

MINUTES OF THE 13th TRIPARTITE ROUNDTABLE MEETING ON THE ENVIRONMENTAL INDUSTRY

Dates: 23rd-25th, October, 2013

Location: Sheraton Hotel Incheon, Republic of Korea

Participants: 1 Chinese delegate, 8 Japanese delegates, 13 Korean delegates

OPENING SESSION

Mr. Park YongGyu, the Director of the Ministry of Environment in Korea, opened the proceedings by welcoming all participants including the delegates from China and Japan. This round table meeting is a good opportunity for us to exchange information concerning the newly emerging environmental industry and wished the success of the 13th tripartite roundtable meeting.

Ms. Xiao Qiong, manager of the China Water Net/China Solid Waste Net made a presentation on a short summary of the topics discussed during the 12th Roundtable meeting held in China.

Mr. Yang Myung Sik, Deputy Director of the Ministry of Environment in Korea proposed the slogan of "Leading Environmental Industry Technology Policy of Northeast Asia for the Tripartite Roundtable" for the meeting. Then he explained the arrangement and order of the 13th tripartite roundtable meeting, and introduced the chairs for the four sessions.

SESSION 1 : Environmental Technological Exchange and Cooperation

Mr. Park Ki Suh, vice president of KC Cottrell, the Chairman of session 1

Mr. Park Ki Suh hoped that the three countries can share valuable information concerning environmental technological exchange and cooperation with this session.

Mr. Akira Shimada, the Ministry of the Environment delivered a speech on

"The policy on environmental research and technology development in Japan." First, he introduced the positioning of environmental research and technology development under the policy of science and technology.

Then he explained in detail the strategy for the promotion of environmental research and technology development, which is actively implemented by MOE of Japan. In addition to various environmental technologies, he also introduced a series of policies Japan has adopted in order to achieve a sustainable society which include ETV (Environmental Technology Verification).

Ms. Xiao Qiong, manager of China Water Net/China Solid Waste Net gave

a presentation on "The environmental industry development and international cooperation in China." She first stated that since the 12th Five Year Plan, the environmental industry is recognized as the engine of green economy and the prospect for economic transformation is widely accepted. She highlighted that the Chinese environmental industry is rapidly growing at 15%, and by 2015 globally competitive major companies are expected to emerge. For the growth of major companies,

China needs to come up with law and regulation earlier and cooperation with Japan and Korea as well as ASEAN which are underway would indeed play a critical role in the development of the environmental industry of China. Lastly, she believed that more communication would develop the economic growth of the three countries.

Ms. Kwon SoYoung, project manager, Korea Environment Corporation gave a speech on "Environmental Corporation for Technological Exchange and Cooperation." She opened her speech with the introduction of the Korea Environment Corporation and its diverse activities to promote the environmental industry. Ambitious projects of the Korea Environment corporation such as the Seoul initiative and educations programs train experts in this field by providing internship programs. She added that it plans to expand its cooperative research program with China and Japan in the future.

Mr. Jang Moon Seok, president, Econity made a presentation on "The Case Presentation of Econity." He first explained the history of Econity and introduced the main products which are submerged type membrane and pressured type membrane. Then he explained that Econity manufactures the special membrane by a unique stretching method and has expanded its market overseas. Cases of international cooperation were also explained in detail.

During discussion time, active discussions were made. 1) In response to the question of which environmental area in particular has the most

urgent need for tripartite cooperation in China, China answered that technological cooperation is in high demand in the field of waste management and water pollution. China added it hoped to learn advanced environmental technologies of Korea and Japan. 2) In response to the question of the responsible agency for the recent Fukushima disaster, Japan answered that the task is generally directed by a temporarily-established government agency, Reconstruction Agency, while other government agencies take part in specific related issues as well. 3) To the question of whether Japan has an industry complex to verify newly developed environmental technologies, Japan answered there is no such complex but the Japanese government gives financial aid to new environmental technology for the first two years. 4) Adding to the comment that Korea has two certification systems which are for new environmental technology and verification systems, Japan clarifies that Japan does not have such an incentive policy but by way of official publication on-line companies can enjoy similar benefits for developing environmental technologies.

The Chairperson summed up session 1, saying that in order to preserve the global environment and to promote environmental industries, all three countries have continuously made great progress on environmental technologies. He expressed expectations that environmental products of Japan, Korea and China can gain greater market access in the future through national environmental strategies and technological cooperation.

SESSION 2 : ENVIRONMENTAL LABELLING

Ms. Jung Yeou Kyung, KEITI gave a speech on "A Report on the Proceeding for Environmental Labelling." She presented that the cooperation in environmental labeling aimed at responding to today's increasingly strengthening international environmental regulations more actively. Through eco-labelling agreed among three countries, an eco-product certified by one country has better access to the counterpart's market. Recognizing the benefits of labeling, China, Japan and Korea has, since 2005, had working level meetings to develop common criteria to harmonize eco-labelling criteria. Until now, Common Criteria Development has been completed for three product categories: PCs, Multi-functional devices, and DVD equipments. She expressed her expectation that the common criteria for TV would be agreed in 2014 in the next Roundtable meeting. This effort should continue, adding new development product items in the future as well.

During discussion time, 1) To the question of the expected effect of common criteria development, she answered that it would contribute to consumption and production of environmental products in East Asia. 2) Japan added a comment that the most important task would be to secure the credibility of labelling since labelling cooperation could be successful only when consumers are environmentally aware and decide to purchase eco-labelled products.

The Signing Ceremony on DVD equipment was made after Ms. Jung ' s

explanation.

SESSION 3 : Supportive Policy to Promote Environmental Management

Yamamoto Ryoichi and Professor Emeritus of the University of Tokyo, Tokyo City University noted that the world has faced with environmental crisis, citing the IPCC report published last month. Companies today cannot close eyes on the issue of preserving the environment and making contributions towards a low-carbon society.

Mr. Kazunori Takahashi, Hitachi, Ltd gave a speech, titled "Environmental Activities in Hitachi Group." First, he introduced the history and development of Hitachi Group concerning environmental issues. He emphasized that Hitachi Group strives to take into consideration of the environment and the long-term plan "Environmental Vision 2025" sets the goal of helping to reduce annual CO2 emissions by 100 million tonnes by fiscal 2025 through Hitachi products and services. Then he explained a variety of methods for Hitachi Group to accomplish the target. Examples of eco-products by Hitachi Group were also introduced. He pointed out that most of the environment friendly activities of Hitachi Group were performed on a voluntary basis. Then he expressed his expectation that such voluntary environmentally-originated activities would be accelerated with government incentives and policies.

Mr. Jeon Soo Man, POSCO Construction made a presentation on "The

Explanation of Green Management in POSCO Construction." He explained for the purpose of effectively reducing greenhouse gas emission, pollution and cost, it has successfully supported the environmental management of subcontractors, making subcontractors. It has accomplished environmental achievements and a win-win growth. He also shared the experience of POSCO has spread the idea of environmental management to their subcontractors. Finally, he emphasized that POSCO has expanded its business to the development of new cities and complexes such as the Song-do International Business District, where the 13th Roundtable takes place.

During discussion time, 1) To the question of whether the environmental management project is equally applied to other sector of POSCO other than POSCO Construction, the speaker replied since the environmental conscience is relatively vague in the construction industry which has a great spill-over effect throughout the society, the project is focused on the construction industry. 2) To the question of who takes charge of certification in Korea, Korea replied that a company can gain "green certification" by the Korean government when it is considered to have reached a certain level of environmental achievements. 3) In response to the question on if there is no worry of environmental management undermining national and corporate competitiveness, Hitachi replied that the degree of competitiveness impact varies according to industry sectors, and that it was the very reason why common criteria should actively be pursued. 4) Responding to the question of whether Hitachi

has a concrete method and budget plan for the accomplishment of its long-term target of CO2 emission reduction by 2025, Hitachi explained that it has a comprehensive picture and more specific action plans as well, but the budgets are not yet fixed since emission reduction is commonly carried out on an each group company's business in Hitachi. Hitachi added that introduction of renewable energy is not obligation, but the recently introduced policy of purchasing renewable energy at a fixed price would make the renewable energy market retain a certain proportion. 5) In response to the question on how the Korean government asks companies to issue environment reports, Korea answered that on the basis of related law, nearly 500 public corporation and 600 private companies throughout the nation that are considered to have sizable environmental effects are encouraged to disclose its environmental information on the web-site called "environmental information publication system."

The Chairman wrapped up the session, saying that it was fruitful to get a picture of how companies of Japan and Korea respond to the new environmental challenge of the 21st century and how they create corporate values and stay competitive. He made a recommendation that discussion on environmental management should be continued and in order to keep the momentum, the society as a whole should make efforts to support the environmental management.

SESSION 4 : Environment Promoting Policy

Mr. Kim Jeong In, professor at Chung-Ang University, the chairman stressed that financial support is the most important in order to achieve a low-carbon society, then he open the session.

Mr. Bae Sang Young, KEITI gave a presentation on "The Explanation of Environment Industry Promoting Policy for Korea." He started with the description that the size of the global environmental market is expected to expand. He explained that Korea also came up with the 3rd plan for nurturing environmental industry and technology ('13-'17) which focuses on nurturing 3 strengths and 4 opportunities of the Korean environmental industry. He noted that there is a plan to support small or medium-sized firms in the environmental industry. Examples of financial support programs were explained, including a loan policy enabling prospective start-up businesses to gain low-rate financial support in the long-term. As for aids for the growth of the environmental industry, he gave a presentation on nomination of business of excellence as a good model as an incentive. He added that KEITI is also involved with overseas environmental projects, which have been successfully carried out with the identification of cooperative projects and environmental feasibility study.

Ms. Xiao Qiong, China Water Net/Solid Waste Net made a presentation on "The Development and Policy of Environmental Industry in China." She first introduced the five stages of development with the environmental industry in China. Then she explained that great progress has been made to the point that investment from abroad is encouraged. With the

inception of the 18th National Congress of the Communist Party of China (CPC), China set the ambitious goal of "beautiful China" for the first time. In addition, strategic investment and financing policies as well as tougher environmental regulations are actively pushed based on the 12th Five Year Plan. China's environmental industry output value in 2025 is expected to 10 trillion Yuan. Finally, She hoped that China wants to continue strengthening the cooperation with Japan and Korea with the platform of a tripartite roundtable meeting, promoting the mutual development of the environmental industry.

Mr. Takuya Hosogai, Ministry of The Environment made a presentation on "Finance Initiative to Build a Low-Carbon Society." He first introduced the concept of "environmental finance. He said that on January 2013 the Environmental Minister of Japan announced that this initiative would promote low-carbon investment in cooperation with the use of finance mechanism, while huge additional investment and utilization of the private fund are required to build a low-carbon society in Japan. Specifically, Fund to promote local low-carbon investment, "Green Fund" has been introduced as a useful way of creating a new money flow of a green economy contributing to CO2 reduction and community invigoration. Finally, he expressed his expectation that the application of Green Fund that is already in place would generate many success models. Other Examples designed to encourage environmental finance were also presented including interest subsidy for the expansion of environment finance and promotion of eco-lease for residences and businesses.

During discussion time, 1) In a response to the request for more clarity with national fund policy, Korea and China, both explained the details 2) To the question of the commercialization of newly developed technology, participants shared the perception that it is difficult to support start-up businesses without setting certain limitations.

The chairman summed up that the Chinese market for the environmental industry is rapidly opening up, and with financial initiative Japan is accelerating its pace toward a low-carbon society. Wrapping up session 4, he expressed gratitude to the speakers for sharing knowledge on the current environment promoting policy of their own.

SUMMARY SESSION

1. The 14th tripartite environment roundtable meeting among China, Japan and Korea is scheduled to be held October 2014 by the Ministry of Environment of Japan. The specific meeting date and venue will be notified after a preliminary meeting in June.

2. Through presentations and discussion, three countries have reached the final agreement as follows:

- Three countries will actively promote the tripartite roundtable meeting through technological exchange and cooperation.
- Recognizing the need to continue discussion to widen common criteria for environment labelling, three countries make every effort to sign on the common criteria for TV sets at the next roundtable meeting.

- Three countries agree that active information exchange concerning environmental management is needed in order to accomplish a low carbon society.
- Concerning the next agenda, three countries will consider environment management, environmental labelling, environment industry and technology, which should be fixed at the next working group meeting in the following year.
- In a view to strengthening cooperation, each country will introduce new policies, regulations and so through information exchange.
- Three countries will intensively discuss environmental policies and systems related to environment technology verification or certification and demonstration.
