

Strengthening the UK-Japan Strategic Partnership Through Innovation

October 2022

Introduction

The UK and Japan have a global strategic partnership, underpinned by mutual interests, common values and a commitment to upholding the rules-based international system. Both countries are close security and trading allies and have worked together in international fora such as the UN, G7, G20 and the World Trade Organisation.

Tech is right at the heart of the potential that this growing relationship can bring. From the ambitious Digital Chapter and mechanisms for shared innovation in the UK-Japan Comprehensive Economic Partnership Agreement (CEPA) to the joint announcement of digital collaboration in May 2022, tech is critical to what both countries can achieve together. Both countries are committed to becoming flourishing science and technology superpowers with leadership in critical areas of emerging technologies. As both the UK and Japan have set out in their strategies for technology, it is clear both countries are ambitious about the future with shared strategic goals.

By concluding the UK-Japan CEPA, both countries set high standards for digital trade and promote an open and rules-based international trade agenda. With the borders between the digital economy and the economy as a whole becoming increasingly blurred, we believe digital trade provides a key opportunity for economic recovery, growth and resilience, as well as for increased investment in each other's markets. The CEPA laid the foundations for unprecedented collaboration on emerging technologies and collaborative development of innovative solutions for shared societal challenges.

In an ever-changing world, the UK and Japan are looking to each other in diverse areas from climate change to defence to strengthen their response and determine new ways to work together. Technology and innovation sit at the heart of this and will ultimately strengthen this partnership for our mutual benefit.



We encourage both governments to work closely with industry to fully implement the CEPA and leverage the opportunity created by the agreement to establish deeper cooperation on digital trade, digitisation and a strategic alliance built on tech.

The following are concrete proposals from UK and Japanese industries for further collaboration on tech, data and innovation - building on existing commitments between both countries as set out in the Joint Announcement on Digital Collaboration from May 2022.

Industry welcomes the determination to work more closely on digital solutions to shared challenges and on collaboration across the range of technologies which will shape the future of both the UK and Japan. As the tech sectors of both countries are enabling this innovation, it is important to have a clear role for industry in shaping collaboration so that both countries get the most out of this renewed partnership.

Recommendations

1. DIGITAL TRADE

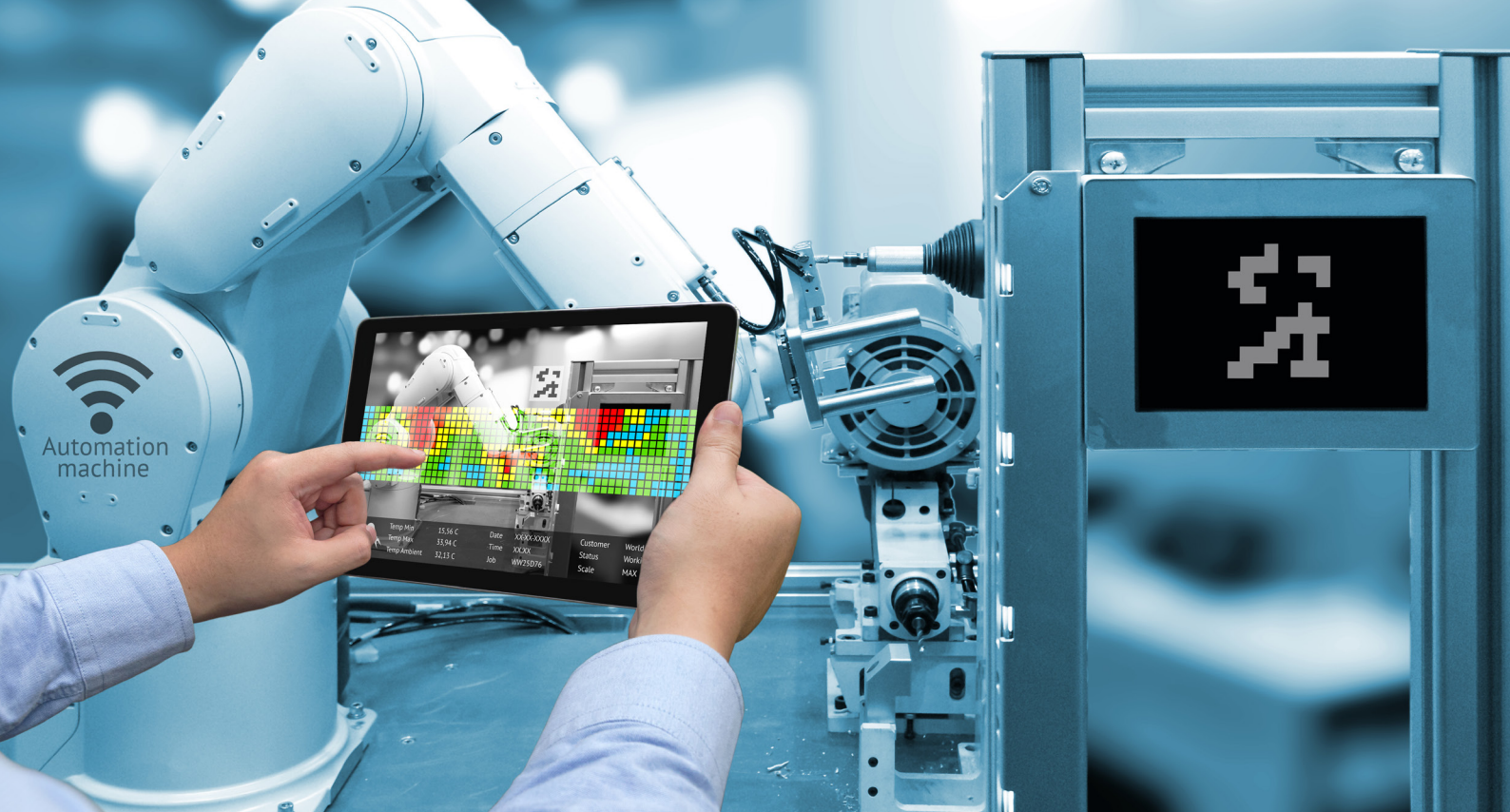
- The UK-Japan Comprehensive Partnership Agreement (CEPA) improves an already flourishing relationship between UK and Japan tech sectors and creates significant opportunities for trade and investment, particularly in AI, fintech and cyber security.
- The CEPA enhances bilateral digital trade through commitments to the cross-border free flow of data with high levels of data protection, a ban on unjustified data localization, comprehensive protections for software, algorithms, encryption technologies and provisions on Open Government Data.
- The trade agreement supports the flow of technology between the UK and Japan and opens opportunities for regulatory collaboration on emerging technologies, such as AI and digital identity.
- We encourage both countries to build on commitments made in the UK-Japan CEPA to advance regulatory cooperation on emerging technologies. Ensuring approaches are aligned in areas such as data ethics, AI and digital will be significant in enabling trade as these technologies develop.
- The UK and Japan agree on the importance of the legal recognition of electronic contracts and signatures in the CEPA. We expect both governments to explore mutual recognition of electronic versions of all trade administration documents, which will enable faster and cheaper transactions, and bring time and cost savings for businesses.
- The UK-Japan CEPA should include a provision on "non-discriminatory treatment of digital products," which is one of the most important digital trade principles enabling cross-border flow of content in a digital format and is also included in the CPTPP.
- We encourage the governments of both countries to accelerate discussions on amending the agreement in accordance with the provisions of Section F, Articles 8 and 83 of the Japan-UK CEPA.

Driving the digital trade agenda on international level

- We invite both parties to continue their efforts in prohibiting and eliminating 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.
- The UK and Japan should collaboratively use its thought leadership in international fora such as the G7 and OECD to support progress in the WTO. This will create momentum towards digital trade norms and standards that support international trade and wider goals including data policies, labour standards and climate action.

2. DATA FREE FLOW

- As the world becomes even more connected, and the deployment of new technologies such as artificial intelligence rapidly accelerates, the importance and need for good, high-quality data and trust from all actors involved in data processing increases.
- The UK and Japan have already sought to lead international efforts here by agreeing a G7 roadmap for Cooperation on Data Free Flow with Trust (DFFT). The UK played a key role in pushing forward this agenda as the holder of the G7 presidency in 2021 while Japan has been leading the DFFT initiative since its launch at the 2019 G20 summit.
- We invite the UK and Japan to continue to lead the international discussion on the importance of policy coordination on data governance and flows as well as new technologies supporting data processing such as AI.
- Both the UK and Japan can also take the lead internationally by advocating for the free flow of data across the borders of likeminded countries and taking a firm stance against countries who already have or plan to implement data localisation policies. Data localisation policies pose a serious threat to the future of international trade and innovation.
- Forthcoming international meetings such as the G7 in Japan in 2023 should be considered as important milestones, together with other pluri- and multi-lateral fora.



3. ARTIFICIAL INTELLIGENCE

- AI technologies have the potential to drive economic growth, help improve many of the services we interact with daily and even contribute to solving some of the most complex social and environmental challenges facing the modern world.
- To ensure AI is developed and deployed responsibly, it is crucial to collaborate across international borders to establish common principles, standards, governance approaches and safeguards. Many initiatives, including UNESCO's recommendation on AI ethics agreed in 2021, have shown positive progress in this direction, and we expect both countries to continue to work together to show citizens across the world that AI will make a positive difference to their lives.
- The role of international industry-driven standards should be considered as the AI assurance ecosystem is developing. As AI is a complex, global and evolving topic, the ongoing voluntary standardisation work developed by international standardisation organisations will have increasing relevance to AI governance and regulation across the world.
- In this context, we invite the UK and Japan to work together on accelerating the social implementation of Trusted Quality AI through bilateral dialogue and as part of pluri-and multi-lateral fora including standardisation bodies.

4. GREEN AND DIGITAL

- Digital innovation has the power to transform industry and society, as well as provide a variety of solutions to enhance carbon neutrality. Cloud computing, 5G, AI and IoT have the potential to support dramatic reductions in carbon emissions in sectors such as transport, agriculture, and manufacturing.
- Both countries have a strong track record in the innovation and promotion of green technologies which will play an important role in meeting net-zero targets.
- We believe there is scope for practical collaboration in fields ranging from the adoption of low-carbon technologies to working with the private sector to increase their commitment to achieving net-zero goals. We invite the UK and Japan to support innovation of low-carbon technologies through sharing of knowledge and experience, strengthening exchanges on green transition policies and regulatory frameworks while supporting research and industry-to-industry partnerships. Such cooperation would be aligned with both countries' technology-led approaches to reducing emissions and would boost the commercial viability of low emissions technologies and make them globally scalable.
- Additionally, we call on the UK and Japan to adopt an integrated approach to digital and green transitions. In this context, cross-border data free flow must be pursued also with the aim to realise carbon neutrality for global supply chains and value chains across borders. Policies encouraging appropriate adaption of cybersecurity measures, AI, blockchains, and beyond 5G/6G technologies are also critical to the green sector and should be developed.
- Green trade presents major opportunities for both countries' economies. The UK-Japan CEPA includes various provisions on climate change including those reaffirming our respective commitments to the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement; and provisions that promote trade in low carbon goods and services and support cooperation on trade and climate.
- We call on both governments to shape the 21st century international trading system by using their convening power and role at the G7, G20 and MC12 to emphasise how trade can impact climate and the environment. We encourage both countries to be leading voices in multilateral and plurilateral fora, including through their membership of the Structured Discussions on Trade and Environmental Sustainability (TESSD) at the WTO, to reframe the narrative on trade and the environment and build consensus for reform.
- We also encourage both countries to help shape green policies as part of the Government Procurement Agreement at the WTO, ensuring government levers are used to increase the use of green products and services.



5. TELECOMS

- Both economies recognise the importance of having secure and resilient telecommunications networks, as part of their critical national infrastructure. These networks are the backbone of a digitised and data-driven economy.
- We welcome the recent announcement by DCMS and MIC on UK-Japan cooperation on efforts to diversify the technology used in telecoms networks.
- The UK and Japan should further explore opportunities to cooperate on research and development initiatives, with a particular focus on seeking to support the work of industry partners in accelerating the development of interoperable equipment and open interfaces, such as Open RAN. Cooperation between the UK and Japan is necessary to help promote the benefits of Open RAN, including within areas of security and sustainability.
- We expect both countries to cooperate on their respective priorities for future communications technologies, looking at 5G and beyond, and seek to identify collaborative opportunities to share information and facilitate joint efforts between experts from industry and academia to support the development of technologies such as 6G.
- Both parties should commit that beyond 5G/6G standardisation is compliant with WTO/TBT principles for international standards development, as also reconfirmed by the G7 in 2021.

6. BLOCKCHAIN

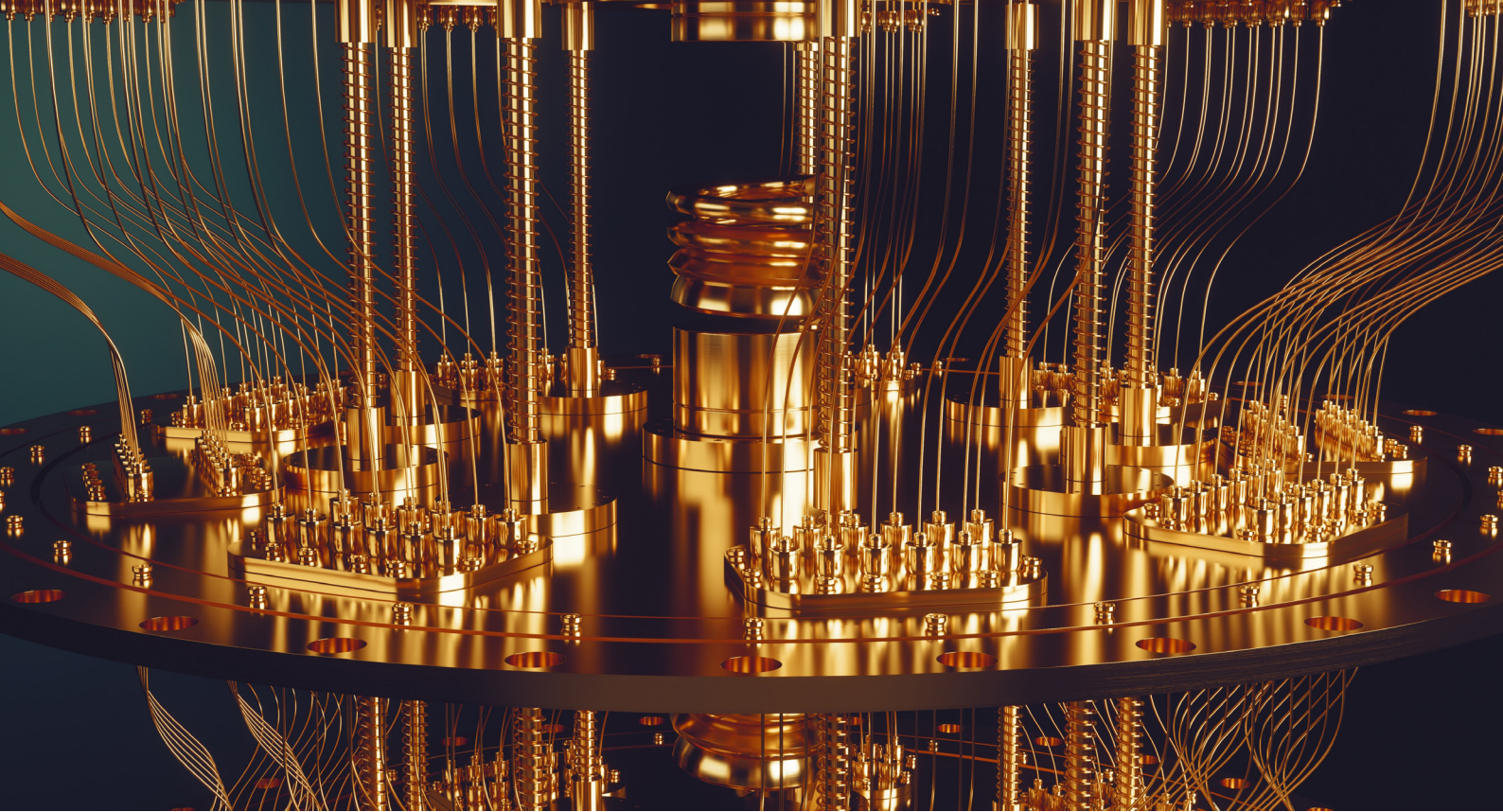
- We invite the UK and Japan to further increase cooperation on blockchain by engaging international industry stakeholders, sharing best practices in different vertical sectors and exploring possible alignment on regulatory frameworks.

7. DEFENCE AND NATIONAL SECURITY

- Defence and National Security is an important area for collaboration for the UK and Japan, especially given the current complex geopolitical circumstances. Technology plays a fundamental and central role in keeping us all safe in terms of not just cyber but also broader areas of our national security.
- We encourage the UK and Japan to continue to bolster their partnerships in defence and cyber security both bilaterally and through Five Eyes, utilising the world leading technologies developed in each country to ensure our collective security.

8. SEMICONDUCTORS

- In the short term, the UK 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 research and investment projects. 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.
- At the G7 level, we invite both governments to work with its partners to develop a G7-wide common strategy to secure the semiconductor supply chain of all relevant categories of semiconductors, including semiconductor equipment, materials, and raw materials by identifying bottlenecks in the value chain and working towards a more balanced global supply.



9. QUANTUM TECHNOLOGIES

- Quantum technologies will have a formidable role to play in unlocking innovation internationally. It will enable previously unattainable technological advancements across different industries and sectors from drug discovery, protein-folding, carbon capture, battery research and more. Such advancements will have a profound and positive impact in the UK and Japan as they develop into science and technology leaders.
- The UK and Japan need to think internationally from the start to facilitate exports and commercialisation of quantum technologies. Both new and existing international networks will help broaden opportunities for the quantum industry, creating a shared knowledge base and opportunities to drive new discoveries.
- We believe international collaboration plays an important role in commercialising quantum technologies and developing opportunities for quantum businesses. We welcome initiatives like the Q-Star Alliance in Japan which serves as a model for linking research with industry and promoting collaboration with other organisations around the world working in quantum technology research and commercialisation.
- Both countries should further increase cooperation on quantum technologies through exploring possible alignment on standards development, supporting research and development collaboration and working together to understand what skills the industry requires and to help develop good national and international educational programs.

10. DIGITAL TWIN

- The UK and Japan are currently leading the way in developing the concept of a Digital Twin. Both governments have expressed their intent to support and deliver this work and we would encourage collaboration and cooperation to share knowledge between both countries, drawing respective programmes together in each country.



techUK is grateful to members of its UK-Japan tech Forum and JEITA (The Japan Electronics and Information Technology Industries Association) members for contributing to this industry position paper.

About the UK-Japan Tech Forum

Hosted by techUK and JEITA, the **UK-Japan Tech Forum** is a platform to allow businesses to engage with key stakeholders in government and business in areas of UK-Japan trade, policy and market growth in both countries. The forum is for representatives of businesses, government and other stakeholders interested in influencing or understanding the policy landscape impacting the technology sector, trade relations, and the market opportunities and challenges in Japan and the UK.

JEITA

The Japan Electronics and Information Technology Industries Association (JEITA) is a Japanese trade organisation for the electronics and IT industries. The objective of JEITA is to promote the healthy manufacturing, international trade and consumption of electronics products and components in order to contribute to the overall development of the electronics and information technology industries, and thereby further Japan's economic development and cultural prosperity. JEITA's mission is to foster a digital network society for the 21st century, in which IT advancement brings fulfilment and a higher quality of life to everyone.

About techUK

techUK is a membership organisation that brings together people, companies and organisations to realise the positive outcomes of what digital technology can achieve. We collaborate across business, Government and stakeholders to fulfil the potential of technology to deliver a stronger society and more sustainable future. By providing expertise and insight, we support our members, partners and stakeholders as they prepare the UK for what comes next in a constantly changing world.



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