



Connecting the Outcome of COP 27 with the German-Japanese Cooperation on the Energy Transition

GJETC Outreach Event

December 9th, 2022, 8:30 – 10:00 CET / 16:30 – 18:00 JST

Summary

The main objective of the Outreach Event was 1) to shed light on the outcomes of COP 27 which was held in Sharm El Sheikh in November 2022 and 2) to connect it with the question how German Japanese cooperation – including the work of the German-Japanese Energy Transition Council – can contribute to accelerating international climate change mitigation and energy transition efforts.

After a warm welcome by Johanna Schilling from ECOS, the organizational secretariat of the GJETC on the German side, the Japanese Co-Chair of the Council, Prof. Tatsuya Terazawa (IEEJ), and the German Co-Chair Dr. Stefan Thomas (Wuppertal Institute) stressed the importance of international cooperation, such as performed by the GJETC, considering the immense challenges the world is facing in their welcoming remarks. Dr. Thomas also thanked Prof. Peter Hennicke, former Co-Chair and now Principal Advisor of the GJETC for his fundamental work in establishing the Council.

As main inputs to the following panel discussion, Wolfgang Obergassel, Co-Director of the Research Unit Global Climate Governance at the Wuppertal Institute, and Takahiko Tagami, Senior Coordinator of the Climate Change and Energy Efficiency Unit at IEEJ, who both were present at the COP 27, shared their comments on the summit. As his expertise lies in mitigation, Mr. Obergassel focused on results in that regard. Albeit them still being rather limited at this COP, over the long haul an evolution of norms towards specificity is observable. While in that regard not a lot of final agreements were made and lots of work still needing to be done, those being discussed are a step in the right direction. Mr. Tagami, on the other hand, put his emphasis on the work to be done resulting from this COP, fittingly framing it as “homework for COP 28 and 29”. Major points that both experts highlighted were the newly established Loss and Damage Fund, the new work program to strengthen ambition and implementation, financial frameworks for private sector funding of renewable energy technologies, the second Just Energy Transition Partnership with Indonesia, after the one agreed upon with South Africa at COP 26, and the launch of the Paris Agreement Article 6 Implementation Partnership.

Prof. Peter Hennicke chaired the panel discussion which followed the two inputs. Next to Dr. Thomas and Mr. Tagami, he introduced Dr. Kathrin Goldammer, GJETC Council Member and Managing Director of the Reiner-Lemoine Institute in Berlin, and Yasuo Takahashi, Executive Director of the Institute for Global Environmental Strategies in Hayama, and also Council Member of the GJETC, as the other two panelists.

The first question was directed at Mr. Thomas and Mr. Tagami, referring to the shortcomings of current energy transition paths globally and in Japan and Germany, and asking what these countries

can do to strengthen the momentum of COP 27 and what concrete steps are planned. Dr. Thomas stated that the work programs discussed at COP on implementation, Art. 6 and green financing may lead to more ambitious implementation in the future, e.g., on energy efficiency and sectoral specification. He also stressed that Germany and the EU should be working towards an ambitious and convincing NDC while maintaining economic strength, which may encourage more ambitious NDCs from other countries worldwide. Mr. Tagami added the 10 new NDCs, 9 of which came from developing countries such as Thailand as a positive take-away. Further, cooperations between countries such as Germany and Japan could be combined with partnerships with developing countries to share experiences, identify challenges and capacities to reduce emissions.

The next question, posed to Ms. Goldammer and Mr. Takahashi, addressed a rather surprising outcome of COP 27 - the work program on just structural change that builds, e.g., on the Just Energy Transition Partnerships with South Africa and recently with Indonesia – and asked which opportunities to contribute exist for Germany and Japan in this context. Ms. Goldammer highlighted the two points of climate resilience in and green finance for developing countries, that are directly connected to Just Energy Transition Partnerships. She regarded the clear signs from private capital showing interest in investing in zero-carbon technologies in such markets as a positive development at the COP. Here, Germany and Japan as countries that have the financial power could cooperate to mitigate investment risks. Mr. Takahashi added that these Just Energy Transition Partnerships are tailored to the specific conditions of the countries involved which gives opportunities for mutual learning in terms of insuring a just transition for currently coal dependent communities. He further touched upon the Japan led Article 6 Implementation Partnership as a potential field of cooperation between Germany and Japan to contribute to global emission reductions by developing high integrity carbon markets.

Mr. Hennicke addressed his third question to Mr. Thomas and Mr. Tagami, asking to report on the concrete steps taken by Germany and Japan and which philosophy those are based on. In Germany energy efficiency and green electrification combined with a clean hydrogen economy are the guiding principles, stated Mr. Thomas. Further, there is a clear focus on sectoral targets and policy strategies for buildings, transport, industry etc. Japan's strategy is based on transforming its energy demand structure with the focus lying on sectoral specifications for a green transformation of industry, according to Mr. Tagami. He also put an emphasis on possible further cooperation between the two countries regarding the implementation of hydrogen economies.

Next, Mr. Hennicke asked Ms. Goldammer and Mr. Takahashi to comment on possible German-Japanese cooperation at issues such as loss and damage, adaptation, and global stocktake of the implementation of the Paris Agreement. Ms. Goldammer stated that as both countries are highly industrialized, they are very dependent on international commodity markets, as seen in the current energy crisis. However, this also means that they play a major role in the world bank, an influence they can and should use to further green finance globally. Mr. Takahashi here broadened the view to the role of the G7 in implementing sector-based frameworks. But also, cooperation with the G20 is critical, as India is taking leadership in the upcoming term it is expected to bring the voice of the global south. Additionally, India also has an interest in transforming and decarbonizing its industry, here hydrogen infrastructure will be a common priority.

In the latter part of the panel discussion, questions from the audience were included. The first question asked to what extend Japan is planning to engage in the construction of a strong global carbon market. Mr. Tagami stressed the ambitions to extend joint crediting mechanisms to more

countries and sectors, also considering Article 6 partnerships. The Second question was directly targeted at the work of the GJETC on ways to reduce hard-to-abate CO₂ emissions in sectors such as the steel industry. Mr. Thomas referred to the different studies the GJETC has been working on for the last three years, the first giving an overview of the industrial sectors related to hard-to-abate emissions, the second focusing on the steel industry and the current one on the petrochemical sector. Lastly, a question was raised on how the two countries can cooperate in developing hydrogen markets. Here, Ms. Goldammer made clear that the German focus lies on green hydrogen, but that the Japanese expertise on hydrogen usage, storage, and integration into the energy system is nevertheless of high interest. According to Mr. Tagami, on the other hand, the most interesting field of cooperation for Japan lies in developing the global supply chains.

Finishing up the Outreach Event, the GJETC Co-Chairs were asked for closing remarks regarding the role of the GJETC in accelerating mitigation policies worldwide, while easing the impact of the energy crisis and raising energy security. Mr. Terazawa started by pointing out that the main theme developed throughout the Outreach Event was in his view, the role that Germany and Japan as G7 countries must play in assisting emerging economies in their efforts. Therefore, three aspects are key: first, to provide financing of green technologies for the global south together with international institutions. Second, to share the experience with energy efficiency and decarbonization of industries. And third, to not only focus on mitigation but also provide help in loss and damage and adaptation by also enabling the private sector to share technologies. “But to be able to support, we need to be better ourselves.”, he stated. Here the work of GJETC, with current studies on energy efficiency in the building sector and decarbonization of hard to abate sectors is a good point from which to improve and explore potential for cooperation between Japan and Germany as well as with other countries. In addition, he stated the need for cooperation to promote upstream LNG investment from sources other than Russia, while avoiding lock-in effects in developing countries that invest into LNG infrastructure by ensuring compatibility with clean hydrogen and ammonia. Mr. Thomas took the opportunity to emphasize the consensus on most themes discussed in the Event and shared Mr. Terazawa’s summary of most of the key topics. However, he added the need to discuss whether and how it may be possible to transform from a coal-based directly to a renewable energy-based system, with less need for LNG that would rather be a power capacity reserve, and how particularly developing countries could be supported to an extent that enables them to follow this strategy.

Johanna Schilling closed the event by showing an outlook on upcoming GJETC Events and Studies and thanking all presenters, panelists and participants for the inspiring discussion and interesting questions.