

Summary:

Meet the Co-Chairs & Council Members

The future of carbon pricing and critical raw materials: policy paths for Germany and Japan as partners in the energy transition



February 19th, 2025

11:45 - 12:30 JST

Tokyo

Program

11:30	Registration
11:45 – 12:30	<p>Meet the Co-Chairs & Council Members</p> <p>1) Insights into the council's work:</p> <ul style="list-style-type: none"> • Discussion results and policy recommendations on carbon pricing and critical raw materials • Current political topics regarding the energy transition in Japan and Germany <p><i>Dr. Stefan Thomas, Director of the Research Division Energy, Transport and Climate Policy at the Wuppertal Institute for Climate, Environment and Energy</i></p> <p><i>Prof Tatsuya Terazawa, Chairman and CEO of the Institute of Energy Economics Japan (IEEJ)</i></p> <p><i>and the GJETC <u>Council Members</u></i></p>
	2) Q&A with the audience
12:30 – 13:30	Networking Lunch

Moderation: Mr. Ichiro Kutani, Senior Research Director, Director & Manager, Energy Security Unit, IEEJ

Summary

In its 5th working phase, the German-Japanese Energy Transition Council (GJETC) focuses on two key aspects for a successful energy transition: the effectiveness and public acceptance of carbon pricing and the availability of critical minerals for renewable energy technologies. The GJETC is planning to release two output papers with research and policy recommendations for both topics.

On the occasion of its Council Meeting, the GJETC organized an outreach event on February 19, 2025 in Tokyo. 43 guests followed the invitation and engaged in discussion with the co-chairs of the GJETC as well as its council members. Two research teams consisting of members from the Wuppertal Institute and the Institute for Energy Economics Japan (IEEJ) gave an insight into the current work, preliminary findings and policy recommendations on the two topics, stating that:

- **carbon pricing:** a combination of carbon pricing with financial and technical support for abatement of emissions seems key for both effectiveness and acceptance of carbon pricing by citizens and businesses, using the revenues from carbon pricing to fund the abatement
- **critical raw materials (CRM):** a long-term strategy, based on a quantitative outlook of the supply-demand gaps, encompassing the following, should be established. Japan and Germany could initiate a CRM Club of like-minded CRM supplier and user countries

(See the presentations on the [GJETC outreach webpage](#) for details)

The Q&A with the audience first evolved around the question about whether the current Trump presidency would have any effect on the energy policy of Japan or Germany in the coming years. Both Mr. Terazawa and Mr. Thomas argued that despite the risk of turbulent changes in policy coming from the USA, it was unlikely that either Japan or Germany would strongly course-correct. Mr. Terazawa emphasized that the Japanese government is not going to change their UN climate targets for 2030 and 2050. Mr. Thomas added that the position Germany will take in the next years in regards to energy and climate is contingent on the new coalition that will form based on the February 2025 election results. Mr. Thomas also expanded on the point made by Terazawa that Germany, too, has committed to UN climate targets and furthermore the targets laid out by the EU. All democratic parties in Germany, he added, are in support of climate action, but differences in concrete policy approaches such as the ones regarding carbon capture, utilization, and storage as well as heating systems still remain.

Regarding competitiveness in the economy, questions were raised about how industry can remain competitive in the context of high energy prices. Mr. Thomas stated that external factors such as the increasing energy demand of the world economy and the end of purchasing pipeline natural gas from Russia has caused prices to surge, but that measures to support companies are already underway. He stressed that energy efficiency is a key lever for balancing out increased prices, as well.

It was further added that Germany already has a solid policy strategy for the energy sector, but is still lacking in regards to transport and buildings, which play a significant factor in reaching greenhouse gas emission targets. Another point raised during the discussion was the fact that Japan is still behind on expanding renewable energy supply and that the role of nuclear reactors in the energy mix are considered in Japan to be robust in supplying stable and decarbonized electricity.

Mr. Terazawa pointed out that for the Japanese economy, maintaining competitiveness in the market has the highest priority and that a high level of energy security is a necessity for achieving this, which makes the continued use of nuclear power a logical solution for the relevant stakeholders. Due to the fact that Japan is highly limited in its available space, there is little potential for large scale solar farms or wind turbines, he states, pointing towards off-shore projects as a possible solution.

Regarding the creation of a supply network for critical raw materials such as a CRM Club mentioned as a policy recommendation, the potential next steps for such a network were discussed. Mr. Terazawa stated that Japan is planning to pursue multilateral collaboration with the USA and Australia and that without a solid supply network, neither Germany nor Japan will be capable of scaling economic efforts or maintaining competitiveness with China.

He further commented that, similarly to oil reserves, a stockpile of critical raw materials within the supply network could be a potential policy approach to be pursued, stressing that collaboration between like-minded countries would be crucial for such an endeavour, particularly in case of embargoes.