
DIGITALEUROPE



Forced Localization Measures

Russia & Turkey Cases



European
Public Affairs Awards
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Shortlisted Trade Association of the Year

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Russia

Current Context

- 2012: Putin back at Kremlin imposed draconian restrictions on NGOs, independent media, and freedom of expression;
- 2014: annexation of Crimea, armed conflict in eastern Ukraine;
- Deadlock of discussions between international partners after Ukraine crisis;
- Summer 2014: US/EU sanctions against Russia;
- "Russia using "national security" argument to strengthen control on media and internet. Russia, in

Amendments to the Media Law

Towards state-owned and state-controlled media

- Amendments adopted by the Duma in 2nd & 3rd reading on Sept 26 to the Media Law which aim to restrict foreign involvement in Russian media:
 - Scope: restricts foreign ownership of Russian media (television and radio) to 50 %,
 - Aim: limiting and controlling what Russian citizens hear and from whom,
 - Impact: cut foreign investment and threaten diversity and competition in Russia's media. EU medias such as the Swedish Modern Times Group or the Finish Sanoma Independent Media would be affected.
 - No public debate,
 - Do not respect the commitments Russia has taken as party to both European Convention on Human Rights and the International Covenant on Civil and Political Rights (ICCPR) which guarantee freedom of expression,
 - The law should be signed into force by President Putin in the following weeks,
 - The law is expected to come into force on January 1, 2016.
- According to authors of this draft law, « *it was necessary to ensure the country's national security. In particular, due to events on the Russian border [with Ukraine] and an information assault on the country's leadership* »

Federal Law FZ 242 – Personal data requirements

Control on all Russian individuals data

- New **Federal Law 242-FZ** voted on July 21st 2014:
 - Scope: all personal data of Russian individuals must be stored and processed in Russia as of September 2016,
 - No concrete exemption for commercial data (« data used for legitimate business interest »),
 - Amendment (currently 3rd reading) to change the date of entry into effect from 1 September 2016 to 1 January 2015.
- **4 Concerns** for the global industry:
 - 1) Scope of the legislation: any kind of personal data (no defined category).
 - 2) Changing the date of entry into effect - does not provide industry enough time to comply with the requirements.
 - 3) Cross-border transfer and access – unclear provisions
 - 4) Citizenship of data subjects –law could be interpreted as having extraterritorial effect.

Law #97 FZ – Mandatory Metadata retention for internet services & Mandatory identification of the Internet users

- New Law #97 FZ voted on 5 May 2014:

- Part of the « **Anti-terror package** » addressing National Security Matters,
- Scope: all companies providing IT services have to store data on servers based on the Russian territory for 6 months and provide data to the security agencies upon request or allow authorities to install surveillance technology to access the data at any time,
- Came into force on August 1 2014,
- Companies have 6 months to comply,
- Federal Security Service in charge of implementing the law,
- **Uncertainties** regarding scope and definitions of all “user-to-user” and “user-to-public” internet communication services.

HOW CONNECTED IS RUSSIA?

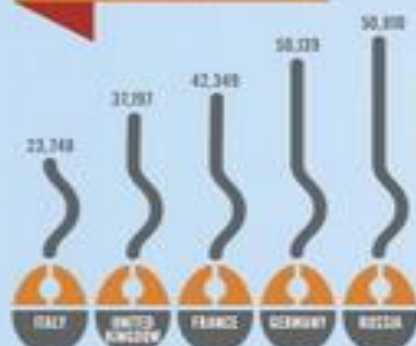
By 2014, 71% of adults in Russia – 80 million people – will access the Internet. This milestone follows several rapid advances in recent years as the tech-savvy population adopts a slew of communications technologies.



The highest GDP per capita among BRIC countries – USD 16,736 in 2011.



EUROPEAN INTERNET USAGE BY COUNTRY



RANKED BY TOTAL UNIQUE VISITORS – SEPTEMBER 2011



* for those aged 14-65

INTERNET USERS IN RUSSIA 2010-2013



👤 POPULATION SIZE: 143,030,106 🏠 GDP (NOMINAL): \$1.86 TRILLION 💰 AVERAGE SALARY: \$812 A MONTH



Mobile TeleSystems OJSC ("MTS") is the leading telecommunications group in Russia, Eastern Europe and Central Asia. Including its subsidiaries, the Group services over 100 million mobile subscribers. We're happy to answer your questions about internet trends in Russia on our blog: <http://bit.ly/LRH01o>. Sources: AC&M, Comscore, eMarketer, FOM, gks.ru, IMF, Levada Center, mejazarplata.ru, MTS

Joint action(s) on Russia

- « Pick our battles » - digital trade matters vz national security interests
- Coalition with AHK (German Chamber of Commerce in Russia), RATEK (Russian ICT Association), JEITA and JISA to address our concerns on Federal Law 242 FZ (personal data requirements),
- Joint Letters addressed to the State Duma and to the Federal Service for the Supervision of Communications, Information Technologies and Mass Media,
- Industry Discussions with the European Commission (DG Connect, DG Trade, EU delegation in Moscow) – the EU is currently not in a position to negotiate,
- Russian industry lobbying continues (ICT association APKIT also raised our concerns with the Russian Government),
- We very much appreciate the support of our Japanese colleagues on these matters – METI discussions with Russian Government?

Turkey



Turkey – Internet Law

Context:

- April 2014: **Twitter & You Tube ban for « national security reasons »** overruled by Constitutional Court (bans considered as «unlawful).
- August 2014: Erdogan says « EU membership and democratic reforms are his main priorities ».
- September 2014: New Internet Law approved by Turkish President Erdogan, allows Telecoms Authority TIB to block websites « in order to protect national security, public order and to prevent crime » without a court order, and to store online communications and traffic data for up to 2 years.
- 2 October 2014: Constitutional Court of Turkey overturned new amendments to the Internet law which would have allowed the country's telecommunication authority to block websites swiftly and without a court order, and to collect and retain Internet user's data.
- The Court ruled that the new powers given to the TIB violated individual rights and freedoms. The websites can only be blocked upon a court order. The TIB will not be able to monitor which users visited which websites.
- Citing his concern that criminal and terrorist organizations, including the militant group Islamic State, are using the Internet to recruit followers, Erdoğan defended his government's efforts to control online speech: « I am increasingly against the Internet every day », after criticizing a variety of news outlets, from local newspapers to *The New York Times* and CNN International.

Turkey – Consumer Protection Law

- New **Consumer Protection Law** (enacted in May 2014) includes several unbalanced rules that could strongly impact foreign manufacturers and sellers located in Turkey (NTB) – entry into effect expected next January 2015.

Action plan

- Mapping of Turkey forced localization measures and other market access barriers with the help of TUBISAD, Turkish NTA member of DIGITALEUROPE, in contact with the Turkish Government,
- Joint action (letter or statement) with other interested associations to address our concerns regarding the amendments to the Internet Law and the new Consumer Protection Law,
- EU could be at the initiative as Turkey remains a key partner.

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Thank you!