

The Dawn of AI Regulation: Perspectives from the International Community and Individual Countries

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Executive Summary

- Although AI significantly enhances productivity and fosters innovation, it also poses risks, such as disinformation spread, public opinion manipulation, intellectual property infringement, and privacy breaches. In response, international efforts to establish AI regulations are progressing.
- In 2023, the G7 Hiroshima AI Summit catalyzed the creation of the Hiroshima AI Process comprehensive policy framework, marking the inception of the first international framework dedicated to fostering global AI governance. Concurrently, the Biden administration in the United States issued an Executive Order to ensure the Safe, Secure, and Trustworthy Development and Use of AI. Meanwhile, the European Parliament made history in March 2024 by adopting the world's inaugural AI Act, and Japan is poised to introduce the Basic Law for AI Promotion as a bill in 2024.
- Although AI legislation is still in its nascent stages, tangible advancements are emerging, such as Europe's AI Act and the issuance of executive orders in the United States. As AI's societal impact grows, it is anticipated that regulations impacting the business landscape, like privacy protection measures, will emerge. Thus, staying informed and responsive to these developments is crucial.

The evolution of AI now extends beyond scientific and technological boundaries, transforming the core aspects of our society, economy, and daily lives. Its rapid progress and significant influence necessitate international dialogue and cooperation. The essential challenge lies in leveraging AI's capabilities while mitigating its risks. In 2023, there was a notable increase in worldwide efforts to tackle this issue. This paper will explore the trends in this development.

International Trends

(1) Shaping the International Rules of AI: The Hiroshima AI Process

In recent years, the rapid development and widespread adoption of AI technology has become an important issue shared globally. To address this issue, the G7 Hiroshima AI Summit convened alongside the G7 Summit in Hiroshima in May 2023. This summit heralded the initiation of the "Hiroshima AI Process," aimed at scrutinizing international guiding principles for AI. This initiative, involving G7 nations and pertinent international bodies, culminated in a ministerial conference in December, which saw the adoption of the inaugural international framework aimed at fostering the proliferation of safe, secure, and trustworthy advanced AI systems. This framework, known as "The Hiroshima AI Process Comprehensive Policy Framework," received the endorsement of the G7 leaders.

The purpose of the framework is to foster the development of advanced AI systems, ensuring responsible innovation and governance of emerging technologies in line with the shared values of democratic nations. The framework comprises four key elements, (1) the OECD report towards a G7 common understanding on generative AI, (2) international guiding principles for all AI actors, (3) international code of conduct for organizations developing advanced AI systems, and (4) project-based cooperation on AI, which complement each other and provide an important foundation for shaping the future of AI. In particular, (2) "International Guiding Principles for All AI Actors" emphasizes the responsibilities of all AI actors throughout the AI lifecycle, encouraging them to engage in responsible innovation and governance of emerging technologies. The framework is built around twelve guiding principles that are designed to be applied by all AI actors in a manner relevant and appropriate to their roles in the design, development, deployment, provision, and use of advanced AI systems.

Hiroshima Process International Guiding Principles for All AI Actors	
1	Take appropriate measures throughout the development of advanced AI systems, including prior to and throughout their deployment and placement on the market, to identify, evaluate, and mitigate risks across the AI lifecycle.
2	Identify and mitigate vulnerabilities, and, where appropriate, incidents and patterns of misuse, after deployment including placement on the market.
3	Publicly report advanced AI systems' capabilities, limitations, and domains of appropriate and inappropriate use, to support ensuring sufficient transparency, thereby contributing to increase accountability.
4	Work towards responsible information sharing and reporting of incidents among organizations developing advanced AI systems including with industry, governments, civil society, and academia.
5	Develop, implement, and disclose AI governance and risk management policies, grounded in a risk-based approach – including privacy policies, and mitigation measures, in particular for organizations developing advanced AI systems.
6	Invest in and implement robust security controls, including physical security, cybersecurity, and insider threat safeguards across the AI lifecycle.
7	Develop and deploy reliable content authentication and provenance mechanisms, where technically feasible, such as watermarking or other techniques to enable users to identify AI-generated content.

8	Prioritize research to mitigate societal, safety and security risks and prioritize investment in effective mitigation measures.
9	Prioritize the development of advanced AI systems to address the world's greatest challenges, notably but not limited to the climate crisis, global health, and education.
10	Advance the development of and, where appropriate, adoption of international technical standards
11	Implement appropriate data input measures and protections for personal data and intellectual property
12	Promote and contribute to trustworthy and responsible use of advanced AI systems

(Source: "Hiroshima AI Process," Ministry of Internal Affairs and Communications)

Trends in the U.S.

(1) Leading the Future of AI: U.S. AI Initiative

On February 11, 2019, former President Trump signed an Executive Order on Maintaining American Leadership in AI. This Executive Order was designed to promote and protect national AI technology and innovation with the aim of ensuring the United States remains a global leader in AI. The main objectives of the order include aligning AI development with American values, enhancing the U.S.'s position in AI globally, and protecting the U.S. advantage in AI against strategic competitors and adversaries.

(2) Rights Protected in Technological Evolution: What the Blueprint for an AI Bill of Rights Aims to Achieve

In October 2022, the Office of Science and Technology Policy published the Blueprint for an AI Bill of Rights. This blueprint is designed to tackle the emerging challenges brought about by technological advancements in the 21st century, while upholding the principles of the U.S. Bill of Rights, which was ratified in 1791. Unlike the original Bill of Rights, which was developed in an 18th-century political context to protect against government overreach into individual freedoms, the AI Bill of Rights blueprint shifts focus to address contemporary issues related to AI and other automated technologies that threaten these freedoms. This initiative marks a significant step in confronting the challenges of rapid technological progress and safeguarding civil rights in the 21st century.

The AI Bill of Rights blueprint, as published, is designed to safeguard the rights of all U.S. citizens interacting with AI technology, encompassing consumers, workers, patients, and students. It further seeks to promote the ethical and responsible deployment of AI technologies among developers, adopters, and policymakers. Comprising five core principles, the Blueprint offers an ethical framework and guidelines for the design, development, implementation, and utilization of AI technologies. It aims to influence practices without altering existing laws and regulations, and it does not carry legal binding power.

Blueprint for an AI Bill of Rights: Five Principles	
Safe and Effective Systems	Automated systems must be safe and effective, developed with input from diverse groups to identify and mitigate risks. Independent evaluations should confirm their safety and effectiveness.
Algorithmic Discrimination Protections	Algorithms and automated systems must be designed and used without discriminating against individuals based on protected characteristics like race, gender, religion, or disability.
Data Privacy	Individuals are entitled to protection from abusive data practices and should have control over how their data is used
Notice and Explanation	Individuals affected by the automated system have the right to be adequately informed about its operation and the principles behind its functioning.
Human Alternatives, Consideration, and Fallback	Automated systems must offer opt-out choices and ensure access to a person capable of promptly addressing and rectifying any issues encountered.

(Source: Compiled by Marubeni from the White House website)

(3) The Road to Trustworthy AI: Industry Leading Voluntary Commitments

On July 21, 2023, addressing AI safety and privacy concerns, the White House announced a collaborative initiative with seven leading AI companies - Amazon, Anthropic, Google, Inflection, Meta, Microsoft, and OpenAI. These companies have pledged to uphold commitments to ensure the development and deployment of AI technologies are safe, secure, and transparent. This agreement includes ensuring products are safe before introducing them to the public, building systems that put security first, and earning the public's trust. Subsequently, on September 12, an additional eight companies - Adobe, Cohere, IBM, Nvidia, Palantir, Salesforce, Scale AI, and Stability - agreed to the voluntary commitments.

Voluntary Commitments	
Ensuring products are safe before introducing them to the public	The companies commit to internal and external security testing of their AI systems before their release.
	The companies commit to sharing information across the industry and with governments, civil society, and academia on managing AI risks.

Building systems that put security first	The companies commit to investing in cybersecurity and insider threat safeguards to protect proprietary and unreleased model weights.
	The companies commit to facilitating third-party discovery and reporting of vulnerabilities in their AI systems
Earning the public's trust	The companies commit to developing robust technical mechanisms to ensure that users know when content is AI generated, such as a watermarking system.
	The companies commit to publicly reporting their AI systems' capabilities, limitations, and areas of appropriate and inappropriate use.
	The companies commit to prioritizing research on the societal risks that AI systems can pose, including on avoiding harmful bias and discrimination, and protecting privacy.
	The companies commit to develop and deploy advanced AI systems to help address society's greatest challenges.

(Source: Compiled by Marubeni from the White House website)

(4) Safe and Reliable AI: The Biden Administration's Path Forward

On October 30, 2023, President Biden issued an Executive Order on the "Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence (AI)," emphasizing a comprehensive and coordinated approach to harness the potential benefits of AI while mitigating its risks. This initiative builds on voluntary commitments by major companies, marking a significant step in the Biden Administration's efforts to manage AI development and use across various sectors.

The Executive Order outlines a society-wide effort that involves the government, private sector, academia, and civil society, guided by eight principles and priorities. These include ensuring AI's safety and security, promoting responsible innovation and competition, supporting American workers, advancing equity and civil rights, and protecting consumers from AI-related risks. It also focuses on strengthening the federal government's AI capabilities through the designation of Chief Artificial Intelligence Officers in agencies and the establishment of Artificial Intelligence Governance Boards.

Furthermore, the order highlights the importance of international collaboration to manage AI's risks and unlock its potential for good, reflecting the administration's commitment to leading global efforts in responsible AI development and use. It acknowledges the rapid advancements in AI technologies and the need for the United States to lead in this critical moment for the sake of national security, the economy, and society.

The Executive Order also addresses the need to advance equity and civil rights, ensuring that AI does not exacerbate discrimination, bias, or other societal harms. It lays out a holistic framework for responsible AI innovation, emphasizing safety, security, equity, and

collaboration, both domestically and internationally, to ensure AI benefits for all Americans and contributes positively to global progress.

In alignment with these efforts, a proposed rule by the Department of Commerce, published on January 29, 2024, would require U.S. infrastructure-as-a-service (IaaS) providers and foreign resellers of such services to retain the identity information of their foreign customers. This rule aims to establish requirements for maintaining a customer identification program (CIP), preventing misuse for cyber activities, and reporting transactions related to the use of certain AI models, with potential penalties for violations of these obligations.

Main Contents of the Executive Order on the Safe, Secure and Trustworthy Development and Use of AI	
Ensuring the Safety and Security of AI Technology	Mandates the development of guidelines, standards, and best practices for AI safety and security. This includes the comprehensive assessment of AI systems, addressing security risks, requiring developers of dual-use foundation models to share information with the federal government, implementing labeling to identify AI-generated content, and the development of guidance on content certification.
Promoting Innovation and Competition	Directs the implementation of measures to attract AI talent to the United States, thereby fostering innovation and enhancing market competition. This encompasses the protection of intellectual property rights and the provision of opportunities for innovation to small businesses and entrepreneurs.
Supporting Workers	Mandates the development of a comprehensive report on the impact of artificial intelligence on the labor market, the formulation of principles and best practices to enhance employee well-being through AI, and the cultivation of a diverse AI-enabled workforce.
Advancing Equity and Civil Rights	Articulates a commitment to leveraging artificial intelligence to promote equity and civil rights. This encompasses efforts to combat discrimination within the criminal justice system, public benefits, employment sectors, housing markets, and consumer finance markets.
Protecting Consumers, Patients,	Mandates measures to ensure the safe and responsible utilization of artificial intelligence, thereby safeguarding the rights and well-being of consumers, patients, passengers,

Passengers, and Students	and students. This includes initiatives to prevent fraud, eliminate discrimination, address privacy violations, and formulate comprehensive policies and guidelines for the application of AI in educational settings.
Protecting Privacy	Proposes measures to mitigate the heightened privacy risks associated with artificial intelligence. This encompasses addressing the collection of personal information and the making of inferences about individuals by AI systems, with a particular focus on supporting the development and implementation of technologies that enhance privacy.
Advancing Federal Government Use of AI	Mandates the establishment of an interagency council to enhance the effective utilization of artificial intelligence across federal agencies, coordinating the development and application of AI technologies. It directs the issuance of guidelines to foster AI innovation and manage associated risks and requires the appointment of a Chief AI Officer within each agency. Furthermore, the Director of the Office of Management and Budget is tasked with issuing annual reporting instructions to aggregate, document, and disseminate instances of AI usage within the federal government, thereby augmenting the transparency of AI applications across governmental operations.
Strengthening American Leadership Abroad	To reinforcing the United States' leadership in global initiatives aimed at harnessing the potential of artificial intelligence and addressing its challenges. It mandates the expansion of cooperation with international allies and partners, the establishment of a robust international framework for the management of AI risks and the maximization of its benefits, and the promotion of global technical standards for artificial intelligence.

(Source: Compiled by Marubeni from the White House website)

In addition, companies developing the most powerful AI systems would be required, under the Defense Production Act, to report the results of safety tests. Proposed regulations would also mandate U.S. cloud companies that provide AI training overseas to report their activities. Furthermore, an 'AI Talent Surge' initiative is underway to expedite the hiring of AI professionals across the federal government. This initiative includes the commencement of pilot operations of an AI research resource operated by the National Science Foundation and the large-scale recruitment of AI professionals, such as data scientists. The federal government's AI-related endeavors extend further, with a Presidential Executive Order set

to expire on April 27, 2024. Covering a wide range of topics from national defense and immigration to copyrights, the government's efforts in AI are just beginning.

(5) New bill: Artificial Intelligence Advancement Act of 2023

Concurrently with the government efforts, Congress introduced a bill titled the "Artificial Intelligence Advancement Act of 2023" (S.3050) on October 17, 2023, aimed at promoting the development of artificial intelligence and establishing an appropriate regulatory framework. This bill requires the submission of a report detailing the frequency of AI utilization in the financial services industry, the current governance standards for AI usage, and the development of a bug bounty program for AI models incorporated into the missions and operations of the Department of Defense. Currently in the early stages of the legislative process, the bill may progress to the full Senate after committee consideration. In the U.S., regulations on AI are the subject of active discussion, with ongoing efforts to develop regulations that address the rapid advancement of AI technology.

Trends in Europe

(1) The EU's Digital Society: Shaping Europe's Digital Future

As part of this initiative, the AI White Paper proposes two policy frameworks to promote the development and use of AI technologies: the Ecosystem of Excellence and the Ecosystem of Trust. The Ecosystem of Excellence encourages the adoption of AI solutions through research and innovation, while the Ecosystem of Trust aims to protect fundamental and consumer rights regarding high-risk AI systems. It advocates for a risk-based approach to ensure the new regulatory framework for AI achieves a balance, avoiding overly prescriptive regulations for businesses.

(2) Shaping the Future of AI: AI Act

Following this initiative, a draft regulation on AI was published on April 21, 2021, aiming to establish a Europe-wide regulatory framework for AI. A political agreement was reached among the three EU institutions on December 9, 2023, and the European Parliament formally adopted this legislation on March 13, 2024.

The AI Act marks a historic advancement by establishing the world's first comprehensive regulatory framework for AI technology. It seeks to balance maximizing the societal benefits of AI technology while minimizing potential harms. The law mandates that developers and providers of AI systems ensure their systems are safe and uphold the EU's fundamental rights and values. This approach is expected to foster consumer and citizen trust and promote the healthy development of AI technology. Serving as a benchmark for the future direction of AI technology, the law may also influence policy formation in other countries and regions. Its main approach is risk-based, regulating AI systems according to their potential societal harm, with regulatory requirements varying by the level of risk posed by the AI.

Risk-based Approach		
Degree of Risk	Concrete Examples	Use of AI
Unacceptable risk	AI systems that use subliminal technologies; AI systems that exploit vulnerabilities due to age, physical or mental disabilities; social scoring systems that evaluate or classify the trustworthiness of natural persons and result in unfavorable treatment, among others.	Prohibition
High risk	AI systems used as safety components of products that are subject to specific EU legislation, or when the AI itself constitutes a covered product that must undergo a third-party conformity assessment. This includes products such as machinery, toys, lifts, equipment, and protective systems intended for use in potentially explosive atmospheres, radio equipment, pressure equipment, recreational craft equipment, cableway installations, appliances burning gaseous fuels, medical devices, and in vitro diagnostic medical devices. Additionally, in Annex III: Biometrics; critical infrastructure; education and vocational training; employment and labor management; essential public assistance benefits and services, including health services; law enforcement; immigration, asylum, and border control; administration of justice and democratic processes, etc.	Strict regulations
Limited risk	AI that interacts with people, deep fake generation AI, emotion recognition systems, etc.	Transparency obligations
Minimal risk	AI systems other than the above	No new obligations

(Source: Compiled by Marubeni from the European Commission's website)

An AI system with unacceptable risks is an AI that society deems unacceptable, and its use is prohibited. Examples include subliminal technologies that manipulate an individual's subconscious behavior and AI systems that exploit vulnerabilities due to age, physical or mental disability.

Strict regulations apply to high-risk AI systems. Specifically, this includes AI systems that are incorporated into products whose safety is required by specific EU legislation, and

systems that affect the provision of public services. These AI systems must establish risk management systems, develop data sets that meet quality standards, create, and update technical documentation, maintain logs to ensure traceability of results, ensure transparency and human oversight, and ensure a high level of accuracy, robustness, and cybersecurity. A series of rigorous requirements are imposed.

Limited risk AI systems are subject to transparency obligations. Examples include chatbots that allow users to interact with AI and systems that recognize human emotions. These AI systems need to be designed and developed so that people can recognize when they are interacting with the AI. In particular, systems that generate synthetic speech, images, video, or text need to ensure that their output is recognizable as having been generated or manipulated by the AI. Emotion recognition and biometric systems need to notify the subject and process personal data appropriately. Systems handling deep fakes or artificially generated content have an obligation to disclose that fact.

In addition to these AI system requirements, operational requirements specify the obligations of high-risk AI providers and users. Obligations of high-risk AI providers include implementation of a quality management system, creation and storage of technical documentation, storage of logs automatically generated by the AI system, corrective actions and provision of information, cooperation with management authorities, preparation of an EU declaration of conformity, affixing the CE mark of conformity, and reporting major incidents. AI users are required to use the AI system according to the instructions; ensure human supervision; ensure that input data is appropriate and representative; notify relevant parties and discontinue use if a major incident is identified; keep logs; notify affected employees prior to workplace use; assess the impact on their fundamental rights and inform them of the results.

For general-purpose AI models, such as generative AI, transparency requirements have been established as an obligation for the provider due to the wide range of applications. This includes the obligation for users to be able to identify content generated by AI, such as audio, images, video, and text, as being artificially generated or processed. This is an important step in preventing the spread of disinformation. Providers of general-purpose AI models are required to create and keep up-to-date technical documentation, including training and testing processes and evaluation results; adopt a policy of respecting EU copyright law; create and publish a sufficiently detailed summary of the content used for training according to a template provided by the AI Office; and provide a clear and concise description of the content used in the training. There are also additional obligations for general-purpose AI models with systemic risks that could impact a large number of people. These include conducting and documenting adversarial tests to identify and mitigate risks; assessing and mitigating systemic risks from the use of general-purpose AI models; and tracking, recording, and reporting critical information promptly to the AI Office and, where appropriate, the relevant national authorities.

The AI Act also provides for penalties for violations: for the use of prohibited AI, a fine of up to EUR 35 million or, if the violator is a company, up to 7% of its annual worldwide

turnover for the previous fiscal year, whichever is higher; for non-compliance of AI systems with certain provisions, a fine of up to EUR 15 million or, if the offender is a company, up to 3% of its annual worldwide turnover for the preceding fiscal year, whichever is higher. The fine for providing inaccurate, incomplete, or misleading information to the notified body and to the competent national authorities shall be up to EUR 7.5 million or, if the offender is an enterprise, up to 1% of its worldwide annual turnover for the preceding fiscal year, whichever is higher. For SMEs, the lower of the above fines shall apply.

The following timeline will be followed for the future schedule.

EU AI Act: Next Steps for Implementation	
Entry into force	20 days after publication in the Official Journal of the European Union.
Entry into application	24 months after entry into force, except for specific provisions
6 months after	Prohibitions on unacceptable risk AI
12 months after	Obligations on providers of general-purpose AI models go into effect. Appointment of member state competent authorities Annual Commission review of, and possible amendments to, the list of prohibited AI
18 months after	Commission implementing act on post-market monitoring.
24 months after implementation	Obligations on high-risk AI systems specifically listed in Annex III, which includes AI systems in biometrics, critical infrastructure, education, employment, access to essential public services, law enforcement, immigration, and administration of justice. Member states to have implemented rules on penalties, including administrative fines. Member state authorities to have established at least one operational AI regulatory sandbox. Commission review, and possible amendment of, the list of high-risk AI systems
36 months after	Obligations for high-risk AI systems that are not prescribed in Annex III but are intended to be used as a safety component of a product, or the AI is itself a product, and the product is required to undergo a third-party conformity assessment under existing specific EU laws, for example toys, radio equipment, in vitro diagnostic medical devices, civil aviation security and agricultural vehicles.

(Source: iapp website)

Trends in Japan

(1) The Path to Trustworthy AI: AI Safety Institute

On February 14, 2024, the government announced the establishment of the AI Safety Institute (AISI) in response to increasing international interest in AI safety. This newly established institute will be set up at the Information-technology Promotion Agency, Japan, in cooperation with the Cabinet Office, relevant ministries and agencies, and related organizations. Its purpose is to formulate standards and develop evaluation procedures to ensure AI safety, aiming to realize safe and highly reliable AI. Specifically, its main responsibilities will include conducting surveys on safety, formulating standards, developing evaluation methods, and establishing international cooperative relationships.

AISI Operations		Planned as of February 29, 2024
Investigations and standards related to safety assessment	Conduct research on safety-related standards, checking tools, anti-disclosure technologies, AI, and cybersecurity	Policies for various research projects will be established by April.
	Study of standards, guidance, etc. related to safety	Japanese translation of the Risk Management Framework (RMF) will be published by the end of March. Crosswalk between AI business guidelines and RMF will be published by the end of May.
	Study of AI testing environment related to the above	Draft procedures for red teaming test to be developed by August.
Study on methodology for conducting safety assessments	Exchange of opinions with industry and academia Study on the operation of AI safety assessment	Safety evaluation criteria will be finalized by July.
Services related to international cooperation with related organizations in other countries	Cooperation with relevant overseas organizations Basic surveys, etc.	In March, discussions will be held with the director of AISI in both the U.K. and the U.S., as well as with relevant domestic organizations. The goal is to have a set of future international cooperation policies by May.

(Source: Compiled by Marubeni based on materials from the first AISI-related liaison conference)

(2) AI Guidelines for Business

The Ministry of Internal Affairs and Communications (MIC) and the Ministry of Economy, Trade, and Industry (METI) released the AI Guidelines for Business on April 19, 2024. These guidelines draw from the discussions at the AI Strategy Conference, which was held on May 26, 2023. They aim to establish a framework that promotes innovation and mitigates risks across the entire AI lifecycle by providing a unified guidance on AI governance. For instance, the guidelines address transparency, covering aspects such as decision-making and emotional manipulation by AI. They also emphasize the protection of privacy in AI systems and services, and ensuring the verifiability of AI decisions. Given the rapid development of AI technologies and their growing impact on society and individuals, these guidelines are essential for promoting the development and use of highly reliable AI systems.

During the development of these guidelines, emphasis was placed on the Hiroshima AI Process and a multi-stakeholder approach. Diverse opinions from industry, academia, and the public were incorporated by utilizing the "Conference toward AI Network Society" of the Ministry of Internal Affairs and Communications, the "Study Group on AI Guidelines for Business" of the Ministry of Economy, Trade, and Industry, and related working groups. The AI Guidelines for Business are developed based on the human-centered AI social principles, integrating the three previous guidelines, and taking into account international trends. Additionally, reflecting their specific roles in the AI lifecycle, the guidelines are divided into three categories — AI developers, AI providers, and AI users — each containing specific guidance and initiatives tailored for them.

(3) Innovation and Rights Protection

To safeguard creators' rights while fostering AI innovation, the Cabinet Office initiated the "Study Group on Intellectual Property Rights in the AI Era" on October 4, 2023. This group aims to bolster Japan's economic and societal development by addressing AI-generated intellectual property rights issues and promoting AI tool development and usage. The "Draft Outline of the interim report," released on March 21, 2024, clarified that AI's learning phase does not infringe on intellectual property rights, with the exception of potential copyright issues. However, the generation and usage phase of AI will be assessed for potential infringements. These insights will be materialized in the government's IP promotion strategy, scheduled for June 2024.

Concerning copyright, a law amendment on May 25, 2018, facilitated the use of copyrighted materials for AI learning and development starting January 1, 2019, onwards, eliminating the need for copyright holders' consent. Despite this, the surge in AI learning and development application has heightened concerns over copyright infringement due to generative AI's rapid evolution. To address these concerns, the Agency for Cultural Affairs facilitated discussions through the Copyright Subcommittee, specifically its Legal System Subcommittee. On January 15, 2024, they released a "Draft of the Approach Concerning AI and Copyright," followed by a public consultation from January 23 to February 12. Following

the reviewing of 24,938 submissions, the revised draft was endorsed on March 15. While this revised draft embodies the Subcommittee's stance, it lacks legal authority.

(4) New legal framework to be considered by Liberal Democratic Party (LDP)

In response to advancements in the AI Act in Europe and executive orders in the USA, Japan's LDP has formed a project team dedicated to the evolution and practical application of AI. This team is devising a legal framework to encourage the responsible use of AI. On February 16, 2024, as a significant step towards meeting their year-end goal, their working group unveiled a draft titled 'Basic Law for Promoting Responsible AI (provisional title),' aiming to propose the bill by year-end.

The draft outlines a policy and framework to foster the growth and societal integration of AI technology, with a dual focus on protecting individuals' rights and maximizing AI's benefits. It seeks to protect individuals' rights and interests, including basic human rights, against potential infringements through AI use, while also maximizing the benefits of AI through sustainable development and innovation. The draft emphasizes the importance of designing, developing, and deploying safe, reliable AI, and advocates for an open environment that prioritizes human-centric AI applications.

A key aspect of the draft is its focus on certain foundation model developers, for whom it sets out development and reporting requirements. It identifies developers of a specific scale and intent as 'specific foundation model developers,' requiring them to align their systems with the voluntary commitments observed in the United States.

Mandatory Framework for the Development of Specific Foundation Models

U.S. Voluntary Commitments	Japan's Basic Law for Promoting Responsible AI
Conduct security testing	Perform safety verification
Sharing information on managing risk	Sharing risk information
Investing in cybersecurity	Investing in cybersecurity
Facilitating third-party discovery and reporting of vulnerabilities	Facilitating third-party discovery and reporting of vulnerabilities
Ensuring that users know when content is AI generated	Adoption of a mechanism to notify users of the use of generative AI
Disclosure of capabilities, limitations, etc.	Disclosure of capabilities, limitations, etc.
Prioritizing research on the societal risks	Promote research on the societal risks

Develop and deploy advanced AI systems to address society's greatest challenges	---
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(Source: Compiled by Marubeni from a draft of the Basic Law for Promoting Responsible AI (provisional title))

The draft outlines a legal obligation for specific foundation model developers to uphold system maintenance, with the precise details of this obligation to be elaborated in a code of conduct developed by private entities or industry associations. It mandates that these developers periodically report to the government or a third-party organization, such as AISI, regarding their adherence to the system maintenance requirements. The draft authorizes the relevant government agency to gather feedback from the private sector and other stakeholders, disclose the outcomes of evaluations, and mandate remedial actions if deemed necessary. In instances of non-compliance or incidents, it may require reports or perform on-site inspections. The draft also contemplates imposing penalties for failures to meet reporting duties or comply with orders. Additionally, it suggests that non-compliance with industry-established standards could lead to the revocation or suspension of certifications, emphasizing the importance of adhering to established guidelines.

Summary

The European AI Act employs a risk-based approach, regulating AI systems based on their risk levels to balance mitigating high-risk AI applications with fostering innovation. The EU emphasizes AI as a human-centric technology aimed at enhancing human well-being, prioritizing public interests like health, safety, and fundamental human rights.

In contrast, the U.S. lacks comprehensive federal AI legislation, relying instead on actions guided by the Executive Order on Safe, Secure, and Trustworthy Development and Use of AI. The focus is on industry cooperation and self-regulation to maintain technological leadership and encourage innovation.

Japan, having announced an AI strategy and developed guidelines for safe and reliable AI use, has not yet enacted specific AI legislation. The strategy aims at bolstering development capabilities and addressing AI risks, with Japan also engaging in international efforts to shape global AI governance.

Understanding the regulatory approaches also requires examining the underlying legal frameworks. The distinction between European and U.S. legal approaches (civil law versus common law) highlights differences in handling AI regulation. Civil law systems, characterized by their codified statutes, offer predictability and accessibility but may struggle to adapt quickly to societal changes. Common law, based on precedent, evolves with actual cases, offering flexibility but potentially lacking transparency.

Europe's civil law framework underpins its AI Acts, ensuring predictability but facing challenges in keeping pace with technological advances. The U.S.' common law system could

more readily adapt to AI's rapid evolution, though potentially compromising the predictability and transparency of the law. Despite adhering to a civil law system, Japan aligns with U.S. AI policy, particularly in prioritizing the enhancement of AI development capabilities. This alignment reflects Japan's strategic decision to emulate aspects of the U.S. approach, which emphasizes fostering innovation and maintaining technological leadership. This strategic alignment occurs despite the differences in legal frameworks between the two countries, and furthermore, Japan maintains its commitment to contribute to the establishment of an international framework such as the "Hiroshima AI Process."

As technology evolves rapidly, international cooperation and framework development become crucial. For global businesses, it is imperative to keep abreast of the latest trends, laws, and guidelines regarding national policies and international cooperation that promote a balance between technological innovation and societal challenges.

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