ISAP SESSION SUMMARY 12

PL-11: Creating New Financial Flows: Extensive Diffusion of Renewable Energy through Green Gifts

Wednesday, 24 July 2013, 13:45

In Japan, interest over green investment has been growing, with private capital of around JPY4 trillion per year already invested in renewable energy. Policies such as FIT (Fixed in Tariff) which was passed last year, have pushed this trend forward. At the same time, if society plans to shift 30 % of its energy sources toward renewable energy, Japan needs ten times the current investment base. Public funds certainly play an important role, but they may not be sufficient. This session drew attention to the transfer of individual savings into long-term investment for renewable energy. It introduced a new tax benefit scheme called Green Gift, which aims to enhance capital transfer from grandparents to the younger generations, by creating a tax benefit.[1]

Shuichi Kato, Member of the House of Councilors, joined the session to give an opening speech in which he mentioned his strong commitment to making Green Gifts a priority policy. He also agreed that the Government needed to indicate a clearer roadmap on energy policy.

Kazuhiro Ueta, Professor, and Dean of the Graduate School of Economics at Kyoto University, highlighted the importance of converting the good will of individual citizens into tangible policy, and Green Gifts could be one way of doing this.

Rae Kwon Chung, Director, Environment and Development Division, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) stressed tax neutrality, and the importance to pass the law with the encouragement to the Diet members.

Richard Oppenheim, First Secretary and Head of the Climate Change and Energy Section, British Embassy Tokyo agreed on a need for a package policy to ensure long-term return.

Sachiko Ai, Senior Deputy General Manager and Senior Chief Manager of Environmental Product Development Office, Frontier Strategy Planning and Support Division, Mitsubishi UFJ Trust and Banking Corporation, confirmed that the tax incentives to be a trigger to boost the existing investment interest over renewable energy.

Masahiro Kobayashi, General Manager, Offering Ecological Solutions, Aeon Delight, claimed that reducing energy was crucial as it directly comes back to his company's business costs. He added that creating energy was their next target and he explained the high potential that Green Gifts could have on their business.

Hikaru Kobayashi, Professor of Graduate School of Media and Governance, Keio University (SFC) concluded by stating the necessity to receive a clear view from the Government, and to make Green Gift a package policy. The discussion concluded that the economy could be revitalised through such gifts, and that the policy could provide security to investors when taking long term investments, thus ensuring new capital flow.

Reported by Haruka Miki, Green Economy Area, IGES

[1] Green Gift is a newly proposed tax benefit policy so that grand parents' donated capital to their grandchildren is exempt from donation tax, if the money is invested in renewable energy-related infrastructure. The policy was proposed by IGES and is yet to be considered by the Japanese Government. The proposal uses a similar scheme as a tax benefit for education expenses which began in Japan in summer 2013.