

# G-8 Leaders Specify Goal of 50% Emission Cut

## Toyako Summit Mulls Environment, Other Global Issues

By Hiroshi OKABE

A Japanese legend says our wishes for the future will be met if we write them on “*tanzaku*” strips of paper and tie them to a bamboo branch on the occasion of the July 7 “*Tanabata*” star festival. Top leaders of the Group of Eight (G-8) industrial countries met for their annual summit at the Lake Toya resort in Hokkaido on that day and made wishes in accordance with the legend. US President George W. Bush wrote, “I wish for a world free from tyranny.” British Prime Minister Gordon Brown wished for “an end to poverty.” “Learn from the wisdom of mankind to create the future,” wrote Japanese Prime Minister Yasuo Fukuda. At the 34th summit of economic powers, the leaders agonized over how to tackle such global crises as the growing threat of global warming and soaring oil and food prices shaking the world economy and societies. Leaders of China, India and other emerging countries and African nations as well as the G-8 leaders met there to discuss the future course of action for the world in line with the wisdom of mankind.

On the biggest topic of global warming, the G-8 leaders’ declaration sought to share with other countries “the goal of achieving at least 50% reduction of global emissions by 2050” toward the creation of a new international framework for the reduction of greenhouse gas (GHG) emissions after the Kyoto Protocol expires in 2012. It also appreciated Japan-proposed sector-by-sector approaches as “useful tools.” Under such approaches, potential GHG reductions in the industrial sector would be added up to goals.

At the G-8 leaders’ meeting with their counterparts from other major countries, including China and India, however, the participants failed to specify the 50% emission reduction goal for 2050 in their declaration, which said, “We support a shared vision for long-term cooperative action, including a long-term global goal

for emission reductions...” The G-8 industrial countries fell short of filling a gap with emerging countries that called on the developed nations to take leadership in reducing GHG emissions substantially. Even the G-8 declaration failed to specify any numerical goal for reducing GHG emissions over a medium term to 2020. Prime Minister Fukuda, who chaired the G-8 summit, told a news conference the summiteers and other leaders made “a contribution which is to add momentum to the UN negotiations” on a post-Kyoto Protocol framework. Japan should “exercise leadership so that such long-term goals will be adopted in the UN negotiation process,” Fukuda said, indicating he would urge China, India and other major GHG emitters to take part in global GHG reductions.

On the world economy, the G-8 declaration expressed “strong concern about elevated commodity prices, especially of oil and food,” demonstrating a serious sense of crisis. But it fell short of specifying measures to regulate speculative investment funds cited by some as a factor behind skyrocketing oil prices. As the United States and Britain opposed such regulations, the G-8 declaration put forward only a vague agreement that “concerted efforts are needed to address the underlying causes.”

Regarding the food problem, which has caused riots in some countries, the leaders of Japan, the United States, Britain, France, Germany, Italy, Canada and Russia agreed to repeal restrictions on food exports. In order to secure food supply over the medium to long term, however, these nations may have to support developing countries that export food. On biofuel policies that have contributed to the food problem, the G-8 leaders came up with a specific commitment. “We are committed to continuing research and development of second-generation biofuel technologies,” the declara-

Photo: Kyodo News



Prime Minister Yasuo Fukuda announces a chairman's summary at the end of a G-8 summit held at the Lake Toya resort in Hokkaido in July.

tion said. Such technologies are expected to use non-food plants for biofuel production, thus making the biofuel policy compatible with food security.

The G-8 leaders encouraged African countries to “continue their efforts for economic and governance reform” and vowed to enhance assistance to these poor nations. But any achievement in this regard may depend on the G-8 leaders’ efforts to respond to severe conditions and serious requests that they heard directly from their African counterparts at their meeting just before the summit.

On North Korea, the G-8 declaration called for “the resolution of the outstanding issues of concern such as the abduction issue.” In earlier G-8 summit talks, Japanese leaders requested other countries’ cooperation in resolving North Korea’s abduction of Japanese nationals, and documents other than the leaders’ declarations, such as the chairman’s summary, touched on the issue. The reference to the issue in the latest G-8 declaration came days after a US decision to remove North Korea from a list of terrorism-sponsoring countries, and Tokyo expects the summit move to exert some pressure on Pyongyang.

# Consumer Agency to Debut Next Year

## Control Tower for Consumer Administration

Photo: Kyodo News

Japanese consumers have been thrown into anxiety by a spate of problems brought to light recently, such as the false labeling of some growing places of eels, a Japanese favorite. Other problems include a mobile-phone lithium battery suddenly catching fire to burn its user and detection of agricultural chemicals in Chinese-made frozen dumplings. Given these developments, the government has decided to create a "Consumer Agency" to protect consumers by unifying relevant laws and make it a control tower for consumer administration. The move reflects a strong intention of Prime Minister Yasuo Fukuda to advocate "administration focused on consumer interests."

In Japan, consumer administration has been carried out based on vertically structured laws governing different industries, each controlled by two or more ministries and agencies. By unifying consumer administration, the proposed agency will try to do away with the practice of passing things on from one government department to another

and swiftly deal with various problems with the mindset of consumers. Concretely, 30 laws covering the four fields of product labeling, trading, safety, and pricing and living will be transferred to the Consumer Agency jurisdiction so that the agency can have strong authority. The agency will also become a single channel to accept information about incidents affecting human lives and complaints from consumers. The government will present to the Diet soon a bill calling for the agency's creation, seeking to inaugurate it in 2009.

The government will also study legal measures to create a victim-relief system under which illegal profits gained from vicious business practices can be forfeited, and the state can demand

damages on behalf of victims. The Consumer Agency will also take charge of pricing administration, including changes in utility rates.

The creation of the agency will be a major turning point in the history of administration in Japan. So far, priority has often been given to industrial promotion and growth of traders. The Consumer Agency will become Japan's first government department to implement administration oriented to the defense of consumer rights.



Prime Minister Yasuo Fukuda (extreme right) attends a meeting that gave the go-ahead to a plan to set up a "Consumer Agency" designed to protect consumer interests.

# Japan Still under Deflation?

## No End in Sight despite Rising Cost of Living

The Japanese government has yet to declare an end to deflation, defined as a sustained fall in prices, despite growing consumer sentiment of inflation amid a flurry of price hikes on daily necessities such as gasoline and food. This is because price rises and falls are mixed depending on goods, with prices of IT-related products such as flat-panel TVs and personal computers keeping a downtrend in the wake of technological innovation.

Japan's core consumer price index (CPI) excluding volatile fresh food prices rose 1.5% in May from a year earlier, the quickest pace of rise in about 15 years.

The CPI is certain to keep climbing from now on. But the uptrend was mainly attributed to a surge in prices of oil and other key commodities. The Cabinet Office is paying special attention to indexes showing price hike pressure in terms of wages to gauge the timing of an end to deflation. In reality, however, business confidence is plunging and pressure for wage increases is waning. Thus, the government has been hesitant to declare deflation is over.

As long as the government fails to declare an end to deflation, the Bank of Japan (BOJ) may be under strain. The central bank has adopted the policy

stance of pursuing both sound economic growth and price stability. Nonetheless, the BOJ has kept its target for the unsecured overnight call money rate – the central bank's main policy tool for short-term credit control – at an unusually low level of 0.5%. The BOJ intends to seize the timing of an interest rate hike to restore normalcy in its monetary policy. But it will be difficult for the government bank to enforce a rate hike at a time when Japan is still in the tunnel of deflation.

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