

## BREXIT: Securing the flow of data

Local engagement, regional representation, global opportunity

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This statement outlines the Thames Valley Chamber's policy position for securing data flows post BREXIT, and the implications for business based in the sub-region. The purpose is to provide partners and stakeholders including media channels with a position statement which to draw upon.

### Background / Current Position

The tech sector has been the outstanding success of the UK economy over the last decade and will be vital to its success in a 'post Brexit' world.

There is now a national imperative to put a plan in place that allows the UK tech sector to power the UK economy leading up to and beyond BREXIT. The Thames Valley is particularly well-represented by businesses in this sector. As such the region is hugely important in shaping the future of the UK and helping deliver a stronger economy – post BREXIT.

A combination of a vote to leave the EU and the passing of the Investigatory Powers Bill could see a ban on the transfer of data between the United Kingdom (UK) and European Union (EU), with the potential for severe economic impact.

**Tech businesses depend upon the ability to move data across national borders. Any changes in the UK's relationship with Europe must not impede the ability of data to flow freely to and from the EU.**

The Chamber has engaged its business community since the 23<sup>rd</sup> June 2016 outcome reviewing business models and identifying those areas of highest priority to Britain. Crucially this includes the Thames Valley's technology industry which, according to a most recent EY report, accounts for 27% of Gross Value Added (GVA) in the sub-region, more than double the national average with some of the world's major tech-firms,

including Microsoft, based in the region.

### Securing the flow of Data

The UK remains the largest cloud market in Europe and is set to more than double in value over the next 4 years, to over \$9.2bn. Data must be accessible across borders in order to serve customers on the move. The Chamber believes it is an absolute necessity that the UK government secure the free movement of data between the UK, EU and other countries with Canada and the United States (US) particular and immediate priorities.

The Chamber strongly urges the UK Government to:

1. Maintain consistency with EU rules. The UK must continue to be viewed as a jurisdiction where EU customers can store their data without restriction. This could be achieved in a number of ways, including implementation of the upcoming General Data Protection Regulation<sup>1</sup> into UK law and the adoption of the EU-US Privacy Shield<sup>2</sup>, which aims to provide companies on both sides of the Atlantic with a mechanism to comply with EU data protection requirements when transferring personal data from the EU to the US in support of transatlantic commerce. *The aim of GDPR is to harmonise data protection laws in place across the EU member states. The Privacy Shield is aimed at providing companies on both sides of the Atlantic with a mechanism to comply with EU data requirements when transferring personal data from the EU to the US in support of transatlantic commerce. More information <https://www.privacyshield.gov/welcome>*
2. Continue to press for a bi-lateral agreement with the US on the treatment of law enforcement access requests, notwithstanding Britain's exit from the EU. This is essential in resolving the international legal conflict which exists in honouring requests for law enforcement data.
3. Establish and maintain an open dialogue with Thames Valley tech-firms that develop solutions which position the UK and Thames Valley as a global data leader.

## Digital Exports and Data flows in Context

Analysts indicate that although digital industries represent around 10% of Britain's GDP, the highest percentage of any G20 member, the EU is far less reliant on the UK's digital exports than on big US tech companies. However, if data flows between Britain and the EU are impeded, it is likely to adversely affect British economic interests – e-commerce was valued at 20% of British business turnover in 2014<sup>3</sup>.

In addition, data sharing has an impact on all business with the EU (both online and offline), valued at 45% UK exports and 53% of UK imports. New data protection regulations will guarantee EU citizens the same level of protection regardless of where their data is processed.

As new European data protection laws are likely to enter into force before the UK leaves the EU, urgent consideration should be given to the relative merits of maintaining, adapting or re-legislating the UK's data protection laws in consultation and in partnership with industry.

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<sup>1</sup> The aim of the GDPR is to harmonise data protection laws in place across the EU member states.

<sup>2</sup> The Privacy Shield is aimed at providing companies on both sides of the Atlantic with a mechanism to comply with EU data protection requirements when transferring personal data from the EU to the US in support of transatlantic commerce. For more information click [HERE](#).

<sup>3</sup> according to the [Office for National Statistics](#)

## Other BREXIT issues we are specifically monitoring

Fiver additional points contribute to a continued post-Brexit economic success:

- Allow Talent Migration: There is a shortage of skills needed to support a range of key-business sectors relevant to the Thames Valley/British economy. This includes those needed for transformation opportunities offered by the widespread adoption of cloud and the digitisation of the economy. With some success, companies in the industry are investing in addressing these skills needs. In a year when China and India each produced 300,000 computer science graduates, Poland produced 40,000 and the UK produced 7,000 more needs to be done. The technology sector in the UK is very reliant on attracting and import talent to meet its needs.
- Business friendly environment: The Chamber encourages the UK to remain "*open for business*" by: (i) maintaining (or even lowering) corporate income tax rates; (ii) simplifying and rationalising anti-abuse rules in a manner consistent with international norms; (iii) minimising regulatory and compliance burdens, and; (iv) ensuring clear and predictable tax administration, interpretation of longstanding treaty provisions and dispute resolution. Tariffs and customs agreements should be optimised to facilitate imports of hardware, including data servers.
- Dual Hardware Standards: The Chamber recommends that the UK Government does not waste resources removing manufacturing and safety requirements that are necessary for manufacturers selling into the EU.
- Intellectual Property (IP) & Trade Marks: IP investment should be secured and encouraged by protecting existing IP rights. The Chamber recommends that the UK Government provide for the automatic creation of equivalent parallel design rights in the UK for all Community Design Rights that are currently in force. For EU trade marks, the automatic creation of parallel UK rights risks cluttering the UK trade mark register.
- Process of Divergence: There are many reasons for maintaining a range of EU-based rules and regulations that help to strengthen the brand recognition of Britain. They benefit UK businesses, as much as they benefit European businesses, in doing business globally. We need to avoid a creep away (over the long term) from rules and regulation that are good for business here in the Thames Valley and in the UK.

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