(Provisional Translation)

Remarks by Mr Naoto Kan, Prime Minister of Japan
at the Deauville G8 Summit

1. Introduction

An earthquake and tsunami of unprecedented magnitude struck Japan on March 11. I would like to express my heartfelt gratitude for assistance and solidarity from around the world we have received since then. In particular, I received calls of condolence as well as letters of encouragement from all of you, and President Sarkozy, you communicated your message of solace directly when you visited Japan.

I would like to reiterate my appreciation to the international community for providing various kinds of assistance to stabilize the situation without delay following the accident at the Fukushima Daiichi Nuclear Power Station. Things are steadily becoming more settled there owing to the mobilisation of the wisdom and technology received from around the world. Japan will do its utmost to bring the situation completely under control until next January.

Japan remains open for business and tourism. The level of radioactive materials is decreasing and, except the area surrounding the Fukushima Nuclear Power Station, is not such as to be harmful to human health at all, including in Tokyo.

Moreover, economic activities are rapidly coming back. The Shinkansen bullet train service has been quickly restored to normal, and airports and ports have reopened. Despite having been damaged by the earthquake, more than 60 percent of the production bases are already back in operation and the remaining 30 percent or so are expected to recover by summer.

After I had explained Japan's Fiscal Management Strategy and the New Growth Strategy at last year's Muskoka G8 Summit, I have been making further efforts in realizing new growth such as through the formulation of the Basic Policy on Comprehensive Economic Partnerships. Last week, we adopted a cabinet decision on the Guideline on Policy Promotion that states our adherence to these basic policies after the recent earthquake. I regard this as an important opportunity to bring about Japan's 'rebirth', and I will make every effort in the process of post-disaster reconstruction.

2. Nuclear Power Station: Stabilising Fukushima

I would like to express my regret for anxiety in the international community about the recent nuclear accidents generated.

The imminent challenge is to cool down the nuclear reactor and to inhibit and control the diffusion of radioactive materials. We will make efforts to achieve this by January next year in line with the Roadmap. Moreover, Japan will provide all information to the international community with maximum transparency. Furthermore, I have launched the Accident Investigation and Verification Committee, which will undertake its activity based on the three policies of "independence", "openness" and "comprehensiveness." We will also listen to the views of foreign experts. All the results will be made public and Japan will take active steps to ensure nuclear safety in the future.

The most important issue is to protect all people from injury caused by radiation. In Japan, measures have been taken to prevent the distribution of the food products that have higher radiation levels than regulated limits, and safety is ensured for industrial items as well. I would like to ask G8 countries to base decisions on scientific evidence, in undertaking transactions with Japan.

3. Four Challenges in Opening up a Future for Energy

In response to the earthquake and nuclear accident, Japan will review its Basic Energy Plan. We will be adding the two pillars of "renewable energy" and "energy efficiency" to the two existing pillars of "nuclear power" and "fossil fuels", thus creating a four-pronged strategy. We will face the four challenges in order to forge a future path for energy.

(i) Nuclear Power: Improving Safety

The first challenge is to further improve nuclear safety. The recent nuclear accident was an unprecedented experience with the following three features: (a) natural disasters and nuclear accidents occurred simultaneously; (b) accidents at a number of nuclear reactors unfolded simultaneously; and (c) accidents will continue to unfold for the long term. It is Japan's responsibility to share the lessons learned from this experience with the international community.

We will tackle the challenge of achieving the highest levels of nuclear safety worldwide including the measures with which to respond to earthquakes and tsunamis.

At the same time, we will provide the world with information relating to the recent nuclear disaster in an expeditious manner as well as conducting an exhaustive investigation to determine the causes of the disaster in cooperation with experts around the world. We will do our utmost to make an effective contribution in this regard, starting with the development of nuclear safety standards, in which the IAEA will play a central role, based on the expertise gathered from its verification activities.

From this perspective, in the latter half of next year, based on the deliberations of the Accident Investigation and Verification Committee, we would like to host, in cooperation with the IAEA, an

international conference on nuclear safety in Japan, to which we expect for the G8 countries' participation.

(ii) Fossil Fuel: Reducing the Environmental Burden

The second challenge is to boldly reduce the burdens of fossil fuel on the environment. While fossil fuel is expected to make up over 60 percent of global energy resources in the mid to long term, we will thoroughly promote the efficient use of fossil fuel thereby attempting to reach the limits of CO2 emissions reduction.

For example, we will accelerate the spread of distributed generation systems, and promote the efficient use of large volumes of unused heat which had been wasted in conventional large-scale thermal power generation systems.

Moreover, by combining fuel-cells with IGCC (integrated coal gasification combined cycle), we will increase thermal efficiency by 50 percent and decrease carbon dioxide emissions.

(iii) Renewable Energy: Enhancing Practical Use Dramatically

The third challenge is to dramatically enhance the use of renewable energy. What we should learn from the series of earthquakes and tsunami is not to fear nature but to live in harmony with it and to make the best use of its blessings.

We will take on the challenge of dramatically enhancing the practical use of renewable energy so that it becomes one of the key energy sources for the future.

We will work on bold technical innovations with the aim of increasing the share of renewable energy in total electric power supply to reach at least 20 percent by the earliest possible in 2020s. As a first step for this purpose, we will reduce the cost of generating power by solar cells to one-third by 2020 and one-sixth by 2030, with the aim of installing solar panels on all the roots of 10 million houses capable of installation. Moreover, by pooling our technological strengths we will seek to introduce in the 2020s large-scale oceanic wind power, next-generation biomass fuel such as from algae, biomass energy and geothermal energy.

(iv) Energy Saving: Pursuing limitlessly for Possibilities

The fourth challenge is the limitless pursuit for possible means of energy saving. The earthquake has presented an opportunity for us to question our society which has acquiesced in the endless expansion of energy consumption.

Japan will encourage the creation of new work and lifestyles by transforming its economy and

society more energy-efficient.

In Japan, wisdom for living has been passed on through generations, such as cooling off by lowering the outside temperature by spraying water on the roads, while setting bamboo screens against our windows to avoid the sun and to let the natural breeze come through. By combining these traditional pieces of wisdom with cutting-edge technology, we are embarking on the creation of new houses and towns. For example, we will lower the daytime temperature in urban areas by using sprinklers and dry mist systems. We will increase heating and cooling efficiency by capturing air under the floors and in the walls.

Concurrently, by integrating natural energy and cogeneration technology with smart-grid technology, we will seek to achieve transformation from a large-scale centralized system to a high-level energy saving distributed system that brings out the features of a region or a community.

4. Closing

Through the four challenges, Japan will create a new society model for the 21st century. This would be the best possible form of Japan's expression of gratitude to the international community after having faced the unprecedented challenge. I would like to thank President Sarkozy for his consideration in offering me this opportunity to make an opening statement.