

Recommendation #2 [Approved February 28, 2019] on U.S.-Japan Trade Agreement Negotiating Objectives

We recommend that the Secretary provide advice and technical support to the Office of the U.S. Trade Representative in negotiation of a U.S.-Japan Trade Agreement (“Agreement”) that will enable U.S. exports of renewable energy and energy efficiency goods and services to Japan to be fairly compared for their ability to deliver best value to energy markets. The terms of the Agreement should include commitments that facilitate market access and create greater compatibility and thereby enhance the export competitiveness of U.S. companies seeking to serve the Japanese market, which is significant on its own as well as a key leader in the greater Indo-Pacific region.

Sub-Committee:

Market Access

Background Information:

In 2016, the Department of Commerce’s International Trade Administration Top Market Reports cited Japan as one of the top markets in the region for investment in renewable energy generation. However, market share of U.S. suppliers remains low relative to competitors. In 2018, the Japanese government adopted a revised basic energy plan indicating intent to drive growth in renewable energy generation to as much as 24 percent of the nation’s total electricity generation by 2030.

In the area of energy efficiency, Japan has mandatory (“Top Runner”) minimum energy performance standards for many products. In 2020, full compliance with national regulations for energy performance of buildings will become mandatory, supporting market demand for higher efficiency climate control, water heating, and lighting products as well as building envelope technologies including insulation, windows, and roofing. Builders of residential properties are also aiming for lower energy usage, combined with onsite renewable generation (wind, solar) and energy storage to achieve Zero Energy Housing (ZEH).

Expected Effect on U.S. Export Competitiveness:

A U.S.-Japan Trade Agreement should commit the first- and third-largest economies in the world to (1) much greater transparency and information exchange on RE&EE matters, including technical and safety standards, and (2) market liberalization and openness in Japan to U.S. RE&EE products and services exports.

Specific Agencies Responsible for Implementation:

U.S. Department of Commerce, Office of the U.S. Trade Representative, U.S. Department of State, and U.S. Department of Energy

Key Milestones to Track Success:

- Inclusion of RE&EE-export-beneficial provisions in the U.S.-Japan Trade Agreement, including:
 - Liberalization of energy services and tariff-free market access for RE&EE goods and services (referencing technologies covered in the REEEAC charter)
 - Adoption of modern regulatory approaches and market designs that fairly compare all energy sector technologies

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- Adoption of technology-agnostic procurement mechanisms that deliver evidence-based best lifecycle value to meet energy market requirements
- Compliance with robust and enforceable intellectual property rights
- Provisions eliminating tariffs for imports in the sector, with an emphasis on products that are subsequently re-exported to third countries
- Elimination of unjustified barriers to international harmonization of codes and standards for hardware, software, communications, safety and security
- Value of U.S. exports to Japan of RE&EE products and services