

APEC CROSS-BORDER PRIVACY RULES (APEC CBPR)

What is APEC Cross-Border Privacy Rules (APEC CBPR)?

APEC CBPR

The APEC CBPR system is a **voluntary certification mechanism** that allows certified companies to transfer personal data (inter- and intra- company) in a safe manner across APEC economies.

vs

GDPR

The *General Data Protection Regulation* (GDPR) is mandatory for all companies established in the European Union (EU) and European Economic Area (EEA), and others which provide goods and services to EU and EEA residents.

Where does it apply?

The system applies to APEC economies taking part in the initiative. There are currently eight (8) participating economies: **USA, Mexico, Japan, Canada, Singapore, Republic of Korea, Australia, and Chinese Taipei.**



Why is APEC CBPR important for business?



BALANCE BETWEEN PROTECTION AND FREE MOVEMENT OF DATA

Personal data and its free movement is the foundation of digital innovation and economic growth in the coming years. Creating trust online and in other digital activities is crucial to ensure that opportunities from the information economy can be fully leveraged. With large volumes of data and information now transmitted online, this also facilitates undesirable activities such as cybercrime. Hence, policymakers and regulators must strike a healthy balance between privacy and security of information and free movement of data.



FLEXIBILITY WHILE ENSURING PROTECTION

APEC CBPR is helpful especially for SMEs and for businesses where data protection has only become a recent issue as this provides a roadmap for companies to set their own internal rules and procedures that meet the system's standards for data protection. Thus, it gives businesses the flexibility to design company policies that meet their own needs while ensuring adequate data protection across international markets.



LOWER COMPLIANCE COSTS

APEC CBPR provides a baseline level of privacy protection applicable to participating APEC economies. This reduces the need to navigate the domestic privacy regulations of other economies, leading to lower compliance costs.



PROMOTES INTEROPERABILITY

The APEC CBPR system allows economies to meet the standards of modern-day trade negotiations, where digital interoperability is becoming a given requirement⁷.

- The current *United States-Canada-Mexico Agreement* recognizes APEC CBPR as a “valid mechanism to facilitate cross-border information transfers while protecting personal information”.
- The *Comprehensive and Progressive Agreement for the Trans-Pacific Partnership* (CPTPP) indicates that its parties – which are all APEC economies – “should encourage the development of mechanisms to promote compatibility between these different regimes [to protect personal information]”.

How do companies become certified?

Once the Philippines formally joins CBPR, it needs to establish the certification mechanism most appropriate to domestic context, which includes selecting Accountability Agents who will certify companies.

The APEC CBPR certification mechanism consists of (1) self-assessment and submission of relevant documents, (2) compliance review by Accountability Agents, (3) recognition and acceptance, and (4) compliance and enforcement by Accountability Agents and the Privacy Enforcement Authority (which is the National Privacy Commission for the Philippines).



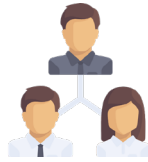
SELF-ASSESSMENT



COMPLIANCE REVIEW



RECOGNITION & ACCEPTANCE



COMPLIANCE & ENFORCEMENT



When does it take effect for the Philippines?

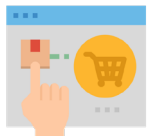
The Philippines formally expressed its intent to join the system in August 2019. Once recognized as part of the system, the Philippines will need to have Accountability Agents who will certify companies who are compliant with APEC CBPR.

As the momentum for APEC CBPR continues to grow, getting in relatively early gives the Philippines time to learn the process and refine its strategy.

Who benefits from adopting the system?

Sectors whose key activities include handling of personal information stand to benefit from complying with APEC CBPR principles. These are also helpful especially for SMEs and companies where personal data protection has only been a current issue, and businesses that seek to enter other foreign markets.

Key examples include:



E-commerce:

- There are 79 million active Filipino internet users¹ as of 2019. Currently, there are 42 million online shoppers, which are estimated to grow to 54 million by 2022.
- 44 million monthly visits have been recorded top five (5) online marketplaces such as Lazada, Shopee, Zalora, e-Bay and Argomall² recorded in second quarter of 2019.
- Philippine e-commerce revenue reached USD840 million or P44 trillion in 2018, and is expected to grow to USD996 million or P53 trillion in 2019.³



Financial and fintech

- In 2018, over P5 billion was invested in our country's fintech sector⁴. With almost 46 million users and transaction value of USD 5 billion two (2) years ago, the digital payments segment under fintech is projected to have 54 million users and transaction value of almost USD12 billion by 2023⁵.



IT-BPM

- Business processing outsourcing sector is generating \$25.5 billion per year and employs approx. 1.4 million people⁶. According to the International Association of Privacy Professionals, the country has a growing and important business process management and health information technology industry, which is listed as one of the high-value services subsectors the Philippines should move up to according to IBPAP's (IT and Business Process Association of the Philippines) roadmap to 2022.

References

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² <https://www.eshopworld.com/blog/philippines-ecommerce-insights-2018/>

³ <https://www.statista.com/outlook/243/123/ecommerce/philippines>; <https://cnnphilippines.com/business/2019/01/04/philippine-e-commerce-2019.html>

⁴ <https://www.bworldonline.com/banks-and-fintech-the-next-step/>

⁵ <https://statista.com/outlook/295/123/fintech/philippines#market-revenue>

⁶ https://www.brookings.edu/wp-content/uploads/2018/03/digital-economy_meltzer_lovelock_web.pdf

⁷ https://www.crowell.com/files/20181001-Benefits-of-CBPR-System%20Guide_Oct%202018_final.pdf



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