

# Firms under Regulations of Cross-border Data Flows: Findings from a Survey in Japan

WTO Webinar  
November 9, 2020

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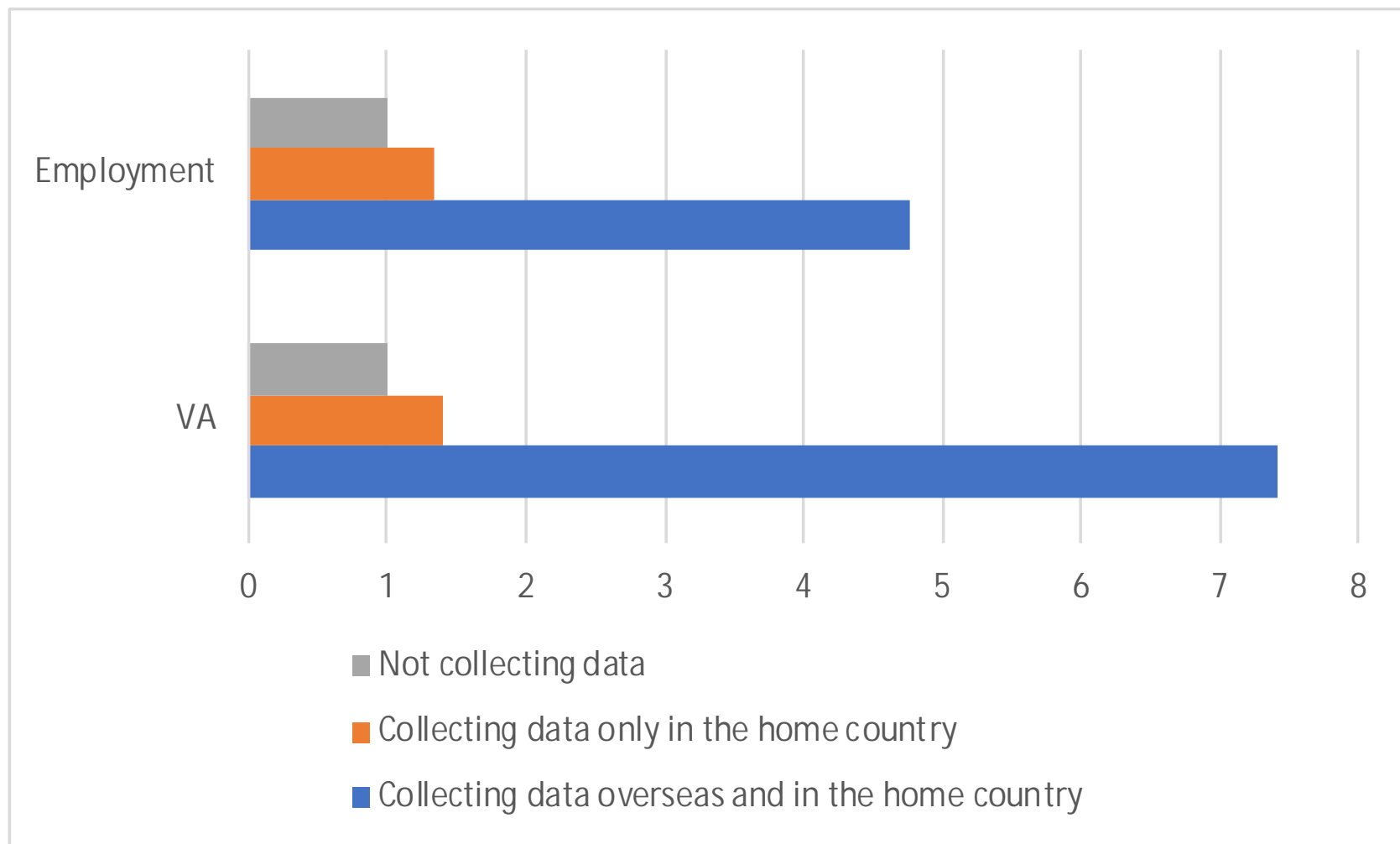
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# Motivation & Purpose

- Digital economy + Globalization
  - cross-border data flows
- Regulations (for privacy, but other purposes)
- However, hard to translate into economics
  
- RIETI conducted a survey in 2019 (covering all large or mid-sized firms in manufacturing, wholesale or info service industries in Japan, response rate=21%, 4227 firms).

1. Affected firms are limited in number.
  - Only 11% of firms regularly collect data overseas.
  - Less than 5% affected by GDPR of EU,  
(though above 20% in Internet service & ICT electronics manuf).
  - More than 8% affected by emerging countries' cyber security regulations.

## 2. These firms are large & productive.



### 3. Responses vary widely.

- Tightening internal data security (44%)
- Changing the location of data storage/processing (intra-firm 31%, outsourcing 5%).
- However, emerging countries' regulations

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# Remarks

- Only a limited % firms affected, but indirect effects may spill over from these **large globalized firms** to domestic SMEs through **global supply chains**.
- Non-negligible impacts on **innovation**, as these firms are **productive and R&D-intensive**•

