)

**Japan Institute for  
Overseas Investment (JOI)**

(<http://www.joi.or.jp/carbon/>)

# Conclusion



- 1 Aviation in Japan is not included into regulation or quasi-regulation.
- 2 Voluntary offset is a great movement and private initiative ask for reduction emission from aviation and other transportation.
- 3 Offset ratio is not necessary to be 100%, say combination of the efforts by airlines and offset by passengers would be defect standard.
- 4 Financing to the replacement of airplanes should be endorsed and financial sectors may push it.