

Concept and roles of sectoral approaches

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What is Sectoral Approach?

Basic Concept:

- SA is a tool to promote **GHG emissions reduction** focusing on **improvement of efficiency** in key sectors
- through **public-private cooperation**
 - in a compatible manner with **economic growth**

SA facilitates concrete mitigation actions by

- securing **fairness of efforts** among countries and
- ensuring their effective and feasible **implementation** based on available technologies

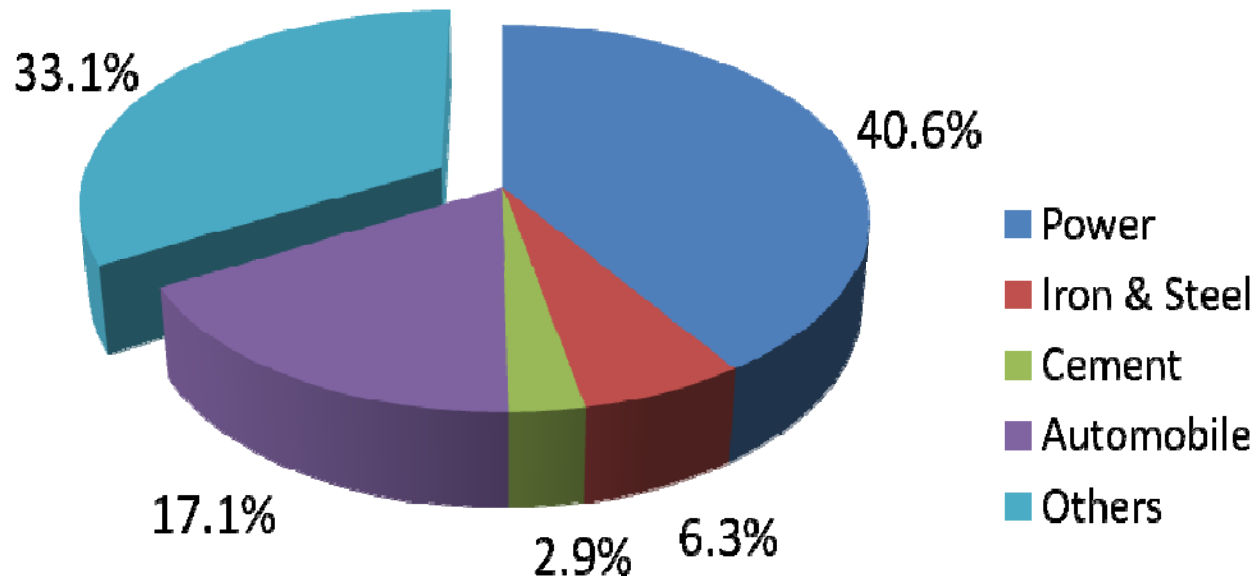
Multiple Characteristics of Sectoral Approach:

- Technology-based
- Bottom-up
- Transnational
- Industry-based

Which sector matters?

SA should cover sectors of which CO₂ emissions account for large share in the global CO₂ emissions.

Global energy related CO₂ emissions 27.1Gt(2005)



Source : IEA, "CO₂ Emissions from Fuel combustion 1971-2005," etc.

Characteristics of each sector

Iron & Steel, Cement, Aluminum

- Differences in GHG reduction cost can lead to market distortion and carbon leakage.
- Industries have already been implementing voluntary efforts including collecting data, defining indicators, benchmarking, and target setting.

Power Generation

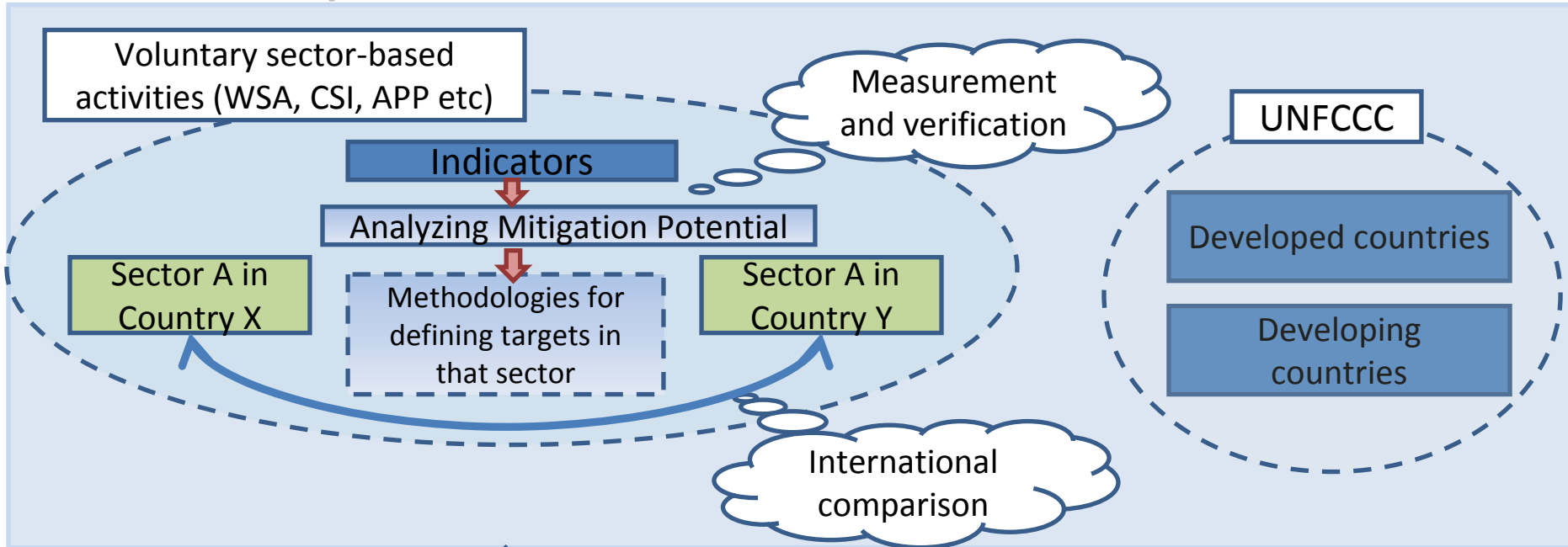
- Equal intensity across the world is difficult since intensities depend on country specific circumstances (e.g., energy security policies and resource endowment).
- International cooperation is still effective given power sector's big share in global emissions, its impact on other sectors and its technological homogeneity (e.g., coal-fired power plants).

Road Transport

- Equal efficiency across the world is difficult since intensities depend on country specific circumstances (e.g., regulation on fuel economy, introduction of non-fossil fuels, infrastructure and geographic situation)
- International cooperation is still effective given homogeneity of products and its impact on global emission.

Current efforts and future framework

Current efforts by sectoral activities



How can we incorporate sectoral activities into the future framework?

Future framework should entail

- **Comparability of efforts** among developed countries
- **MRVable actions** by developing countries supported by **MRVable technology and financial support**
- **Public-private cooperation**

What could be the role of SA in the future framework?

(A) Role for defining commitments/actions

How can each country use sectoral approach to set concrete national programs including specific goals?

- ➔ *By focusing on efficiency, sectoral approach can*
- ◆ *evaluate current status of efforts by each country*
- ◆ *show achievable path utilizing best available technologies and viable business activities*

(B) Role for implementing commitments/actions

How can sectoral approach be used in institutionalizing international cooperation in the future framework?

- ➔ *By focusing on efficiency and identifying key technologies*
- ◆ *facilitate effective technology transfer and financial support*
- ◆ *facilitate measurement, reporting and verification*
- ◆ *helping private sectors to capture opportunities*

Discussion Points

- What are advantages and limitations of industry-driven activities?
- What can be achieved in each sector by 2009? What is the goal of their activities?
- How can governments utilize sector-based activities by industries?
- What are necessary elements to provide incentives to private sectors for investment and technology cooperation?
- What elements of sectoral approach should be agreed by COP15 as a basic concepts of the future framework?