Exploring Together DFFT

— What is DFFT?

The concept of Data Free Flow with Trust (DFFT) promotes the free flow of data while protecting privacy, security, and intellectual property rights. It was introduced at the G20 OSAKA Summit in 2019 and endorsed at the G7 Hiroshima in 2023 with the establishment of the Institutional Arrangement for Partnership (IAP) to operationalize DFFT.

— Why DFFT?

Now that the data economy is booming and high-quality data is critical to solving social issues and driving economic growth, it is essential to coordinate international data transfer rules among major countries.

History of DFFT

2019 Japan — G20 OSAKA Summit

In January 2019, during the World Economic Forum in Davos, Japan proposed the creation of an international order for DFFT. Later that year, at the G20 OSAKA Summit, the concept of DFFT was included in the leaders' declaration.

2021 U.K. — G7 Roadmap for Cooperation

At the G7 Digital and Technology Ministerial Meeting in the UK, the G7 Roadmap for Cooperation on DFFT was created and later endorsed at the G7 Summit in June 2021.

2022 Germany — G7 Action Plan

G7 Action Plan for promoting DFFT was formulated at the G7 Digital Ministerial Meeting in Germany in May 2022.

2023 Japan — Establishment of IAP

At G7 Hiroshima 2023, the establishment of the Institutional Arrangement for Partnership (IAP) was endorsed for operationalizing DFFT. The goal is to bring together governments and stakeholders to facilitate DFFT through multistakeholder and cross-sectoral on cross-border flow of data.

DFFT to Achieve Sustainable Development Goals

The reuse of data and sharing between government entities as appropriate is critical to tackling aging society and public health challenges with more accurate preventive care, mitigating increasing costs. Free data flows can also help address pollution, climate change, and other sustainability objectives by minimizing waste and increasing traceability across sustainable supply chains. As such, efficient and open access to data is essential for tracking and enabling the delivery of many Sustainable Development Goals (SDGs).

Curbing Climate Change

Reducing the Carbon Footprint : Scope 3 emissions (emissions outside company's own operations) account for more than 80% of emissions in most business sectors. What's needed is end-to-end value chain transparency and sharing of actual and verified emissions data, not estimates or averages, down to the individual product and supplier level.

Regulating AI in curbing climate change: A growing number of startups are using AI to work on climate change. The ethical use of cross border data flows is critical for the development of AI.

Predictive Climate Modeling: Cross-border flows of data are also critical to predictive climate modeling, which focuses on a wide range of climate risks, including hurricanes, typhoons, wildfires, floods, droughts, and their collateral impacts— such as property damage and supply chain disruptions.

Deliver Better Healthcare

Curb Pandemics: During public health emergencies, such as Covid-19 pandemic, interoperability between national and subnational health data management systems becomes increasingly important to curb the spread of infection.

Clinical Trials Data Sharing: It is increasingly common for clinical trials to be conducted in multiple regions simultaneously, requiring the cross-border transfer of clinical study data associated with the trial.

Promote Telemedicine: The use of electronic information and telecommunications technologies to support and promote remote clinical healthcare delivery and health-related education for patients and professionals.

DFFT to Achieve Sustainable Development Goals

Reduce Data Inequality

Large gaps are already opening up between the data haves and have-nots. Many people are excluded from the new world of data and information because of language, poverty, lack of education, lack of technology infrastructure, remoteness or prejudice and discrimination. A wide range of actions is needed, including building the capacity of all countries, especially the Least Developed Countries (LDCs), Land-locked Developing Countries (LLDCs), and Small Island Developing States (SIDS).

1 NO POVERTY

Issues and Barriers of Cross-border Flow of Data

Issues and Barriers from Business Perspective

From a business perspective, the issues and barriers to cross-border flows of data could be categorized into i) transparency, ii) technology and standardization, iii) interoperability, iv) complementarity, and v) implementation.

・Source: Interim Report by Expert Group on Data Free Flow with Trust (February 28, 2022), Ministry of Economy, Trade and Industry

---

Voices of the Industry;

■ *When software and product development, etc., takes place in sites around the world, dealing with the differences in legal systems for the cross-border transfer of personal information is a major issue. Particularly, there are products that require the collection of a wide range of information that is difficult to separate from personal data, such as medical data.*

■ *Information is shared across multiple research sites with time differences so that development can continue around the clock. But as cross-border transfer regulations become more and more fragmented accompanied by different interpretations and guidelines, making it difficult to identify the content of obligations, thereby R&D would have to be closed or transferred to the other region.*

IAP: an international mechanism for operationalising DFFT

1. Utilize existing committee/organs of international organization (where decision-making of member countries for data/digital policies takes place) to facilitate multilateral policy making and coordination. The secretariat is established at the OECD, where the IAP is hosted.

2. Establish WG (working groups) based on projects composed of government officials, experts and stakeholders under such committee. This WG are meant to discuss, develop, and provide expert input for the committee's policy making and coordination, addressing questions and issues regarding cross boarder data flow.

3. Each WG could collaborate with and bring various international organizations and institutions as the participants of joint projects. WGs are expected to provide common solutions for each member of the OECD and those partner international organizations on each project.

IAP Structure Chart

① OECD Committee
(International Organization where Secretariat is located)

The Secretariat Located within OECD

Partnership

Governmental Board (of other international organizations)

② WG (Project ①)　WG (Project ②)　③ WG (Project ③)

In case of joint projects with other international organizations

DFFT Expert Community (IAP)
※To be established under OECD

※Each Working Group is comprised of policy-makers and experts selected from government and stakeholders as appropriate to the nature of the projects