

JAPANESE INDUSTRY AND POLICY NEWS

June 2019

LEGISLATION AND POLICY NEWS

Japan's Long-term Strategy under the Paris Agreement Published

Ministry of the Environment published on June 11 Japan's Long-term Strategy under the Paris Agreement as a Cabinet decision.

Basic concepts of Japan's long-term strategy are outlined as follows.

Proclaiming a "decarbonized society" as the ultimate goal and aiming to accomplish it ambitiously as early as possible in the second half of this century, while boldly taking measures towards the reduction of greenhouse gases (GHGs) emissions by 80% by 2050. Realizing "a virtuous cycle of environment and growth" towards the vision with business-led disruptive innovation, swift implementation of actions from now, contributing to the world, action towards a bright society with hope for the future.

<http://www.env.go.jp/press/802.pdf>

G20 Ministerial Meeting on Trade and Digital Economy Held in Tsukuba, Ibaraki Prefecture

On June 8 and 9, the Ministry of Economy, Trade and Industry (METI), the Ministry of Internal Affairs and Communications (MIC) and the Ministry of Foreign Affairs (MOFA) jointly held the G20 Ibaraki-Tsukuba Ministerial Meeting on Trade and Digital Economy.

At the meeting, all participating G20 members confirmed the need to tackle the issue of trade tensions as the global trade environment becomes increasingly difficult. Moreover, the G20 referred in the Ministerial Statement to specific details of WTO reform issues. Ministers also agreed, for the first time in G20, on the need to take action regarding the functioning of the WTO dispute settlement system. Furthermore, G20 members mentioned, also for the first time, the need for enhancement of the rules on industrial subsidies, rule-making on electronic commerce.

https://www.meti.go.jp/english/press/2019/0610_003.html

<https://www.meti.go.jp/press/2019/06/20190610010/20190610010-1.pdf>

Outcomes of the G20 Ministerial Meeting on Energy Transitions and

Global Environment for Sustainable Growth in Karuizawa, Nagano Prefecture

G20 Ministerial Meeting on Energy Transitions and Global Environment for Sustainable Growth was held in Karuizawa, Nagano Prefecture on June 15 and 16. This Ministerial Meeting was co-chaired by Minister Yoshiaki Harada (Minister of the Environment) and Minister Hiroshige Seko (Minister of Economy, Trade and Industry), and was composed of high-level meetings and working group meetings.

At this Ministerial Meeting, Ministers and Representatives exchange of views and opinions on the key themes of "Accelerating the Virtuous Cycle of Environmental Protection and Economic Growth by Innovation" (Joint Session), "Resource Efficiency, Marine Plastic Litter" (Environment Session), and "Adaptation and Resilient Infrastructure including Ecosystem-based approaches" (Environment Session). At the end of the meeting, the official communiqué and other annexed documents have been adopted by the G20 leaders.

<http://www.env.go.jp/en/headline/2408.html>

https://www.meti.go.jp/english/press/2019/0617_001.html

https://www.meti.go.jp/press/2019/06/20190618008/20190618008_01.pdf

New Fuel Efficiency Standards for Passenger Vehicles Presented

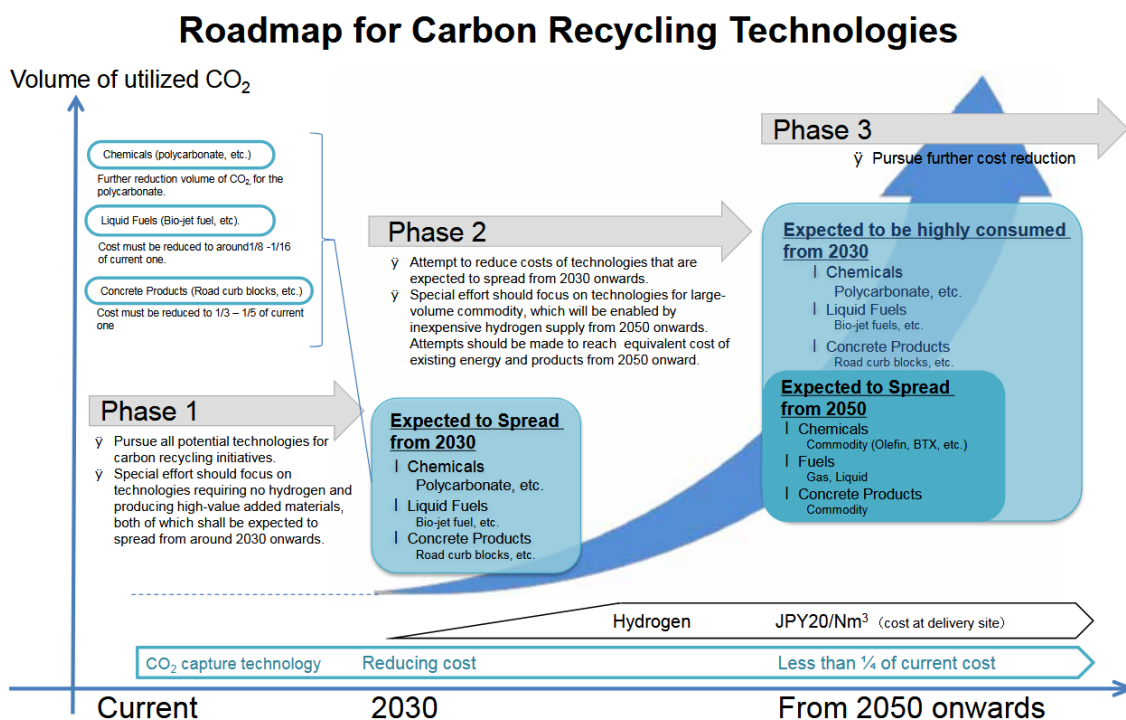
On June 3, the Council on Fuel Efficiency Standards for Passenger Vehicles held a meeting and presented the new target value of fuel efficiency standards for passenger vehicles and other targets. The new value of such standards set FY2030 as the target year and, under the standards, manufacturers of passenger vehicles are required to improve the fuel efficiency thereof by 32.4% from the FY2016 sales performance.

Since its inauguration in May 2018, the council, a body jointly established by the Ministry of Economy, Trade and Industry (METI) and the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), has been holding deliberations on new fuel standards for vehicles under the Act on the Rational Use of Energy (Act No. 49 of 1979).

Electric vehicles and plug-in hybrid vehicles become newly targeted this time, in addition to gasoline vehicles, diesel vehicles and LPG vehicles. In light of the report that the council compiled on June 25, METI and MLIT will revise necessary laws and regulations and other rules.

Roadmap for Carbon Recycling Technologies Formulated

Ministry of Economy, Trade and Industry (METI) released on June 7 a roadmap for carbon recycling technologies using CO₂ as fuel or raw materials. This roadmap was formulated mainly by academic experts and engineers in respective technology fields, with the cooperation of the Cabinet Office, Ministry of Education, Culture, Sports, Science and Technology, and Ministry of the Environment, for the purpose of specifying goals, technological challenges, and timeframes regarding Carbon Recycling technologies and having them shared widely among government officials, private companies, investors, researchers and other related parties in and outside Japan, thereby accelerating innovation. In order to accelerate innovation in Carbon Recycling technologies, this roadmap (i) clarifies the current technological status and challenges in cost reduction for each type of material for which CO₂ may be used, and describes steps for technology advancement, and (ii) sets out goals for costs to be achieved by 2030 and 2050, aiming to reduce costs to the level equivalent to existing products.



IEA Hydrogen Report Launch Event Held

The Ministry of Economy, Trade and Industry (METI) and the International Energy Agency (IEA) jointly held a G20-IEA Hydrogen Report Launch Event in collaboration with the Hydrogen Council* on June 14. In this event, the IEA released a comprehensive hydrogen report, its first compilation prepared in response to the request from the government of Japan.

*The Hydrogen Council was established in January 2017 as an opportunity to encourage participating companies (60 as of today) to discuss issues on hydrogen, a resource expected to become a solution to overcoming climate change, energy insecurity, and other energy issues, and to offer their common visions to global society.

In addition to future visions of hydrogen and policy recommendations, the report identifies the following points as challenges that global society needs to overcome.

- (1) High cost in manufacturing electricity from a low-carbon energy source
- (2) Delay in development of hydrogen infrastructures, which hinders the popularization of hydrogen
- (3) A large amount of carbon dioxide emissions due to the existing manufacturing method of hydrogen mainly relying on fossil fuels
- (4) Regulations that limit the development of the clean hydrogen industry

https://www.meti.go.jp/english/press/2019/0614_001.html

<https://www.iea.org/hydrogen2019/>

METI, DG ENER and DOE to Strengthen Trilateral Cooperation on Hydrogen and Fuel Cell Technologies

The Ministry of Economy, Trade and Industry of Japan (METI), the European Commission Directorate-General for Energy (DG ENER) and the Department of Energy of the United States (DOE) published on June 15 a joint statement of future cooperation on hydrogen and fuel cell technologies.

The organizations intend to explore how to best initiate and implement, consistent with their energy dialogues, an effective framework for cooperation on hydrogen, possibly through developing a memorandum of cooperation (MOC) in preparation for the 2nd Hydrogen Energy Ministerial Meeting which will be held on September 25th, 2019.

<https://www.meti.go.jp/press/2019/06/20190615001/20190615001.html> (in Japanese)

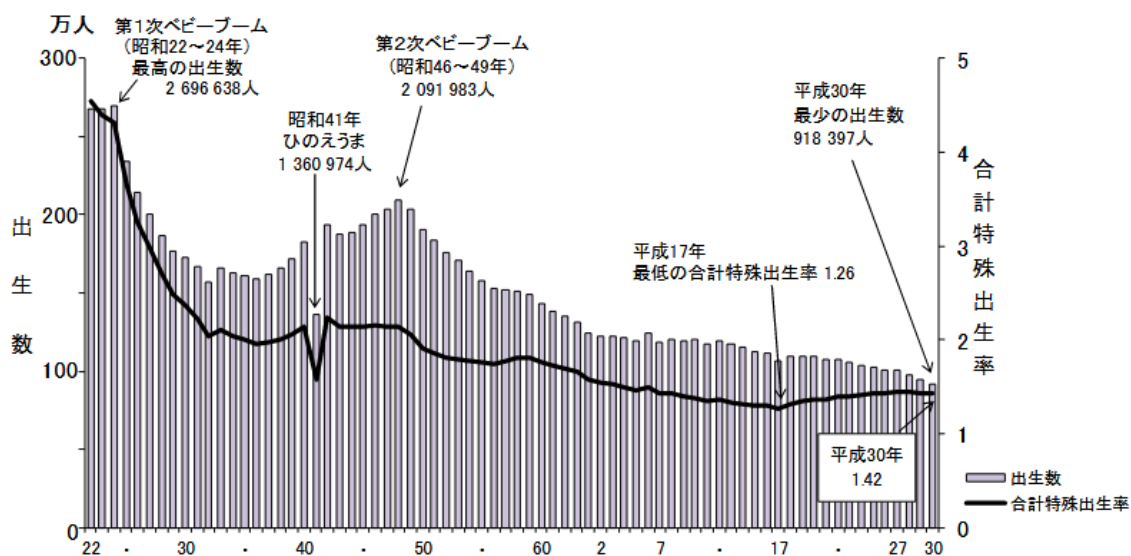
SURVEY AND BUSINESS DATA

Number of Births Registered in 2018 was the Fewest

According to the Annual Vital Statistics Report (Preliminary Data) that the Ministry of Health, Labour and Welfare released on June 7, the number of live births in 2018 was 918,397. It is a reduction of 27,668 as compared to the previous year, reaching the fewest number. The total fertility rate which indicates the number of children borne by a woman in lifetime was 1.42, a slight decrease from 2017. The number of marriages was 586,438 in the same year, smallest since the end of the Second World War.

Number of births and average number of children per woman (total fertility rate)
1947-2018

Unit: 10 thousands for the birth (left scale)
number of children (right scale)



<https://www.mhlw.go.jp/toukei/saikin/hw/jinkou/geppo/nengai18/dl/gaikyou30-190626.pdf> (in Japanese)

Growth in Environment-related Industry Continues

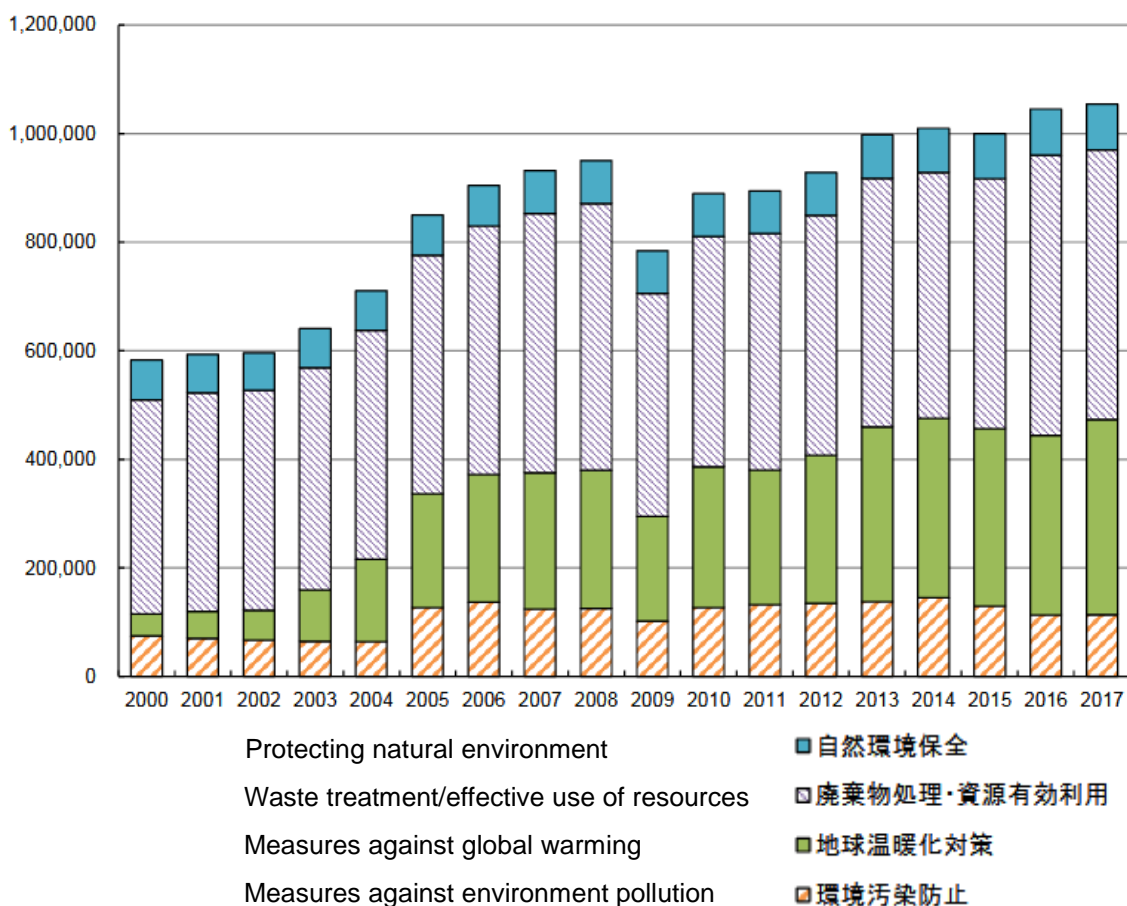
According to an annual survey report that the Ministry of the Environment

published on June 27, the domestic market size for environment-related industry was estimated at a record high of 105.4 trillion yen in 2017, up by 0.9% from the previous year. Share of the environment-related industry in total industries increased from 6.1% in year 2000 to 10.3% in 2017, reaching to a substantial position. Employment in this sector reached 2.8 million (up 0.02%) in the same year, also recorded a historical high.

Exports were 14.7 trillion yen, lead by “measures against global warming” sector, centering around “eco cars”. Imports were 3.7 trillion yen, the most important items of which were renewable energy generation systems, energy-saving electronic appliances and eco-cars.

Development of Japanese Environment-related Industry

Unit: 100 billion yen



<http://www.env.go.jp/press/106897.html> (in Japanese)

COMPANY NEWS

Carbon Recycling at the Next Generation Coal Fired Power Plant to be Studied

Electric Power Development Co., Ltd. (J-POWER) and the Chugoku Electric Power Co., Inc. announced on June 5 that they would jointly start studying carbon recycling, using CO₂ to be captured at the integrated coal gasification fuel cell combined cycle (IGFC) demonstration project implemented by OSAKI CoolGen Corporation in Hiroshima Prefecture with the support of the New Energy and Industrial Technology Development Organization (NEDO). In carbon recycling, it is envisaged to liquefy and transport captured CO₂ to be used in tomato growing and biofuel production from micro algae, for example.

CO₂ Capture Facilities of Osaki CoolGen under Construction



<http://www.energia.co.jp/assets/press/2019/p190605-1a.pdf> (in Japanese)

<https://www.osaki-coolgen.jp/en/>

Tokyo Gas to Procure “Carbon Neutral” LNG from Shell

Tokyo Gas Co., Ltd. announced on June 18 that it decided to receive the supply of “carbon neutral” liquefied natural gas (LNG), for the first time in Japan, from Shell Eastern Trading (Pte) Ltd.

Under the Master Agreement for the supply of carbon neutral LNG, Shell's carbon credits will be used to compensate the full carbon dioxide (CO₂) emissions generated from exploring for and producing the natural gas to use by the final consumer.

https://www.tokyo-gas.co.jp/Press_e/20190618-01e.pdf

McDonald's Japan Cooperates with a Newspaper for Efficient Distribution

On June 3, the Ministry of Economy, Trade and Industry (METI), the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) and the Ministry of Agriculture, Forestry and Fisheries (MAFF) jointly approved a Plan for Advancement of Integration and Streamlining of Distribution Business, a plan jointly filed by consignors and distributors, under the provisions of the Act on Advancement of Integration and Streamlining of Distribution Business. This is the first approval jointly issued by the three ministries.

The approved plan was submitted by four companies: McDonald's Japan Inc., the Yomiuri Shimbun Group Headquarters, Kabushiki Gaisha Nagao Unso, and HAVI Supply Chain Solutions Japan G.K., concerning their collaboration effort for enhancing distribution efficiency. The planned effort targets achievement of joint transportation of salt and newspaper, which have been carried separately from Osaka Prefecture to Hyogo Prefecture, and this joint transportation is expected to reduce the number of distribution vehicles and carbon dioxide emissions, by 230 vehicles and 1.1 tons of CO₂ annually.

In addition, the MLIT published on June 21, a recommendation for promoting joint distribution which include case studies of various industries.

https://www.meti.go.jp/english/press/2019/0603_001.html

http://www.mlit.go.jp/report/press/20190603_MYNH_nintei.html (in Japanese)

<http://www.mlit.go.jp/common/001294318.pdf> (in Japanese)

“Cup Noodles” Go Eco-friendly

Nissin Foods Holdings Co., Ltd. announced on June 11 that they would start to use more eco-friendly material for their “Cup Noodles”. From December 2019, they will start introducing “biomas eco cup” containers which use reduced amount of petroleum-derived plastics, to be replaced by plant-based plastics. New containers are expected to contribute to less CO₂ emission at the time of incineration. Replacement will be completed by 2021.

<https://www.nissin.com/jp/news/7874> (in Japanese)

ADDITIONAL TOPICS

MOC to Encourage Mobilizing Institutional Investors for Infrastructure Exports Signed

On June 7, witnessed by Mr. Hiroshige Seko, Minister of Economy, Trade and Industry, Nippon Export and Investment Insurance (NEXI) and a group of 13 international banks of seven countries including Japan, concluded a memorandum of cooperation (MOC) aiming at establishment of a framework in which the capital of institutional investors are mobilized for exports of quality infrastructure technology.

The Export Strategy for Infrastructure Systems (FY2019 revised version), formulated on June 3 sets a new policy as goals for addressing worldwide infrastructure financing gaps and further making use of the capital of institutional investors for exports of quality infrastructure: NEXI's inauguration of a trade insurance system targeted for both infrastructure funds and project bonds, establishing a new scheme designed for institutional investors as an initiative in collaboration with international banks.

In light of this, NEXI and a group of Japanese and foreign international banks concluded an MOC for infrastructure funds and project bonds on June 7.

https://www.meti.go.jp/english/press/2019/0607_003.html

Japan and France Agree to Strengthen Ties in Commercial Aircraft Industry

On June 17, at the venue of the 53rd Paris Air Show in France, the Ministry of Economy, Trade and Industry (METI) of Japan and the Directorate General of Civil Aviation (DGCA), Ministry for an Ecological and Solidary Transition of France agreed to strengthen cooperation in the commercial aircraft industry between Japanese companies and a French company, Safran.

METI and Safran will cooperate with each other in the following fields:

- (a) Innovative technologies, such as electrification of aircraft, new propulsion systems, and AI by the relevant industrial circle, academic institutions, and highly advanced research institutes
- (b) Raw materials, aircraft systems and equipment, and manufacturing
- (c) Building of supply chains in Asia including Japan

METI will identify partners on the Japan side, introduce those partners to Safran, and offer support to Japanese companies.

https://www.meti.go.jp/english/press/2019/0618_004.html

METI Concluded MOC on Energy Innovation with French Ministry for Ecological and Inclusive Transition

On June 26, at the occasion of Japan-France summit meeting, an Memorandum of Cooperation on Innovation for Energy Transition was exchanged between Japan's Ministry of Economy, Trade and Industry (METI) and French Ministry for Ecological and Inclusive Transition.

Four areas are stipulated in the MOC as areas of cooperation, i.e. renewables, hydrogen, nuclear energy and energy efficiency.

https://www.meti.go.jp/press/2019/06/20190626009/20190626009_01.pdf

Keidanren Signed MoU on Corporate Governance with ICGN

Keidanren signed a Memorandum of Understanding ("MoU") on June 21 with the International Corporate Governance Network (ICGN) to foster mutual understanding between Japan's corporate leadership and overseas institutional investors around high standards of corporate governance and investor stewardship practices.

According to a joint press release, ICGN, a global investor body, and Keidanren, Japan's business federation, committed to help support companies and investors in their mutual pursuit to promote long-term successful companies, generating sustainable value creation upon which economic growth and social welfare relies, and in pursuit of realizing Society 5.0, which is a vision of a future society which utilizes the leading technologies and innovations of Japanese companies to solve social issues, aligned with the UN Sustainable Development Goals.

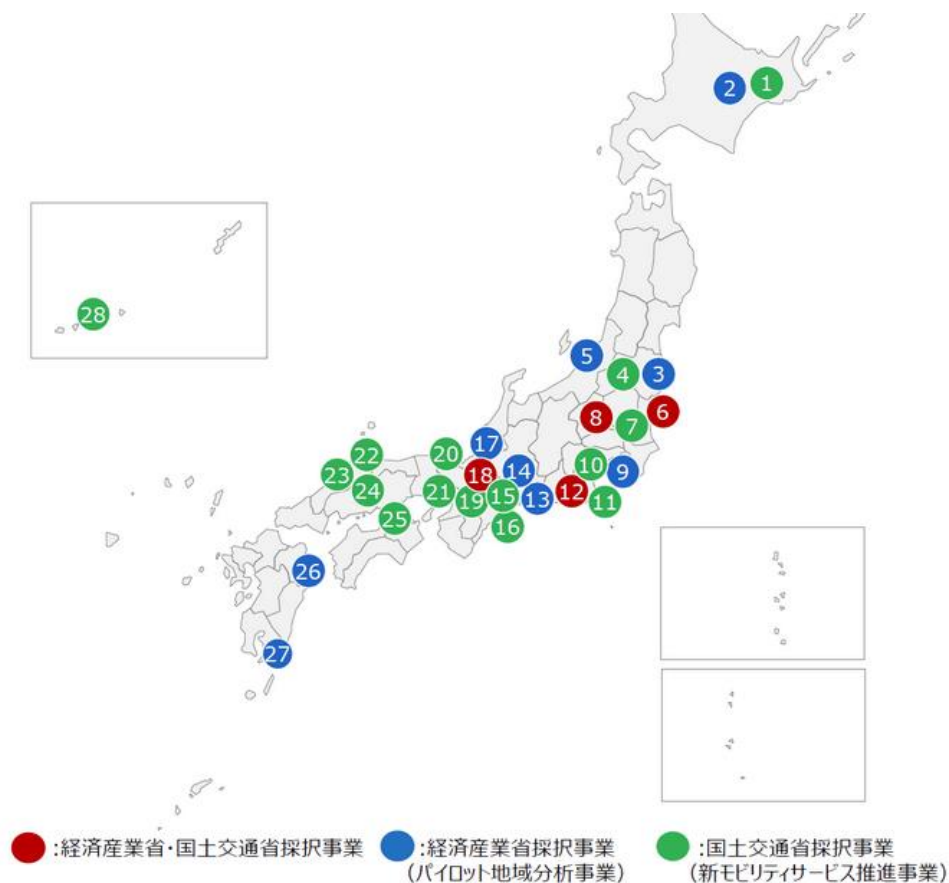
http://www.keidanren.or.jp/announce/2019/0621_PressRelease.pdf

Smart Mobility Challenge Project Launched

In April 2019, the Ministry of Economy, Trade and Industry (METI) and the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) jointly started a new project titled "Smart Mobility Challenge," aiming to support regional cities and areas in taking on implementation of new mobility services in society. As part of this effort, the ministries selected 28 areas and projects that they will

support under the project on June 18. In response, these areas, pioneers of innovative initiatives, will analyze or study the business feasibility of their own projects and, based on the results, they will identify best practices and advance streamlining of cross-regional challenges.

Adopted Projects of Smart Mobility Challenge



Joint METI-MLIT adopted projects METI adopted projects MLIT adopted projects

https://www.meti.go.jp/english/press/2019/0618_005.html

Newly Selected Startups under “J-Startup Program” Announced

The Ministry of Economy, Trade and Industry (METI) announced on June 24 that it newly selected 49 startups as J-Startup companies. These selected J-Startup companies are entitled to make use of governmental support measures for expanding their businesses overseas and for other business purposes. Newly selected J-Startup companies are focusing on three factors; (1) promotion of open innovation, (2) overseas business development and (3)

discovery of promising startups in non-metropolitan regions.

For details of selected startups, refer to the website of J-startup indicated below.

https://www.meti.go.jp/english/press/2019/0624_001.html

<https://www.j-startup.go.jp/en/about/>

Main Building of Tokyo Metropolitan Government Goes 100% Renewable Power

Tokyo Metropolitan Government (TMG) announced on June 13 that the electric power used in its main building (TMG No.1 Building) would become 100% renewables from August. Hitachi Zosen Corporation was selected as power supplier through general public bidding. TMG aims to become totally “sustainable” by using renewable energies only.



TMG No.1 Building

<http://www.metro.tokyo.jp/tosei/hodohappyo/press/2019/06/13/06.html> (in Japanese)