The Global Data Alliance\textsuperscript{1} congratulates the governments of Kenya and the United States on their recently announced bilateral Free Trade Agreement (FTA) negotiations and provides the below comments on the negotiations. The Alliance urges both countries to negotiate an FTA that includes, among other digital trade rules, robust provisions that require countries to promote responsible movement of data across borders and refrain from implementing rules mandating broad data or infrastructure localization requirements.

As Kenya and the United States prepare for free trade agreement negotiations, the Global Data Alliance welcomes both countries’ shared commitment to realizing the full potential of these negotiations by securing future cross-border digital access to each others’ markets and to best-in-class business services and software tools. This commitment, which is reflected in the US negotiating objectives and echoed in Kenya’s 2019 Digital Economy Blueprint, will create economic opportunities for Kenyan and US citizens and for enterprises of all sizes.

As stated in Kenya’s Digital Economy Blueprint, “[e]very citizen will benefit and find value” in a cross-border digital economy that makes their “goods, services and expertise… accessible across borders, opening up markets and catapulting Kenya to join 1st world markets where citizens benefit from direct access to global markets.” Cross-border digital market access offers Kenya “a leapfrogging opportunity on economic development.”

The US negotiating objectives provide a strong vision to achieve these outcomes. Among other things, the negotiating objectives call for:

- Non-discriminatory treatment of digital products transmitted electronically across-borders;
- State-of-the-art rules in all sectors including financial services to avoid restrictions on cross-border data flows and to avoid requirements to use or install local computing facilities; and
- Measures to promote the interoperability of data protection regimes and mechanisms to facilitate cross-border information transfers.

\textsuperscript{1} The Global Data Alliance is a cross-industry coalition of companies that are committed to high standards of data responsibility and that rely on the ability to transfer data around the world to innovate and create jobs. The Alliance supports policies that help instill trust in the digital economy while safeguarding the ability to transfer data across borders and refraining from imposing data localization requirements that restrict trade. Alliance member companies are headquartered across the globe and are active in the advanced manufacturing, aerospace, automotive, consumer goods, electronics, energy, financial services, health, supply chain, and telecommunications sectors, among others. The Alliance is open to companies in all sectors that transfer data across borders for business purposes and that support data responsibility. See Global Data Alliance, \textit{About the Global Data Alliance} (2020), at https://www.globaldataalliance.org/downloads/aboutgda.pdf (English).
These commitments are critical to assuring: (1) both countries’ global connectivity and access to international supply chains; (2) the access of local companies to remote digital tools that enhance trust, cybersecurity, and economic productivity; and (3) the ability of workers to remain productive through teleworking, virtual collaboration, online training, and other services. The Global Data Alliance looks forward to engaging with both governments as the negotiations progress.

We provide more detailed views below.

I. Importance of Cross-Border Data Transfers

The following discussion outlines the benefits of cross-border data transfers to economic development, as well as the economic costs of localization mandates and data transfer restrictions. We address these benefits and costs in turn below.

A. Benefits of Cross-Border Data Transfers

Cross-border data transfers are critical to economic development. Cross-border access to data, which may embody knowledge, technological tools, and new business opportunities, are critical to enhancing living standards around the world. The ability to transfer data across borders and leverage the benefits of data originating from different geographies is critical to: (1) delivering productivity benefits to MSMEs and other companies, and helping them access overseas markets and supply chains, and buyers and suppliers; (2) growing agricultural output; (3) delivering diagnostic services, developing new medical treatments, and otherwise protecting population health; and (4) ensuring digital trust and security. We address each of these points below.

The ability of MSMEs to access global markets and to offer and sell their services and products abroad depends upon cross-border access to the data and cloud-enabled technologies. Cross-border access to e-commerce platforms, purchasers, suppliers, and other commercial partners allow local MSMEs to engage in international transactions and create jobs at home. Kenya, one of Africa’s leading digital economies, makes this case in its 2019 Digital Economy Blueprint, noting that “[e]very citizen will benefit and find value” in a cross-border digital economy that makes their “goods, services and expertise… accessible across borders, opening up markets and catapulting Kenya to join 1st world markets where citizens benefit from direct access to global markets.” Cross-border digital market access offers Kenya “a leapfrogging opportunity on economic development.”

Agricultural output can be increased through technologies that depend upon cross-border access to data and cloud enabled technologies. Small- and large-scale farmers alike are better positioned for success in planting, harvesting, and selling their agricultural products when they benefit from cross-border access to: (a) satellite and meteorological data across regions, (b) real-time insights on planting and harvesting seasons, and (c) information on cost-effective techniques for crop development and protection as well as sales opportunities.

Remote health services for medically underserved populations, and the search for tomorrow’s medical treatments also depend upon cross-border access to data and cloud enabled technologies. Cross-border access to remote health service technology platforms help remote and medically underserved population groups secure diagnostics, consultation, and preventative care and treatments that might otherwise not be available. Similarly, cross-border access to clinical testing and other biopharmaceutical R&D data aids in the study and development of treatments for diseases – including infectious and lifestyle diseases that are globally prevalent, as well as rare and neglected diseases.

Building trust keeping personal data confidential, secure, and free from misuse often depends upon cross-border access to data and cloud enabled technologies. Cross-border access to cloud-based and AI

enhanced cyber security solutions that reside in data centers abroad helps protect users from cyber-
crime, fraud, theft of valuable information, and other abusive online behavior. A digital economy that can
support economic development requires first and foremost an environment that offers adequate security
and confidentiality for persons to be able to freely engage remotely with others in personal and business
interactions without fear of being compromised. From a technological perspective, cloud-enabled
software security solutions require the real-time ability to consolidate and analyze data from diverse
sources and regions in order to identify anomalies and security risks.

Cross-border data transfers are also critical to remote work, which is particularly relevant in dense urban
environments in an era of social distancing. In many economies, cross-border data transfers enable the
deployment of tools that facilitate teleworking, virtual collaboration, online training, and the remote
delivery of services, including virtual healthcare solutions. These tools — which include cloud-based
libraries and databases, video-conferencing applications, and interactive collaboration platforms — help
foster cross-office R&D and innovation; build workforce productivity and skills; contain costs and carbon
emissions; and promote public health and safety. Data transfers enable the remote workplace economy
tools that are critical to enabling entrepreneurs and companies of all sizes to create new kinds of jobs, to
keep existing personnel employed and productive, and to retrain workers in new digital and other relevant
skill sets suited to a remote workplace economy.

Advances in financial inclusiveness, financial transparency, and financial security across also
depend upon cross-border access to data and cloud-enabled technologies. There are over 2.5 billion
unbanked people worldwide, many living on remote and isolated locations lacking in banks or other on-
the-ground financial service providers.³ Technologies that leverage data flows are powerful tools to
increase access to financial services, helping individuals achieve sustainable livelihoods. These include:

- Microlending: Increasingly, microfinance institutions use technologies based on data flows to
  allow them to provide better loans, achieve greater repayment rates, and lower interest rates for
  applicants. For example, in many countries, local financial institutions are able to offer micro-
  loans to citizens and businesses that would not otherwise have access to credit, using cloud-
  enabled data analytics to determine credit risk profiles and deliver loans through automated
  processes.⁴

- Remittances: More than ever, remittances are of vital importance in many countries. According to
  the World Bank, remittances to low and middle-income countries reached a record high of $529
  billion in 2018.⁵ Companies are also exploring the use of emerging technologies such as
  blockchain to provide speedier and cheaper remittance processes. Financial institutions that
  participated in the program reported savings between 40 and 70% in foreign exchange costs, and
  payment times averaging a few of seconds. Various other financial service companies are
  exploring innovative ways to leverage similar technologies to reduce costs and provide better
  remittance services to benefit more people.⁶

- Credit-scoring for MSMEs and individuals: MSMEs, as well as some specific demographics may
  not have access to optimal lending opportunities if traditional credit scoring methods are
  employed. Cutting edge technologies such as data analytics (to review available past data) and
  artificial intelligence (to anticipate future outcomes) play an important role in the expansion of
  credit channels available to these underserved customers. These technologies heavily rely on
cross border data flows. Oftentimes, the data used to enable the cloud-based service being

⁴ Alternative Lending in Mexico https://lending-times.com/2018/02/08/alternative-lending-in-mexico/
delivered must travel across borders, even if the financial service provider and its customer are in the same country.

- Financial transparency, anti-corruption, and anti-money laundering: As compared with cash-based transactions, increased use of “mobile transfers” and “mobile money”, which often depend upon cross-border access to cloud-based financial service platforms, allow for enhanced transparency in public sector spending; reduced corruption and ‘off the books’ cash transactions; and increased confidence, efficiency, and predictability in the banking system. Access to cross-border technologies also allows for data analytics that are better able to identify potential cases involving money laundering, terrorist financing or other criminal financial transactions. In these ways, cross-border data transfers enhance financial legal compliance and improve the ability of financial regulators to identify and respond to emergent criminal activity or other risks.

B. Eliminating Data Transfer Restrictions

Eliminating cross-border data transfer restrictions will also provide significant benefits to both the Kenyan and US economies. Data transfer restrictions result in significant economic risks and burdens, as outlined below.

First, data localization mandates and unreasonable data transfer restrictions are particularly damaging to local industries, including agriculture, logistics, and manufacturing (e.g., textiles). In fact, it has been estimated that 75% of the value of data transfers accrues to traditional industries. Data transfers enable MSMEs to connect and find prospective customers in overseas export markets. MSMEs and other firms also rely on data flows to increase their productivity, drive quality, and improve output in other ways. Companies depend upon the ability to integrate software and other emerging technologies at every stage of the production and value chain. Data-enabled software innovations are connecting suppliers, manufacturers, and service providers around the world, while accelerating efficiencies relating to product design, engineering, production, logistics, marketing, and servicing. Cross-border data transfer restrictions impede the ability to realize these efficiencies.

Second, data localization mandates and unreasonable data transfer restrictions raise the costs of international trade. Data transfers are critical to reducing the costs to local firms of exporting to other markets. One recent study estimates that digital tools helped MSMEs across Asia reduce export costs by 82% and transaction times by 29%. Likewise, electronic commerce platforms, which operate on the basis of cross-border data transfers, are estimated to reduce the cost to local firms of distance in trade by 60%. When countries impose unreasonable data transfer restrictions and data localization mandates, they prejudice their local industries’ ability to realize these significant welfare-enhancing benefits and efficiencies.

Third, data localization mandates and unreasonable data transfer restrictions hurt local innovation and competitiveness. A country that limits cross-border data transfers limits its own industries’ access to technologies and data sources that are critical to growth and innovation, business operations, and the transfer of technology. These include: (a) productivity-enhancing software solutions; (b) scientific, research, and other publications; and (c) manufacturing data, blueprints, and other operational

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7 Innovative technologies based on data are important to enhance the accuracy of credit scoring for MSME’s, which employ a large percentage of the population worldwide and help fuel the global economy. For example, Tradeteq, a smart technology trade finance platform, uses a credit model based on artificial intelligence that goes beyond financial information, and includes socio-economic, geographical and other information about the company, that are used to base finance investment decisions. The algorithms used to power this tool also rely on a large amount of data collected, processed, and analyzed in various parts of the world. Tradeteq, the AI-driven trade finance investment platform, available at https://www.finyear.com/Tradeteq-the-AI-driven-trade-finance-investment-platform_a40656.html
information. Faced with higher software costs and an unpredictable environment for R&D investments, local industries face challenges keeping technological pace with foreign competitors — threatening both domestic and export market sales. Furthermore, as data restrictions place an undue burden on industries operating in countries imposing them, they also undermine those countries’ attractiveness as a destination for investment and R&D.

Fourth, data localization mandates and unreasonable data transfer restrictions undermine access to tailored data-enhanced analytics and insights that can help address economic and societal challenges. A country that limits cross-border data transfers also may exclude itself from the development of data analytics and AI-driven technology solutions that can help address economic and other challenges. Local industries and economies can face competitive harm if they are deprived of the insights that come from consolidating local data sets within larger regional or global data sets for purposes of data analysis.

In the foregoing ways, data localization mandates and data transfer restrictions harm local MSMEs and other local enterprises. The prohibition of such mandates and restrictions through trade agreement provisions can help forestall the aforementioned negative effect.

For all of the foregoing reasons, Kenya and the United States are likely to reap benefits by facilitating cross-border data transfers between their economies.

II. Specific Recommendations on Cross-Border Data Transfers and Data Localization

The US-Kenya FTA presents an important opportunity for both countries to gain shared benefits from cross-border data transfers and open digital trade through a trade agreement that meets or exceeds the standards of previous free trade agreements, such as the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) or the Japan-US Digital Trade Agreement (J-US DTA).

Both Kenya and the United States should capitalize on this historic opportunity to build a strong economic relationship that leverages the benefits provided by the responsible free flow of data between both countries. The Global Data Alliance urges both countries to include digital trade provisions that:

- Obligate the Parties to permit the cross-border transfer of data while protecting personal information; and
- Prohibit data localization requirements.

We further describe several key commitments for the US-Kenya FTA negotiations below.

Free Movement of Data Across Borders: The Agreement should obligate governments to refrain from imposing barriers to the cross-border transfer of data. Recognizing that a government may seek, for public policy purposes including privacy or security, to adopt or maintain measures that are not consistent with this obligation, the Agreement should stipulate that any such measures not discriminate against foreign service providers; must not constitute a disguised restriction on trade; and must be necessary to achieve the specific objective. Furthermore, if a Party treats domestic data transfers differently from cross-border data transfers, such differential treatment must not result in less favorable treatment to a foreign service provider. Where appropriate, countries should also work together to create trust-based frameworks that are interoperable and support the seamless movement of information across borders. Finally, a dispute settlement mechanism also must be available to allow close scrutiny and enforcement of measures that derogate from the cross-border data transfer obligation.

No Localization Requirements: The Agreement should preclude governments from using data localization requirements as a market access barrier in any sector of the economy. For example, a government should not require that a data center be built inside its borders as a condition for doing business in its territory.

The Agreement should prohibit a government from requiring, as a condition of doing business, that a service provider use or locate computing facilities in its territory. Recognizing that a government may seek, for public policy purposes including privacy or security, to adopt or maintain measures that are not consistent with this obligation, the Agreement should stipulate that such measures must not discriminate against foreign service providers or constitute a disguised restriction on trade, and must be narrowly tailored to achieve the specific objective. A dispute settlement mechanism also must be available to allow close scrutiny and enforcement of measures that derogate from this obligation.

Financial Services: Rules specific to any specific sector, such as financial services, which have in past agreements been addressed in separate chapters of free trade agreements, must be substantially the same as the rules of general applicability on cross-border data flows and localization.

This approach is consistent with the joint statement, recently issued by the United States and Singaporean governments, through which both governments recognize the benefits of rules that ensure that financial service suppliers can transfer data across borders, and that refrain from requiring data or infrastructure localization. The US-Kenya FTA provides an important opportunity to ensure this approach will also apply to policies regulating financial data flows between Kenya and the United States.

III. Conclusion

The Global Data Alliance welcomes the opportunity to provide this submission regarding the US-Kenya trade negotiations. Please do not hesitate to contact us with any questions. Should you have any additional questions or comments, please contact Mr. Joseph Whitlock (josephw@bsa.org). We look forward to working you.

ABOUT THE GLOBAL DATA ALLIANCE

The Global Data Alliance is a cross-industry coalition of companies that are committed to high standards of data responsibility and that rely on the transfer of data around the world to innovate and create jobs. At a time of rising digital protectionism, a multi-sector voice is needed to support sensible and responsible cross-border data policies in capitals around the world. The Global Data Alliance provides that voice.

WHO WE ARE

The Global Data Alliance supports policies that help instill trust in the digital economy while safeguarding the ability to transfer data across borders and refraining from imposing data localization requirements that restrict trade. Alliance member companies are headquartered across the globe and are active in the advanced manufacturing, aerospace, automotive, consumer goods, electronics, energy, financial services, health, supply chain, and telecommunications sectors, among others. The Alliance is open to companies in all sectors that transfer data across borders for business purposes and that support data responsibility. It is administered by BSA | The Software Alliance.

WHY WAS THE ALLIANCE CREATED?

No business with an international operation can function without the ability to transfer data across borders. Yet, there is a trend to impose data localization requirements and restrict cross-border transfers, including in India, China, Russia, Indonesia, and Vietnam. These measures are a serious threat to many companies, in sectors including:

- Advanced manufacturing
- Aerospace
- Agriculture
- Automotive
- Energy
- Finance
- Hospitality
- ICT services, including analytics, cloud computing and cybersecurity
- Healthcare
- Retail
- Supply chain logistics
- Transportation

WHAT WE BELIEVE

The Global Data Alliance subscribes to the following principles:

- Countries should allow for the seamless movement of data across borders for business purposes. This movement is critical to innovation, investment, and competitiveness in all sectors.
- Data localization mandates and cross-border data transfer restrictions are neither necessary nor efficient means to advance objectives relating to cybersecurity, supply chain security, privacy, or law enforcement access.
- Any rules relating to the movement of information across borders should be:
  - necessary to achieve a legitimate objective;
  - narrowly tailored and not impose greater restrictions than necessary;
  - non-discriminatory and technology neutral; and
  - developed and maintained in a transparent manner and subject to reasonable limits on government discretion.
- Countries should work together to:
  - create trust-based frameworks that are interoperable and support the seamless movement of information across borders; and
  - support the use of accountability models for personal data protection and cybersecurity to foster responsible data transfer practices.

The Global Data Alliance is working to advance these principles through in-country advocacy in the markets in which it is active, and through engagement in international fora around the world.
JOBS IN ALL SECTORS DEPEND UPON DATA FLOWS

In sectors from agriculture to advanced manufacturing, cross-border data transfers provide benefits—enabling innovation, creating jobs, and promoting productivity, safety, and environmental responsibility—through 21st century technologies like cloud computing, blockchain, data analytics, and artificial intelligence (AI).

R&D
Multinational R&D teams collaborate across borders to develop new products, cures, and other advances using cloud-based software solutions and research data produced globally.

Market Forecasting
AI tools analyze data from around the world to identify patterns that can help predict market demand, customer design preferences, and risk factors relevant to global investment decisions.

Safety and Productivity
Real-time analytics of data gathered from sensors embedded in global production facilities, machinery, and other assets can alert operators before hazards or breakdowns can occur—allowing for predictive maintenance and safe, productive working conditions.

Sales
From order fulfillment, to invoicing, to responding to customer feedbacks—businesses can meet global customer needs only if they can receive and respond to customer queries transmitted across borders.

Regulatory Compliance
Legal compliance teams gather data from global operations to demonstrate that products and services meet regulatory requirements for transparency, safety, and effectiveness.

Inventory Control
Data analytics and AI can be used to adjust global inventories—avoiding shortages and freeing up resources for more productive uses.

Supply Chain
Real-time electronic data exchange allows companies to authenticate documents seamlessly, optimize shipping routes, and manage transportation assets for purposes of time, cost, and energy efficiency.

Post-Sale Service
Cross-border data transfer allow manufacturers to trace and recall products, and address service requests, transparently, safely, and quickly.

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CROSS-BORDER DATA TRANSFER FACTS AND FIGURES

Cross-border connectivity—the movement of data across borders—powers innovation and job growth in all sectors and for people across the world. The statistical evidence is compelling:

**Growing the Global Economy**
- **2.5 quintillion** data bytes are generated every day.
- **60% of global GDP will be digitized** by 2022, with growth in every industry driven by data flows and digital technology.
- **164 countries** have WTO services commitments, often covering cross-border supply of digital services.

**Connecting People to Economic Opportunities**
- **6 billion** connected consumers by 2025.
- **25 billion** connected devices by 2025.

**Benefitting All Sectors**
- **75% of the value of data transfers** accrues to traditional industries like agriculture, logistics, and manufacturing.
- For SMEs in Asia—digital tools reduce export costs by 82%, and transaction times by 29%.

**Building International Consensus**
- Sharp increase in regional negotiations on cross-border data transfers.

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8. As of 2010, approximately 50 countries (including 21 APEC members, 34 OECD members and various TPP negotiating parties). As of 2020, over 100 countries (including WTO members engaged in the Joint Statement Initiative e-commerce negotiations, African economies engaged in the African Continental FTA digital trade chapter negotiations, as well as the countries engaged in relevant negotiations in ASEAN, RCEP, the Pacific Alliance, and other bilateral and regional fora).
THE CROSS-BORDER MOVEMENT OF DATA: CREATING JOBS AND TRUST ACROSS BORDERS IN EVERY SECTOR

The seamless movement of data across borders—often referred to as “cross-border data flows”—is essential to the global economy. What exactly are cross-border data flows and how do they affect you?

“Cross-border data flows” refer to the movement or transfer of information between servers across country borders. Companies need to be able to freely move data around the world so that wherever you are, you have access to the information and services you need. Everyone from individuals to large corporations relies on transferring data.

Data moving across borders is critical for the services that sustain global commerce, protect consumers from fraud and counterfeit products, improve health and safety, and promote social good.

SUSTAINING GLOBAL COMMERCE

Transforming Aviation

Digital innovation is transforming the global aviation industry. Data-driven software solutions and technologies improve customer experience and drive predictive maintenance, equipping airline companies with the tools they need to reach new heights.

- 2.7 billion passengers use Panasonic Avionics solutions each year on more than 2,500 connected aircraft. Inflight entertainment, ecommerce analytics platforms, and personalized inflight maps all help enhance the passenger flight experience and drive business value for airlines. Panasonic relies upon the rapid and seamless movement of information across the globe to provide these services to airlines and passengers.

- United Airlines connects to Airbus’ global cloud-based platform to store, manage, and analyze data more effectively. By analyzing real-time flight data and other performance indicators across its 4,900 daily flights, this data-driven platform helps United Airlines enhance predictive maintenance while also decreasing costs.

Connecting Global Businesses

Businesses that operate globally—including hotels, car manufacturers, freight and logistics enterprises, and restaurant chains—benefit from data analytics that allow them to reach more customers, improve customer experiences, and work more efficiently. Businesses use cloud-based services to pool large amounts of data from their operations around the world to accomplish these goals.

- When international and local firms partnered to redevelop Terminal 1 at San Francisco International Airport, Autodesk’s cloud-based BIM 360 Design software brought team members together. Staff from San Francisco, New York, Melbourne, New Delhi, and Dubai were able to coordinate in real time through one common cloud-based model. The ability to transfer data between countries helped studios, contractors, and stakeholders partner with their colleagues across the globe to tackle this complex project.

Data transfers contribute USD $2.8 trillion to global economic activity, or 3.5 percent of global GDP, according to the Organization for Economic Cooperation and Development.
Global retailers leverage solutions that enable them to track products and shipments from around the world. A multi-edge computing system running on Verizon’s network empowers retail supply chain managers with increased visibility into the movement of their shipments. The free flow of data helps retailers locate and track products along the supply chain in near-real time, reroute shipments to avoid extended delays, and calculate accurate arrival time data based on traffic conditions and machine learning.\(^4\)

The free flow of information around the world helps businesses connect with international customers and develop products that closely meet their needs. Companies in many industries use Salesforce software to provide employees with real-time customer insights from across the globe. This 360-degree view gives companies’ R&D, supply chain, and product groups insight into evolving customer needs and opportunities.

**Elevating Global Manufacturing**

New digital innovations drive manufacturing today by boosting job growth and efficiency, with economic impacts as transformative as those sparked by the first industrial revolution. Powerful software-driven technologies help expand a manufacturer’s strategic options—enabling companies to create new kinds of jobs, drive quality, and improve output.

- Mahindra & Mahindra, an India-based automaker, uses an end-to-end life cycle management solution from IBM to connect employees to teams and projects located across the world. From the design and initial development of a new vehicle to testing and product delivery, the ability to rapidly transfer data across the globe enables closer coordination and transparency in the development stage, helping bring vehicles to market faster and minimizing defects in those vehicles.\(^5\)

- Headquartered in Italy, Biesse Group is a global leader in wood, glass, stone, plastic, and metal processing technology. The company relies on Siemens software to reduce errors and make product information available to all stakeholders across different business areas and roles. Centralizing company data means Biesse can share product information with 1,000 employees in China, India, and Italy. The free movement of information also facilitates collaboration with external partners, design offices, and material suppliers and subcontractors.\(^6\)

**PROTECTING PEOPLE**

**Fraud Detection and Cybersecurity**

Detecting payment fraud offers one of the clearest examples of the benefits of cross-border data flows. Effective fraud mitigation depends on cross-border data flows as it demands sophisticated monitoring of historical payment transaction information and global or multi-country data sets.

- Mastercard’s Decision Intelligence™ uses artificial intelligence (AI) to detect fraud patterns. By analyzing multiple data points, the solution helps banks make better decisions before authorizing or declining a transaction. This results in an increase in approval rates, a better consumer experience, and a reduction in the number of legitimate transactions that could otherwise be declined based on “false positives.”\(^7\)

**Detecting Counterfeits**

Each year, counterfeit goods cost the global economy billions of dollars—and some phony products can even endanger lives. To combat this problem, brand owners invest time and effort to track down and remove fraudulent products from the market. These efforts help ensure that the products you buy are safe and trustworthy.

- The free movement of data around the world helps brands identify the sources of counterfeit and infringing products. WD-40 Company, which manufactures some of the world’s best-known brands, relies on data from e-commerce sites, webshops, social media channels, country registrars, and export and import records to aid them in their efforts to detect and take action against such products.

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\(^4\) Global retailers leverage solutions that enable them to track products and shipments from around the world. A multi-edge computing system running on Verizon’s network empowers retail supply chain managers with increased visibility into the movement of their shipments. The free flow of data helps retailers locate and track products along the supply chain in near-real time, reroute shipments to avoid extended delays, and calculate accurate arrival time data based on traffic conditions and machine learning.

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60 percent of global GDP will be digitized by 2022, with growth in every industry driven by digitally enhanced offerings, operations, and relationships.
KEEPING PEOPLE SAFE AND HEALTHY

Enhancing 21st Century Medical Care

Cross-border transfers of personal data allow hospitals and other care facilities to use clinical support software. The software analyzes electronic health records, health insurance claims, and data sets to help caregivers improve effectiveness of medical treatments and reduce risks.

• Amgen, a multinational biopharmaceutical company, also uses real-world data to identify global and regional populations of patients whose needs aren’t being met by current therapies. This allows the company to optimize selection criteria for trials, which in turn helps speed recruitment of patients and ensure relevant results. The end result: greater understanding of how well different medicines fare in helping people around the world stay productive and healthy.

• Fullerton Health operates an extensive network of about 200 medical clinics in Australia, China, Hong Kong, Indonesia, Malaysia, New Zealand, the Philippines, and Singapore. The organization regards itself as Asia’s largest vertically integrated health system and uses Microsoft’s cloud services to integrate health care delivery across its medical network. Clinic staff can quickly and securely access shared documents, patient notes, and care plans from any device, regardless of their physical location.

Feeding the World

In farming, precision agriculture techniques and collaborative software are transforming the industry and maximizing agricultural opportunity. When widely deployed, precision farming technologies can increase global crop yields as much as 67 percent and cut food prices in half. These transformative technologies rely on the movement of data gathered from thousands of sensors located across countries and regions.

• Norway-based Yara, one of the world’s largest fertilizer producers, partnered with IBM to build a digital farming platform. Through the platform, which provides holistic digital services and instant advice to farmers across the globe, Yara and IBM aim to boost the efficiency, transparency, and sustainability of global food production. The initial focus of the joint work lies on farm and field data management as well as data-driven, joint innovation for farmers, which is already successfully launched in various markets across the world.

• Nutreco is an international leader supporting livestock farming and aquaculture, which feed millions of consumers worldwide. AT&T helps connect each of their 200 locations in rural areas across Asia, Europe, Latin America, and North America. AT&T’s global network empowers Nutreco employees to connect and collaborate securely, whether they are working in the company’s Dutch headquarters or in a remote factory.

PROMOTING SOCIAL GOOD

Responding to Disasters

Effective responses to natural disasters—which affect hundreds of millions of people globally each year—largely depend upon responders’ ability to locate, reach, and care for affected civilians. In recent years many public and private efforts have sought to leverage data analytics to assist in disaster response and recovery.

• Intel used AI to help the Red Cross map parts of the world that are particularly vulnerable to natural disasters and epidemics. The process began with satellite imagery. An AI model developed by Intel data scientists processed the imagery on Intel hardware and identified bridges that are critical for transportation in Uganda, which is prone to both viral outbreaks and severe flooding. Intel then worked with the Red Cross to validate the dataset and upload it to OpenStreetMaps, a free, volunteer-driven, editable map of the world used by the Red Cross and other NGOs for disaster planning and response to ensure that aid workers get to

According to the U.S. International Trade Commission, fully half of all global trade in services now depends on access to cross-border data flows.

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people in need—both quickly and safely. This process depends on the ability of information to freely move across national borders.12

- After a natural disaster, 96 percent of small businesses see revenue losses, with 35 percent experiencing losses of greater than $25,000. Visa launched Back to Business in Australia to support small businesses, and mitigate their revenue losses, as part of bushfire disaster relief efforts and community rebuilding. The tool leverages global transaction data to locate small businesses in disaster-affected areas, and points consumers to those merchants that either remain open or have re-opened for business following the natural disaster.13

Fostering Sustainability

Global sustainability efforts rely on accurate data from many countries. Whether scientists are tracking endangered animal populations, analyzing climate data, or combating illegal poaching and fishing, the free flow of data is essential.

- Overfishing is a significant factor in the decline of ocean wildlife populations. The UN Food and Agriculture Organization estimates one-third of all fish stocks are no longer biologically sustainable. To combat this, nonprofit organization OceanMind uses Microsoft AI technology to map data and work with government authorities around the world to catch perpetrators. OceanMind’s system has the capacity to track millions of boats across the globe and gather data from a wide range of sources to identify and report illegal fishing.14

Protecting Children

Sharing information across borders can help law enforcement, nonprofits, and government agencies around the world focus their resources to protect children more effectively. The important work of these organizations requires monitoring, tracking, and information dissemination around the world.

- Save the Children, a nonprofit active in 120 countries, works to give children around the world a healthy start in life. In India, Save the Children works to uplift the 30 percent of the population living in poverty. Using Oracle’s cloud-based services, Save the Children India can tap into a global pool of employee specialists as candidates for their emergency-response units. Save the Children staff also rely on Oracle’s cloud services for access to real-time financial data from their global locations, which helps them track grants and report outcomes to donors.15

ENDNOTES

CROSS-BORDER DATA TRANSFERS & DATA LOCALIZATION

The Global Data Alliance is a cross-industry coalition of companies, with headquarters in different regions of the world, that are committed to high standards of data privacy and security. Alliance companies rely on the ability to transfer data responsibly around the world to create jobs and make local industries more competitive. Cross-border data transfers power innovation and growth across the globe and all sectors of the economy—from manufacturing and farming to local start-ups and service providers.

Cross-border data transfers also enable the deployment of tools that facilitate teleworking, virtual collaboration, online training, and the remote delivery of services, including virtual healthcare solutions. These tools—which include cloud-based libraries and databases, video-conferencing applications, and interactive collaboration platforms—help foster cross-office R&D and innovation; build workforce productivity and skills; contain costs and carbon emissions; and promote public health and safety.

Data transfers enable the digital tools and insights that are critical to enabling entrepreneurs and companies of all sizes, in every country, to create new kinds of jobs, boost efficiency, drive quality, and improve output.

The Alliance has come together to advance policies around the world that promote the responsible movement of data across borders without imposing unnecessary data localization mandates or restrictions on data transfers. Data localization requirements and restrictions on international data transfers are estimated to reduce growth by billions of dollars in countries that implement them. These measures hurt local companies by preventing them from accessing innovative technologies, which can preclude local industry from participating in global supply chains and accessing customers in foreign markets. Goods and services that use data in various phases of their lifecycles are more competitive if they can use data from around the world. In addition, because data transfer restrictions create a significant burden on the implementing country’s overall competitiveness, they also undermine the country’s attractiveness as a destination for investment and R&D.

Several grounds are frequently cited as the basis for imposing data restrictions, but they are based on misconceptions, as discussed in this document. The Alliance will work to correct such misconceptions and show policymakers that they can achieve their goals without impeding the free flow of data.

Cybersecurity

It has been argued that data localization and data transfer restrictions are necessary to ensure cybersecurity. In fact, how data is protected is much more important to security than where it is stored. Data localization requirements and limits on data transfers often undermine data security. When governments restrict a company’s ability to move data, they create unnecessary obstacles to data security. Cross-border data transfers are important for cybersecurity for several reasons. Companies may choose to store data at geographically diverse locations to obscure the location of data and reduce risk of
physical attacks, to enable companies to reduce network latency, and to maintain redundancy and resilience for critical data in the wake of physical damage to a storage location. In addition, cross-border data transfers allow for cybersecurity tools to monitor traffic patterns, identify anomalies, and divert potential threats in ways that depend on global access to real-time data. When governments mandate localization or restrict the ability to transfer and analyze data in real-time, they create unintended vulnerabilities.

**PRIVACY**

It has also been argued that data localization and data transfer restrictions are necessary to ensure that companies process and use data consistent with a country's data protection laws. This is not the case. In reality, organizations that transfer data globally should implement procedures to ensure that the data is protected even when transferred outside of the country. Where differences exist among data protection regimes, governments should create tools to bridge those gaps in ways that both protect privacy and facilitate global data transfers. Taking into account widely accepted privacy principles and industry best practices, governments should also aim to ensure that privacy frameworks are interoperable and allow for the seamless flow of data across borders.

**LAW ENFORCEMENT**

Some claim that data localization and data transfer restrictions are necessary to ensure that regulators and law enforcement authorities will have access to data relevant to conduct investigations. The location of the data, however, is not the determining factor. Responsible service providers work to respond to lawful requests for data consistent with their obligations to their customers and to protect consumer privacy. If the service provider has a conflicting legal obligation not to disclose data, law enforcement has several options: International agreements—including Mutual Legal Assistance Treaties (MLATs) or Agreements (MLAAs), multilateral treaties, and other agreements, such as those authorized by the United States Clarifying Lawful Overseas Use of Data (CLOUD) Act—can establish foundations for mutual legal assistance and reciprocal transfers of law enforcement data. Courts may also issue requests to authorities abroad for the transfer of data through letters rogatory.

These are some, but not the only, grounds upon which countries seek to impose data restrictions. The Alliance will work to promote the responsible movement of data across borders without unnecessary data restrictions, while accounting for countries’ legitimate policy concerns.