

Pvt sector to be driving force of a green economy, says Japan

Keya Acharya / Mexico City December 17, 2010, 0:59 IST

Japanese MP Issei Tajima, member of an influential lobby of global parliamentarians called GLOBE (Global Legislators for a Balanced Environment) that had met at the Mexican Senate immediately preceding the recent climate change talks at Cancun, is happy that his opinion on allowing the private industry to enter into climate change financing and action has found its place in the Cancun agreement.

Several clauses in the Cancun agreement opens the door for private sector inclusion in climate-alleviation financing and action.

Tajima had told the global lobby of MPs that the current crises in European and US financial markets, on world energy situation and global warming issues left "paradigm shift to a green economy as the only solution forward".

Cancun has now formally agreed on a Green Fund, with promises of putting in \$100 billion by 2020 and \$30 billion by 2012, which is merely a continuation of what the previous talks at Copenhagen in December 2009 had committed, but had not honoured so far.

The Organisation for Economic Cooperation and Development (OECD) had also previously committed 0.7 per cent of its GDP to funding adaptation in developing countries, but has not kept its commitment as yet, with many donor countries facing financial constraints.

Tajima said financial institutions, affected by conventional loan policies, were now looking at changing their investment policies. Thus, green products that had no short-term value were now proving good assets in the long term.

"This is why private financing is assuming a very important role," says Tajima, stressing however, that identification of 'green' industry for this was important. The industry should have low-carbon operations, adhere to national environmental pollution controls as well as safeguard natural and social impacts. Disclosure of its carbon emission risk and contribution should also be essential.

"Financial institutions should help in constructing this new mechanism" said Tajima.

"Banks need to develop environment products, services and information to be shared by other financial institutions while the government needs to improve the investment climate for the private sector.

"Long-term national strategies are crucial for the private sector to enter this market with investment," he continued.

Public support, essential for private financing, could be through insurance or guarantee by public-financial institutions for risk mitigation, or through co-financing public-private, together with international and local financing.

"Take the risk through medium and long term investment," Tajima advised developing country MPs at the GLOBE meeting. "Medium-risk returns should be given to the private sector while the government takes the long-term risk."

Japan, one of the world's most energy-efficient economies, will be fulfilling its Kyoto Protocol emission reduction targets within another year, and has set a further target of reductions.

It vetoed continuation of the Kyoto Protocol at Cancun, which ultimately got watered down to be decided in Durban next year, because of the refusal of both major economies like the US to come on board, and of emerging economies like China and Brazil to set higher emission reduction targets.

GLOBE, which currently influences its nationals politicians behind the scenes at major trade and climate meetings, is now fighting for accreditation to the UNFCCC's climate process.

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Steel Authority of India Ltd	188.05	Gains ahead of FPO
Shree Renuka Sugars Ltd	89.60	Govt allows 500,000 tonnes sugar exports
Strides Arcolab Ltd	429.10	Cancels licensing, supply agreement with KV Pharma

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Company	Last (Rs)	Gain (%)
Hero Honda Motor	1,679.10	3.57
TCS	1,140.40	3.56
Infosys Tech.	3,292.30	2.77

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Company	Last (Rs)	Gain (%)
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Tata Power Co.	1,294.35	-1.63
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