

Conference Report

Post-Kyoto and the “Green New Deal” – Green Opportunities for Japan, Germany and the US

Andrew DeWit, Director, Economic Research Center, Rikkyô University, Tôkyô

On June 10, the Friedrich-Ebert-Foundation (FES), the Japanese-German Center Berlin (JDZB), the Fujitsu Research Institute (FRI) and Rikkyo University’s Economic Research Centre held a conference on "Post-Kyoto and the Green New Deal: Green Opportunities for Japan, Germany and the US" at the International Forum in Tokyo.

The first panel was titled "Post-Kyoto: New targets, New opportunities." Japan's former Environment Minister, Koike Yuriko, spoke together with Matthias Machnig, State Secretary of the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety. Commenting on the American political process was Robert Orr, chairman of the Panasonic Foundation and former member and President of Boeing Japan and a member of the Obama foreign-policy network and economy group. Also, Takahashi spoke as director of the Office of Market Mechanisms, Climate Change Policy Division, for Japan's the Ministry of the Environment.

These speakers emphasized a variety of points that will become increasingly important as this year progresses. Koike took issue with media portrayals of her “Cool Biz” policies of the mid-1990s, and stressed that they were not limited to simply removing neckties and upping the settings on air conditioners. She depicted such efforts as the core of a larger program to conserve energy and instill an ethic of sustainability. A more policy-oriented presentation was offered by Machnig, who opened his remarks by noting the urgency of acting on energy and climate change as well as the increasing successes that Germany has had in the renewables field. The Federation of German Industries (BDI), he noted, had only the previous day declared that renewable and sustainable energy products would become the single largest sector of German industry in the near future. The sector already exceeds the German automobile business in terms of size. Machnig also forcefully reminded the audience that this year, with its Post-Kyoto culmination in Copenhagen, is without precedent in human history. He declared quite movingly that we must act, and act responsibly, using the proven tools of smart public policy in shaping the incentives in the overall economy. He also criticized Japan’s midterm target for reducing CO2 emissions, announced fortuitously on the very day of the conference. Machnig asserted that Japan’s proposal to reduce CO2 emissions 15% from 2005 levels by 2020 cannot be deemed ambitious, particularly since the 15% includes the reductions Japan was already obliged to achieve by 2012 via the Kyôto Protocol. Machnig argued that the new target is merely an 8% reduction from 1995 levels, with the 15% being merely a means to obfuscate the fact that Kyôto targets will not be met and are instead to be compensated for in the next period.

Robert Orr followed up Machnig's enthusiasm for responsible action with very sobering remarks about the difficulties of the political process in Washington. He noted that there is no doubt that the Obama regime is committed to robust targets in order to engineer an industrial transformation. But the devil is in the details, as well as in the committees of the Congress. America's extremely open and fragmented system of governance allows the representatives of the status quo ample opportunity to interfere in efforts to change it. Using the metaphor of the Old Man and the Sea, Orr warned that there is every possibility that we will see an enormous opportunity whittled down by compromises to the insatiable jaws of vested interests, to the point where the ensuing legislation is a mere skeleton of the initial vision. Mr. Takahashi's comments reflected the continued reluctance of the Japanese policy community to use robust state sector mechanisms rather than rely on nudging the market. Both he and Koike highlighted the difficulties in facilitating wind and geothermal power production, a sharp contrast to the eagerness with which these technologies are being deployed in Germany, the United States and just about everywhere else in response to robust public sector targets for renewable energy production as a percentage of overall electrical output.

The second panel was addressed more to the politics of the green new deal, and titled "Post-Kyoto and the Green New Deal." There were five speakers, including Iida Tetsunari, the managing director of the Institute of Sustainable Energy Policy, Ikuta Takafumi of the Fujitsu Research Institute, Martin Jänicke, member of the board of the Bundesstiftung Umwelt, Pavan Sukhdev, Director of the Economics of Ecosystems and Biodiversity at the United Nations Environmental Program, and Stacy VanDeveer, professor at the University of New Hampshire.

This mix of speakers allowed for a thorough discussion on the policy mechanisms and the political processes that are becoming the core elements of the ongoing energy revolution. All of the speakers illustrated the fact that we are in the midst of an industrial revolution. They depicted how the progress of various nations and regions varies according to the package of public policies and other mechanisms they deploy to encourage the renewable revolution. The Japanese specialists, Iida and Ikuta, highlighted a reluctance of the main actors in the business community and the political process to use public sector mechanisms, including the feed-in tariff and robust portfolio standards, that are widely recognized as key drivers of structuring market incentives. Professor Jänicke eloquently emphasized the crucial point that industrial revolutions always feature a crucial role of the state. Sukhdev also contributed an important global perspective on the challenges of getting the policies right in order to foster sustainable ecosystems. VanDeveer presented an important perspective on the way reluctance at the federal level in the United States, under the Bush regime, was met by a very aggressive action at the local and regional level. One thing that many observers continue to misunderstand about the United States is that its federal system has provided a great deal of policy room for innovative states and urban centers to act on climate change and renewable energy policy. No matter what happens with the Obama regime, and its goals at the federal level, these local developments will continue to be strengthened. Indeed, one can look at the Obama regime as an effort to nationalize, or more

strictly speaking, "federalize," these innovative state policies.

Overall it was clear from the conference that this is a year in which action is about most importance. It was also clear that the course of action needs to be a deepening of the policy and political innovations detailed by the speakers.

One point to give hope in this respect is the recent success of the International Renewable Energy Association (IRENA). The association has long been a dream of key architects of Germany and other countries' successes in innovative public policy. For years, they have pointed to the need to go beyond the International Energy Agency and the OECD, and construct a new, UN-centred agency devoted to disseminating information on how to foster renewables. The formal inauguration of this agency on 26 January 2009 has since seen well over 130 countries become members. In the wake of the 10 June conference, Japan and the United States also became members. Moreover, Abu Dhabi's carbon-neutral city of Masdar has been chosen as the site for the organization's head office, with Bonn selected as the centre for technical innovation. We can only hope that the opportunities and policy options stressed at the conference become even more widely disseminated, understood and adopted.