

WEBINAR

# Shaping the Global Data Economy

Trade rules, policy space  
and development

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**Friday, March 6, 2026**

2:00 p.m. to 3:15 p.m. CET

8:00 a.m. to 9:15 a.m. EST




# Shaping the Global Data Economy

Trade rules, policy space and development

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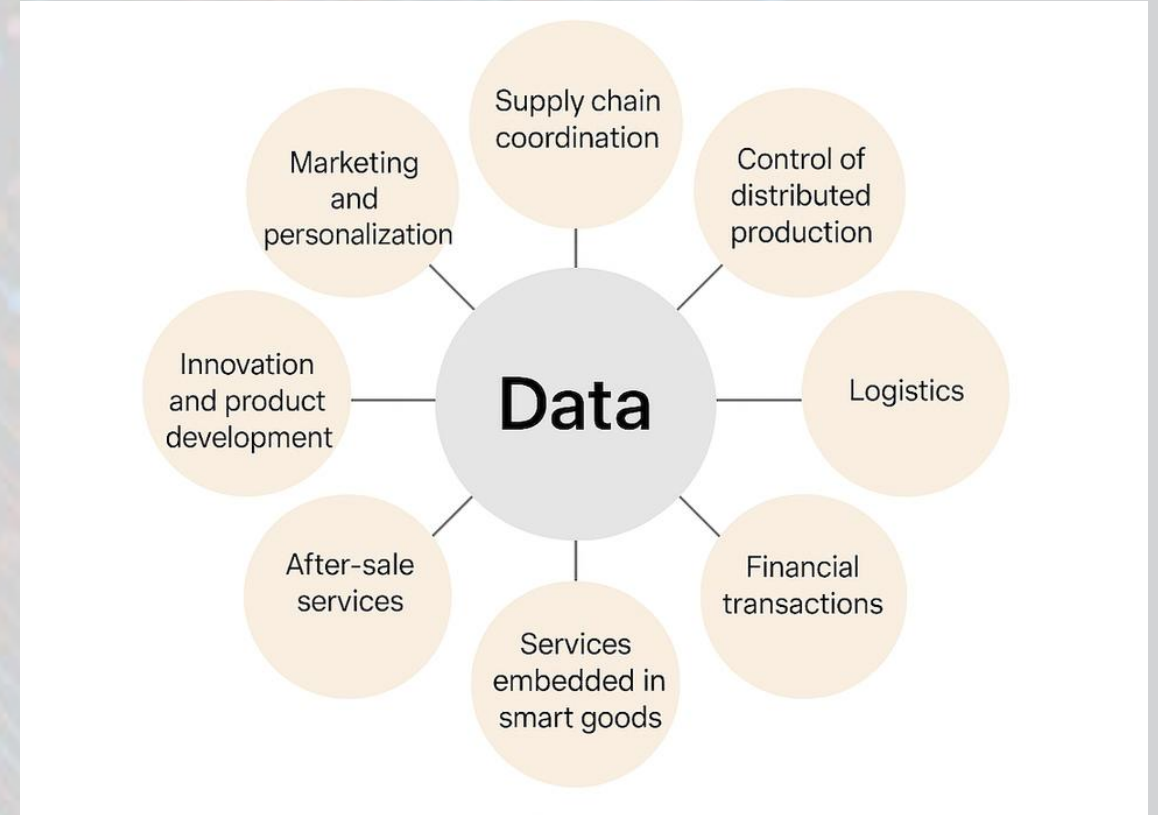
Diplo

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- 1. The foundational role of data in digital trade and society**
  - 2. Data governance measures at the domestic level: policy drivers**
  - 3. Data and international trade law: existing and emerging rules**
  - 4. Development and policy considerations**

# 1. The foundational role of data in digital trade and society

- A multidimension resource
- Exercise of individual and collective rights
- Fabric of economic globalisation, enabling the movement of goods, capital, and services.
- Essential input to AI.
- AI transformed innovation in an industrial process
- Competitiveness of firms
- Geopolitical competition

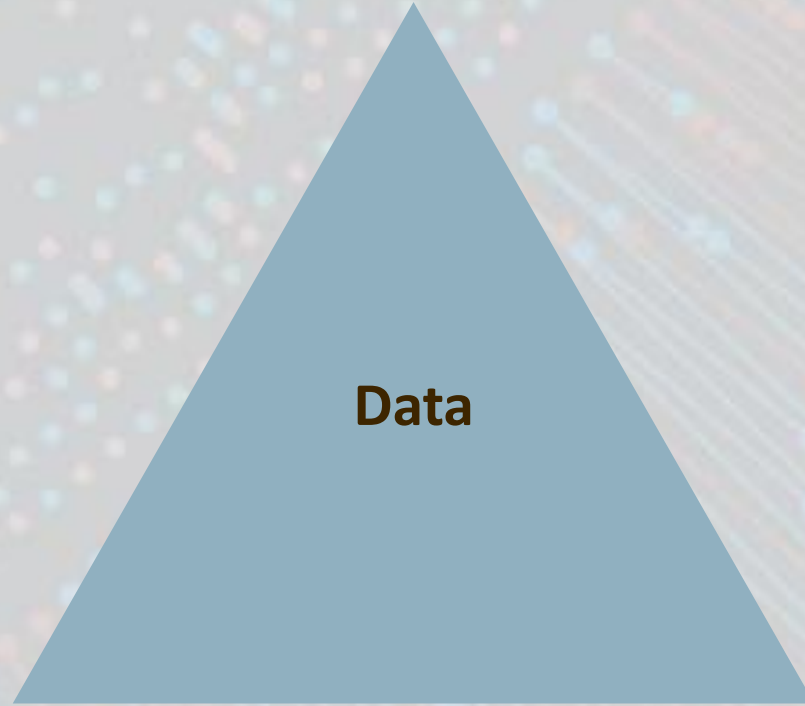


**(Geo) political**

**Data**


**Economic**

**Social**




## 2. Data governance measures at the domestic level: policy drivers

- **Privacy and personal data protection:** limit or condition data flows to ensure that data receives an equivalent level of protection
- **Enforcement and auditing:** data flows restrictions to facilitate regulatory oversight, audits, compliance, law enforcement
- **Cybersecurity-related measures:** restrictions on data flows, technology bans, licensing requirements
- **National security:** protect strategically sensitive data - narrowly tailored(?)
- **Economic security:** prevent access to data that could undermine competitiveness (geopolitical/geoeconomic competition)
- **Support for industrial policy:** ensure that domestically-generated data fuels local innovation and digital sectors



1. 'Data flows' are not an end in itself. 2. The benefits of data mobility must be weighed against socio-economic considerations, strategic interests and policy objectives

### 3. Data and international trade law: existing and emerging rules

- The WTO framework (ITA, TRIPS, GATT, GATS)
  - Preferential Trade Agreements (PTAs)
  - Digital Economy Agreements (DEAs)
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- A. Specific provisions: data flows/localisation
  - B. Provisions that apply to data more broadly
  - C. New and emerging provisions on the data economy

## A. Specific provisions: cross-border data flows and data localisation

- 74 agreements (out of the 477 in the TAPED database in Sep 2025) had provisions on cross-border data flows, and 44 agreements contained rules on data localisation
  - **Cross-Border Transfer of Information** : designed to facilitate data flows by limiting a country's ability to restrict them, creating unnecessary barriers to digital trade.
    - *i.e. 'Each Party shall allow (or shall not prevent) the cross-border transfer of information by electronic means'*
  - **Prohibition on the mandatory location of computing facilities**: designed to prevent data localisation
    - *Parties to the agreement shall not require firms to use or locate computing facilities in their territory*
- In both cases, there are horizontal exceptions (general exceptions and security exceptions) and vertical exceptions related specifically to data flows and localisation (i.e 'legitimate public policy objective' or RCEP self-judging security exception, for example)



Restrictions on cross-border flows do not always entail localisation. The decision to localise remains contingent on market size and the country's strategic importance. In smaller markets, exit may be the preferred choice. Data localisation emerges not only from legal mandates, but also from the interaction of regulatory choices and firm-level economic incentives.

- **B. Provisions that apply to data more broadly, which are likely to impact on cross-border data transfers**
  - **personal information protection:** critical enabler of trust in e-commerce and digital trade
  - **open government data:** indirect enabler of cross-border data flows by fostering create global pools of interoperable information.
  - **data innovation:** proactive, collaborative frameworks to unlock the economic and social value of data (technical and regulatory)
- **C. New and emerging issues related to the data economy:** areas that depend on the governance of data (as enabler, determinant of market structures and of the sharing of benefits) i.e. Digital identities, Digital inclusion, Fintech, AI, competition in the digital economy

## 4. Development and policy considerations

### Systemic observations

- The global economic order is in a period of rebalancing
  - Economic liberalism is waning
  - financial support for development is decreasing
  - the rules-based trading system is under strain.
- This disruption coincides with the rising economic influence of non-Western nations and Global South blocs



This dual shift creates uncertainty, but also a strategic opening for developing countries to renegotiate the foundational rules that paved the way for the development of the digital economy

## Development and policy considerations

- **The issue:** 1. 'data divide' and a situation of asymmetrical value capture
- **Considerations**
  - Coordination between different policy areas, such as trade, investment, competition policy, and industrial policy.
  - An approach based on understanding the country's capacity to engage in data value chains (i.e. data generation/collection, storage, processing and analysing, and its embodiment into data-intensive products and services) in the present, and plans for the future.
    - Assessment of where and how a country can viably specialise and capture value.

## Development and policy considerations

- **The issue:** 2. Negotiating from a position of structural asymmetry
- **Considerations:**
  - Regionalism as a potential path to mitigate structural asymmetry (i.e. ASEAN DEFA, AfCFTA DTP)
  - Joint resources for capacity building targeted at assisting countries in shaping policy and regulatory alternatives to the default templates of provisions set by advanced digital economies in trade negotiations.

## Development and policy considerations

- **The issue:** 3. A delicate balance between openness, policy space and capacity
- **Considerations:**
  - Possibility of negotiating more targeted and operationally useful exceptions in digital trade rules.
  - This could include vertical exceptions to specific sectors or provisions which are designed to support development objectives.
  - When developing countries agree to binding rules, there could be a closer link between commitments and implementation support (concrete and enforceable capacity-building and technical assistance) (i.e. TFA, IFDA).

## Development and policy considerations


- **The issue:** 4. The foreclosure of traditional development pathways (barriers to technology transfer, data flows)
- **Considerations:**
  - Economic advancement depends on technology transfer.
  - Policy options to accelerate technology transfer (i.e. performance requirements) have been curtailed by IEL.
    - Some countries with sizable markets may seek to reopen previously foreclosed paths, such as performance requirements or technology transfer obligations.
    - Smaller or more vulnerable developing economies may need to identify other strategies such as South-South cooperation, or public-private innovation.
  - Provisions that facilitate cross-border data flows may simultaneously solidify a pattern of technological dependency (investment on value-creation happens elsewhere).
    - The liberalisation of data flows alone is an insufficient foundation for development. Need for complementary industrial, regulatory, and competition policies.

## Development and policy considerations

- **The issue:** 5. The geoeconomic imperative: data governance as economic security
- **Considerations:**
  - Strategy to mainstream 'development' in the current 'geoeconomic' turn.
  - Some developing countries may benefit from this restructuring. But these changes could also hinder the inclusion of developing countries in higher and more complex levels of value chains (i.e. export controls)
  - Diversifying partnerships, South-South cooperation, back-up Global South think tanks, which can also provide strategic support to trade negotiators

## Final remarks

- The structural asymmetries that characterise the data economy will not be corrected by trade rules alone.
- Yet, trade rules are important: they can either lock in peripheral positions, or be crafted to create openings for more equitable participation.
- The rules of the global digital economy must actively support - not merely permit - development and equitable participation in the digital economy.

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Thank you!

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# Check out IISD's latest work on digital trade

