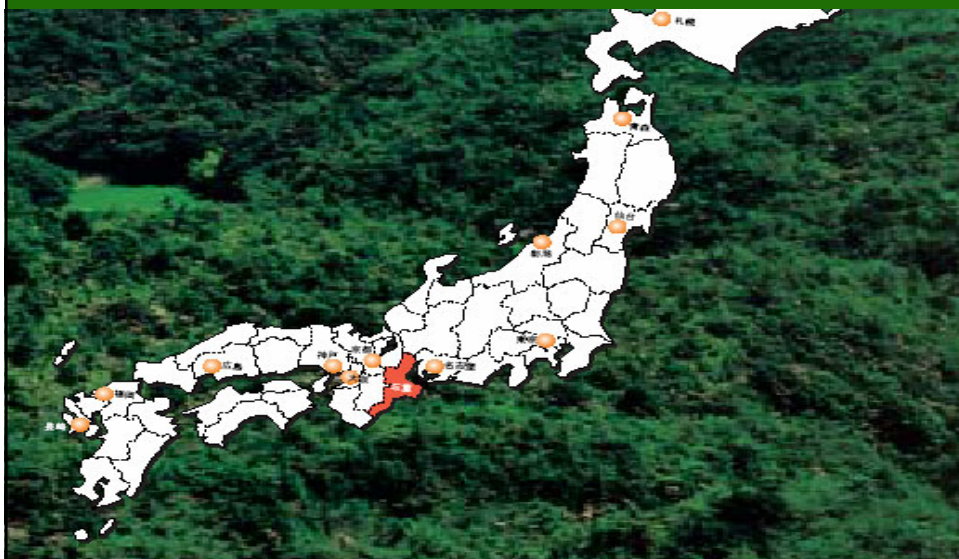


Proposal of Emissions Trading in Japan

PricewaterhouseCoopers
Takuya Ogushi

◀ Contents

Location of MIE prefecture





Outline of the project

Host

- Ministry of the Environment
- Mie Prefectural government

PwC coordinates the project

Participants

- 30 major companies which have plants or offices in Mie Prefecture
 - Manufacturing
 - Oil refinery
 - Chemical
 - Semiconductor

Schedule

From June 2002

To March 2003

Level of Emissions

- Total CO₂ emissions from participants
4 millions CO₂-tons / year
- about 1% of Industries in Japan

Purposes of the project

<for the Governments>

- Test domestic emissions trading in Japan
- Find effective and workable rules of domestic emissions trading

<for Participants>

- Think about GHG emissions more seriously
 - Get knowledge of emissions trading
 - Gather information regarding ways and cost to reduce emissions

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Steps of this project

1 Discussions: make an agreement to tackle climate change
And think about better rules of domestic emissions trading

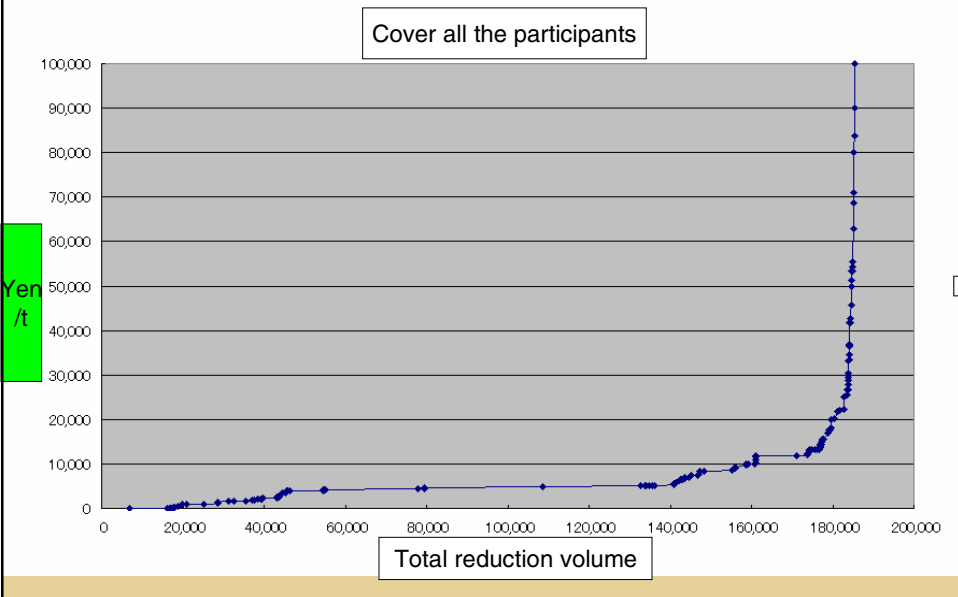
2 Audit: visit all the corporations and check GHG emissions,
ways and means of emissions reduction

3 Simulation: try domestic emissions trading using their real data
five times under the different conditions

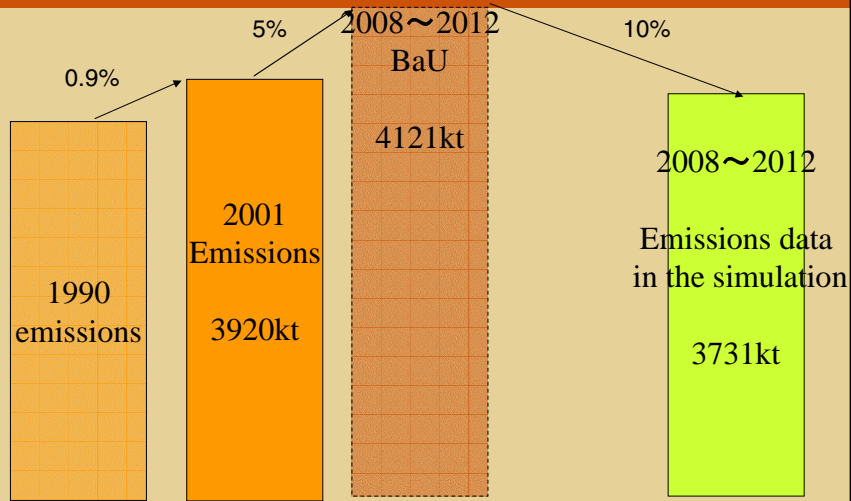
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Findings from the project

Marginal Cost Curve of participants



Results of simulation



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Our Opinions

Since reduction cost is higher in Japan, emissions trading could be a cost-effective approach to reduce GHG emissions.

Because of lack of experiences, transaction cost was higher than actual reduction cost.

For more information: Takuya.ohgushi@jp.pwcglobal.com



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