



Joint Minutes of the 3rd Meeting of the Committee on Trade and
Sustainable Development under the Agreement
between the European Union and Japan for an Economic Partnership

Tokyo (via videoconference), 25-26 January 2022

The third meeting of the Committee on Trade and Sustainable Development (TSD Committee) under the Agreement between the European Union (EU) and Japan for an Economic Partnership (EPA) took place on 25-26 January 2022 via videoconference.

Japanese participants from MOFA, MHLW, MAFF, METI and MOE and EU participants from the Directorates-General TRADE, GROW, ENV, CLIMA and EMPL and from the EU Delegation to Japan as well as the Japanese Mission to the EU had a fruitful exchange of views on matters related to Chapter 16 of the EPA (Trade and Sustainable Development).

1. OPENING AND ADOPTION OF AGENDA

The enclosed meeting agenda was adopted (cf. attachment).

2. PROCEDURAL AND INSTITUTIONAL ITEMS

Both sides confirmed that they had concluded the technical level work on the list of experts and the rule of procedure, reaching a consensus on substance. The TSD Committee will adopt the corresponding decisions upon completion of the EU's internal procedures. Both sides reaffirmed that these documents would be adopted in writing as soon as possible, ideally in order to be reported to the next Joint Committee.

3. CROSS-CUTTING (LABOUR/ENVIRONMENT) MATTERS: PRIORITIES FOR COOPERATION

TSD Review Process with a focus on the role and function of DAGs

The EU shared information on the ongoing TSD review process based on the outcome of public consultation and the comparative study by the LSE, which was commissioned by the EU. The EU recalled the review is taking place in the context of the new Trade strategy, which put sustainability at the heart of trade policy, and will complement autonomous policy initiatives adopted by the European Commission, notably on Deforestation-free supply chains, on Sustainable Corporate Governance, on Carbon-Border Adjustment Measure. The EU highlighted the expectations for the role that Domestic Advisory Groups can play in the implementation of the sustainability provisions of the agreements through expressing their opinions.

Implementation of sustainability provisions in trade agreements of Japan

Japan shared information on the implementation of provisions related to sustainability in the UK-Japan CEPA and the CPTPP.

The EU acknowledged that the UK-Japan Agreement was particularly close to the EU-Japan EPA, and expressed interest in the outcomes linked to the implementation of the sustainability provisions.

Corporate Social Responsibility/Responsible Business Conduct (CSR/RBC)

The EU provided information on the Sustainable Corporate Governance Initiative and Japan shared updates on the implementation of the National Action Plan (NAP) on Business and Human Rights and CSR.

Japan provided updates concerning the voluntary disclosure schemes, and other instruments such as the Corporate Governance Code to achieve environmental, social and economic sustainability at the same time. Japan also indicated that it would promote responsible business conduct in third countries through supporting the UNDP and OECD's activities.

On its part, the EU referred to the planned adoption during the first quarter of 2022 of the legislative initiative on Sustainable Corporate Governance (SCG), which will introduce due diligence requirements regarding human rights and the environment. The EU indicated that the SCG Initiative would apply to third-country companies active in the Single Market, subject to turnover thresholds. The EU recalled that, building on international standards (OECD, UN Guiding Principles), the SCG initiative aims at ensuring transparency for investors and consumers and a predictable regulatory environment for business.

As regards the issue of forced labour, the EU made reference to the non-binding Guidance on due diligence published in July 2021 to help EU companies to manage the risks of forced labour in their operations and supply chains.

Japan reiterated its interest in the legislative developments in the EU, in particular in the relation between the proposal for mandatory due diligence legislation and the possible forced labour import ban. Both sides confirmed that they would continue to work closely together in this area, in particular, on a joint outreach on due diligence in order to improve awareness of industries on both sides.

4. TRADE AND ENVIRONMENT

Update on the developments on trade and environment, including the implementation of MEAs (Environment) and cooperation with relevant international organisations

The EU shared information on its initiatives adopted in the framework of the Circular Economy package (Sustainable Product Initiative, Green claims, Sustainable Textile), and the upcoming revisions of the Packaging and Packaging Waste Directive, Extended Producers' Responsibility on single-use plastics, and related initiatives on microplastics and bio-based, compostable and biodegradable plastics. The EU emphasizes the relevance of these developments in view of the high degree of integration of the respective supply chains.

Regarding the “Rethinking Plastics” programme, the EU proposed a technical dialogue with a focus on product requirements for circularity by design, not restricted to plastics.

As regards developments in other policy areas, the EU illustrated the proposal for a Revision of the Waste Shipment Regulation.

Japan made a presentation on the role of the International Tropical Timber Organization (ITTO), as part of its contributions toward facilitating sustainability and trade, in view of the increasing importance of its global mandate, as recognized most recently in the G7 Environment Ministers' Communique and the upcoming renegotiation on the International Tropical Timber Agreement (ITTA). The EU confirmed its willingness to address Japan's requests for information regarding the EU's regulation to curb deforestation and forest degradation.

Japan also shared updates on domestic developments over circular economy and mentioned "The Tenth Regional 3R and Circular Economy Forum in Asia and the Pacific" co-hosted with UNCRD in 2020 and Japan Partnership for Circular Economy founded by MOE, METI and Keidanren.

With regard to combating marine plastic pollution, Japan explained a draft resolution, which would be submitted to the resumed session of the fifth session of the United Nations Environment Assembly (UNEA-5.2).

Both sides confirmed that they would continue to cooperate in these fields within the international fora.

Update on the developments on trade and environment, including the implementation of MEAs (Climate Change)

Both sides provided updates on their respective climate policy developments and took stock of the joint work in the field of climate change, including the launch of the Japan-EU Green Alliance.

Japan presented its commitments to aim for net-zero by 2050 and to reduce greenhouse gas emissions by 46% in FY 2030 from FY 2013 levels, and continuing strenuous efforts in its challenge to meet the lofty goal of cutting its emissions by 50%. Japan shared its policy to implement holistic measures along with the commitments above such as introduction of renewable energy to the maximum extent, social deployment of innovations contributing to decarbonization and decarbonizing assistance for regional areas, recognizing the period until 2030 as the critical decade.

On the UNFCCC Negotiation Process, Japan expressed its will to continue its cooperation with the EU in implementing achievements of COP26 and toward COP27 in November 2022. As for the outcome of COP26, Japan referred to the adoption of Glasgow Climate Pact and completion of the Paris Rulebook through the agreement on the Article 6 implementation guideline as a part of the achievement made by the international society.

The EU shared Japan's view on the evaluation of COP26 and acknowledged that the EU-Japan Green Alliance is a good framework for EU-Japan climate change cooperation.

The EU recalled several key outcomes of COP26, such as keeping momentum for 1.5°C degree Celsius, as well as maintaining the commitment to the climate finance goal of 100 billion USD and to the completion of the Paris Rulebook. The EU highlighted the importance of other initiatives surrounding COP26, such as the Methane Initiative, the Deforestation Initiative, and the one for Innovation, and called for continued cooperation with Japan with a view to achieving further progress toward COP27.

The EU also introduced its efforts such as enforcing European Climate Law and proposing a climate change policy package "Fit for 55" in line with its goal to reduce greenhouse gas emissions by at least 55% in 2030 from 1990 levels and achieve climate neutrality by 2050. The EU shared information on legislative procedures for the package and stated that it would continue consultations with its stakeholders.

On the multilateral front, the EU stressed the growing importance of cooperation on environment in the WTO. The EU cited the joint role that the EU and Japan had played in generating momentum towards the December 2021 ministerial statements, recalling those on trade and environmental sustainability structured discussion and on plastics pollution and sustainable plastics trade, which garnered Japan's support, and the one on fossil fuels subsidy reduction. Japan highlighted that it was preferable to streamline "inefficient" fossil fuel subsidies according to national circumstances.

The EU highlighted the contribution that bilateral discussions on trade and climate, such as the Trade and Industry towards Climate Neutrality of June 2021, can bring to the multilateral processes.

The EU recalled the cooperation in energy policy and the fruitful business interaction on hydrogen, which both represent key areas to tackle climate challenges, notably by facilitating the decarbonisation of the heavy industry. The EU highlighted the relevance of current joint initiatives under the Japan EU Energy Policy Dialogue, notably the plan for a seminar on the development of standards and a certification framework for the international trade for hydrogen. The EU stressed the opportunity to connect the activities under the Energy Policy Dialogue, bilateral cooperation in the framework of the TSD chapter, and the cooperation in multilateral frameworks on Trade and Climate.

5. DEDICATED SESSION ON TRADE AND LABOUR

Japan reiterated its commitment to the activities of the ILO as a founding member of the organization. Japan confirmed obligations arising from its membership in the ILO and supported the principle of the TSD Chapter.

Japan presented a range of topics, including promoting the advancement of women in the workplace, childcare leave, ensuring employment opportunity measures for the elderly, measures to expand opportunities for people with disabilities, a safety net for workers working under multiple employers, expansion of industrial accident compensation insurance, and establishment of workers' cooperative law. Japan also explained an overview of the laws and practices regarding prohibition of discrimination in employment. In the ensuing discussion, both sides exchanged views on the protection against discrimination in recruitment.

The EU shared updates on its labour market situation and social initiatives in 2021, in particular, on the European Pillar of Social Rights' action plan; as well as on the proposal for an EU Directive on pay transparency. Similarly the EU mentioned the proposal for an EU Directive to improve the working conditions of people working through digital labour platforms, and the proposal for a Council Recommendation on ensuring a fair transition towards climate neutrality. The EU updated on its cooperation activities with the ILO and recent ratification of the ILO conventions by the EU Member States. The EU also provided an overview on tackling discrimination on the EU labour market at all stages of the employment relationship, including recruitment.

The EU welcomed Japan's progress toward ratification of the ILO

fundamental conventions such as the entry into force of the Act of 2021 on the Establishment of Relevant Laws for the ratification of ILO C105 (abolition of forced labour) initiated by the lawmakers in 2021. In this respect, the EU expressed its interest in Japan's progress on ratifying the remaining ILO fundamental convention, and the desire to continue getting regular updates on further developments, indicating its openness to cooperate at technical level by exchanging experiences and practices in the area of discrimination in employment and occupation.

6. SUMMARY AND CONCLUSIONS

Japan expressed its gratitude to the EU for their offer to host the next TSD Committee meeting in one year. Both sides confirmed that they would continue to work together in close coordination.

EU – JAPAN ECONOMIC PARTNERSHIP AGREEMENT (EPA)
**3RD MEETING OF THE COMMITTEE ON TRADE AND SUSTAINABLE
DEVELOPMENT**

25-26 JANUARY 2022, TOKYO (VIA VIDEOCONFERENCE)

AGENDA

- 1. OPENING AND ADOPTION OF AGENDA**
- 2. PROCEDURAL AND INSTITUTIONAL ITEMS**
- 3. CROSS-CUTTING (LABOUR/ENVIRONMENT) MATTERS: PRIORITIES
FOR COOPERATION**

- TSD review process, with a focus on the role and function of DAGs
- Implementation of sustainability provisions in trade agreements of Japan
- Corporate Social Responsibility/Responsible Business Conduct (CSR/RBC)

- 4. DEDICATED SESSION ON TRADE AND ENVIRONMENT, INCLUDING
TRADE AND CLIMATE ACTION**

Update on the developments on trade and environment, including the implementation of MEAs (Environment) and cooperation with relevant international organisations

Update on the developments on trade and climate, including the

implementation of MEAs (Climate Change)

5. DEDICATED SESSION ON TRADE AND LABOUR

Update on the developments on trade and labour, including the ratification and implementation of ILO conventions, and potential cooperation activities

6. SUMMARY AND CONCLUSIONS