

of the top two issues that could be difficult for the US and the EU to reach an agreement over in trade negotiations. Could data nationalism slow growth in the global trade of digital goods and services as well as knowledge exchange? Common sense suggests it could.

The issue of national identity alone could prove an obstacle. Governments will likely favor locally based corporations and form policies that will tilt the playing field to their advantage. But such measures are a double-edged sword, making international competition more complicated. Governments are also more likely to expect special favors from those domestically rooted companies.

As more corporations globalize and virtually every one becomes a data company, they will be navigating a world where data nationalism guides policies, and requires the development of nation-specific strategies. Here are some ways that this new breed of nationalism will impact your business:

- Competing policy views between nations over the rights to use consumer data will force the development of many alternative ways of collecting and handling data.
- Compliance handling will grow much more complex and expensive.
- National affiliations will play a much larger role, for better and worse. Businesses may benefit from the policies of their home governments, but also be expected to support domestic interests.
- Some companies may benefit from the rise of data nationalism, supported by national or regional barriers that put stronger international competitors at a disadvantage.
- Communications will be even more critical, as all stakeholders in all markets will want to know a corporation's data strategy. Businesses will need to show how their policies are a win for shareholders, customers and governments in each and every country in which they do business.

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## REGULATION

### Business can avoid a fragmented global landscape on data regulation by speaking up, say Brunswick's **MARK SEIFERT** and **KATE TELLIER**

**T**he more business remains on the sidelines in the public conversation over the use of data, the more global policymakers will take the lead, tackling ethical questions surrounding data collection, privacy and security.

Political leaders want to see data used for innovation to drive economic gains, support industries and improve social services, but they are also moving to respond to citizens' concerns. "As businesses navigate the digital world,

there is no more fundamental issue to address than protecting their customers' privacy," says Nuala O'Connor, CEO of the Center for Democracy and Technology, an international non-profit promoting an open, innovative and free internet. Many businesses are making great efforts to protect their data, but communication about those efforts has been spotty at best.

More importantly, the positive potential of data needs to be emphasized to address growing public anxiety. Ultimately, data collection and analysis could serve to change our nature as a species as fundamentally as the harnessing of fire. If the perception of value is obscured by public concerns, which are growing around the world, that transformation could be snuffed out.

**IN THE EUROPEAN UNION**, the future of data is being factored into plans for continued economic recovery. While some proposals would make online business easier by simplifying



laws, negotiations around others, such as the Transatlantic Trade and Investment Partnership with the US, have triggered data protectionism based on privacy concerns, with the potential to restrict international data flows. Similarly, in an idea modeled on the Schengen zone – where most of Europe functions as a single country for international travel purposes – data coming in and out of Europe would be restricted, while internal traffic would not.

In the US, the Republican-controlled Congress is set to take a pro-business, decidedly deregulatory approach. That effort could face a strong challenge from Democrats as the Obama administration, now in its final two years, is willing to assert executive power to institute greater regulatory scrutiny. The White House recently appointed its first chief data scientist to ensure that national data is not misused and to investigate ways to help people share information without sacrificing privacy. Headed into the presidential election in 2016, both parties

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**Robert Madelin, EC Director-General of Communications and Technology**

will attempt to present a balance between consumers’ privacy concerns and the transformative potential of data analytics.

“In this new Congress, I will be focusing on a pro-innovation technology agenda that relies heavily on an open internet,” says Republican Senator Orrin Hatch of Utah. “In particular, we must address the complex legal web around data security, including the ways data is used, stored and accessed globally.”

Senator Ed Markey, a Democrat for Massachusetts, says, “Consumers, not corporations, should have control over

their personal information in this era of Big Data. Whether it is protecting our children’s education records or the sensitive information of American consumers, Congress needs to ensure that our policies are imbued with our time-tested privacy values.”

South America is leaning toward an EU-style precautionary approach that favors domestic companies. A provision mandating data localization in Brazil’s recently enacted *Marco Civil da Internet*, a civil rights framework, would have been aggressively nationalist, but was removed from the final version.

Most major economic centers in Asia have enacted privacy legislation but enforcement is in its infancy. In addition, regulators in emerging economies are exploring appropriate responses that avoid pitfalls experienced in the EU and the US.

Many of the EU initiatives to restrict the use of data stem from misperceptions about what companies actually do with data and how this contributes to society. →

A clearer narrative from business, including an emphasis on the critical distinction between personal and non-personal information, could help loosen this regulatory knot and raise confidence in the positive impact of data.

“I like to think of data as having value, but it might be oil or it might be blood,” says Robert Madelin, Director-General of Communications Networks, Content and Technology for the European Commission. “Our ethical stance, if my data is blood – if it’s going to save lives – is different than if my data is of a sort that can be ethically monetized.”

**SCANNING** the global landscape, we appear headed toward a discordant set of rules that could result in the fracturing of the internet, undermining its power as a global, equal-access knowledge base. A heavily pro-business argument that ignores consumer concerns could inadvertently strengthen support for nationalist regulatory tendencies.

So what should companies do, especially multinationals, within this regulatory patchwork? In a word: engage.

Most companies understand the power of data analytics for their business. They should also recognize the threat of regionally based regulation. By getting ahead of consumer and government concerns, companies can move toward a more nuanced conversation about how data is being handled and the power of analytics to change society for the better. Multinational companies are best positioned to make this case, thinking globally and responding locally.

Unleashing the digital revolution in a controlled environment could bring unimaginable benefits. Businesses should start to tell that story, before overly stringent regulation hijacks the narrative.

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**CHINA**

## EVOLUTION OF PRIVACY

Until recently, the concept simply didn’t exist, says Brunswick’s **MEI YAN**

**F**or centuries in China, ruling powers advocated for social responsibility and cohesion, and treated individuality with suspicion. Until fairly recently, the concept of privacy, as the West understands it, simply didn’t exist.

This absence is most clearly evident in the Chinese language. Until the 20th century, the language lacked a word for “privacy” or even the vocabulary needed to communicate the concept. The compound that eventually emerged, “yinsi” (隐私), has negative connotations of secrecy and conspiracy, as does the phonetically similar word for “hell” – “yinsi” (阴司).

The Mao era reinforced this vice-over-virtue view of privacy with the glorification of collectivism. From the very foundation of a society built on public ownership, to the treatment of individual lives as an open book, lack of privacy was the norm, reinforced by Communist Party monitoring even at the grassroots “neighborhood committee” level (居民委员会). Private thoughts showed selfishness and brought shame, persecution or worse.

The negative framing of privacy was upended by China’s “open door” policy. Launched in 1978, it ushered in economic reforms that eventually enabled private and individual ownership. The Party’s shift set off a major social evolution, paving the way to greater acceptance of personal privacy.

As a backlash to China’s collectivist past, in the post-reform era people

have begun to see individual privacy as a right that should be guarded and respected. Yet the concept is still very much in flux, with the internet and the widespread adoption of social media playing important roles.

In China, the internet has sparked a mass invasion of privacy known as “human flesh search engines” – digital witch hunts by netizens nationwide who band together to identify and shame individuals perceived as having violated public morality. While the trend is often seen as a positive force to root out socially unacceptable behavior, it also intrudes deep into private lives.

Early examples of people who had their names, addresses and other private details exposed on the internet include a woman who complained that coverage of the deadly 2008 Chengdu earthquake was disrupting her TV viewing. Another notable case is that of “Uncle Watch,” a government official who was outed by online vigilantes for flaunting multiple luxury watches while attending official duties.

“Yinsi” may no longer be closely associated with “hell,” but these incidents highlight how the concept is still evolving. Ultimately, respect for personal privacy in China is destined to become more natural, as people begin to appreciate privacy as a daily necessity rather than a luxury.

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