



## 2021 Recommendations for G7 Leaders to Stimulate Innovation in the Digital Economy

Global industry welcomes the renewed commitment to multilateralism through the G7 and on the role of digital technologies in promoting economic growth through cross-border trade and innovation in next-generation technologies. Industry recognizes the G7 as a key forum to champion democratic values, and agrees with the February 2021 [G7 Leaders' Statement](#) that notes that a sustainable recovery for all depends on action by the G7 to “champion open economies and societies; promote global economic resilience; harness the digital economy with data free flow with trust; cooperate on a modernized, freer and fairer rules-based multilateral trading systems (...); and strive to reach a consensus-based solution on international taxation by mid-2021 within the framework of the OECD.” Enabling free data flows with trust is critical to fighting COVID-19, ensuring a functioning global economy, and addressing climate change. Industry encourages the G7 to reiterate the importance of free data flows in the April Digital and Technology Ministerial Meeting.

Industry supports the United Kingdom’s ambitious [set](#) of goals for its G7 Presidency and agrees with the sentiment that the G7 can enhance prosperity in a way that is both sustainable and inclusive by pursuing a “collective approach to using new technologies, by strengthening the international trading system and by supporting a green recovery.”

The COVID-19 pandemic has illuminated the integral roles that digital and digitally enabled services play in daily life, whether through facilitating distance education, enabling telehealth services, conducting regular business operations, or providing for the cross-border delivery of goods and services. A hidden but fundamental aspect of this success has been the international flow of data. Digital technologies and services have enabled firms of all sizes and across all sectors to access international markets without the need for capital expenditures in technology infrastructure. Today, many firms are “born-global”, quickly attaining global reach through reliance on existing available digital technologies and with minimal cross-border structural investment. This connection between digital trade and entrepreneurship, and the importance of policy actions to enable the digitalization of entrepreneurship and the use of digital technology, are key to fostering inclusive development.

Industry supports efforts to expand access to and accelerate adoption of technologies to fully realise the benefits of a global digital economy as well as a free and open internet, recognizing the role digital technology can play in expanding economic inclusiveness and improving overall human well-being. G7 Members should

continue to encourage open markets that drive groundbreaking innovations and creative solutions, including those that directly contribute to the economic and public health responses to the COVID-19 pandemic.

Industry respectfully provides the following key recommendations for G7 governments.

### **Enable Data Flows, Remove Localisation Barriers, and Facilitate Trade**

The ability to transfer data across borders is essential for the functioning of our digitally-enabled society and businesses across all sectors to produce, move, market, and sell products and services. G7 Trade Ministers recognized this fact in the recent [2021 Trade Ministers' Meeting Chair's Statement](#), in which they expressed the united support of G7 Members for open digital markets and in opposition to digital protectionism, noting that, "As a group of market-based economies governed by the rule of law, [G7 Members] believe that digital markets should be competitive, transparent, and accessible to international trade and investment." The Trade Ministers' statement further indicated G7 Members' agreement on the importance of data free flow with trust and safeguards for consumers and businesses, and their resolution to promote fair and inclusive digital trading systems that allow goods and services to move seamlessly across borders, including through the development of high-level principles during this Presidency that will guide the G7 approach to digital trade. Industry strongly supports these efforts and encourages the G7 Digital and Technology Ministerial to build upon Trade Ministers' commitments by issuing a strong statement to operationalize the "Data Free Flows With Trust" and advance the development of principles that promote trade in digital services while encouraging strong privacy protections and cybersecurity practices.

To these ends, we encourage G7 governments to commit to:

- Emphasizing the value of cross-border data flows to the global economy, the fight against COVID and climate change, and preserving human rights;
- Underscoring the urgency of preserving a democratic and open internet rather than an authoritarian and/or fragmented internet;
- Strengthening their commitment to facilitate the free flow of data across borders and refrain from imposing localization measures requiring the local storage or processing of data, the use of local computer facilities, or equipment;
- Ensuring the availability of multiple transparent, non-discriminatory legal mechanisms for the cross-border transfer of personal and non-personal data which are interoperable across jurisdictions;
- Ensuring that regulatory approaches impacting digital services and technologies are non-discriminatory, both on the basis of national origin and on the basis of business models, adhere strictly to good regulatory practices, and are based on rigorous, objective criteria, with proportionate and well-justified rules accompanied by strong due process guarantees;
- Opposing measures that require companies to transfer or otherwise subvert technologies such as forced disclosure of source code, algorithms, encryption keys, or other sensitive information as a condition of doing business;
- Supporting multilateral efforts at the Organisation for Economic Co-operation and Development (OECD) to establish a set of common practices and legal processes for ensuring trusted law enforcement and national security access to data that provides adequate privacy protections for individuals and certainty for businesses;

- Adopting and maintain strong privacy protections that reflect global consensus frameworks (such as from the OECD and APEC) and facilitate global interoperability;
- Negotiating trade agreements that promote digital trade, prohibit data localization, and include robust obligations in respect to data that reflect global consensus frameworks;
- Supporting the World Trade Organization (WTO) Joint Statement Initiative on E-Commerce as a key forum for expanding commercially meaningful digital trade commitments in a broad and inclusive manner;
- Supporting industry-led, voluntary, consensus-based international standards development and pursue cooperative approaches to policy that enhance regulatory compatibility and enable governments and industry alike to leverage international standards as a means of demonstrating conformance with emerging regulatory requirements; and
- Updating rules to better facilitate adoption of digital solutions for B2B services.

### **Reach a Long-Term Solution to Taxation of the Digitalizing Economy**

We encourage G7 governments to commit to:

- Achieving a multilateral, consensus-based solution to the taxation challenges arising from the digitalisation of the global economy, and
- Refraining from the pursuit of discriminatory digital tax measures that contravene longstanding international tax principles, ringfence the digital economy, and contribute to further fragmentation of the international tax system.

### **Promote Trust and a Safe Internet**

Facilitating user trust is paramount for internet and technology service providers operating on a global scale. As G7 governments consider new policy approaches relating to the digital economy, industry supports continued multilateral dialogue that integrates multi-stakeholder participation. Similarly, G7 governments should prioritize transparent and non-discriminatory approaches to the regulation of new technologies, including through deepening dialogues on technology policy to facilitate trade and regulatory compatibility. Sound domestic and international policy approaches relating to the digital economy can better facilitate access to new services.

We encourage G7 government to commit to:

- Facilitating the interoperability of emerging regulatory approaches to strengthen the privacy and security of innovative technologies and Internet services across jurisdictions;
- Encouraging development of effective and practical moderation practices for online content while addressing potential market access barriers or risks of disproportionate impacts related to platform governance;
- Encouraging platforms to demonstrate that they have systems in place for identifying unlawful content and removing it;
- Enhancing cybersecurity across all sectors and make clear that any attack, particularly on essential infrastructure, is off limits;
- Recognizing that multiple actors play a role in efforts to ensure safety online when developing policy frameworks and facilitate broad participation in these efforts;

- Acknowledging ongoing efforts and best practices by industry to maintain a safe internet (e.g., Global Internet Forum to Counter Terrorism); and
- Pursuing a cooperative vision for ensuring transparent, non-discriminatory, interoperable, risk-based, and responsible approaches to the regulation of new technologies.

### **Ensure Security in Networks and Commit to Common Best Practices**

As countries face an ever-evolving cybersecurity threat landscape, a shared understanding on how to address common challenges remains critical. Aligning responses to security challenges will provide a more cohesive approach to securing services and infrastructure across the global Internet, allowing firms to collectively respond to threats. This is increasingly relevant as countries pursue new, and sometimes diverging, approaches to ICT supply chain security, including as it relates to next generation networks.

We encourage G7 governments to commit to:

- Encouraging international cooperation to enhance global ICT supply chain security and ensure a competitive marketplace;
- Protecting global ICT supply chains and agree on international norms to promote cybersecurity best practices as a key instrument in protecting the digital ecosystem; and
- Enhancing cybersecurity by using risk-based approaches grounded in global, industry-driven, voluntary, consensus-based standards and best practices, and pushing back against fragmenting, country-unique approaches.

Signed,

ACT | The App Association

BSA | The Software Alliance

Coalition of Services Industries (CSI)

Computer & Communications Industry Association (CCIA)

Consumer Technology Association (CTA)

Information Technology Industry Council (ITI)

Internet Association (IA)

Japan Business Council in Europe (JBCE)

Japan Electronics and Information Technology Industries Association (JEITA)

Japan Machinery Center (JMC)

National Foreign Trade Council (NFTC)

Semiconductor Industry Association (SIA)

Software and Information Industry Association (SIIA)

TECHNATION

TechNet

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Telecommunications Industry Association (TIA)

U.S. Chamber of Commerce