



eco – Association of the Internet Industry

and

i2Coalition – Internet Infrastructure Coalition

comment on the

**“G20 Ministerial Statement on Trade and Digital Economy”**

(Tsukuba (Japan), 09.06.2019)

## 1. Introduction

The G20 Ministerial Meeting on Trade and Digital Economy took place on 8 and 9 June 2019 in Tsukuba, Ibaraki. During that meeting, the G20 Trade Ministers and Digital Economy Ministers met under the chairmanship of H.E. Mr. Hiroshige Seko, Minister of Economy, Trade and Industry, H.E. Mr. Masatoshi Ishida, Minister for Internal Affairs and Communications, and H.E. Mr. Taro Kono, Minister for Foreign Affairs, of the Government of Japan, to further strengthen G20 trade and digital economic policy cooperation.

The G20 Ministerial Meeting on Trade and Digital Economy gathered all G20 members as well as guests from Chile as 2019 APEC host economy, Egypt on behalf of AU, Estonia (for Digital Economy), Netherlands, Nigeria (for Trade), Senegal on behalf of NEPAD, Singapore, Spain, and Vietnam. International organizations also participated in the meeting.

After the meeting, the [G20 Ministerial Statement on Trade and Digital Economy](#) was published, addressing a number of topics:

- **Digital Economy**
  - Overview: Human-centered Future Society
  - Data Free Flow with Trust
  - Human-centered Artificial Intelligence (AI)
  - Governance Innovation – Agile and Flexible Policy Approaches in the Digital Economy
  - Security in the Digital Economy
  - SDGs and Inclusion
  - Way Forward
- **Trade**
  - Dialogue on Trade Developments
  - Sound Business Environment that Promotes Market-Driven Investment Decisions

- Promotion of Trade and Investment that Contribute to Sustainable and Inclusive Growth
- WTO reform and Recent Developments in Bilateral and Regional Trade Agreements
- **Interface between Trade and the Digital Economy**
- **Towards the Osaka Summit**

The G20 Ministerial Meeting on Trade and Digital Economy acknowledges that innovative digital technologies continue to bring immense economic opportunities. At the same time, they continue to create challenges. As the leading associations of the Internet industry in the United States and Europe, i2Coalition – Internet Infrastructure Coalition and eco – Association of the Internet Industry share this point of view and would like to take the opportunity to comment on the following items of the G20 Ministerial Statement on Trade and Digital Economy, taking the opportunity to create a common understanding of the interfaces between trade and the digital economy.

## **2. Comments by the eco Association and i2Coalition on Data Free Flow with Trust**

The “**G20 Ministerial Statement on Trade and Digital Economy**” (Tsukuba (Japan), 09.06.2019) states that

*“(15) Reaffirming the commitments made in Hangzhou, Dusseldorf, and Salta, we share the understanding that digitalization gives us the opportunity to promote inclusive and sustainable economic growth. Digitalization also promotes social and cultural progress and development, fosters innovation, and empowers individuals and businesses, including micro, small, and medium-sized enterprises (SMEs) to benefit from emerging technologies and data.”*

and

*“(16) Crossborder flow of data, information, ideas and knowledge generates higher productivity, greater innovation, and improved sustainable development. At the same time, we recognize that the free flow of data raises certain challenges. By continuing to address challenges related to privacy, data protection, intellectual property rights, and security, we can further facilitate data free flow and strengthen consumer and business trust. In order to build trust and facilitate the free flow of data, it is necessary that legal frameworks both domestic and international should be respected. Such data free flow with trust will harness the opportunities of the digital economy. We will cooperate to encourage the interoperability of different frameworks, and we affirm the role of data for development.”*

and

*“(65) We exchanged views on various issues including the concept of data free flow with trust, WTO discussions on electronic commerce, and needs*

*for capacity building, bearing in mind the importance of ensuring that all countries are able to realize their opportunities. Discussions should continue with a view to enhance the benefits of digitalization, which is transforming every aspect of our economies and societies, and can contribute to economic growth, job creation, inclusion, development and innovation.”*

The eco Association and i2Coalition are effectively the respective **voices for the Internet Industry** on both sides of the Atlantic. This role includes conveying to regulators and legislators the economic importance of the Internet industry, and that **this industry is made up predominantly of small to medium-sized enterprises (SMEs)**. As such, when legislators discuss how the Internet needs to evolve and how regulations might need to change, they need to take into account the needs of SMEs, who ultimately fuel the digital economy.

The digital economies on both sides of the Atlantic are mutually dependent. **In Europe, SMEs make up the backbone of the economy**, accounting for 99 percent of companies, around 80 percent of employment, and 57 cent of every Euro of added value. While larger European corporations may already be clients to US cloud providers, the majority of SMEs are only at the cusp of going digital, with this signifying massive opportunities for US providers – but only if data can be transferred with legal certainty. As such, legal certainty in the area of international data transfer is one of the most important prerequisites for the further growth of digitalization in both continents.

The **EU-US Privacy Shield** governs the protection of personal data transferred from a Member State of the European Union to the United States and is designed to bridge the gap between the US and the EU systems. For the Internet economy on both sides of the Atlantic, a consensual and long-term data protection regime is a necessary basis for any business model in which personal data is stored and processed across borders.

A natural area of interest for the Internet industry in this context is the relationship between the Privacy Shield and the **EU General Data Protection Regulation (GDPR)**. Whereas the Shield was introduced before the GDPR came into force on May 25th, 2018, it was designed with an eye to the GDPR and addresses both the substantive and procedural elements of the new law.

The GDPR provides for continuity of prior EU Commission adequacy determinations, including the Privacy Shield.

While the privacy requirements are not identical, the second Annual Review of the Privacy Shield, undertaken by both the European Commission and the European Data Protection Board in Brussels in October 2018, concluded that **the Shield’s framework offers an adequate level of protection for personal data transferred from the EU to the US** and that the principles of the Shield are essentially equivalent to EU law requirements.

In the **United States**, an **alternative model** to the EU General Data Protection Regulation (**GDPR**) is being discussed, e.g. the recently introduced California Law. With regards to the US and other privacy legislation initiatives around the globe,

both i2Coalition and the eco Association are advocating for harmonizing and compatible standards, motivated by the need for transparency and accountability and, in particular, by the desire **to head off risks for SMEs** engendered by a **potential patchwork of different laws**.

The **need to deal with multiple regimes** is one of the biggest challenges **confronting companies, particularly SMEs**. Increasing complexity and fragmentation is regarded as the single biggest threat to privacy work worldwide. It is not privacy regulations that are likely to cripple business, but rather their disparate implementations. It is not the principles in themselves that are burdensome, but the implementation mechanisms, with these contributing to a new privacy divide which is pushing smaller companies out of the game.

The **GDPR** represents a milestone and the most significant achievement in digital policy in the last 20 years; nevertheless, it is also **not without imperfections**. For example, it does not make sufficient distinctions between big and small companies. The **complex legal requirements** are leading to significant confusion, in particular for smaller companies. The **creation of new privacy legislation requires a collaborative approach**, which contains an acceptance that refinements are always required and stakeholder input – not just from large corporations and ICT companies – is regarded as being crucial in shaping privacy legislation. If the goal is free exchange in innovation and competition, then interoperability is key.

In the shaping of legislation, the following principles should be regarded as imperative:

- Practicability
- Strong data subject rights
- Transparency
- Accountability
- Evaluation of legislative effectiveness
- Systemwide application

## About eco

eco (international.eco.de), with more than 1,100 member companies, is the largest Internet industry association in Europe. Since 1995, the eco Association has been instrumental in the development of the Internet in Germany. eco forms framework conditions and represents the interests of members in politics and international committees. In the Competence Network, important specialists and decision makers of the Internet industry are represented, and current and future Internet themes are driven forward.

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## About i2Coalition

The i2Coalition (Internet Infrastructure Coalition) ensures that those who build the infrastructure of the Internet have a voice in public policy. We are the leading voice for web hosting companies, data centers, domain registrars and registries, cloud infrastructure providers, managed services providers, and related tech. We protect innovation and the continued growth of the Internet's infrastructure which is essential to the global economy.

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