January 18, 2023

Global Data Alliance Comments on Proposed Amendments to the Cloud Security Assurance Program

Submitted Electronically to the Ministry of Science and ICT

The Global Data Alliance (GDA)[1] welcomes the opportunity to provide comments to the Ministry of Science and ICT (**MSIT**) regarding the proposed amendments to Korea's Cloud Security Assurance Program (**CSAP**).

Background

The Global Data Alliance is a cross-industry coalition of companies that are committed to high standards of data privacy and security and that rely on the ability to transfer data responsibly around the world.

Cross-border data transfers power innovation and growth across the globe and all sectors of the economy — from manufacturing and farming to local start-ups and service providers. Data transfers enable the digital tools and insights that are critical to enabling entrepreneurs and companies of all sizes, in every country, to create new kinds of jobs, boost efficiency, drive quality, and improve output.

The seamless transfer of data across international borders enables the deployment of modern and emerging technologies and services that underpin the economy, across all sectors and at the local, national, and international level. This includes technologies and services enabled by data transfers, such as AI-related data analytics and machine learning technologies, as well as cloud computing, blockchain, and new privacy-enhancing technologies.

These technologies and services, which are often accessed across borders or rely on data transferred across borders (or both), support many important economic activities and priorities, including remote work and virtual collaboration, distance education, telemedicine, cybersecurity, fraud monitoring and prevention, anti-money laundering, investigation of dangerous counterfeit products, and a broad range of other activities relating to the protection of health, privacy, security, and intellectual property.

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[1] The Global Data Alliance is a cross-industry coalition of companies that are committed to high standards of data responsibility and that rely on the ability to transfer data around the world to innovate and create jobs. Alliance members are headquartered across the globe and are active in the advanced manufacturing, aerospace, automotive, consumer goods, electronics, financial services, health, media and entertainment, natural resources, supply chain, and telecommunications sectors, among others. BSA | The Software Alliance administers the Global Data Alliance.

Discussion

The GDA focuses its comments on the cross-border data restrictions and data localization mandates found in the CSAP. CSAP requires cloud service providers (CSPs) to ensure all public sector data must be physically located in Korea. This is an unnecessary barrier for companies that store, process, and backup data in regional data centers outside of Korea. The use of offshore data centers to ensure redundancy and backup is a mechanism to enhance data security; in case of a serious cyberattack or physical disruption, including natural disasters, data stored in physically remote data centers can be used to recover from the incident.

GDA members provide significant services directly to the Korean government, including via cloud services. More generally, GDA members have significant operations based in Korea, invest hundreds of millions of dollars into the Korean economy, and have many thousands of Korean employees. Data transfers are critical to our activities across Korea in all sectors, from aerospace, healthcare, advanced manufacturing to transportation and telecommunications. Cross-border data transfers and access to cloud services enable the digital tools and insights that are critical to enabling our Korean operations to create jobs, boost efficiency, drive quality, and improve output. This includes services provided to the Korea government.

Recommendation

The GDA urges the Ministry of Science and ICT to remove the data localization requirements found in the proposed CSAP amendments. A forward-leaning policy on cloud services and cross-border data transfers, including in the public sector, is a particularly effective tool to aid policymaker efforts to drive innovation, increase employment, and create other economic and societal benefits for Korean government agencies, as well as Korean businesses, workers, and consumers.

Joseph P. Whitlock
Executive Director
Global Data Alliance