

when setting limits. The Japanese government has, to date, shown little interest in establishing an emissions allowance trading system such as that which has been developed in the United States.

Stringent environmental standards governing the emission of NO_x were also established in Japan during the 1970s. A number of innovative technologies, including Exhaust Gas Recycling (EGR), catalytic denox facilities and two stage combustion have helped to address the issue. Despite all of these efforts, however, the NO_x emission problem in urban areas has not been solved, with emissions remaining as much as double the targeted levels.

Regarding the predominant environmental challenge currently facing Japan and other countries, that of controlling the emissions of carbon dioxide (CO_2) and other greenhouse gases, the government has announced its plan to cap CO_2 emissions per capita at 1990 levels by the year 2000. As part of its commitments made at the Earth Summit in Rio de Janeiro, the Japanese government conducted a study to identify concrete policy measures which it could use to reach this objective. The study was released in November 1992.

The report identified three main policy approaches which could allow Japan to meet its CO_2 stabilization goal: (i) quantitative restriction of CO_2 emissions; (ii) imposition of taxes and surcharges on fossil fuel consumption; (iii) extending low-interest government loans, tax incentives and subsidies.

For a variety of reasons, including international competitiveness, the government does not favour options i and ii. Instead, the report outlines a 14-point program while promoting the third option. The 14 options, which will form the basis of future CO_2 reduction efforts, are:

- (1) Energy efficiency improvements
- (2) Establishment of efficient waste heat utilization systems
- (3) Development of non-fossil energy sources
- (4) Promotion of environmentally friendly business practices
- (5) Promotion of environmentally friendly consumer behaviour

Source:

"Energy in Japan: Facts and Figures", Agency of Natural Resources and Energy, Ministry of International Trade and Industry, February 1993, p. 38