

## Opening Remarks

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Akio Morishima

Chair, Board of Directors, Institute for Global Environmental Strategies (IGES)  
President, Central Environmental Council

On behalf of the Institute for Global Environmental Strategies (IGES), the organizer, I would like to express my sincere appreciation to you for your attendance at this symposium despite the cold weather. I am very pleased to see so many people gathered here today. I would especially like to express my gratitude to two lecturers from overseas for coming all the way to Japan to join us.

In 1995, the Japanese Prime Minister's Ad Hoc Commission recommended then Prime Minister Murayama to establish an international strategic policy research institute to realize sustainable development in the Asia-Pacific region. Based on this recommendation, a preparatory organization for the establishment of the Institute for Global Environmental Strategies (IGES) was set up in 1997. IGES was inaugurated with the signatures of 10 national governments in Asia, three international organizations including UNEP, and 13 research institutes, at the occasion of the 3rd Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP3) in Kyoto. While financially supported by the Japanese government, the objective of IGES is to conduct research that could help Asian nations to promote sustainable development.

Today's symposium is organized as a part of the activities of the "Business and the Environment" project at the IGES Kansai Research Center. During IGES' first phase from 1998 to 2001, the Kansai Research Center was not yet open and this project did not exist either. Projects during that period were performed in the main office of IGES at Hayama, Kanagawa Prefecture and dealt with issues such as global warming, forest conservation, urban environmental management and environmental education. In 2001, the Kitakyushu office was set up with the full support of Kitakyushu City, followed by the establishment of the Kansai Research Center, which is fully supported by Hyogo Prefecture. Research activities of the Kansai Research Center began in 2001. Since the Kansai Research Center is located in the area of major industrial cities of Osaka and Kobe, the focus of the Center is to conduct research on business activities which contribute toward sustainable development, with close cooperation of business companies in the area.

Today's symposium is organized as a part of the Center's research activities, focusing on environmental accounting. As confirmed at the World Summit for Sustainable Development (WSSD) held in 2002 in Johannesburg, partnership among all social sectors is essential to promote worldwide sustainable development. Business corporations, in particular, are expected to ensure sustainable development.

In the global community, the World Business Council of Sustainable Development (WBCSD) has provided opportunities to business leaders around the world to discuss how they should act to assure sustainable development. In view of global trends, IGES is trying to acquire the most advanced knowledge and apply it to solve the environmental issues. Today's symposium is organized with the hopes of sharing our research results in environmental business management.

The Director of IGES Kansai Research Center, Professor Akihiro Amano, will speak in more detail about the objective of the symposium. I would like to emphasize that the whole IGES places the utmost importance on relations between business companies and the environment and ask you for your further cooperation. Thank you.

# Opening Remarks

Akihiro Amano

Director, IGES Kansai Research Center

I would like to welcome everyone here today--the eminent researchers who have come a long way from overseas to be with us, and the participants from organizations across Japan. It is a great honor for me to have an opportunity to give opening remarks at this international symposium that deals with environmental accounting with a special focus on material flow cost accounting.

As President Morishima just mentioned, IGES Kansai Research Center was established in April 2001 as an organization, although the office was actually opened in June of the same year. We started our first three-year project under the title of Business and the Environment.

The Kansai area is well endowed with social science researchers on environmental problems and policies, and industries in this area have accumulated rich experiences to mitigate industrial pollutions. This is the major reason that we chose the above theme for the starting research project. We believe the center is in a good position to build a kind of bottom-up model for environmental management in the 21<sup>st</sup> century with inputs from the communities and corporations in this region.

In fact, many researchers joining the IGES Kansai Research Center are from the business community or local government. In addition to the ordinary research activities, the center has also held international symposia and seminars over the past two years. In 2001, our inaugural year, we held an international symposium and a workshop that explored the theory and practical applications of environmental accounting.

For these events we invited distinguished scholars from abroad, including Mr. Roger Burritt, reader at the School of Business and Information Management at Australian National University, and Mr. Martin Bennett, senior lecturer at the University of Gloucestershire Business School. The latest theoretical developments in environmental accounting were discussed, and we all learned how environmental accounting was being applied in Australia, South Korea, the Philippines, Indonesia and Japan, and discussed the present situations and challenges.

In July 2002, the Second Tripartite Roundtable on Environmental Industry - China, Korea and Japan was held, and as a consecutive event, we hosted an international symposium with the theme of 'Industry and the Environment: Quest for a Market System Leading to Sustainable Development'. We invited Dr. William H. Glanville, Vice-President and Chief Operating Officer of the International Institute for Sustainable Development (IISD) as well as participants from the Second Tripartite Roundtable to discuss approaches to mitigating environmental degradation through partnership of private sectors and public organizations, an idea that has gained much importance in the World Summit on Sustainable Development (WSSD).

One of the basic views of the Kansai Research Center is in line with that of the WSSD, in that we are looking for the methods to build such social structures that will spontaneously reduce environmental degradation due to economic activities by means of partnership between private sectors and public organizations. How

can we integrate business activities with environmental conservation? This is a big challenge, and to address such an important, long-term issue, it is vital for fuller discussions to take place that involve governments, the business community, scholars, consultants, and the public.

Today's international symposium focuses on a promising tool for corporate management designed to achieve these ends, and we have asked the participation of world's leading researchers and practitioners in this field along with government officials. It is my hope that we can develop fruitful discussions among those with diverse viewpoints to make further progress in this area.

I believe this will be a superb opportunity for everyone at the symposium here to discuss to the end of the day, and think deeply about the relationship between reducing environmental degradation and the role of corporate management through the "window" of environmental accounting, particularly material flow cost accounting.

As you know, we have speakers here today from Germany, the United States, and Japan-from three leading countries that are at the forefront of environmental accounting including material flow cost accounting. I would like to end my remarks by expressing the hope that we will be able to contribute to building a new social structure in which corporations can make further progressive strides in these fields. Thank you very much.

# Opening Remarks

Nobutoshi Miyoshi

Director of Environmental and Economy Division  
Environmental Policy Bureau  
Ministry of the Environment

I would like to say a few congratulatory words on the occasion of the opening of the International Symposium on Environmental Accounting 2003. First of all, let me take this opportunity to express my appreciation for your understanding and continued cooperation for the promotion of governmental environmental policies. While we seek understanding and cooperation from the corporate sector, professionals from various academic backgrounds, consumers and people from other fields, the Ministry of the Environment is committed to building a sustainable society where the environment and economy are well integrated. This is a big challenge for us.

The Environment and Economy Division focuses especially on promoting the green economy. Our policies to achieve this goal include:

- promotion of economic measures to incorporate environmental consideration into a market mechanism,
- provision of support to facilitate a company's voluntary environmental protection activities such as environmental reporting and environmental accounting, today's topic,
- and the promotion of concepts of green purchasing and eco-labels to raise people's awareness of environmentally-conscious products.

In this respect, I think my division is more closely related with companies than other divisions of the Ministry of the Environment.

In Japan, the number of companies that disclose their environmental information and adopt environmental reporting and environmental accounting systems has been increasing every year. Environmental reporting and environmental accounting are considered to serve as environmental communication tools between companies and the society. According to our survey conducted in fiscal year 2001, approximately 600 companies produced environmental reports and approximately 500 companies adopted environmental accounting. These results have made us reconfirm the increasing social demand for companies to disclose their environmental information.

We have recently publicized a draft of the Basic Plan for Establishing the Recycling-based Society in order to seek public opinion. One of our aims presented in the plan is to have 50% of all listed companies in Japan publish their environmental reports and adopt an environmental accounting system by 2010. Some of the opinions we have received to this point say that a higher goal should be set. It would be very helpful if today's participants could also give us their opinions and suggestions.

Environmental accounting, a tool to integrate environmental and financial information, provides companies and other organizations with two functions: an internal function for their management and an external function for their communication with society. The Ministry has presented a comprehensive guideline for environmental accounting that can serve both internally and externally with the hope that the guideline could be used widely.

Environmental accounting has been conventionally developed among Japanese companies whose objectives place an importance on social responsibilities and communication. The external function of environmental accounting fits well with the objectives of such companies. On the other hand, Material Flow Cost Accounting, the major subject for today's symposium, aims to be used by companies for their internal management. We hope that such an internal effort will further expand externally so that companies can gain social credibility and meet social demands, thus making an ideal development of environmental accounting that integrates internal and external functions.

From this point of view and from the number of participants we have here today, I think the theme of the symposium is timed well and it is clear that companies have a great interest in integrating the environment into their business management. As one involved in environmental policy making, this is very encouraging to me.

Our division has provided many guidelines for environmental reporting and environmental accounting. This may sound like an advertisement of our activities, but these guidelines can serve as standards for companies in making use of environmental reporting and environmental accounting systems. We are now engaged in revising these guidelines. Environmental performance indicators are one of the items under revision, for which we are seeking public opinion. As our hope is to complete a guideline that can be of direct use for those addressing environmental issues, we welcome your opinions.

We have also built a database of environmental reports based on companies' voluntary registration with the hope of connecting companies and the public. This database has been open to the public on the Ministry of the Environment's website as of last September. Since any company can register, we would like to encourage your participation as well.

Another effort we are making is to set up a framework that allows a third party to review companies' environmental reports in order to further promote environmental reporting and improve comparability and credibility. I think we may be able to implement the framework on a trial basis at the beginning of the next fiscal year. According to our schedule, we are working to make the concept more concrete.

To involve the whole corporate community in environmental conservation activities, we are also revising "Environmental Activities Evaluation Program - Eco Action 21 - ". This program provides a simple method with which small and medium-sized companies can easily join environmental protection activities. After a trial period, we are considering the introduction of a certification system. We hope this program will serve as an incentive not only for small and medium-sized companies wishing to be voluntarily involved in environmental activities, but also for large-scale companies that are already currently promoting the greening of the supply chain.

As mentioned above, we are presenting various policies and measures. These tools however can only be effective when companies utilize them in their actual activities, so we hope you will further actively engage in environmental conservation.

In conclusion, I would like to express my appreciation to the Institute for Global Environmental Strategies, the organizer of this symposium, and any other persons concerned. I hope that this symposium will be meaningful to all the participants. Thank you.