

Recommendations from the Sustainable Development Working Party (WP 6)

As outlined in the 2004 recommendations, Sustainable Development implies the right balance between economic, social and environmental strategies, in true partnership with every stakeholder. Promotion of voluntary actions, enhanced dialogue between the Authorities and the industry, promotion of innovation and partnerships, as well as education of population and aid of developing countries on greenhouse gases (GHG) reduction were key messages last year. We thank the Japanese Government as well as the European Commission for their feedback.

This year, we have decided to deepen last year's recommendations on **Global Warming and the Post-Kyoto Protocol**.

Basic Thoughts

The EU and Japanese industry are committed to reduce GHG and did not wait for the Kyoto Protocol to initiate drastic reductions. Within existing technologies, room for drastic improvements is limited. Therefore breakthrough solutions which balance the 3 pillars of sustainable development while securing the competitiveness of the EU and Japanese industries have to be found. It is essential that every country, every industry, and every population contribute to GHG reduction. Innovation through joint cooperation between the governments and the industry is of prime importance.

More specifically, we insist on a broader international participation in reducing emissions, inclusion of more sectors, a push for innovation, the continued use of flexible market-based instruments (The Kyoto Mechanisms) for reduction of emissions globally, and an adaptation of policies to secure the competitive position of the EU and Japanese industries.

Regarding Corporate Social Responsibility, we continue to encourage voluntary commitment together with guidance from international organizations.

Recommendations

<Cooperation of the EU and Japan on Global Issues>

6-EJ-1 Effective Use of The Kyoto Mechanisms

The Kyoto Mechanisms, including CDM (Clean Development Mechanism) and JI (Joint Implementation), are an important scheme for international cooperation

approved by the Kyoto Protocol, and effective utilization of this mechanism will help to reduce GHG on a global scale. CDM, in particular, contributes to GHG reduction in developing countries by the investments of energy-efficient infrastructures from developed countries, and can be implemented at lower cost than domestic countermeasures. Therefore, this scheme should be actively promoted without being seen simply as a complementary initiative. The authorities should adopt active use of the Kyoto Mechanisms as a government policy and create such systems as internationally harmonized accounting and tax incentives which lead industries to easily utilize this mechanism.

6-EJ-2 Post-Kyoto Framework

- It is indispensable that major GHG-emitting countries such as the USA, China and India participate in the post-Kyoto framework (beyond 2012) in order not only to reduce global GHG emissions but also to secure the competitive position of the EU and Japanese industries. We recognize that it should be considered to set different targets from the initial Kyoto Protocol, which encourage those countries to join the framework. Energy efficiency or emission intensity by major sub-sectors on a cross-border basis is one of the targets to be set instead of the current country-by-country basis.

- We recognize that the technological development for reduction of GHG emissions including joint efforts of the authorities and public-private partnership of the EU and Japan is important. The European Commission and the Japanese Government should work together to include the technological development as an item for post-2012 negotiation.

6-EJ-3 Impact Assessment

The impact of materials and products should be assessed in an extended manner which includes the economic, social and environmental dimensions. It is important for the authorities to adopt the methods of life-cycle assessment and/or full value chain assessment in any impact assessment, and not exclusively for GHG reduction.

<Promotion both in Japan and in the EU>

6-EJ-4 Development of Energy-Saving Products and Services and Diffusion on a global basis

As stated in Basic Thoughts, industries of EU and Japan have already made considerable efforts for GHG reduction, and room for drastic improvements by using current technologies is limited. However, we recognize there is potential of reduction of GHG emissions by implementing the following measures by the industries and people together with the supports from the authorities:

- Adopting higher efficient electric and electronics equipment by using a top runner approach
- Using the full potential of IT society such as higher efficiency of production and logistics, and diffusion of e-commerce
- Adopting energy-saving offices and houses equipped with high performance insulators
- Diffusion of fuel-efficient vehicles

6-EJ-5 Cultivation for People and Initiatives of the Authorities

It is important to work together with the participation of the authorities, industry and the public to reduce emissions of greenhouse gases. Industry has been working hard not increasing CO² emissions with voluntary actions. Its emissions have remained flat, or even decreasing for some sectors. But CO² emissions from household are largely increasing. Therefore, it is necessary to reduce emissions especially from this sector, and to educate and cultivate the population to contribute individually to GHG reduction. It is also important that the authorities take initiatives to promote such movement as a model for the nation/community.

6-EJ-6 Diversification of Energy

From a mid- to long-term point of view, it is indispensable to promote technological development for nuclear energy, renewable energy such as wind, solar, biomass, and hydrogen energy, or other forms of energy which will replace fossil fuels. Renewable energy needs cost reduction and stability of output power. Hydrogen energy has huge potential as generation of electricity and fuel battery, however, there are big issues such as production methods without CO² emissions as well as secure safety of storage/transportation. It is important to promote the joint development between industry and the authorities to solve those issues. Technologies of CO² capture and storage should be also developed. We call for government initiatives, including joint ones between the European Commission and the Japanese Government.

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