

**U.S. – Japan Internet Economy Industry Forum
Joint Statement 2014**

*American Chamber of Commerce in Japan
Keidanren*

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The joint-statement by the U.S. and Japanese business communities in October of 2013 posited information and communications technology (ICT) as a driver of growth and innovation in both economies and urged policy cooperation between the two governments and private sectors to create a stable cyberspace and accelerate the development of technology as key strategic goals.

In line with these proposals, the Government of Japan (GOJ) has set out to revise existing policies on personal information and privacy protection to facilitate the collection and analysis of Big Data. Revisions to the Personal Information Privacy Law are expected to be completed by June 2014 and presented for Diet consideration in January 2015 according to the roadmap announced by the GOJ.

Amidst the ongoing debate about data surveillance by governments, the U.S. and Japanese business communities wish to clearly underscore that the free flow and exchange of data is essential for securing innovation, and that any impediment to this significantly hinders the creation of new enterprises and can impede future economic growth.

Based on the above considerations, the American Chamber of Commerce in Japan (ACCJ) and the Japanese Federation of Business Organizations (Keidanren) issue the following joint statement to the U.S. and Japanese governments in the name of the U.S.–Japan Internet Economy Industry Working Group.

1. U.S.-Japan Cooperation in Preserving an Open Internet

In April 2014, the Global Multistakeholder Meeting on the Future of Internet Governance (NETmundial) will take place in Brazil. It will be followed by discussions regarding global Internet policy at the UN Conference on Trade and Development's (UNCTAD)

Working Group on Enhanced Co-operation (WGEC) in May 2014 and the International Telecommunication Union (ITU) Plenipotentiary Conference, which will take place in Korea during October 2014.

The U.S and Japanese private sectors also support the two governments playing a leading role in shaping debate in other existing frameworks for discussing Internet governance, such as the IGF (Internet Governance Forum). In order to guarantee continued U.S.–Japan leadership on Internet issues, both governments should keep regulation to a minimum and work to remove existing barriers so as to facilitate an environment that promotes innovation, especially in such areas as content control, cross-border data flows and issues of data sovereignty.

The proceedings of the December 2012 World Conference on International Telecommunications, convened by the ITU, served to highlight the differing approaches that governments have adopted vis-à-vis the Internet, especially with regard to national security. The discussion has become complex and difficult to resolve. To break through this deadlock, both governments need to take the initiative and demonstrate their leadership to newly developing nations in the Asia-Pacific region and globally.

2. Promoting the Greater Use of Data While Respecting Privacy

Global industries today need to add “information” to “people,” “goods,” and “money” as the building blocks for business. The collection, storage, and analysis of exponential amounts of data (Big Data) is leading to competitive development of new utilization strategies, with use for personal data attracting the most attention.

In recent years, the U.S. government and the GOJ have explored policies that balance increased use of data while maintaining personal information protections. Both governments and their respective private sectors should cooperate together in developing policies that utilize data in appropriate ways to promote innovation and growth. We are convinced that such joint efforts will deliver a powerful message to other Asian nations.

Since last year, the U.S. and Japanese industry have been carefully monitoring efforts to revamp the framework in Japan related to the utilization of personal data. Ambiguity with regard to standards and implementing guidelines have raised consumer concerns and discouraged business activity. We welcome the efforts of the GOJ to promote greater

coordination and collaboration among the various ministries and agencies through changes to the current administrative framework.

At the same time, as the GOJ goes forward with its consideration of introducing a “third party” body as part of its administrative reorganization effort, we are concerned with such issues as what functions this new body might have, how its functions will be reconciled with the administrative authorities of existing ministries, how this body will relate to the concept of the “multistakeholder process”, and what will be its role in cooperating with foreign governments and international institutions. We ask that before major changes are recommended in June of this year that the GOJ establish a broad and transparent platform thorough which all relevant stakeholders, including the business sector, can have a broad ranging discussion on these concerns.

3. Improving U.S. – Japan Cooperation on Cyber Security

Ensuring access to cyberspace is critical to ensuring dynamic growth and innovation for the Internet. In October of 2013, the GOJ announced an International Strategy on Cybersecurity Cooperation and made clear its commitment to align itself with the United States and other likeminded countries in their efforts in this area. Similarly, the U.S. government recently announced a “Cybersecurity Framework” developed under the leadership of the National Institute of Standards and Technology (NIST), which outlines a process for strengthening cyber security directed to critical industrial sectors based on a set of voluntary standards. In the light of these developments, there is clearly the need to establish a practical framework for cooperation in this area between the two countries. This will require the clarification of procedures, and standards across various government ministries and departments, including the setting of roles and responsibilities and confirmation of points of contact. We urge both governments to engage in close communication on these issues in order to advance tangible cooperation.

Lastly, to ensure the free flow of data across borders, we ask that both governments reiterate their support for the peaceful use of cyberspace. As each side works to strengthen cyber security, it is also vital for the U.S. and Japanese governments to be mindful that new standards and procurement rules should not result in discrimination against foreign goods and services nor weaken intellectual property protections.

4. Areas for U.S.-Japan Cooperation

With the proposals thus far as a foundation, both private sectors wish to advance our cooperation to the next level under the theme of “Delivering New Value for Society through ICT.” We are currently exploring the following areas:

a. Delivering Healthcare Services via ICT

Japan is on the verge of becoming the world’s first super-aged society and the United States faces a growing population of senior citizens. There is a need to deal with the rapidly changing balance between medical and hospice care and the implications of these changes for local communities. Both societies must confront the challenges that remain unaddressed by existing government policies.

Doing so requires better utilization of ICT to improve coordination among healthcare institutions. Recent developments in smartphone and wearable technologies can be important way to finding solutions to these challenges.

b. ICT Platforms for Supporting Advanced International Cities

The year 2020 is significant to Japan for several reasons. First, it is the year in which Tokyo will host the 2020 Olympic and Paralympic Games. It is also the deadline set by the GOJ in its June 2013 cabinet decision for realizing the goals of its national core IT growth strategy, the “Declaration on the Creation of the World’s Most Advanced IT Nation.” We support making the 2020 Olympic and Paralympic Games a showcase for the future of the Internet Economy in Japan. The U.S. and Japanese governments and private sectors should work together proactively to deliver on this promise. For example, the following are being considered as areas of potential collaboration:

- i. Creating a supportive environment for the deployment of new services.
- ii. Supporting efforts to increase the availability and legitimate use of various content and content services.
- iii. Strengthening domestic IT capacity.

5. Other Matters

a. Cooperation on Advancing Cloud Computing

Actions by developing countries to set local rules governing cyberspace run the risk of creating a patchwork of conflicting regulations and could pose an obstacle to the free flow of data undercutting the benefits for users of the cloud and other services that are characteristic of the global Internet. The United States and Japan need to work for and positively advance a harmonized international framework while respecting the local cultures and special circumstances of these nations.

In Japan, the Cabinet Office's National Information Security Center (NISC) sets common standards for government information security, which are the basis for the information security policies established by each of the ministries. In the United States, government information security policy is based on standard set by Federal Information Security Act (FISMA) and the National Institute of Standards (NIST). Additionally, the FedRamp program, which is based on a unified risk management approach, provides security certification for cloud services and promotes usage of the cloud in government information systems, bringing the benefits of these services to the government and citizens. The U.S. and Japanese governments need to strengthen their efforts to share their respective approaches to accelerate utilization and heighten confidence in cloud services.

b. Cooperation in Promoting E-Government

We strongly welcome the consolidation of the legal status within the GOJ of the Chief Information Officer (CIO) as an important first step in improving coordination among government ministries and in setting comprehensive approach to policy development and implementation. We support such efforts by the CIO from the point of view of reducing ICT costs and increasing citizen satisfaction with administrative services. A remaining challenge is to improve smooth coordination and eliminate the ICT "gap" between the national government and local administration in Japan. This is an opportunity to further strengthen the cooperation between the CIOs in the United States and Japan, which was initiated during the 2012 U.S.–Japan Internet Economy Policy Dialogue.

c. Communicating Japan's Internet Policies to the World

The environment for broadband in Japan is among the most advanced in the world. In 2001, the GOJ set up the IT Strategy Headquarters (then known as the IT Comprehensive Strategy Headquarters) under the direction of the prime minister and adopted a series of plans (such as the “e-Japan” strategy) to promote social advancement through the utilization of ICT. However, insufficient efforts were made to deploy these strategies internationally. We urge the GOJ to ensure that the concrete policy initiatives, which the government is employing to promote social advancement through ICT in Japan, are available for developing countries to use as a reference.

6. Conclusion

We urge the U.S. and Japanese governments to recognize issues related to the Internet as an important element of their foreign policies, to create within each government a unified framework for Internet policy implementation, and to promote information exchange among agencies in both governments sharing similar functions.

As noted above in Section 4 (Areas for U.S.-Japan Cooperation) in reference to “Delivering New Value to Society through ICT”, the U.S. and Japanese private sectors will be considering and plan to announce areas for concrete cooperation by the time of the next policy dialogue. We are asking the U.S. and Japanese governments for appropriate support and participation our efforts to develop themes for cooperation and specific initiatives.

Furthermore, we are asking the two governments to respond in a comprehensive way as to how the contents of the recommendations and proposals that we have made should be handled and addressed.

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October 2013

In June 2013, the Abe Administration with the support of industry leaders adopted the “Declaration on the Creation of the World's Most Advanced IT Nation” as a core pillar of its growth strategy, with specific reference to the accelerated deployment and application of cloud technologies.

In the United States, information technology (IT) has become a key driver of economic growth, and is a priority for President Barack Obama’s second term in office. Both countries have made significant efforts to implement and realize policies to spur innovation within the private sector and to drive the Internet Economy as a critical element in U.S.-Japan relations. With further progress on international issues such as the regulation of Cross Border Data Flows¹ (CBDF), the goal now of the U.S. and Japanese private sectors is to take up the challenge of developing a system of rules for the Asia-Pacific region at large.

With these points in mind, this year the American Chamber of Commerce in Japan (ACCJ) and the Keidanren (Japan Business Federation) issue the following joint statement and proposals with respect to furthering discussion on policies developed by both nations in the Internet Economy Dialogue.

1. Maintaining an Open and Transparent Internet

The Internet is a major source of innovation and has become an indispensable component of corporate infrastructure. In order to preserve what the Internet is, and how the Internet is used, applied, and managed, it is fundamental that both governments cooperate to maintain a stable and open cyber-space. In pursuing this goal, it is our desire that both governments join efforts and take the initiative internationally beyond Asia and show leadership in emerging nations in other

regions. We also expect that the U.S. and Japanese governments will work together in developing a integrated and cohesive system that addresses the wide array of internet technologies and those aspects which directly affect industries without fragmenting responsibilities across different ministries or departments.

Further, we urge international organizations, such as the United Nations Commission on Science and Technology for Development² (CSTD) to focus in their discussions more on cooperation and mutual trust, rather than to debate the need for a new administrative agency under its Enhanced Cooperation framework. In addition, we strongly believe in the support and expansion of Internet access, the free exchange of data, and acquisition of industry knowledge in nations continuing to develop their own infrastructure.

2. Cross Border Data Flows Rules

To ensure that Internet services are able to freely and effectively transfer data across borders, and for countries to be able to create free, neutral and transparent marketplaces, international rules to promote a stable environment are necessary. The Trans-Pacific Partnership³ (TPP) negotiations among the United States, Japan and ten other participating countries should focus on balancing data usage, privacy, and information security while promoting the free and uninterrupted transfer of data. Cross-border data services offering superior security, functionality, and cost efficacy should be allowed cross-border access based on open market principles without the threat of protectionist policies.

Cross-border data flows rules must be harmonized internationally. While the Cross Border Privacy Rules⁴ (CBPR) system developed by APEC have been negotiated and agreed through discussions among different multilateral and regional systems, additional efforts will require moving beyond the APEC economic zone to create common rules that apply to a global community including the European Union.

While we understand the intent of the EU Data Protection Regulation proposal in establishing a strict legal framework for privacy, we urge the U.S. and Japanese governments to strongly recommend policies that will not overburden industry and evaluate this year's revised OECD *"Guidelines on the Protection of Privacy*

*and Trans-border Flows of Personal Data”*⁵ as a basis for revising their own legislative systems.

3. Promoting e-Government through Cooperation between the U.S. and Japanese CIOs⁶

As part of its renewed focus on an IT growth strategy, via the “Declaration on the Creation of the World's Most Advanced IT Nation,” as well as the “National ID Number” Act, the Abe Administration has established the legislative position of Chief Information Officer (CIO) to report at the cabinet level. The CIO’s duties extend not only to the advancement and promotion of e-Government and open data, but also to executing an effective and comprehensive IT growth strategy. It is our hope that bureaucratic barriers among national and local government agencies can be eliminated and that the CIO can work effectively as a central source of information and coordination between the public and private sectors.

At the start of President Obama’s second term, the U.S. Government’s Federal-CIO announced a new set of national priorities for ICT policy. These priorities include portfolio management, which is a key component of IT strategy and vital to realizing effective IT, investment, continued open and free access to government data, greater security for federal bureaus through programs such as CyberStat⁷, and standardized security assessment certification via FedRAMP⁸. In addition, the Federal CIO Council has become a forum for CIOs from various government agencies to exchange best practices and to organize committees for determining the shape of digital government in the 21st century. We look forward to reviewing the results of the CIO initiatives of both the United States and Japan and believe that this can provide a basis for positive U.S.-Japan leadership in promoting e-Government in the Asia-Pacific region.

4. Achieving A Safe Environment for Use of the Internet

In order to preserve and maintain a safe Internet it is necessary for the private sectors of both countries to build a system to increase knowledge. It is critical that U.S. and Japanese governments support this framework and, in collaboration with the private sector, strengthen the capacity to guard information security. For this purpose, it is necessary that both governments rationalize the functions and

authorities of its government agencies with respect to information security. We expect that both governments will take the lead in creating a global, common infrastructure for the exchange of information related to security with the goal of ensuring interoperability and promoting collaborative research.

Information security requires vigilance against the daily emergence of new threats. With each successively more advanced generation of device, software, service and application, threats yet to be fully realized are produced. The risk of a serious threat spreading within a short time is real and a reality that both governments must consider seriously. In order to prevent the abuse of Internet services, it is important to increase consumer safety and build a safe climate where businesses may operate by establishing mutual consensus on topics such as big data, the protection of intellectual property rights, and the protection of privacy. Innovation must not cease even as society builds a safe and open Internet. Both the U.S. and Japanese governments must work with relevant stakeholders and develop the necessary systems to rapidly address emerging threats while sharing relevant information and maintaining transparency to the public at large.

5. Accelerating Global Cloud Enterprises

The promotion of cross-border services, particularly those based upon cloud technologies, require that the United States and Japan build a base to promote cloud business on a global scale, which will eventually expand to include other economies. In particular, cooperation is needed between both governments and the private sectors in both countries to establish frameworks for the promotion of cloud-based businesses, to improve literacy about the Internet in the era of digital distribution, including countermeasures against pirated content, and to clarify the scope of liability for those companies that offer advanced services. It is our expectation that further discussions will lead to cloud services expanding into new sectors including healthcare, finance, entertainment, and social resilience related businesses. Both governments should coordinate efforts to establish a framework for cloud business between the two countries that can eventually be deployed in other economies. Based on this framework, we seek the increased use and diffusion of cloud technologies within the private sector and in its related activities.

Conclusion

In October of 2012, the ACCJ and Keidanren published a joint set of recommendations under the title of “U.S.-Japan Cloud Computing Working Group Report” and presented these to both governments. Based on this submission, both countries carefully examined necessary policy changes to increase the adoption and use of cloud technology services. While we expect that the Internet Economy will continue to grow, significant work remains to be done. Further advances in education, technical proficiency, and collaborative research are necessary to achieve these goals. We strongly support continuing policy discussions between the U.S. and Japanese business sectors, and believe that through an effective response to technological changes and through the development of new services the global economy will grow as close cooperation between the U.S. and Japanese governments and their respective private sectors contributes to resolving outstanding issues.

¹ Cross Border Data Flows (CBDF): Flow of electronic information/data between states or countries. The term “Trans-Border Data Flows” is used interchangeably in Government-Government sessions.

² Commission on Science and Technology for Development (CSTD): Advisory commission specializing on advanced science and technology issues.

³ Trans-Pacific Partnership (TPP): Trans-Pacific Strategic Economic Partnership Agreement—a multilateral free trade agreement between Asian-Pacific economies.

⁴ Cross Border Privacy Rules (CBPR): System to facilitate the reduction of barriers to information flow, and increase compatibility between privacy schemes while maintaining consumer privacy.

⁵ Organization for Economic Development (OECD) “*Guidelines on the Protection of Privacy and Trans-border Flows of Personal Data*”: Framework to address information security risks and integrate security as part of individuals’ daily lives.

⁶ Chief Information Officer (CIO): Organizational official responsible for strategic use of information and IT resources, and charged with developing an information security strategy.

⁷ CyberStat: U.S. Department of Homeland Security program designed to assist agencies with improving their information security approaches.

⁸ FedRAMP (Federal Risk and Authorization Management Program): Unified, government-wide risk management program providing security monitoring for deployed cloud computing systems.