Recommendations
of the
EU-Japan Business Dialogue Round Table
to the Leaders of the EU and Japan

Berlin, 3 - 4 June 2007

Working Party 6
Sustainable Development

1. Promoting the efficient use of energy

6-EJ-1: Industry has been a forerunner in energy-efficiency improvements because lowering energy costs is a prerequisite for competitiveness. In addition, industries in the EU and Japan have been developing energy-saving products. To decrease greenhouse gases (GHG), it is important to diffuse higher efficient equipment and products as well as fuel-efficient vehicles by using a front runner approach. This is based on the 3Rs (reduce, reuse, recycle) which minimize energy consumption of products through their total life cycle of procurement, usage and recycling. We therefore ask the Commission and the Japanese government to have their citizens utilise energy-efficient products and technologies.

2. Promoting the removal of reliance on fossil fuels

a. The spread of existing technologies

6-EJ-2a: From a mid-term point of view, it is indispensable to spread existing technologies such as nuclear energy and renewable energy so that they replace fossil fuels. This is necessary not only for low carbon emissions but also for energy security. Spreading the use of nuclear energy more than at present requires the restoration of trust and the establishment of a consensus by citizens from the aspect of safety. Additionally, in promoting renewable energy, such as solar, wind, and biomass energy, challenges exist regarding cost and stability.

We therefore ask the authorities of the EU and Japan to establish a plan to promote these energies. However, the plan needs to be designed so that competition in energy markets is not distorted. And also in promoting biomass energy and bio-fuel, the supply of wood raw material for the industry as well as the food supply such as sugar and corn should not be affected.

b. Development of innovative technologies

6-EJ-2b: The development of innovative technologies such as clean coal, carbon dioxide capture and storage(CCS), hydrogen energy, nuclear fusion, and fuel cells required long-term efforts to reduce GHG. Developmental subsidies from governments as well as international public-private cooperation are also necessary.

3. Cap-and-trade emissions trading scheme

6-EJ-3: It is difficult to establish a fair and equitable cap-and-trade emissions trading scheme. Also, this approach forces industries to control their activities. It may also harm the development of technologies and the investments in facilities in the long term. Moreover, there is a risk that this approach will cause the acceleration of the transfer of emissions to developing countries, which are production bases for emissions, leading to an increase in GHG emissions on a global scale through carbon leakage. Therefore, a cap-and-trade emissions trading scheme is not suitable for establishment as an international framework.

4. Creating environmental and energy-saving technologies in developing countries

6-EJ-4: To advance the reduction of GHG emissions on a global scale, it is critical to initiate measures in developing countries. Implementing energy-saving technologies in such countries that are expected to increase their use of energy, such as China and India, is an especially big challenge. Together with European

and Japanese businesses providing technical cooperation to these countries, the governments should establish an environment that stimulates subsidy cooperation and private investments. Kyoto mechanisms such as the Clean Development Mechanism (CDM) should be actively promoted. However, systems that are more user-friendly should be implemented.

5. Promoting forestation

6-EJ-5: Forestation and plantation shall be promoted because forests provide a renewable carbon sink and sustainable raw material source not only for the industry but also for biomass energy and bio-fuel. The demand for wood raw material is increasing. A growing forest binds CO2 effectively. With advanced forest management practices both output and stock of CO2 in forests can be optimized by keeping the sustainable biodiversity in balance. Biomass based energy policies shall ensure that competition of wood raw material will not be realised through illegal logging or similar phenomena. For a sustainable use of forest raw material, policy measures are also required to ensure that the right fractions of forest raw material go to the most value adding use.

6. Post-Kyoto framework

6-EJ-6: The participation of major carbon-emitting countries such as the United States, China, and India is essential for the post-Kyoto framework. Also, it is essential that reduction targets be equitable and reflect the efforts by each country to improve its energy efficiency to date. Moreover, it is necessary to implement sound measures for developing countries, which are exempt from the Kyoto Protocol's emission requirements, through a policy mix that includes technological assistance. G8 initiatives and methods to reduce emissions studied by the Asia-Pacific Partnership (APP) should also be promoted. For the target period, short-term, medium-term, and long-term targets should be appropriately combined and a variety of approaches should be made considering the conditions of each country. Because absolute targets by country may restrict economic growth, use of the sectoral approach based on energy-efficiency targets in

cooperation with the public and private sectors, shows promise. It must be noted that the sectoral approach requires a system that allows flexible responses based on the characteristics of target industries and countries.