



2019 G20 Trade & Digital Economy Ministerial Meeting Recommended Outcomes

Industry welcomes the renewed commitment by G20 members to discuss issues and promote policies that enable growth of the global digital economy. As the G20 recognized at last year’s summit, a thriving digital economy relies on “an environment that supports innovation, appropriate policy frameworks, the capacity of people and businesses to adapt to digital transformations, and the free flow of information, ideas and knowledge, while respecting applicable legal frameworks[.]” Industry encourages the G20 to reiterate the importance of these pillars in this year’s meeting of Digital Economy Ministers.

Japan’s linkage of digital economy and trade issues under their G20 presidency demonstrates how integral Internet and technology services are to the global economy, and how the failure to create an appropriate regulatory structure can have the effect of restricting trade. Industry supports Japan’s commitment to enabling digital trade flows and strengthening trust in digital services, and offers the following recommendations for the outcomes of the 2019 G20 process.

Empowering MSMEs for Entry into Global Markets. The G20 should support enabling frameworks for open trade in an increasingly digital global market. With low barriers to entry and access to global markets, the Internet has enabled firms of all sizes to find customer bases around the world, hire new workers, and grow their local economies online. As the World Trade Organization observes, digitalization has led to a decrease in trade costs that can be especially beneficial to MSMEs in developing countries, estimating that developing countries’ share in global trade could grow from 46% in 2015 to 57% by 2030. The G20 should work to lower restrictions to trade and encourage an open trading environment for MSMEs by discouraging restrictions on cross-border data flows, forced localization measures, and national regulatory strategies that discriminate against foreign companies. To facilitate digital trade, the G20 should recognize the need for all countries to support a permanent WTO moratorium against customs duties on electronic transmissions. Approaches to data governance that fail to include such commitments should be discouraged by the G20.

Supporting Innovation, Building Trust, and Promoting Expression Online. The Internet has enabled the free flow of ideas around the world. Online services of all sizes play a key role in facilitating an open discourse through moderation and carefully crafted content policies, while respecting fundamental freedoms. Industry understands the responsibilities it has with respect to the spread of illegal content online. The G20 should ensure that any new approaches to content regulation are made pursuant to comprehensive dialogue with meaningful opportunities for input by industry and civil society. National policies should also solicit input from all stakeholders when issuing

regulation on illegal content, including the participation of interested persons through public comment processes and public hearings. Industry also recognizes the importance of building trust online to strengthen consumer confidence in digital trade. To this end, industry supports baseline privacy and consumer protection rules.

Facilitating Adoption of Emerging Technologies. The G20 should prioritize research and investment in order to promote the development of technologies including artificial intelligence (AI), automation, and algorithmic data analysis. Frameworks regarding the governance of these technologies should be adaptable to account for the future stages of the technology and should be designed to protect users from demonstrated, rather than speculative harms. Regulation should be guided by a strong evidence base, building on widely-accepted definitions and principles. For instance, the OECD recently approved a Council Recommendation on AI, developed with input from expert representatives from all stakeholders, which should serve as the main basis for national policies on AI. The G20 process should not seek to create duplicative governance structures for existing or emerging technologies but rather encourage collaboration and the sharing of best practices among member countries.

Preparing for Jobs of the Future and Supporting Skills-Based Training. In light of a changing workforce, the G20 and industry should work together to ensure that individuals are equipped with the skills necessary for the jobs of the future. This includes important work in narrowing the gender divide and encouraging initiatives to increase STEM education.

Supporting Frameworks to Strengthen Security. The G20 should enhance ecosystem resiliency by promoting information security and network risk management systems that are interoperable and apply across all sectors. Industry will continue to leverage consensus-based international standards, such as ISO/IEC 27103 and functionally equivalent frameworks, guidelines, and best practices that are developed with transparency and through multi-stakeholder input that will strengthen trust and foster investment, innovation, and growth.

Reaching Global Consensus on Taxation in the Digital Economy. G20 countries recognize the changes that have been brought forth by the digital economy and have committed to reaching a global, consensus-based solution regarding taxation which will likely affect sectors beyond what is considered “digital.” The G20 should support the OECD G20 Base Erosion and Profit Shifting (BEPS) Project and discourage unilateral action by countries that creates fractured global taxation regimes and raise trade concerns.