



Fostering a Digital Economy that Bridges Inequality

Statement of Digital Economy Policy Priorities 2020

U.S. business believes that digital technologies and the online environment enabled by them provide an unprecedented opportunity to grow the global economy and bridge inequalities by raising productivity, fostering creativity and innovation, building trust, and expanding societal interaction. Key to realizing these benefits are policies that support an enabling environment for digital technologies. Such policies may address economic, social/cultural, technical, and governance issues, all of which are interlinked and cross-cutting. This *holistic* approach best ensures the development of an open, safe, highly secure, stable, interoperable, seamless, and sustainable digital ecosystem with the potential to close development gaps and address other inequities. U.S. business regards the following issues as key to realizing this promise:

Infrastructure, Connectivity, and Spectrum – The benefits of digital transformation can only be realized if there is adequate broadband infrastructure and spectrum. In a 2017 report, the International Telecommunication Union (ITU) found that while more than 7 billion people now have access to voice services, more than 70 per cent of those living in the least developed countries (LDCs) still cannot afford a basic Internet connection, and less than half the people in the world regularly use the Internet¹. If we are to succeed in connecting and enabling the next billion people, it is critical that both developed and developing countries alike do more to incentivize investment in the build-out of broadband infrastructure as well as wireless devices and other related aspects of a rapidly evolving digital ecosystem.

In addition, the availability of licensed spectrum for exclusive use and shared use as well as unlicensed use has an important and complementary role in promoting the accessibility of the Internet and its developmental potential. There are many important uses of spectrum, including broadcast and mobile broadband as well as for Wi-Fi. Effective and technologically neutral management of this increasingly scarce resource must be a priority for policy-makers while ensuring the integrity of services offered by existing spectrum license holders.

Multistakeholder Governance Approaches -- The global digital ecosystem benefits when government policymakers work in close cooperation with business, civil society, academia, and the technical community. Given the rapid pace of technological change, governments need the perspectives provided by these stakeholder groups to better understand what policies are commercially viable, technically feasible, and offer adequate personal privacy protections. Such stakeholder inclusion also can lower the risk of unintended consequences and increase the legitimacy of policies that are adopted.

Free Flow of Data – U.S. business embraces the view that the free flow of data and information is critical for economic development and growth. Policies that facilitate the adoption of new technologies and the global movement of data and information will enable all citizens and companies to realize the full potential of the Internet as a platform for innovation, economic growth, and gender equality. Digital technologies can provide women with tools to feel more secure, access education and healthcare, and obtain financial resources. The recent proliferation of government-mandated requirements to process or store data locally, use or develop technology locally, use local content or comply with specific technical requirements serve as

¹ *Maximizing availability of international connectivity in developing countries: Strategies to ensure global digital inclusion*, 2017: https://www.itu.int/pub/D-PREF-BB.GDI_01-2017/.

onerous barriers to cross-border flows of data. Such localization requirements hurt domestic economies and jeopardize the very privacy and security they aim to safeguard.

Importance of Trust – U.S. business realizes that the benefits of digital transformation enabled by data flows will only be realized and embraced by consumers, businesses, and governments who trust the online environment and feel confident that the privacy of their personal data will be respected and that their online systems are secure. Business remains committed to complying with applicable privacy regulations and recognizes its responsibility to adopt best practices to ensure that personal data and information is appropriately secure as technology and services evolve. We further recognize that a risk-based approach to online security, which leverages international standards such as the ISO, is essential to ensuring a secure, stable, and resilient Internet ecosystem. We believe that trust in the online environment is best achieved through privacy and security protections that do not unnecessarily restrict the free flow of data across international boundaries and are globally interoperable.

Open Markets and Predictable Regulatory Environments – The availability of digital technology and online services to an ever-increasing percentage of the world’s population requires that governments open their markets to competitive ICT and application providers and foreign investment. G7 governments should support the adoption by all countries of predictable, rules-based regulatory environments that will result in a full range of competitive providers supplying services to markets that are currently underserved.

Protection of Freedom of Expression Online -- With the advent of the Internet and digital transformation of the economy, U.S. business has sought opportunities to work with governments, regulators, non-governmental organizations, and others to meet the challenges posed by new technologies and to help ensure that the Internet is used to foster an exchange of ideas. We are strongly committed to human rights, including the right to free speech, in line with the UN Guiding Principles on Business and Human Rights.

Digital Taxation – U.S. business supports a multilateral consensus to address the tax challenges arising from the digital transformation of the economy in a timely manner to ensure a globally fair, sustainable and modern international tax system. The United States should support the OECD Inclusive Framework process to develop a consensus, income-tax based solution that can be applied to the broader digitalized economy.

Importance of Artificial Intelligence (AI) – U.S. business recognizes the potential of AI to address economic, societal, and environmental inequalities. Indeed, we regard AI technologies as computational intelligence that can help subject matter experts to make advances in every sector, enabling innovation and highly beneficial applications in healthcare, agriculture, education, manufacturing, and transportation, among other areas. AI and other virtual/augmented reality technologies are just at the beginning of commercial deployment and will continue to evolve and develop. We believe that existing regulations are sufficient for these services and that any new requirements should be carefully considered in consultation with stakeholders to ensure they are narrowly tailored to address specific concerns as they arise. Premature and overly expansive regulatory activity could have unforeseen consequences that would stunt the growth of these emerging technologies and the benefits consumers could enjoy from their continued development. Rather, it is essential that all stakeholders work together to shape the development of AI to foster trust and broad adoption. This includes educating people about AI’s potential for societal good, addressing worries about job dislocation, and reskilling workers so they can stay ahead of the technological curve and seize the benefits of AI transformation.