

# MINUTES OF

## THE 11th TRIPARTITE ROUNDTABLE MEETING

### ON THE ENVIRONMENTAL INDUSTRY

Meeting Date: November 9 - 10, 2011

Meeting Venue: The Westin Nagoya Castle, Nagoya, Japan

Participants: 16 Japanese delegates, 4 Chinese delegates, 8 Korean delegates

#### **OPENING SESSION**

Prof. Emeritus Ryoichi Yamamoto of the University of Tokyo, expressed that with the world population reaching 7 billion, it is very important to achieve a circular, low-carbon, and green economy. He also noted that since the theme of next year's Rio+20 is the green economy, and the OECD is putting emphasis on green growth, the four themes of this conference are in line with both. Furthermore, the three countries in attendance all excel in green procurement and environmental management. Therefore, he stated that it is desirable to spread the best practices in these three countries to the ASEAN and Asia-Pacific regions.

Mr. JaeGoo Chang, the General Director of the Korea Environmental Industry and Technology Institute (KEITI), made a presentation summarizing the 10<sup>th</sup> Roundtable meeting.

Mr. Takaharu Sato, a Researcher at the Japanese Ministry of the Environment, then introduced the outline of the agenda.

Mr. Yutaka Shoda, the Director of the Japanese Ministry of the Environment, emphasized the importance of the greening of the markets and introduced the mechanisms and policies to achieve this such as: the Eco-Point System, Challenge 25, Eco Action 21, and Eco-First. He also talked about the low awareness among the general public of these except for the Eco-Point and Eco Mark initiatives. It is therefore necessary to disseminate information to enhance awareness. As a future direction, the Japanese government believes it is important to encompass small and-medium-sized enterprises and encourage adoption of environmental management. Establishment of criteria for superior eco-friendly products, and providing information to users are also key. To this end, policies should be coordinated to achieve optimal effect.

Mrs. Jia Ning, the Director of the China-ASEAN Environmental Cooperation Center (CAEC) of the Ministry of the Environmental Protection (MEP) in China, delivered a presentation on the "Policy of green industry development in China". First, she introduced the characteristics of green economic policies in China. She stressed the importance to simultaneously meet domestic and international needs. Next, she introduced the policies to promote green economic development which are in line with the opinions of the State Council. Specific examples of this include: energy efficiency, advanced environmental protection, and comprehensive utilization of resources. Various incentives to the companies were also mentioned. She

then touched upon the prospects of green economy in China. The demand of environmental protection investment is estimated at over 3 trillion yuan, and the annual growth rate in the environmental protection industry will be 15%-20% during the 12<sup>th</sup> five-year period. China is going to be one of the largest markets for the environmental protection industry worldwide.

Mr. JongHun Oh, the Deputy Director of the Korean Ministry of the Environment, made a presentation on “Two years achievement of low carbon, green growth and its future plan”. At first he introduced Korea’s policies on low carbon and green growth to achieve the midterm carbon emission target and create a new growth engine. He mentioned concrete achievements, e.g. waste-to-energy policy, scrap metal recycling, green start movement, green dining culture, and the establishment of a pilot green city. He also introduced the future plan for low-carbon, green growth.

### Discussion

In response to a question, Korea explained that the Global Green Growth Institute as an international organization promotes green growth, especially in developing countries.

The difference between Eco Action 21 and Eco-First was clarified. The Japanese Ministry of the Environment explained that Eco-First is a scheme to certify companies with leading environmental activities. The guidelines of Eco Action 21 are established by the government. Then, if companies create their policies in line with these guidelines they can receive certification.

### Chairperson

The three countries introduced ambitious and comprehensive policies. For example, China talked about the importance of the green economy, and mentioned that the country will demand an investment of 3 trillion RMB. China’s eco-business is forecasted to have an annual 15% growth rate. The Korean government passed legislation to create the Framework Act on low-carbon green growth. The Korean government has very positive policies on low-carbon green growth after the government announced “Low Carbon, Green Growth” as a new paradigm for a sustainable future in 2008. It also set ambitious goals such as increasing the metal recycling ratio from the current 36% to 75% in 2020. Tripartite cooperation will be discussed during the summary session.

### **Session 1: Green Procurement**

Chairperson: Mr. JaeGoo Chang, General Director, KEITI, Korea

Ms. MiSun Lim, a Researcher of KEITI in Korea, presented on the “Korean Green Consumption Policy”. She first discussed the background. Following this, she touched upon Korea’s policy instruments such as eco-labeling scheme, carbon footprint, and green credit card initiatives. Following this, she discussed the evaluation of the green purchase policy. Korea’s green product market is expected to reach 40 trillion won in the year 2015. She also mentioned that next year Korea would like to hold an international conference on green consumption and production with international organizations in Rio+20.

Mr. Chen Yiqun, a Senior Engineer and Deputy Director at the Environmental Certification Center (ECC)

of MEP in China, discussed the “The Development of China Government Green Procurement”. He began with an explanation of the status and characteristics of government procurement which is expanding rapidly. Four key components of government green procurement are: regular updates, policy advantages, great execution, and easiness to operate. In addition, he gave a survey of environmental legislation Chinese government has enacted in regards to procurement, cleaner production promotion, and circular economy promotion. The categories of the GPP government list, as well as principles and the program of list composing were explained. He then went on to illustrate the management system of the list and its implementation. Furthermore, he provided examples of the website, online management system, and its security features.

Mr. Takashi Minemura, the Deputy Director of the Japanese Ministry of the Environment, gave a presentation titled, “The Law on Promoting Green Purchasing and the Green Contract Law”. He opened with an outline of the law on promoting green purchasing by explaining that the purpose of the law is for eco-friendly goods to further construct a society with sustainable development and lower environmental impact. He then continued with an explanation of the structure of the law which included eco-labeling bodies. Next, he discussed the basic policy including designated procurement items and evaluation criteria. Examples of designated procurement items, the achievement of green purchasing, and CO2 emissions reduction were also presented. Following this, he illustrated targets set by the government as well as comparisons of the Green Purchasing Law and the Green Contract Law. Furthermore, he discussed the “Bottom-Cut Method”, as well as comprehensive evaluation bidding method, and introduced contracts related to the Green Contract Law: the procurement of electricity, the procurement and lease of automobiles, and the procurement of ships, ESCO, and buildings. Finally, he explained the database for green purchasing.

### Discussion

It was clarified that China’s government green procurement is not compulsory. Interest was expressed for the Korean green credit card rewarding the 1% to 5% points by the producer of eco-products to the eco-products consumer. In principle, green stores which have been newly built should take into account the environment from the construction stage. But in the case of the pilot project, some companies did not take into account the environment from the construction stage because every company which joined the pilot project was not a newly built green store. On the issue of whether Korean green-stores make displays to make the products look attractive, it was elaborated that at green-stores they make promotions of green credit cards and campaign to promote a green lifestyle. The green stores are large shopping centers which sell more green products than general merchandise. On October 20, at a side event of the Rio+20 pre-event there was a discussion among Korean delegates to hold an international conference on the occasion of Rio+20. Korea is now preparing for this. Also, Korea would consider the possibility of the participation of China and Japan, which was proposed by Japan. Government issued guidelines to promote greening at the distribution stage. In response to a question, it was explained that the Japanese government does not have sanctions against companies that do not cooperate with the green purchasing law.

## Chairperson

In this session, we engaged in very active discussion on green procurement. Korea introduced KEITI's policies on green procurement, green stores, and green credit cards. China stated that government green procurement is increasing every year. Japan introduced the Green Procurement Promotion Law and the Green Contract Law. Participants confirmed that green purchasing contributes to resolving environmental issues.

## **Session 2: Environmental Management**

Chairperson: Prof. Emeritus Ryoichi Yamamoto, the University of Tokyo

Mr. Teruya Saruta, the Deputy Director of the Japanese Ministry of the Environment, presented on "Initiatives for Corporate Environmental Management through Promotion of Environmental Finance and Environmental Reporting". He opened with a survey of the current state of environmental management, environmental reporting, and environmental finance in Japan as well as a comparison to the situation in America and England. Following this he discussed the policies that the Japanese Ministry of the Environment is pursuing to promote environmental finance, environmental reporting, and environmental management. He discussed this in the context of social changes and indicated the direction of environmental management. In addition, he explained the role and direction of environmental finance and the roles of the various stakeholders, and what the environmental disclosure should be.

Ms. HyunJung Im, a Senior Researcher at KEITI in Korea made a presentation on the "Green Management Policy of Korea". Her talk began with a background and overview of green management which included: green growth strategies of companies, policy action for green management, and environmental information disclosure. She introduced a survey result in detail of the activities in the field of environmental information disclosure including: legal basis, actors, procedures, disclosure items, verification and imposing of penalties, and pilot projects. She then moved on to discuss the concept and problems of green finance. In particular, the high-risk high return nature, necessity of long term investment, and the lack of information are all issues. In particular, Korea is establishing Green Finance DB which can provide environmental information of companies to financial investors.

## Discussion

Questions were raised regarding: the shrinking budget in Japan and the characteristics of JEA, whether disclosure in Korea is heading towards the direction of integrated reporting as in the case of European countries, operation of the green finance database, and methods for verifying the credibility of voluntary disclosure of information by companies in Japan. Finally, a question was raised from Japan toward China and Korea about how administration makes use of environmental reporting.

## Chairperson

Active discussion took place from the viewpoint of further promoting environmental management, and how information should be disclosed, utilized, and used in environmental finance. These points should be further discussed in the next RTM.

### **Session 3: Environmental Labeling**

Chairperson: Mrs. Jia Ning, Director, CAEC of MEP, China

Mr. Cao Lei, a Senior Engineer and Deputy Director at ECC of MEP in China, began the session with his talk on “Research on Next CJK Common Criteria-Mobile phone & Battery”. First, he gave an overview of export and import information on mobile phones. He then continued with the criteria framework and limitations including: scope, operating standards, specific absorption rate, limits on toxic and harmful substances as well as PAHs. Next, he explained the import, export, and criteria framework and limitations of batteries. A specific breakdown of the components was presented, and this was followed by an explanation of lead-acid batteries and non-lead acid batteries. The parameters for these batteries as well as the process involved with dealing with the chemicals involved was explained. He concluded his presentation by touching upon the important safety aspects of batteries.

Mr. SeungHwan Jeon, a Researcher at KEITI in Korea spoke on the topic of “Development of New Common Criteria “Television””. He introduced the background and issues regarding televisions such as energy consumption, increasing consumer preference of larger screen sizes, and the harmful substances used in the manufacturing of televisions. Next, he introduced the proposal at the China-Japan-Korea Working Level Meeting on September 23, 2011 for an approach based on “Basic Concept of International Common Criteria Development at the AGM of 2003 GEN”. Following this, the criteria element of energy consumption, restrictions on the use of toxic substances, recyclability, extension of usage life, and others of televisions of various countries was explained. He concluded his presentation with a future plan and proposal to strengthen energy criteria, review exposure of harmful substances, and co-develop criteria among nations.

Mr. Osamu Uno and Mr. Ryo Ohsawa of the Eco Mark Office of the Japan Environment Association (JEA), presented on the “China Japan Korea Type I Environmental Label Mutual Recognition Initiative”. First, an overview on the progress of the Mutual Recognition Agreement (MRA) discussion among China, Japan, and Korea was given. Following this, an outline on the “agreement on multifunctional devices common criteria of ecolabeling among China, Japan and Korea” was introduced. Further elaboration was then given on: agreement on certification procedure and operational rules. The talk then continued into the topic of development of Eco Mark criteria for “BD/DVD recorder and player”. This section began with an explanation of the market trends of DVD equipment in Japan, and followed with the penetration and environmental impacts of DVD equipment. A discussion on the applicable scope as well as criteria discussed at the criteria deliberation committee and the schedule ended this section. Finally, the future development of mutual recognition was explained. In particular, the Japanese situation on potential product categories for common criteria included: flat TVs, mobile and smart phones, and batteries. The presentation closed with the future development of MRA among China, Japan, and Korea on establishing a certification scheme on mutual recognition among the three countries.

#### Discussion

Japan proposed to set the direction of the next items to be discussed under the MRA framework. Japan favored to choose Korea’s TV proposal to select TV as a common criteria. The Chinese delegation agreed

in principle, but first needs to bring the issue back home and deliberate it among the appropriate parties in accordance with procedure.

#### Chairman

The three countries have worked together to establish common criteria for environmental labeling since 2005. Working group meetings have also been conducted to establish the common criteria.

China introduced common criteria on mobile phones and batteries. Korea introduced the progress of establishing the common criteria for flat screen televisions. Japan introduced the progress of MRA among China, Japan, and Korea as well as discussions in working groups. The three countries made very practical and fruitful presentations.

The common criteria serve to improve energy efficiency and promote green consumption. The three countries will work further on building common awareness toward the next RTM.

#### **Session: 4 Environmental Industry and Environmental Technology Communication**

Chairperson: Prof. Koji Arizono, Prefectural University of Kumamoto

Mr. Norikazu Takebe, the Chief of the Section of the Japanese Ministry of the Environment, presented on “Projects Demonstration the Current Situation of Environmental Technologies in Japan”. An introduction of the history and the structure of the Environmental Technology Verification Program was first given. He reported on the activities in fiscal year 2010 and 2011. Details and examples on the “fee-based system” in the seven fields and the “government-sponsored system” in the field of global warming mitigation technologies were explained. The talk closed with an overview of main issues of Japanese Environmental Technology Verification (ETV) and new target technologies for later years.

Mr. SungWoo Seok, a Team Manager at KEITI in Korea, delivered a presentation titled “Current Status of Korea Environmental Industries and International Cooperation”. He first delivered an overview of worldwide environmental markets, then explained the status of Korean environmental markets and industries in which he indicated that there is a sizable market and a strong growth rate is predicted. Following this, he explained further about the details of various sectors of the Korean environmental market. He continued with his talk by introducing the national policy for environmental industries which included the vision for the “world top five country by 2050” and the ten eco-technologies and eco-industries. Next, he discussed Korean environmental industries such as: water treatment, solid waste management, air quality control, and environmentally-friendly products. He closed with an explanation of KEITI’s green business assistance and international cooperation.

#### Discussion

In response to questions, Japan responded that ETV verification organizations are recruited publically. Verifications are made with the advice of experts. Verification results are reviewed by the verification committee under the Ministry of Environment. The results of the verification are then disclosed.

In response to questions, Korea explained that experts' training programs on environmental technology are raised by the National Institute of Environmental Human Resource Development with support of the Ministry of Environment. Korea also answered that Korea is collaborating with overseas countries in the fields of drinking water, sewage and waste-water treatment.

#### Chairperson

In this session we confirmed that it is necessary to continue to exchange information in this field in the years to come.

### **Discussion about tripartite future cooperation and RTM summary discussion for all the sessions**

#### Proposal from Japan: Revitalization of the Round Table Meeting

As the RTM welcomed the 11<sup>th</sup> round, the three countries need to move forward to the next steps with a clear direction for the talks so that the three countries can jointly make concrete progress. To facilitate the creation of a green economy and green innovation among the three countries, it is important to study the possibility of useful information infrastructure in each sessions in RTM through two steps. The first step needs analysis and sharing of existing information. The second step needs to verify differences in critical information infrastructure specifics and standards. For next year's RTM, Japan proposes that to revitalize the RTM, the three countries should: set goals for each session (for example, in session 2, Key Performance Indicators (KPIs) for main industries), create a roadmap, and further communication via e-mail and teleconferencing. There should be a move towards RTM as a forum for presentation of session outcomes.

#### Proposal from Korea: Orientation of the Future RTM

For the past ten years, views and ideas have been shared on environmental industries, and in particular green purchasing and ecolabeling. However, the focus tends to be on institutional collaboration rather than business-to-business collaboration which results in the lack of business involvement into our meetings. In this regard, Korea suggests that the topics and sessions should be closer to the three countries' diverse and up-to-date business interests. Therefore, the sessions and topics should facilitate the sharing of information on business items, technologies and/or markets in the three countries to contribute to business collaboration among the participants. Korea proposes that the secretariats of the three countries prepare and discuss the topics which best fit their environmental business interests at the focal point meeting at least three months before the 12<sup>th</sup> RTM.

#### Chairperson

This year marks the 11<sup>th</sup> RTM and we have achieved a significant result.

The three countries have put forward world leading concepts: China proposed ecological civilization, Korea proposed green growth, and Japan proposed green innovation. The three countries have achieved significant results in the fields of green purchasing, environmental management, and green technology. In particular, the three countries established common criteria for ecolabeling.

As to how the three countries will proceed from here, China mentioned that they would like to take the proposals by Japan and Korea back home, deliberate them, and reflect the proposals in the next RTM as the host country.