

**U.S.-Japan Internet Economy
Private Working Group Joint
Statement 2019**

October 9, 2019

Introduction

Since 2012, the Japanese and US business communities have jointly publicized industry views from a global perspective on matters such as cross-border data flow, balancing the use and protection of personal information, and cybersecurity, while promoting collaborative development of the digital market and infrastructure in third countries. Based on these experiences and views, Keidanren, the American Chamber of Commerce in Japan (ACCJ), and the U.S. Chamber of Commerce have created this joint declaration to suggest the direction that Japan and the US should take, including specific measures that we recommend be addressed.

I. Developing policy frameworks to utilize data

(1) Establish the next generation data governance framework

To foster digital trade and e-commerce, we recommend that digital products and services should be accorded non-discriminatory treatment, and that no tariffs be imposed on electronic transmissions. In light of the differences that exist in national laws and regulations from country to country, priority should be given to the following items in establishing a next-generation framework for data governance.

- Promoting international interoperability of risk-based security and privacy protection standards across jurisdictions to ensure the free flow of data, information, ideas and knowledge across borders, while respecting each nation's legal frameworks regarding privacy, data protection, and intellectual property rights. We encourage the two governments to do this through bilateral, plurilateral, and multilateral trade agreements, as well as through other established mechanisms, such as the APEC Cross-Border Privacy Rules system, and emerging concepts such as the Data Free Flow with Trust (DFFT) initiative agreed at the 2019 G20 Osaka Summit.
- Fostering e-commerce by ensuring the independence of business decisions regarding the location of computing facilities and the confidentiality of corporate information.

Japan and the United States should encourage the development of methods for data utilization by the private sector to spur the development of next-generation technologies including blockchain, IoT, AI, and advanced manufacturing/3D modelling.

(2) Achieving WTO rules on electronic commerce

The digital economy has been expanding rapidly, current WTO rules no longer adequately address today's challenges. In this context, we note the progress achieved under the Joint Statement on Electronic Commerce issued by 76 members on 25 January 2019. To understand the real changes in business and to ensure a business-friendly environment, we support the acceleration of talks aiming at achieving WTO rules on trade-related aspects of electronic commerce and encourage the members concerned to work in an innovative, open and inclusive manner to achieve positive results with the participation of as many members as possible. In particular, we hope to see meaningful developments from discussions at "Osaka Track," an important part of the process of promoting international rule-making on data flow and on trade-related aspects of electronic commerce at the WTO.

Japan and the United States should make every possible effort to keep electronic commerce high on the agenda at international forums, as part of efforts toward achieving the supremely important objective of a permanent moratorium on tariffs on electronic commerce.

II. Promoting international cooperation in the field of cybersecurity

Globally coordinated approaches to cybersecurity are indispensable to business operations and global economic growth. Japan and the US should work closely to:

- Provide incentives for companies to voluntarily strengthen their cybersecurity.
- Promote risk-based approaches that rely on consensus-based standards and best practices for risk management to identify and protect against cybersecurity risks and to detect, respond to, and recover from cybersecurity events.

- Encourage meaningful and voluntary cross-border information sharing programs on cyberattacks and cybersecurity incidents across different firms and sectors.
- Utilize meaningful and voluntary public-private partnership efforts to defend citizens, industries and public bodies against cyberattacks by state and non-state actors. Enhanced cooperation between Japan and the US and at international forums such as the UN Group of Governmental Experts on Cybersecurity is crucial to this end.
- Improve education about cybersecurity.

III. Promoting utilization of trustworthy AI

In order to maximize the social and economic benefits of digital technology based on AI research and development and increased investment in human capital, it is essential to build trustworthy AI and transform the two countries into “AI-ready” societies. Here, AI and other digital technologies should be utilized inter alia to help achieve the SDGs, including development goals related to energy consumption, climate change and healthcare. To this end, it is imperative for the governments to open public data sets and improve the quality and usability of data sets through, for example, greater digitization, standardized documentation and formatting, and additional budgetary resources.

However, as with every industrial revolution, we recognize the need to overcome social challenges. The OECD has developed recommendations for AI that provide a strong foundation for this effort. As frontrunners, Japan and the United States should work together with businesses and other stakeholders to establish holistic, human-centered, and future-oriented AI development and principles for its utilization in ways that will foster trust and encourage its wide adoption throughout society, allowing the full benefits of the technology to be reaped.