



Summary of the Fifth Joint Dialogue with Civil Society under Chapter 16 (Trade and Sustainable Development) of the Agreement between the European Union and Japan for an Economic Partnership

Tokyo, 8 April 2024

The fifth meeting of the Joint Dialogue with Civil Society (JDCS) under Chapter 16 (Trade and Sustainable Development (“TSD”)) of the Agreement between the European Union and Japan for an Economic Partnership (“the Agreement”) took place on 8 April 2024 in Tokyo.

The moderator welcomed the first face-to-face meeting in four years, recalling the growing importance of cooperation between Japan and the European Union (“EU”), which share common values, in the international community where the diversification is progressing and there are many issues to be addressed beyond borders and values. The moderator expressed hope that the Agreement, which celebrates its fifth anniversary this year, will bolster amicable relations between the two sides, and further deepen their cooperation through direct engagement with civil society within the JDCS.

The Japanese co-chair of the TSD Committee (CTSD) explained the purpose of the meeting sequence adjustment, whereby a JDCS session precedes the CTSD meeting. This adjustment was done based on a proposal from the EU civil society at the last meeting aiming to further strengthen the implementation of the TSD Chapter. The issues raised during the dialogue will be dealt with at a subsequent CTSD meeting in June, as necessary. The co-chair shared an overview of Japan’s efforts and any relevant developments and discussions between Japan and the EU since the last Joint Dialogue in the areas of enhanced engagement with civil society, the policy discussion on carbon border adjustment mechanism (CBAM) at every possible opportunity including under the EU-Japan Green Alliance, and issues relating to a safe and healthy working environment in the ILO framework of Fundamental Principles and Rights at Work with including the appreciation of the integration of relevant occupational safety and health (OSH) Conventions in the ILO core labour standards by the G7 Kurashiki Labour and Employment Ministers’ Meeting in 2023.

The EU acting co-chair stressed the importance of the TSD chapter, making a reference to the impact assessments conducted by the EU as potential assets for advancing the implementation of the Agreement. The result of a follow-up meeting between CTSD co-chairs was highlighted, affirming both sides’ intention to change

the sequence of the meetings and the importance in the TSD context of OSH as fundamental ILO Conventions. Additionally, the JDCS was acknowledged as a platform to discuss policy progress and Italy's recent ratification of OSH Conventions was commended. The EU acting co-chair also emphasized the future collaboration with third countries, along with ongoing and future concrete projects between the EU and Japan such as on responsible business conduct and resilient supply chains and the Green Alliance.

STATEMENTS BY THE PARTICIPANTS OF THE CIVIL SOCIETIES

Japanese civil society representative appreciated the JDCS's contribution to mutual understanding. On business and human rights, the need to promote decent work in compliance with international labour standards such as the ILO Convention C111 (Discrimination (Employment and Occupation) Convention) was stressed, as was the role of the business and government in human rights due diligence (DD). In the field of trade and climate change, trade barriers should be avoided in the implementation of measures such as CBAM, while third country cooperation in the Global South is essential to reduce CO2 emissions. Advocacy for diverse pathways to green transitions and a circular economy was noted for a more sustainable and resilient society.

The EU civil society representative underscored the importance of dialogue among like-minded partners in the current global dynamics and stressed the importance of monitoring the Agreement through interaction among all stakeholders, including civil society. The adjustment of the meeting order was well-received, with anticipations set for the CTSD in June to review the outcomes of this meeting and to report back the result of the discussion to the JDCS. Additionally, the expectation was expressed for the meeting between the Domestic Advisory Groups (DAGs). Reference was made, as a topic of importance to the implementation of the TSD Chapter of the EPA, to the workshop of the following day on Human rights and environmental due diligence. An opportunity to further deepen exchanges on this topic.

TRADE AND ENVIRONMENT, INCLUDING TRADE AND CLIMATE ACTION

Greenwashing: EU's new Green Claim Code and Japan

The Japanese civil society commented on aspects of Japan's carbon pricing scheme, "GX League," including its voluntary approach and unlimited usage of credits. The Japanese civil society also referred to the fuel surcharge which is planned to be implemented from 2028. The Japanese civil society raised concerns

about how the level playing field (LPF) between Japan and the EU will be maintained with this scheme. The Japanese civil society expressed a view that Japan's transition finance system with the unique definition of “transition” appears to place emphasis on thermal generation and ammonia co-firing of which its alignment with the Paris Agreement remains to be confirmed in terms of CO2 reduction. Regarding greenwashing advertisement, the Japanese civil society raised concern about greenwashing practices with a reference to an ongoing complaint in Japan and the EU's views was sought on greenwashing risks and measures adopted.

The EU civil society highlighted the fact that greenwashing poses challenges for companies, including the erosion of consumer trust and fair competition. The European Commission has set out various regulations and directives, such as the Green Taxonomy, the Corporate Sustainability Reporting Directive (CSRD) and the Consumer Empowerment Directive for Green Transitions, to ensure transparency and strengthen stakeholder capacity. The EU civil society encouraged Japan to take this initiative forward as the leader of Asia in this field and advocated for dialogue to be pursued between the EU and Japan.

Circular Economy

The Japanese civil society outlined efforts and initiatives within the Japanese industry towards achieving a circular economy (CE), showing that the reduction of landfill disposal of industrial waste, which was a social challenge more than 20 years ago, has been significantly improved through voluntary action plans. At the same time as the EU announced its CE policy package, the Japanese industry also introduced the redefinition of the initiative with the aim to integrate CE actions into the economic system to ensure the sustainable and efficient use of resources, overcome environmental constraints, including from an economic security perspective, and enhance economic growth and competitiveness. The Japanese civil society also shared insights from a visit to Europe in November 2023, highlighting the importance of courage, mindset, and innovation as key elements for transitioning to a CE, as well as deepening cooperation between companies to establish the CE value chain.

The EU civil society presented recent developments in the EU regarding CE, including the Consumer Empowerment Directive for Green Transitions, the Packaging and Packaging Waste Regulation and the Ecodesign for Sustainable Products Regulation. The EU civil society also announced a networking event on CE.

During the subsequent discussion, on the question of LPF between Japan and the EU, the need for the same definition was pointed out and hopes were expressed to promote dialogue between the two sides on carbon pricing. Concerning CBAM, the EU civil society highlighted the importance of good cooperation between Japan and

EU to overcome challenges for both business sectors and enable smooth implementation. Regarding greenwashing measures, there were also points made by participants on the need for consideration to maintain price competitiveness of goods and services, while ensuring that only truly environmentally friendly products can be advertised as such. The EU acting co-chair noted that measures against greenwashing seem topics of joint interest. A desire to promote discussion between the two sides on CE was also expressed.

TRADE AND LABOUR

Upholding high labour standards, including through ratification (e.g., C111 and C155) and effective implementation of ILO Conventions – best practices from civil society perspectives

The Japanese civil society encouraged the Japanese Government to promptly ratify the ILO Conventions, with a focus on C111, alongside C155 (Occupational Safety and Health Convention) and C190 (Violence and Harassment Convention). The need to accelerate efforts to ratify C155 was noted, taking into account Italy's recent ratification. While recognizing Japan's legislative progress domestically, the Japanese civil society also pointed out the need for alignment with the requirements of C190. The Japanese civil society called for information sharing on Japan's concrete steps for ratification and inter-ministerial cooperation, following the result of the last CTSD meeting, and invited information sharing including best practices by the EU.

The EU civil society noted that the ILO fundamental Conventions need to be applied by all ILO Member States, regardless of their ratification status. The EU civil society also suggested that ratification could be facilitated by raising awareness among all stakeholders, reviewing initial positions and consider how obstacles to ratification can be overcome, and holding tripartite meetings. Good practices of EU Member States post-ratification were also shared.

Latest developments on the forced labour legislation in EU

EU civil society explained the current status of the EU's Forced Labour Regulation and the key points of its content. The EU side added that the implementation of the Regulation also provides for cooperation and exchange of information with third countries, which is what happens in fora such as this joint dialogue.

During subsequent discussions, there was an explanation by the Government of Japan on its recognition of the importance of ratification C155 and C111, the progress of the examination process and the issues involved, and expressed its

intention to continue working on the issue in cooperation with the relevant ministries and agencies. Also, in light of Japan's stance of faithfully complying with Conventions, Japanese government stated that it would be difficult to carry out ratification while leaving the fulfilment of the specific obligations stipulated in the Conventions to the future. On a question raised regarding the effectiveness of the EU's Forced Labour Regulation, there was an exchange about the importance of DD based on databases and guidelines foreseen in the Regulation.

CROSS-CUTTING ASPECTS OF TRADE AND SUSTAINABLE DEVELOPMENT

Corporate Social Responsibility (CSR)/ Responsible Business Conduct (RBC) including Corporate Sustainability Due Diligence Directive (CSDDD)

The Japanese civil society recalled that the efficacy of legislation depends on change in business conduct, and this requires capacity building and creating an enabling environment. While acknowledging the EU's CSDDD as a significant step towards mandatory DD on human rights and the environment, it stressed the importance of ensuring its effectiveness and its capacity to induce behavioural shifts within businesses. Questions were raised regarding the impact of the “contractual assurance” on tangible solutions to problems in the value chain. Emphasizing real effectiveness, expectations were expressed regarding the smart mix and coherence of policies, inclusive approach open to third countries to ensure responsible value chain, and the role of governments in resolving problems, and the importance of continuous dialogue and follow-up in the JDCS was stressed.

The EU civil society provided information on the current status of the EU's CSDDD and its key elements.

During subsequent discussions, Japanese civil society reiterated the need for effective implementation of legislations by meaningful and implementable approaches, harmonization of requirements and enforcement, and legal certainty and clarity. Both civil societies stressed the necessity of a holistic and cooperative approach, shared responsibility between government and business, and collaboration between Japan and the EU as trusted partners with the aim of developing mutually beneficial tools and mechanisms.

SUMMARY AND CONCLUSIONS

The moderator summarised the discussions and thanked both Japan and the EU civil society for the fruitful and active exchange of views.

The EU acting co-chair and Japanese co-chair expressed their gratitude for the insightful and valuable input from civil society from both sides. Both co-chairs

conveyed their willingness to consider how to address the points raised today at the CTSD meeting in June.

JAPAN-EU ECONOMIC PARTNERSHIP AGREEMENT (EPA)

TRADE AND SUSTAINABLE DEVELOPMENT 5TH JOINT DIALOGUE WITH CIVIL SOCIETY

**8TH APRIL 2024
14:00 - 17:00 TOKYO**

VENUE: MOFA MEETING ROOM

AGENDA

1. OPENING REMARKS BY THE MODERATOR

2. STATEMENT BY THE REPRESENTATIVES OF THE GOVERNMENT OF JAPAN AND THE EUROPEAN COMMISSION

3. STATEMENT BY THE PARTICIPANTS OF THE CIVIL SOCIETIES

4. EXCHANGE OF VIEWS ON TRADE AND SUSTAINABLE DEVELOPMENT:

■ TRADE AND ENVIRONMENT, INCLUDING TRADE AND CLIMATE ACTION

Topics for discussion:

- Greenwashing: EU's new Green Claim Code and Japan
- Circular Economy

■ TRADE AND LABOUR

Topics for discussion:

- Upholding high labour standards, including through ratification (e.g. C111 and C155) and effective implementation of ILO conventions – best practices from civil society perspectives
- Latest developments on the forced labour legislation in EU

■ CROSS-CUTTING ASPECTS OF TRADE AND SUSTAINABLE DEVELOPMENT

Topics for discussion:

- Corporate Social Responsibility (CSR)/ Responsible Business Conduct (RBC) including Corporate Sustainability Due Diligence Directive (CSDDD)

5. SUMMARY AND CONCLUSIONS

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LIST OF PARTICIPATING CIVIL SOCIETY ORGANISATIONS

EUROPEAN UNION

European Economic and Social Committee (EESC) (DAG)

European Trade Union Federations (ETUC) (DAG)

Eurochambers (DAG)

AMFORI (DAG)

European Business Council in Japan (EBC) (DAG)

CGT (DAG)

Euromontana (DAG)

Eurogroup for Animals (DAG)

JAPAN

Member of Central Environment Council (DAG), WWF Japan

Member of Labour Policy Council (DAG)

Global Compact Research Center Japan

Japan Business Federation (KEIDANREN)

Japan Business Council in Europe (JBCE)

Japan Center for a Sustainable Environment and Society (JACSES)

Kiko Network

Japanese Trade Union Confederation (JTUC-RENGO)