

# **Annex: Concept Paper on Establishing an Institutional Arrangement for Partnership (IAP) on Data Free Flow with Trust (DFFT) and Note on G7 Expectation**

## **Background**

The concept of Data Free Flow with Trust (DFFT) has been used in digital policy communities since former Japanese prime minister Abe Shinzo pitched it at the World Economic Forum in Davos in January 2019 as a new model for global data governance. Given that cross-border flows of data are a critical driver of global economy and social well-being, governments recognised their commitment to address challenges such as in relation to security, privacy, data protection, and the protection of intellectual property rights while recognising varied approaches to data governance. G7 members have recognised that there are potential gaps in international governance to operationalise DFFT in particular due to its cross-sectoral nature. In this regard, G7 presidencies have demonstrated strong political leadership and established targeted and pragmatic priorities to advance DFFT building upon commonalities, complementarities, and elements of convergence between existing regulatory approaches and instruments enabling data to flow with trust in order to foster future interoperability.

In 2021, under the UK presidency, G7 Leaders endorsed the Digital and Tech Ministers' Roadmap for Cooperation on Data Free Flow with Trust. The Roadmap set out a plan for joint action between G7 members in four cross-cutting areas: data localisation, regulatory cooperation, government access to data, and data sharing for priority sectors. In 2022, under the German G7 presidency, G7 Leaders further endorsed the G7 Action Plan Promoting Data Free Flow with Trust, adopted by the G7 Digital and Tech Ministers. The Action Plan included a commitment to five actions on the four pillars identified in the 2021 Roadmap: Strengthening the evidence base for DFFT; Building on commonalities in order to foster future interoperability; Continuing regulatory co-operation; Promoting DFFT in the context of digital trade; and Sharing knowledge about the prospects for international data spaces.

DFFT remains a priority for the G7 in 2023, under Japan's presidency. At the G7 Hiroshima Summit on 19-21 May, G7 Leaders endorsed the G7 Digital and Tech Ministers' "Vision for Operationalising DFFT and its Priorities" (The G7 Vision) as well as the establishment of an "Institutional Arrangement for Partnership" (IAP).

## **Institutional Arrangement for Partnership**

The purpose of the IAP is to bring governments and stakeholders together to operationalise DFFT through principles-based, solutions-oriented, evidence-based, multistakeholder and cross-sectoral cooperation. The IAP is envisaged by the G7 to provide unique value in pragmatically and substantially supporting the facilitation of cross-border flows of personal and non-personal data under

the banner of DFFT. Due to the cross-sectoral nature of data and fast developing situations on digital ecosystems in general, the IAP is proposed to be organised around specific topics while remaining flexible to respond to evolving policy needs, including:

- development of compatible policies, tools, and practices for enabling data flows in full compliance with existing regulatory requirements regarding data
- developing common knowledge on and putting forward solutions to key impediments and challenges to DFFT
- technological developments that relate to DFFT such as privacy enhancing technologies (PETs) and international privacy frameworks
- legal practices enabling DFFT such as model contractual clauses and certification mechanisms such as international privacy frameworks

We stress the importance of broad and inclusive multistakeholder and multidisciplinary participation in the IAP including through participation from experts in government, data protection authorities, business, civil society, academia, and the technical community, brought together to develop practical and substantial solutions to support policy development and other responses to a variety of problems related to data transfer and sharing in a cross-border context. We envisage that the IAP will engage with multiple international and regional organisations according to the theme of projects to be delivered.

We also stress that the IAP is proposed to provide the opportunities to establish points of contact to collaborate with existing sector-specific expert groups and institutions from various stakeholder groups that have DFFT relevant technical, business, policy expertise or international reach.

### **G7 view on the IAP in advancing our commitment to operationalise DFFT**

We affirm that the establishment of the IAP would significantly contribute to operationalising DFFT and delivering concrete progress in the areas of four pillars of priorities set in in the G7 Roadmap and the G7 Vision:

- ***Data Localization.***
- ***Regulatory cooperation:***
- ***Trusted Government Access to Data:***
- ***Data Sharing:***

In line with these priorities, at a first instance, we call on the IAP to consider, once established, the following project items as reflecting *topics and issues* of urgency that have been publicly expressed by a variety of stakeholders in different contexts.

1. Enhancing transparency of policies and regulations on cross-border data transfers including possible development of international repository under the banner of DFFT
2. Identifying challenges to DFFT and commonalities in regulatory approaches to cross-border data transfers and data protection requirements and advancing international compliance approaches in specific sectors (e.g. cross-border payments)
3. Identification and documentation of use cases for emerging PETs in cross-border data sharing, based on which leveraging the findings of different PETs regulatory sandboxes could be explored (e.g. at the intersection of data, health, finance).
4. Promotion of and awareness raising on the OECD Government Access Principles, including with a view of expanding the number of countries demonstrating alignment with the related OECD Declaration.

We welcome ongoing discussions at the OECD to realise the IAP as part of its work on data governance and data flows. We reiterate, in this Statement, our commitment to support this work in the OECD, to work together to materialise our vision through member-state participation at the OECD and welcome continued support from the OECD in G7 discussions on cross-border data flows and DFFT. We envision that concrete progress made by the IAP will be a valuable resource for collective efforts by the G7 and the International Community to advance DFFT and to increase trust across our digital ecosystem.