



Trade and climate action: two big questions



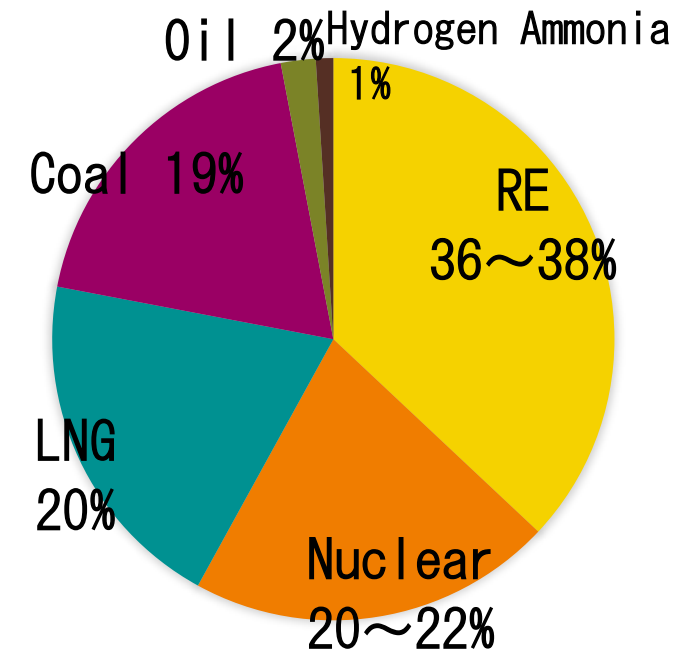
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1. Discussion of (unabated) fossil fuel phase out/down at COP27

At COP27, 80 countries have claimed to include the language of “fossil fuel phase out/down” for Decision COP27. The discussion was first initiated by India, followed by AILAC, UK, EU and even US.

Japan does not raise its voice towards this issue, but certainly not in favor of phase out/down of all fossil fuel. Japan still plans to maintain coal power plants beyond 2030, although “phase down of unabated coal power plants” had been agreed at COP26 in UK.

“Unabated” is a tricky word, as Japan plans to mix ammonia (made from fossil fuel) 20% for coal power plants by 2030, calling it as “abated”.



2030 Japanese Energy Mixture Plan (METI)

How does the UK civil societies, especially UK industry assess the coal phase out and the possible inclusion of all fossil fuel phase out at COP28?

2. GX League (voluntary ETS) is planned beyond 2030 in Japan

Japan commits 46% reduction compared to 2013 by 2030.

For the first time, Japan plans to introduce carbon pricing (called GX League), which includes voluntary Emission Trading Scheme (from 2026) and Fuel surcharge (from 2028).

This ETS is voluntary scheme which companies have choice whether to participate ETS or not, and even if they cannot achieve their targets, they can choose whether to buy allowances or just explain. (based on the draft for public consultation).

Current carbon tax is only 289 yen(=2 Euro)/tCO₂. Fuel surcharge (carbon surcharge) is planned to be implemented from 2028.

(This GX related bill will soon be approved by the Cabinet.)

EU' s Carbon Border Adjustment Mechanism which will put a carbon price on imports of a targeted selection of products so that ambitious climate action in Europe does not lead to 'carbon leakage'. It aims to encourage industry outside the EU to take steps in the same direction.

How is the level playing field be ensured between UK and Japan?

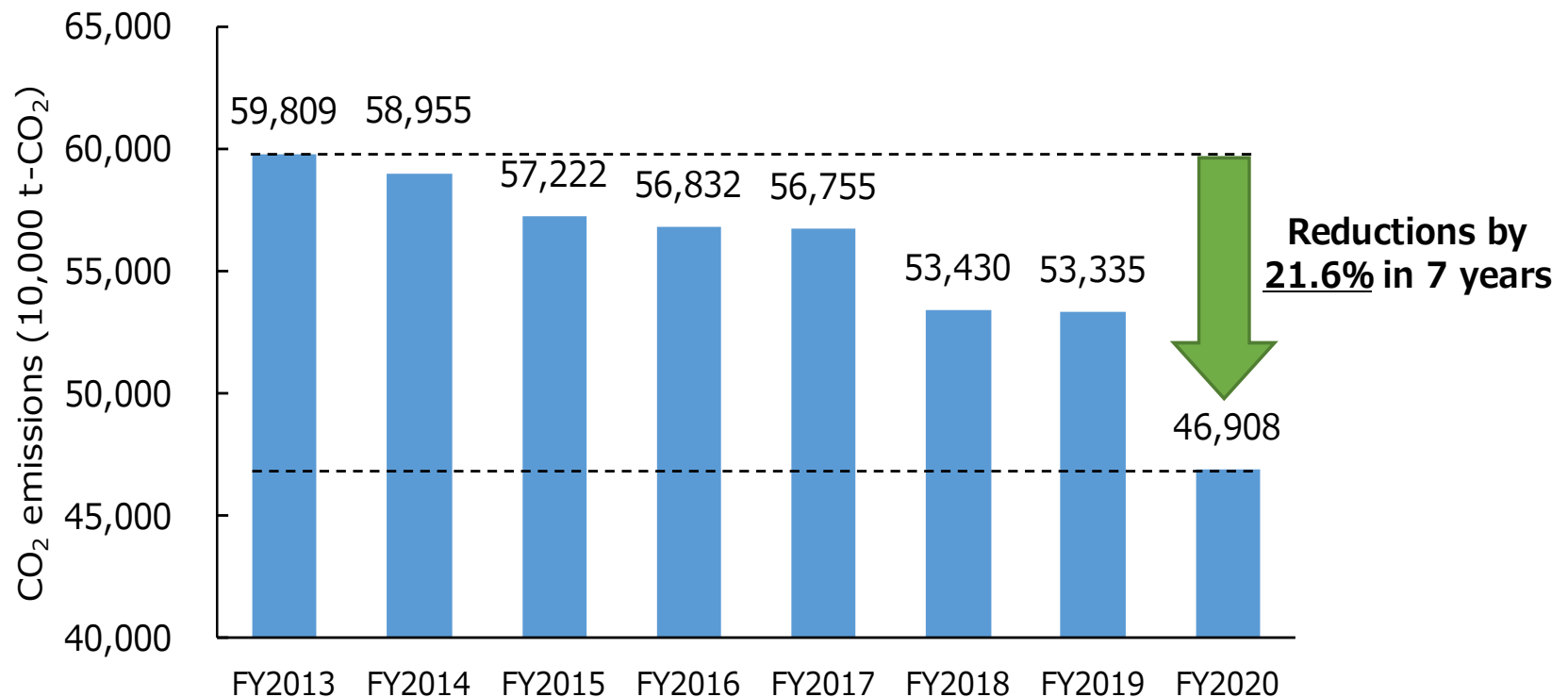
Towards Carbon Neutrality

Overview

1. Under the “Keidanren Carbon Neutrality Action Plan,” the business community of Japan has been successful in cutting GHG emissions through BATs (Best Available Technologies).
2. In terms of addressing both energy security and climate change, the business community of Japan aims at;
 - (1) Innovation
 - (2) Diverse Pathways in Green Transition
 - (3) Inclusion of the Global South
 - (4) Resuming the EGA negotiations

1. Keidanren Carbon Neutrality Action Plan

1. The annual emissions from the business activities in 2020 was more than 20% less compared to that of 2013.



2.(1) Innovation

1. To realize carbon neutrality by 2050, innovation is the only solution. Long-term and large-scale investments towards Green Transformation (GX) are needed. Areas for investment include but not limited to:
 - (1) Introduction of next-generation storage batteries
 - (2) Affordable mass supply of hydrogen and ammonia
 - (3) Commercialization of CCUS to fix and reuse CO₂
 - (4) R&D and construction of advanced nuclear power plants
 - (5) R&D for nuclear fusion

2. Particularly, development and deployment of hydrogen and related technologies contribute not only in terms of decarbonization, but also energy security. The focus should be on speeding up the global hydrogen market ramp-up which is indispensable for carbon neutrality.

2.(2) Green Transition

1. Transition towards decarbonization must allow for diverse pathways among countries, regions and industries. There is no “one size fits all” approach.
2. LNG plays an important role as transition energy, especially in the face of global crises.
3. Not only EVs but also hybrid vehicles etc. are essential in emissions reduction in the transportation/mobility sector.

2.(3) Inclusion of the Global South

1. CO2 emissions by the G7 countries account for only 23.6% of the global emission.
2. Carbon neutrality can never be achieved without the involvement of developing countries.
3. We must invest in developing environmentally friendly infrastructures in the Global South.
4. Article 6.4 mechanism of the Paris Agreement may incentivize those private investment. Official Development Assistance (ODA) can also be utilized to promote green infrastructure development and technical assistance.

2.(4) Resuming the EGA Negotiations

1. EGA negotiations should be resumed in order to promote the dissemination of environmentally friendly goods.
2. Goods should include, but not limited to:
 - Goods related to renewable energy (wind power, hydro power, solar power, etc.)
 - Energy-saving products and CO2 emission-reducing products (hybrid vehicles, automobile parts, railroad vehicles and their associated parts, EV chargers etc.)
 - Goods related to high-efficiency power generation
 - Goods related to control of air pollution and water treatment (filters, pumps, ozonizers, etc.)
 - Goods related to recycling and waste management
 - Goods related to innovative technologies (hydrogen, CCUS, etc.)

See below for the details.

[Towards the 12th WTO Ministerial Conference \(2021-09-14\) \(keidanren.or.jp\)](https://www.keidanren.or.jp/en/2021/09/14/12th-wto-ministerial-conference)



Issues and challenges etc. in Japan to Address to Ratify
the ILO Fundamental Conventions:

[C111-Discrimination (Employment and Occupation) and
C155-Occupational Safety and Health]



6 February 2023

C105(Abolition of Forced Labour,1957) was approved and concluded in Japan

On June 8, Japan overcame the issues related to the ILO Convention No. 105, such as the limitation of political acts by public officials, and completed the domestic procedures for ratification.



～Statement on it from the General Secretary of JTUC-RENGO (excerpt)～

On June 8, 2022, the House of Councillors of Japan unanimously approved a resolution "to seek approval for the conclusion of the Convention on the Abolition of Forced Labor (C105) at a plenary session. The Government of Japan will send the instrument of ratification to the Director-General of the ILO, after which the ratification of the Convention will take effect. The ILO's Ten(10) fundamental conventions, which are the minimum standards to be observed in the world of work, are gaining in importance worldwide. Countries are taking a hard look at the actions of each nation and companies that violate the Fundamental Conventions. And there is a growing movement to regulate the procurement and trade of raw materials and products that promote human rights abuses in production chains.

In Japan, the EU-Japan Economic Partnership Agreement and the Japanese government's Action Plan on "Business and Human Rights" include items that call for efforts to ratify the Fundamental Conventions. Under these circumstances, if Japan does not ratify them even though it is one of the principal members of the ILO, it may be perceived by the world as being backward-looking in its respect for human rights. To clarify its stance on the realization of decent work and other issues, Japan needs to ratify all ten fundamental conventions and implement them appropriately.

Issues to Address in Japan in Order to Ratify the ILO Fundamental Conventions: C111-Prohibition of Discrimination, 1958

Convention 111 is for the purpose of eliminating discrimination (1) based on 7 factors (race, color, sex, religion, political opinion, national extraction or social origin) and (2) in relation to employment and occupation.

Obligations of countries that have ratified C111: It is required to create clear national policies for the purpose of eliminating discrimination and promoting equal employment or occupation opportunities and treatment;

- (1) **Enact laws** as appropriate to ensure acceptance of and compliance with said policies; and
- (2) **Abolish all provisions of laws and regulations, review all administrative orders and conventions** that are incompatible with said policies.

*According to the ILO, the obligation in (1) may be **progressively** implemented; however, the obligation in (2) must be **immediately** implemented.



Issues in Japan:

In connection with the obligation in (1), Japanese domestic legal restrictions are limited. There are only prohibitions against gender discrimination when advertising and hiring.

With regard to the obligation in (2), it is an issue that there are 1) **provisions that differentiate (protect) based on gender** in consideration of physical and psychological disparities with regard to hiring and labor conditions*¹, and 2) **provisions that differentiate (sanction) with regard to expression of political views by public servants** from the perspective of ensuring the neutrality of administrative agencies*².

*1 The Ministry of Health, Labour and Welfare intends for provisions aimed at protecting maternity not to cause problems with regard to the application of convention 111.

*2 According to the Ministry of Health, Labour and Welfare, it has been confirmed that the USA, the UK, Germany, Canada, and South Korea, etc. also have some restrictions. Although the content and scope of restrictions varies from country to country, there are many instances in which occupations (USA, UK) and actions/situations (Germany, Canada) are restricted.



Recent Moves toward Ratification of the ILO Fundamental Conventions

【Formulation of the NAP on “Business and Human Rights” [Oct. 2020]】

- A National Action Plan (NAP) based on the UN Guiding Principles on Business and Human Rights has at last been formulated in Japan (Oct. 16, 2020, Inter-Ministerial Committee for Japan’s NAP on Business and Human Rights)
- Regarding the ILO Fundamental Conventions, the “Plan” incorporates the following content, as the ministries and agencies in charge have clearly stated.

Chapter 2 Action Plan

2, Action Plan by Sectors

(1) Cross-sectional items

a. Labor (Promotion of decent work, etc.)

(Concrete measures to be implemented)

- Continual and sustained efforts will be made to pursue the ratification of basic ILO conventions and other ILO conventions that have been recognized as appropriate for ratification. (Cabinet Secretariat; National Personnel Authority; Ministry of Internal Affairs and Communications; Ministry of Foreign Affairs; Ministry of Health, Labour and Welfare; Ministry of Economy, Trade and Industry; Ministry of Land, Infrastructure and Transport; Ministry of Defense)

Issues to Address in Japan to Ratify the ILO Fundamental Conventions: C155 – Occupational Safety and Health Convention, 1981

- Regarding the Japanese domestic system related to the C155, the Government of Japan has already taken various measures under related laws and regulations for general workers, seafarers, miners, and public servants (including Self-Defense Forces personnel).
- Article 11(f) provides that the competent authority shall implement the policies of Article 4 of the Convention, introduce or expand the system of testing for chemical, physical and biological factors affecting workers' health. However, except for the Occupational Safety and Health Law and the Rules of the National Personnel Authority, we do not have testing systems introduced in national laws and regulations.
In addition, Article 17 of the Convention states that where two or more enterprises are engaged in activities at the same time in the same workplace, they shall cooperate in the application of the requirements of the Convention. However, the Occupational Health and Safety Law has no applicable provisions for industries other than construction, shipbuilding, and manufacturing.
- The second sentence of Article 19(c) of the Convention provides that the representative workers' organization in an enterprise may consult with representative workers' organizations on information concerning measures taken by the employer to ensure occupational safety and health, provided that no confidential information is compromised. However, there are no provisions in existing laws and regulations that allow for such consultations on the condition that confidentiality is not compromised.

◆ Ratification status of Convention C155 by principle countries (74 ratified out of 187 countries)

| | USA | GB | Germany | France | Italy | Canada | Australia | Singapore | China | Korea |
|------|-----|----|---------|--------|-------|--------|-----------|-----------|-------|-------|
| C155 | × | × | × | × | × | × | ○ | ○ | ○ | ○ |

[For reference] Domestic and International Trends in Anti-Harassment

