

# EVALUATION OF AND FUTURE POSSIBILITY OF VOLUNTARY ACTION PLAN ON GLOBAL WARMING BY BUSINESSES

Satoko Ido

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## 1. OBJECTIVES

Japan formulated the Kyoto Protocol Target Achievement Plan to meet the Kyoto target, yet emissions are still increasing.

The industrial sector is the biggest emitter in Japan. Its activity is easier to be controlled compared with that of the residential sector, and it can deal creatively with social changes and problems.

The industrial sector has a “Voluntary Action Plan” to prevent global warming. However, the characteristics of the plan are not clear, for example the process of forming the plan is not open. How do we evaluate the plan in terms of environmental effectiveness, equity, cost efficiency and feasibility?

This paper identifies the reality of the plan through the interviews to the industry, and argues its characteristics and effectiveness such as environmental effects, etc. Then, based on these arguments and considering current emitting levels and Japanese policies and measures, it will attempt to propose future possibilities for the plan.

## 2. VOLUNTARY APPROACHES

Though there is no standard definition of “Voluntary Approaches”, an OECD report on this issue describes them as schemes whereby firms make commitments to improve their environmental performance beyond legal requirements and categorizes them into various types. “Negotiated Agreements” are commitments through bargaining between government and industry, and “Unilateral Commitments” are set by the industry acting independently without any involvement of government.

The approaches are often used as a part of wider policy mix. No available evidence regarding the effectiveness of environmental effects, equity, and cost efficiency has been established, but they generate positive effects such as flexibility.

## 3. VOLUNTARY ACTION PLAN

*Keidanren* (Japan Business Federation) published a “Voluntary Action Plan”, a voluntary approach created in June 1997. It declares that *Keidanren* will endeavor to reduce CO<sub>2</sub> emissions from the industrial sectors in 2010 to below 1990 levels. The plan occupies a central part in Target Achievement Plan, and it is reviewed by related councils of the Japanese government.

## 4. CONCLUSION

### (1) Characteristics and Effectiveness of the Voluntary Action Plan

The plan is unique in that it is employed independently of Japanese policies, and it is ambiguously classified neither as a negotiated agreement nor a unilateral commitment. The government review mechanisms give positive impacts on the plan, however, they do not ensure environmental effectiveness, equity, and cost efficiency. Conversely, because of the nature of its ambiguity, the review mechanisms generate positive effects, for instance promoting national campaigns.

### (2) Future Possibility of the Voluntary Action Plan

Comparable reviews in all sectors should be carried out and the results should be published. A more transparent and equitable system will make the plan work better than it is now. Moreover, due to the ambiguity of the plan, reviews can take on various forms, and as a consequence positive effects are generated. The evolution of the plan by the reviews like this should continue in the future especially in order to promote cooperation between industrial and other sectors. Also, with a variety of reviews, a lot of data will become available through the plan.