

GJETC Stakeholder Dialogue

Exchange on Policy Frameworks about carbon pricing
mechanisms and their effects on the industry sector in
Japan and Germany



February 18th, 2025

15:30 - 18:00 JST / 7:30 - 10:00 CET

Tokyo / online

Background

Carbon pricing has emerged as an important policy instrument in addressing climate change, yet its successful implementation hinges not just on economic feasibility, but crucially on social acceptance. The complexity of introducing carbon pricing mechanisms extends beyond technical design, requiring a nuanced understanding of how these policies impact different societal groups, from businesses and industries to individual households, and the national economy at large.

The challenge of carbon pricing lies in balancing environmental objectives with economic competitiveness and social equity. Different approaches, including carbon taxes, emission trading systems, and supportive mechanisms like Carbon Contracts for Difference (CCfD) and Carbon Border Adjustments (CBAM), seek to mitigate potential negative economic consequences while driving decarbonization. Critically, the success of these mechanisms depends on their ability to address concerns across various stakeholder groups and manage potential adverse distributional impacts.

As countries like Germany and Japan advance their climate strategies, social acceptance has become a key consideration in carbon pricing design. The growing recognition is that effective climate policy must not only reduce emissions but also ensure a just transition that considers the economic implications for businesses, particularly small and medium-sized enterprises, and minimizes potential burdens on households across different income levels. This holistic approach is crucial in building public support and achieving long-term climate goals.

These different aspects will be discussed in a GJETC Stakeholder Dialogue in Tokyo on February 18th, 2025, all under the title “Exchange on Policy Frameworks about carbon pricing mechanisms and their effects on the industry sector in Japan and Germany”.

Venue

The Institute of Energy Economics (IEEJ), Tokyo

Inui Bldg. 11F, Kachidoki, 13-1 Kachidoki 1-chome,
Chuo-ku, Tokyo 104-0054
(online participation via Zoom possible)

Language

German and Japanese (Simultaneous Translation)

Organized by



Financed by



JST	CET	
15:30	07:30	Welcome
		<i>Technical Introduction</i>
		<i>Welcome by the Co-chairs</i>
15:45	07:45	Results of the GJETC analysis and debate on carbon pricing and social acceptance
16:00	08:00	first round of discussion: challenges
		<i>(2 min input by each stakeholder, followed by Q&A with Council Members)</i>
		<ol style="list-style-type: none">1. What are expectations and concerns among businesses (e.g. EITE companies in industry and SMEs)?2. Which kinds of distributional effects could arise?
16:50	08:50	Break
17:10	09:10	second round of discussion: solutions
		<i>(2 min input by each stakeholder, followed by Q&A with Council Members)</i>
		<ol style="list-style-type: none">3. Which way of using the revenues from carbon pricing is most effective for both social acceptance/preserving competitiveness and climate change mitigation?4. To speed up decarbonization, many experts conclude that carbon pricing must be embedded in a comprehensive package of companion policies.
17:55	09:55	Closing remarks of the GJETC co-chairs
18:00	10:00	End

Guiding Questions

- 1. What are expectations and concerns among businesses (e.g. EITE companies in industry and SMEs)?**
 - Implication for business operation, sales of products, and international competitiveness
 - Interplay between the ETS and taxes

- 2. Which kinds of distributional effects could arise?**
 - e.g. between countries; between industries; between companies and consumers; between income strata among households
 - What would be their impact on social acceptance and competitiveness?
 - What could be done to alleviate them
 - in industry (e.g. direct subsidies, CCfD, CBAM)
 - for households to cope with carbon pricing on electricity or increased prices of industrial products to cope with carbon pricing on electricity or increased prices of industrial products (e.g. direct subsidies, lump-sum repayments)?
 - What are the potential impacts of the CBAM on climate mitigation and competitiveness:
 - In the EU?
 - In Japan?
 - In developing countries and emerging economies?

- 3. Which way of using the revenues from carbon pricing is most effective for both social acceptance/preserving competitiveness and climate change mitigation?**
 - direct financial support for climate change mitigation/energy security investments and innovation (e.g. supporting SMEs, homeowners by grants, audits, tax reliefs, one stop shops etc.)?
 - reducing energy taxes and levies, particularly on electricity?
 - refunding to households via annual lump-sum payments per household - only low-income households or all?
 - other; which?

- 4. To speed up decarbonization, many experts conclude that carbon pricing must be embedded in a comprehensive package of companion policies.**
 - What designs or methods are needed for its smooth and effective implementation?

About the GJETC

The German-Japanese Energy Transition Council (GJETC) is an international model project to strengthen the exchange of knowledge on technologies, policies and the effects of the energy transition. In its form, continuity and size, the GJETC is the first German-Japanese energy transition cooperation project of its kind. Founded in spring 2016, the Council conducts a comprehensive study programme on key topics of the energy transition, holds stakeholder dialogues with industry and civil society and has already published fourteen studies, a series of strategic papers as well as two reports with key recommendations for a successful energy transition in March 2018 and June 2020.

The project, which was jointly initiated by the Wuppertal Institute, ECOS, hennicke.consult and the Institute of Energy Economics Japan (IEEJ/Tokyo), is supported on the Japanese side by the Ministry of Economy, Trade and Industry (METI). On the German side, the Council was funded by the German Federal Environmental Foundation (DBU) and the Mercator Foundation in the 1st and 2nd working phases. In the 3rd phase of the GJETC, the former Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) took over support for the GJETC from the DBU. In the 4th working phase and the current 5th working phase, the Federal Ministry of Economic Affairs and Climate Action (BMWK) is supporting the activities.

The Wuppertal Institute, together with ECOS, is coordinating the Council's work as secretariat in Germany, while the Institute of Energy Economics, Japan (IEEJ) is taking on this task on the Japanese side.

The GJETC studies can be viewed and downloaded at the following link:
<http://www.gjetc.org/publications/>

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