

The EU-Japan Centre for Industrial Cooperation ZOOM webinar

Financing for climate change mitigation: EU Taxonomy for sustainable activities and Japan's policy on carbon neutrality

Wednesday, July 13, 2022

16:00 – 17:30 Tokyo 9:00 – 10:30 Brussels

The seminar was begun by the moderator Tanabe, MD Japan side, EU-Japan Centre for Industrial Cooperation and Philippe de Taxis du Poët, Managing Director European Side, the EU-Japan Centre for Industrial Cooperation gave the opening remarks. And then, three panelists made presentations.

- Emmanuel Buttin, Policy Officer, Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA), European Commission
and
- Hannes Huhtaniemi, Policy Officer, Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA), European Commission
- In order to achieve CN, it is necessary to clearly indicate what is green. It is also important to establish indicators and common definitions. Taxonomy was set up as that tool. Taxonomies serve companies' investment goals, not as a ranking or imposed system for companies. It encourages investment to carry out sustainable economic activities. The framework for the taxonomy is established by the EU's Delegated Act, but enforcement is carried out by each country. Target industries are those that have the greatest impact on the environment, such as power, construction, transportation, ICT, manufacturing, and forestry. Each industry and company are required to disclose information, and the extent to which companies are contributing to CN will be announced annually. There are exceptions for nuclear power plants, natural gas, hydrogen and ammonia. In terms of external relations, the EU system complies with the guidelines of the International Platform on Sustainable Finance (IPSF).
- Shinichi Kihara, Deputy Director-General for Environmental Affairs, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry (METI)
- The Basic Energy Plan, which is the core of Japan's green growth strategy, calls for ensuring economic security, transitioning to a green society with growth, concrete

plans, citizen efforts, and policy packages. Government support is essential for achieving growth and CN at the same time, and important points include securing a budget, system design, financial planning, domestic economic growth, and cooperation with overseas countries, especially Asian countries. The budget will be JP¥ 17 trillion each year by 2030, for a total of JP¥ 150 trillion. It also plans to issue JP¥ 20 trillion of green bonds. Regarding taxonomy, it is difficult to achieve this in all sectors at this stage, and transitional finance from the government is required. Responsible ministries and agencies will decide on policies in accordance with the guidelines of the International Capital Market Association (ICMA). By sector, roadmaps have been created for seven industries, including steel. As for external initiatives, our focus is on collaboration in Asian Transmission Finance. Currently, there are 19 core members and 23 other institutions participating as observers.

After each presentation, the Q&A and discussion session were proceeded with the moderator Tanabe. The main topics were as follows (see recorded video for detail).

- What is the meaning of Transition in the nuclear power and natural gas industries?
- What is the definition of hydrogen life cycle?
- Carbon dioxide Capture and Storage (CCS) determines the degree of green achievement upstream or downstream?
- At what stage is the EU enlargement taxonomy?
- How was METI's industry roadmap created?
- Is there a common roadmap for Asian Transmission Finance (ATF)?
- What is the common taxonomy? Does it have anything in common with ATF?
- Is the EU trying to standardize its taxonomy (world standard)?

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