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ECIPE PRESS RELEASE — NEW DTE WORKING PAPER

Do Data Policy Restrictions Inhibit Trade in Services?

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Brussels, Belgium, 10th October 2018 - This paper examines whether restrictive data policies impact trade in services over the internet. We have collected comparable information on a variety of policy measures that regulate data for a wide group of countries for the years 2006-2016. This information is compiled in a weighted index that assesses the restrictiveness of these countries' data policies. We distinguish between policies regulating the cross-border movement of data and policies regulating the domestic use of data. Using econometric estimations, we show that strict data policies negatively and significantly impact imports of data-intense services. Therefore, countries applying restrictive data policies, in particular with respect to the cross-border flow of data, suffer from lower levels of services traded over the internet. This negative impact is stronger for countries with better developed digital networks. The results of our analysis are significant and hold for various robustness checks.

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