

JISA Basic Position on Trade Negotiations of ICT Services

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Public Policy Committee

Japan Information Technology Services Industry Association (JISA)

The innovative advancement of information processing technology, universal use of the Internet, the spread of cloud computing and use of wireless communications, the development of social networking services, the popularity of smart devices, the development of M2M communication, and the use of big data have created an environment where people around the world can use data via a network as well as an ubiquitous environment where the required data and information can be freely accessed from anywhere in the world. We are now in the age of “founding a new economic society utilizing advanced ICT services” that have developed from the fusion of these developments. This is the advent of new innovation in the digital economic society and will lead to the appearance of a more advanced knowledge economic society.

This revolution using ICT will have a major impact on industry and the economy as well as on society overall including medical and social security, education, social infrastructure, culture and art, labor, disaster prevention, the environment, living safely and securely, and the form politics will take, and is expected to contribute to solving a variety of problems. Japan must overcome the issues it faces, such as the declining birth rate and aging population and the energy problem, and realize new advanced growth industries and a vital economic society.

To achieve these outcome, Japan should put in place the necessary policy measures that support a daring re-making the overall national infrastructure, such as developing people who drive innovation, supplying risk money, strengthening the potential growth ability of small and medium size business activities, promoting use of ICT in the public sector, and advanced utilization of data by using organic linkage of policy measures regarding the building of a leading edge ICT nation and policies for promoting innovation. This process also requires Japan to further strengthen its position as a member of the international economic society and a contributor to the development of the global economic society.

According to the METI Annual Survey for IT Services Industry 2010, information services

industry sales accounted for approximately 4% of the nominal GDP (2010). In addition, employment in the IT services industry accounted for approximately 1.5% of employment for all industries (2010). The white paper "IT Services Industry in Japan 2013" analysis stated that although there remains uncertainty in the economic situation in Japan and abroad, "offensive and aggressive IT investment," such as CRM and BI (business intelligence), is being promoted by companies and the movement toward business globalization and information system service implementation is developing steadily to turn difficulty into opportunity.

On the other hand, it is also true that along with the positive view of the development of globalization and the way technology is progressing, there are also concerns about their negative impact on economic society. For example, the problems of personal information protection and security or of protecting a diverse and unique culture are coming to light. To deal with these issues, some have proposed limited access to information, segmenting the freely open network, and implementing regulatory policies to inhibit the flow of information. In the same way, when making and implementing policy for investment and trade policy, a movement toward protectionism against the promotion of advanced use of international ICT services can be seen. These policy measures, especially the regulation of personal information protection and the free flow of information could have a considerable impact on business growth.

In particular, small and medium sized IT service companies, on which such regulations have a relatively large impact on business, have difficulty to take a flexible approach on the regulations for handling data amidst the global flow of information, the liability of service providers, restrictions on trade, etc., so the environmental changes resulting from these public policies could become a major issue.

As the trade association for the ICT services industry, which will found the new economic society, JISA cannot agree with the implementation of such excessive regulation and protectionist policies. However, we also think it is necessary to create new rules for the development of new business models and to respond to the coming new economic society. The main fields relating policy issues that JISA would like to be achieved by the government and the economic organizations when Japan participates in the TPP negotiations are listed below. We think most of these can be achieved by the creation of constructive new rules through the cooperation of the various national governments and related parties from the private sector. Therefore, we would like the contents of this list to be actively taken up not only during the TPP negotiations but also during the other various trade negotiations and government policy studies to quickly create rules that will be acceptable internationally.

We want to actively contribute to creating new international rules by revising the less-effective, outdated legal system framework and its operation both domestically and internationally to play a role in the development of the ICT services industry.

**Main fields in which new rules should be prepared
(In consideration of TPP and other trade negotiations)**

- Cloud computing and service trade liberalization
- The effective handling of the principle of non-discrimination and liberalization
- Response to “new trade issues”
- New rules on ICT services and ICT enhanced (enabled) services
- The Rules on E-commerce (the scope and obligation)
- Prohibition of excessive performance requests
- Liability and exemption on service providers
- The effective measures on Intellectual Property Rights (IPR)
- Rules on data transfer across national borders, cross-border services, telecommunications, and investment
- Rules on personal information protection, data protection, and security
- International tax system for PE , foreign corporation tax, etc. (to avoid double taxation)
- Rules on technical regulations, standards and conformity etc. (use an international standard as far as possible and do not create or employ separate national rules, etc., that would create non-tariff barriers)