

Protect the ozone layer Prevent global warming



From Protecting the Ozone Layer to Preventing Global Warming

1. Advent of the Ozone Layer Depletion Issue

Chlorofluorocarbons (CFCs) do not exist in nature; they are artificial substances invented by human beings in the 20th century. In 1928, CFCs were developed as ideal gases to be used as refrigerants. CFCs are incombustible, chemically stable, and easily liquefied, so they are gases ideal for refrigerants.

Moreover, CFCs are oil solvent, easily evaporable, and not toxic to the human body. They are thus used for various purposes, such as heat insulating materials, foaming agents for cushions, cleaning agents for semiconductors and precision components, and propellants for aerosol sprays. In particular, CFC consumption exploded from the 1960s onward mainly in developed countries.

But in 1974 Professor F.S. Roland (who won the Nobel Prize in chemistry in 1995) of the United States discovered that once CFCs are emitted into the atmosphere they rise into the stratosphere and deplete the ozone layer. p.2

The increase of ultraviolet light due to depletion of the ozone layer will not only have adverse health effects, such as causing skin cancer and cataracts, but also damage the genes of plants and animals and thus endanger their survival. Once the ozone hole was discovered in Antarctica in 1985 and the evidence of actual ozone layer depletion was confirmed, it became a serious concern throughout the world.

In accordance with the "Vienna Convention for the Protection of the Ozone Layer" (1985), the "Montreal Protocol" was adopted in 1987 as an international framework for regulating CFCs, which marked the start of international regulations on ozone depleting substances (ODS).

For the past dozen years or so, regulations on producing, importing, and exporting ODS (Specified fluorinated gases: CFCs, HCFCs, etc.) have been steadily strengthened, and a shift to alternative substances is now in progress. P.3

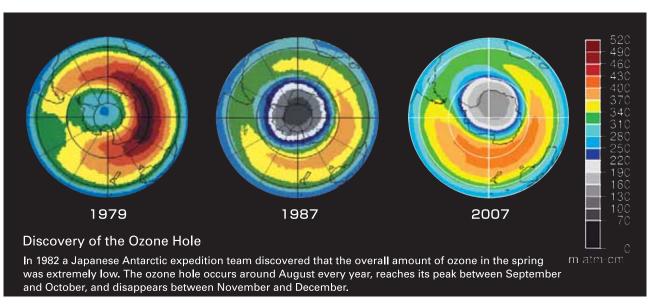
2. Toward the Issue of Global Warming

Meanwhile, fluorinated gases that do not deplete the ozone layer (HFCs) as alternative substances for specified fluorinated gases were developed and have become widely used. However, Alternative substances (HFC, PFC and SF6) have a different problem, as they cause global warming. P.7

In 1992, the "United Nations Framework Convention on Climate Change" was concluded with the aim of preventing global warming, and the "Kyoto Protocol" was adopted in 1997 and was put into effect in 2005. Furthermore, the "Plan for Achieving Kyoto Protocol Targets" was approved in a Cabinet meeting as a necessary measure to ensure that Japan fulfills her commitment to reduce greenhouse gas emissions by 6%. P.8

Since artificial substances, "HFCs, PFCs and SF6," cause greenhouse effects hundreds to tens of thousands times more than carbon dioxide, and the best efforts have been asked to reduce their emissions.

CFCs and alternative CFCs benefit our lives by making them easier, but we need to maintain these benefits as best we can as we reduce ozone depleting substances, and at the same time we must also take the responsibility for dealing with the extremely complicated problem of reducing alternative CFCs and other substances that are used as substitutes.



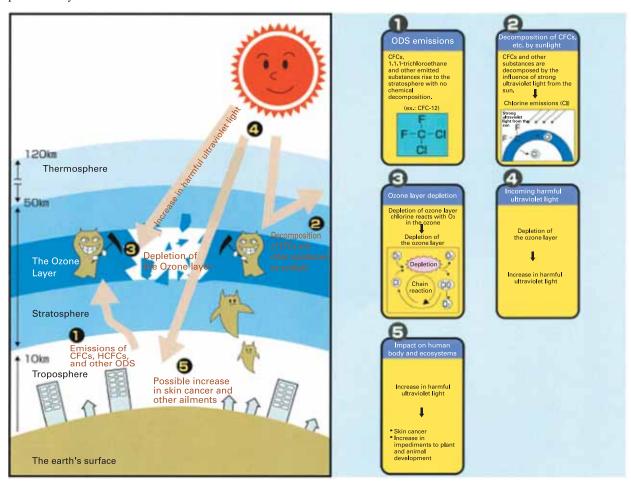
Note: Monthly averages for October of the distribution of total ozone

Data: Provided by NASA and prepared by the Japan Meteorological Agency

What is Ozone Layer Depletion?

The ozone layer, located in the upper stratosphere (10 - 50 km above the earth's surface), plays the highly important role in protecting life on this planet by absorbing harmful ultraviolet light (UV-B) with wavelengths of between 280-315nm. Since the late 1970's, we have been aware of the damage being caused to the important ozone layer by CFCs (chlorofluorocarbons) and other chemical substances emitted into the atmosphere.

Ozone depleting substances, such as CFCs and HCFCs (hydrochlorofluorocarbons), tend not decompose chemically. When these substances are emitted into the atmosphere, they are able to travel through the troposphere (up to roughly 10 km above the earth's surface) to the stratosphere with almost no chemical decomposition. Once in the stratosphere, these substances decompose due to exposure to ultraviolet light (decomposition by light from the sun), which results in the formation of chlorine atoms. These chlorine atoms then act as a catalyst, setting off a chain reaction that depletes ozone in the stratosphere. When the amount of ozone (the overall amount of ozone/ozone partial pressure) decreases, the amount of harmful ultraviolet light that reaches the earth's surface increases. Increased ultraviolet light exposure may cause higher rates of skin cancer and cataracts and may also have a profound impact on ecosystems.



Q. I often hear the word "Freon." What is Freon?

A. The official name for these substances is "fluorocarbons" (chemical compound containing carbon and fluorine).

Among these substances, CFCs (chlorofluorocarbons) and HCFCs (hydrochlorofluorocarbons) are ozone depleting substances.

In addition these, there are HFCs (hydrofluorocarbons), which are also called "alternative CFCs." HFCs do not include chlorine and thus do not deplete the ozone layer. However, CFC alternatives cause greenhouse effects hundreds to tens of thousands times more than that of carbon dioxide and thus have become an issue as a cause of the global warming.

Note: In the late 80s and early 90s when the main issue was substituting for CFCs, alternative fluorinated gas generally referred to HCFC, but now that CFCs have almost all been replaced by other substances, the problem has become that of replacing HCFC with HFCs so that the latter are now referred to as alternative fluorinated gas. CFCs and HCFCs are referred to as ODSs

Kinds of ODS and Outline of the ODS Phase-out Schedule

In 1988, Japan enacted the "Law concerning the Protection of the Ozone Layer through the Regulation of Specified Substances and Other Measures (Ozone Layer Protection Law)" on the basis of the international framework for regulating Ozone Depleting Substances (Montreal Protocol) and started to regulate producing, importing, and exporting ODS in July 1989. Other policies have also been carried out to reduce the demand for ODS smoothly and steadily.

Phase-out Schedule stipulated in Montreal Protocol

- 1. HCFCs (hydrochlorofluorocarbons, listed in Group I of Annex C of the Protocol)
 - Ozone Depleting Potential (ODP): 0.005 0.52
 - Global Warming Potential (GWP): 1,500 (HCFC-22)
 - Main applications: Refrigerants for air-conditioners, foaming agents for various heat insulating materials, cleaning agents for electronic and metallic components

Phase-out Schedule

Based on the actual consumption (production amounts + import amounts - export amounts) in 1989:

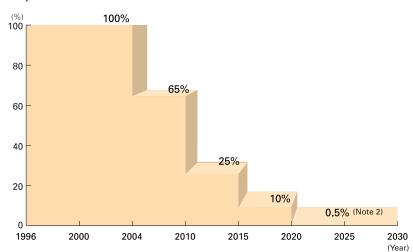
From January 1, 1996: not to exceed 100% From January 1, 2004: not to exceed 65% From January 1, 2010: not to exceed 25% From January 1, 2015: not to exceed 10%

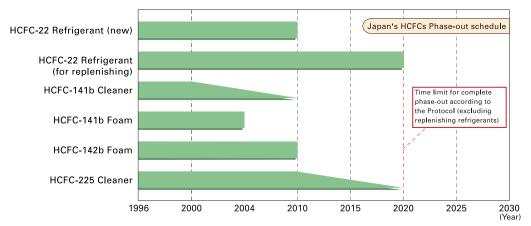
From January 1, 2020: not to exceed 0%

Note 1: The production amount must not exceed the average of the reference production amount and the reference consumption amount from 2004 onward.

Note 2: Production of these substances will be allowed up to 0.5% of the consumption amount in 1989 until 2029, but only for use to replenish existing refrigeration and air-conditioning facilities.

*Reference amount = (HCFCs consumption amount/production amount in 1989) + (CFCs consumption amount/production amount in 1989) ~ 2.8%





■ Tightening regulations through the Montreal Protocol (Developed countries)

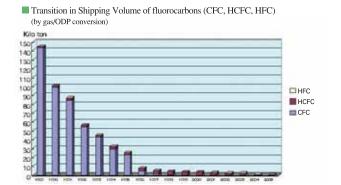
Regulated substances (base year)		Start of phase-out	At the Time of Enactment (1987)	London Amendments (1990)	Copenhagen Amendments (1992)	Vienna Amendments (1992)	Montreal Amendments (1997)	Beijing Amendments (1999)
CFC-11, etc Halon	(86) (86)	From 7/89 From 1/92	50% or less from 1998 100% or less from 1992	Complete phase-out from 2000 Complete phase-out from 2000	Complete phase-out from 1996 Complete phase-out from 1994			
Other CFCs Carbon tetrachloride 1,1,1-trichloroethane	(89) (89) (89)	From 1/93 From 1/95 From 1/93	-	Complete phase-out from 2000 Complete phase-out from 2000 Complete phase-out from 2005	Complete phase-out from 1996 Complete phase-out from 1996 Complete phase-out from 1996			
HCFC HBFC Methyl Bromide	(89) (-) (91)	From 1/96 From 1/96 From 1/95	- - -	- - -	Complete phase-out from 2030 Complete phase-out from 1996 Not exceed 100% from 1995	Complete phase-out from 2020 (consumption) Complete phase-out from 2010	Complete phase-out from 2005	Not exceed 100% from 2004 (production)
Bromochloromethane	(-)	From 1/02						Complete phase-out from 2002

Note: The Montreal protocol established regulations for the production and consumption amounts (production amount + import amount? export amount) for each substance based on the results of the base. (There is a difference between the consumption and production phase-out schedules for HCFCs.)

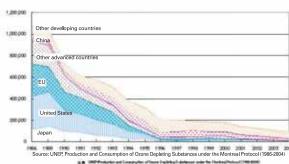
2. Other Substances

	CFC- 11,12,113, 114,115	Halons	Other CFCs	Carbon tetrachloride	1,1,1- trichloroethane	HBFCs (hydrobromofluor ocarbons)	Bromochlorom ethane	Methyl bromide	
Protocol Annex	Group I of A	Group II of A	Group I of B	Group II of B	Group III of B	Group II of C	Group III of C	Group I of E	
Ozone Depletion Potential (ODP)	0.6 - 1.0	3.0 - 10.0	1	1.1	0.1	0.1 - 14	0.12	0.6	
Global Warming Potential (GWP)	8100 (CFC-12)	5400 (Halon 1301)	-	1400	100				
Main applications	Refrigerants for automobile air-conditioners, refrigerators, etc., foaming agents for various heat insulating materials, cleaning agents for electronic and metallic components, etc.	Fire extinguishing agents	Refrigerants	Cleaning agents for electronic and metallic components, etc.	Cleaning agents for electronic and metallic components, etc.	Fire extinguishing agents (Halon alternative)	Feed stock for synthesizing medical intermediate	Soil fumigation agent for dry crops, etc., quarantine fumigation agent when exporting lumber, grains, etc.	
	Completely phased out as of January 1, 1996 out as of January 1, 1996 2002							Completely phased out as of January 1, 2005	
Production	*Excluding production and consumption for essential use								
Phase Out									

- *1 Ozone Depletion Potential (ODP): ODP is a relative value of the ozone destructive potential of a chemical substance by unit weight emitted into atmosphere, with the unit weight of CFC-11 as 1.0.
- *2 Global Warming Potential (GWP): GWP is a relative value of the global warming effect caused by a chemical substance by unit weight emitted to the atmosphere, with the unit weight of CO₂ as 1.0. For this material, a 100 year integration period value is indicated. (GWP shown in this pamphlet does not include the indirect effects by depletion of the ozone layer by CFCs and other relevant substances. Actually, ozone in the atmosphere, which is one of the greenhouse gases, is depleted by these substances. Therefore, the net GWP of CFCs is smaller than that shown in this pamphlet.)



■ Transition in CFC + HCFC consumption amount (ozone depletion potential (ODP) conversion)

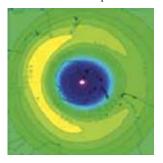


- Japan made reductions by 99.3% based on ozone depletion potential(ODP)
- Advanced countries made reductions by over 99% and developing countries by 73% for a world total of 95%. (Consumption = production + imports)

Evaluation of the Ozone Hole

At the Science Assessment Panel (SAP) for the Montreal Protocol, it was reported that "the total concentration of ozone depleting substances in the stratosphere demonstrates a decreasing trend as compared to the latter half of the 1990s when the total concentration reached its peak" at a meeting of contracting states held in November 2006. The Japan Meteorological Agency is also reporting a moderately increasing trend in the total amount of ozone in the skies over Japan.

Forecasts for Repair of the Ozone Hole (Published by the National Institute for Environmental Studies on May 19, 2006)



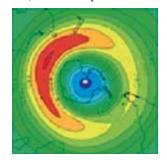


Figure: Forecasting of Changes to the Ozone Hole through Numerical Model Experiments (Average of 5 years) (Source: National Institute for Environmental Studies)

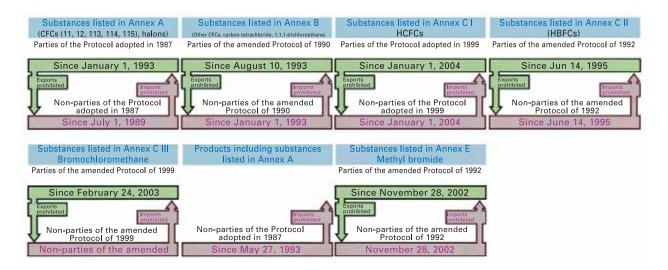
Left: 1998 - 2002 Right: 2038 - 2042



Small ← Total amount of ozone → Large

Outline of Trade Regulations

1. Regulations on Trade (Imports/Exports) with Non-parties of the Montreal Protocol



2. Japanese Import/Export License System

(1) Imports (Article 4 of the Import Trade Control Order)

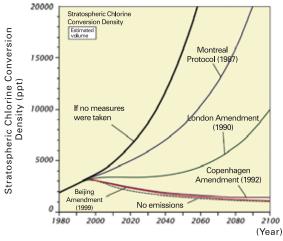
- 1) When importing HCFCs, the consumption volume of which is in the process of being reduced in accordance with the Montreal Protocol, it is necessary to obtain quotas and approval in accordance with Articles 4 and 9 and Import Notice No.1-2 of the Import Trade Control Order prior to doing so.
- 2) Import of other ODS is basically prohibited. However, the import of the following substances is admitted as exceptions
- a. All ODS used as feed stock for substances other than themselves. (However, import confirmation based on Section 7-10 of No. 3 of Import Notice shall be required.)
- b. CFCs, carbon tetrachloride, 1,1,1-trichloroethane used for Laboratory and Analytical use, hydrobromofluorocarbons (HBFC), bromochloromethane and methyl bromide (However, import confirmation based on Section 7-11 of No. 3 of Import Notice shall be required.)
- c. Methyl bromide used for applications accepted by the Parties to the Montreal Protocol. (However, it is necessary to obtain quotas and receive approval in accordance with Articles 4 and 9 and Import Notice No.1-2 of the Import Trade Control Order.)
- d. Methyl bromide used for the quarantine at the time of export and import of cargoes. (However, import confirmation based on Section 7-12 of No. 3 of Import Notice shall be required.)

(2) Exports

- 1) Export license (Article 2 of the Export Trade Control Order)
 - Export license based on Article 2 of the Export Trade Control Order shall be required for exporting any of the regulated substances (CFCs, halons, carbon tetrachloride, 1,1,1-trichloroethane, HBFCs, HCFCs, bromochloromethane, and methyl bromide).
- 2) Export report (Article 17 of the Ozone Layer Protection Law)

Exporters shall be required to submit an export report after exporting any of the regulated substances (CFCs, halons, carbon tetrachloride, 1,1,1-trichloroethane, HBFCs, HCFCs, bromochloromethane, and methyl bromide).

Effects of regulations on production of ODS (Scenarios forecasted scientifically by UNEP)



Twenty Questions and Answers about the Ozone Layer (WMO, 2003)

International Cooperation for Ozone Layer Protection

Non-Article 5 countries including Japan have completely phased out the consumption and production of CFCs as of the end of 1995. As the Montreal Protocol provides Article 5 countries (developing countries) with a grace period to start the phase-out schedule of consumption and production of CFCs, these countries started regulating in 1999 and will completely phase out by 2010. Non-Article 5 countries have established multilateral funds based on contribution from individual countries and have been supplying funds for projects to support Article 5 country conversion so that Article 5 countries can smoothly comply with the phase-out schedule under the Montreal Protocol.

Japan, which ranks the same as the United States, is the largest contributor to this fund (approximately 22%), providing about \$35 million for the year. Article 5 countries have high expectations for this fund. Japan, as a leading contributor, is required to make efforts to ensure appropriate use of the funds. Recently, Japan provided \$5.6 million to India for a metal cleaning carbon tetrachloride conversion project (approved by the 41st executive committee in December 2004), \$4.5 million to China for refrigerant recovery project (approved by the 44th executive committee in December 2004), and \$0.7 million to Africa for a chiller conversion demonstration project (approved by the 48th executive committee in April 2006). Thus Japan is making a major contribution in developing countries toward converting from ozone depleting substances.

In addition, Japan's successful technologies for and experience in converting to alternative substances have been highly praised by other countries. The Japanese government has implemented the following as a way to introduce and transfer this technology and experience to Article 5 countries.

O JICA Training Seminar on Ozone Layer Protection Measures

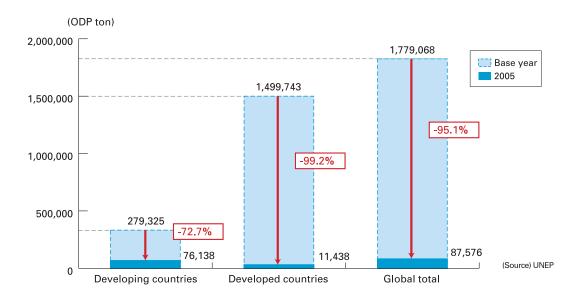
The purpose of this seminar is to help Article 5 countries smoothly phase out ODS such as CFCs. Government officers in charge of ozone layer protection policies in Article 5 countries are invited to Japan to listen to a wide variety of lectures about Japanese alternative technologies and legislative frameworks.

Overview of Phase-out schedule in Article 5 countries

	Start of Phase-out schedule	Complete Phase-out	Base year level
CFC-11, others	1999	2010	Average between 1995 - 1997
Halons	2002	2010	Average between 1995 - 1997
Other CFCs	2003	2010	Average between 1998 - 2000
Carbon tetrachloride	2005	2010	Average between 1998 - 2000
1,1,1-trichloroethane	2003	2015	Average between 1998 - 2000
HCFCs	2013	2030	Average between 2009 - 2010
Methyl Bromide	2002	2015	Average between 1995 - 1998

(Base on 2007 Montreal Adjustment)

■ Global Changes in ODS Consumption (2005)



What is Global Warming?

Global temperature is kept constant based on a balance between solar isolation from the sun and heat emitted from the earth (average 15°C). Solar isolation from the sun passes straight through the atmosphere and is absorbed into the ground, and heat is emitted from the heated ground in the form of infrared light. Greenhouse gases absorb this heat, emit part of it downward again and heat the ground and lower atmosphere.

However, as human activity and the use of fossil fuels have increased, a large amount of greenhouse gases has been emitted to the atmosphere and their concentration has increased. Heat absorbed into the atmosphere has thus increased, and a global rise in temperature (global warming) has been accelerating. This is global warming.

In addition, as the production and consumption of ODS has come to be regulated in recent years, alternative substances, such as HFCs, PFCs and SF6 have been developed and come into wide use.

However, since HFCs, PFCs and SF6 cause greenhouse effects hundreds to tens of thousands times more than carbon dioxide, their emission into the atmosphere has been a problem, as it will promote global warming with an increase of carbon dioxide. Therefore, measures to reduce HFCs, PFCs and SF6 should be taken to harmonize ozone layer protection measures with actual use and trends in each industrial field.

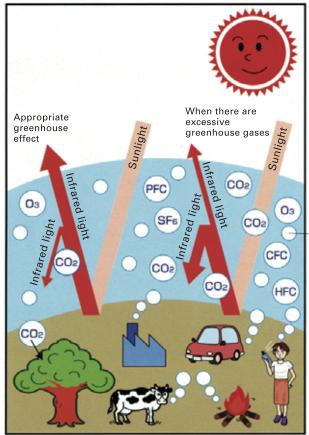
The IPCC Fourth Assessment Report (2007) states that the average global temperature rose by 0.74[0.56~0.92]°C during the 100-year period leading up to 2005 and that the average sea level rose 17[12~22]cm during the 20th century. Based on these facts and the degree of melting of snow cover and ice across a wide area the report maintains that there is no longer any doubt that the earth is warming. It goes further to assert that the cause is almost certainly the increase in the concentration of greenhouse gases resulting of human activities.

What is the IPCC?

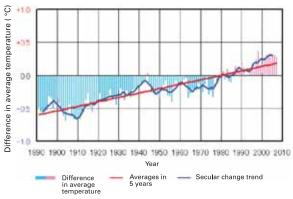
IPPC is an abbreviation of "Intergovernmental Panel on Climate Change." It is a gathering of scientists that was created under the WMO (World Meteorological Organization) and UNEP (United Nations Environment Programme) in 1988.

The IPCC's work includes compiling the latest data on the concentration of greenhouse gases in the atmosphere, making temperature rise predictions, and studying the effects of climate change on human society and nature.

Mechanism of Greenhouse Effect

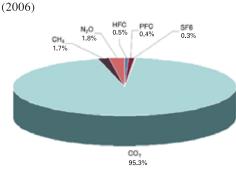


Secular change in difference of the annual average global ground temperature from that of the average year (1891-2006)



Climate Change Monitoring Report for 2007 (Japan Meteorological Agency)

Greenhouse ■Emission of greenhouse gases (CO₂ basis) gases: CO2, CH4, O3, N2O, CFC, HCFC, HFC, PFC, SF₆, etc. (CFC and HCF are not subject to Kyoto Protocol)



(Based on "Emission of Greenhouse Gases in FY2006")

Outline of Greenhouse Gases and Regulations

HFCs, PFCs, and SF6 have been widely used in a variety of applications as alternative substances for ODS. However, all of these gases have high greenhouse effect, and so have been recognized as subject to reducing emissions in the Kyoto Protocol adopted in December 1997, along with carbon dioxide, methane, and carbon monoxide

1. Greenhouse Gases subject to the Kyoto Protocol

- CO₂ (originates from energy consumption): Combustion of fossil fuels
 CO₂ (does not originate from energy consumption): Industrial process
- 2. Methane (CH4): Livestock, paddy field, waste
- 3. Dinitrogen monoxide (N2O): Fertilizer application, industrial processes
- 4. HFCs (alternatives fluorinated gas): Refrigerants, foaming agents for heat insulating materials, propellant
- 5. PFCs: Solvents, cleaning agents, etching gas for manufacturing semiconductors and liquid crystal, cleaning gas
- 6. SF6: Insulating materials for power generation, cover gas for magnesium casting

2. Major Annex I Country emission reduction Targets for Entire Greenhouse Gases

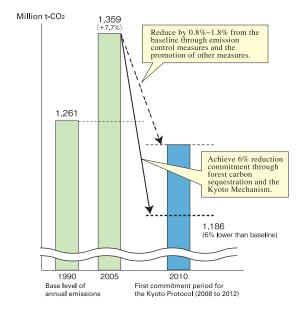
In terms of major Annex I countries (35 countries), it shall be aimed to reduce the total emission of greenhouse gases by the following rate compared to 1990 during the first commitment period (2008 - 2012).

Compared to 1990: Japan: -6% US: -7% EU: -8% Canada: -6% Russia: -0%

3. Plan for Achieving Kyoto Protocol Targets

With the coming into effect of the Kyoto Protocol in February 2005, in April of the same year, a cabinet decision put in effect the Plan for Achieving Kyoto Protocol Targets formulated by Global Warming Prevention Headquarters based on provisions of the Law Concerning the Promotion of the Measures to Cope with Global Warming as a necessary measure to ensure that Japan fulfills her commitment to reduce greenhouse gas emissions by 6%. This was completely revised in March 2008.

Commitment to Reducing Greenhouse Gas Emissions by 6% and Japan's Greenhouse Gas Emissions



Classification	Former targets	Former plan for achieving targets	Plan for achieving targets (Revised in March 2008)
Greenhouse gases	-0.5%	-0.5%	-1.8~-0.8%
(i) CO ₂ (from energy use)	-2.0%	+0.6%	+1.3~+2.3%
(ii) CO2 (not from energy use)		-0.3%	-0.0%
(iii) Methane (CH4)	-0.5%	-0.4%	-0.9%
(iv) Nitrous Oxide (N2O)		-0.5%	-0.6%
(v) HFCs, PFCs, and SF6	+2.0%	+0.1%	-1.6%

An amendment review was performed concerning the three alternative fluorocarbon gases for the Framework for Promoting Measures to Cope with Global Warming. As a result, the plan for reaching Kyoto Protocol targets was set at +0.1% for these substances. In light of the deliberations of the Joint Session of the Industrial Structure Council and the Central Environment Council, in March 2008 the Kyoto Protocol target was set at -1.6%. This is 3.6% over the framework's target quota.

4. Targets for Measures for Mitigating Emissions of HFCs, PFCs and SF6

In terms of overall emissions of hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF6), we shall try to contain the impact to -1.6% (approx. 31 million tons CO₂) compared with total greenhouse gas emissions in the base year (1995) during the first commitment period.

5. Specific Measures for Reducing Emissions of HFCs, PFCs and SF6

(1) Promote systematic action plans for industry

- 22 business organizations in 8 sectors have established action plans to limit emissions, and have steadily implemented them.
- The Industrial Structure Council has been following up every year on the progress of the action plans implemented by specific
- Efforts will be made to improve the transparency and reliability of the action plans and to ascertain the achievement of the target.
- Those business associations that have not yet established their own action plans shall be encouraged to do so.

(2) Develop new alternative substances and promote use of products using alternative substances

(Develop new alternative substances, etc.)

- Development of non-fluorocarbon, energy-saving refrigeration and air-conditioning systems (FY2005 FY2009) (Outline) Efforts have been made to develop new safety-conscious refrigeration systems that are both highly efficient and free from fluorocarbon that can be used for showcase purposes and in air conditioners for use in homes, places of business and transportation.
- Project to Develop Innovative Non-Freon Heat Insulation Technology (2007~2011) (Outline) Develop innovative high-performance non-freon insulation materials that are outstanding in terms of their insulation efficiency together with commercialization technology to quickly popularize such non-freon insulation materials.

(Promote use of alternative substances)

With all due consideration for safety, economy, and energy efficiency, information provision and awareness campaigns shall be promoted for products using alternative substances or using HFCs, PFCs or SF6 that have less impact on global warming.

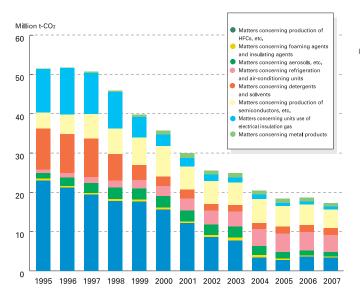
(3) Recover HFC charged in equipment as a refrigerant

The proper recovery of HFC refrigerants from equipment shall be promoted through appropriate enforcement of the CFC Recovery and Destruction Law, the Home Appliance Recycling Law, and the Automobile Recycling Law.

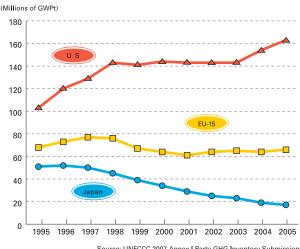
■ Change in Estimated Emissions of HFCs, PFCs, and SF₆ (1995 - 2007)

Unit: Million t-CO2

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Estimated emissions	51.6	52.3	51.2	46.5	39.7	35.5	30.0	26.2	25.1	21.1	18.8	19.0	17.4



Transitions in the Emission Amounts of HFCs, PFCs and SF6 in Advanced Countries

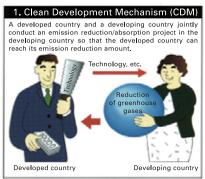


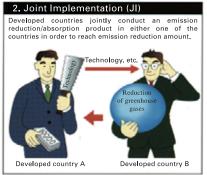
Source: UNFCCC 2007 Annex I Party GHG Inventory Submissions

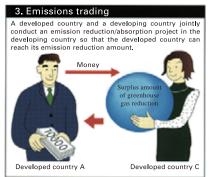
Utilizing the Kyoto Mechanism

The Kyoto Protocol allows using part of the amount of reduced emissions, etc. in other countries (Kyoto Mechanism) as a flexible measure for achieving the commitments of each country. Japan has already created an energy-saving economic society, so the marginal costs of reducing greenhouse gases in Japan are considered the highest in the world. Therefore, obtaining emission reduction amounts by supporting projects in other countries has attracting attention as a highly cost effective method.

HFCs, PFCs and SF6 especially have an extremely high global warming potential (GWP), so measures to reduce their emissions are considered to be more cost-effective than measures to reduce CO₂ emissions in many fields. The three kinds of Kyoto Mechanisms are as follows:







If a private sector company has implemented CDM or JI, the company may freely trade to acquire the right to emit (credit). If a company has implemented an efficient emission reduction project, the difference between the cost and the sale price of the credit is retained as company profit.

Since acquiring credits by Japanese companies is a highly cost-effective measure to prevent global warming for Japan as a whole, the government is establishing a credit market and preparing support measures.

■ List of CDM/JI Projects concerning HFCs, PFCs and SF6

Date of the government approval	Applicant	Country	CDM/JI	Name of the project	Estimated emission reduction (annual) (tCO ₂)
Mar. 13, 2006	Mar. 13, 2006 Sumitomo Corp.		JI	Project to reduce emissions of GHG caused by thermal destruction of HFC-23 in Russian Federation	About 0.39 million
Dec. 14, 2005	Mitsubishi Corp. Nippon Steel Co.	China	CDM	Shandong Dongyue HFC destruction project	About 10.11 million
Nov. 11, 2005	Nov. 11, 2005 JMD GHG gas emission reduction Co.		CDM	Zhejian Juhua Co. HFC-23 decomposition project	About 5.8 million
May 19,2004	Sumitomo Corp.	India	CDM	Project to reduce emissions of GHG caused by thermal destruction of HFC-23 at HCFC-22 production Plant of GFL Co. in Gujarat	About 3.38 million
Jul. 15, 2003	Ineos Chemical	South Korea	CDM	HFC destruction project in Ulsan	About 1.4 million

^{*} Permissible emission levels determined based on individual countries' numerical reduction targets

Promote Recovery and Destruction of Fluorinated Carbon Used as Refrigerants

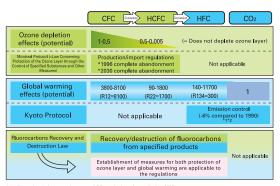
With regard to emission control of ozone depleting substances, conversion was promoted in the past through so-called "faucet regulations," which are production and import regulations based on the "Ozone Layer Protection Law." However, hydrofluorocarbons (HFCs), which are what such substances are converted into, are subject to reduction in the Kyoto Protocol as greenhouse gases, and it is necessary to control emission of HFCs into the atmosphere. For this purpose, conversion into non-fluorocarbon is being promoted in various sectors, but with regard to fluorocarbons that are used as refrigerants for air-conditioning and refrigeration units, although some non-fluorocarbon products have been developed, it is inevitable to continue using HFCs in the future since there is no effective alternative refrigerant.

The fluorocarbons that are used as refrigerants are sealed inside the units while being used, but when the units are disposed, the fluorocarbons, if not properly processed or recovered, are released into the atmosphere.

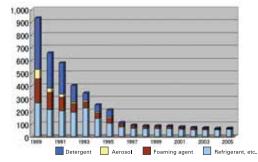
As a result, recovery of fluorocarbons contained in products has been made obligatory based on the Fluorocarbons Recovery and Destruction Law, Home Appliance Recycling Law and End-of-life Vehicle Recycling Law. It is necessary for consumers, manufacturers, distribution outlets, wholesale agencies (various parties involved, such as construction companies and demolition operators), recovery/destruction operators to cooperate by fulfilling their respective obligations.

Recovery of fluorocarbons requires that the reduction targets in the Kyoto Protocol be achieved, and also contributes to an early recovery of the ozone layer.

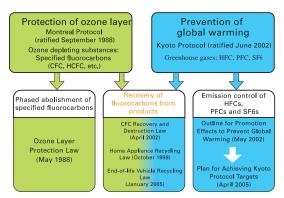
Correspondence Relationship between Montreal/Kyoto Protocols, Domestic Laws and Fluorocarbons



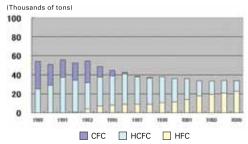
- *1: Target in relation to total amount of CO2 equivalents for applicable GHGs
 *2: With regard to HFCs, PFCs and SFk, target is -1.6% as compared to 1995, based on plan for achieving targets for global warming (approved by the Cabinet in March 2008)
- ■Transitions in Shipment Amounts of Fluorocarbons (CFC, HCFC, HFC) (according to use/CO₂ equivalent)



In addition to conversion of gas and elimination of fluorocarbons as based on the Montreal Protocol, there is also conversion to gases with a low global warming potential among HFCs, which are highly effective towards reduction as GHGs.



■ Transitions in Shipment Amounts of Fluorocarbons (CFC, HCFC, HFC) (for purpose of refrigerant only/as-is tons)



Since HFCs used as refrigerants do not have an effective conversion destination, reductions in the total amount cannot be expected, and it is necessary to use fluorocarbons for the moment. With an increase in conversion to HFCs, the increase in operating products on the market will cause HFCs applicable to the Kyoto Protocol to increase as well.

System for Fluorocarbons Recovery and Destruction Law

Commercial refrigeration and air-conditioning units (commercial freezers/refrigerators and air-conditioning units)

O Law concerning the Recovery and Destruction of Fluorocarbons (Fluorocarbons Recovery and Destruction Law) (formulated June 2001, amended June 2006)

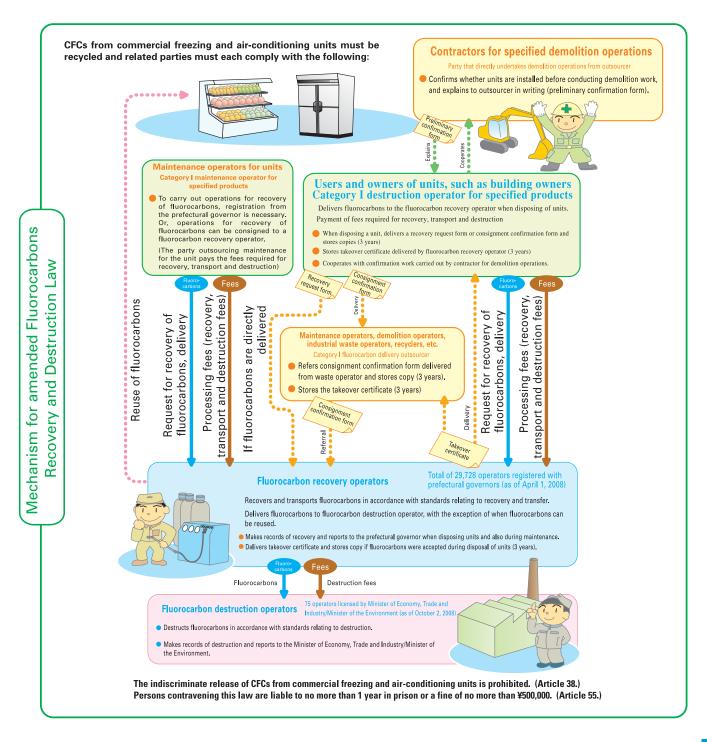
Commercial refrigeration and air-conditioning units have been used for various purposes and have widely varied design specifications, such as air-conditioning units for buildings (various kinds of air-conditioning units such as package-type and large size turbo-type units), showcase units for food storage, large size freezers and refrigerators, and cold storage warehouses. Fluorinated carbon used as refrigerants is sealed inside the units while being used. However, when the units are disposed, the fluorinated carbon, if not properly processed or recovered, is released into the atmosphere.

Various commercial refrigerators/freezers and air-conditioning units will be applicable.

- Freezing/refrigeration units (freezers, refrigerators, showcase units for food storage, large cold storage warehouses, etc.)
- Air-conditioning units (air-conditioners, air-conditioning units for buildings (package-type and large-size turbo-type units)
- Refrigeration and freezing units used in transport units, units used in processes at factories, etc.

Applicable fluorocarbons: CFC, HCFC, HFC

- When disposing of commercial freezing and air-conditioning units, and when recovering (extracting) fluorocarbons when performing maintenance for units, recovery of fluorocarbons by a Category I recovery operator that has obtained registration from the prefectural governor is necessary.
- Operators that are trying to undertake demolition work of buildings must confirm beforehand whether there are any commercial freezing and air-conditioning units installed in the building, and must explain the results of the confirmation to the outsourcer of the work through a preliminary written confirmation.
- The disposer of commercial freezing/air-conditioning units (owner, user, etc.) must deliver a manifest (recovery request form or consignment confirmation form) if delivering fluorocarbons to the recovery operator and the principle contractor.
- If the fluorocarbon recovery operator receives the manifest (recovery request form or consignment confirmation form), they must recover fluorocarbons from the applicable unit and deliver the manifest (takeover certificate) to the disposer of the unit and the entrusted person for delivery of CFCs.
- Forms (manifests) in writing that are necessary when delivering fluorocarbons that fulfill particulars prescribed by law may be issued by the Industrial Network for Fluorocarbon Recovery Promotion (INFREP). (http://www.infrep.jp)
- The CFCs recovered by Category 1 CFC Recovery Operators must be recycled or transferred to CFC Destruction Officers approved by the Minister of Economy, Trade and Industry or the Minister for the Environment.

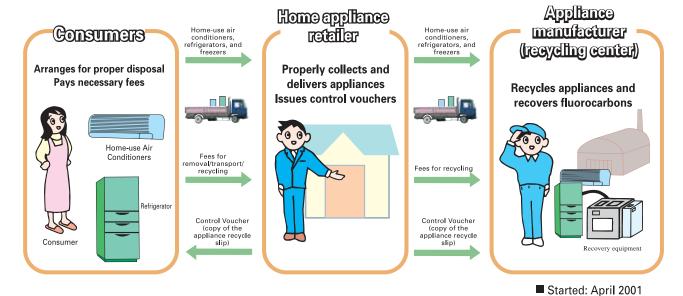


The Home Appliance Recycling Law System

Home-use air conditioners, refrigerators, and freezers

OLaw for the Recycling of Specified Home Appliances (Home Appliance Recycling Law) (enacted in May 1998)

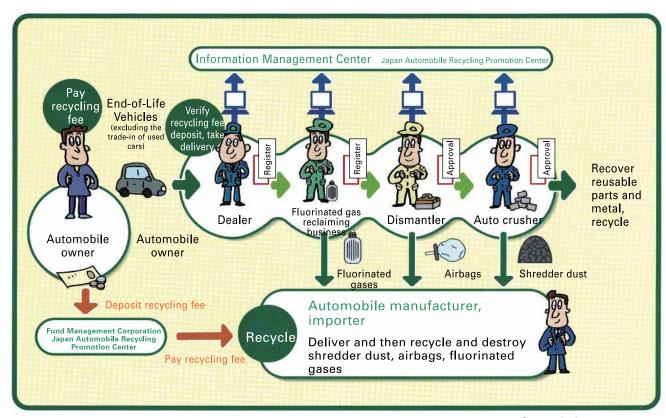
• Target fluorinated gases: CFCs, HCFCs, HFCs
When disposing of home-use air conditioners, refrigerators, and freezers, the user must have a home appliance retailer to dismantle and transfer them. Home appliance retailers are required to transport these items to a recycling center where fluorinated gases can be properly recovered.



The Automobile Recycling Law System

OThe Law for Recycling of End-of-Life Vehicles (the Automobile Recycling Law) (enacted in July 2002)

• Target fluorinated gases: CFCs, HCFCs, HFCs
When disposing of an automobile, hand it over to a dealer within the local government jurisdiction in which it is registered. The dealer delivers automobiles with air conditioners to a business that reclaims fluorinated substances to ensure that fluorinated gases are recovered.



■ Started: January 2005

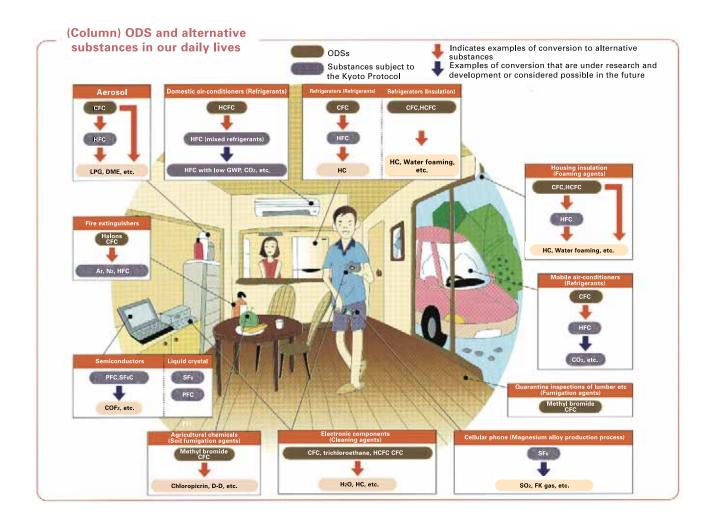
Support measures regarding the introduction and commercialization of emission control equipment for the three CFC substitutes

• Local Global Warming Prevention Support Measures

(Outline of Activities)

Partial subsidies will be provided to cover necessary expenses for technological development activities related to the introduction or application of emission control equipment for all fields and industries using the three CFC substitute gases (SF6, HFC, PFC) used in refrigeration equipment (freezers and refrigerators, air-conditioning equipment and automobile air conditioners), industrial cleansers, foaming agents, insulation, the manufacture of semiconductors and LCDs, electrical power insulation equipment, fire extinguishing agents, and the manufacture of magnesium, that contribute to achieving the emission reduction targets committed to by Japan under the Kyoto Protocol (a 6% reduction in greenhouse gases from the baseline during the period between 2008~2012). However, although commercialization research and proof of concept research are included in research and development, foundational research is not included.

Subsidy Ratio: No more than 1/3, 1/2 or 2/3 for private enterprise and no more than 1/2 for local public entities according to an evaluation of activity type, expenses and expected results.



ODS, CFC Alternatives, etc. Regulations

In the past, specified fluorocarbons (CFC, HCFC) were used in a wide variety of applications, but most have now been converted to HFCs and non-fluorinated gases in accordance with production regulations. The following diagram indicates some examples of conversion, including to HFCs, which are greenhouse gases.

	ODS	Three Fluorinated Gases	
Names of substance	CFC	HCFC	HFC (CFC alternative) PFC SF6
	Ozone layer destruction Global warming	Ozone layer destruction Global warming	Global warming
Ozone Depleting Potential (CFC-11 = 1.0)	(Example: CFC-11)	(Example: HCFC-22) 0.055	(Example: HFC-134a) 0.0
Global Warming Potential (CO ₂ = 1.0)	8100	1700	1300
Applications	<refrigerants> ————————————————————————————————————</refrigerants>	→ <refrigerants> Freezers, Air-conditioning units → <cleaning agents=""> → <foaming agents=""> Refrigerators, Insulation foams</foaming></cleaning></refrigerants>	<refrigerants> Automobiles, Refrigerators <refrigerants> Freezers, Air-conditioning units <cleaning agents=""> <foaming agents=""> Refrigerators, Insulation foams <aerosol (mainly="" blower)="" dust="" for=""> <semiconductor etching=""> <electrical insulation=""></electrical></semiconductor></aerosol></foaming></cleaning></refrigerants></refrigerants>
Phase-out Schedule	The Montrea	ıl Protocol	The Kyoto Protocol
	1989 Start of phase-out January 1996 Complete phase-out of production	January 2020 Scheduled for Complete phase-out of production 2004: not exceed 65% 2010: not exceed 25% 2015: not exceed 10% 2020: not exceed 0%	2008 - 2012 Note: The goal is to restrain the increase of the total emissions to no more than -1.6% compared to the total emissions in 1995.

^{*} CFCs (Chlorofluorocarbons): An ODS. The production of CFCs has been completely phased out as of the end of 1995 on the basis of the Montreal Protocol.

HCFCs (Hydrochlorofluorocarbons): HCFCs were developed as alternative substances for CFCs. Although HCFCs have less effect on ozone layer depletion, they were later added to the restrictions. HCFCs will be completely phased out by

the end of 2019.

HFCs (Hydrofluorocarbons): Non-ODS, so called CFC alternative

PFCs (Perfluorocarbons): Non-ODS SF6 (Sulfur hexafluoride): Non-ODS

Note: 2008 through 2012 is the target period based on the Kyoto Protocol. Japan's target year is 2010 on the basis of the Guideline of Measures to Prevent Global Warming. The global warming potential (GWP) is taken from the IPCC's Second Assessment Report.

History of Recovery and Destruction of CFCs

Recovered CFCs (FY2002 - FY2006)

(Unit: tons)

	2002	2003	2004	2005	2006
Commercial refrigeration and air-conditioning units	1,958	1,889	2,102	2,298	2,542
Mobile air conditioners	389 ^{*1}	638	702*2	806*2	800
Residential air conditioners	807	860	995	1,122	1,044
Domestic refrigerations and freezers	234	287	936*3	918*3	890*3

- *1 Amount recovered between October 2002 and March 2003
- *2 Total amount recovered based on Fluorocarbons Recovery and Destruction Law and Law for Recycling of End-of-life Vehicle
- *3 Including CFCs recovered from heat insulation materials.

Destroyed CFCs (FY2002 - FY2006)

(Unit: tons)

	2002	2003	2004	2005	2006
Commercial refrigeration and air-conditioning units Mobile air conditioners	1,653	2,429	2,976	2,790	3,184
Residential air conditioners*1	_	_	976	1,118	1,048
Domestic refrigerations and freezers *1	_	_	928*2	915*2	888*2

^{*1} Amount destroyed in FY2002 and FY2003 is not available.

Promote Recovering and Recycling Fire-Fighting use Halons (Halon Recovery/Recycling System)

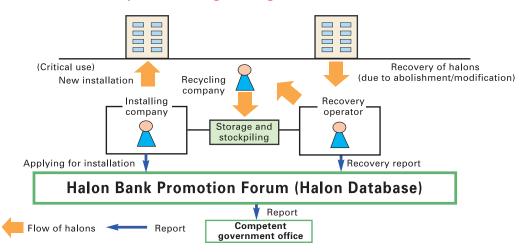
Halons used for gas-based firefighting equipment efficiently extinguish fire, are less toxic, have excellent insulation properties, and do not deface the environment when used. Nonetheless, since they have powerful ozone depleting properties, their production was completely phased out in 1994.

Researchers all over the world have been trying to develop an alternative fire extinguishing agent that has the same excellent performance as halons but are environmentally friendly, but an equivalent substitute has yet to be developed.

Therefore, the government has worked to build a database concerning halons that have already been produced or installed within the "Specific Nonprofit Corporation Syoubou Kankyo Network (which gave approval to the involvement of the Halon

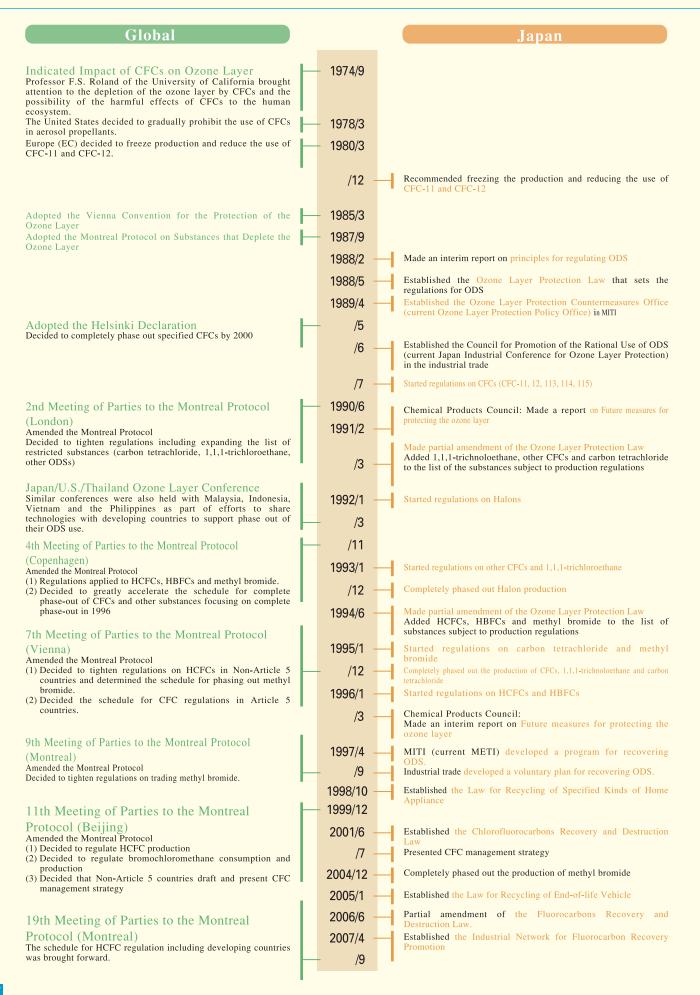
Bank Promotion Council on January 1, 2006)" to prevent uncontrolled halon emissions into the atmosphere and to ensure the effective use of halons in special cases where no adequate fire extinguishing substitute exists (critical use) by coordinating suitable measures for the recovery and recycling of halons.

Fire prevention targets/dangerous facilities, etc.

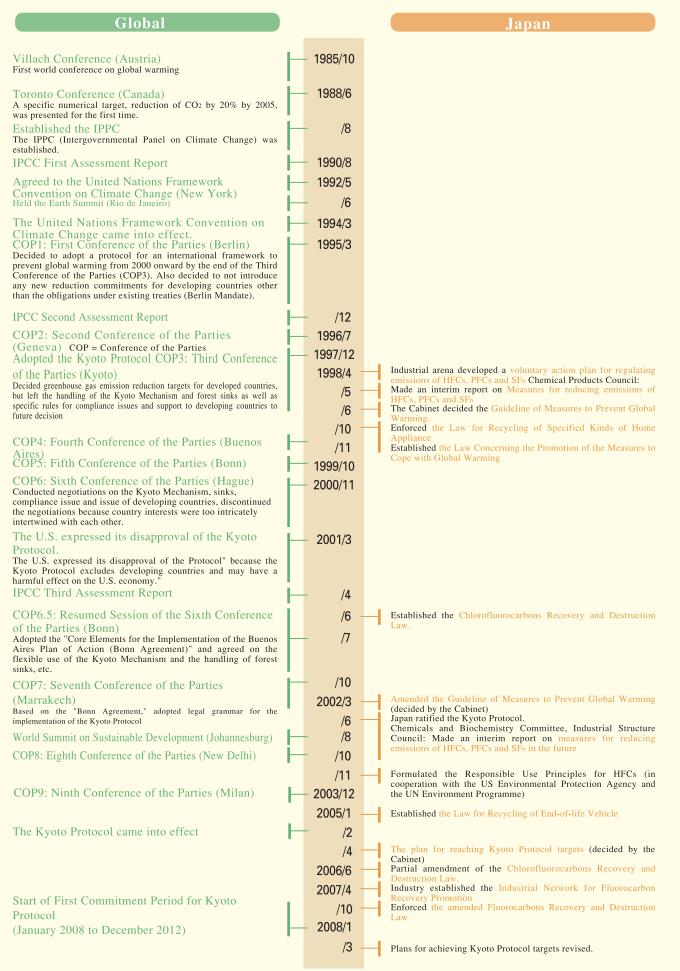


^{*2} Including CFCs recovered from heat insulation materials.

History of Ozone Layer Protection Measures



History of Global Warming Mitigation Measures



Inquiries about fluorocarbon recovery of commercial freezing/air-conditioning units

Industrial Network for Fluorocarbon Recovery Promotion (INFREP) Tel: +81-3-5842-2380 URL http://www.infrep.jp

Inquiries about the automobile recycling system

Japan Automobile Recycling Promotion Center Tel: +81-3-5673-7396 URL http://www.jars.gr.jp/

Inquiries about home appliance recycling

Association for Electric Home Appliances (RKC: Recycling Ken Center) Tel: +81-3-3578-1405 URL http://aeha.or.jp/

Inquiries about the Halon Bank

Halon Bank Promotion Forum Tel: +81-3-5404-2180

Inquiries about this brochure

Ozone Layer Protection Policy Office, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry URL: http://www.meti.go.jp/policy/chemical_management/ozone/index.html



Hokkaido Bureau of Economy	Trade and Industry Environmental Protection and Natural Resources Department Environmental Protection Administration Division	+81-1-1709-1754
Tohoku Bureau of Economy	Trade and Industry Industrial Department, Manufacturing Industry Division	+81-2-2215-7236
Kanto Bureau of Economy	Trade and Industry Industrial Policy Department, Environmental Protection and Recycling Division	+81-4-8600-0293
Chubu Bureau of Economy	Trade and Industry Industrial Policy Department, Environmental Protection and Recycling Division	+81-5-2951-2768
Kinki Bureau of Economy	Trade and Industry Industries, Commerce and Distribution Department Manufacturing Industry Division	+81-6-6966-6022
Chugoku Bureau of Economy	Trade and Industry Industrial Department, Manufacturing Industry Division	+81-8-2224-5684
Shikoku Bureau of Economy	Trade and Industry Industrial Department, Manufacturing Industry Division	+81-8-7811-8520
Kyushu Bureau of Economy	Trade and Industry Environmental Protection and Natural Resources Department Recycling Promotion Division	+81-9-2482-5472
Okinawa General Bureau Department of Economy Trade and Industry	Environmental Protection and Natural Resources Division	+81-9-8866-1757

Audio-visual materials regarding Japanese Technologies are available.

Please contact Ozone Layer Protection Policy Office, METI for further details.

