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The EU and Japan: forging joint opportunities for global technology governance beyond great power rivalry

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Theme

The EU and Japan can jointly contribute to the governance of technologies at the multilateral level as an economic giant bloc and middle power respectively. They also play a role in the growing presence of ad hoc coalitions in this realm.

Summary

Technology governance is an area of global power that countries are increasingly responding to by means of *ad hoc* coalitions or initiatives limited to a few members –and resorting less to the traditional multilateral setting of international organisations–. In this scenario largely fuelled by US-Chinese rivalry, it remains a strategic necessity to analyse the response of middle-sized powers such as Japan and giant economic blocs like the EU –both vulnerable to the situation and with significant influence and common interests–.

Japan is gaining traction in *ad hoc* coalitions –from the Quad to Blue Dot Network– and has also been proactive in pursuing technology principles as well as leading relevant ecosystems –such as GPAI, Osaka Track and the PQII–. At the same time, the country also relies on traditional multilateral settings as it aims to seize leadership in Asia by means of regional cooperation and on some previous attempts to reach out to African governments jointly with India. However, Japan's approach to technology competition is cautious: it does not intend to become confrontational with China. This places it in an inter-theatre position where it has opportunities to cooperate with the EU to project a democracy-affirming technology governance at the multilateral level without renouncing to cooperation with China when deemed appropriate.

Meanwhile, the EU has launched its own initiatives to work bilaterally with third parties, although to aiming to go as far as engaging in trilateral, quadrilateral or *ad hoc* coalitions. This is the case of the Digital Partnerships with Japan and other Asian countries, the Trade & Technology Council with the US, and the D4D in Africa and Latin America and the Caribbean.

The object of this is paper is to provide some policy recommendations and identify opportunities where both the EU and Japan can convene to project their common interests and needs at the multilateral level.

Analysis

Technological multilateralism at stake

Technology governance is reshaping the way multilateralism has so far been understood. In today's world, technology impinges on new speeds, directions and approaches for market competitiveness, but also on how particularly certain values – democratic or authoritarian, techno-utopian, techno-responsible or techno-pessimistic– define the ways in which countries and other stakeholders, from businesses to civil society groups, relate to each other. Technology governance is also a tool of power insofar as those who gain control over it can promote certain dynamics of (inter)dependence, technology weaponisation, greater competition, a retreat to borders and national security, or mutual trust.

This touches on the core of multilateralism: markets, but also global security and values. It has significant implications for mutual trust, coalition-building and confidence, but also on the redefinition of what power means in global affairs, due to the rising influence of stakeholders other than States, who are increasingly playing a major role. It is not the role of advocacy, lobbying or oversight but one where private technology companies are directly encouraging global interdependence between countries in new directions, intensity and scope, and also influencing how governments relate to each other in the geopolitical competition.

Likewise, in recent years many countries have leant on *ad hoc* bilateral, trilateral or multilateral initiatives or the creation of 'coalitions of the willing' to respond to pressing issues in the realm of global technology governance. Some international organisations address technology issues from a global power perspective –such as the International Telecommunications Union on standards or the World Trade Organisation with the digital economy– while others have expanded their mandate to this topic –the UN Special Envoy on Tech–, but *ad hoc* coalitions or agreements, memorandums of understanding or common projects between a limited number of countries still remain the most prominent standard to date. This is the case of the Quad Initiative, which includes commitments on technology issues, the US-led Clean Network and the Alliance for the Future of the Internet 2.0, the D10 coalition proposed by the UK to exploit technology from a democratic approach, and China's Digital Silk Road (DSR), which had a dedicated section in the second Belt and Road Forum in 2019, and counted on the participation of nearly 30 countries including Cuba, Egypt and Serbia. The DSR is also gaining traction in Latin America and the Caribbean.

In this scenario of firm rivalry, mainly between the US and China, it remains essential to analyse how middling powers such as Japan and blocs such as the EU, which are on the radar of this rivalry and have significant influence and interests, are responding to this scenario. This involves looking at what capabilities the two actors are deploying and how their own initiatives can sway global technology governance.

Japan's role as a middle-sized power in a 'scattered' global technology governance

Japan's role as a middle-sized power in technology is greater than others for several reasons. It is the only Indo-Pacific member of the G7 (and also the only non-European or North-American country), which makes it stand out compared with the G20. China, India, Indonesia and South Korea are part of the G20 but conclusions, statements and commitments tend to be looser and less actionable than in the case of the G7, whose decisions have proved to be much more outcome-oriented.

Even in the case of the G20, whose group appears too large and politically divided, Japan has been the country with the most comprehensive proposal to date concerning data free flows with trust (DFFT) across borders, namely the Osaka Track –although it was ultimately unsuccessful due to India, Indonesia and South Africa's decision not to sign the Declaration during the Japanese Presidency in 2019. However, it is important to point out that since Japan's show of leadership the group has begun conversations on how to govern several technologies and data flows.

Furthermore, the Government of Japan will hold the Chair of the Presidency of GPAI – the Global Partnership on Artificial Intelligence (hosted by the OECD)– over the 2022-23 period. The GPAI is one of the few global settings to discuss intergovernmental negotiations on the responsible development and use of AI, grounded in human rights, inclusion, diversity, innovation and economic growth. Other Asian countries are also part of the GPAI, such as India, South Korea and Singapore.

While no solid outcomes have been delivered since the creation of the GPAI –except for the declaration of AI principles–, Japan has several reasons to be proactive in its Presidency of the GPAI and also in other global settings where technology governance can be boosted.

First, Japan's vision of a Free and Open Indo-Pacific (FOIP) over the past three administrations and the government's commitment to a rules-based order may be a prelude to how the country similarly wants technologies to be governed between countries, ie, under common rules of understanding to oversee their design, use and implementation. This normative corpus barely exists as yet, save for some initial agreed-upon norms on cyberspace and State responsibility.

Although the FOIP Strategy does not refer to competition over technology or digitalisation as such, it acknowledges that Japan intends to further increase awareness, confidence, responsibility and leadership across ASEAN and South-Asian countries through democracy, the rule of law and an open market economy. Also, it aims to develop a free and open Indo-Pacific as a region of 'international public goods' and pursue economic prosperity by improving 'physical connectivity' including ICT, 'people-to-people connectivity' through human resources development (which remains essential to a technology-skilled workforce) and 'institutional connectivity'.

From a technology governance perspective, this approach means that Japan looks forward to greater cooperation with South-East Asian countries as a way of developing an inclusive approach to how technology is designed, exploited, governed and exchanged. But it is also a way to prevent China from overtaking its neighbouring

countries' economies and security standards. Several countries have already signed Digital Silk Road-specific Memorandums of Understanding (MoU) with China: specifically, Bangladesh, Laos, Kazakhstan and South Korea. Japan has the opportunity to cooperate with its neighbouring countries in three respects: to support them to increase their own technological capabilities so that they become less dependent on China; to stress the importance of having the freedom to govern technologies on a level playing field; and to foster regional cooperation by means of various technological cooperation mechanisms that are only just starting to be developed worldwide.

Some of these are common principles on export controls of dual-use technologies (as the EU and the US aim to develop at the TTC), stronger oversight procedures for Foreign Direct Investment on critical technologies (as proposed by the European Commission with an EU-wide Observatory on Critical Technologies across Member States), or diplomatic support on the misuse of technologies for provoking political instability or restricting freedom (as with the EU's Cyber Diplomacy Toolbox or its itemised funding to tackle digital repression in partner countries).

To give a recent example, Maiko Ichihara argues that Tokyo requested that most South-East Asian countries –even some that were not democracies– were to be invited to the Biden Administration's Summit for Democracy back in December 2021. This might have driven the country to continue having cooperative relations with them. Building upon that, such an approach might also apply to technology governance: although the principle of non-interference in internal affairs is deeply rooted in Asia, exploring solutions on technology governance is Japan's interest to prevent China from monopolising the region in the realm of technology development, be it through the lenses of security, economy or values and fundamental rights.

Secondly, Japan's approach to China is cautious –but not confrontational– also in technology terms. When the UK proposed the creation of a D-10 group of 10 leading democracies (the current G7 members plus Australia, India and South Korea) for addressing 5G technologies and vulnerable supply chains in 2020, the British government acknowledged that the D-10 was not an anti-China alliance. However, the focus placed on these two technology topics and the reception of two further Asian countries plus Australia pointed to an approach that was quite oriented towards China. The D-10 was unsuccessful. However, it is a remarkable example as it was offered as a place to convene foreign-policy 'restrainers' as well as 'competitors' alike. Although Japan aims to engage with other Asian countries, in the 2021 Democracy Perception Index only 47% of respondents from Japan were favourably disposed to the D10 initiative, reflecting public resistance to the idea of explicitly confronting China in a firm manner. Japan is attempting to find ways to cooperate in international 5G deployment with 'countries that are maintaining their distance from the Digital Silk Road', according to Dai Mochinaga.

However, this has not prevented Japan from joining other *ad hoc* initiatives with partners who are, in turn, China's rivals. The strategy has been dual. First, it has jumped into US-led initiatives to gain traction in its pivot to Asia. Secondly, Japan has stretched its 'strategic alignments' with India in recent years, not only as a bilateral agreement but also as a bridge to reach out to Africa.

On the one hand, in September 2021 the Quad –comprising Australia, India, Japan and the US– included for the first time a set of common activities on technology policy. Among other topics, these decisions touched on critical and emerging technologies –whose working group already started in March 2021– and aimed to establish technical standards contact groups, launch a semiconductor supply chain initiative, and support 5G deployment and diversification through a Track 1.5 industry dialogue on Open RAN (a US-led technology). The Quad statement also extended activities on cyber, notably launching a Quad Senior Cyber Group. Likewise, it agreed to create a new working group on space for satellite data-sharing, capacity-building, and consultation on norms and guidelines. The reasoning behind these agreements is geostrategic but also technical, as each country has a specific comparative advantage across the production cycle.

In the case of the Blue Dot Network (BDN), Japan plays a greater role as a 'norm entrepreneur'. The BDN also has a geopolitical approach, due to the need to speed up the process in order not to lag behind China. When Australia, Japan and the US announced a trilateral partnership in 2018 for infrastructure investment in the Indo-Pacific, the outcome is that only one technology-related project has been underway since then: an undersea fibre optic cable connecting the Republic of Palau to an international cable in Guam. This limited dynamism explains why one year later –in 2019– the trilateral partnership launched the multi-stakeholder Blue Dot Network (BDN) as a more geopolitical framework that explicitly aimed to differentiate its projects from those of the Belt and Road Initiative.

Japan is an important asset for this *ad hoc* coalition, as the BDN initiative rests on the PQII (Principles for Quality Infrastructure Investment) that Japan proposes at the G20. Despite this, by April 2021 no projects had been certified as certification benchmarks have yet to be announced, which might depreciate the strengths of the Japanese proposal.

Beyond its active participation in US-led initiatives, Japan has reached out to India to find common ground in technology governance bilaterally, but also as regards Africa, since neither participate in the Belt and Road Initiative. However, government-to-government ties with Africa's leadership has so far remained limited, which may complicate the goals of Japan and India to be strategic and get ahead of China's rising influence.

Specifically, Japan has regarded India as a key partner 'capable of balancing [China's] rise to global economic power and influence'. Back in 2015 India and Japan aligned their strategic vision in the 'Indo-Pacific Vision 2025' document. For example, Japan has provided ODA and technology transfers for infrastructure projects in India. However, when it comes to the Japan-India Asia-Africa Growth Corridor (AAGC) that the two initiated in their 2017 vision document, to ensure physical, people-to-people and institutional connectivity, the main lines of cooperation have remained focused on business-to-business links. No concrete government-to-government (G2G) implementation plans have so far been notified.

The EU's role as an economic giant

The EU is a mixed picture of initiatives touching directly on technology policy and of only a recent growing interest in the topic. Some moves rely on traditional multilateral settings –G7, G20 or the GPAI, as it is hosted by the OECD–. However, the EU is also gaining weight in new initiatives that are either *ad hoc* or bilateral/trilateral, and which do not pertain to any sort of international organisations. Likewise, the EU is also proposing its own unilateral initiatives to engage with partners for technology governance.

Such is the case of the EU's Global Gateway. As global infrastructure strategies are essential on the frontlines of geopolitical competition, the Union has developed its strategic muscle with an integrated and holistic approach to complement those from the US (Build Back Better World, B3W) and China (BRI). The ultimate goal of the Global Gateway is to be the strategic umbrella from which to deploy massive funds more effectively across regions and with partners, with a budget of up to €300 billion over the 2021-27 period. Although China's BRI annual funding outcompetes the Global Gateway's, the EU and its member states are the world's largest development donors.

This approach is strategic, as digitalisation is the strategy's first pillar. Also, the fact that the EU leads the way in grants –and not loans, as China does– provides some scope for the EU to increase its mutual trust and confidence-building with other country partners. This is of especial interest in the case of Latin America and the Caribbean, where an EU-wide regional strategy is still lacking but might have significant benefits, as well as in Africa, which Japan is also looking at and where the EU's Strategy with Africa has already set out digital transformation as the second of its five priorities, along with Asia itself, which is a further layer of potential Japan-EU cooperation in the digital sphere.

The fact that it will be coordinated by Team Europe is convenient to encourage them to seize the Global Gateway, not only as a policy-oriented framework but also as one of a high-level political momentum. This is also of interest at a time when the EU is dependent on critical raw materials, basic for technology manufacturing, and rare earths from non-EU countries, largely from Asian countries. This also provides scope for Japan-EU cooperation.

The EU has also deployed other instruments to engage in the digital sphere with partners, including Japan and India. When the EU released its Strategy for Cooperation in the Indo-Pacific in September 2021, it set out Digital Partnership Agreements with *like-minded partners* in the Indo-Pacific, specifically with India, Japan, Singapore and South Korea. The EU also plans to support the ASEAN Digital Masterplan 2025. The EU-proposed Digital Partnerships aim to enhance technical, policy and research cooperation and the development and capacity-building of standards for emerging technologies in line with democratic principles and fundamental rights. A second instrument has been the *Digital4Development Hub*. It has so far been planned for Africa and quite recently for Latin America and the Caribbean. No implementation plans have been published so far. It remains unknown whether the D4D is being planned for the Indo-Pacific, and whether it might be carried out on a bilateral or regional basis.

As regards the approach to China, the case of the EU's engagement in the Trade & Technology Council (TTC) alongside the US shows to what extent the Union is not

aiming for a confrontational discourse with China. The EU has frequently acknowledged that the TTC aims to be a platform to promote democracy-affirming technologies and counter authoritarian technology developments such as social scoring systems. But the Union does not aim the TTC to become an anti-China platform and has opposed the anti-China stance that the US tried to bring in to the TTC. Neither does it intend to extend the scope of the TTC from the currently bilateral space for dialogue to a broader one in which countries from the Global South become involved.

Opportunities and proposals for EU-Japanese cooperation in global technology governance

It is clear that both the EU and Japan have jumped on the bandwagon of global technology governance. They have done so jointly since their Partnership on Sustainable Connectivity and Quality Infrastructure, which touched on infrastructure –including the digital–, the EU's first-ever connectivity partnership with a third country. The proposal for an EU-Japan Digital Partnership Agreement in September 2021 shows that both sides have solid interests in working together, specifically aiming to expand cooperation on 6G, standardisation, AI, blockchain, quantum technology, cybersecurity, resilient supply chains for semiconductors and cooperation on innovation in advanced semiconductors.

As the 2021 EU Foresight Report clearly acknowledges: 'In the future there will be no single player in a position to dominate all regions and policy domains. Partnerships need to be developed, with a clear hierarchy of priorities and long-term commitment'.

Building upon this, there are several opportunities which go beyond the scope of the Connectivity Partnership and might be useful to take into consideration for the EU and Japan to seize their common opportunities on both a bilateral basis but especially on how they might strengthen their approach to global technology governance with other partners:

(1) Include a mapping of critical raw materials and rare earths in the Digital Partnership Agreement, as both sides can be dependent on the same third countries. Considering that the scope of the partnership actually goes beyond the digital and also embraces technology from a critical security perspective –from supply chains to quantum–, the EU and Japan would do well to work on a common mapping of existing assets, shortcomings and needs of critical raw materials and rare earths. This does not imply working together on trade agreements with third countries. Rather, it means sharing best practices and learning how confidence-building measures and strategic dependences can be addressed in the long term. This is of interest for both sides, as various Asian and Latin American countries have a large number of raw materials essential for technology manufacturing.

(2) Proceed to the final signing and launch of the Digital Partnership Agreement and seize the benefits of cooperation to influence international technology governance. The Ambassador of Japan to the EU argued in January 2022 that they aim to continue Japanese-EU cooperation on *Data Free Flow with Trust* (DFFT) that Japan proposed at the G20 in 2019, and continue discussions towards the conclusion of the Digital Partnership Agreement. Both sides can benefit from the political

momentum the global rivalry scenario is facing at present: Japan is a country with a solid mid-power diplomacy and the EU is an economic giant with a strong presence in Africa and other regions.

Joining forces might make other similar actors –especially middle-sized powers but also developing countries– see that this union is trustworthy, will have permanence in time and that both sides can work under the same standards and principles. Also, the fact that both the EU and Japan's discourse is not confrontational with a technology hegemons allows countries with less power to rely on the EU and Japan as long-running, stable countries in technology development (R&D and design), technology resilience (supply chains, export controls and Foreign Direct Investment) and technology use (standards and a rules-based order).

(3) Strengthen EU-Japanese cooperation during Japan's Council Chairmanship of the GPAI until 2023. Japan has been proactive in proposing roadmaps and policy steps at the G7 and G20. Several EU Member States have similarly done so. If the EU and Member States' representations at the OECD set out a clear action plan to cooperate with the Japanese Presidency, common interests might be much more effectively achieved at the GPAI due to coalition-building and the speeding up of decision-making. This is of interest for both as they have a similar vision on how to approach AI democratically (risk-based, *ex ante* measures and the engagement of civil society).

(4) The Connectivity Partnership can also be a bridge for third countries (not only for bilateral links). As Mario Esteban and Ugo Armanini argue the EU-Japan Connectivity Partnership is not built against China's BRI. Both the EU and Japan acknowledge the benefits of China's infrastructure development and are willing to cooperate with China as long as these projects are sustainable and offer a level-playing field for private actors. However, to this end, the EU and Japan first need to reinforce cooperation with other like-minded countries. Building upon the India-Japan-Africa-Asia Growth Corridor, the EU and Japan can work closely with African and Latin American countries through the ties that several EU Member States have with them, such as Spain and France.

Moreover, closer cooperation to act on third countries is strategic for both sides, as the EU and Japan have long aimed to counter the rise of China, while not resorting to a confrontational discourse, as acknowledged by the EU with the TTC ('not an anti-China alliance') and Japan with its attempts at regional cooperation in Asia.

(5) Explore potential common development funds and investments by means of ODA and prioritise grants over loans. This would allow both sides to build ties with developing third countries through international organisations that are well-equipped and trusted by recipients.

(6) Exploit common interests in democracy-affirming technical standards at the International Telecommunications Union. The EU released its Standardisation Strategy in January 2022, whose third pillar is to 'enhance European leadership in global standards'. The initial purpose is to pursue closer coordination with like-minded partnerships, where Japan can fit in. Also, the fact that the EU will fund standardisation projects in African and Neighbourhood countries opens up avenues

for cooperation, be it under the form of Foreign Direct Investment, technical assistance or common R&D from Japan.

Conclusions

Overall, while Japan is gaining traction in *ad hoc* coalitions, these initiatives risk failing to become operational as they rely on technical benchmarks and specificities that might be delayed. Japan needs to remain in these coalitions while not forgetting the importance of its forthcoming Chairmanship of the Presidency of the GPAI and its important role in the G7 and G20 –eg, data flow quality infrastructure–. This will be strategic for Japan in its dual goal of seizing regional cooperation in Asia and projecting an international democratic approach to technology governance. Meanwhile, the EU prioritises the multilateral level or, in some cases, bilateral –rather than trilateral or quadrilateral– agreements.

These proposals aim to foster common benefits for the EU and Japan in the 'traditional' multilateral order. However, both sides are also part of other *ad hoc* initiatives and coalitions. The two mechanisms can be complementary. The latter one brings in tailored, targeted responses to pressing issues over a short period of time, while the former provides long-term approaches. Technology governance is at stake, and the EU and Japan can contribute to it in a sound manner.