

**Recommendations  
of the  
EU-Japan Business Round Table  
to the Leaders of the European Union and Japan**

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**Working Party 4  
Environment and Sustainable Development**

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## Introduction

The following recommendations focus on what industry sees as the most effective, realistic levers for advancing decarbonisation, resource security, biodiversity protection, and resilient urban development. They distil complex challenges into clear, actionable guidance for policymakers, grounded in technological and economic realities. Taken together, they outline how the EU and Japan can strengthen competitiveness while accelerating the transition to a sustainable future. The Authorities are invited to consider these proposals as practical pathways toward a cleaner, more secure, and more prosperous society for all.

As for the structure of these recommendations, the first five priority recommendations set out the long-term direction that both governments and industries should pursue on “Environment and Sustainable Development,” and reflect the areas that the BRT considers most critical.

The remaining five recommendations (Recommendations #6–#10) are framed from a more specific and practical perspective and are likewise important as they aim for implementation and measurable progress over the short to medium term.

### Abbreviations:

CO<sub>2</sub> – Carbon Dioxide

AI – Artificial Intelligence

IoT – Internet of Things

IP – Intellectual Property

EPA – Economic Partnership Agreement

ETA – Economic and Trade Agreement

IMO – International Maritime Organization

PFAS – Per- and Polyfluoroalkyl Substances

R&D – Research and Development

CEREP – Circular Economy Resource Efficiency Principles

GCP – Global Circularity Protocol

30by30 – the target: to protect 30% of land and sea by 2030

OECM – Other Effective Area-Based Conservation Measures

BEV – Battery Electric Vehicle

FCEV – Fuel Cell Electric Vehicle

## Recommendations from both European and Japanese industries

### **WP-4/#01\*/EJ to EJ: Measures and policies of both authorities regarding sustainability issues**

The BRT calls on EU and Japanese Authorities to:

- Strengthen economic security and competitiveness in environmental and energy sectors while pursuing decarbonisation and sustainable growth. We call for the promotion of the effective utilisation of the agreement concerning Japan's association to Horizon Europe, the EU's flagship €93.5 billion research and innovation funding programme, which reached an agreement on 22 December 2025.
- Maintain and accelerate progress towards global carbon neutrality and ensure all countries work toward the Paris 1.5°C target through realistic transition paths.
- Build resilient global supply chains for clean energy, rare materials, and decarbonisation technologies.
- Establish interoperable, trustworthy data spaces enabling cross-company and cross-border use of sustainability data and supply-chain data.
- Optimise total energy use, considering generation, transmission, distribution, and consumption.
- Steer towards maximal benefit from AI to solve the complex issues of sustainability and CO<sub>2</sub> reduction, while also considering the CO<sub>2</sub> emissions due to AI. The BRT believes that specific areas for the beneficial use of AI are for example:
  - Promote the adoption of digital and AI technologies in the energy sector and facilitate smooth access to relevant data taking into account IP protection and cybersecurity embedded in the projects.
  - Advance the use of AI and IoT technologies, including real-time data analytics and predictive optimization, in order to enhance the sophistication of power supply–demand balancing and strengthen the stable operation of electricity grids.
- Take into account ongoing discussions under the EU Public Procurement Act and ensure the maintenance of a fair and open international public procurement environment between the EU and countries that have concluded an Economic Partnership Agreement (EPA/ETA) with Japan.
- Strengthen support for supply-chain-wide efforts to ensure the continued supply of sustainable products and services, as enhancing the resources and technologies

indispensable for decarbonisation and circularity remains a particularly difficult challenge for smaller companies, even as industry continues to strengthen supply chain engagement.

### **WP-4/#02\*/EJ to EJ: Regulation should protect quality of life but not stifle innovation**

The BRT calls on EU and Japanese Authorities to:

- Ensure harmonised rules across EU Member States and avoid fragmentation driven by national initiatives.
- Simplify, improve, and harmonise regulations to avoid unnecessary burdens that impede innovation in climate, circular economy, biodiversity, and Green Deal areas. Especially concerning the PFAS restrictions currently being discussed in the EU, it is important to take into account the potential socio-economic impacts on applications ranging from consumer electrical and electronic products supporting European society to essential social infrastructure.
- Apply existing regulatory-efficiency initiatives more rigorously (e.g., EU’s “Better Regulation,” reporting-reduction goals) and expand regulatory-reform initiatives (e.g., Japan’s “Green Area” in which green technologies, new services, and competitiveness are promoted).
- Refrain from imposing regulations that hinder the promotion of green technology and prefer economic incentives over regulation wherever feasible to drive progress and innovation.

### **WP-4/#03\*/EJ to EJ: Promotion of resource efficiency and the circular economy**

The BRT calls on EU and Japanese Authorities to:

- Pursue resource efficiency through both international and regional material circulation to improve economic security.
- Avoid overly restrictive regulatory approaches; use incentives to support innovation and consumer protection.
- Align and simplify standards for renewable-resource products, with incentives for R&D and commercialisation.
- Make resource cycles transparent—manufacturing, reuse, recycling, disposal—using traceability and AI-based matching of assets to users.

- Create consistent Japan-EU rules and treaties to support resource efficiency.
- Support technologies that reduce dependence on critical minerals needed for decarbonisation (e.g., batteries, hydrogen catalysts).
- Establish transparent compliance support and investment frameworks that reduce regulatory burdens while accelerating low-carbon innovation and supply chain resilience for chemical and materials industries through Critical Chemical Alliance.
- Diversify and strengthen supply chains for critical raw materials essential to decarbonisation, through joint procurement and other cooperative measures between Japan and the EU
- Establish internationally standardised indicators and assessment methods so stakeholders can properly evaluate corporate circular-economy performance. This should not only be about recycling, but also about reusing and reducing.

#### **WP-4/#04\*/EJ to EJ: Natural Capital and Biodiversity**

The BRT calls on EU and Japanese Authorities to:

- Continue leading global efforts on the Kunming-Montreal Global Biodiversity Framework and accelerate 30by30 implementation, including OECM expansion.
- Improve biodiversity data and supporting infrastructure and promote long-term environmental measures, including in third countries.
- Strengthen common rules for forest-based carbon-offset credit systems (voluntary credits) and promote their reliable use.
- Support R&D and investment in solutions that reduce environmental load in agriculture and address labour shortages via AI-enabled precision farming.

#### **WP-4/#05/EJ to EJ: Realisation of a resilient and comfortable life**

The BRT calls on EU and Japanese Authorities to:

- Assess and prevent the current and future impact of climate change on their respective economies. On that basis, define adequate adaptation plans, focusing on the long-term climate resilience of infrastructures and buildings as well as potential risks for the workforce.
- Prioritise secure, safe, resilient, and cost-efficient city infrastructure that supports sustainable societies.

- Develop resilient urban planning and high-quality infrastructure and services.
- Reduce the growing environmental impact of data-centre energy use by promoting low-carbon and renewable energies, energy-saving technologies, distributed locations, and water-resource conservation.
- Strive towards clean mobility (e.g. BEV/FCEV); identify and implement actions to minimize the use of fossil fuels, investigating the use of carbon neutral fuels, as much as possible and within a sustainable balance, and any other opportunity of alternative fuels.
- Strengthen cybersecurity for critical infrastructure, including use of quantum-safe technologies, and enhance knowledge sharing and capacity building.
- Promote adaptation finance to reduce disaster risks and protect natural environments, using digital technologies (AI, digital twins, quantum) for predictive analysis.
- Support introduction of energy-efficiency technologies and simplify standards and regulations to accelerate their deployment.

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## **WP-4/#06/EJ to EJ: Work together to create a “green market”**

The BRT calls on EU and Japanese Authorities to:

- Move beyond a situation in which decarbonisation efforts are perceived merely as an additional cost.
- Ensure that the decarbonisation value embedded in products and services is made visible and properly recognized in the market alongside price and quality
- Ensure that policies and regulatory measures do not prevent fair competition and market access regarding decarbonization/green tech related products and services
- Establish internationally aligned evaluation and certification frameworks to connect supply and demand and to attract investment and technological innovation, thereby enabling the creation of a green market in which decarbonisation value is properly evaluated
- Implement mechanisms that appropriately evaluate environmental value in the steel sector, as decarbonisation at the manufacturing stage entails significant cost increases, making such mechanisms critical to ensure the feasibility of decarbonisation investments
- Recognise and value the environmental benefits of recycled aluminium in the market, thereby accelerating its uptake in both Japan and the EU and helping to address climate change mitigation and resource circularity challenges, given the significant decarbonisation benefits of recycling in the aluminium sector.

## **WP-4/#07/EJ to EJ: Promote the widespread adoption of energy-efficient products and services**

The BRT calls on EU and Japanese Authorities to:

- Increase awareness of avoided emissions resulting from the use of energy-efficient products and services.
- Establish appropriate evaluation frameworks to accelerate the diffusion of such products and services and to support the companies that provide them
- Ensure corporate initiatives that contribute to avoided emissions are properly recognized by investors and consumers.

- Promote the international standardization of evaluation methods, metrics, and definitions, such as the recently published IEC 63372. Such standardization is crucial for ensuring reliability and comparability across markets.

### **WP-4/#08/EJ to EJ: Deepen the cooperation toward the adoption of the IMO Net-Zero Framework further**

The BRT calls on EU and Japanese Authorities to:

- Ensure coherent and globally applicable decarbonisation rules to avoid regulatory fragmentation in international shipping and to ensure a level playing field.
- Leverage Japan and Europe's long history of cooperation in shipbuilding and shipping, which now extends to advanced areas such as alternative-fuel vessels and autonomous vessels. This longstanding partnership places both sides in a strong position to jointly exercise leadership in shaping a global framework at the IMO.
- Address regulatory inconsistency to prevent significant increases in compliance burdens, double or excessive requirements, and hindrance to decarbonisation investments in the international maritime sector.
- Ensure that revenues collected through compliance payments under regional schemes return to global decarbonisation funds for international shipping, to prevent companies from facing double costs in addition to their own decarbonisation investments.

### **WP-4/#9/EJ to EJ: Advance Circular Economy Resource Efficiency Principles (CEREP) and facilitates the use by the private sector**

The BRT calls on EU and Japanese Authorities to:

- Advance CEREP by addressing key barriers, integrating and further developing relevant policies, and fostering effective public-private partnerships.
- Encourage companies to establish circular economy initiatives, strengthen their efforts, and promote broader engagement with the public and the financial sector, including voluntary actions on circular economy and resource efficiency.
- Leverage established frameworks such as the Global Circularity Protocol (GCP), which reflects implementation experience from international corporate collaboration, while ensuring alignment with EU and Japanese regulatory and policy frameworks, in developing relevant indicators and evaluation methodologies.

## **WP-4/#10/EJ to EJ: Optimising city management**

The BRT calls on EU and Japanese Authorities to:

- Accelerate data-driven, AI-enabled city-management solutions (City-as-a-Service) that provide tailored services and healthier environments.
- Promote optimisation across all scales: buildings, neighbourhoods, and infrastructure.
- Avoid regulations that unnecessarily restrict beneficial AI use; instead cooperate with industry to ensure responsible AI governance.
- Ensure adequate budgets for data-infrastructure deployment and data-sharing across governments.