

Towards a Green Alliance
to protect our environment, stop climate change and achieve green growth

1. General

- Both sides reaffirm their strong determination to create climate neutral, biodiversity-friendly, circular and resource efficient economies to achieve green growth and their shared ambition of reaching net-zero GHG emissions by 2050.
- For both sides climate neutrality is their chosen strategy for growth, jobs and competitiveness, as laid down in the European Green Deal and in Japan's Green Growth Strategy, focused on a virtuous cycle of the economy and the environment.
- Both sides are committed to promoting innovation in green technologies and aim to achieve a new, modern and competitive economy with net-zero GHG emissions, enhanced energy efficiency, large scale deployment of renewable energy and reinforced energy security, as the focus of their respective strategies for realizing the energy transition, with protection of natural capital and circular approaches at its core.
- Both sides reaffirm their strong support for the rules-based international order and multilateralism. They confirm their commitments under the historic 2015 Paris Agreement and their commitment to the Convention on Biological Diversity vision 2050 and intend to step-up their cooperation to this end in all relevant international fora and organisations. They, in particular, will cooperate with other Parties to ensure a successful outcome to COP26 including effective implementation of all elements of the Paris Agreement. Their enhanced Nationally Determined Contributions (NDCs) under the Paris Agreement will represent the highest possible ambition and be fully aligned with their shared ambition to reach net-zero GHG emissions by 2050. They also aim to reach an ambitious and realistic post-2020 global biodiversity framework to be adopted at COP15, as well as its effective implementation.
- A green transition represents the best opportunity to trigger a green recovery from the impact of the COVID-19 pandemic on our economies. Both sides should ensure that the economic stimulus packages carried out as a response to the COVID19-outbreak are in line with these goals in order to ensure a green and sustainable recovery that leaves no one behind.
- Both sides acknowledge that an overwhelming majority of GHG emissions stem from energy production and use, and recognize the pivotal role which safe and sustainable low - carbon energy technologies will play in meeting our climate objectives. Both sides recall their commitment to rapidly scale up technologies and policies that further accelerate the transition away from unabated coal capacity and to an overwhelmingly decarbonised power system in the 2030s, consistent with their 2030 NDCs and net

zero commitments. In addition, they share the importance of non-discriminatory trade and investment in energy goods and services with low GHG emissions, and will continue to discuss how to strengthen cooperation and their commercial relations, including in the framework of the Economic Partnership Agreement and the EU-Japan Energy Dialogue.

- Both sides intend to share knowledge and experiences on how to empower citizens and address the societal challenges related to the transition to climate neutrality, including smart cities research and innovation as well as how to assist decarbonisation efforts at local level. They intend to collaborate to promote action globally to recognize, support, and accelerate subnational climate action. A focus on the most vulnerable regions and sectors, as well as on ensuring that the transition leaves no one behind, is an important priority for both.

2. Priority areas for cooperation

Cooperation on energy transition

- Both sides intend to strengthen their exchanges on policy and regulatory frameworks and technologies that enable the cost-effective transition to an affordable, safe, competitive, secure and sustainable energy system.
- Both sides intend to intensify their cooperation on, safe and sustainable low-carbon technologies such as renewable energy, in particular offshore wind, energy systems integration, energy markets reform, smart grids, energy storage technologies, batteries, hydrogen with a focus on renewable and low carbon hydrogen, industrial decarbonisation, Carbon Capture and Utilization and Storage, fusion energy, nuclear safety, decommissioning and innovation. They intend to exchange information on carbon recycling that utilizes captured CO₂ as a possible resource.
- Recognising that natural gas will play an important role during the energy and climate transition, and mindful of their shared ambition of reaching net-zero GHG emissions by 2050, both sides will discuss the role of decarbonised and renewable gases in that transition; exchange analyses and expertise regarding the decarbonisation of the gas sector; and enhance the global momentum to address emissions from methane in the energy sector.
- In light of this cooperation and common agenda, both sides aim to step up cooperation and, where possible, coordination, in the international energy organisations and multilateral energy fora. They may also enhance their exchanges on the development of the global energy architecture, for example, in view of addressing the Paris

Agreement objectives and ensuring energy security and affordable energy prices.

Environmental protection

- With a view to addressing unsustainable production and consumption as drivers for climate change and environmental degradation, both sides will deepen their policy dialogue and cooperation on supply chain sustainability, circular economy and resource efficiency, including in relation to their roles in achieving climate neutrality, addressing plastic pollution and reducing pressure on ecosystems and natural resources. In particular, they aim to work together in fields such as design, standards, product information and sound waste management.
- Both sides will cooperate on the development and implementation of sustainable product policies that strongly promote longer lifetime, reparability and design for recyclability of products.
- Both sides intend to take action to conserve biodiversity, through well-connected and effective systems of well managed protected areas and other effective area-based conservation measures that should contribute to globally covering at least 30% of land and 30% of sea areas. They also aim to embed the same target in the global biodiversity framework, as championed by HAC (High Ambition Coalition for Nature and People), and will lead by example by committing to the same targets at a domestic level according to national circumstances. They will also promote nature-based solutions and biodiversity mainstreaming in all relevant policy areas.

Regulatory and business cooperation

- Both sides aim at strengthening their regulatory cooperation, so as to spur the global momentum for the uptake of innovative environmental solutions, sustainable products and safe and sustainable low - carbon technologies of key importance, in order to accelerate the transition to circular and climate neutral economies and to promote those standards globally. This cooperation would include further enhancing the mutual understanding of their respective policies, for instance on sustainable government procurement.
- Furthermore, business cooperation should be encouraged between the business communities of Japan and the EU, such as EU-Japan Business Round Table (BRT), the Japan Business Council in Europe (JBCE), and the European Business Council in Japan (EBC), also relying on the EU-Japan Centre for industrial cooperation as a facilitator.

- Both sides will intensify their cooperation having a bearing on non-discriminatory trade and investment in safe and sustainable low - carbon energy technologies, and should foster strengthened commercial relations between them.
- Both sides intend to strengthen bilateral cooperation through means such as information sharing and, where needed, work towards creating consensus, including future possibility of common standards applicable to both sides. In this respect, promising topics for discussion include: green finance including ESG factors and taxonomy for environmentally sustainable activities, transition finance, battery ecosystem, offshore wind energy, alternatives to the use of micro-plastics, industrial decarbonisation and hydrogen.
- Both sides intend to cooperate in their efforts to achieve sustainable food systems by sharing their views and experiences, and building on their respective strategies, such as the EU Farm to Fork Strategy, the upcoming legislative proposal aimed at minimizing the risk of deforestation and forest degradation associated with products placed on the EU market, and the new Strategy for Sustainable Food Systems (Measures for achievement of Decarbonization and Resilience with Innovation) being developed in Japan. In this context, they would also pursue collaboration towards the 2021 United Nations Food Systems Summit, bilaterally as well as at international level more generally, with the aim to ensure a worldwide partnership.

Research and development

- Both sides intend to continue to cooperate on research, demonstration projects and market deployment of low carbon technologies and technologies for decarbonisation such as CCUS within multilateral initiatives.
- Both sides envisage enhancing their collaboration within Horizon Europe Missions and the Japan's Moonshot Goals, and to create synergies with broader climate initiatives. The collaboration would reflect strategic areas such as Climate Change in line with the Letter of Intent signed by the two sides on the 26 May 2020¹.
- Both sides intend to strengthen cooperation on renewable energy and safe and sustainable low - carbon technologies research and innovation of pre-competitive nature (taking into account sustainability, circularity, life cycle analysis), for example through the second phase of Mission Innovation (MI). They envisage to enhance their collaboration in fusion and fission research, as well as their research and training cooperation in nuclear safeguards, security and non-proliferation through joint implementation of existing bilateral agreements and ongoing and future projects.

¹ Letter of Intent on Strengthening Cooperation in Science, Technology and Innovation between the Cabinet Office of the Government of Japan and the European Commission.

- Both sides should deepen their collaboration on the bioeconomy, which is a prime example of generating green growth. Indeed the bioeconomy provides solutions to manage our natural resources sustainably within the planetary boundaries, while supporting the prosperity of our citizens. In particular, in the context of the International Bioeconomy Forum (IBF), active participation of Japan would be welcome and should be explored.

Sustainable finance

- Together with other key partners, both sides should continue to play a leading role in the International Platform on Sustainable Finance (IPSF).
- The IPSF focuses on the exchange and comparison of regulatory and other tools that will help investors to identify and seize sustainable investment opportunities: taxonomies, sustainability-related disclosures, standards and labels. By teaming up with like-minded jurisdictions in the IPSF, both sides play an active role in furthering the international reflection on how to align the definition of sustainable investments and how to progress towards more consistent sustainability-related disclosures. The work in the IPSF complements and reinforces the ongoing work in other international forums like the G7, G20 and the Financial Stability Board.

3. Facilitating transition with 3rd countries

- Both sides, as part of a global effort, will promote cooperation for developing countries' transition toward a climate neutral and resilient society. In order to contribute to economic growth, enhanced resilience, adaptation to climate change and reduction of greenhouse gas emissions of developing countries, they should promote (a) information sharing on developing country assistance both in mitigation and adaptation, (b) possible third country cooperation (including promotion of renewable energy in Asian, Indo-Pacific and African countries).
- Both sides intend to promote clean energy access in the context of SDG7 and to intensify efforts to support universal energy access by 2030.
- Both sides recall their commitment to promoting the increased international flow of public and private capital toward Paris Agreement-aligned investments and away from high-carbon power generation to support the clean energy transition in developing countries. In this context, they will phase out new direct government support for carbon intensive international fossil fuel energy, except in limited circumstances at the discretion of each country, in a manner that is consistent with an ambitious, clearly defined pathway towards climate neutrality in order to keep 1.5°C within reach, in line with the long-term objectives of the Paris Agreement and best available science.

Consistent with this overall approach and recognising that continued global investment in unabated coal generation is incompatible with keeping 1.5°C within reach, they stress that international investments in unabated coal must stop now and commit to take concrete steps towards an absolute end to new direct government support for unabated international thermal coal power generation by the end of 2021, including through Official Development Assistance, export finance, investment, and financial and trade promotion support.

- Both sides intend to consider the development of a joint support scheme to promote deployment of safe and sustainable low-carbon technologies for the energy transition, in particular renewable energy in Asian and African countries and will promote information sharing toward improving developing countries' mitigation and adaptation capability. Such a scheme would ensure non-discriminatory participation in projects by undertakings from Japan and the EU.
- Both sides also envisage to explore cooperation in support of the climate and environment-related initiatives in the ASEAN region.
- Both sides also expect to continue their fruitful collaboration in the G20, seeking concrete action in support of a global just transition to a climate neutral, resource efficient and circular economy, and in the fight against marine plastics litter and biodiversity conservation.
- Both sides intend to continue working together in the Global Alliance on Circular Economy and Resource Efficiency (GACERE) to achieve sustainable consumption and production. They will also cooperate to develop principles on circular economy and resource efficiency for stakeholders such as businesses and investors.
- In relation to marine plastic litter, both sides are committed to taking urgent action to address this global challenge, including within the G20 Implementation Framework for Actions on Marine Plastic Litter. They will work together to identify elements of the future global framework on plastics, to reduce marine plastic litter through a comprehensive lifecycle approach, necessary to further achieve the Osaka Blue Ocean Vision and with a view to taking a decisive step at UNEA5.2.
- Both sides intend to cooperate to improve scientific knowledge on marine plastic litter by consolidating monitoring and data collecting methods.
- Both sides intend to cooperate to pursue a strong environmental agenda at the WTO that includes actions and initiatives that contribute to the achievement of climate neutrality.
- Both sides also envisage to work together to further promote business cooperation in third countries' markets, with support from the EU-Japan Centre for Industrial Cooperation.

4. Ensuring Global Integrity and stability of climate action

- Both sides aim to enact and pursue all the necessary domestic policies and measures towards the goal of climate neutrality by 2050. They acknowledge that these policies and measures may differ in their design, but are determined to ensure that, taken together, they are fully capable of reaching the goal. They also recognise the need to keep in mind the interaction of these measures and policies with their shared commitment to fair and open international trade and with the risk of carbon leakage in the global economy.
- In this context, both sides recognise the importance of the use of carbon pricing, in ways which it could contribute to economic growth as a way of creating incentives for reducing emissions in support of the transition to a net zero emissions economy. They envisage discussing carbon pricing as well as WTO compatible carbon border adjustment measures.
- Both sides jointly encourage all countries, in particular major emerging economies, to elaborate ambitious and detailed short and medium-term pathways, targets and policies, including trade promotion, climate finance, research and innovation, aid and foreign investment strategies, aligned with the Paris Agreement objectives/ net zero GHG emissions objective.

5. Governance/Processes

Both sides should conduct the above cooperation using existing cooperation frameworks where available and relevant. The platform offered by the Strategic Partnership Agreement and the Economic Partnership Agreement will be important in this respect.