

*Remarks by H.E. Mr. Kazuo Kodama, Ambassador of Japan to the European Union,  
“Global Economics 2.0; data-driven, AI-powered, ecommerce-forced, human-  
centric?”,  
on 18 June, Tuesday, 2019*

**Introduction**

Thank you very much for the invitation today.

It is a great pleasure to present Japan’s Presidency of the G20 Summit at this interesting and important workshop.

I would like to highlight, today, that the G20 Osaka Summit brings together developed and emerging countries for discussions on how to address the potential risks facing the global economy and how to harness the power of technological innovation to promote human welfare.

Before addressing today’s central focus, Japan’s Presidency of the G20 Summit, I cannot help but touch upon another important topic related to the free flow of data, the so-called “mutual adequacy” decision on personal data by both the EU and Japan’s authorities. On the 23rd January this year, the framework for the mutual and smooth transfer of personal data between Japan and the European Union came into force. With this framework, in addition to a free trade area created by the EPA, the world’s largest area of safe and smooth data transfers was created. In this regard, these decisions complement and enhance the benefits of the Japan-EU EPA and contribute to the strategic partnership between the EU and Japan.

**The history of the digital issue in the G20**

Before moving onto the outcome of the G20 Trade and Digital Economy Ministers’ Meeting, which was held recently on 8<sup>th</sup> and 9<sup>th</sup> June in Tsukuba, let me briefly look back at the history of digital issues in the context of the G20.

Although we can trace the discussions on digital issues in the G7/ G8 context to as early as 1993, the policy discussion on the digital economy in the G20 started under the Chinese Presidency during the Hangzhou Summit in 2016, where comprehensive discussion on the digital economy, innovation and the new industrial revolution was made.

Then, it was followed by Germany's initiative to establish a Digital Economy Ministerial process and produce an overall perspective on digital policy as the G20 Roadmap on Digital Economy.

Last year, Argentina led the discussion with greater focus on several aspects of the digital agenda, including the digital government and gender gap, infrastructure deployment and measures of the digital economy. In addition to this, it created the G20 Repository of Digital Policies and accomplished the G20 Digital Economy Ministers' Declaration.

Following this, the G20 Ministers for the Digital Economy discussed how to design and implement digital policies to maximise the benefits and minimise the challenges of the development of the digital economy.

Recalling these discussions, we share the vision of a human-centred future society which is being promoted as Society 5.0 by the Japanese government through the increasing convergence of the physical world and the virtual world.

On the other hand, it raises certain concerns, such as the Digital divide and the exploitation of the internet. The G20 reaffirms its commitment to fighting the exploitation of the internet for violent extremist and terrorist purposes, as well as promoting it as a free, open and secure internet.

In this context, we should come together to promote trust in the digital economy to harness the benefits brought by digitalization.

Therefore, the G20 Ministers commit to sharing and promoting national experiences and international policies to maximize and share the benefits of the digitalization of our economies and societies through the following efforts.

### ***The outcome of the G20 Trade and Digital Economy Ministers' Meeting***

Let me introduce the G20 Ministerial Statement on Trade and Digital Economy, which I have divided into some main parts.

### *(Data Free Flow with Trust (DFFT))*

First, I would like to mention about Data Free Flow with Trust (DFFT), which Prime Minister Abe expressed to promote international debates on data governance in Davos this January.

G20 Ministers recognise that the free flow of data raises certain challenges related to privacy, data protection, intellectual property rights, and security. In order to build trust and facilitate the free flow of data, the statement mentions that it is necessary that legal frameworks both domestic and international should be respected. And such data free flow with trust will harness the opportunities of the digital economy. G20 will cooperate to encourage the interoperability of different frameworks, and we affirm the role of data for development.

### *(Human-centred Artificial Intelligence (AI))*

The G20 endeavours to provide an enabling environment for human-centred AI that promotes innovation and investment, with a particular focus on digital entrepreneurship, research and development, scaling up of start-ups in this area, and the adoption of AI by MSMEs (Micro, small, and medium-sized enterprises).

In addition, G20 Ministers recognise that the responsible development and use of AI can be a driving force to help advance the SDGs and to realise a sustainable and inclusive society, mitigating risks to wider societal values.

At the same time, the G20 also recognises that AI, like other emerging technologies, may present societal challenges, including transitions in the labour market, privacy, security, ethical issues, new digital divides and the need for AI capacity building. To foster public trust and confidence in AI technologies, and to fully realise their potential, we are committed to a human-centred approach to AI, which are non-binding.

The G20 AI principles include the following principles of “inclusive growth, sustainable development and well-being”, “human-centred values and fairness”, “transparency and explainability”, “robustness, security and safety” and “accountability”.

In pursuing human-centred AI, we will each continue to strive for international cooperation and endeavour to work with appropriate fora in areas such as research and development, policy development and information sharing through the G20 Repository of Digital Policies and other open and collaborative efforts.

#### *(Security in the Digital Economy)*

Security is essential for strengthening our public's confidence in digital technologies and the entire digital economy. G20 recognise the importance of governments and other stakeholders within their respective roles to address security gaps and vulnerabilities.

G20 members affirm the need to further work on these urgent challenges. And G20 recognise that industry-led and market-led global technical standards, developed based upon principles of openness, transparency and consensus help deliver interoperability. These promote trust, which is essential for enabling the benefits of the global digital economy.

#### *The Tax challenges*

The tax challenges arising from the digitalisation of the economy are also an important issue.

In this regard, G20 Finance Ministers who gathered in Fukuoka on the 8<sup>th</sup> and 9<sup>th</sup> June welcomed the recent progress on addressing the tax challenges arising from digitalization and endorsed the ambitious work program that consists of a two-pillar approach, developed by the Inclusive Framework on the G20/OECD Base Erosion and Profit Shifting (BEPS). They also agreed that they will redouble their efforts for a consensus-based solution with a final report by 2020.

Next slide please.

#### ***Japan's Presidency of G20 Summit***

Finally, I will move onto Japan's expectations for a successful G20 Osaka Summit. This year, Japan has assumed the G20 Presidency for the first time and will host the G20 Osaka Summit ten days from now.

As downturn risks appear to be on the rise and as trade tensions have started to have a negative impact on the real economy, it is all the more incumbent upon G20 leaders to address the risks and challenges of the global economy and to be ready to respond effectively.

Against this backdrop Prime Minister Abe intends to chair the G20 Osaka Summit in accordance with the following three agenda items.

The first is the most important issue facing us right now: working to maintain and ultimately strengthen the free and fair order for international trade. The second point is regarding the digital economy. The third point is the importance of innovation. The Prime Minister intends to link the discussion on the power of innovation, through developments such as IoT and AI, to addressing global challenges such as the SDGs, marine plastic litter, Africa, climate change, and quality infrastructure.

Next slide please.

Amongst those agenda items, “data” and “digital” will surely be key topics. Prime Minister Abe advocates for the building of a ‘data free flow with trust’ or DFFT system as he expressed his determination to promote international debates on data governance in his speech in Davos this January. This is an approach that attempts to allow the free flow of data according to rules we can all count upon. He will call upon G20 leaders to prepare rules so that the benefits of the digital economy spread to everyone, and needless to say, that the advantages come to all people the world over.

The process for doing that is what we call the Osaka Track, which we hope to launch at the Osaka G20 Summit. Through the Osaka Track, the Prime Minister strongly hopes to blow a new breeze into the WTO at this juncture in order to provide political impetus to international discussions, in particular to the WTO e-commerce negotiations, to harness the full potential of data.

In January at the World Economic Forum in Davos, 77 WTO members including the EU and Japan, decided to start negotiations on WTO e-commerce and now the parties are intensely discussing global rules on e-commerce. Japan is hoping that the Osaka Track would make a big push to a swift conclusion of these

negotiations in the near future.

Since Japan and the EU have created the world's largest area of safe data transfers, building on a high degree of convergence between our systems through the Japan-EU mutual data adequacy decisions, which were based on a high level of protection of personal data and privacy, we will also cooperate on other initiatives within the digital economy.

### **Conclusion**

Ladies and gentlemen,

To conclude my remarks, the common thread running through all these discussions is our desire to give people greater confidence in their future. Regained confidence in the future is essential not only for sustainable growth, but also for public support in multilateralism. We very much hope that Osaka will make solid contributions to this end.

[END]