



## EU and Japan conclude landmark deal on cross-border data flows at High-Level Economic Dialogue

Brussels, 28 October 2023

The EU and Japan have concluded, on the margins of the G7 Trade Ministerial in Osaka, a landmark deal to make doing business in the online world easier, less costly and more efficient. The agreement was concluded at the EU-Japan High-Level Economic Dialogue (HLED), co-chaired by European Commission Executive Vice-President, Valdis **Dombrovskis**, Japanese Minister of Economy, Trade and Industry, Nishimura Yasutoshi, and Japanese Minister of Foreign Affairs Yōko Kamikawa.

The EU and Japan are both among the world's largest digital economies. This deal is a milestone in our joint efforts to advance the digitalisation of our societies and economies. Cross-border data flows are a crucial enabler to this development. Once ratified, the agreed provisions will be included in the EU-Japan Economic Partnership Agreement (EPA). They lay the foundation for a common approach on digital trade, sending a strong message against digital protectionism and arbitrary restrictions. They are also consistent with the EU digital agenda and EU privacy rules, and deliver on the digital trade agenda of the EU's Indo-Pacific Strategy. Similar negotiations with Korea and Singapore are due to follow.

Today's agreement will deliver real benefits to companies active across most sectors, from financial services, transport, machinery to e-commerce. It will enable them to handle data efficiently without cumbersome administrative or storage requirements, and provide them with a predictable legal environment in which to prosper. An important element of the deal is the removal of costly data localisation requirements, an unnecessary burden for European and Japanese businesses. This matters as it will ensure companies are not required to physically store their data locally. This would not only entail additional costs and complexities, as businesses might have to build and maintain data storage facilities in multiple places and duplicate the data they use, with a negative impact on their competitiveness, but could also undermine the security of such data.

During the HLED, the EU and Japan also reiterated their commitment to the rules-based international trading system and determination to shape global data flow rules that respect our values and regulatory approaches.

### Background

In October 2022, the EU and Japan decided to start the negotiations to include rules on cross-border data flows in their EPA.

The EU aims at including modern rules on digital trade on its agreements with trade partners. The EU-New Zealand trade agreement and the EU-UK Trade and Cooperation Agreement both include similar rules.

Moreover, the EU has started negotiations on a digital trade agreement with Singapore and will soon do so with South Korea.

The data economy is growing fast in the EU. The value of the EU-27 data economy<sup>[1]</sup> was estimated at €325 billion in 2019, representing 2.6% of gross domestic product (GDP) and it is expected to almost triple by 2025 reaching about €830 billion, 5.8% of the overall EU GDP.<sup>[2]</sup> For Japan the data economy was estimated to represent 1.2% of GDP in 2019.

### For More Information

[EU-Japan Economic Partnership Agreement](#)

[EU-Japan negotiations on cross-border data flows](#)

[More on EU and digital trade](#)

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<sup>[1]</sup> The Data Economy measures the overall impacts of the Data Market on the economy as a whole.

It involves the generation, collection, storage, processing, distribution, analysis elaboration, delivery, and exploitation of data enabled by digital technologies. The Data Economy includes the direct, indirect, and induced effects of the Data Market on the economy. The Data Market is the marketplace where digital data is exchanged as "products" or "services" as a result of the elaboration of raw data.

[\[2\] European Data Market study 2015-2020](#)

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Quotes:

This deal marks a major step forward in terms of boosting the growth of the digital economy. Data is a vital cog of today's businesses and supply chains. It is the lifeline of many sectors, enabling them to thrive and bring our economies into the digital era. In the EU only, data economy represented 2.6% of our GDP in 2019, and it is expected to almost triple by 2025. That is why this is a landmark deal; it is essential to ensure the free flow of data with trust and to help us shaping global rules on data flows. Today, we are setting high standards for the future development of our economies and societies.  
Valdis Dombrovskis, Executive Vice-President and Commissioner for Trade - 28/10/2023

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