



Towards Realizing a Vision for a Virtuous Circle for Environment and Economy in Japan

Shohei Yamada
Deputy Director, Environment and Economy Division
Ministry of the Environment , Japan
July 31, 2007



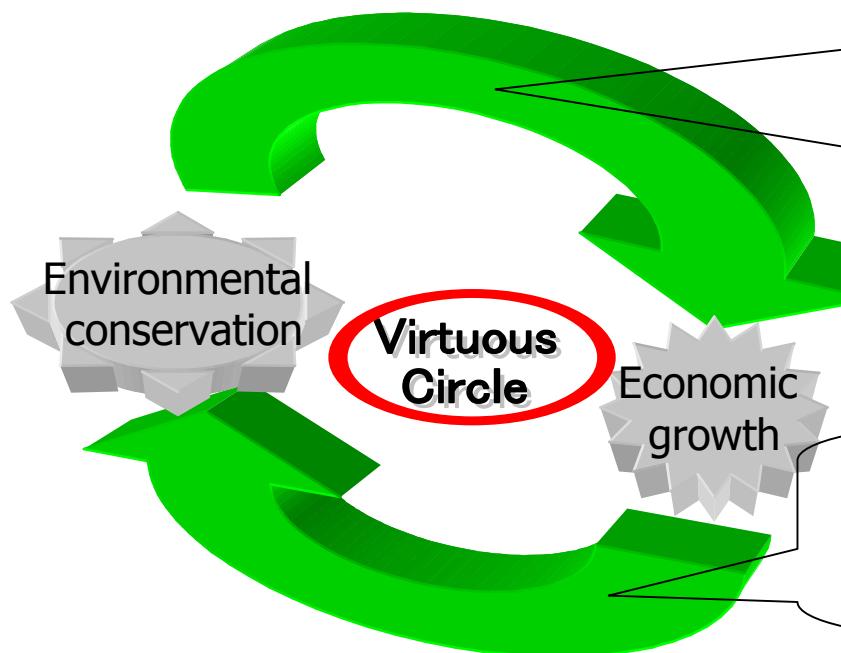
Virtuous Circle for Environment and Economy

Past

Environmental conservation and the economic growth are inconsistent

Future

A society in which environmental conservation advances economic growth while stimulation of economy improves the environment



Raising of environmental awareness

Environmental conservation activities

Demand creation, etc.

Stimulation of economy, technological innovation

(e.g.)

Further advancement of technology such as development, manufacturing and sales of low emission vehicles (LEVs)

Presenting to developing countries a model of a virtuous circle for environment and economy

2

Important role for conservation of global environment

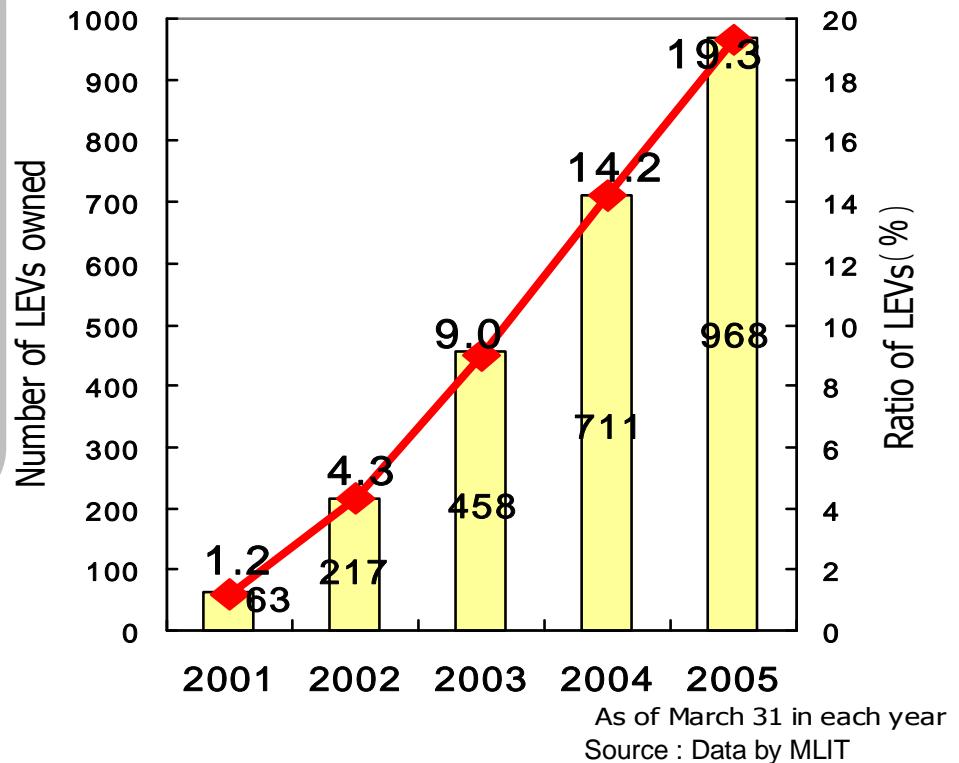


Dissemination and Promotion of Low Emission Vehicles (LEVs)

- Replacement of all government-owned general vehicles with LEVs was decided in 2001.
- MoE, METI and MLIT* formulated the Action Plan for Development and Dissemination of LEVs with the target of 10 million vehicles by fiscal 2010.
- Expanding dissemination of LEVs across the nation with introduction of LEVs by the government.



- All government-owned general vehicles (4236 units) were replaced by LEVs by March 31, 2005.
- Dissemination target of 10 million LEVs by 2010 to be achieved by the end of 2005.



* MoE: Ministry of the Environment
METI: Ministry of Economy, Trade and Industry
MLIT: Ministry of Land, Infrastructure and Transportation

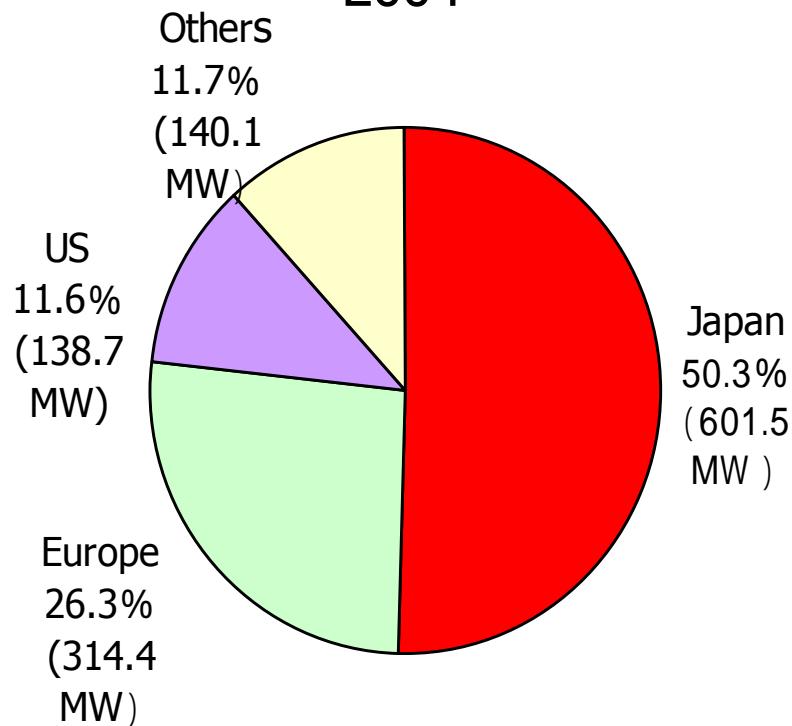


Solar Cell

Japan manufactures approximately half of the solar cells in the world.

Cost reduction was realized along with the expansion of the solar cell market. Cost of power generation and price of solar cells is approximately 1/5 of that in 1993 in Japan.

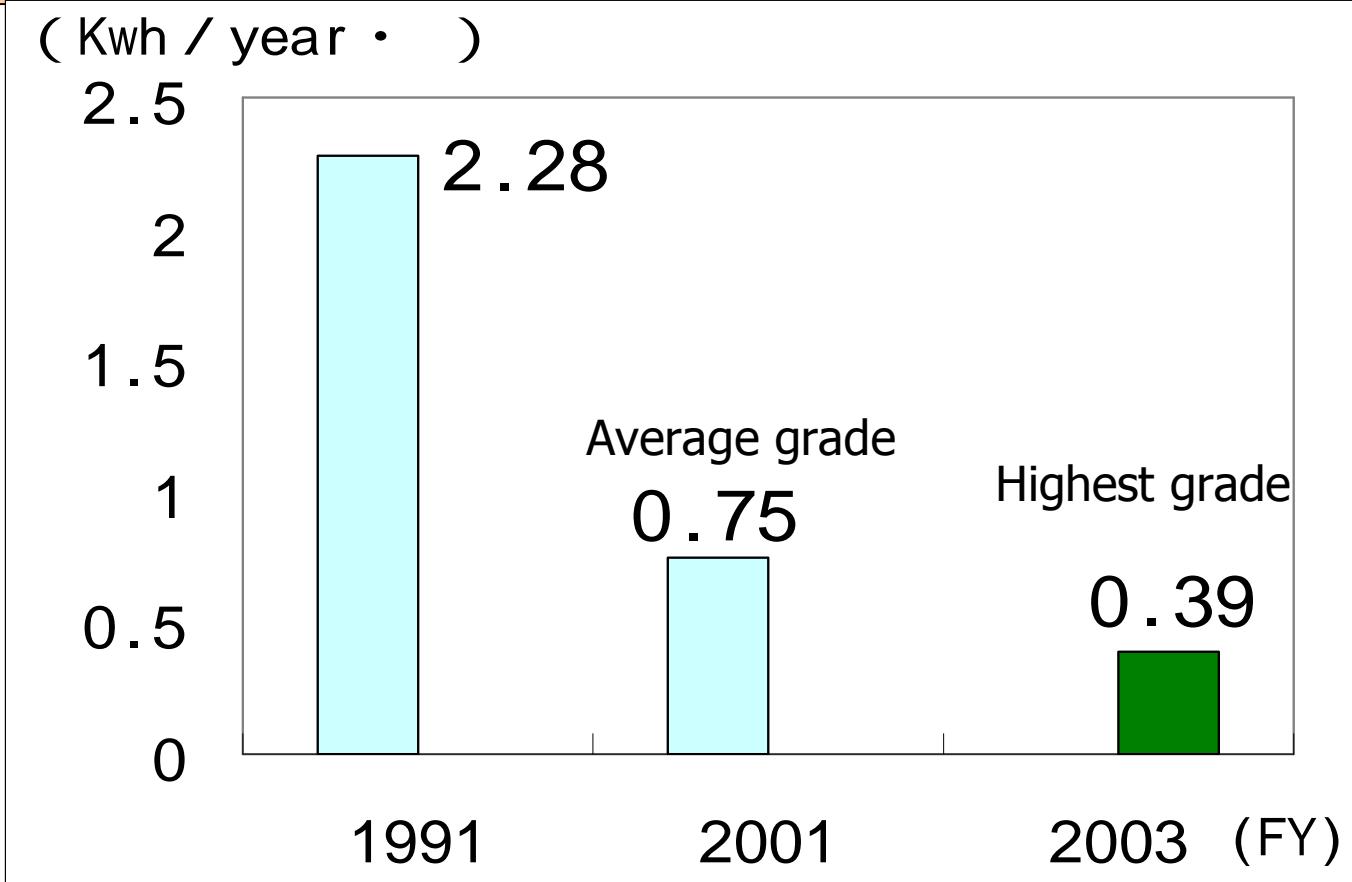
Production of Solar Cell in 2004





Energy Saving Type Home Electric Appliances

Average power consumption of a refrigerator per 1L is approximately 1/3, and that of the highest grade is approximately 1/6 over 10 years ago.



Discussions on Environment Tax

Fee for preserving the beautiful Earth to hand over next generations

Tax based on environmental load, or carbon equivalent in fossil fuel

Encouraging citizens to shift their
lifestyle or work style
(Announcement effect)

Promote purchasing energy
saving type apparatus
(Price incentive effect)

Stable financial source to ensure
the implementation of measures
(Financial source effect)

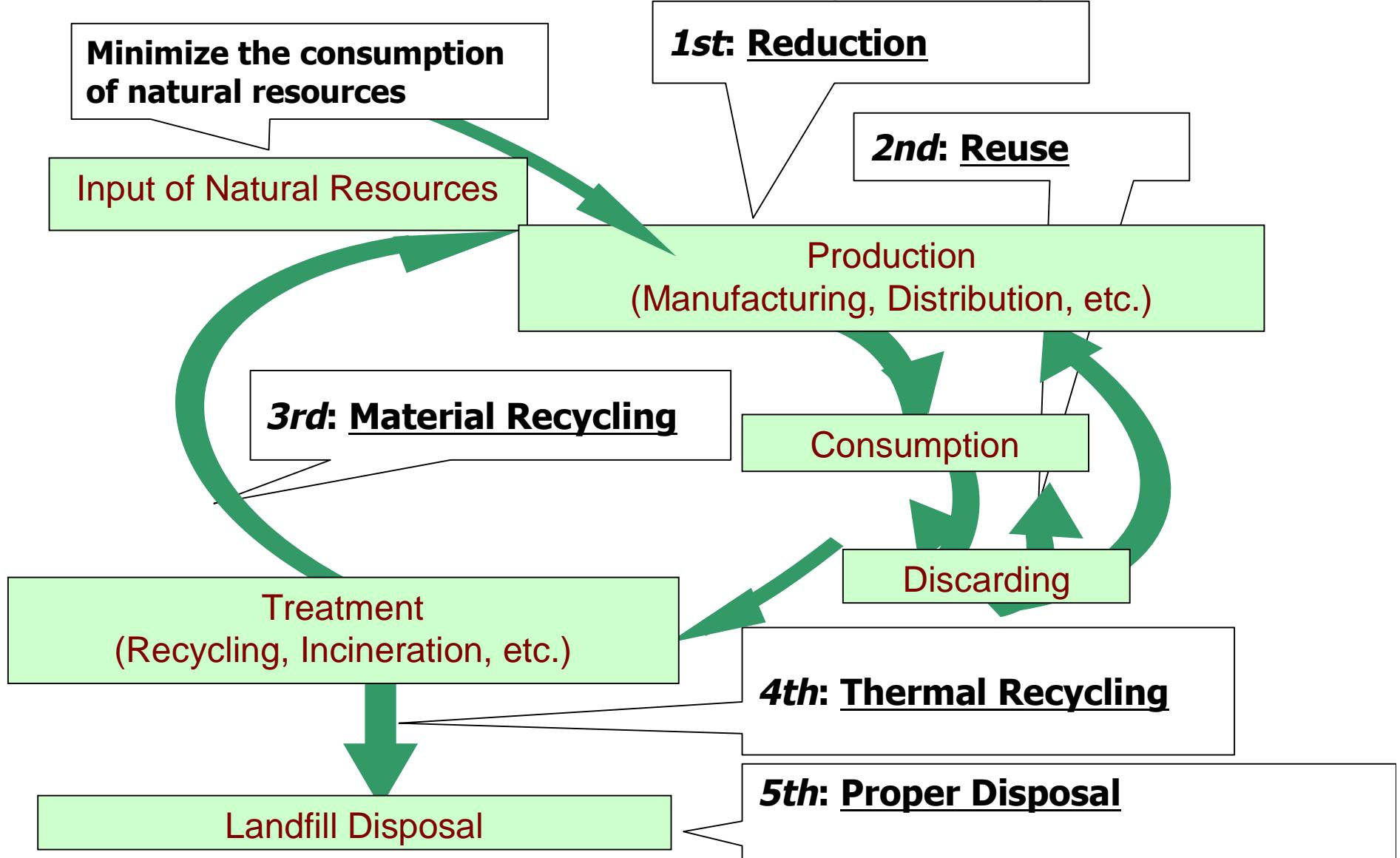
Reduction of GHGs

Reform fossil fuel dependent socio-economic and industrial structure

Establishing a nation based on the integration of environmental
preservation and economic growth



Concept of “Sound Material-Cycle Society”



If the above-mentioned order seems not to contribute to the reduction of the environmental load, exceptions are permitted so that different orders can be adopted.



The Spirit of “mottainai” and the Promotion of Recycling

Spirit of “mottainai”

It is a shame for something to go to waste without having made use of its potential in full.

Promotion of recycling

End-of-life vehicles (ELVs):

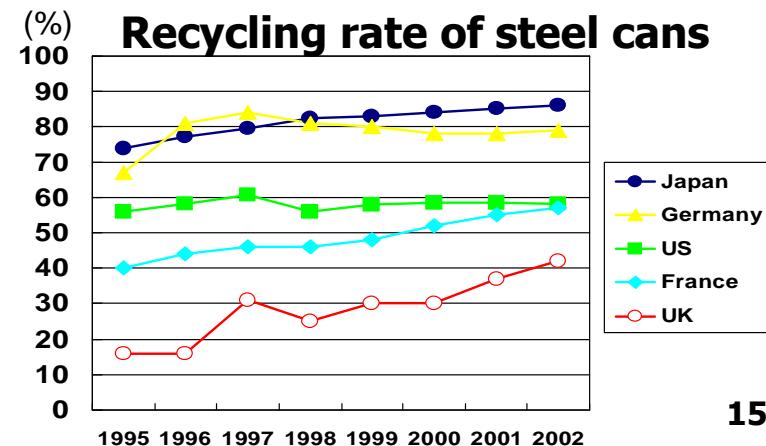
- The recycling rate of ELVs will reach 95% by 2015
- Electronic manifest system was introduced to report flow of each ELVs by PC which is currently practiced only in Japan.

Home electric appliances:

- Home Electric Appliance Law is the first law in the world which mandates manufacturers to recycle on the basis of the Extended Producer Responsibility (EPR)
- More than 11 million units of post-consumer use home appliances (air-conditioner, TV, refrigerator, and washing machine) were recycled in FY 2004

Container and Packaging Recycling:

- Japan's collection rate is relatively high among other countries
- Recycling rate of steel cans in Japan in FY 2002: 86%
(cf. 87.5% in FY 2003)
(Germany 79%, US 58%, France 57%, and UK 42%)
- Recovery rate of PET bottles in Japan in FY 2002: 53.4%
(cf. 61.0% in FY 2003) (Europe 25.1%, US 19.9%)





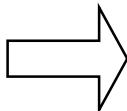
Promotion of Green Purchasing 1

- Taking initiative in procurement by the government institutions
 - Transforming demand structure for more environmental goods
- Providing information in environmental goods

Shift to a society with sustainable development giving less load to the environment

Major changes in basic principle (FY 2005)

- Paper and stationery
 - Revision of the ratio of waste pulp
- Adding fire extinguishers
- Public works
 - Shift of standard for insulators into non-CFCs



199 items in 16 areas of products 201 items in 17 areas of products
(6 items in an area of product is added)

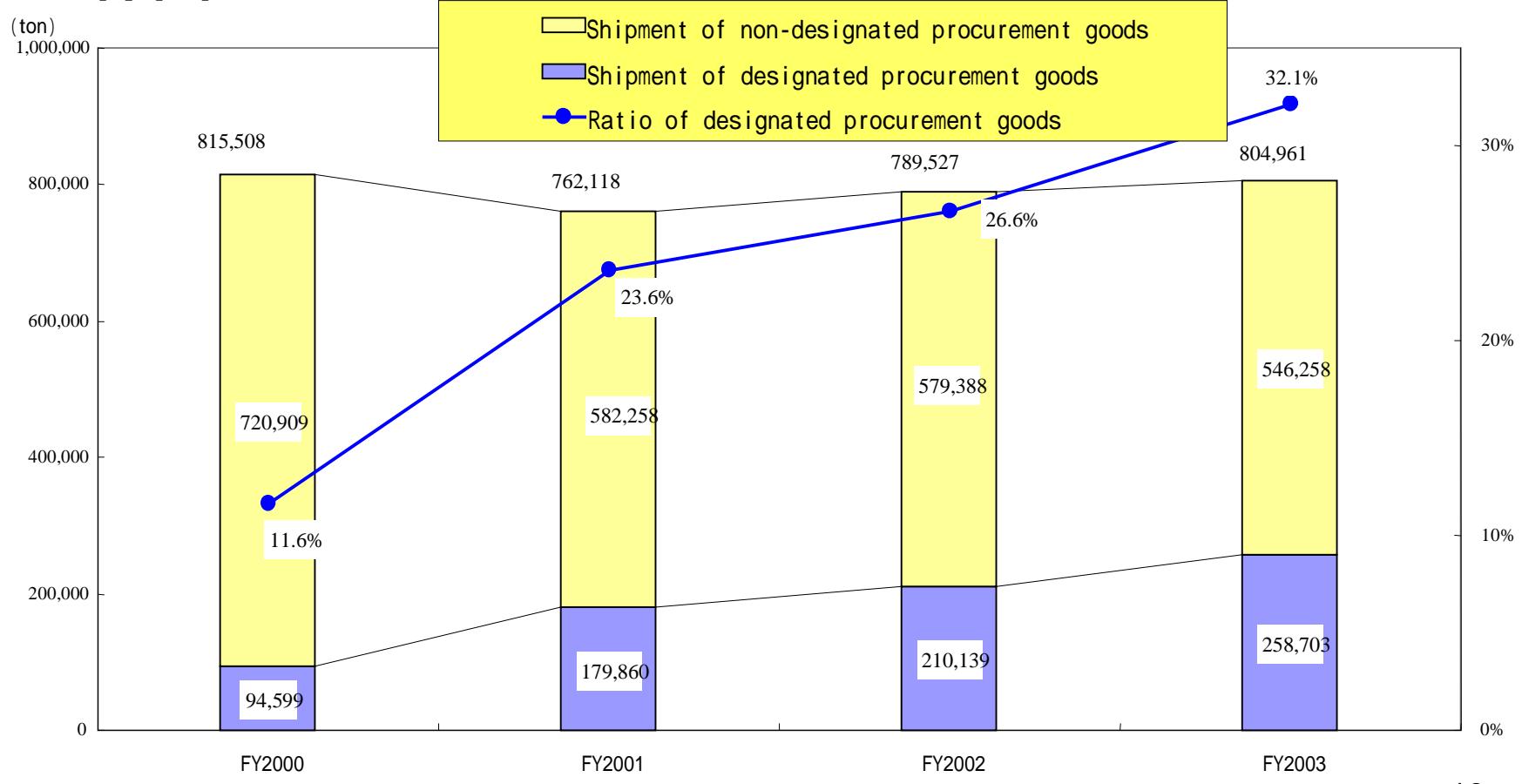
Television sets and electric calculators were eliminated from the list, aiming at promoting products that meet the criteria



Promotion of Green Purchasing 2

**Dissemination effect by promotion
(Volume and ratio of domestic shipment of designated procurement goods)**

copy paper



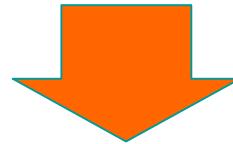


Environment-induced businesses in Japan in 2025

Year 2000

Market scale : approx. 40 trillion yen
Job creation : approx. 1 million people

Year 2025



Market scale : more than 100 trillion yen
Job creation : more than 2 million people



In Conclusion

- Proactive efforts towards environmental issues will create new investment and technology innovation, promoting job opportunities and local revitalization.
- Promoting the establishment of a structure in which more environment-conscious business entities are paid off.



Simultaneously achieve environmental conservation and economic benefit

Environment is an important element affecting the future of business entities and local communities.



"Let's join to stop global warming. Team Minus 6%"