

December 9, 2008  
Side event: Government of Japan

Report of the 2<sup>nd</sup> International Workshop on Sectoral Emission Reduction  
Potential

First of all, I would like to thank you for participating in this side event.

Japanese government held the 2<sup>nd</sup> International Workshop on Sectoral Emission Reduction Potential, chaired by Björn Stigson from World Business Council on Sustainable Development (WBCSD) and me, on October 22<sup>nd</sup> in Paris. Approximately 100 participants, including policymakers, researchers, industrial representatives and international organizations from 21 countries, attended the workshop. I can say that it was very interesting and productive workshop. Today, I would like to share such an experience with you.

The workshop aimed at discussing two topics. First, we discussed how bottom-up mitigation potential analysis can contribute to setting fair and equitable quantified emission reduction targets for developed countries with ensuring comparability. The second topic was how cross-border analysis can contribute to Measurable, Reportable and Verifiable actions by developing countries.

Because time is limited, I'm not going to explain each presentation at the workshop today. Instead, I would like to talk about overall summary of the workshop. For detailed information, please visit a website at the Ministry of the Environment, Japan.

For the first topic, several research institutes such as NIES, RITE, IEEJ, PBL, and McKinsey & Company reported their recent research outcomes through bottom-up studies on sectoral GHG emissions reduction potentials, followed by a discussion between the scientists and policymakers.

One of the key findings from the discussion was that aggregated reduction potentials identified by sectoral approaches, considering improvement of carbon intensity/energy efficiency and technology diffusion rate, enable developed countries to set national reduction target in a realistic and transparent manner, and it can be a tool for shaping images of reduction potentials and setting an ambitious and feasible national reduction target for each country. Also, we found that importance of meaningful participation of developing countries that account for more than half of global emissions and relatively cost-effective mitigation potentials. In addition, we discussed that potentials from lifestyle changes should be taken into account to bridge the gap that might occur between reduction potentials based on a bottom-up approach and emissions reduction levels calculated by a top-down approach. We finished discussion of this session by concluding that enhanced international collaboration among researchers and research institutions can contribute to advance negotiation by identifying reduction potentials and providing policymakers with reliable scientific information.

For the second topic, contribution of cross-border analysis to Measurable, Reportable and Verifiable actions by developing countries, several industry sectors and IEA introduced their activities on the development of indicators, analyses of mitigation potentials and ongoing international mitigation actions, including those under the Asia-Pacific Partnership (APP). They emphasized the importance of global sectoral actions that takes circumstances of each sectors in both developed and developing countries into account. Also, researchers from China and India, and OECD made presentations on co-benefits from mitigation actions in developing countries.

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Through discussion about this topic, we confirmed that cross-border analyses using sectoral approaches can be utilized to promote transfer of identified best practices (BPs) and best available technologies (BATs) to developing countries. We also confirmed that difference in the levels of regulation may cause carbon leakage in the internationally competitive sectors and thus internationally harmonized actions should be explored. Furthermore, we discussed that many mitigation actions have co-benefits, such as energy security and alleviation of air pollution, and therefore they can contribute to sustainable development and that public-private partnership can promote mitigation in an unbinding manner with financial support from governments.

In conclusion, for future works, participants agreed that the latest findings from bottom-up mitigation potentials studies can contribute to advancing future negotiations. Especially, works on comparison among bottom-up models by focusing on clarifying modeling assumptions and the dialogue among policymakers, scientists and industry representatives are important and therefore shall be continued in the future.

In that sense, I really appreciate the Japanese government's intent to hold workshop in next March in Bonn and hope that we can contribute to those activities further.