

STAKEHOLDER MEETING ON DATA LOCATION RESTRICTIONS

On Thursday 8 September 2016 a meeting was held in DG GROW premises to discuss data localisation requirements in EU Member States, the fragmentation of the EU's internal market, distortions in investments and their effect on ICT prices for industry and SMEs in the EU. The meeting was organised following a request from [REDACTED] (CCIA Europe) on August 24, 2016.

List of participants:

[REDACTED], [REDACTED]
[REDACTED], [REDACTED]
[REDACTED], [REDACTED]
[REDACTED], CCIA Europe
[REDACTED], DG GROW 01
[REDACTED], DG GROW E3
[REDACTED], DG GROW 01
[REDACTED], DG GROW F5

Summary of the discussion

The discussion was introduced by [REDACTED], who introduced the group of external participants as representing both users and providers of digital services. He expressed concerns about the global trend of imposing location restrictions for data, and recommended that the EU give a strong signal to counter this trend. He also stressed the importance of having a unique set of rules for data valid for the whole single market.

[REDACTED] emphasised the strong market distortions in the current market for data services, particularly for cloud services that are forcing firms to duplicate inefficient infrastructure. [REDACTED] shared and confirmed this position and explained how [REDACTED] in order to cope with some MSs' regulations. This has also strong negative consequences in terms of environmental protection, since less efficient data centres consume more energy and pollute more.

[REDACTED] explained that for firms it is very difficult to take care of location restrictions, since different countries have different and sometimes contradicting requirements. This is particularly important for SMEs.

DG GROW asked to specify whether in their experience the restrictions are mainly in terms of access or in terms of location. The answer was that location restrictions are the most serious issue.

DG GROW asked why such restrictions are in place according to their experience. The answer was that (i) some old-fashioned rules are still in place, (ii) MS do not realise the economic effect of such restrictions, (iii) lack of clarity in the rules lead to excessively conservative implementation.

The stakeholders were unaware of any other technical requirement apart from location restriction that could limit the free flow of data across MS. The technologies on which data centres are built would be able to accommodate heterogeneous requirements anyhow.

The stakeholders claimed that absent location restrictions, [REDACTED] and their use would be much cheaper.

DG GROW asked about political or security risks that could justify location restrictions. The stakeholders replied that often storing data outside the home country can be an insurance against political risks (example of Estonia storing sensitive data outside the national border).

[REDACTED] mentioned the problem of CAPEX driven company in investing large sums in Big Data infrastructure (which would be considered as OPEX). Amendment of the current accounting rules may be considered.

Finally, [REDACTED] highlighted the importance of open access to government data.