

G7 Digital Ministers' Track - Annex 2

Principles for domestic legal frameworks to promote the use of electronic transferable records

In the 2021 G7 Digital and Technology Ministerial Declaration, we recognized that paper-based transactions, which still dominate international trade, are a source of cost, delay, inefficiency, fraud, error, and environmental impact. We affirmed our shared view that, by enabling businesses to use electronic transferable records (ETRs), we will generate efficiencies and economic savings that will strengthen the resilience of our global economic system and facilitate trade recovery across the G7.

We value the work of the United Nations Commission on International Trade Law (UNCITRAL) on ETRs. We support the principles proposed by our experts, as laid out below, which complement and are consistent with this work. The principles should serve as guidance for the adoption or review of domestic legal frameworks to promote the use of ETRs. They aim to ensure that legal frameworks remain easily applicable as technology develops and do not require early adjustment. We support the adoption of domestic legal frameworks that are consistent with the UNCITRAL Model Law on Electronic Transferable Records (MLETR) and with these principles.

Legal clarity

Legal frameworks should be clear and unambiguous to ensure that all parties understand the requirements with which they need to comply and are able to design the technical systems needed to create, process and exchange ETRs accordingly, which requires substantial investments. Relevant provisions from the MLETR include, for example, reliability, singularity, and exclusive control over ETRs.

Technological neutrality

Legal frameworks should use technologically neutral terminology that provides flexibility to the parties, while remaining applicable to technologies developed in the future. Legal frameworks should avoid prescribing or favouring a specific technology, as this could undermine innovation and not reflect commercial needs and practices.

Functional equivalence and non-discrimination

Legal frameworks should allow ETRs that perform the same functions as their paper equivalents to enjoy the same level of legal recognition.

Interoperability

Interoperability of the technical systems needed to create, process and exchange ETRs can facilitate their widespread and cost-effective use. Interoperability will prevent lock-in and enhance the range of services from which businesses may be able to choose, including services tailored to the needs of SMEs. It will also have a positive impact on competition among providers of such services. Ultimately, interoperability will further support the creation of a dynamic market for ETRs, because it would provide confidence in the reliability of platforms.

Global acceptance

Legal frameworks should accept ETRs regardless of whether they have been created, processed or exchanged domestically or abroad – as long as the creation, processing or exchange meets the applicable substantive requirements. Legal frameworks that deny the legal validity of “foreign” ETRs on the sole ground that they were created, processed or exchanged abroad, would significantly impede international trade and severely limit the benefits of switching from paper to ETRs.

Transparency and stakeholder engagement

Legal frameworks should be developed in consultation with relevant stakeholders. Drafts should be published for commenting.