



US-Japan Technology Prosperity Deal

Proposed Outcome relating to Continuity of Commercial Technology Access

August 2026

I. Recommendation

The Business Software Alliance (“BSA”)¹ urges the Bureau of Cyberspace and Digital Policy (“CDP” or “the Bureau”) within the US Department of State (“State”) to seek joint outcomes under the US-Japan Technology Prosperity Deal (“TPD”)² that deepen cooperation in quantum computing, artificial intelligence (including industrial AI), and other advanced technologies, grounded in a shared vision of digital sovereignty built on capability, collaboration, resilience, and trust. The most consequential deliverable would be a reciprocal Continuity of Service commitment, paired with an advance notification and consultation mechanism.

The United States and Japan are treaty allies and geostrategic partners. Our relationship is grounded in the 1960 Treaty of Mutual Cooperation and Security and over 50,000 US military personnel based in Japan.³ Article II of that Treaty commits both governments to seek to eliminate conflict in their international economic policies and to encourage collaboration between them.⁴ Subsequent agreements, including the TPD itself, have sought to deepen that collaboration.

The United States and Japan sustained roughly US\$320 billion in two-way trade in 2024, and Japan is the largest single source of foreign direct investment into the United States – over US\$800 billion, supporting close to one million US jobs.⁵

This bilateral relationship demonstrates that shared technology leadership and a coordinated response to increasing global technology competition depend on continued access to each other's important commercial technologies – from enterprise AI, software and cloud computing in the United States, to industrial robotics, precision machinery, and microlithography in Japan.

II. Why This Matters Now

In recent months, commentators in some regions have claimed that their markets are unduly dependent on US technology and have advocated for longer-term technological decoupling from the United States and from technologies supplied by or developed in the United States. This campaign is not confined to frontier AI models; it is now routinely extended to commercial cloud infrastructure, business and industrial software, and enterprise productivity platforms. Even in other countries in which these views are less strongly held, questions have arisen as to whether those countries’ access to purely commercial digital tools from US providers is stable and secure.

The Department of State has responded quickly, instructing US foreign service officers to counter that narrative and explain that a pre-release security testing window for the most advanced frontier AI models is not a switch-off mechanism for widely-used commercial technologies, and should not be cited as a pretext to exclude US commercial technologies or promote a decoupling narrative.⁶

We urge the Department to take further steps to reassure our trading partners of their continued access to US commercial technologies. US providers supply the most secure and reliable commercial technologies available – including in SaaS and IaaS environments – backed by contractual and technical safeguards that protect customer data and intellectual property, while preserving customer autonomy and respecting local legal requirements.

Furthermore, this reassurance should run in both directions. As the United States reassures Japan on access to US commercial technology, it should seek the same assurance from Japan. Japan's strengths – robotics and industrial automation; precision manufacturing; advanced materials; semiconductor, automotive, and other advanced manufacturing equipment – complement US capabilities, and US manufacturers and service providers depend on continued access. Joint technology readiness is not a one-way proposition.

Now is the critical moment for CDP engagement. Japan's Economic Security Promotion Act designates cloud as a "critical asset" and channels over 70 billion yen toward cloud and AI compute capability.⁷ Gartner projects sovereign cloud IaaS spending in the Japan region will rise from US\$519 million in 2025 to US\$1.8 billion in 2027 – a 250 percent increase in two years.⁸ Eligibility criteria attached to this spending should be capability-, performance-, and assurance-based, **not** nationality-, origin-, and ownership-based. As the Economic Security Promotion Act and similar initiatives progress, we urge CDP to engage with Japanese counterparts to avoid the inclusion of such exclusionary elements.

The economics of getting this wrong are significant. Oxford Economics finds that, under the most restrictive sovereign-AI scenario requiring a domestically owned full AI stack, Japan would face an estimated US\$58.2 billion in foregone GDP gains by 2035, together with approximately US\$149.7 billion in additional build-out costs, with firm-level AI adoption falling from 20.3 to 3.4 percent.⁹ This outcome would hurt both economies.

III. US-Japan Digital Sovereignty Based in Capability, Collaboration, Resilience, Trust

Digital sovereignty is best understood as resting on four pillars: **capability** (e.g., technology skill, infrastructure, and knowledge); **collaboration** (e.g., allied partnerships based on complementary strengths and mutual commitments not to weaponize digital rules against one another); **resilience** (contingency risk management, redundancy, and multi-cloud architectures); and **trust** (e.g., based in encryption, access controls, and certifications as well as adherence to voluntary international standards).

The operative distinction is between requirements that are risk-based, proportionate, and tailored to legitimate technology objectives – which can coexist and draw strength from an open allied marketplace – and blanket exclusions resting on a supplier's nationality, ownership, or country of origin – which cannot. Japan and the United States have – for many years – shown the first path works.

The case for openness rests on the complementary strengths of US and Japanese technology leadership. For example, complementary capabilities exist in physical and industrial AI – a field in which Japan produces roughly 38 percent of the world's industrial robots¹⁰ while the United States leads in business software development, industrial cloud computing, and enterprise AI development and deployment. Embodied AI fuses those capability sets and bears directly on joint technology leadership.

IV. Proposed Joint Outcomes Text

We recommend a "continuity of service" political commitment consistent with the flexible character of the TPD.

The United States and Japan, respectively, intend to refrain from measures that materially interrupt lawful access by persons or enterprises of the other Party to commercial digital products, services, or technologies supplied by its own persons or enterprises. Where action to address an identifiable and specific national security threat becomes unavoidable, each Party will make best efforts to ensure that such action is narrowly tailored to that threat, limited in duration and scope, and accompanied by advance notice to the other Party to the fullest extent practicable.

V. Conclusion and Next Steps

Joint outcomes text along the lines above would give the Department a reciprocal, replicable model of allied technology cooperation that the Department could seek to replicate with other allies, including Australia, Canada, New Zealand, South Korea, and the United Kingdom. BSA can support this work with technical expertise, economic analysis, and member company engagement, and would welcome the chance to discuss it with the Bureau.

¹ BSA's members include: Adobe, Alteryx, Asana, Atlassian, Autodesk, Avalara, Bentley Systems, Box, Cisco, Cohere, Cohesity, Dassault Systemes, Databricks, Docusign, Dropbox, Elastic, EY, Graphisoft, HubSpot, IBM, Informatica, Kyndryl, MathWorks, Microsoft, Notion, Okta, OpenAI, Oracle, PagerDuty, Palo Alto Networks, PTC, Rubrik, Salesforce, SAP, ServiceNow, Shopify Inc., Siemens Industry Software Inc., Trend Micro, TriNet, Veeam, Workday, Zendesk, and Zoom Communications Inc.

² The White House, "The United States Signs Technology Prosperity Deals with Japan and Korea" (Oct. 29, 2025), <https://www.whitehouse.gov/articles/2025/10/the-united-states-signs-technology-prosperity-deals-with-japan-and-korea/>. The U.S.-Japan TPD covers AI, quantum computing, biotechnology, space, 6G, and fusion energy.

³ U.S. Department of State, Bureau of Political-Military Affairs, "U.S. Security Cooperation With Japan" (Jan. 20, 2025), <https://www.state.gov/u-s-security-cooperation-with-japan>.

⁴ Treaty of Mutual Cooperation and Security between Japan and the United States of America (Jan. 19, 1960; entered into force June 23, 1960), Arts. II and IV, https://www.mofa.go.jp/na/st/page1we_000093.html.

⁵ U.S. Department of Commerce, International Trade Administration, Japan Country Commercial Guide, <https://www.trade.gov/country-commercial-guides/japan-market-overview>; Office of the US Trade Representative, Japan Country Page (2026), at <https://ustr.gov/countries-regions/japan-korea-apec/japan>; Congressional Research Service, "U.S.-Japan Trade Agreements and Negotiations," IF11120; U.S. Bureau of Economic Analysis, Direct Investment by Country and Industry (July 2026), at: <https://www.bea.gov/news/2026/direct-investment-country-and-industry-2025>

⁶ Raphael Satter, "Exclusive: Marco Rubio tells diplomats to play down talk of American tech 'kill switch'," Reuters (July 22, 2026), <https://www.usnews.com/news/top-news/articles/2026-07-22/exclusive-marco-rubio-tells-diplomats-to-play-down-talk-of-american-tech-kill-switch>. The directive was issued June 12, 2026 and lifted at the end of that month; see Anthropic, "Statement on Fable 5 and Mythos 5 access" (July 1, 2026), <https://www.anthropic.com/news/fable-mythos-access>.

⁷ Australian Strategic Policy Institute, "Digital dai-ichi: with right balance, Japan can shape its hyperscale future," The Strategist (June 26, 2025), <https://www.aspistrategist.org.au/digital-dai-ichi-with-right-balance-japan-can-shape-its-hyperscale-future/>; Ministry of Economy Trade and Industry, Approval of Plans for Ensuring a Stable Supply of Cloud Programs under the Economic Security Promotion Act (2024), at https://www.meti.go.jp/english/press/2024/0419_001.html (announcing subsidies of up to 72.5 billion yen in total to five projects filed by companies for improving computational resources necessary for developing AI).

⁸ Gartner, "Gartner Says Worldwide Sovereign Cloud IaaS Spending Will Total \$80 Billion in 2026" (Feb. 9, 2026), <https://www.gartner.com/en/newsroom/press-releases/2026-02-09-gartner-says-worldwide-sovereign-cloud-iaas-spending-will-total-us-dollars-80-billion-in-2026>.

⁹ Oxford Economics and the AI Economy Institute, "The Economics of Sovereign AI: Balancing Autonomy, Innovation, and Growth in the Asia-Pacific" (May 2026), Figures 22, 24, and 25.

¹⁰ International Federation of Robotics, World Robotics 2025, <https://ifr.org/worldrobotics/report-2025>.