

## Comments from the Government of Japan on the EU2020 Consultation paper

January 15, 2010

Japan and the EU both have world's leading technology and knowledge intensive industries. We also face similar challenges domestically and globally, such as aging society, energy security and climate change, and competition between emerging markets. As we have many common grounds, the Government of Japan understands the importance of the basic policy directions and values such as establishing competitive and greener economy, sustainable market economy, and social cohesion which the EU highlighted in EU2020 consultation paper.

Japan and the EU have been working together to lead the world. We hope that the EU continues to cooperate with Japan under EU 2020.

In this regard, the GOJ is glad to inform the Commission, the Japanese Cabinet's decision on the basic policies for New Growth Strategy on December 30 last year. Japan will respond to the challenges in the issues of the people's daily lives head-on and intend to resolve them, thereby creating new demand and employment.

The GOJ shares the view that international trade is one of the motors of growth, employment and investment. As EU and Japan expressed in the Joint Press Statement of the Japan-EU Summit in May 2009 that Japan and the EU should strengthen the integration of our economies and take forward our relations with a view to better exploiting the full potential of our economic relationship. The GOJ believes that our current exercise tasked out from the last Summit will become a solid base for the EU's wider growth opportunities. Our existing dialogs between various authorities at many levels, for example Regulatory Reform Dialog, High Level Consultations, the High-Level Trade Dialogue and the Industrial Policy and Industrial Cooperation Dialogue would also provide useful insights when the EU implements a new growth strategy. The GOJ would like to seize every opportunity to strengthen economic relationship with the EU and tackle global economic challenges.

As for the economic challenges, the GOJ considers that the EU's analysis on the current economic situation in the working paper is fairly accurate and understands the necessity of fiscal support for recovery.

On the other hand, the recent downgrading of the Greek government bond implies that the aftermath of the financial crisis has not fully played out yet. As mentioned in the paragraph 7 of page 8, the risk is particularly recognized against countries which have structural problems since even before the crisis.

With this situation in mind, in addition to achieving a balance between sustainable

economic growth and fiscal soundness by a credible exit strategy, we believe that your Commission should continue due effort to stabilize the financial market.

Also, Japan and the EU share long-term challenges such as responding to an aging society, and must seek sustainable long-term growth. As a source of long-term growth, putting more emphasis on promotion of education, research, innovation and creativity will surely pave the way for more vibrant EU. Japan and the EU signed the long-awaited agreement on cooperation in science and technology in November last year. The GOJ is looking forward to further enhancing our cooperation on this agreement.

The GOJ shares the idea that improving efficient use of resources including energy and applying greener innovative technology are vital for further strengthening energy security, creating employment and maintaining competitiveness. The GOJ also gives the highest policy priority to the promotion of "Green Innovation" which aims at bringing up new industries which contribute to solutions for global issues through research development in the areas of environment, resources and energy. The GOJ welcomes that various cooperation of technical development in the energy field is underway between Japan and the EU, such as Photovoltaic, Power Storage and Carbon Dioxide Capture and Storage (CCS). We hope that our cooperation deepens under EU2020. In this regard, the GOJ would like to clarify the definition of "super grid" referred in the Consultation paper and the difference between "super grid" and "grid". This is because the GOJ had understood that the EU grids were already capable of handling the consumers' demand management and suitable for "a considerable increase in the share of renewable electricity and decentralised generation".

The GOJ expresses its complements to the EU's effort to pursue better EU and its openness to listen to the voices of other players in the international community. The GOJ hopes that its input serves as an aid to the EU's policy formulation.

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