

**This is a letter sent out to select members of the Brazilian Congress on the data center localization issue.*

October 22, 2013

Dear Members of the Brazilian Congress:

The undersigned organizations, representing a wide array of industries from the global business community, are writing to express our concern regarding proposals before the Brazilian Congress to require data relating to the Brazilian operations of both domestic and international companies as well as Brazilian citizens to be stored in Brazil (“in-country data storage requirements”).

We appreciate and share Brazil’s commitment to promoting strong data security and privacy. Our companies are also committed to securing and protecting the information of all of our customers—including Brazilian citizens. We have concerns, however, that the approach being contemplated would have unintended repercussions on Brazil’s consumers, businesses, and economy.

In today’s global economy, Brazil relies on and benefits from the seamless flow of information into and out of the country. Global data flows are essential for Brazilian companies in all sectors—including small and medium sized businesses—to create innovative products and services, enhance productivity, compete in foreign markets, combat fraud, and create jobs. Brazilian consumers improve their lives through global data flows by conducting e-commerce, accessing online content, and building small businesses, which rely on the fast and frictionless movement of data across borders.

Global data flows rely on data centers dispersed all over the world. Thus, in-country data storage requirements would detrimentally impact all economic activity that depends on data flows. The Brazilian information and communications technology (ICT) sector is one of the top creators of jobs in Brazil, and it is competitive in large part due to global supply chains that utilize efficiencies of global networks and data flows. This sector provides services to many other non-tech industries that would be negatively impacted by proposed in-country data storage requirements that cut them off from global supply chains and the digital economy. Moreover, the experience of other countries has shown that these type of requirements lead to a significant decline in investment in the technology sector.

The unintended consequences embodied in in-country data storage requirements include:

- Decreased security:** Data security is not a function of where data are held but how they are maintained and protected. A focus on the physical location of data distracts from this reality and would leave data in Brazil potentially more insecure.
- Higher costs:** With these requirements, Brazil would be limiting its computational capacity overall and would not be leveraging economies of scale, thereby raising costs for end users who must pay for additional infrastructure.
- Decreased competitiveness:** Cut off from the most innovative and efficient cloud services and the strongest computing power around the world, Brazil risks being unable to develop its tech sector and being uncompetitive in the global economy. In addition, these in-country data storage requirements risk being emulated by neighboring countries, which would significantly frustrate Brazil’s aspiration to become a regional IT and data center hub for Latin America.
- Harm to consumers:** In-country data requirements would deny Brazil’s internet-savvy consumers access to cloud services available around the world that yield social, economic, and security benefits.

In-country data requirements threaten to harm Brazil’s competitive and global automotive, its manufacturing and service industries, like aerospace, oil and gas, financial services, retail, and healthcare

industries and also R&D operations. They also would undermine President Rousseff's stated goal of making Brazil a regional technology and innovation leader through the "Strategic Program of IT Software and Services" of the Brazilian Ministry of Science and Technology.

Given that in-country data requirements impact such a wide swath of the Brazilian economy, we respectfully urge the Brazilian Congress to carefully consider this proposal. We would welcome a collaborative discussion on how to meet your policy goals, while avoiding the broad negative economic impact on the Brazilian economy that in-country data requirements would entail.

Very truly yours,

AIMIA Digital Policy Group – Australia
American Chamber of Commerce Rio de Janeiro
Asia Cloud Computing Association
Asia Internet Coalition
Asociación Mexicana de Internet (AMIPCI)
Asociación Mexicana de la Industria de Tecnologías de Información (AMITI)
Asociación Peruana de Empresas de Computo (APECOMPUTO)
Associação Brasileira de Empresas de Software (ABES)
BITKOM - Germany
Brazil-U.S. Business Council (U.S. Section)
BSA | The Software Alliance
Cámara Argentina de Comercio Electrónico
Cámara de Servicios Corporativos de Alta Tecnología (CamSCAT)- Costa Rica
Cámara de Tecnologías de Información y Comunicación de Costa Rica (CAMTIC)
Cámara Nacional de la Industria Electrónica de Telecomunicaciones y Tecnologías de la Información (CANIETI) - Mexico
Cámara Panameña de Tecnologías de Información y Telecomunicaciones (CAPATEC)
Canadian Chamber of Commerce
Coalición Mexicana de Servicios (CMS)
Coalition of Services Industries (CSI)
DIGITALEUROPE
European Digital Media Association
E-Waste Association of South Africa
French Association of Internet Community Services (ASIC)
Information Technology Association of Canada
Information Technology Industry Council (ITI)
International Chamber of Commerce Chile
International Chamber of Commerce Finland
International Chamber of Commerce France
International Chamber of Commerce Mexico
International Chamber of Commerce Spain
International Chamber of Commerce United Kingdom
Japan Chamber of Commerce and Industry
Japan Electronics and Information Technology Industries Association
Japan Information Technology Industry Services Association
Latin America and Caribbean Federation for Internet and Electronic Commerce
National Association of Manufacturers

National Foreign Trade Council
Securities Industry and Financial Markets Association (SIFMA)
Software & Information Industry Association (SIIA)
TechAmerica
TechNet
Telecommunications Industry Association
The Internet Association
The National Association of Software and Services Companies (NASSCOM) - India
U.S. Chamber of Commerce
United States Council for International Business