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E-00 UTED-00 FRB-00 H-01 TEDE-00 INR-00 IO-00
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NSCE-00 NSF-01 OIC-02 OMB-01 OPIC-01 PA-00 PM-00
PRS-00 P-00 CIO-00 SP-00 SSO-00 SS-00 STR-00
TRSE-00 T-00 USIE-00 EPAE-00 PMB-00 DSCC-00 DRL-09
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FM AMEMBASSY TOKYO
TO SECSTATE WASHDC IMMEDIATE 2326
INFO AMEMBASSY NAIROBI IMMEDIATE
HQEPA WASHDC PRIORITY
SCIENCE COLLECTIVE PRIORITY
DOE WASHDC PRIORITY
AMCONSUL NAHA
AMCONSUL SAPPORO
AMCONSUL FUKUOKA
AMCONSUL NAGOYA
AMCONSUL OSAKA KOBE
AMEMBASSY WELLINGTON
AMEMBASSY CANBERRA

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REVIEW AUTHORITY: Alan
Flanigan, Senior Reviewer

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NAIROBI (US UNEP PERM REP) FOR A/S CLAUSSEN
STATE FOR OES/EGC, EAP/J, G-DHARWOOD
EPA/OIA FOR STROTHER
DOE FOR HASPEL, PO-2; BRADLEY, PO-63

E.O. 12958: N/A
TAGS: SENV, PGOV, ENRG, JA

SUBJECT: CLIMATE CHANGE: GOJ LARGELY SUPPORTIVE OF USG
PROTOCOL PROPOSAL

REF: (A) STATE 18963; (B) TOKYO 894

1. THIS IS AN ACTION REQUEST -- SEE PARAS 17 AND 18.

2. SUMMARY: WHILE GOJ OFFICIALS HAVE YET TO REACH CONSENSUS ON THEIR OWN GOVERNMENT'S POSITION ON VARIOUS SUB-ISSUES, THEY GENERALLY FIND THEY CAN WORK WITH THE USG PROPOSED CLIMATE CHANGE PROTOCOL. EA SUPPORTS MUCH OF THE USG PROPOSAL, BUT HAS RESERVATIONS ABOUT OUR PLAN FOR JOINT IMPLEMENTATION WITHOUT DEVELOPING COUNTRY EMISSION TARGETS AND OUR "BORROWING" PROPOSAL. MITI CONTINUES TO QUESTION THE CONCEPT OF EMISSIONS TRADING, BUT MAY BE SHOWING A MORE OPEN MIND ON THE MATTER. MOFA EMPHASIZES IT IS READY TO SEEK COMPROMISE WITH THE USG IN ORDER TO MOVE FORWARD TOGETHER IN CLIMATE NEGOTIATIONS. END SUMMARY.

3. PER REFTEL A REQUEST, ESTOFF RECEIVED SEPARATE BRIEFINGS FEBRUARY 4 FROM ENVIRONMENT AGENCY OFFICE OF INTERNATIONAL STRATEGY ON CLIMATE CHANGE DIRECTOR KATSUNORI SUZUKI, MITI GLOBAL ENVIRONMENTAL AFFAIRS OFFICE DEPUTY DIRECTOR MICHIIHIRO KISHIMOTO AND MOFA GLOBAL ISSUES DIVISION
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ASSISTANT DIRECTOR MASAMI TAMURA.

INTERAGENCY DISCUSSIONS

4. THESE THREE KEY AGENCIES ARE STILL WORKING TO REACH CONSENSUS ON VARIOUS ISSUES, INCLUDING EMISSIONS TRADING, JOINT IMPLEMENTATION AND DEVELOPING COUNTRY COMMITMENTS. EA'S SUZUKI SAID THE GOJ PROTOCOL PROPOSAL, SUBMITTED AT THE DECEMBER AGBM SESSION, IS NOTABLY THIN ON DETAILS BECAUSE THE GOJ DID NOT AND HAS NOT REACHED INTERAGENCY CONSENSUS.

ENVIRONMENT AGENCY (EA)

5. SUZUKI SAID EA SUPPORTS THE USG'S MULTI-YEAR EMISSIONS BUDGET APPROACH AND AGREES NEGOTIATORS MUST USE THE NEXT SEVERAL MONTHS TO DEVELOP THE FRAMEWORK AND PUT OFF DISCUSSION OF REDUCTION TARGETS.

6. EMISSIONS BUDGET: SUZUKI SAID EA CAN ACCEPT "BANKING" CREDIT FOR REDUCTIONS IN PERIOD ONE FOR USE IN A LATER PERIOD, BUT HAS SERIOUS RESERVATIONS ABOUT "BORROWING" FROM A LATER PERIOD TO COVER AN EARLIER ONE. EA FEARS IT WILL ALLOW COUNTRIES TO BE UNDISCIPLINED AND MAY CAUSE DEVELOPING COUNTRIES TO QUESTION THE COMMITMENT OF ANNEX ONE COUNTRIES TO REDUCE EMISSIONS. IF A BORROWING MEASURE MOVES FORWARD, EA WOULD INSIST A MAXIMUM LIMIT BE SET.

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7. JOINT IMPLEMENTATION: SUZUKI WAS MOST ADAMANT ABOUT EA'S OPPOSITION TO A JOINT IMPLEMENTATION PROGRAM WHICH WOULD ALLOW FOR CREDITING FOR DEVELOPING COUNTRIES WHICH DO NOT HAVE EMISSION TARGETS. SUZUKI SAID EA COULD SUPPORT A JI SCHEME AMONG COUNTRIES WITH EMISSION CAPS.

8. DIFFERENTIATION: SUZUKI SAID THE GOJ, CONCERNED ABOUT THE PROLIFERATION OF COMPLEX DIFFERENTIATED REDUCTION PROPOSALS, PRESENTED ITS RELATIVELY SIMPLE PER CAPITA REDUCTION OPTION AS A MEANS TO OPEN THE WAY FOR POST-KYOTO TALKS ON MORE COMPLEX DIFFERENTIATED TARGETS. SUZUKI SAID HE IS INTERESTED IN THE USG STRATEGY ON PERSUADING OTHERS, PARTICULARLY AUSTRALIA AND THE EU, TO SUPPORT A FLAT TARGET.

9. EMISSIONS TRADING: EA IS STILL FORMULATING ITS VIEW ON EMISSIONS TRADING, BUT SUZUKI BELIEVES A TRADING REGIME MAY CATCH ON IF THE PARTIES FIRST BEGIN WITH A SMALL-SCALE MECHANISM TO ALLOW SKEPTICAL PARTIES TO OBSERVE HOW ONE WOULD OPERATE.

10. DEVELOPING COUNTRY COMMITMENTS: EA AGREES, IN PRINCIPLE, WITH USG VIEWS IN THIS AREA, BUT THINKS THE USG POSITION MAY BE TOO STRONG. SUZUKI FEARS DISCUSSION ON ARTICLE 4.1 MATTERS COULD BECOME SO HEATED IT COULD BECOME AN OBSTACLE TO THE ENTIRE PROCESS. SUZUKI BELIEVES IF THE DEVELOPED COUNTRIES ASK FOR STRONG G-77 COMMITMENTS, THE G-

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77 WILL PRESS FOR INCREASED FINANCING THROUGH THE GLOBAL ENVIRONMENT FACILITY. SUZUKI NOTES THE G-77 IS NOT FOCUSING MUCH ON THE FINANCING QUESTION NOW AND HE DOES NOT WISH TO STIR THE POT. FOR THAT REASON, THE GOJ IS CONSIDERING DOWN-PLAYING DEVELOPING COUNTRY COMMITMENTS.

11. BASKET/NET APPROACH: EA, MITI AND MOFA ALL SAID THAT BECAUSE OF THE UNCERTAIN SCIENCE IN MEASURING SOME GASSES, THE GOJ OPPOSES THE BASKET APPROACH ON GREENHOUSE GAS (GHG) ACCOUNTING, PREFERRING GAS-BY-GAS ACCOUNTING. THE GOJ ALSO OPPOSES INCLUDING SINKS AS A WAY TO MEASURE AND CREDIT GHG REDUCTION, BECAUSE OF SIMILAR MEASUREMENT UNCERTAINTIES. BECAUSE OF ITS LIMITED ARABLE LAND SPACE, JAPAN IS AT A DISADVANTAGE WHEN IT COMES TO REFORESTATION.

MITI

12. KISHIMOTO SAID WHILE MITI IS STILL STUDYING THE SPECIFICS OF THE USG PROPOSAL, OVERALL IT WELCOMED OUR
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"REALISTIC" APPROACH. MITI GLOBAL ENVIRONMENTAL AFFAIRS DIRECTOR KAZUHITO SAKURAI WILL PROBABLY SHARE MITI VIEWS WITH US MORE THOROUGHLY AT THE FEBRUARY 7-8 ACAP MEETING IN SAN DIEGO. THAT SAID, KISHIMOTO REPEATED SOME OF THE POSITIONS WE HAVE HEARD FROM MITI BEFORE -- INSISTENCE ON DIFFERENTIATION AND RESERVATIONS OVER EMISSIONS TRADING.

13. EA'S SUZUKI, HOWEVER, POINTED OUT THAT MITI MAY BE SHOWING GREATER FLEXIBILITY ON EMISSIONS TRADING. AT A RECENT MITI/IPCC-SPONSORED CONFERENCE IN TOKYO (REFTEL B), MITI DEPUTY DIRECTOR-GENERAL FOR GLOBAL ENVIRONMENTAL AFFAIRS YUKIO ISHIUMI SAID EMISSIONS TRADING WAS AN "INTERESTING" IDEA, WHICH WAS NOT WELL UNDERSTOOD, PARTICULARLY AMONG DEVELOPING COUNTRIES.

MOFA

14. WHILE SECURING A TANGIBLE AGREEMENT WITH A POSITIVE AND EFFECTIVE ENVIRONMENTAL IMPACT IS IMPORTANT, "GETTING RESULTS" IS THE GUIDING PRINCIPLE FOR MOFA ON THE CLIMATE CHANGE TALKS, ACCORDING TO TAMURA. FOR ITS PART, MOFA HAS FEW PROBLEMS WITH THE USG PROPOSAL AND WISHES TO MOVE FORWARD TOGETHER IN CLIMATE TALKS. TAMURA ACKNOWLEDGED, HOWEVER, MITI AND EA MAY NOT BE AT THIS STAGE YET.

15. EMISSIONS TRADING: TAMURA SAID A KEY HURDLE FOR THE GOJ IS ITS UNFAMILIARITY WITH EMISSIONS TRADING -- PARTICULARLY HOW JAPAN WOULD IMPLEMENT SUCH A MECHANISM DOMESTICALLY. ESTOFF SUGGESTED THE USG COULD INVITE GOJ OFFICIALS TO VISIT
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THE UNITED STATES TO OBSERVE HOW THE ACID RAIN EMISSIONS TRADING SYSTEM OPERATES AND TO MEET WITH OFFICIALS WORKING ON THE SYSTEM. TAMURA WILL SUGGEST TO THE JAPANESE EMBASSY THAT IT WORK WITH WASHINGTON AGENCIES TO SET UP SUCH A PROGRAM FOR MOFA SPECIAL AMBASSADOR FOR THE ENVIRONMENT TOSHIKI TANABE, WHO WILL BE IN WASHINGTON AND CHICAGO FROM MARCH 11-13, FOLLOWING THE AGBM MEETING. (NOTE: TANABE WAS JAPAN'S COUNSEL-GENERAL IN CHICAGO FROM 1992-1994. END NOTE).

16. DEVELOPING COUNTRY COMMITMENTS: TAMURA NOTED THE USG PROPOSALS ON JOINT IMPLEMENTATION AND DEVELOPING COUNTRY COMMITMENTS WERE THE STRONGEST OF THOSE PROPOSED THUS FAR. AS HOST TO COP-3, MOFA IS CONCERNED ABOUT THE DIFFICULTY OF BRIDGING THE GAP BETWEEN THE USG PROPOSAL AND LIKELY DEVELOPING COUNTRY OPPOSITION.

ACTION REQUESTS

17. EMBASSY SUGGESTS DEPARTMENT COORDINATE WITH THE JAPANESE EMBASSY AND WASHINGTON AGENCIES TO INCLUDE BRIEFINGS ON THE ACID RAIN TRADING SYSTEM FOR AMBASSADOR TANABE DURING HIS VISIT TO THE UNITED STATES. A VISIT TO THE CHICAGO BOARD OF TRADE, WHERE ACID RAIN EMISSION CREDITS

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ARE TRADED, COULD BE ESPECIALLY VALUABLE.

18. EMBASSY REQUESTS DEPARTMENT RESPONSE TO THE FOLLOWING
QUESTIONS FROM EA'S SUZUKI REGARDING THE USG PROPOSAL.

-- ARTICLE 2.3.A.: COULD THE ALLOWABLE PERCENTAGE EXCEED 100
PERCENT?

-- ARTICLE 2.4: COULD EACH ANNEX B COUNTRY HAVE
DIFFERENTIATED COMMITMENTS (I.E. ANNEX B1, ANNEX B2, ETC.
RESPONSIBILITIES)?

-- WHAT IS THE USG VIEW ON THE AUSTRALIA PROPOSAL?

-- DID THE USG PURPOSEFULLY EXCLUDE ANY MENTION OF POLICY
AND MEASURES IN ITS PROPOSAL?

END ACTION REQUEST.
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