



## NEWS



# What do China's data export regulations mean for its trade competitiveness?

In the second half of 2022, China unveiled the details of its data export regulations, providing further explanations to its existing laws and regulations on data.

While there is no outright ban of cross-border data transfers, restrictions and procedures imposed on cross-border data transfers could create significant barriers for cross-border flow of data for legitimate business operations.

Such restrictions could potentially discourage companies from doing business in or with China, and eventually reduce the country's trade competitiveness.

Since becoming effective in 2018, the European Union's (EU) General Data Protection Regulation (GDPR) has been hailed as the gold standard in data protection. Perhaps surprising to many western observers, China's Personal Information Protection Law borrowed many of the concepts and regulatory framework from GDPR.

However, despite the similarities in certain approaches between GDPR and Chinese data laws and regulations, China's approach towards cross-border data flows is a significant departure from GDPR's general principles endorsing free flow of data.

With restrictions on data flows, China faces challenges not only to its seat as the world's factory, but also its digital economy champion status. Policies around cross-border data flows can tilt the balance in favour of China's trade competitors such as Vietnam or Singapore.

Data has been playing a more important role in the future of manufacturing. Since 2020, more and more companies have started moving their supply chains beyond China to countries like Vietnam to diversify supply chain risk.

While Vietnam mandates the storage of data locally, transferring data outside Vietnam is not subject to requirements as strict as China. Vietnam endorses GDPR's "adequacy of the level of protection" principle.

### Reference:

<https://www.weforum.org/agenda/2022/11/china-data-export-regulations-threaten-trade-competitiveness/>