Synthesis Paper

Europe Programme

International Law Programme

International Security Programme

US and the Americas Programme

Digital trade and digital technical standards

Opportunities for strengthening US, EU and UK cooperation on digital technology governance

Pepijn Bergsen, Carolina Caeiro, Harriet Moynihan, Marianne Schneider-Petsinger and Isabella Wilkinson

January 2022

CHATHAM HOUSE

Chatham House, the Royal Institute of International Affairs, is a world-leading policy institute based in London. Our mission is to help governments and societies build a sustainably secure, prosperous and just world.

Summary

- There is increasing impetus for stronger cooperation between the US, EU and UK on digital technology governance. Drivers of this trend include the economic incentives arising from opportunities for digital trade; the ambition for digital technology governance to be underpinned by shared values, including support for a democratic, open and global internet; and the need to respond to geopolitical competition, especially from China.
- Two specific areas of governance in which there is concrete potential to collaborate, and in which policymakers have indicated significant ambitions to do so, are **digital trade** and **digital technical standards**.
  - To leverage strategic opportunities for **digital trade**, the US, EU and UK need to continue identifying and promoting principles based on shared values and agendas, and demonstrate joint leadership at the global level, including in the World Trade Organization (WTO) on e-commerce.
  - Policy actors in the US, EU and UK should work individually and collectively to build on the latest generation of digital trade agreements. This will help to promote closer alignment on digital rules and standards, and support the establishment of more up-to-date models for innovation and governance.
  - Collaborating on **digital technical standards**, particularly those underlying internet governance and emerging technologies, offers the US, EU and UK strategic opportunities to build a vision of digital technology governance rooted in multi-stakeholder participation and democratic values. This can provide a strong alternative to standards proposals such as China's 'New IP' system.
  - Policy actors should seek to expand strategic cooperation on standards development among the US, EU and UK, among like-minded countries, and among states that are undecided on the direction of their technology governance, including in the Global South. They should also take practical steps to incorporate the views and expertise of the technology industry, the broader private sector, academia and civil society.
- By promoting best-practice governance models that are anticipatory, dynamic and flexible, transatlantic efforts for cooperation on digital regulation can better account for the rapid pace of technological change. Early evidence of this more forward-looking approach is emerging through the EU's proposed regulation of digital services and artificial intelligence (AI), and in the UK's proposed legislation to tackle online harms.
- The recently launched EU-US Trade and Technology Council is a particularly valuable platform for strengthening cooperation in this arena. But transatlantic efforts to promote a model of digital governance predicated on democratic values would stand an even greater chance of success if the council's work were more connected to efforts by the UK and other leading democracies.

Introduction and overview

Digital technology is evolving faster than ever, offering rich economic and social opportunities but also raising questions about the frameworks and values that should regulate technological innovations. The US, EU and UK share a vision for digital technology governance that is predicated on a free, open and global internet. They prioritize the promotion of the responsible, democratic and inclusive use of emerging technologies, along with the development of policies to strengthen security, prosperity and protection of human rights.

While the US, EU and UK diverge in their approaches to some areas of technology governance – and complete harmonization of rules between the three is unrealistic – cooperation and alliances can nonetheless be strengthened and agreements reached, facilitated by the growing number of platforms and mechanisms relating to digital technology governance.

This paper identifies strategic opportunities for strengthening transatlantic cooperation on digital technology governance. The insights draw on high-level roundtable discussions held under the Chatham House Rule in 2021, at which Chatham House brought together experts from industry, the private sector, government, international organizations, civil society and academia. The paper also draws on interviews with leading stakeholders in this area.

While the UK's technology market is much smaller than that of the US and EU, the UK has the potential to be an agile and entrepreneurial partner to both on digital technology governance, having led an ambitious digital agenda as chair of the G7 in 2021, and having continued to show thought leadership in several areas.[1] This paper therefore considers the role of the UK, as well as the US and EU, on issues of transatlantic digital governance.

The impetus for cooperation

Several factors favour greater transatlantic cooperation on governance and regulation of the digital space. In the US, the administration of President Joe Biden is showing an appetite to engage with US allies on a range of digital technology issues. The EU has been active in the regulatory space, recently publishing a draft Digital Markets Act (DMA),[2] a draft Digital Services Act (DSA)[3] and a draft regulation on artificial intelligence (AI).[4] The UK is also legislating to promote more responsible digital technology governance, including in relation to both the regulation of online content and principles for 'safety by design'.[5]

---

1 Department for Digital, Culture, Media & Sport (2021), 'Standard, Digital Nations Ministerial Statement', 18 November 2021, https://www.gov.uk/government/publications/digital-nations-ministerial-summit--2/digital-nations-ministerial-statement--2.
2 European Commission (2020), 'Proposal for a Regulation of the European Parliament and of The Council on contestable and fair markets in the digital sector (Digital Markets Act)', COM/2020/842 final.
3 European Commission (2020), 'Proposal for a Regulation of The European Parliament and of The Council on a Single Market for Digital Services (Digital Services Act) and Amending Directive', 2000/31/EC, COM/2020/825 Final.
4 European Commission (2020), 'Proposal for a Regulation of The European Parliament and of the Council Laying Down Harmonised Rules on Artificial Intelligence (Artificial Intelligence Act) And Amending Certain Union Legislative Acts', COM/2021/206.
5 Department for Digital, Culture, Media & Sport (2021), 'Draft Online Safety Bill', 12 May 2021, https://www.gov.uk/government/publications/draft-online-safety-bill.

Progress has already been visible as a result of recent cooperation, including in relation to digital taxation at the Organisation for Economic Co-operation and Development (OECD)[6] and among G20 members.[7]

There are also compelling economic incentives for cooperation on digital trade: global e-commerce sales (including both domestic and international transactions) reached $26.7 trillion in 2019,[8] and growth in this market has accelerated during the COVID-19 pandemic.[9] The US, EU and UK are also increasingly engaged on issues around digital technical standards. Galvanized by geopolitical and human rights concerns, policy actors in the US, EU and UK are pushing for multi-stakeholder engagement in standards-setting processes.

At the same time, divergences in other policy areas have made cooperation difficult. For example, the EU's application of the precautionary principle in its regulatory outlook, and its tendency to attempt to shape markets, is significantly different to the US approach of generally reacting to excesses rather than seeking to pre-empt them. Differing views on the adequacy of privacy safeguards have also created barriers to data transfer between the two jurisdictions.

US, EU and UK approaches to the regulation of online content also differ. To date, the US has adopted a laissez-faire attitude to 'Big Tech', partly due to its constitutional protection of free expression and partly due to its less stringent antitrust laws.[10] Both the EU and the UK have been more proactive, seeking to tackle online harms such as disinformation and hate speech both through regulation (for example, the EU's draft DSA and the UK's Online Safety Bill) and through *ex ante* competition controls on technology companies with 'gatekeeper' status (via the EU's DMA and DSA, and the UK's new Digital Markets Unit at the Competition and Markets Authority). The US is observing EU and UK efforts in these areas with interest as it ponders its own way to tackle online harms, including through legislation.[11]

Such difficulties notwithstanding, the US, EU and UK all have interests in overcoming their current cooperation challenges. For example, the fact that data-sharing is a crucial part of digital trade, and important for national security and law enforcement, has spurred bilateral negotiations between the US and EU as well as multilateral discussions in the OECD. Meanwhile, on technical standards, the US and EU are keen to prevent the UK from creating a requirement for industry to meet a fourth technical market specification, in addition to the product specifications and systems already existing in Asia, the EU and the US.

---

6 OECD (2021), 'International community strikes a ground-breaking tax deal for the digital age', 8 October 2021, https://www.oecd.org/tax/international-community-strikes-a-ground-breaking-tax-deal-for-the-digital-age.htm.
7 Scott, M. (2021), 'The global tax deal: What you need to know', *Politico*, 29 October 2021, https://www.politico.eu/article/global-tax-agreement-g20-rome-italy-president-joe-biden-emmanuel-macron.
8 United Nations Conference on Trade and Development (UNCTAD) (2021), 'Global e-commerce jumps to $26.7 trillion, COVID-19 boosts online sales', 3 May 2021, https://unctad.org/news/global-e-commerce-jumps-267-trillion-covid-19-boosts-online-sales.
9 Koetsier, J. (2020), 'COVID-19 Accelerated E-Commerce Growth '4 To 6 Years'', *Forbes*, 12 June 2020, https://www.forbes.com/sites/johnkoetsier/2020/06/12/covid-19-accelerated-e-commerce-growth-4-to-6-years/?sh=7df86a54600f.
10 The US approach to anti-competitive practices in a range of sectors, including Big Tech, is changing under President Joe Biden's administration. Tankersley, J. and Kang, C. (2021), 'Biden's Antitrust Team Signals a Big Swing at Corporate Titans', *New York Times*, 28 October 2021, https://www.nytimes.com/2021/07/24/business/biden-antitrust-amazon-google.html.
11 Keller, D. (2021), 'For platform regulation Congress should use a European cheat sheet', *The Hill*, 15 January 2021, https://thehill.com/opinion/technology/534411-for-platform-regulation-congress-should-use-a-european-cheat-sheet.

Progress on digital technology issues requires leadership at the multilateral level – whether at the UN, the World Trade Organization (WTO), the G7, G20 or OECD. Ambition, thought leadership and resources from the US, EU and UK – acting in alliance and in pursuit of mutual goals – can help to meet this challenge. The US, EU and UK are also keen to foster a multi-stakeholder approach to the development of digital norms and standards, including at international standard-setting bodies and in the UN's Open-Ended Working Group on Developments in the Field of Information and Telecommunications in the Context of International Security (OEWG).

The need to respond to geopolitical competition and divergent ideological approaches to digital technology is likely to drive further US–EU–UK cooperation, especially as China's influence as a global technology power grows. China, often informally aligned with Russia, has been pushing a security-focused vision of the internet based on sovereignty and government control of the internet, social media and emerging technology, including at UN meetings on responsible state behaviour in cyberspace and on cybercrime, and at international meetings on technical standards. This contrasts with the vision of the US, EU, UK and like-minded states of an open and global internet, and of an approach to digital technology regulation underpinned by multi-stakeholder dialogue and the international human rights law framework.

In this context China and Russia, as well as the US, EU and UK, are seeking to influence the approaches to technology governance of third states – sometimes known as the 'digital deciders'[12] – through capacity-building and infrastructure projects, among other measures. China's 'sovereignty and control' model of technology governance is gaining traction in many countries outside China, including through the Digital Silk Road programme, the technology arm of its Belt and Road Initiative (BRI). The different visions and values involved in these contrasting models of technology governance have significant implications in the countries concerned – politically, economically and in terms of human rights. This raises the strategic stakes for the US, EU and UK, and serves as an impetus for outreach and capacity-building on issues such as cybersecurity and internet governance.

A final catalyst for cooperation is that overdependence on Asia as a producer of technology goods has sparked shared concerns between the US, EU and UK about supply chain resilience – particularly in relation to semiconductors – 5G telecoms technology and data access. These issues, among others, are reflected in the 10 working groups established under the EU-US Trade and Technology Council, which held its inaugural meeting in September 2021.[13]

While there is scope for deeper cooperation in many areas of digital policy, the remainder of this paper focuses on two in particular – **digital trade** and **digital technical standards** – in which there is concrete potential to collaborate, and in which policymakers have indicated significant ambitions to do so.

---

12 Morgus, R., Woolbright, J. and Sherman, J. (2018), 'The Digital Deciders: How a group of often overlooked countries could hold the keys to the future of the global internet', New America, 23 October 2018, https://www.newamerica.org/cybersecurity-initiative/reports/digital-deciders.
13 Office of the United States Trade Representative (undated), 'U.S.-E.U. Trade and Technology Council (TTC)', https://ustr.gov/useuttc.

Digital trade

There is a pressing need for governments to cooperate on digital trade to harness the digital transformation and support the economic recovery from the COVID-19 pandemic. While no globally recognized definition of digital trade exists, the OECD reports 'a growing consensus that it encompasses digitally-enabled transactions of trade in goods and services that can either be digitally or physically delivered'.[14] The term 'digital trade' is often used interchangeably with 'e-commerce',[15] but some governments and international organizations regard the latter as a more limited concept. The absence of a shared definition, the related difficulties around measurement and the lack of relevant statistics have made the topic of 'digital trade' something of a moving target. This in turn creates challenges for international cooperation on its governance.

There is a pressing need for governments to cooperate on digital trade to harness the digital transformation and support the economic recovery from the COVID-19 pandemic.

The digital economy accounts for 9 per cent of GDP in the US and 6 per cent of GDP in the EU.[16] Moreover, the share of digitally deliverable services (as a percentage of total services exports) has increased sharply during the COVID-19 pandemic.[17] As the digital transformation accelerates, it will be essential for the US, EU and UK to resolve their disagreements on broader trade issues if the full potential of transatlantic digital trade is to be realized. The current transatlantic trade rapprochement – including steps to resolve the long-standing row over subsidies to Boeing and Airbus,[18] the suspension of steel and aluminium trade disputes between the US and the EU,[19] and the multilateral agreement concerning digital services taxes – makes progress on the digital trade agenda more likely.

A number of additional potential drivers of enhanced cooperation relate to managing geopolitical risks and addressing policy challenges around data governance. One such driver arises from concerns over China's vision of digital trade. China's domestic digital services market is underpinned by strict data localization policies and restrictions on cross-border data flows. Increasingly, China's domestic prerogatives are reflected in its approach to digital trade globally. Chinese participation in the Regional Comprehensive Economic Partnership (RCEP) agreement, and its requests

---

14 OECD (undated), 'The impact of digitalisation on trade', https://www.oecd.org/trade/topics/digital-trade.
15 Ismail, Y. (2020), *E-commerce in the World Trade Organization: History and latest developments in the negotiations under the Joint Statement*, International Institute for Sustainable Development and CUTS International, Geneva, https://www.iisd.org/system/files/publications/e-commerce-world-trade-organization-.pdf.
16 Anderton, R., Jarvis, V., Labhard, V., Petroulakis, F., Rubene, I. and Vivian, L. (2020), 'The digital economy and the euro area', European Central Bank, ECB Economic Bulletin, chart 1, Issue 8/2020.
17 UNCTAD (2021), *Impacts of the Covid-19 pandemic on trade in the digital economy*, UNCTAD Technical Notes on ICT for Development No. 19 (TN/UNCTAD/ICT4D/19), UNCTAD, https://unctad.org/system/files/official-document/tn_unctad_ict4d19_en.pdf.
18 European Commission (2021), 'EU and US take decisive step to end aircraft dispute', press release, 15 June 2021, https://ec.europa.eu/commission/presscorner/detail/en/IP_21_3001.
19 European Commission (2021), 'EU and US agree to start discussions on a Global Arrangement on Sustainable Steel and Aluminium and suspend steel and aluminium trade disputes', press release, 31 October 2021, https://ec.europa.eu/commission/presscorner/detail/en/IP_21_5721.

to join both the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Digital Economy Partnership Agreement (DEPA) between Chile, New Zealand and Singapore, indicate that the country is set on shaping digital trade provisions beyond its national borders. Meanwhile, the US and the EU remain on the sidelines of important trade agreements, while the UK is seeking accession to the CPTPP. To advance digital trade governance, the US, EU and UK will need to push for progress on digital trade rules at the global level, rather than just at the bilateral and regional levels. Efforts to promote regulatory cooperation will also be required.

Digital trade is closely linked to data governance strategies. Currently the issue of cross-border data flows is a sticking point between the US and the EU, particularly in light of the European Court of Justice's judgment in *Data Protection Commissioner vs Facebook Ireland and Maximillian Schrems (Schrems II)* of July 2020.[20] This judgment invalidated the arrangement, known as the EU-US Privacy Shield, between the US Department of Commerce and the European Commission to enable transatlantic exchanges of personal data for commercial purposes. Ongoing conversations within the US about privacy standards, a shared cross-Atlantic commitment to the free flow of data in a trust-enabled context, and pragmatic thought leadership are all needed if progress is to be achieved in the push for greater interoperability and mutually agreed approaches to privacy, data protection, intellectual property and security. EU and US officials are meeting regularly, and negotiations for a new deal on transatlantic data flows intensified at the political and technical level in 2021.

Data governance also involves governments responding to data-driven transformations, enacting adequate local regulation and ensuring responsible use of data. Some see the UK as a leader in comprehensive data governance.[21] With its new status outside the EU, the UK is in the process of devising its own new law on data protection and is keen to promote greater trust in data. The UK's Future Tech Forum in November 2021 provided an opportunity to assemble representatives from like-minded governments and conduct multi-stakeholder consultations with actors from the private sector, civil society and academia. Discussions covered a range of issues around digital technology governance, including trust in data.

Against this background, substantive opportunities are emerging for the US, EU and UK to collaborate on strengthening governance frameworks for digital trade. These opportunities can be summarized as follows:

1. Identify and promote principles based on shared values and agendas

The US, EU and UK share a vision for global trade distinct from that of China. Efforts to ensure interoperability in digital trade, and existing alignment on the need to champion technology innovation and digital trade to raise

20 *Data Protection Commissioner vs Facebook Ireland Limited and Maximillian Schrems* (2020), Judgment of the Court of Justice of 16 July 2020, C-311/18, ECLI:EU:C:2020:559.
21 Digital Trade and Data Governance Hub (2021), Global Data Governance Map, https://datagovhub.letsnod.com.

living standards, offer potentially fertile ground for trilateral (and plurilateral) cooperation. In October 2021, the UK successfully leveraged its G7 presidency to transform preliminary agreements into a roadmap for digital trade governance, through the adoption of the Digital Trade Principles. G7 members expressed their support for the principle of 'data free flow with trust', their opposition to digital protectionism, and their commitment to addressing the tax challenges associated with digitization.[22] The agreement outlined the G7's approach to digital trade, but further efforts by transatlantic and like-minded partners will be required to put the principles into action.

2. Demonstrate joint leadership at the global level

The US, EU and UK can help advance e-commerce negotiations at the WTO. More than 85 WTO members are participating in plurilateral negotiations on e-commerce. They have already reached preliminary consensus on relatively straightforward areas such as spam provisions, digital signatures and online consumer protection.[23] Transatlantic leadership in the WTO has the potential to unlock current stalemates on more complex issues such as cross-border data flows and personal data protections. While the resolution of US–EU differences around data and privacy will likely have to occur bilaterally, this could – if successful – enable WTO conversations to move forward in areas of greater contention.

The US, EU and UK can also help to push for the WTO moratorium on customs duties on electronic transmissions to be made permanent. Moving away from digital protectionist approaches will require the transatlantic partners to build value propositions – such as those put forth by the OECD – that clearly outline how economic gains from digital trade surpass the potential tax revenues from customs duties on electronic transmissions.[24] The US, EU and UK also need to engage partners beyond the 'nucleus' of like-minded countries (cooperation could involve India, for instance, which opposes the ongoing initiatives at the WTO). Finally, recent progress at the OECD and G20 on advancing international agreements on digital taxation offers a way not only to avoid the proliferation of unilateral digital services taxes, but also to reduce the risk of trade disputes.

3. Boost landmark bilateral and regional agreements to shape trade provisions

While the search for global solutions faces challenges, bilateral and regional agreements are reshaping the landscape for digital trade governance. Even though the US pulled out of the CPTPP, the country had a major role in shaping the agreement's advanced digital trade rules and standards. Similar provisions have been enshrined in the recent United States–Mexico–Canada Agreement.

---

22 Department for International Trade and Trevelyan, A.-M. (2021), 'G7 Trade Ministers' Digital Trade Principles', 22 October 2021, https://www.gov.uk/government/news/g7-trade-ministers-digital-trade-principles.
23 Ismail, Y. (2021), *E-commerce Joint Statement Initiative Negotiations Among World Trade Organization Members: State of play and the impacts of COVID-19*, International Institute for Sustainable Development and CUTS International, Geneva, https://www.iisd.org/system/files/2021-06/e-commerce-negotiations-wto-members-covid-19-en.pdf.
24 Andrenelli, A. and López González, J. L. (2019), *Electronic transmissions and international trade – shedding new light on the moratorium debate*, OECD Trade Policy Papers No. 233, 13 November 2019, https://www.oecd-ilibrary.org/trade/electronic-transmissions-and-international-trade-shedding-new-light-on-the-moratorium-debate_57b50a4b-en.

The UK has identified digital trade as a priority, and is taking steps to realize its ambitions on this front. The digital trade and data provisions in the 2020 United Kingdom–Japan Comprehensive Economic Partnership Agreement are modelled on those of the CPTPP, and depart from the EU's approach to cross-border data flows and data localization. In addition, the UK is seeking – as mentioned – to join the CPTPP. UK membership could help broaden the geographical scope of the agreement beyond the Asia-Pacific region, and strengthen the digital trade provisions that currently exist as part of the UK's bilateral arrangements with some CPTPP members. Moreover, in December 2021 the UK and Singapore announced an agreement in principle on a Digital Economy Agreement (DEA) covering digital trade rules and collaboration on broader aspects of the digital economy.[25]

The UK–Singapore DEA builds on the DEPA that Singapore agreed with Chile and New Zealand in 2020. The DEPA has been hailed as a landmark agreement on digital trade – not only in terms of its provisions, but also in terms of its approach to increasing trust and fostering cooperation by allowing other countries to integrate modules from it into their own trade agreements. The EU is also in the process of negotiating trade agreements and expanding its network of digital partnerships with Indo-Pacific countries.

In short, the US, EU and UK can work individually and collectively with other digitally progressive countries to build on the latest generation of trade and digital economy agreements. This would support closer alignment on digital trade rules and standards, and the establishment of more up-to-date models for innovation and digital trade governance.

Digital technical standards

Digital technical standards lay out guidelines for the development of digital technologies, to ensure that deployments are interoperable and scalable. In many ways, such standards are as important as the technologies they underpin, and their content often reflects the ideas and values of the engineers behind them. Until recently, the development of digital standards was a niche field reserved for technical experts. But following recent attempts by China to standardize an alternative internet – referred to by its proponents as 'New IP'[26] – at the International Telecommunication Union (ITU) in 2019, policymakers on both sides of the Atlantic are paying increasing attention to this field.

The Chinese New IP proposal raised a red flag among policymakers in the US, EU and UK, as well as in like-minded states, and was ultimately rejected at the ITU. Nonetheless, the momentum and vision behind the proposal endure. Chinese delegates have continued to introduce the building blocks for this alternative networking model in a series of smaller, piecemeal proposals at the ITU and

25 Department for International Trade (2021), 'UK-Singapore Digital Economy Agreement: agreement in principle explainer', 9 December 2021, https://www.gov.uk/government/publications/uk-singapore-digital-economy-agreement-agreement-in-principle-explainer.
26 Hoffmann, S., Lazanski, D. and Taylor, E. (2020), 'Standardising the splinternet: how China's technical standards could fragment the internet', *Journal of Cyber Policy*, 5:2, pp. 239–64, doi: 10.1080/23738871.2020.1805482.

elsewhere.[27] China is also seeking to standardize key emerging technologies – such as AI that includes facial and emotional recognition – which have concerning implications for human rights.

While digital technical standards are significant for a range of policy areas, the standards pertaining to internet governance (such as those around internet infrastructure and national control of cyberspace) and those around emerging technologies (such as AI, the Internet of Things, facial recognition technology and quantum computing) are of special importance to the US, EU and UK. China's New IP proposals – and the realization that standards development organizations (SDOs) and standards-setting processes can serve as vectors for systematizing digital authoritarianism at the technical level – have raised substantial concerns. The New IP vision of a centralized internet architecture that facilitates government control has rendered country delegations more vigilant towards geopolitical motivations in SDOs.

China's approach to engagement with international standards bodies stands in stark contrast to the approaches of the US, EU and UK.

Reliance on industry-led standardization with minimal state intervention might have been a sufficient approach to standards development in the past. But the geopolitical realities around proposals such as New IP have contributed to growing recognition of the importance of government participation for enhancing cooperation on digital technical standards. The same factors also underline the utility of civil society involvement in elucidating the potential implications of certain proposals for democracy and human rights. China's approach to engagement with international standards bodies – in effect, repurposing its own national standards for multilateral processes via strategic, state-dominated initiatives such as New IP – stands in stark contrast to the approaches of the US, EU and UK.

While there has been some coordinated action against China's proposals at the ITU already – including by the UK, Norway and several EU member states – geopolitics will inescapably play a growing role in multilateral standardization processes. There are signs that the US, EU and UK are strengthening their partnership in light of their mutual interest in safeguarding a free, open and global internet. Indeed, work on standards development offers an opportunity to accelerate a joint technology agenda. The UK has already shown leadership in this arena with the release of the G7 Digital and Technology Ministerial Declaration, in which a detailed annex on collaboration on digital technical standards is of particular note.[28] The annex provides a framework for how G7 countries could commit to enhanced international cooperation with different stakeholder groups to 'improve

27 Murgia, M. and Gross, A. (2020), 'Inside China's controversial mission to reinvent the internet', *Financial Times*, 27 March 2020, https://www.ft.com/content/ba94c2bc-6e27-11ea-9bca-bf503995cd6f.
28 Department for Digital, Culture, Media & Sport (2021), 'Framework for G7 Collaboration on Digital Technical Standards', G7 Digital and Technology Track – Annex 1, 28 April 2021, https://www.gov.uk/government/publications/g7-digital-and-technology-ministerial-declaration.

information sharing and facilitate coordination'. The declaration's endorsement of multi-stakeholder and industry-led standards development – and of standards consistent with open, democratic societies – provides a robust framework to guide transatlantic collaboration.

Within the EU-US Trade and Technology Council, where standards are the focus of one of 10 thematic working groups,[29] cooperation on standards may provide the momentum to guide negotiators through difficult conversations. Policymakers in the US, EU and UK can use their diplomatic networks and leverage their convening power to rally the technical community, industry, academia and civil society to address the emerging complexities of standards development. Two opportunities in this area emerged from the Chatham House workshop discussions:

1. Promoting diverse, effective participation in standards development

The US, EU and UK need to ensure greater participation not only from governments, but also from industry, the private sector, academia and civil society, in conversations around standards and the values that underpin them. These stakeholder groups are well positioned to shed light on the geopolitical, technology governance and human rights impacts of digital technical standards.

However, stakeholders in civil society and academia often lack the financial resources and capacity to engage in standards-setting processes. Additionally, non-industry and non-technical stakeholders may face cultural resistance to involvement in these organizations. As standardization processes are technical and complex, the US, EU and UK need to make it easier for such actors to participate by lowering barriers to entry, particularly in multilateral SDOs such as the ITU. Diverse participation requires not only that non-technical actors be represented, but also that they be afforded structured, formal opportunities to engage meaningfully in standards-setting discussions and processes.[30]

The US, EU and UK should cooperate in devising and adopting mechanisms that allow these non-state stakeholders to feed into standards-setting processes effectively. This could include expanding expert participation within country delegations in multilateral standards development processes, thereby enriching the work of existing transatlantic working groups on technical standards with input from civil society and academia. It could also include building capacities among the diplomatic, academic and human rights communities to engage more effectively in standardization processes; or even encouraging collaboration across SDOs and international human rights organizations, such as the UN's Office of the High Commissioner for Human Rights. The Internet Governance Forum could also serve as a platform for effective, multi-stakeholder conversations about the

29 European Commission (2021), 'EU-US Trade and Technology Council: Commission launches consultation platform for stakeholder's involvement to shape transatlantic cooperation', 18 October 2021, https://ec.europa.eu/commission/presscorner/detail/en/IP_21_5308.
30 Chatham House (2021), *Reflections on building more inclusive global governance*, Synthesis Paper, London: Royal Institute of International Affairs, https://www.chathamhouse.org/2021/04/reflections-building-more-inclusive-global-governance.

digital technical standards underlying the internet.[31] Additionally, the recently announced Alliance for the Future of the Internet[32] could provide a model both for building multi-stakeholder capacity and for developing a coherent, common agenda for transatlantic partners. Raising the profile of standards-setting processes among stakeholders through awareness-building and other educational measures is another necessary step in laying the foundations for meaningful, multi-stakeholder participation.

2. Expanding cooperation on standards with and beyond like-minded countries

Digital standard-setting must be global. This requires US, EU and UK policymakers to mobilize international support for technologies and standards that bolster the values of freedom and openness. Digital diplomacy is essential for achieving policy traction within multilateral SDOs, where political allegiance plays a role in rallying votes for or against specific standards.

Such diplomacy could involve joint outreach to the Global South, with an emphasis on multi-stakeholderism, in an effort to influence the leadership and agenda of key SDOs.[33] A particular focus could be the upcoming ITU plenipotentiary in September 2022,[34] at which the ITU's new secretary-general, deputy secretary-general, and directors for radiocommunications, development and standardization will be elected. Of special relevance in this context is the fact that a US candidate, Doreen Bogdan-Martin, is in the running for the position of ITU secretary-general.[35]

The governance challenges raised by proposals such as New IP, or by emerging technologies such as AI, underline the importance of political coalitions within multilateral SDOs. Cultivating partnerships with developing economies will be key. Brazil, for instance, has been a pioneer in supporting the principle of an open internet,[36] and its involvement in transatlantic standards coalitions could galvanize support from other Latin American countries.

At the same time, reaching out beyond like-minded stakeholders – to countries falling in the 'grey zone' when it comes to supporting an open, global internet underpinned by strong human rights principles – is critical. Strategically engaging with emerging economies such as India as well as with other G20 members will be fundamental to the development of international policy coalitions for safe, effective and interoperable digital standards.

---

31 Buckridge, C. (2021), 'Do We Need The IGF? Now More Than Ever!', Ripe Labs, 2 November 2021, https://labs.ripe.net/author/chrisb/do-we-need-the-igf-now-more-than-ever.
32 Bertuzzi, L. (2021), 'US democratic alliance on internet governance 'not yet clear' for EU Commission', EURACTIV.com, 5 November 2021, https://www.euractiv.com/section/digital/news/us-democratic-alliance-on-internet-governance-not-yet-clear-for-eu-commission.
33 Wilkinson, I. (2021), 'Digital standards are key for protecting democracy', Chatham House Expert Comment, 17 May 2021, https://www.chathamhouse.org/2021/05/digital-standards-are-key-protecting-democracy.
34 Cordell, K. (2021), 'The Upcoming ITU Election: Go Down-Ballot', Centre for Strategic and International Studies, 21 July 2021, https://www.csis.org/analysis/upcoming-itu-election-go-down-ballot.
35 Ibid.
36 Moreira, S. (2014), 'Brazilian Congress Approves Pioneer Bill of Rights for Internet Users', Global Voice Advox, 26 March 2014, https://advox.globalvoices.org/2014/03/26/brazilian-congress-approves-pioneer-bill-of-rights-for-internet-users.

The US, EU and UK need to work together to build a strong case for technologies and standards that support free societies. Policymakers and government representatives should cooperate with diverse stakeholders to develop evidence-based arguments that consider challenges inherent to local context, such as the need to improve and expand connectivity and deploy technological updates effectively. Alliances in which industry and civil society act as knowledge partners could assist the US, EU and UK in mobilizing local technical communities across developing countries to support industry-driven standardization, and to raise awareness with local governments about the values at stake.

In cultivating support on these issues, the US, EU and UK may well have to look beyond standards alone. They may need to engage through their respective cooperation agencies to address technology development deficits and support communications infrastructure plans across the Global South. The UK, for instance, has been active in cyber capacity-building across partner countries in the Global South. Efforts of this nature should be broadened and reinforced, alongside parallel efforts to address the digital technical standards that underpin the internet and emerging technologies.

China's initiatives to revamp telecommunications infrastructure in the Global South have filled a strategic vacuum and facilitated the global entrenchment of the Digital Silk Road. Facing this geopolitical challenge, governments and policymakers on both sides of the Atlantic must urgently cooperate with the private sector to offer affordable telecommunications infrastructure that can act as a vector of rights-respecting digital cooperation at the multilateral level.

Digital technical standards – concluding remarks

Digital technical standards are an essential element in the global race for technological dominance, and can be leveraged to enhance competitiveness in international trade. Influence over such standards would better enable the US, EU and UK to compete with countries like China on crucial areas of development in emerging technologies, including in AI, quantum technologies and telecommunications infrastructure.

As standards developed in multilateral standardization bodies such as the ITU and the International Organization for Standardization (ISO) have special privileges and protections within the WTO, leading in digital technical standards is the first step in shaping which technologies – and which *values* – have the capacity and the 'market edge' to take precedence globally.

Looking ahead

Geopolitical and other trends are creating incentives for more alignment between the US, EU and UK on digital technology governance, but some degree of regulatory divergence and transatlantic friction is inevitable. In order to make progress, the transatlantic partners will need to manage their differences, keep working to the same vision and values, and bear in mind that common values ultimately outweigh the tensions between their respective regulatory agendas.

A more coherent approach on vision and values would not only support the transatlantic digital trade and technology relationship, but also help to align digital rules and standards, facilitate interoperability between digital systems, and strengthen international cooperation around global governance of the digital space. As part of this, the US, EU and UK need to work to a longer-term vision that reinforces digital cooperation between themselves, like-minded states and other 'digital deciders'. Such work will include building stronger partnerships in the Global South, particularly in the context of rising digital authoritarianism and the challenges presented by initiatives such as China's Digital Silk Road. The UK has made a push to build alliances, including by inviting Australia, India, South Africa and South Korea to attend the G7 summit as guest countries in June 2021. Germany's assumption of the G7 presidency in 2022 offers an opportunity to build on this engagement.

The range of traditional and new platforms and opportunities for dialogue discussed in this paper should help the US, EU and UK to build trust and understanding between each other and with like-minded states, cement and promote a common vision based on mutual values, and find solutions to regulatory differences and global challenges. But digital technology affects all sectors of government, business and society, and currently there is no single international forum or institution for governments to coordinate on digital technology governance. This in turn raises challenges for policy coherence and consistency. In light of this, the EU-US Trade and Technology Council offers a potentially valuable platform, and there may be some benefit in the US and the EU using it to connect with the UK and other leading democracies that share the council's aim of promoting an open and inclusive model of digital governance.

While regular dialogue is important, words need to be put into action. This includes the striking of bilateral agreements on data flows, cooperation on export controls, the sharing of information and lessons on market regulation, and the use of nimble and adaptive soft-law instruments such as codes of conduct in addition to binding agreements.

Process will also matter as much as substance. The dynamics of global governance are evolving, with non-state actors, particularly those in the private sector and civil society, playing increasingly important roles. The US, EU and UK should continue to push for these actors to have seats at the table. They should consider ways to leverage the perspectives and insights that such relationships bring, and should also work to ensure that governance frameworks are anticipatory, dynamic and flexible.

Geopolitical competition and differing national approaches to technology regulation will always pose challenges. But by working towards a more inclusive and joined-up approach, the transatlantic partners will be in a better position to shape global technology governance in line with their shared values.

About the authors

Pepijn Bergsen joined Chatham House in September 2019 as a research fellow in the Europe Programme, working mainly on issues related to European economies. Previously he worked as an economic policy adviser for the Dutch government, focusing mainly on international trade, and spent several years as an economic and political analyst working on Europe at the Economist Intelligence Unit.

Carolina Caeiro is an Academy associate, and former Richard and Susan Hayden Academy Fellow in the US and the Americas Programme, at Chatham House. She specializes in technology and internet governance, with a focus on regional perspectives from Latin America and geopolitics. Prior to joining Chatham House, Carolina worked in the internet and media industry, including with the Regional Internet Registry for Latin America and the Caribbean (LACNIC) and Argentina's first fact-checking organization, Chequeado.

Harriet Moynihan is acting director of the International Law Programme at Chatham House, and also leads the programme's cyber work. This focuses both on the role and value of international human rights law in internet governance – including in addressing online content moderation and disinformation – and on the role and application of international law in responsible state behaviour in cyberspace.

Marianne Schneider-Petsinger is a senior research fellow in the US and the Americas Programme at Chatham House, responsible for analysis at the nexus of political and economic issues. She is the project lead for the Chatham House Global Trade Policy Forum.[37] She is also a non-resident fellow at the American Institute for Contemporary German Studies (AICGS), which is affiliated with Johns Hopkins University and located in Washington, DC.

Isabella Wilkinson is a research associate with the International Security Programme at Chatham House. She specializes in cyber policy – including cyber diplomacy, capacity-building and countering cybercrime – and is also part of the editorial team for the *Journal of Cyber Policy*.

37 For more information, see https://www.chathamhouse.org/about-us/our-departments/us-and-americas-programme/global-trade-policy-forum.

Acknowledgments

This paper synthesizes insights from a series of roundtables in 2021 held under the Chatham House Rule that brought together stakeholders and experts on global technology governance from industry, the private sector, government, international organizations, civil society and academia. We are grateful to the roundtable participants and interviewees for their engagement and valuable insights.

The draft paper benefited from the input of Joyce Hakmeh and Emily Taylor of the International Security Programme at Chatham House, and that of the institute's deputy director, Dr Renata Dwan. It also benefited from the insights of other Chatham House research colleagues who participated in the roundtables and interviews. We are grateful to Jake Statham for editing this paper, and to Chris Lazenby and Rebecca Dugard in the Chatham House corporate relations team for their work in running this project and organizing the roundtables.

We would like to thank Microsoft for supporting this project.

The views expressed in this paper reflect those articulated by participants in the roundtables and supplementary interviews. They are not intended to reflect any consensus reached among participants. Nor should they be construed as reflecting any institutional position on the part of Chatham House.

Cover image: Components inside the Expanse supercomputer at the San Diego Supercomputer Center at the University of California San Diego, California, on 1 March 2021.

ISBN 978 1 78413 513 3

This publication is printed on FSC-certified paper.
designbysoapbox.com

Independent thinking since 1920

The Royal Institute of International Affairs
Chatham House
10 St James's Square, London SW1Y 4LE
T +44 (0)20 7957 5700
contact@chathamhouse.org | chathamhouse.org

Charity Registration Number: 208223