Asia-Pacific Economic Cooperation

Based on the Report: Fostering an Enabling Policy and Regulatory Environment in APEC for Data-Utilizing Businesses

By the Policy Support Unit

Data, Business and Government

Striking a balance between enabling policy and regulation for data use

The private sector has used large-scale data analytics to great effect: for predicting consumer preferences, tracking purchasing records, and other performance-driving applications. While data use can contribute to economic growth, there are valid public policy concerns which warrant its use to be regulated to a certain extent.

DATA & BUSINESSES

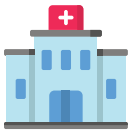
Many industries collect large volumes of data for many purposes

Transport and logistics

Payment and electronic invoicing services

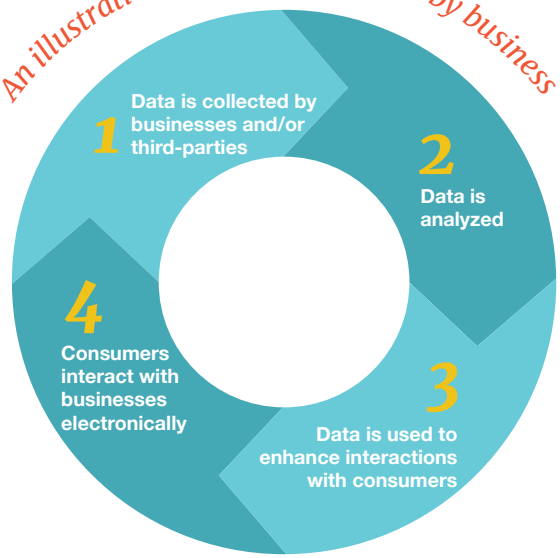
Manufacturing

Artificial intelligence (AI)-related services



Healthcare

An illustration of how data is used by business



Recognizing the importance of data in their business, firms have undertaken many activities to ensure the privacy and security of data they manage. These include:

- Ensuring that their policies, procedures and practices are consistent with international quality assurance instruments on data security and privacy
- Undertaking regular and systematic review of various laws and regulations on data privacy and security to confirm compliance
- Applying sophisticated and comprehensive in-house data governance framework

DATA & GOVERNMENTS

Fears in the data age are not unfounded

Data breaches, leaks and misuse can violate personal liberties and cause a wide-range of social issues

Estimated amount lost to cybercrime worldwide

2014	2017
$445 billion	*$600 billion*

Questionable data practices of some businesses

- Giving other firms far greater access to data than disclosed to users
- Not getting consent to share data with third parties

Governments want to regulate data to

Ensure better data privacy, protection and security

Aid in law enforcement and in addressing other domestic security concerns

Benefit more from the digital economy in terms of employment, innovation/technology know-how, etc

Examples of data-related regulations

Policies on data storage, processing and transfer
Requirements for data to be stored and/or processed locally as well as those requiring data transfer to adhere to certain conditions.

Policies on disclosure and back-door access
Requirements that firms share information such as IP and source code with relevant authorities and allow them access to encrypted information.

Some of these regulations may not be the best way forward

- **Data security is a function of several elements including technical, financial and personnel**
- **Limited impact on employment, investment, innovation and productivity**
- **Increase cost of compliance to businesses**

FACILITATING CHANGE

Some alternative approaches to data-related regulation are available

- Recognize the adoption of industrial standards
- Review existing and potential regulations against privacy guidelines/framework
- Enhance cross-border data flows through mechanisms such as adequacy status, mutual recognition system, RTAs/FTAs and multilateral rules
- Improve domestic security through reforming mutual legal assistance treaties, enacting bilateral/multilateral data sharing, and focusing on unilateral approaches to mandate access

APEC can contribute to improving data-related regulations among its members by

Facilitating information and experience sharing on these alternative approaches to data-related regulations

Organizing dialogue sessions to identify ideas and ways to overcome bottlenecks in some alternative approaches

Developing capacity-building activities to enhance data-related regulations

Recent APEC initiatives

- Cross-Border E-Commerce Facilitation Framework
- Internet and Digital Economy Roadmap

Data-related issues, in particular data sharing is not confined only to between economies, but also between organizations. Approaches to enhance legitimate data sharing between firms can include:

Introducing open data policies and initiatives

Promoting data commons

Developing data sharing standards and guidelines