

*Introduction*

*Since 2012, representatives of Japanese and U.S. industry have been contributing to the U.S.-Japan Internet Economy Dialogue by further developing the framework for dialogue regarding policies on the digital economy, cooperation on cyber security, proactively communicating their comments on promoting reliable use of AI, and jointly contributing to the development of digital markets and infrastructure in third countries. Based on our experience and contributions to date, as well as recent developments surrounding the digital economy including the U.S.-Japan Summit that took place in April 2021, representatives from both countries make the following statement regarding the direction that the U.S. and Japan should explore and concrete measures that need to be tackled.*

*1. Trusted Digital Infrastructure in the 5G Era and Beyond*

*Infrastructure for 5G and beyond 5G, which will provide the foundation for a variety of industries, is expected to make a major contribution to integrating the real world with cyberspace and making Society 5.0 a reality. At the same time, the threat from cyber-risks is also mounting as a result of closer connectivity and greater dependence of economic activities across the real world and cyberspace. To build a trusted, safe and secure network environment, the U.S. and Japan, including government and industry stakeholders, should closely coordinate and cooperate in the following areas.*

- *Promote new technologies including Open RAN and 5G and beyond (6G) and accelerate their deployment*
- *Reinforce cyber security particularly with regard to the IoT*
- *Establish a bold partnership on the semi-conductor supply chain for the development and protection of important technology*
- *Strengthen partnership on development of international technical standards*

*2. Promoting Digitalization in the Post-COVID era and Enhancing Competitiveness through Use of Trusted AI*

*( 1 ) Promoting Digitization*

*The global pandemic underlined the urgent need to promote the use of digital technologies including cloud technologies in the public sector including healthcare, education, and administration. In the post-COVID era, it will be vital for the U.S. and Japan to share experiences*

*and build an effective framework for promoting digitization.*

*( 2 ) Use of AI*

*AI is expected to serve as a core technology that is essential to the growth of all businesses. Against such a backdrop, innovative businesses empowered by AI have been emerging both in the U.S. and Japan. The principles for AI development and use have been formulated at the OECD, G7 and G20. More should be done to increase awareness of these principles among a wider range of countries through U.S.-Japan cooperation using the APEC and other fora.*

*In order to strengthen the competitiveness of both the U.S and Japan going forward, the industrial sectors of both countries present in the attachment to this statement a selection of examples for the effective use of AI and related digital technologies in businesses.*

*~ Examples of Data Use~ (See the details in Annex)*

*Examples from Japan*

- 1. Data-driven smart agricultural solutions*
- 2. Sapporo City's project to build data-utilization platform*
- 3. Infectious disease forecasting service*
- 4. AI-driven drug discovery*
- 5. Utilization of medical and health data*

*Examples from the United States*

- 1. Industrial manufacturing (measuring and certifying of the safety of autonomous vehicle, etc.)*
- 2. Retail (deep learning driven demand prediction)*
- 3. Education (enrichment of online education)*
- 4. Government services (data sharing across public and private sector, etc.)*

*3. Building Next Generation Data Transfers Framework*

*There is a need to establish a system or framework of international cooperation to do away with data localization requirements, since these requirements for data localization not only impose additional costs on overseas businesses but also can be a factor in hindering innovation and economic growth in the country that imposes such regulations. Under the strong leadership of the U.S. and Japan, industry representatives from both countries hope that discussions will be further developed at OECD.*

*It is important to promote Data Free Flow with Trust (DFFT) by discussing the challenges of*

*cross-border data flows at international fora and coordinating globally with countries to solve these challenges. To remove the factors that inhibit data flows, the U.S. and Japan should proactively take measures to reinforce interoperability between the two countries with regard to privacy and data protection, work to expand the international framework for cross-border data flows, and harmonize legal systems for data protection with the APEC Cross-Border Privacy Rules (CBPR) in mind. For example, rule-making efforts should be explored for free flow of data incorporating a wide range of stakeholders including OECD member countries such as the EU and the UK and ASEAN countries.*

*Representatives of both countries look for a further deepening of discussions at the OECD aimed at establishing high-level principles on government access and hope that an agreement will be reached as soon as possible.*

*Building on the Japan-EU data transfers agreement and the anticipated swift conclusion of negotiations for a new transatlantic data transfer agreement between the US and EU, both industries urge progress on a more durable multilateral framework to facilitate cross-border data transfer, while protecting privacy, among key countries including the U.S., Europe and Japan.*

#### *4. US-Japan Leadership in Fostering a Globally Harmonized Business Environment*

*In order to build a globally harmonized business environment, it is essential for Japan and the United States to lead the world in coordinating the development and application of technology and in harmonizing laws and regulations. Japan and the U.S. should also work closely to achieve the following aims.*

- *The United States and Japan should jointly exercise leadership in promoting key agendas at the Internet Governance Forum scheduled to take place in 2023 and at international fora including the OECD, APEC, G7 and G20.*
- *Make the results of R&D led by U.S and Japan, including high-quality AI, digital technologies and Open RAN, available to third countries under the Global Digital Connectivity Partnership (GDCCP).*
- *Promote the establishment of a legal framework for sharing intelligence on threats in order to create and reinforce safe, trusted and fair cyber space.*
- *Take steps to put in place a system of regulations that do not excessively restrict business activities that make use of digital technologies and data, and promote innovation in the U.S. and Japan through harmonization of regulations and systems*
- *Help our economies to recover quickly from the impact of the pandemic, and respond to environmental problems through public-private cooperation in order to develop U.S.-Japan models that can ensure innovation by making the best use of digital technologies, including the implementation of Green ICT (Sustainable Digital Development).*

### *Closing Remarks*

*In addition to the key points including 5G/Beyond 5G and Cross-border data flows discussed in this statement, the importance of new perspectives such as Green ICT is also increasing as a way of promoting competitiveness and innovation, as seen in the Competitiveness and Resilience Partnership agreed at the US-Japan Summit in April 2021 and further discussed at the subsequent Climate Change Summit.*

*In addition to making Green ICT a reality, in order to promote the competitiveness of both countries in the fields of digital technology and science and technology, it will be necessary to promote regulatory reform and innovation to increase the generation and use of renewable energy.*

*The industrial sectors in both the U.S. and Japan will continue to work energetically on these latest trends affecting the digital economy, and coordinate closely in order to share effective policy proposals with the U.S. and Japanese governments and ensure the continued development of both countries.*

