

## **Chairpersons' Summary**

1. The Second Tripartite Roundtable on Environmental Industry (China, Korea and Japan) was held on July 23 and 24, 2002 in the Main Hall of Awaji Yumebutai International Conference Center, Hyogo Prefecture, Japan. It was organized by the People's Republic of China (State Environmental Protection Administration, China Association of the Environmental Protection Industry), the Republic of Korea (Ministry of Environment, Korea Environmental Labeling Association) and Japan (Ministry of the Environment). It was hosted by the Ministry of the Environment, Japan and Hyogo Prefectural Government. It was attended by 55 delegates from China, Korea and Japan as well as 70 observers.
  
2. Opening Addresses were given by Mr. Toru Okutani, Parliamentary Secretary of the Environment, Ministry of the Environment of Japan, and Mr. Kazuhiro Fujimoto, Vice-Governor, Hyogo Prefectural Government. They welcomed all participants and expressed their wish for a fruitful and successful conference. In particular, Mr. Okutani mentioned that the World Summit on Sustainable Development (WSSD) would be held in Johannesburg, South Africa in August/September 2002, and that this Roundtable would contribute to the summit.

### **(Introductory Session: Review of the First Tripartite Roundtable and Overview of Environmental Industry)**

3. The Introductory Session was chaired by Dr. Akihiro Amano, Director, Kansai Research Center, Institute for Global Environmental Strategies (IGES), Japan. Ms. Lee Pil-Jae, Director of Environment and Economy Division, Ministry of Environment, Korea presented a review of the First Tripartite Roundtable. While she mentioned that the first meeting had centered on communicating the definition and scope of environmental industry in each country and initiating cooperation, Ms. Lee expressed the hope that this second meeting would develop in-depth communication and upgrade cooperative efforts.
  
4. Dr. Ryokichi Hirono, Professor Emeritus, Seikei University / Project Leader, Environmental Industry Project, IGES, Japan, gave the Keynote Address on the History and Future Prospects of Environmental Industry. In his assessment of the present state of environmental industry in Asia, Professor Hirono called for increased political will, to overcome the attitude of "grow first and clean up later." He also emphasized the need for a shift from the "Command and-Control" principle to a "Community-Market-Regulatory" approach, which is an integrated approach

consisting of public participation, economic instruments and regulation. It specifies the critical role of government in laying the legal and administrative framework, reducing market distortions, and enhancing the capacity of human resources and institutions in responding to the ever-changing requirements of the environment. He also called for self-regulation and the setting of time-bound targets by corporations similar to those currently being carried out in Japan. He noted that corporations in Korea were just beginning to move in this direction, and expressed the hope that the same would soon happen in China. In addition, the need for the three countries to enhance international environmental co-operation for the rest of the Asia-Pacific countries was emphasized.

**(Session 1: Environmental Industry, Now and the Future; the Way Forward)**

5. Session 1 was co-chaired by Professor Xu Songling, Center for Environment and Development Research of Chinese Academy of Social Sciences, China and Dr. Shuzo Nishioka, Executive Director, National Institute for Environmental Studies (NIES) / Project Leader, Climate Policy Project, IGES, Japan. Representatives from China, Korea and Japan made presentations on the theme of Environmental Industry, Now and the Future, in their respective countries, followed by a panel discussion on the development of environmental industry in China, Korea and Japan.
6. It is recognized that environmental industry has been rapidly expanding in recent years and that it will be one of the most important industries in the future in China, Korea and Japan.
7. It is acknowledged that the corporate approach to environmental protection is changing from “end-of-pipe” measures to cleaner production and, furthermore, to environmental products and services.
8. It is recognized that government policies have long served as effective incentives for the development of environmental industry. The role of industries themselves is, however, likely to become increasingly important, and further corporate voluntary initiatives and responses to interest from the public are required. Environmental industry will be further developed if industries adapt to social changes in a proactive way and view environmental issues as new business opportunities.
9. It is becoming clear that each country faces different gaps and barriers according to its stage of development. China’s problems relate to technology diffusion, Korea

needs more incentives to induce environmental investment, and Japan needs to improve the cost performance of environmental industry.

10. Consideration should be given to the following three points in entering other countries' environmental markets:
  - i. Putting priority on technology transfer
  - ii. Building a good, cooperative partnership with the host country
  - iii. Having a long-term perspective
11. Technology standardization, awareness raising, and the sharing of both successful and unsuccessful experiences regarding international cooperation, such as in ODA, are crucial in furthering mutually beneficial technology transfer.
12. Deepening cooperation for the further development of environmental industry among the three countries will lead to the realization of sound competition in the world market, starting from Northeast Asia.

**(Session 2: Greening of Business Activities)**

13. Session 2 was co-chaired by Mr. Byung-Wook Lee, Director, POSCO Research Institute, Korea and Mr. Kazuo Matsushita, Professor, Kyoto University, Japan. A presentation was given by a researcher of IGES Kansai Research Center regarding a proposed definition of and overall trends concerning the greening of business activities in Japan, and the specific case of Matsushita Electric Industrial Co. Ltd..
14. Presentations were given by three speakers from Korea and two speakers from Japan on case studies and practices related to the greening of business activities. A speaker from China focused on the promotion of ISO14001 certification. This was followed by a free discussion.
15. It is recognized that environmental problems have recently become increasingly serious and economic activities have become borderless. Under these circumstances, companies in the participating countries are taking positive measures to make their business activities more environmentally benign through the introduction of environmental management systems, environmental reporting and environmental accounting.
16. It was reported that environmental technology innovations were taking place in all companies present at the Roundtable, such as energy saving and reduction of

emissions and waste. As the establishment of environmental management systems is crucial to greening, ISO 14001 certification is becoming popular in each country.

17. The need to disclose environmental information to the public is seen as one of the key elements in ensuring continual greening activities. To this end, environmental accounting and reporting are becoming widespread. Some companies give more detailed environmental information on their goods through environmental labeling.
18. Contributing to community activities is also highlighted as an important area of greening activities. A wide range of specific activities was reported in the session, such as forest conservation, collaboration with schools and facilitation of environmental education for children.
19. An example of “Servicizing” (where companies provide a service rather than provide goods to decrease the total environmental burden) was also presented. Although there are not yet many cases in these three countries, “Servicizing” is considered to be a new style of business to advance the greening of business activities.
20. As a result of the discussion, it is acknowledged that sharing information among the three countries on the greening of business activities is desirable and should be continued in the future. China, Korea and Japan agree to join forces to further promote the greening of business activities through exchanging information on best practices in this area.

**(Session 3: Role of Green investment and Technology for Sustainable Development)**

21. Session 3 was co-chaired by Dr. Sang-Eun Lee, President, Korean Environmental Labeling Association (KELA), Korea, and Dr. Tsuneyuki Morita, Director, Social and Environmental Systems Division, NIES, Japan.
22. The session began with a presentation by a researcher of NIES, Japan on the results of the latest study on analysis of the effects of environmental technology innovation and investment in environmental industry, using economic models. Reports from China, Korea and Japan were also given in Session 3, and these were followed by a panel discussion.
23. It is commonly recognized that environmental investment and environmental

technological innovation are the major elements in promoting environmental industries. It is shown, based on an economic model simulation, that environmental investment and technological innovation can actually contribute to sustainable development, and that GDP loss caused by environmental constraints can be significantly recovered by appropriate countermeasures such as technology innovation and green consumption.

24. It was reported that various trends in environmental technology development had already emerged. These include many highly advanced technologies such as a biomass refinery system and several recycling and water treatment technologies. Several indices to evaluate the level of environmental technology were presented, and it is emphasized that environmental industry should include environmental function services.
25. Several successful examples of environmental investment supported by financial institutions were also reported. It is thus recognized that the establishment of effective markets for environmental finance is essential in promoting environmental industries. It is also clear that new corporate rating systems for financing should include an environmental performance rating and that the financial sector should be considered as an integral part of environmental business.
26. The importance of the role of government in promoting environmental technologies and environmental finance is also recognized. Specifically, distinguished examples of current activities which are highlighted include moves by the Chinese government to take the lead in encouraging acquisition of ISO 14001, national R&D programs initiated by the Korean government, and environmental investment supported by governmental finance in Japan.
27. Several opportunities for tripartite cooperation were discussed regarding environmental technology development and environmental investment in China, Korea and Japan, including financing and the exchange of information.

**(Summary Session)**

28. The Summary Session was chaired by Dr. Akihiro Amano. After an introduction by the Chairperson, summaries of each session were made by the session co-chairpersons. Following this, a closing discussion was held.
29. The Chairperson stated that in this second roundtable, steady progress had been

made in the following respects:

- i. the building up of diverse, but specific best-practices;
- ii. extending the scope to greening of broad industrial activities, supply chain management such as green-purchasing, and life-cycle assessment;
- iii. achieving a clear conception that the environment industry and technologies can become powerful vehicles for the sustainable development of our three countries, and at the same time provide important opportunities for the private sector;
- iv. making new findings, based on the Japanese experience, that the relationship between government regulation and the development of environment industry has been shifting from a regulation cum reactive response style, to an information-sharing cum proactive response style;
- v. supporting an approach which enhances partnership among communities, or civil society, markets, and regulators; and
- vi. recognizing the vital role of financial institutions in channeling resources to the environment industry and greener and more sustainable sectors of the economy.

The Chair considers this to be a great achievement, which should be attributed to all participants of the roundtable.

30. The participants recognize that they will, from now on, be required to take more positive measures, through adequate information exchange and mutual co-operation, concerning the points mentioned above. It is seen as being particularly important to share experiences and knowledge among China, Korea and Japan concerning cases of best practice.
31. To provide an indispensable opportunity to facilitate the exchange of information and promote co-operation among these countries, the participants agree to continue holding the China, Korea and Japan Tripartite Roundtable. All participants welcome the offer from China to host the next Tripartite Roundtable.
32. All participants express their appreciation to the Ministry of the Environment of Japan and Hyogo Prefectural Government for hosting a successful Roundtable meeting, and for their warm hospitality.