Industry Recommendations for further EU-Japan Digital Cooperation toward the forthcoming EU-Japan Summit

- The EU and Japan are like-minded and strategic partners that are committed to cooperate to maintain peace, stability and security around the globe, advance multilateralism and share the same values and idea on digital policy, which have been confirmed many times in the past at a high political level.

- Through existing digital dialogues and workshops, the EU and Japan have been further advanced digital cooperation toward the forthcoming EU-Japan Summit this year, where the establishment of "EU-Japan Digital Partnership" would be one of the main agenda items.

- As representatives of the European and Japanese digital Industries, we hope that the next summit will not only reaffirm or repeat the general points of EU-Japan digital cooperation, but also agree on a step forward to create a more concrete digital cooperation agenda between the EU and Japan that will directly promote our shared interests.

- Moreover, we believe that this should not be limited to a bilateral cooperation between the EU and Japan, but should be extended to the global level, with the EU and Japan taking a leadership role and inviting other partners, including the US, to join us.

- The following are concrete proposals from EU and Japanese industries for the forthcoming Summit.

(1) Green x Digital:

- Digital is vital for green transition. Digital innovation has the power to transform industry and society, as well as providing a variety of solutions to enhance carbon neutrality.
- We invite the EU, Japan, and other like-minded countries including the US, to adopt an integrated approach in the digital and green transitions. In this context, cross-border data free flow must be pursued also with the aim to realize carbon neutrality for global supply chains and value chains across borders. Policies

encouraging appropriate adaption of cybersecurity measures, AI, blockchains, and beyond 5G/6G are also critical in the green sector and should be developed.

- We remain encouraged by the determination of both the EU and Japan to aim towards a Green Alliance. Both regions have developed strong synergies to advance the green transition, notably through the promotion of innovative green technologies. We encourage both the EU and Japan to continuously reaffirm their commitments through the sharing of knowledge and experience, while strengthening exchanges on green transition policies and regulatory frameworks.

(2) **Data free flow and Data Governance:**

Data free flow with trust (DFFT):

- DFFT is based on the concept of "promoting the international free flow of data to solve business and social issues across borders while ensuring trust in privacy, security and intellectual property rights." However, there is no common understanding of what trust means in DFFT. Hence, work needs to be done to ensure further alignment on this crucial element. Japan and the EU should lead the international discussions by engaging with the industry and agreeing on the elements and concepts of trust necessary for the realization of the DFFT. Forthcoming international meetings such as the G7 in Germany in 2022 and the G7 in Japan in 2023 should be considered as important milestones, together with other pluri- and multi-lateral fora.
- In this regard, we welcome the study that the Ministry of Economy, Trade and Industry (METI), in collaboration with the Organisation for Economic Co-operation and Development (OECD), is now conducting on the specific challenges and obstacles to data free flows. As three associations representing the digital sector, we are requesting to contribute to the study and we hope that the results of the study will be shared with pluri- and multi-lateral fora (G7, G20, OECD and WTO) so that necessary measures could be taken globally.

Government access with right balance of data innovation:

- While we understand the importance of being able to control flows and uses of data for public interests, we must underline that imposing strict requirement on data flow will hinder innovation, including to tackle societal challenges. In this regard, we would like to remind policy makers that limiting available data sets may result in losing the competitiveness of industries in both regions, while also undermining the essential resources to build reliable cutting edge-technologies.
- The EU and Japan should lead international discussions on a framework for cross-border data flow and their own domestic frameworks for the protection of personal and non-personal data based on the following priorities:
    - Requirements and frameworks to ensure that the provision of data to the government is not forced. (Government access);
    - Framework of rules on the handling of personal information for public interest purposes (APPA: Authorized Public Purpose Access);
    - Rules to promote the sharing of personal and non-personal data; and
    - A workable framework to enable international data flows.

- We positively look at initiatives to provide clarity on rules related to data sharing. We hope that this will lead to an alignment at the international level between Countries/Regions such as the EU and Japan. Following the encouraging example of the mutual adequacy decision for free flow of personal data in 2019, we do expect an open regulatory cooperation to ensure that similar rules can bring data-driven technologies and solutions to be easily transferred between the two regions with mutual benefits for the economy and society.

DFFT for green transition:

- In the context of green transition, the visualization of carbon data in supply chain/value chain plays a crucial role in the measurement and reduction of carbon emissions. As data visualization needs to be confidential, transparent and reliable, the DFFT is an essential concept for carbon neutrality initiatives.
- Moreover, organizations will have individual and collective environmental and social accountabilities, including the reduction of carbon and promotion of circularity. The reporting and management of these accountabilities will require the sharing of data between parties across value chains in a trusted, transparent, and reliable environment; consequently, DFFT is an essential capability for the green transition.

(3) Digital trade:

- Following the highly successful EU-Japan Economic Partnership Agreement (EPA), we encourage both parties to continue to reinforce the agreement by concluding provisions that will allow the free flow of services and investments.
- We recognize the important role of the EU and Japan as actors that share the values of multilateralism, including safeguarding the legal instruments and institutions that have strengthened international trade and built prosperity for many countries, regions, communities and families. We encourage them to continue their efforts to prohibit and eliminate existing barriers to digital trade, telecommunications and information, as well as communication technology (ICT) through the eCommerce negotiations at the World Trade Organization (WTO). The WTO moratorium on customs duties on electronic transmission should not be allowed to lapse. Expansion of the Information Technology Agreement (ITA) should include more WTO members and more products, and the implementation of the WTO Trade Facilitation Agreement should be improved.

(4) Artificial Intelligence (AI):

Dissemination of the human-centric AI Principles worldwide:

- As its uses is rapidly increasing across the globe, AI is expected to serve, with other technologies, to address societal challenges and support business growth in a wide range of fields.
- We share the same understandings on the role of building trust in AI. It will raise social acceptance of consumers and users, and eventually contribute to developing a mature digital market.

- In this context, we expect the EU and Japan to work together on formulating and disseminating the shared principles on AI, regarding ethics and fundamental rights, with other partner countries through bilateral dialogue and as part of pluri-and multi-lateral fora including standardization bodies. Alignment on AI principles will create the bedrock for future collaboration and harmonization amongst the two regions. By advancing these principles, the EU and Japan can prevent global fragmentation to AI policy-making and regulatory measures.

AI regulatory and standard alignment:

- Since creating diverged legal requirements on the development and use of AI will burden businesses dealing with variety of governing regulations and standards in each region, it is crucial that requirements for AI systems be closely aligned across the regions.
- In this respect, as both parties correctly identify in the ongoing considerations on respective AI governance schemes, we expect the EU and Japan to continue respecting the developments in international standardization. A similar effort should also be made in order to eventually ensure the consistency of requirements for AI systems (both high-risk and non-high-risk AI systems) across both regions regardless of their soft-law or hard-law approaches.

(5) Cybersecurity:

- Each country and region has its own cybersecurity policy and measures (e.g. NIS2, Cybersecurity certification schemes and NLF in the EU, and the Cyber/Physical Security Framework (CPSF) and the IoT Security Safety Framework (IoT-SSF) in Japan), but it is essential that the EU, Japan and like-minded countries (e.g. the US) work together in an integrated approach to ensure cyber security at a global level.
- In this regard, we highlight the importance of international standards and mutual recognition to identify, protect and detect cybersecurity risks and to ensure the cyber security of IT equipment and services that are based on mutually recognizable principles and values.
- It is also essential to address the need for rapid respond and recovery after a cyber-attack, and we hope that the EU, Japan and other like-minded countries will take the lead in discussing measures to address this issue. In this context, we encourage both the EU and Japan to continue to promote voluntary vulnerability disclosure information. Since cyberattacks are borderless, it is important for the EU and Japan to share vulnerabilities in order to assist in mitigating and tackling cyberattacks.
- JP-US-EU Industrial Control Systems Cybersecurity Training for Indo-Pacific Region last year was very practical and useful. We would like to see the continuation of this activity and also the expansion of participating members to cover more regions and industry sectors.

(6) Semiconductors:

- In the short term, the EU and Japan should launch a formal dialogue to identify gaps in the global supply chain and lay out a roadmap to address them, including through joint R&I (neuromorphic, spintronics, quantum chips). In the mid- to long-term, they should cooperate to increase capacity across the entire semiconductor value chain and bring about a more geopolitically balanced production.
- We are aware that legislations to support the expansion of the semiconductor production capacity are currently in the process of becoming law in the US and the EU respectively and has been already approved in Japan. We invite these parties to work together, rather than act individually, notably by including the representatives of the digital industry sector in the discussions, to strengthen the global supply chain of semiconductors.

(7) Beyond 5G/6G:

- We emphasize the importance of the EU-Japan cooperation on beyond-5G/6G development, research (promoting mutual participations in each R&I project of both parties) and joint investment.
- It is important to ensure that beyond 5G/6G cooperation is on par or enhances, performance, security and energy efficiency of existing 5G solutions.
- We call upon the EU, Japan, the US and other G7 members to ensure that beyond 5G/6G solutions are at minimum as energy efficient as current state of the art 5G market solutions and preferably even more energy efficient.
- It is also necessary to ensure that deployment of beyond 5G/6G be realized without technical mandates introduced in domestic regulatory frameworks.
- Both parties should commit that beyond 5G/6G standardization is compliant with WTO/TBT principles for international standards development, as also reconfirmed by the G7 in 2021.

(8) Quantum computing:

- Quantum and quantum-based technologies have a great potential to create huge economic and social value for our society. We welcome the quantum Flagship initiative of the European Commission and the good investments within Horizon Europe Programme.
- We do believe international cooperation (the EU and Japan) should be at the core of the Digital Partnership in order to allow to attract talent, exchange researchers, technology and knowledge, establish private-public partnerships, and boost investments for research and innovation programmes.

(9) Blockchain:

- We invite the EU and Japan to further increase cooperation on blockchain, by engaging international industry stakeholders, sharing best practices in different vertical sectors and exploring possible alignment on regulatory frameworks.

(10) High performance computing (HPC):

- We encourage the cooperation between the EU and Japan in the use of HPC to tackle social challenges in the EU and Japan by cooperating in concrete initiatives, such as research and innovation programmes.

(11) Standardization:

- Cooperation and close liaison between international, European and Japanese standardization bodies will help ensure that our common values are articulated and transposed into standardization deliverables, especially in the areas of data, privacy, cybersecurity, AI, beyond 5G/&6G and green x digital (e.g. smart city and transportation, and carbon foot print).
- AI provides a good example, where we share with both policy makers an initiative that CEN-CENELEC and JISC are cooperating through a new Joint Working Group, which is expected to be established this year, on the international standard setting at ISO/IEC JTC1SC42 that will form the basis of the upcoming AI Act and the AI Guidelines in Japan, as well as other Al rules in partner Countries.
- It is also important to build bridges between research and innovation activities and standardization activities. We call Japan and the EU to work together in the area of cutting-edge technologies (e.g. quantum computing) with a view to setting international standard from the early stage of research and innovation.

(12) Digital R&I:

- We emphasize the importance of Japan's participation in Horizon Europe as an Associated Country, in view of the broader stakeholder cooperation between the EU and Japan that can be achieved through the involvement of the Japanese private sector in Japan, Institutions and Academia in Horizon Europe projects. This could bring multiple benefits such as increasing cooperation between top Level EU and Japanese Organizations in key R&I Areas, strengthening influence and impact of Japanese and European companies on Standards Definition starting from joint R&I, promoting mutual access to knowledge and technology of European and Japanese R&I Community for Japan based Companies, fostering technology transfer among EU-JP Companies, Universities and Organizations.

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DIGITALEUROPE
Japan Business Council in Europe (JBCE)
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About DIGITALEUROPE

DIGITALEUROPE represents the digital technology industry in Europe. Our members include some of the world's largest IT, telecoms and consumer electronics companies and national associations from every part of Europe. DIGITALEUROPE wants European businesses and citizens to benefit fully from digital technologies and for Europe to grow, attract and sustain the world's best digital technology companies. DIGITALEUROPE ensures industry participation in the development and implementation of EU policies.

About JBCE

Founded in 1999, the Japan Business Council in Europe (JBCE) is a leading European organisation representing the interests of over 90 multinational companies of Japanese parentage active in Europe. Our members operate across a wide range of sectors, including information and communication technology, electronics, chemicals, automotive, machinery, wholesale trade, precision instruments, pharmaceutical, steel, textiles and glass products.

About JEITA

The Japan Electronics and Information Technology Industries Association (JEITA) is an industry organization that leads the realization of "Society 5.0" with the participation of a wide range of companies that utilize digital technology, including electronic equipment and IT solution companies that support the digital industry. JEITA is a platform for connecting all industries and stakeholders, and is working to address and resolve social issues across industries and sectors.