



## **OECD TIP Workshop**

The digital transition of different Industries :  
Changing Business Model

June 14, 2017

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# Japan Society 5.0 and Connected Industries

- **Society 5.0 (Super Smart Society) :**
  - The Society 5.0 concept has been introduced in Japan's 5th Science Technology and Basic Plan
  - Optimize society with integration of cyberspace and physical space
- **Connected Industries :**
  - At CeBIT event in March, 2017, METI released a policy concept titled "Connected Industries" as new visions for the future of Japanese Industries
  - Humans, Machines and Technologies are connected across borders, and generates new value. Connected Industries will contribute Society 5.0

The Government of Japan positions digital agenda as core of its growth strategy for 2017.

# Towards Prosperous IoT Society

■ Challenges surrounds IoT

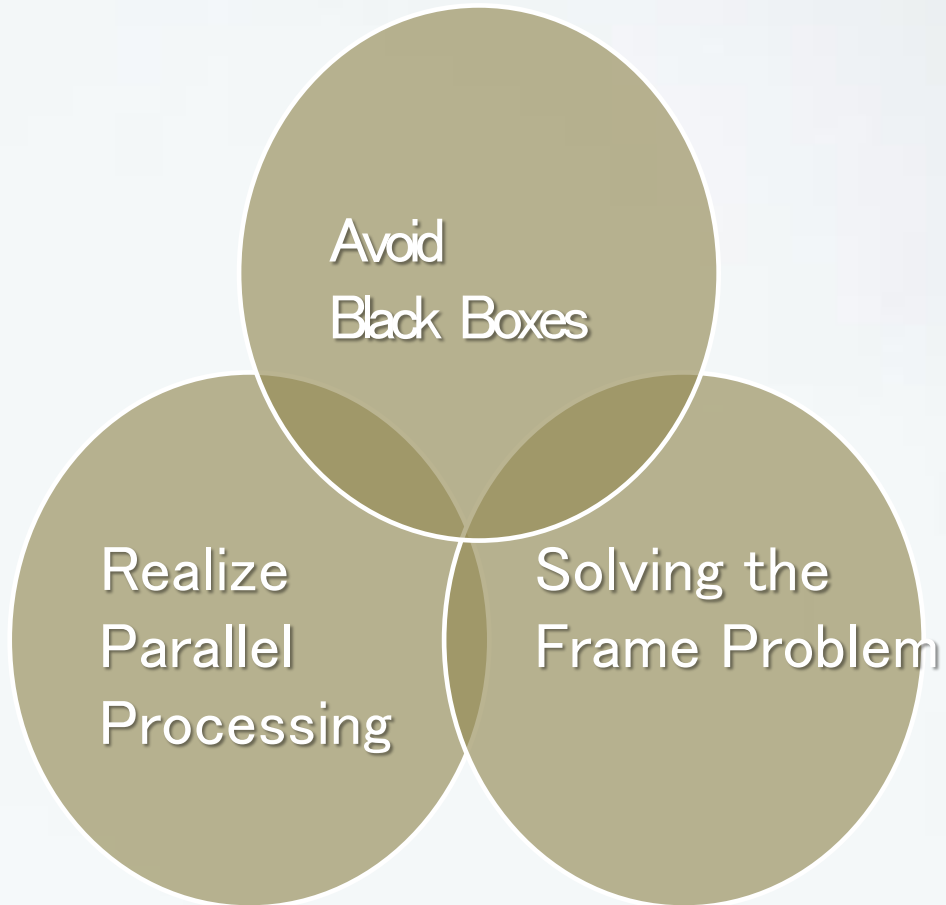
FUJITSU

Technology

Society

Economy

## ■ Challenges of AI



# Overcoming a common dilemma

- What are the most important capabilities people need to strengthen in the digital era?

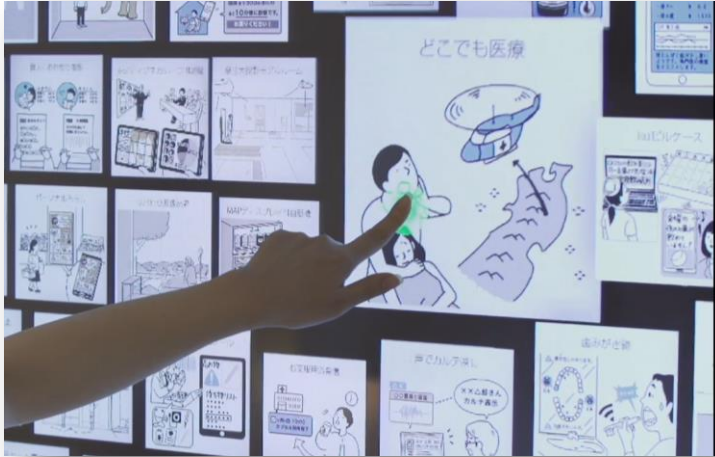




# Open Innovation

Place for design thinking

Digital Transformation Center



Makerspace for creators

TechShop



Co-creation at Silicon Valley

Open Innovation Gateway



Co-creation with start-ups

MetaArc Venture Program



## ■ From “Enclosure” to “Sharing”





- Utilize vast amount of personal data for Business

## Smart House and Car etc.

# Data Center

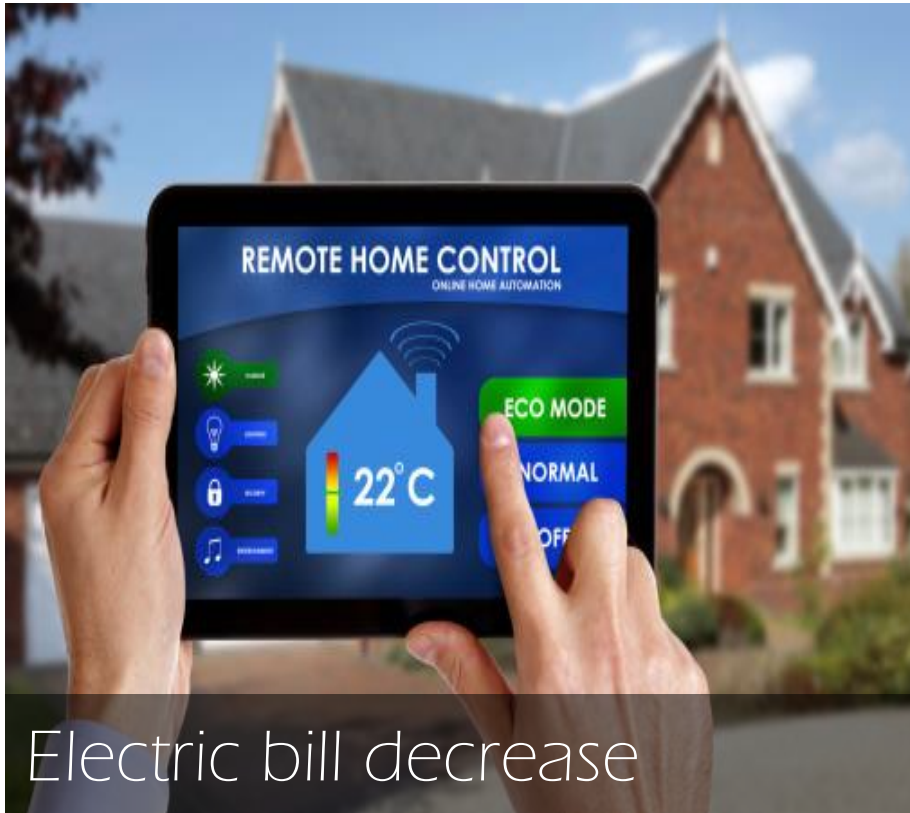
User





# Current IoT Business and Difficulty

## ■ Dilemma of Smartification



Electric bill decrease



Insurance fee decrease

Efficiency may decrease short term revenue

# Global ICT Industry's efforts towards global fora and future trade agreement

- Growing importance of having an international digital agenda to resolve and improve societal challenges (IoT, AI, Sustainability, e-Skills & Jobs).
- Digital technologies and services, and data are used today by all industries. Regulatory restrictions to the digital economy and data flows inhibit performance of traditional industries and new sectors using platforms.
- At the same time, rise of digital protectionism (FLMs) around the world.
- Policy makers need to address issues hampering new technology trends and advocate for global market led standards, cross-border data flows, regulatory convergence, multilateral trade framework, sharing best practices, as well as engaging with key stakeholders to create the right environment for digital economy.
- Global ICT Industry recommendations for the G7, G20, MC11 and future trade agreement.



**2017 G20 Summit and ICT Ministerial  
Recommended Outcomes for Promoting Innovation, Digital Technologies, and Development  
8 February 2017**

Information and communication technologies (ICT) are vital to the growth and development of the global economy. As reflected in 2016 through its [“Digital Economy Development and Cooperation Initiative”](#) and the Leaders’ commitments in the [Hangzhou Communiqué](#), the G20 is a critically important setting for the world’s leading governments to outline approaches to managing 21<sup>st</sup> century ICT policy challenges, combating protectionism, achieving the UN Sustainable Development Goals, and growing the global economy in ways that benefit all countries and people.

More work remains to be done. To that end, in 2017 the global tech sector respectfully seeks the following additional outcomes to advance privacy protections, enhance national security and data security, and enable the cross-border data flows that power growth, development, job creation, and innovation in all countries.

- **Data flows and localization measures.** Promote the principle that economies should facilitate the free flow of data across borders and refrain from imposing measures requiring the local storage or processing of data or the use of local facilities, hardware, or services – subject only to limited and narrowly-tailored public interest exceptions. In addition, oppose measures that require companies to provide access to source code and/or encryption keys as a condition of doing business.
- **Privacy and data protection.** Acknowledge that privacy is fundamental right and commit to pursuing privacy and data protection policies that draw on multi-stakeholder frameworks, promote international interoperability, and support innovation.
- **Cybersecurity.** Ensure that measures governments take to enhance cybersecurity reflect the global nature of cyberspace; rely on risk management-based approaches that avoid prescribed technology standards; incorporate meaningful consultation with the private sector; and provide for coordinated and consistent efforts to secure 5G, Cloud, IoT, Critical Infrastructure and other cyber physical systems, as well as protect companies from cyber-enabled industrial espionage.
- **Standards and technical regulations.** Use global, voluntary, industry-led standards; ensure that any technical regulations are risk-based and least trade restrictive in meeting their objectives; and refrain from mandating the transfer, disclosure, or use of technologies, production processes, development methods, or other proprietary information as a condition for doing business.
- **Transparency and stakeholder consultation.** Undertake transparency measures and consultation with industry and other stakeholders, including through advanced notice of, and an opportunity to comment on, draft laws, regulations, and other measures affecting ICT.
- **Skills and knowledge.** Facilitate collaboration between government, the private sector, and educational institutions to expand the benefits of technology, equip people of all ages with basic digital skills to seize opportunities for increased participation in the global economy, and address the growing need for more advanced and STEM skills.
- **Cross-border taxation.** Commit to resolving outstanding questions of cross-border taxation in multi-lateral settings, on the basis of the principles of certainty, predictability, and the rule of law.

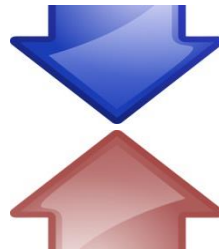
# Industry efforts to G7, G20, and WTO

- Last year's **outcomes of the G7 under the Japanese Presidency**: encourage trade liberalisation efforts via RTAs; recognition of the free flow of information as a fundamental principle and promotion of it across borders, opposition to unjustifiable data localisation requirements, opposition to requiring access to or transfer of source code, promotion of effective privacy and data protection regime.
- **Germany G20 Digital Economy Ministerial** (6-7 April, Düsseldorf): adoption of an annex on digital trade, recognition of the freedom of expression and the free flow of information; recognition and promotion of data protection regimes; support for use of risk-based technical standards, guidelines and best practices in the area of cybersecurity; support for development and use of international standards; improving digital skills and efforts to bridge the digital dividend.
- **Italy G7 Industry/ICT Ministerial** (25-26 Sept, Turin): AI, IPR and SMEs on the agenda.
- **Argentina WTO MC11** (10-13 Dec, Buenos Aires)



# Conclusion

Cross-border data flows are vital for digital trade and sustained global economic growth



Digital protectionism pursued in the name of cybersecurity, privacy protection, and IPR protection ...

Expectation that the OECD will agree to:

**facilitate free cross-border data flows to promote innovation and address global issues through ICT**