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produced by The Japan Times Cube

sustainable japan

Japan’s regions offer models for world sustainability

ESG Talk

TOMOKO KAICHI
CONTRIBUTING WRITER

For the goal of making Japan carbon neutral by 2050, the Ministry of the Environment is supporting regional efforts through measures including legislation and subsidies. Tokutaro Nakai, vice minister of the ministry, says his ambition in his role is to set off a “decarbonization domino effect” on a global scale by supporting the promotion of successful models in Japan as well as the rest of the world.

There is an initiative underway across Japan to combine efforts of local governments, businesses and citizens’ groups to achieve “local SDGs” and to create “regional circular and ecological spheres.” The concept was proposed by the Ministry of the Environment in 2014 and was incorporated into the fifth basic environmental plan approved by the Cabinet in 2018.

The initiative seeks simultaneous achievement of the social and economic regeneration of the region and its environmental improvement, such as promoting decarbonization and conservation and regeneration of the natural environment. It encourages agricultural, mountainous and fishing villages and urban regions to form self-reliant and decentralized society, and complement and support one another by circulating local



Nakai joined the Ministry of Finance in 1985 and transferred to the Ministry of the Environment in July 2011. HIROMICHI MATONO

resources, including nature, physical materials, human resources and funds.

It is characterized by its goal of achieving integrated development of the environmental, economic and social areas, which is a departure from the typical thinking during the period of high economic growth, in which either the economy or environmental conservation was prioritized, not both.

Top use of regional strengths

As technologies, including digital technology, developed and found wider uses, they helped accelerate the formation of the regional circular and ecological sphere. “It has become possible to put regional strengths to maximum use, including renewable energy, food and tourism resources created from the blessings of nature found in forests, rural areas, rivers and the sea,” Nakai said.

The bottom-up way of thinking, in which efforts to achieve the SDGs are led by regional communities, is essential for realizing the local SDGs, he added. “Local communities and individuals are like cells that form the human body,” Nakai said. “Each of them needs to make maximum use of their potential and take action to nurse ailing regions and the Earth back to health.”

Nakai also stressed the importance of regional financial institutions, which have firmly established their positions in their areas. They form a “twin turbo engine” combined with local governments, which lead the effort. While the central government plans to support local governments through grants to promote regional decarbonization efforts, gaining the understanding and cooperation of private-sector financial institutions, including regional banks and credit unions, is indispensable. It is the case especially for realizing a large project that involves regional companies, as they have developed relationships of trust with regional economic entities over many years.

The government aims to designate at least 100 “decarbonization leading areas” by the



Tokutaro Nakai, vice minister of the Ministry of the Environment HIROMICHI MATONO

end of March 2031 and is inviting local governments to submit requests for grants. The support will continue to be offered in intervals of five to 10 years, and the government plans to promote models that prove successful in Japan as well as overseas.

Leading models

There are already examples of leading models. In the Chiba Prefecture town of Mutsuzawa, “regional microgrid” was constructed using renewable energy sources such as solar power and regional resources

such as natural gas. The microgrid can maintain a stable supply of electricity even if a blackout is caused by a natural disaster such as a typhoon or earthquake. In the Okayama Prefecture city of Maniwa, where forests occupy about 80% of the area, a biomass power project, which generates power using wood waste from forest thinning and timber offcuts collected from forestry and lumber businesses, was launched entirely on local funding. The power plant, whose generation capacity can cover the combined power demand

of all households in the city, created jobs not only at the facility itself but also in the forestry industry, helping to revitalize the regional economy.

“Japan’s industry has historically developed on a philosophy of seeking to benefit not just oneself but all three stakeholders, which are the seller, the buyer and the community, thereby contributing to society,” Nakai said. He believes the SDGs philosophy of “leaving no one behind” has many aspects in common with the mentality and experiences of the Japanese. “We want to contribute to the rest of the world by promoting the models that have proved successful in regions of Japan overseas, working with large, medium and regional companies that are behind them,” Nakai said. “I think they can serve as models for countries in Asia and Africa, which paint a scenario of transitioning to a carbon neutral economy while protecting natural ecosystems.” If successful examples increase, it may be possible to rapidly set off decarbonization efforts in Japan and overseas, like a domino effect.

To international contribution

The so-called Joint Crediting Mechanism (JCM), which aims to contribute to the reduction of greenhouse gases on a global scale by promoting the use of superior decarbonization technologies in developing countries, had been used in 205 projects across 17 countries by the end of December. According to Nakai, the government has begun discussions with relevant ministries and agencies on ways to promote JCM projects funded by private-sector money, rather than just government subsidies. These projects range widely, from power generation using waste materials to renewable energy development.

Participants in the 2021 U.N. Climate Change Conference, held in Scotland in November, in effect agreed to — in Nakai’s word — “upgrade” the previous



Before taking up his current post, Nakai served in the ministry as counselor of the minister’s secretariat and director-general of the waste management and recycling department, among other positions. HIROMICHI MATONO

target of limiting the increase in the global average temperature, from well below 2 degrees Celsius above pre-industrial levels to below 1.5 C. The world has entered the “phase where we work to pursue the outcome of reducing emissions” this year, Nakai said.

In its April 2021 report on final measurements of greenhouse gas emissions in the fiscal year that ended in March 2020, the Japanese government reported that the country’s greenhouse gas emissions per gross domestic product had decreased for seven consecutive years. Nakai said Japan’s strength lies in its steady track record of reducing emissions, which has helped it win trust from the international community. That, he added, also has made him feel responsibility to do a good job.

“I want to help promote successful regional models (of Japan) overseas and contribute to the international community,” he said.

The ESG Talk series are interviews with business leaders who are active proponents of ESG investing and practices in Japan.



Onbeat magazine: Where all of Japan’s arts and the future meet

ESG/SDGs

MAIKO MURAOKA
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Onbeat, a semiannual bilingual magazine for art and culture from Japan, covers a wide variety of genres, including art, architecture, crafts, fashion and music. The magazine has featured interviews and feature articles with top creators such as teamLab, Hiroshi Sugimoto, Kohei Nawa, Hiroshi Senju, Kengo Kuma, Tadao Ando and Issey Miyake, as well as popular serial projects by authors such as Yoichi Ochiai.

Since it does not focus only on a specific art form, it not only allows you to read about what you like in both Japanese and English, but also provides serendipitous encounters with inspiring works in art categories that are new to you. “The concept is to introduce talented Japanese creators of any genre,” said Hirotaka Fujita, editor-in-chief of Onbeat and CEO of the company of the same name.

He explained that the musical term “on-beat,” for accenting the first and third beats in a bar of four-four time, which he took as the magazine’s name, is the typical rhythm used in music played in Japanese traditional festivals and sacred kagura dance performances at shrines. “The magazine encourages new kinds of expression as a result of updating traditions in modern ways,” he said.



The cover of Onbeat’s 16th issue ONBEAT

It was his encounter with African pop music that led him to this idea. He discovered that African musicians, instead of imitating Western music, were rather keeping the core of their own traditions and combining them with modern elements to create original music, “an ideal model of updating traditions to the present day.” He is a musician himself, and could not stop himself from traveling to Africa to experience life and music there, where he made special connections with famous African pop musicians such as Salif Keita and Youssou N’Dour.

Behind what Fujita tries to do through Onbeat is his own experience of rediscovering the depth of the culture of his own country when he lived in Paris for a few years after his trip to Africa. “While I was living in Paris, I was blessed with an opportunity to visit art galleries and museums almost daily, and I realized that Japanese culture had developed not in a human-centric way, but in harmony with nature,” he said.

“But at the same time, I felt that the Japanese people of today are not able to appreciate their own art and culture based on their own tradition for themselves and communicate its value to the people of the world, which is a great shame.”

He said many Japanese artists have high skills but are not trained to explain their works in words, which is partly why it is difficult to make a living as an artist. “Art education in Western countries focuses on training how to illustrate the concept, originality, novelty and significance of one’s works in art history, because the goal is to live as an artist,” Fujita said.

That is why he made the magazine entirely bilingual from the first volume, which was published in 2014 and focused particularly on in-depth interviews. The next issue of Onbeat, coming up in June, will be the 16th issue. It will feature articles on designer Tamae Hirokawa, film director Naomi Kawase, architect Junya Ishigami and contemporary artist Yukinori Yanagi and Makoto Aida.

Fujita said the company is starting new projects outside the magazine and art books, leading up to its 10th anniversary year in 2023. Onbeat has signed a partnership agreement with Jeane Inc., based in



Hirotaka Fujita, Onbeat editor-in-chief and CEO ONBEAT

Tokyo’s Shibuya Ward, which provides digital marketing support services and operates the Yugen Gallery, a contemporary art gallery. “We will utilize the online and offline Yugen Gallery as a platform to sell and promote contemporary art,” Fujita said.

Onbeat is also started a collaboration named Nanotech Meets Art Project with Japan Nano Coat Co. Ltd., a company in Tokyo’s Taito Ward that specializes in the research, development and manufacturing of nano coating agents. “Applying nanotechnology in arts and crafts will enable better preservation and use of new materials. As the first collaboration under this project, our nano coating technology was used in a new work by sculptor Kohei Nawa, which is to be exhibited for a few years in Marunouchi Street Gallery, as an open-air gallery in Marunouchi from late May,” Fujita said, with construction by Be Factory Co. Ltd.

Onbeat is also promoting Ronin | Globus | Onbeat Artist-in-Residence, a program that promotes cross-cultural dialogue by giving young and midcareer Japanese artists the opportunity to stay, create and exhibit in New York City.

“We aim to go beyond making magazines, becoming a hub that connects various kinds of arts and artists, regardless of genres, to make an impact on society,” Fujita said.

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Unraveling Japanese companies

TOMOKO KAICHI
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Lifull Co. operates Lifull Home’s, one of the largest real estate and housing information websites in Japan. It also operates businesses in other wide-ranging areas, including regional revitalization, nursing care and support for women in raising children and training for jobs, and engages in initiatives to help develop new markets, including efforts to promote small-lot real estate investments using blockchain technology.

As its corporate message says, the company aims to make “every life full” by resolving social issues through its business. Company President Takashi Inoue got together with serie’s host Naonori Kimura to discuss about his ultimate goal. Personally, he would like to contribute to realizing world peace and the well-being of all humanity. “I want to make the world a place where all its 7.8 billion inhabitants can feel safe and happy. If you make someone happy, happiness will come back to you” said Inoue, who cited altruism as the company’s credo and his key guiding principle since he started his first business at age 26.

In the area of regional revitalization alone, for example, the company currently engages in as many as 10 projects. One of them is LivingAnywhere Commons, which aims to co-create a lifestyle in which people can live anywhere they wish, doing anything they choose, without being bound by restrictions of where their home is located.



Takashi Inoue, representative director and president of Lifull Co. THE JAPAN TIMES.

Under the project, the company turns unused properties across Japan, including disused corporate resort facilities and abandoned schools, into facilities with both work and living spaces where individual and corporate users can stay for extended periods.

For individual users, the company offers a subscription service that lets them stay whenever they like and for as long as they like for a monthly fee of ¥25,000 (\$200), which covers the costs of water, lighting, heating and communications.

“You can stay in the facilities for even a year as long as you can afford to pay ¥300,000 (in annual fees) and for food,” Inoue said. “In the future, if technology reduces the marginal cost close to zero, you will be able live comfortably even with low living expenses.”

Inoue said he aims to increase the number of these facilities, which currently total 32 nationwide, to 100 by the end of 2023, and hopes to help revitalize regional communities using them.

In October 2021, Inoue founded the Nasucon Valley Council in a joint initiative with businesses, including Nippon Parking Development Co., and local governments, and was appointed its first representative director.

The council uses Nasucon Valley, a privately owned tract of land 170 times larger than the Tokyo Dome stadium in the Tochigi Prefecture town of Nasu, as a testing ground for next-generation technologies to help them find practical use.

Businesses participating in the initiative have been increasing. They currently include Fujitsu Ltd.; Prime Life Technologies Corp., a joint venture between Panasonic Corp. and Toyota Motor Corp.; Hakuodo Inc.; and Rakuten Group Inc. Currently, projects are underway in



Lifull is a company that mainly operates a real estate information service in 63 countries. LIFULL

fields including drones, self-driving cars, recycling-oriented and autonomous decentralized utilities, next-generation energy, telemedicine and food tech.

Inoue said he plans to take innovations born in Nasucon Valley to LivingAnywhere Commons facilities to seek opportunities for using them

to help regional revitalization and resolve social issues in developing countries.

“We aim to increase the well-being of each individual and use technologies to accelerate (the development of) social systems,” Inoue said. “If we can maximize this multiplying impact, we might be able to make our society full of happiness and realize world peace. I want to do whatever I can as an entrepreneur to change our society and I will keep doing what I do until I turn 100 years old.”



NAONORI KIMURA
INDUSTRIAL GROWTH PLATFORM, INC. (IGPI) PARTNER



It is really wonderful that a grand vision and unwavering values are firmly established not only in Lifull President Inoue but also across the company as the basis for judgments.

Co-creating many types of social value with an altruistic attitude toward stakeholders — the corporate culture that drives this in a pure, honest manner is the essence of sustainability management.

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