

**Recommendations  
of  
the EU-Japan Business Round Table  
to Leaders of Japan and the European Union**

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**Working Party 4  
Environment and Sustainable Development**

Working Party Leaders:

Dr. Mark Pleško  
President  
Cosylab Inc.

Mr. Shigehiro Tanaka  
Senior Executive Vice President  
and CGAO  
NEC Corporation

## Executive Summary

This year, through the 29th session of the Conference of the Parties (COP29) to the United Nations Framework Convention on Climate Change (UNFCCC) held in Azerbaijan and the 16th session of the Conference of the Parties (COP16) to the Convention on Biological Diversity (UNFCCC) held in Colombia, we once again recognised the magnitude and difficulty of the challenges we face and the importance of all countries and citizens of the world working together to take measures to prevent global warming.

The European and Japanese industry support the efforts of the EU and Japan to date to prevent global warming and curb climate change, by promoting, energy conservation and the transition to clean and sustainable energy, diversification of energy supply sources, realisation of a resource-efficient circular economy, and maintaining natural resources including biodiversity, and we expect the EU and Japanese governments to demonstrate leadership in accelerating the process, without deceleration, to continue to promote efforts to achieve carbon neutrality globally.

Moreover, the BRT believes that it is essential to realise a "sustainable economic growth" simultaneously when promoting a "decarbonised society" to prevent global warming. And due to the emergence of geopolitical risks and vulnerabilities in supply chains in recent years, we believe that environmental issues, sustainability, resource and energy policies are extremely important issues from the perspective of economic security and competitiveness. We also believe that it is important to use economic incentives instead of regulations whenever possible to stimulate progress and innovation, both in the area of supply and of demand. The BRT expects the EU and Japan to achieve a decarbonised and clean society through a strategic and appropriate combination of climate change policies, energy policies, and industrial policies by enhancing international competitiveness and realisation of sustainable economic growth.

### Highlights:

#### **WP-4 / #01\* / EJ to EJ: Measures and policies of both authorities against climate change**

- To promote measures to achieve a "decarbonised society" and "sustainable economic growth" which both Japan and the EU mutually share as goals, through strengthening economic security and competitiveness in the environmental and energy sectors.
- To continue to demonstrate leadership, to maintain and accelerate and not to decelerate efforts to achieve carbon neutrality globally by all countries and regions working together and by ensuring that all countries work towards net zero to achieve the 1.5°C target of the Paris Agreement through realistic and diverse transition pathways.
- To promote the construction of resilient and reliable global supply chains for clean energy and decarbonisation which address strategic dependencies and structural vulnerabilities.
- To promote an internationally interoperable data space that enables utilisation of various data across companies, industries, and countries based on a trust infrastructure.
- To design an optimal way of using energy that takes into account the environmental impact of not only power generation but also transmission, distribution and

consumption in the approach to decarbonisation.

**WP-4 / #02\* / EJ to EJ Use regulation to Improve quality of life and environment but prevent regulation from stifling innovation and progress**

- To make regulations simpler, better, and internationally harmonised, avoiding unnecessary burdens to industry in the areas related to WP4.
- To more seriously consider its advertised law and administration efficiency initiatives such as the EU “Better Regulation agenda” or the “reporting reduction target”.
- To further expand the “Green Area” which was selected as one of the priority area in the "Regulatory Reform Implementation Plan" approved by the Japan Cabinet in June 24, in order to promote green technology, and moreover to realise innovation through regulatory reform, to strengthen competitiveness through the creation of new services and businesses, and to achieve economic growth.
- Use economic incentives instead of regulations whenever possible to stimulate progress and innovation, both in the area of supply and of demand.

**WP-4 / #03\* / EJ to EJ Promotion of resource efficiency and the circular economy**

- To pursue resource efficiency and circular economy not only from environmental aspects but from the viewpoint of potential to strengthen competitiveness by creation of business opportunities that will lead to future economic growth and job creation, and to enhance economic autonomy and ensure economic security.
- To promote international standardised regulations and indicators in order to develop an environment where efforts for circular economy of companies are appropriately evaluated by stakeholders such as investors, consumers, and business partners, as well as the society.
- To support development of technologies and products that contribute to the reduction of the use of indispensable critical minerals related to decarbonisation, which is also expected to contribute to both the promotion of resource efficiency and economic security.

**WP-4 / #05\* / EJ to EJ Realisation of a resilient and comfortable life**

- To support to strengthen cybersecurity of critical infrastructure such as energy-related infrastructures by enhancing cooperation with governments, sharing knowledge, supporting capacity building, and introducing the latest technologies such as quantum-safe security technologies and to prevent serious accidents to reduce the impact on the environment and to realise providing safe and sustainable services.
- To promote adaptation finance, which allocates funds to efforts to respond to visualised climate risks, that is expected to be effective in reducing the physical risks of disasters, such as loss of human life, economy, and dysfunction of social infrastructure, and in preserving the natural environment.

## Introduction

Achieving climate neutrality by the middle of this century is a universal challenge facing all of humankind and we, the BRT, hold strong expectations for both Authorities to continue prioritising the fulfilment of their roles as world leaders in the face of these latest threats by promoting measures to further accelerate the transition to clean and sustainable energy as well as the diversification of energy sources, to create a resource-efficient and cyclical economy, consider and maintain biodiversity and other natural capital. The BRT supports initiatives led by the EU-Japan Green Alliance and we will strive to realise the above by cooperating with specific measures taken by the Alliance.

On the other hand, due to the emergence of geopolitical risks and vulnerabilities in supply chains in recent years, environmental issues, sustainability, resource and energy policies are extremely important issues from the perspective of economic security and competitiveness.

In order to promote a "decarbonised society" that prevents global warming, it is essential to realise a "sustainable economic growth" at the same time.

Decarbonisation in the energy sector plays an important role in the realisation of a decarbonised society. It is necessary to reduce environmental impact and achieve a stable energy supply by building a sustainable resource and energy system. However, apart from the environmental factor, it is similarly important to consider economic efficiency and to improve the energy self-sufficiency through a variety of technologies and energy supply sources resulting to maintain the competitiveness of companies and industries through stable and low-cost supply.

In addition, excessive reliance on specific countries and regions due to an overemphasis on specific technologies, and dependency of mineral resources necessary for the promotion of decarbonisation, will not only lead to supply chain vulnerabilities, but will also affect the competitive advantage of companies and industries, making it difficult to promote sustainable and autonomous decarbonisation.

Various environmental policies and regulations are currently being introduced in each country in order to promote decarbonisation, and measures such as subsidies for related technologies and industries are currently being implemented, but these should not be a factor that creates an unequal and exclusive competitive environment as a result.

We are already seeing specific countries having a dominant position in some of the renewable energy and decarbonisation-related products, which are backed by opaque subsidies, tax incentives, and overproduction due to non-market based government policies, and resulting in creating a highly dependent and vulnerable environment. It is necessary to respond to economic security in the environmental field, as we see countries exerting economic coercion through export restrictions of critical minerals, countries exercising influence by expanding hegemony through financial and technical support for decarbonisation among third countries including the global south.

In addition, from the perspective of strengthening competitiveness, it is extremely important to make decarbonisation a source of growth and competitiveness by securing

a competitive advantage in the future market through the development and introduction of advanced technologies and alternative technologies related to sustainable resource use and environmentally friendly products, in order to promote innovation in the green sector.

To this end, we hope that the government will strategically and appropriately combine climate change policies, energy policies, and industrial policies to promote further public-private cooperation and international partnerships toward the realisation of a decarbonised and clean society through the strengthening of international competitiveness and the realisation of sustainable economic growth.

The BRT calls for the promotion of measures to achieve a "decarbonised society" and "sustainable economic growth" which both Japan and the EU mutually share as goals, through strengthening economic security and competitiveness in the environmental and energy sectors. In addition, BRT recognises the importance of a flexible and "just transition" and is willing to promote a holistic approach that respects "various pathways" so that all businesses and societies can adapt.

## Recommendations from both European and Japanese industries

### **WP-4 / #01\* / EJ to EJ: Measures and policies of both authorities against climate change**

The BRT calls on EU and Japanese Authorities to:

International Cooperation and Leadership by the EU and Japan

- BRT supports the efforts of the Governments of the EU and Japan to promote international response and coordination on climate change at COP29 and call on the governments of the EU and Japan to continue to demonstrate leadership to avoid deceleration but to maintain and accelerate efforts to achieve carbon neutrality globally, by ensuring that all countries work towards net zero through sharing a common understanding of the urgency of climate change issues and the necessary actions to be taken, and with all countries and regions working together to achieve the 1.5°C target of the Paris Agreement through realistic and diverse transition pathways.
- Maintain and develop the 1.5°C target of the Paris Agreement, considering the submission of the greenhouse gas emission reduction target (NDC) in February 2025, and to further strengthen the framework of international cooperation, and promote societies with sustainable and inclusive economic growth through leadership by EU and Japan.
- Promote measures for international environmental issues through the mutually beneficial partnership RISE (Resilient and Inclusive Supply-chain Enhancement) launched under the leadership of the G7. We call for the promotion of technical and financial support to emerging and developing countries in the field of clean energy, and to support the economic sovereignty and autonomy of the emerging and developing countries. We call for the diversification of supply chains for clean energy-related products, rare metals, and other raw materials in cooperation with these countries, and the promotion of a resilient supply chain to securing a stable supply.
- Promote the application of the principles of transparency, diversity, safety, sustainability and authenticity through the launch of the Transparent, Resilient and Sustainable Supply Chains Initiative by the EU and Japan, and to promote the construction of resilient and reliable global supply chains that address strategic dependencies and structural vulnerabilities. In particular, we call for the principle of sustainability in regards for consideration for the environment, to be a non-exclusive, highly transparent rule from the perspective of non-price competitiveness, and to be established through the cooperation and alignment of standards and certifications of the environmental policies in the EU and Japan.
- Support all technologically and economically viable options and take a flexible



approach with a reasonable and realistic transition period towards achieving an ambitious target for a decarbonised society by facilitating and promoting high-level dialogues between both authorities.

- Formulate cross-country policies with all sovereign states that are major contributors to climate change to ensure that domestic industries in the EU and Japan are not penalised more harshly than industries in third countries.

#### Promoting Decarbonisation

- Take measures based on the three integrated perspectives of climate change countermeasures, biodiversity conservation, and the transition to a circular economy. Decarbonisation-biased efforts should not result in the loss of biodiversity, and linear economic models must not impede its sustainability.
- Design an optimal way of using energy that takes into account the environmental impact, including not only power generation but also transmission and distribution and consumption in the approach to decarbonisation. In addition to utilising natural energy sources such as geothermal, wind, hydroelectric pumped-storage, and solar power, as well as various energy supply sources such as hydrogen and nuclear power, which are suitable for the circumstances of each country, it is effective to utilise technologies such as the reuse and capture of CO<sub>2</sub> through CCUS and other means, and using IoT and AI technologies for the efficiency of energy usage, and further support in this area is requested by the governments of Japan and the EU.
- Accelerate promoting technologies, including storage battery technology, which is indispensable for the effective use of natural energy, and to promote solutions on decarbonisation accumulated in EU and Japanese industries to other countries and markets.
- Demonstrate strong leadership towards the swift creation of a platform that can be used to share CO<sub>2</sub> emission data and introduce common rules to every company involved in the supply chain for the production of raw materials, parts manufacturing, product manufacturing, sales, and the transportation that connects them.
- Support the creation of a level playing field for manufacturers to be able to publish their energy results using a common calculation method. This would raise awareness of their sites' energy performance and encourage them to take action to improve it and therefore impact positively their CO<sub>2</sub> emissions. This level playing field is more important now with the Carbon Border Adjustment Mechanism. We call on the EU and Japanese Authorities to ensure close communication on the handling of carbon pricing based on the acknowledgement that equitable treatment of carbon pricing in third countries is one of the most important points from the perspective of international harmonisation and WTO compliance.

- Promote an internationally interoperable data space through international leadership, with collaboration between Japan and the EU. As the social implementation of data space through the utilisation of data across companies, industries, and countries is being promoted and data utilisation in the environmental field is also ongoing, such as CO2 emissions and traceability of raw materials in the supply chain, it is indispensable to have a trust infrastructure based on authenticity using Verifiable Credentials and a data space which is secured with data sovereignty that allows data providers to determine the scope and use of data. Not only will it strengthen industrial competitiveness by creation of new value and services through the usage of data, but a highly reliable data linkage system that transcends the boundaries of industries and countries, will contribute to expand measures against global warming and climate change through the realisation of GX and CE.
- Introduce WTO-compatible subsidies or incentive schemes including the imposition of fees on end-users that reflect the indirect benefits to society brought about by investment in decarbonisation by industry.
- Take effective measures to introduce sustainable energy contributing to decarbonisation of the public sector, including government procurement rules.
- Facilitate further hand-in-hand cooperation between the EU and Japan in the area of sustainable finance as a catalyst towards a decarbonised society with the aim of coordinating and promoting a consensus in international fora and to make taxonomy operational and usable for business while maintaining economic feasibility.
- Ensure that measures they take will not lead to the stagnation of corporate investments in R&D and capital, protectionist trade, and/or the stifling of innovation.
- Make the most of existing low-carbon resources, while preparing for the future through new, innovative electricity generation resources with a low carbon footprint.

The BRT believes that:

- The EU and Japan must remain forerunners in this area by representing the global conscience of all humanity and actively promoting this view to all other industrial countries worldwide to ensure they share the same measures and adopt the same rules and regulations to achieve a carbon-neutral economy and implement appropriate measures to accomplish this goal.
- It is necessary to promote a framework of international cooperation through the leadership of Japan and the EU to work together to solve global issues together with developed countries, emerging and developing countries. To promote economic security in the environmental field through collaboration with countries that share common concerns and interests on economic security, including the construction of resilient and inclusive global supply chains, especially in the field of the environmental issues.



- To reduce CO2 emissions across the entire supply chain, it is necessary to accurately comprehend not only the CO2 emissions of each company but also the CO2 emissions of the supply chain as a whole (e.g., procured goods, services, transportation, delivery). As such, there is an urgent need to develop common rules and mechanisms. We also believe that in the future it will be necessary to consider calculating the reduction amount as the contributed amount in cases in which companies produce, sell and provide products and services by utilising the targeted supply chain.
- The only way to achieve ambitious climate targets for 2030 and to promote a circular economy is close joint collaboration aimed at reducing the complexity of market entry (especially for strategic sectors such as waste and energy), promoting international standardisation as well as simplifying and accelerating the administrative processes to obtain permission for new investments and technologies.

**WP-4 / #02\* / EJ to EJ    Use regulation to improve quality of life and environment but prevent regulation from stifling innovation and progress**

The industry of both the EU and Japan is already burdened with a lot of regulation that is in principle rightfully necessary to protect citizens and consumers, but which in some cases seems to extoll a larger cost than the benefits it brings. Industry is willing to adapt and accept regulations, we just need to be aware that regulations should not accumulate at no end.

The BRT calls on the EU and Japanese Authorities to:

- Make regulations simpler, better and internationally harmonised avoiding unnecessary burdens to industry in the sensitive areas related to WP4, such as measures and policies against climate change, the circular economy, biodiversity, and the Green Deal in general, especially when it stifles the so necessary innovation and progress in these fields.
- More seriously consider its advertised law and administration efficiency initiatives such as the EU “Better Regulation agenda” or the “reporting reduction target”, for example by following the recommendations from the “Action Plan For The Next Commission” as proposed by the Centre for European Reform.
- To continue to certainly realise the contents of the plan, and further expand the “Green Area” which was selected as one of the priority area in the "Regulatory Reform Implementation Plan" approved by the Japan Cabinet in June 24, in order to promote green technology, and moreover to realise innovation through regulatory reform, to strengthen competitiveness through the creation of new services and businesses, and to achieve economic growth.

- Use economic incentives instead of regulations whenever possible to stimulate progress and innovation, both in the area of supply and of demand.

The BRT believes that:

- As a society, it is imperative to implement the Green Deal, but not with environmental ideology that ignores collateral consequences. Specifically, it becomes difficult to achieve ambitious regulatory targets when they become detrimental to the industry. Decarbonisation needs to be driven by the realisation of competitiveness in a fair market environment through the creation of new technologies, industries, and jobs based on R&D, investment, and innovation through deregulation, rather than imposing excessive costs and burdens.
- For example, unfortunately, even 1.5 years from the announcement by the European Commission President of a 25% reporting reduction target, feedback from the network of chambers of commerce and industry indicates that businesses have yet to perceive any improvement in the regulatory framework. Even the European Commission itself admitted lack of progress in this area, when in 2023, it published its annual report on regulatory costs resulting from new EU legislation, the »Annual Burden Survey«. Of the six priority areas in the Commission’s work program for 2022, the area of the Green Deal, comprising 15 legislative proposals, did not meet the target.
- Instead, the right balance between what is immediately desired and what is practically possible has to be found.
- For this, a constant dialogue among the key stakeholders in the society, including the industry, is needed, to find out what are reasonable regulations and where positive incentives should be used instead.
- We believe that minimum necessary regulations will be more smoothly accepted if the government examines and judges from the perspective of how to solve the problems to be achieved quickly, efficiently, and at low cost, and if the government appropriately evaluates the burden that companies bear in order to comply with regulations.

**WP-4 / #03\* / EJ to EJ**

**Promotion of resource efficiency and the circular economy**

The BRT calls on EU and Japanese Authorities to:

- Pursue resource efficiency from the viewpoint of an international circulation system based on the fact that movement of secondary raw materials across borders is now the norm. On the other hand, as global supply chain risks become apparent, we also call on both Authorities to develop a policy promoting the optimisation of both international and regional circulation since we believe it is essential to also promote regional circulation, as well as international circulation, from the perspective of maintaining and securing economic security.

- Avoid the pursuit of resource efficiency through exceedingly regulatory approaches, that inhibit innovation and economic growth. Instead promote business support and consumer protection by means of associated incentives.
- Promote alignment and simplification of related standards and regulations of products made of renewable resources contributing to the circular economy, with incentives for R&D and commercialisation.
- Take measures to visualise the entire utilisation cycle from the manufacturing of products to their shared use, reuse, recycling, and disposal as well as to realise accelerate supply and demand control in resource circulation through means such as matching products and assets with users by utilising the traceability of raw materials, parts and products, and AI.
- Recognise that Japan and the EU should not only move forward with efforts aimed at improving resource efficiency but also work together to formulate consistent national and international rules and treaties to this effect.
- To support companies and industries involved in the development of technologies and products that contribute to the reduction of the use of indispensable critical minerals for technologies and products related to decarbonisation, including storage batteries and catalysts for hydrogen production, which is also a challenge that contributes to both the promotion of resource efficiency and economic security.
- Facilitate cooperation between EU and Japan to advance Circular Economy Resource Efficiency Principles (CEREP), which businesses can play a significant role for along the value chains to reduce primary resource use and contribute to achieving climate and other environmental goals, as well as enhancing sustainable economic growth and economic security.
- Promote the development of an environment in which the efforts of companies that play an important role in the realisation of a circular economy are appropriately evaluated by stakeholders such as investors, consumers, and business partners, as well as the society. Differences in regulations and standards in each country and the absence of common circularity assessment methods, indicators, and definitions are barriers to the expansion of global circular business, and we call for a solution through the leadership of Japan and the EU. International standardisation of such regulations and indicators will not only contribute to realise a fair competitive market environment, but to further enable to promote resource efficiency and circular economy through the promotion of sustainable finance and relevant incentives.

The BRT believes that:

- Resource constraints are likely to inhibit economic growth over the medium to long term. This is why it is imperative to improve the efficiency of resource use.

- The circular economy holds the potential to create business opportunities that will lead to additional economic growth and job creation in the future and is effective from the perspective of economic security by increasing economic autonomy, and has the potential to strengthen competitiveness.
- Discussions on resource efficiency and the circular economy must go beyond recycling and other aspects of pure reuse to cover a wider range of concepts of product longevity, frugality and efficient use. For example, in order to promote sustainable urban lighting measures, it is necessary to consider, recycling valuable resources contained in lighting fixtures, energy saving by improving the efficiency of lighting, and controlling energy consumption by appropriately limiting lighting time based on urban development plans by the government. In addition, resource efficiency and circular economy will impact manufacturers, service providers, and other companies, to consider the extension of product life, the sharing of services, and the provision of goods and services through operational billing.
- In order to realise a circular economy, collaboration beyond the framework of companies, governments, and existing industries is essential, and in particular, the construction of a data space that realises smooth data sharing is an urgent common issue for both Japan and the EU. It is important to link and control data for supplies, demands, usage of various raw materials and products throughout the supply chain, including production, logistics, and sales, beyond the boundaries of a single company or industry. In addition, by realising traceability of raw materials and origin of products through the use of data, it is possible to design products and procure raw materials on the premise of reusing products and resources. The construction of a data space that transcends companies and industries will lead not only to economic efficiency, but also to strengthen competitiveness through the creation of new services.
- The EU has already legislated Battery Passport and Digital Product Passport, and Japan is making progress in social implementation of data spaces such as initiatives for plastic materials in the Strategic Innovation Promotion Programme (SIP) and storage batteries in the Ouranos Ecosystem. As like-minded countries, it is important for Japan and the EU to ensure close coordination and cooperation on data sharing interoperability. In addition to interoperability, it is essential to build a trust infrastructure based on the premise of data sovereignty and authenticity. And it is necessary to avoid excessive human and economic burdens when introducing the system, and to harmonise the system between Japan and the EU without creating an exclusive competitive environment, and to promote standardisation based on international standards.

#### **WP-4 / #04 / EJ to EJ      Natural Capital and Biodiversity**

##### The BRT calls on the EU and Japanese Authorities to:

- Continue to lead international discussions for the Kunming-Montreal Global Biodiversity Framework and to actively promote the development of 30by30, especially for other effective area-based conservation measures (OECM),

which will be the key to its achievement. In addition, we request both Authorities to further promote the accumulation of data and the development of infrastructure related to biodiversity, and to actively develop environmental measures from the viewpoint of total optimisation that can be implemented over the long term as well as nature positive measures and models in third countries under circumstances in which the global economy is further blocked.

- Continuously promote the study and development of the natural capital value of forests from the perspective of biodiversity. We also call on both Authorities to guide and promote the creation of highly reliable common rules based on international organisations and government-led standards for the mechanism of private initiative (i.e., voluntary credit) since the carbon offset credit system for CO<sub>2</sub> forest absorption will need to be further developed and utilised from the viewpoint of climate change measures as mentioned in the previous section.
- Develop policies that encourage companies and business to support R&D and capital investment aimed at providing solutions and services contributing to the sustainability of agriculture, reducing environmental load, implementing measures against climate change, and responding to the aging of the working population and the resulting loss of know-how by using the latest AI and digital technologies that replicate the techniques of skilled farmers. More specifically, tax incentives, the provision of appropriate subsidies, and support for on-site implementation.

The BRT believes that:

- It is valuable that the Japanese and EU Authorities are leading the international debate for the achievement of the Kunming-Montreal Global Biodiversity Framework, and this is much appreciated. On the other hand, with regard to the agenda issues such as the financial mechanism which were left unfinished at COP16, we expect the EU and Japan to continue to demonstrate leadership in achieving an agreement through persistent negotiations and cooperation with other countries. We will also support and continue to actively cooperate with measures in the 30by30 Roadmap to achieve targets in the Kunming-Montreal Global Biodiversity Framework.
- Forests are naturally one of the core environmental assets that not only provide global environment and ecosystem services but also bring immeasurable benefits to humankind (e.g., food supply, water circulation, climate stability). We also understand that management of forests owned by individuals and companies is an important factor for OECM. In addition, it is imperative to continue working to improve and utilise the carbon offset credit system for CO<sub>2</sub> forest absorption.
- Demand for agricultural products is expected to further increase worldwide due to population and economic growth in a harsh global environment marked by climate change, global warming, soil pollution, and soaring water and fertiliser prices, but we also understand it is necessary for agricultural production to tackle various issues such as developing measures against decreases in the number of producers, reducing environmental burden, and ensuring the safety



of food. In particular, we should combine agronomics (i.e., agricultural science) with advanced digital technologies such as AI to promote accurate, efficient, agriculture in every country.

#### **WP-4 / #05\* / EJ to EJ      Realisation of a resilient and comfortable life**

The BRT calls on EU and Japanese Authorities to:

- Address with utmost priority the development and implementation of secure, safe, resilient, and high-quality city infrastructures that consider life-cycle cost, which is essential for realising sustainable and inclusive societies as well as the services associated with such infrastructures. This is necessary because city design and management have a serious and tremendous impact on creating attractive and ideal residential circumstances compatible with both societies and people.
- Convert urban planning to resilient and comfortable cities with a wide range of basic, high-quality infrastructure and associated services to be viable and sustainable.
- To respond to the rapid increase in power consumption in data centers, which is becoming more serious due to the spread of AI and the use of ICT technology in the society, by promoting the use of renewable energy in data centers, supporting the development and introduction of energy-saving technologies, and promoting measures that take into consideration the environment and society such as promoting distributed data center locations, and conservation of water resources.
- Promote policies to expand the usage of EVs and FCVs to replace conventional internal combustion engine (ICE) vehicles, as well as policies to promote the development of infrastructure necessary to make them viable alternatives, and to promote the development and introduction of related technologies, products, and services.
- Take necessary measures to strengthen cybersecurity of critical infrastructure such as energy-related infrastructure which has become an increasingly important issue in recent years and to prevent serious accidents to reduce the impact on the environment and to provide safe and sustainable services. It is necessary to strengthen cooperation and coordination with governments of various countries, promote knowledge sharing and capacity building support, and promote the development and introduction of related technologies, products, and services, including quantum-safe security (Quantum Key Distribution (QKD), Post Quantum Cryptography (PQC), and the hybrid) technologies.
- Support to promote adaptation finance, which allocates funds to efforts to respond to visualised climate risks, as the number of disasters caused by climate change is becoming more pronounced. Adaptation finance can be effective in reducing the physical risks of disasters, such as loss of human life, ~~economy, and dysfunction of social infrastructure, and in preserving the natural~~



environment. In particular, it is expected that the application of digital technologies and emerging technologies such as AI, digital twin, and quantum which have made remarkable progress in recent years, will lead to the expansion of value evaluation methods through predictive analysis and quantification of adaptive value (disaster mitigation effects and environmental effects)

- Take the lead in promoting market introduction of energy conservation and energy efficiency technologies and their supporting infrastructures as well as encouraging the alignment and simplification of related standards and regulations. We also ask both Authorities to promote the development of advanced technologies that boost energy efficiency through best practices as well as to implement stimulus measures such as investment in methodologies and to promote disruptive innovation in cities.

The BRT believes that:

- City infrastructure development is vital for economic growth because it can create jobs, alleviate poverty, and improve quality of life for urban residents.
- As climate-related natural disasters thought to be caused by global warming such as hurricanes, droughts, and wildfires become more intense and frequent, cities will find themselves damaged by large-scale disasters, thereby leading to massive amounts of CO<sub>2</sub> being emitted as a result of reconstruction projects required to rebuild infrastructure. Therefore, from the perspective of preventing global warming, we believe that it is also extremely important to accelerate the introduction of disaster prevention and mitigation solutions that make infrastructure more resilient to disasters.
- Issues such as congestion and the depopulation of cities can result in lowering the level of services and sustainability of cities. On the other hand, it is possible that the distribution of functions and people to local cities/rural areas from a state of extreme concentration in urban cities will accelerate along with advances in digital technologies under the new normal in the post COVID-19 era. We believe that this will lead to a certain level of progress in the mitigation of urban issues caused by overcrowding and in the reassessment of social values and changes in people's behaviour leading to improvements in quality of life, including work-style reforms. The Digital Garden City Nation Initiative currently being promoted by the Japanese Government aims to enable all citizens, regardless of place of residence, age, or gender, to live a fulfilling life that combines comfort and peace of mind according to their lifestyles and needs and to create a society in which citizens and businesses can enjoy the benefits of digitalisation through the creation of new services that contribute to the improvement of work and life in rural areas, the improvement of sustainability, and the realisation of well-being, thereby creating a society where everyone can live conveniently and comfortably anywhere. BRT supports this initiative.

**WP-4 / #06 / EJ to EJ Promoting the optimisation of city management**

The BRT calls on EU and Japanese Authorities to:

- Take specific steps and measures from the point of view of accelerating the optimisation of city management through trusted City-as-a-Service and data-driven solutions utilising AI technology that provide the most suitable services to residents, healthy buildings, and healthy precincts.
- Promote the optimisation of city management at various levels of scale (e.g., building, neighbourhood, infrastructure).
- Refrain from introducing regulations that strongly and negatively impact or suppress the development and utilisation of AI technologies in city management, while cooperating with the private sector in establishing and implementing policies and guidelines aimed at preventing and addressing human rights issues.
- Secure a sufficient budget for each government in Europe and each local government in Japan to actively introduce, use, and share data utilisation infrastructure.

The BRT believes that:

- City management will become primarily focused on high-level operations of habitation and mobility through City-as-a-Service, which provides services suited to the diverse values of residents by combining various types of big data utilising AI technology to visualise the city's circumstances and predicting possible changes.
- Utilising AI and digital twins will enable low-cost and speedy execution of large-scale analysis and simulation that are difficult to conduct in real cities and will be particularly effective in disaster prevention planning and the measurement of policy effectiveness.
- Notwithstanding the large benefits of AI solutions in city management, the utilisation of AI must be governed by placing the highest priority on compliance with relevant laws and regulations in each country/area and on respect for human rights.