**U.S. – Japan Internet Economy Industry Forum
Joint Statement 2013**

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Keidanren
The American Chamber of Commerce in Japan**

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 Flows[i] (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 indispensible 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 Development[ii] (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 Partnership[iii] (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 Rules[iv] (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*"[v] as a basis for revising their own legislative systems.

3. **Promoting e-Government through Cooperation between the U.S. and Japanese CIOs[vi]**

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 CyberStat[vii], and standardized security assessment certification via FedRAMP[viii]. 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.

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[i] 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.

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

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

[iv] 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.

[v] 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.

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

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

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