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# **International Mutual Recognition for Achieving DFFT**

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# 1. Significance of DFFT

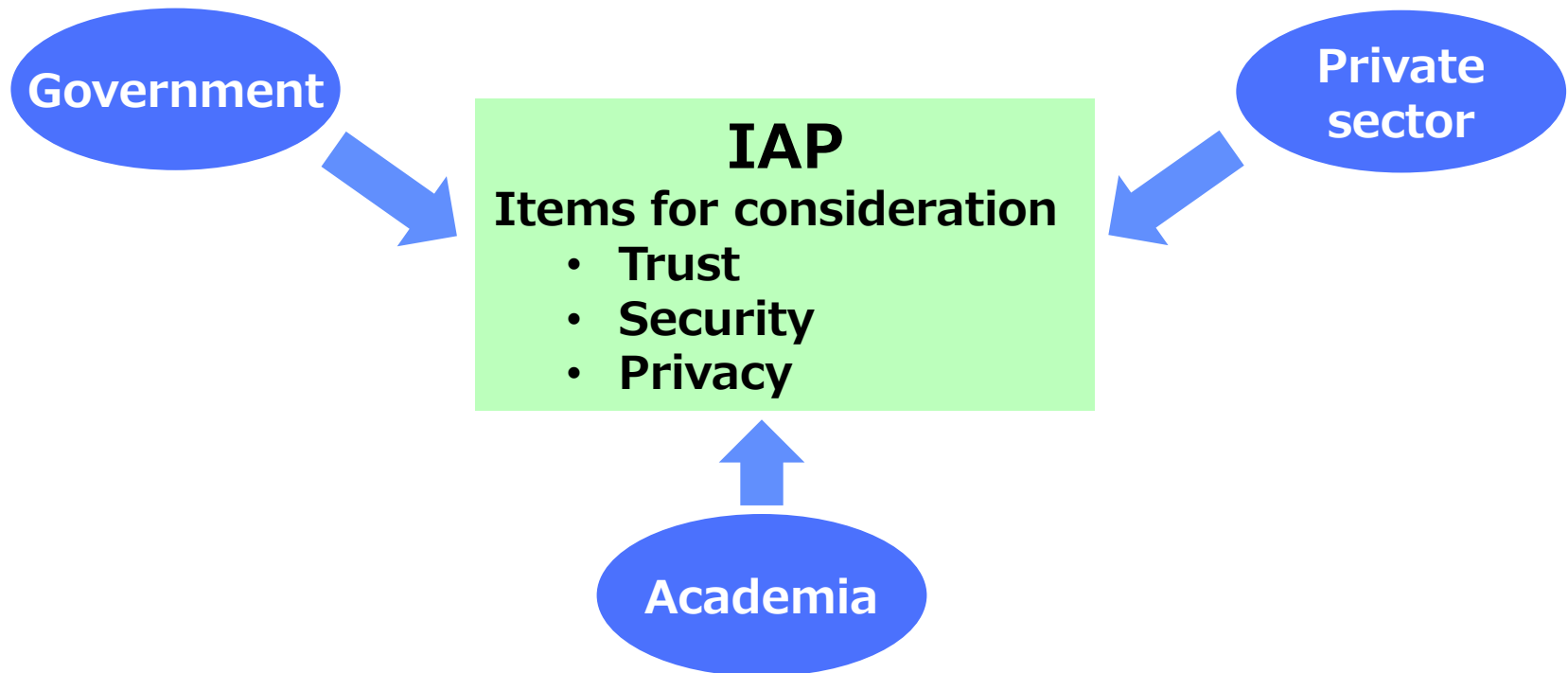
- Summary of Late Prime Minister Abe's 2019 speech at Davos



- Start a forum for discussion focused on data governance, under the roof of the World Trade Organization (WTO)
- Establish a system to implement DFFT (Data Free Flow with Trust), which will be the most important issue for the new economy driving the 4th industrial revolution and Society5.0
- Create a forum for discussion among the US, EU, Japan, India, and the African countries that are making great developments, and share their successes along with the efforts of other countries

# 1. Significance of DFFT

- Promoting a new international framework to realize DFFT
- Institutional Arrangement for Partnership (IAP)



- To realize DFFT, the government, private sector, and academia will work together to identify items for consideration, prioritize them, and discuss them on an ongoing basis
- Results will be presented at the G7

# 1. Significance of DFET

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- Realization of "T" in DFET

- In Society5.0 and Digital Transformation (DX), good, up-to-date, accurate and rich real data is the most important source of value and the most important ingredient to support Digital Trade



- Good, up-to-date, accurate and rich real data needs to be distributed with trust
- Digital Trade needs to be realized on a global scale



- For data to be distributed with trust, Trust Service Infrastructure such as Electronic Authentication and Electronic Signatures is required to prevent tampering of data and spoofing of senders and receivers
- Trust Service Infrastructure based on International Mutual Recognition is needed to realize Digital Trade on a global scale

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# 2. Concept of International Mutual Recognition

- Digital Trade is conducted bilaterally

- Japan-EU Digital Trade

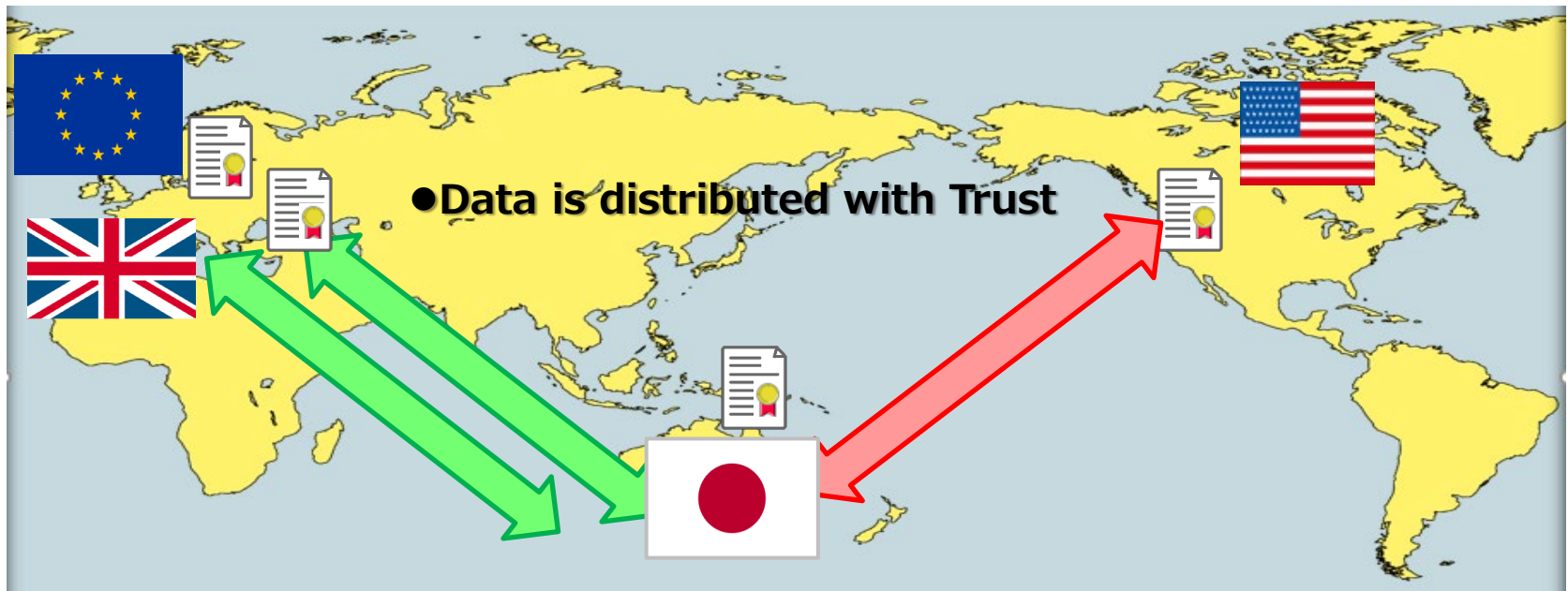
EU-Japan Economic Partnership Agreement:  
enters into force on February 1, 2019

- Japan-US Digital Trade

US-Japan Digital Trade Agreement:  
promulgated and published December 13, 2019

- Japan-UK Digital Trade

UK-Japan Economic Partnership Agreement:  
Effective January 1, 2021



# 2. Concept of International Mutual Recognition

- “Electronic Authentication” and “Electronic Signature” are written in common

## ● Japan-EU Digital Trade

### Definitions

- (a) “**electronic authentication**” means the process or act of verifying the identity of a party to an electronic communication or transaction or ensuring the integrity of an electronic communication;
- (b) “**electronic signature**” means data in electronic form which are attached to or logically associated with other electronic data and fulfil the following requirements:

## ● Japan-US Digital Trade

### Definitions

- (h) “**electronic authentication**” means the process or act of verifying the identity of a party to an electronic communication or transaction and ensuring the integrity of an electronic communication;
- (i) “**electronic signature**” means data in electronic form that is in, affixed to, or logically associated with an electronic document or message and that may be used to identify the signatory in relation to the electronic document or message and indicate the signatory’s approval of the information contained in the electronic document or message;

## ● Japan-UK Digital Trade

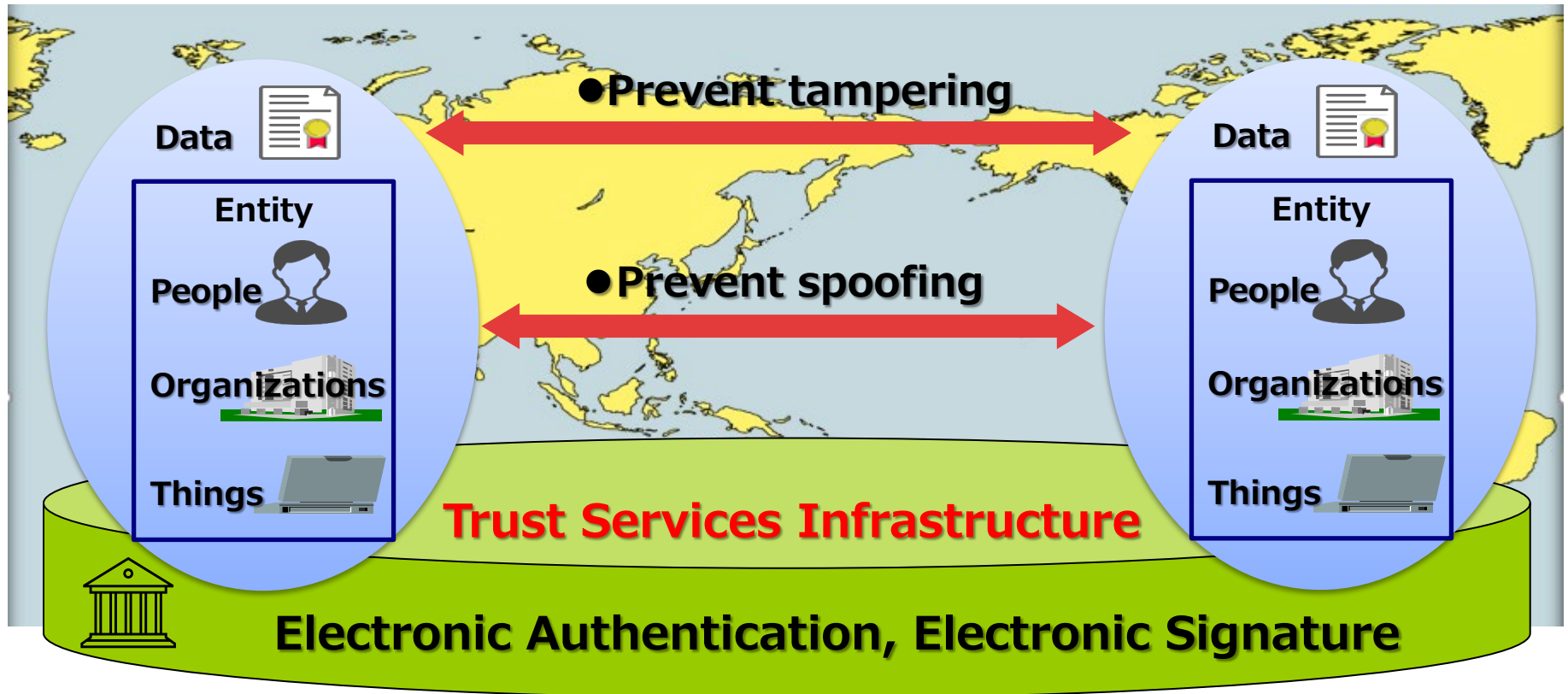
### Definitions

- facilitating parties to a particular electronic transaction to mutually determine the appropriate **electronic authentication** methods or **electronic signature** for their transaction
- facilitating the use of electronic authentication or an electronic signature in electronic transactions in compliance with the applicable legal requirements
- encouraging the use of interoperable electronic authentication and electronic signatures



# 2. Concept of International Mutual Recognition

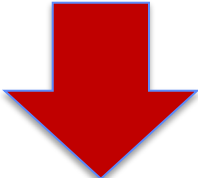
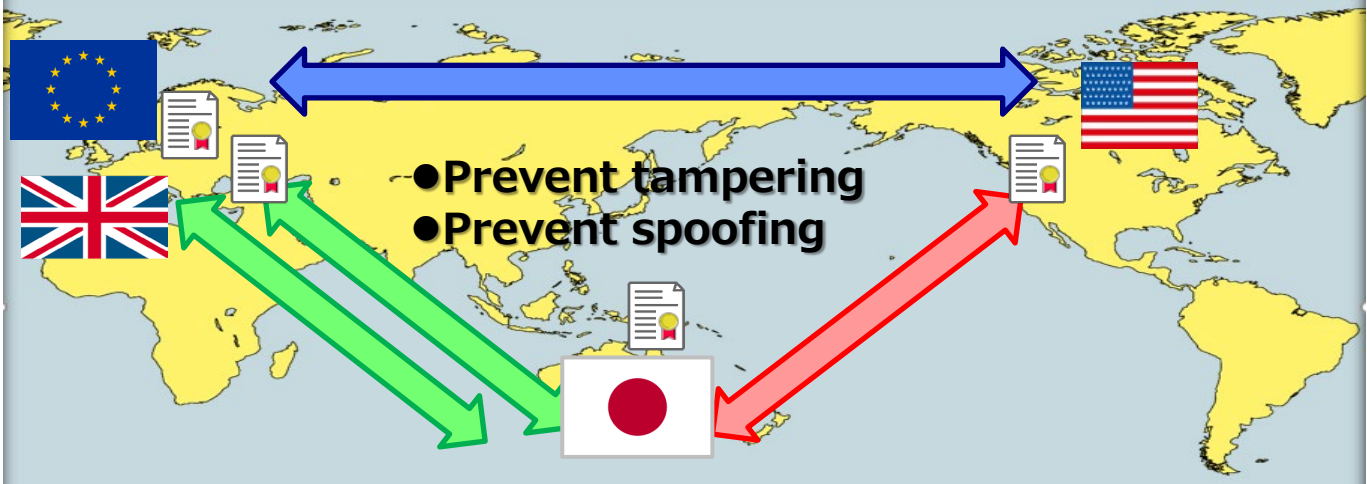
- Bilateral Electronic Authentication and Electronic Signature arrangements
- Cyberspace consists of Data, People, Organizations and Things
  - Electronic Signatures prevent tampering of data
  - Electronic Authentication prevent spoofing of People, Organizations and Things



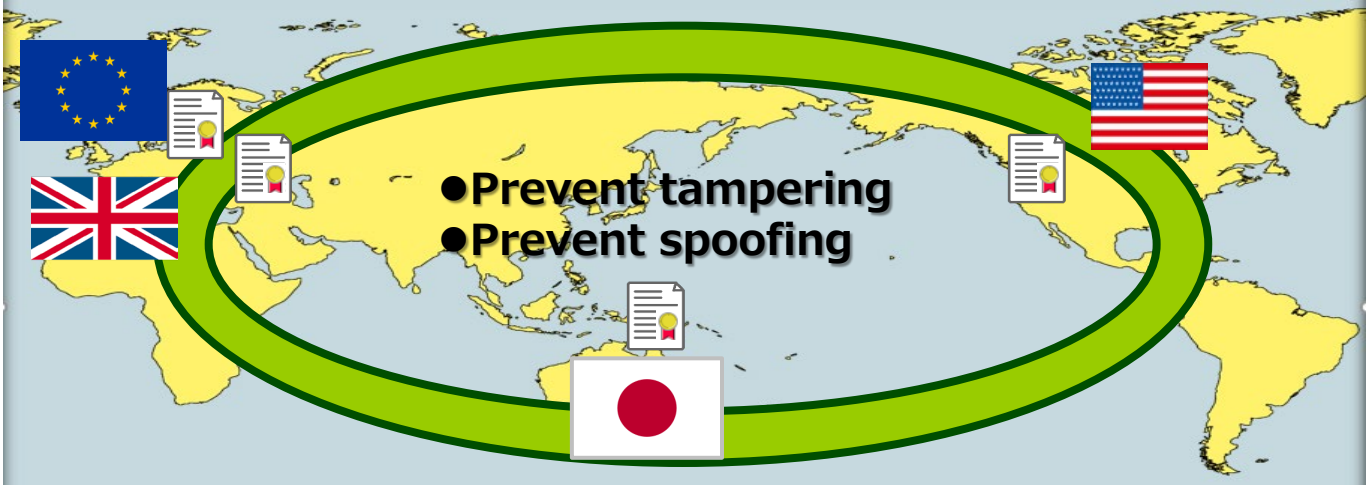
# 2. Concept of International Mutual Recognition

- To achieve Digital Trade on a global scale, it is necessary to expand from bilateral to multilateral

Bilateral

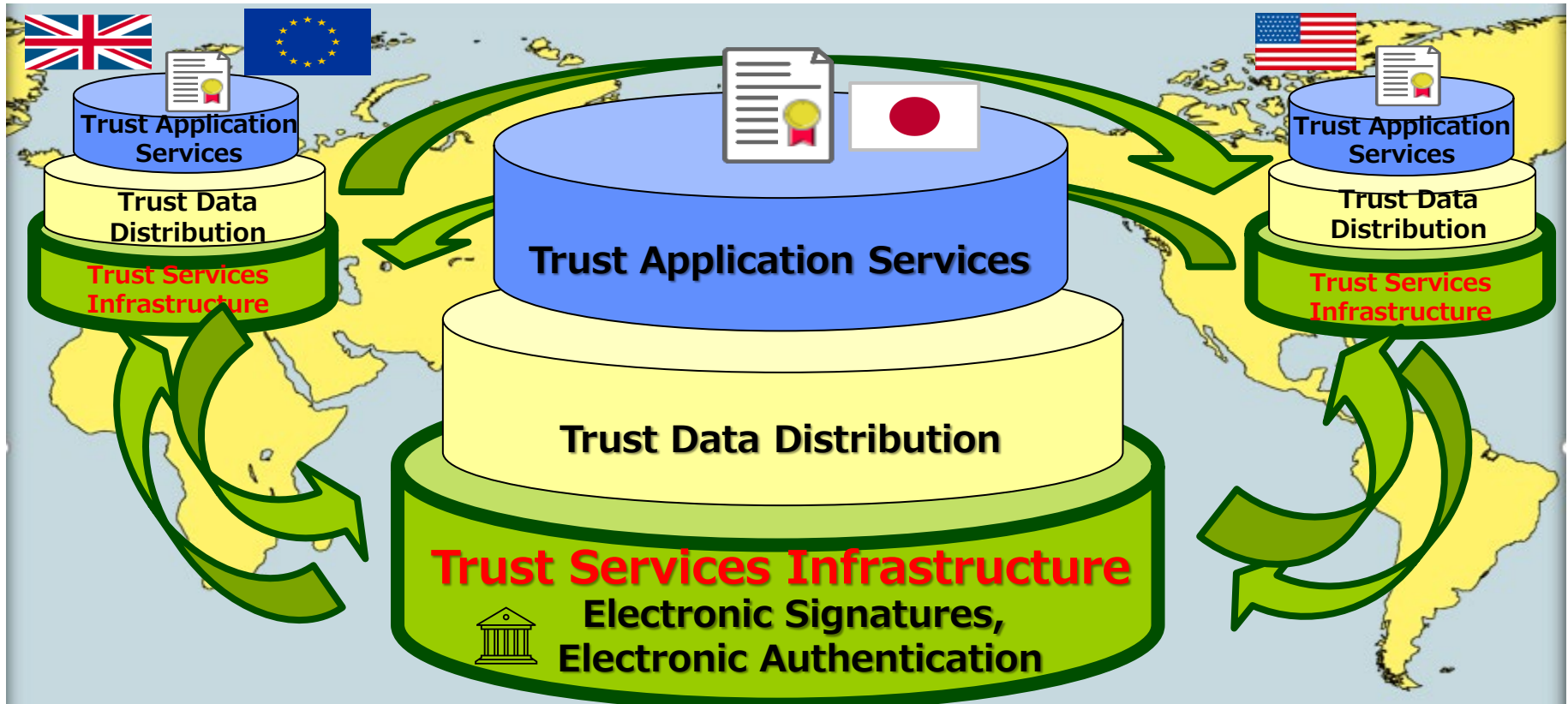


Multilateral







## 2. Concept of International Mutual Recognition

- DFFT is realized with Three-Layered Architecture
  - Trust Application Service Layer: Input/Output of data and use of data
  - Trust Data Distribution Layer: Securely exchange data with entities
  - Trust Service Layer: Trust by preventing tampering and spoofing
- International Mutual Recognition of Trust Service Infrastructure



# 2. Concept of International Mutual Recognition

- Equal footing of Electronic Signature and Electronic Authentication in each country is necessary to achieve International Mutual Recognition
  - Legislation and Accreditation are negotiated among governments
  - Technology standard and Trust Anchor Chain to be promoted among private sectors

	Item	EU	UK	US	Japan
1	Legislation	 eIDAS	 UK-eIDAS	 Executive Order 13526	 Public Personal Identification Law Commercial Registration Law Electronic Signature Act
2	Accreditation	Two steps of EU Commission, Member States	National body	Federal government	National body
3	Technology standard	ISO, ETSI	ISO	ISO, NIST	ISO, JIS
4	Trust Anchor Chain	LoTL, MS TL	UK TL	FBCA	Government BCA

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# 3. Showcase at G7 Digital Ministerial Meeting

- The G7 Digital Ministerial Meeting (4/29,30 at Takasaki) in Japan is a golden opportunity to realize International Mutual Recognition
- Seize the golden opportunity of the G7 to rapidly accelerate International Mutual Recognition of Trust Service Infrastructures
- Demonstrate business use cases using Trust Services Infrastructure at the G7 Digital Ministerial Meeting
- Contribute to the realization of Digital Trade Trust that are moving to global





# 3. Showcase at G7 Digital Ministerial Meeting

- **DFFT EU-Japan technical pilot is being promoted**
  - **Visited EU Commission at the end of November and started pilot project in mid-December**
  - **Scoping Document was finalized in February**
  - **Weekly general meeting and technical meetings are being held alternately**

DFFT EU-Japan technical pilot  
for the cross-border validation  
of electronic seals  
2023/02/17 approved version

## 1. Context and background

### 1.1. Data Free Flow with Trust

Data Free Flow with Trust (DFFT) is a concept that aims to promote the free flow of data internationally by ensuring trust in privacy, security and intellectual property rights while allowing data useful for solving business and social issues to flow freely without being aware of national borders.

In order to ensure the free and safe distribution of reliable information, one of the first steps is to collaborate with countries that share basic views and principles on data in order to promote international rulemaking and discussions related to data distribution.

An important milestone would be to identify requirements and issues through DFFT demonstration using real use cases for providing valuable input to these international rulemaking and discussions.

### 1.2. Demonstration use case: Managing CO<sub>2</sub> emissions data exchange

Companies are under pressure to curb CO<sub>2</sub> emissions as environmental awareness grows. The need for collaboration on exchanging CO<sub>2</sub> emissions data between companies, which is necessary to understand CO<sub>2</sub> emissions, has grown, and the international dimension is undeniable.

From 2024, reporting of car battery CO<sub>2</sub> emissions and disclosure with third-party certification (proof of origin) will be mandatory in Europe. In October 2020, the Japanese government declared the objective to reach "carbon neutrality by 2050". Japan targets a CO<sub>2</sub> reduction by 2030 to 46% of the level from FY2013.

CO<sub>2</sub> emissions data must be managed not only in-house, but also upstream and downstream in the supply chain. A large number of companies, not only large companies but also small and medium-sized companies, must exchange data regarding the CO<sub>2</sub> emissions of the supplied products and services. The globalized dimension of the supply chain requires international collaboration to ensure that these data may be exchanged in a secure and trustworthy manner.

**DFFT EU-Japan technical pilot for the cross-border validation of electronic seals**

## 1. Context and background

### 1.1 Data Free Flow with Trust

### 1.2 Demonstration use case: Managing CO<sub>2</sub> emission data exchange

## 2. Scope of the EU-JP pilot on mutual recognition pilot for electronic seals in the context of DFFT

### 2.1 Objective

### 2.2 Assumptions regarding the legal context

### 2.3 Scope of the technical pilot

### 2.4 Respective roles of the EC and Japan in the technical pilot

### 2.5 Timeline, resources and deliverables

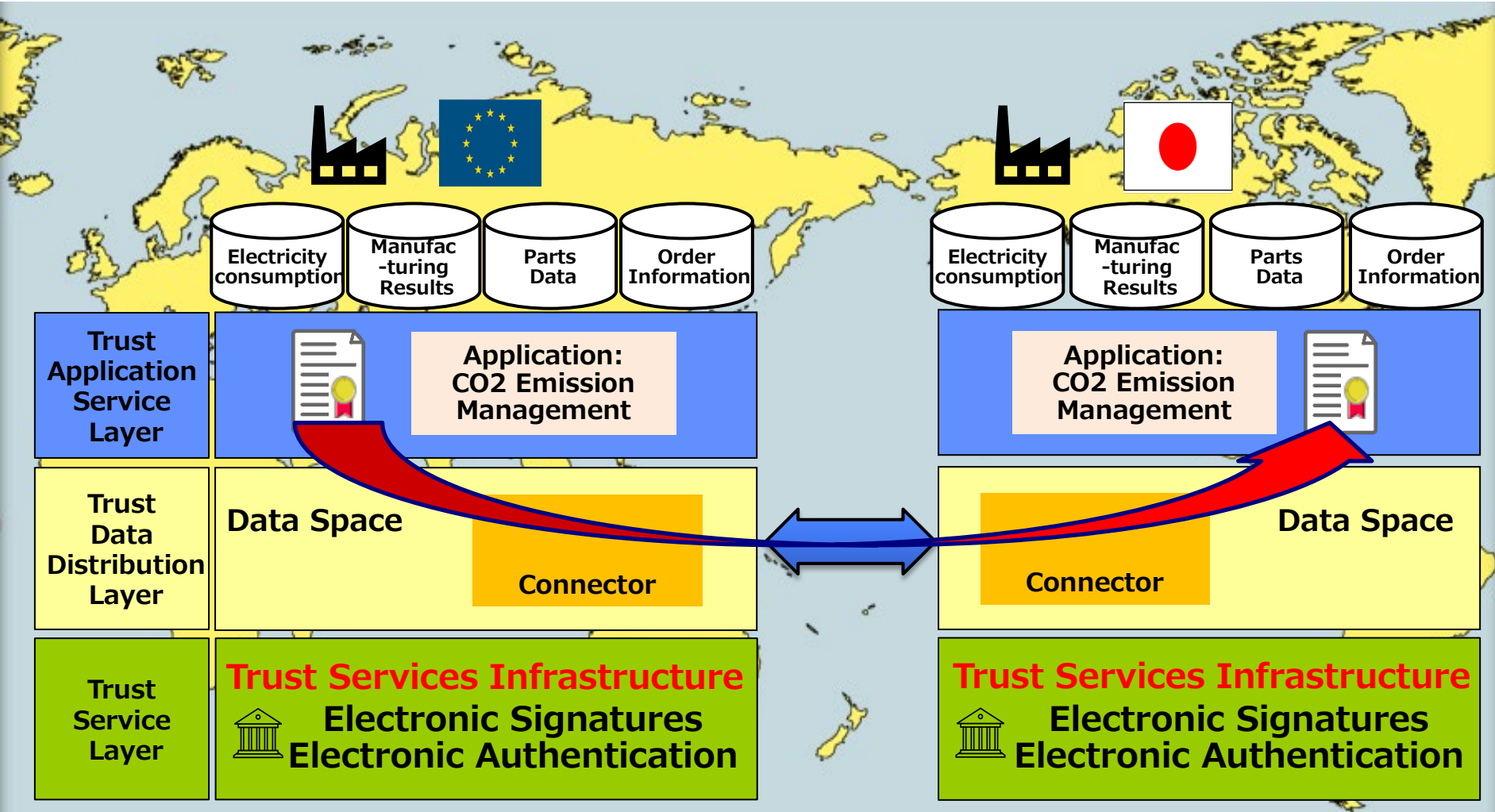
### 2.6 Project structure and contact points

## Annex I - Detailed use case scenario

## Change log

# 3. Showcase at G7 Digital Ministerial Meeting

- Demonstration based on the Scoping Document
  - Application: Carbon Neutral and CO2 Emission Management





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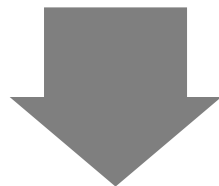
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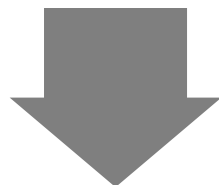
## 4. Global Expansion of International Mutual Recognition

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- Japan, the host country of G7, plans to hold a showcase of International Mutual Recognition in cooperation with EU at the G7 Digital Ministerial Meeting
- India, the host country of G20, has requested G20 members to include International Mutual Recognition as a theme for the G20 Digital Ministerial Meeting
- India is making the same request to Japan



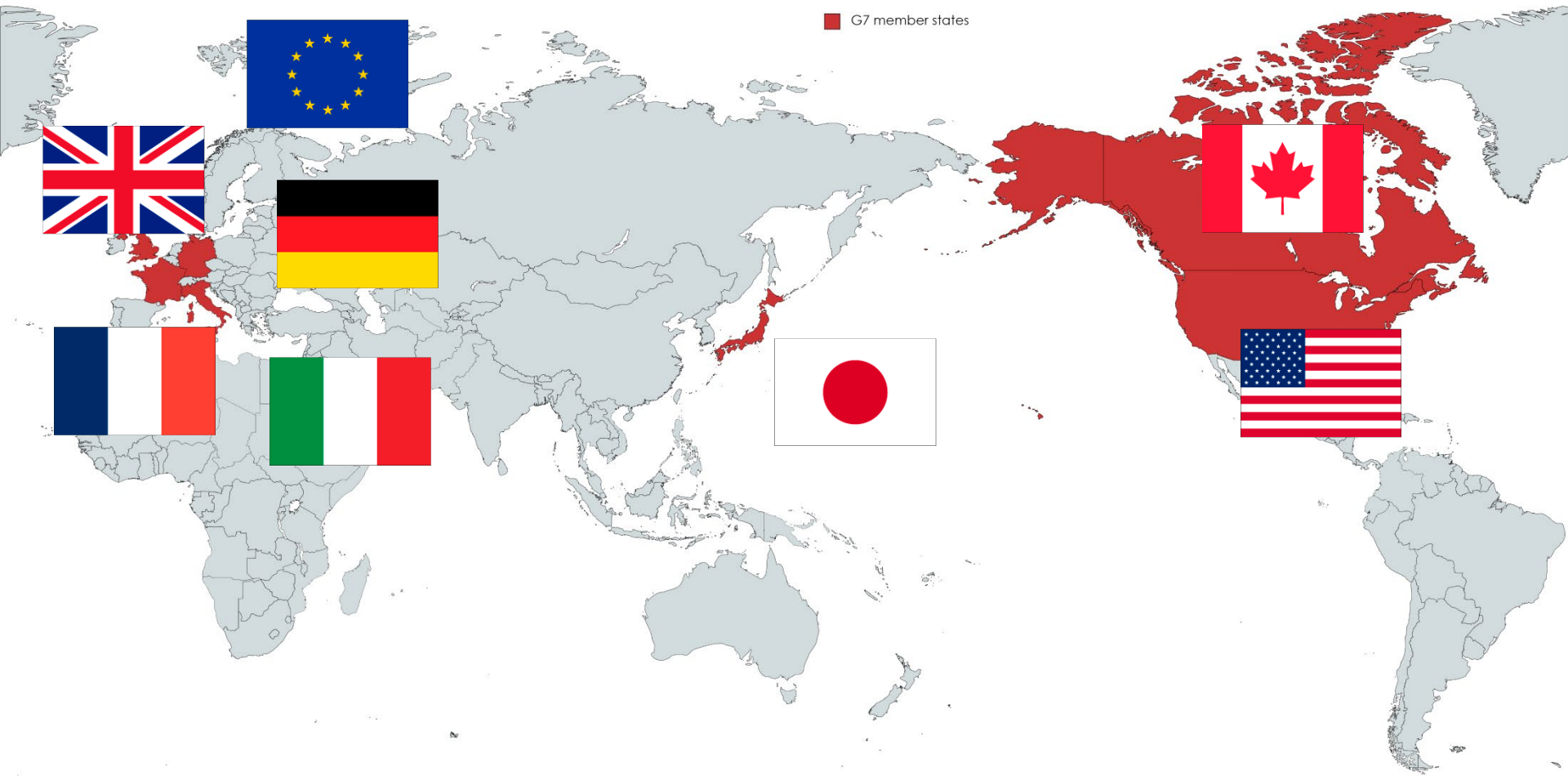
- Japan, host of G7, cooperates with India, host of G20, to achieve International Mutual Recognition
- Japan, which belongs to both G7 and G20, will contribute as a coordinator



- Achieve Global expansion of International Mutual Recognition

# 4. Global Expansion of International Mutual Recognition

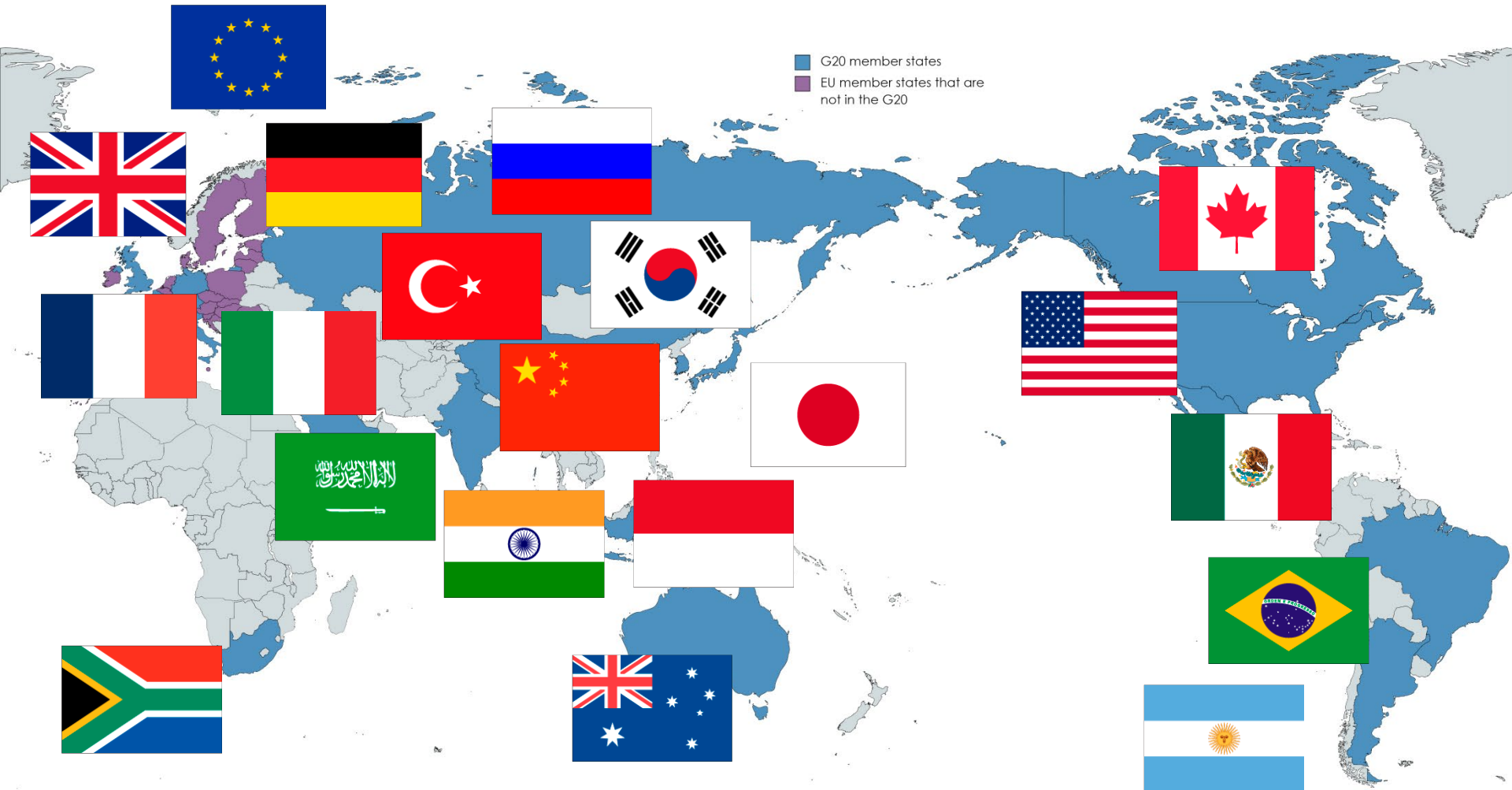
- Begin with International Mutual Recognition in G7 members



Created with mapchart.net

# 4. Global Expansion of International Mutual Recognition

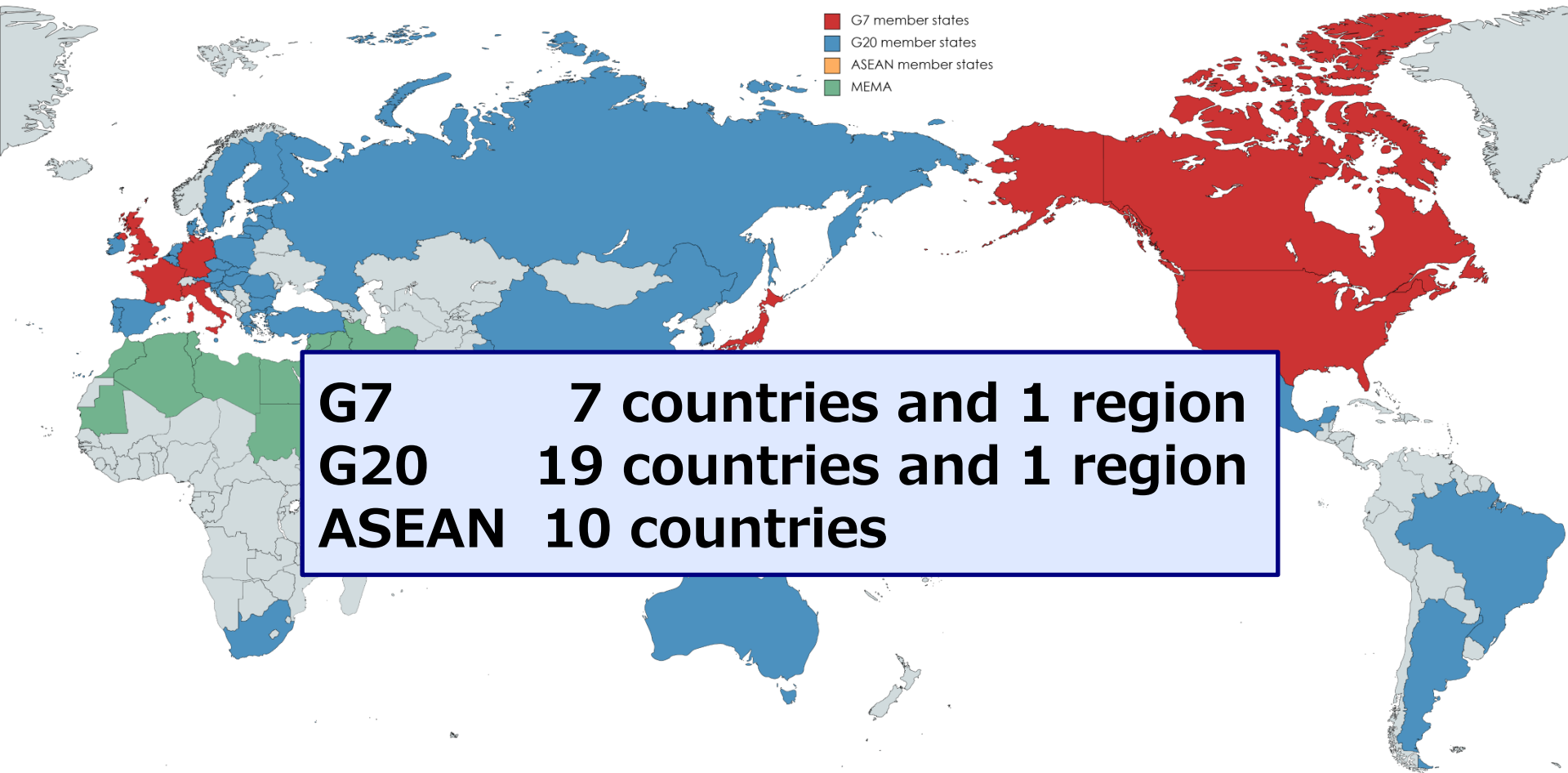
- Expand International Mutual Recognition from G7 members to G20 members



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# 4. Global Expansion of International Mutual Recognition

- Global expansion of International Mutual Recognition to G7, G20, ASEAN and other countries



<b>G7</b>	<b>7 countries and 1 region</b>
<b>G20</b>	<b>19 countries and 1 region</b>
<b>ASEAN</b>	<b>10 countries</b>

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# 5. Summary

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- **Summary of this presentation**
  - **Significance of International Mutual Recognition**
  - **Multilateral Trust Service Infrastructure achieves DFFT**
  - **Japan and EU pilot project plans Showcase at G7 Digital Ministerial Meeting**
- **Significance of Side Event**
  - **Speech from EU Commission**
    - **EU-Japan pilot project**
  - **Speech from India**
    - **Discussing about International Mutual Recognition at G20 Digital Ministerial Meeting**
- **Further step**
  - **Global expansion of International Mutual Recognition**

# 5. Summary

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- **G7 will continue their discussions to confirm and agree on the importance of International Mutual Recognition on Trust.**
- **G7 will continue their efforts through pilot projects for International Mutual Recognition of Trust services.**
- **G7 will promote the demonstration and implementation of Trust, utilizing the Institutional Arrangement for Partnership (IAP) as an effort to achieve DFFT.**