



Building an Institutional Framework for Data Free Flow with Trust

As companies from across the globe operating in a wide range of economic sectors, we strongly support Japan’s proposal to establish during its G7 Presidency the Institutional Arrangement for Partnership (IAP) to advance international cooperation and trust on digital governance issues.

Data and the digital economy are critical drivers of economic growth. The digital economy accounts for more than 15 percent of global GDP and is growing more than twice as fast as the global economy, according to the World Bank. Digital technologies are revolutionizing manufacturing, services, agriculture, and health care, including for micro, small, and medium-sized businesses, and facilitating resilience and economic inclusion.

At the same time, the digital revolution has raised complex policy issues relating to cybersecurity, personal data privacy, harmful online content, the ethics of AI algorithms, and digital authoritarianism. Governments are rightly addressing these issues but are often taking different policy approaches, creating a risk of regulatory fragmentation that threatens to undermine the ability of governments to accomplish their policy objectives and harness the benefits of digital innovation.

A new institutional arrangement for cooperation on digital governance

To address these risks, Japan has proposed establishing during its G7 Presidency the IAP to facilitate leader-level international coordination on data and digital governance. This proposal builds on Japan’s success in bringing global leaders together to endorse the concept of “data free flow with trust,” affirming their support for an open global digital economy while safeguarding privacy and cybersecurity and ensuring trustworthy digital ecosystems. This consensus was a

critical first step in developing a shared vision for a global digital economy that citizens, workers, and businesses can trust.

Given the pace of digital innovation and technology change, G7 governments have an opportunity now to take the next step by establishing the IAP. The IAP would serve as the principal global forum for governments to cooperate on digital governance issues from a cross-sectoral perspective, promote coherent regulatory approaches, enhance transparency and interoperability across jurisdictions, and assess cumulative and systemic risks across the global digital ecosystem. It would also be structured to give stakeholders the opportunity to share their views and expertise on new and emerging technologies.

The role of a leader-level IAP

The IAP would neither duplicate existing workstreams nor serve as a forum to negotiate rules or impose supranational regulation. Rather, the IAP would draw on the model of the Financial Stability Board (FSB) that was established in 2009 to ensure broad, leader-level coordination on the global financial system. It would provide a forum for leaders to identify digital governance priorities and work plans to achieve them.

Specifically, the IAP would enable governments to: (1) develop a shared agenda; (2) assess regulatory gaps, systemic risks, and best practices on emerging digital challenges; (3) task new workstreams to international organizations with relevant expertise; (4) promote the development of mechanisms that enhance interoperability of privacy rules; and (5) consider how to eliminate barriers to cross-border data flows while ensuring trust in cross-border digital ecosystems.

Making the IAP accountable to leaders is critical. Leaders' direct engagement is needed to provide political direction to the global digital agenda given its profound economic and security dimensions. Doing so can also drive a global digital community that advances our common values of freedom of expression, the free flow of information, and fundamental human rights.

Next steps

We stand ready to work with Japan, G7 governments, and other stakeholders to develop the vision for the IAP. At a time when G7 governments are also focused on addressing geopolitical tensions, economic security concerns, and disruptions in global supply chains, the launch of the IAP is a unique opportunity to advance global cooperation in an area critical to global economic growth, resilience, inclusion, and values.

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