

Adequacy club: legal pathways for cooperation amid trade tensions

Bank of Italy, Roundtable on The Digital Economy Amid Rising International Tensions, October 2025

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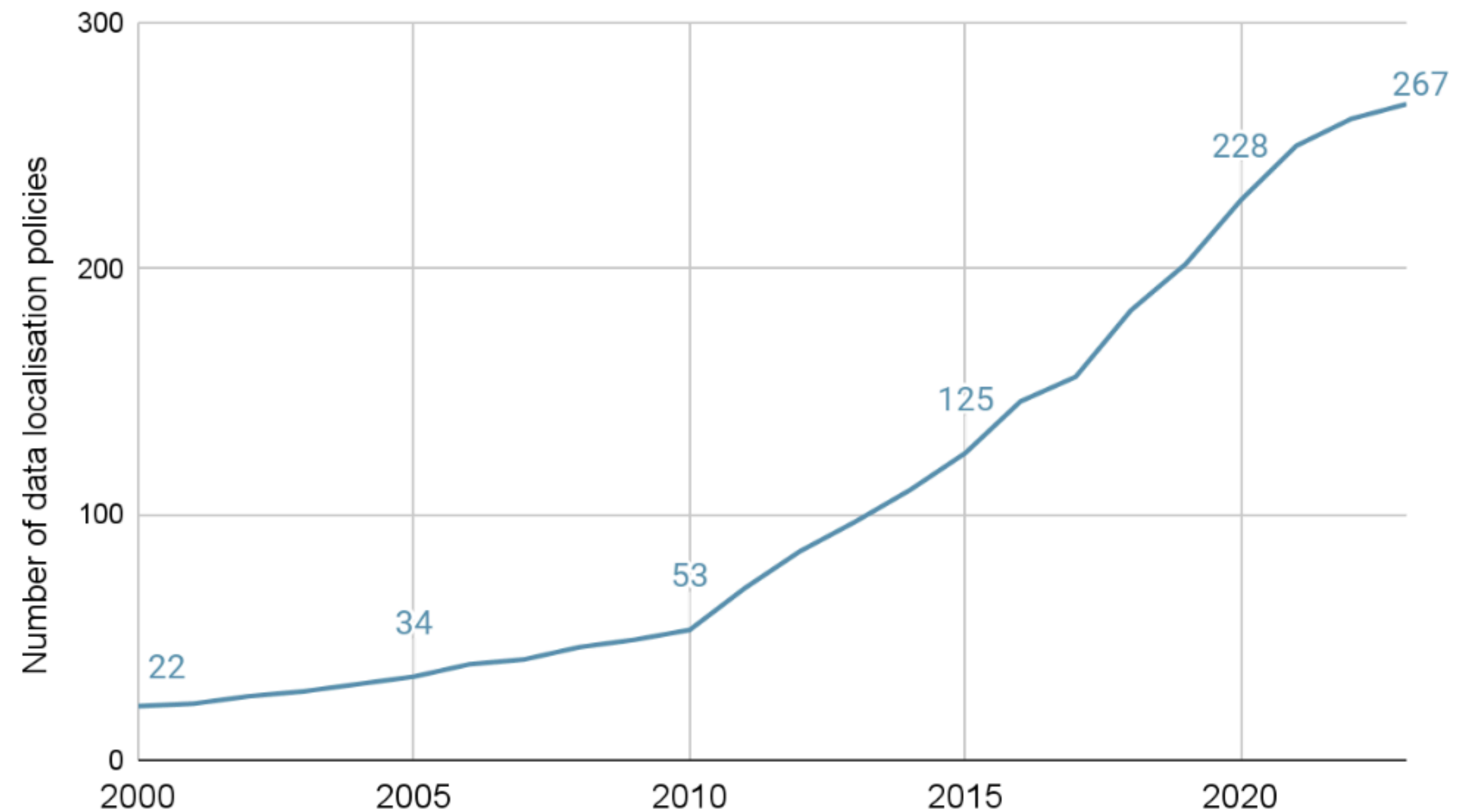
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Data flows restrictions keep raising

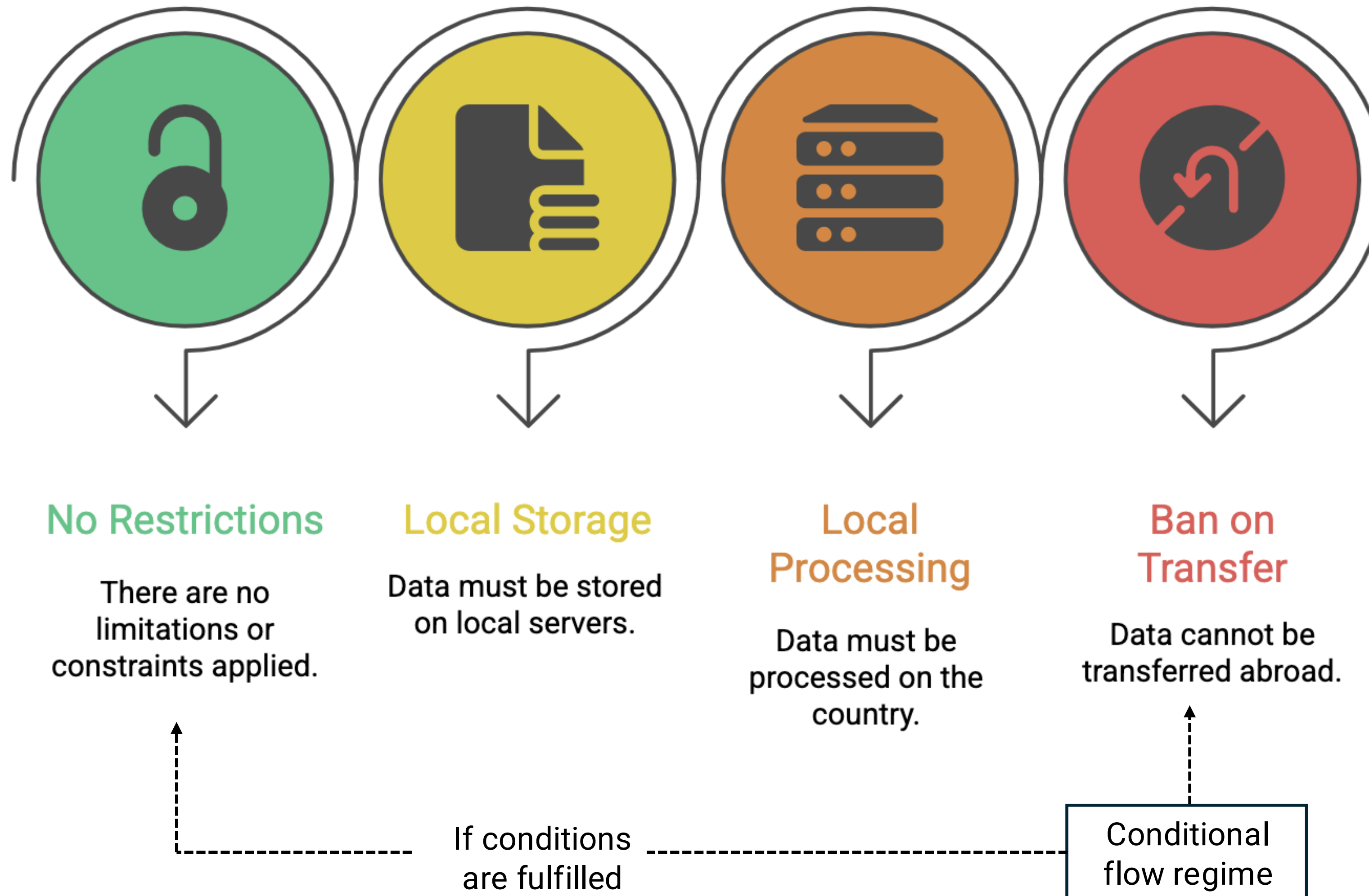
- There are at least 267 data localisation measures implemented across 150 countries.
- 20 of the countries in our sample do not regulate the cross-border transfer of data.

Figure 1: Global data localisation measures growth (2000-2023)



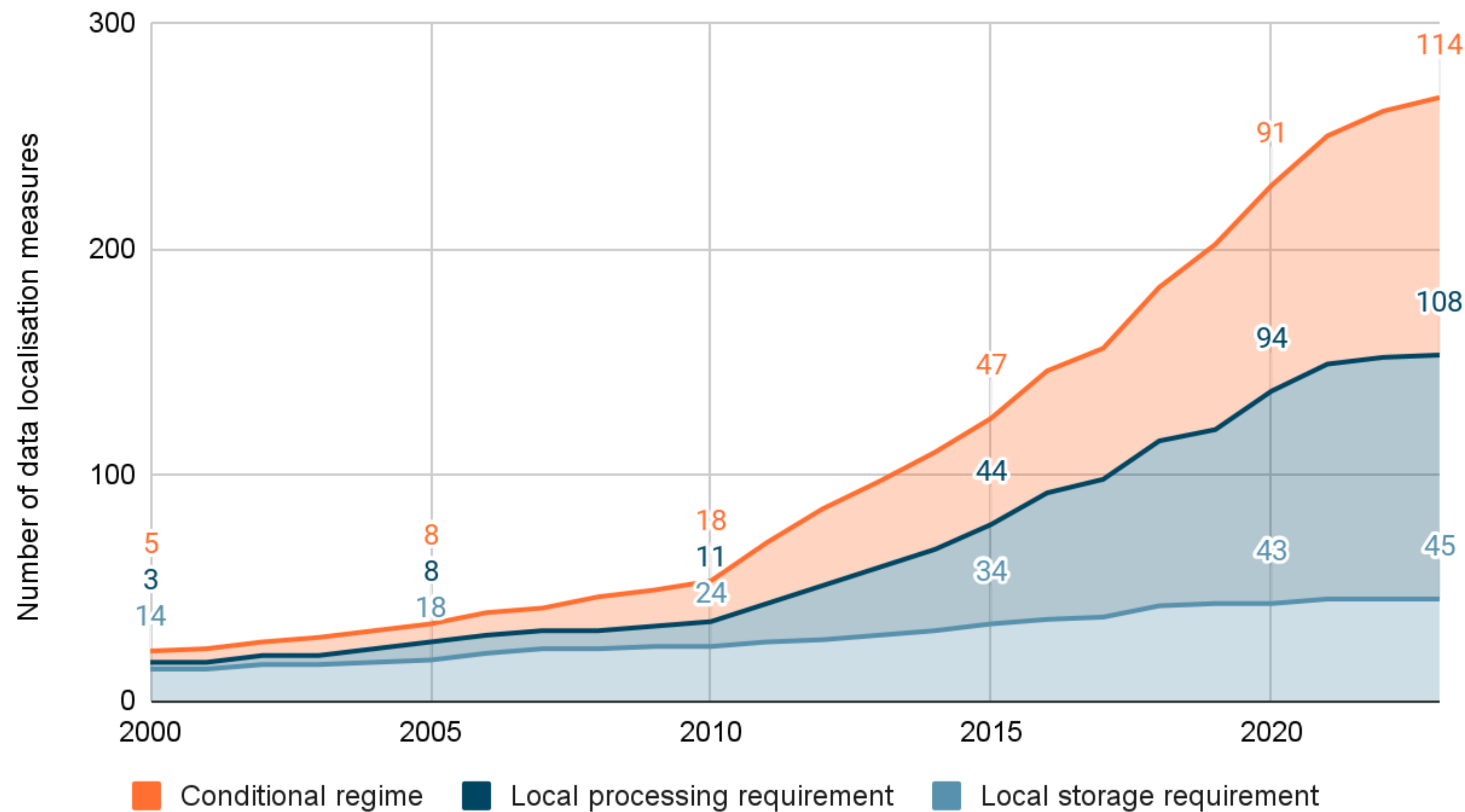
Source: DTI database.

Types of restrictions to cross-border data flows



Source: Ferracane (2017).

Conditional regimes are the most common but also an increasing number of local processing requirements



- Local storage requirements: a copy of data to be retained in the country
- Local processing: data processing to take place in the country (very diverse types of restrictions)
- Conditional regime: conditions to be fulfilled (including ex-post)

Source: DTI database.

Conditional regimes often take inspiration from the GDPR

- A phenomenon referred to as 'unilateral regulatory globalisation' but actually it is often rather a process of learning and selective incorporation (Ferracane et al, 2025; Gasser et al., 2025; Schwartz, 2019).
- Art. 44: Any transfer of personal data which are undergoing processing or are intended for processing after transfer to a third country or to an international organisation shall take place only if (...) the conditions laid down in this Chapter are complied with by the controller and processor, (...).
- Arts 45-50:
 - **Adequacy** of the recipient country;
 - **Appropriate safeguards**: mainly binding corporate rules and standard contract clauses;
 - **Specific derogations** (mainly explicit consent).

(Main) EU adequacy decisions

Country / Territory	Year	Note
Switzerland	2000	
US - Safe Harbor	2000	Repealed in 2015
Canada	2002	Only commercial organisations
Guernsey	2003	
Argentina	2003	
Isle of Man	2004	
Jersey	2008	
Andorra	2010	
Faroe Islands	2010	
Israel	2011	
Uruguay	2012	
New Zealand	2013	
US - Privacy Shield	2016	Repealed in 2020
United Kingdom	2021	
Japan	2019	Entities subject to APPI
Republic of Korea	2021	Entities subject to PIPA
US - Data Privacy Framework	2023	

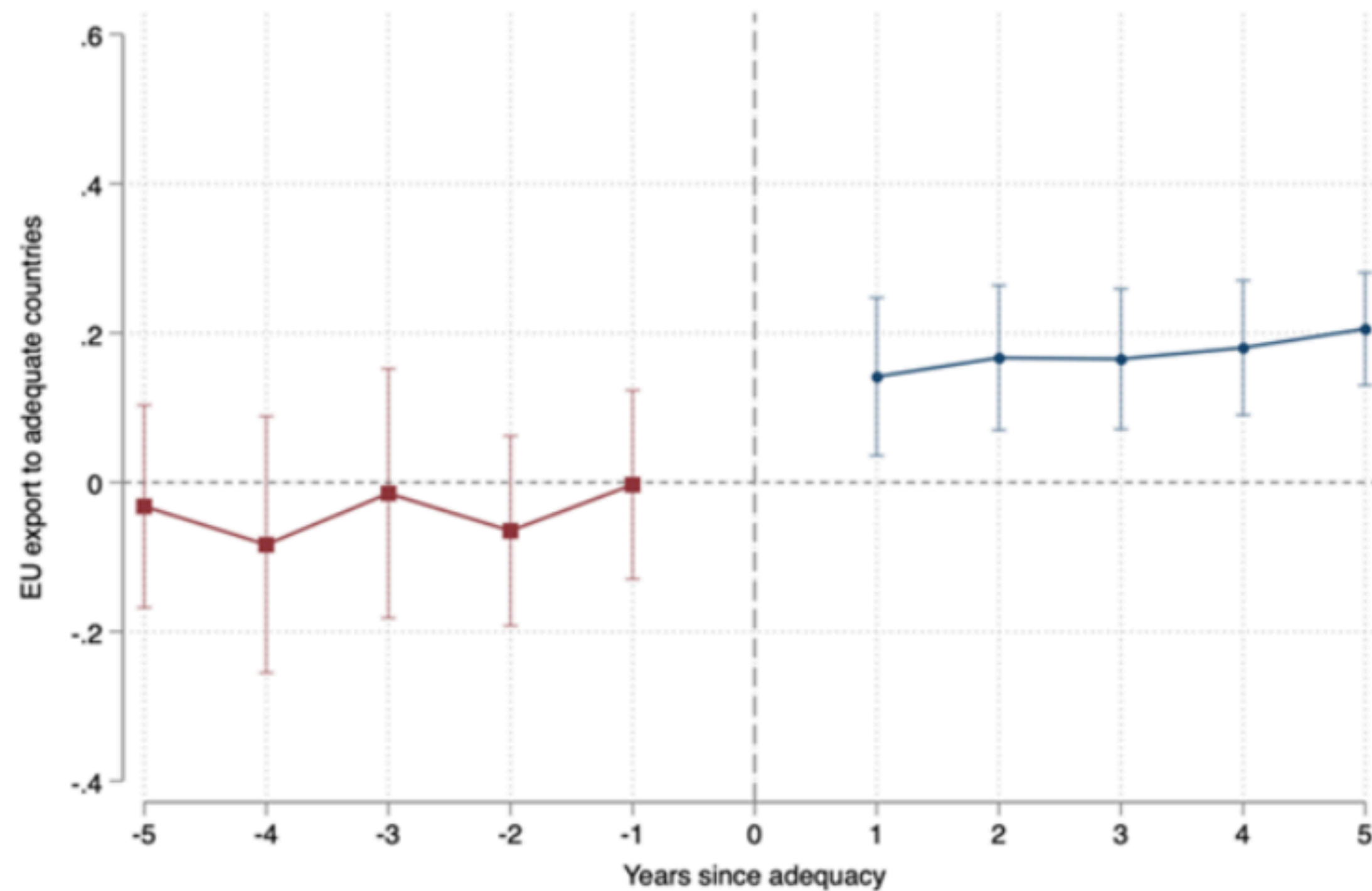
- Usually apply to all transfers of personal data;
- For the US: adequacy of the mechanisms with a process of self-certification;
- Recently only apply to organisations subject to the general data protection framework;
- Recently also agreed with the European Patent Organization.

Adequacy decisions are political in nature

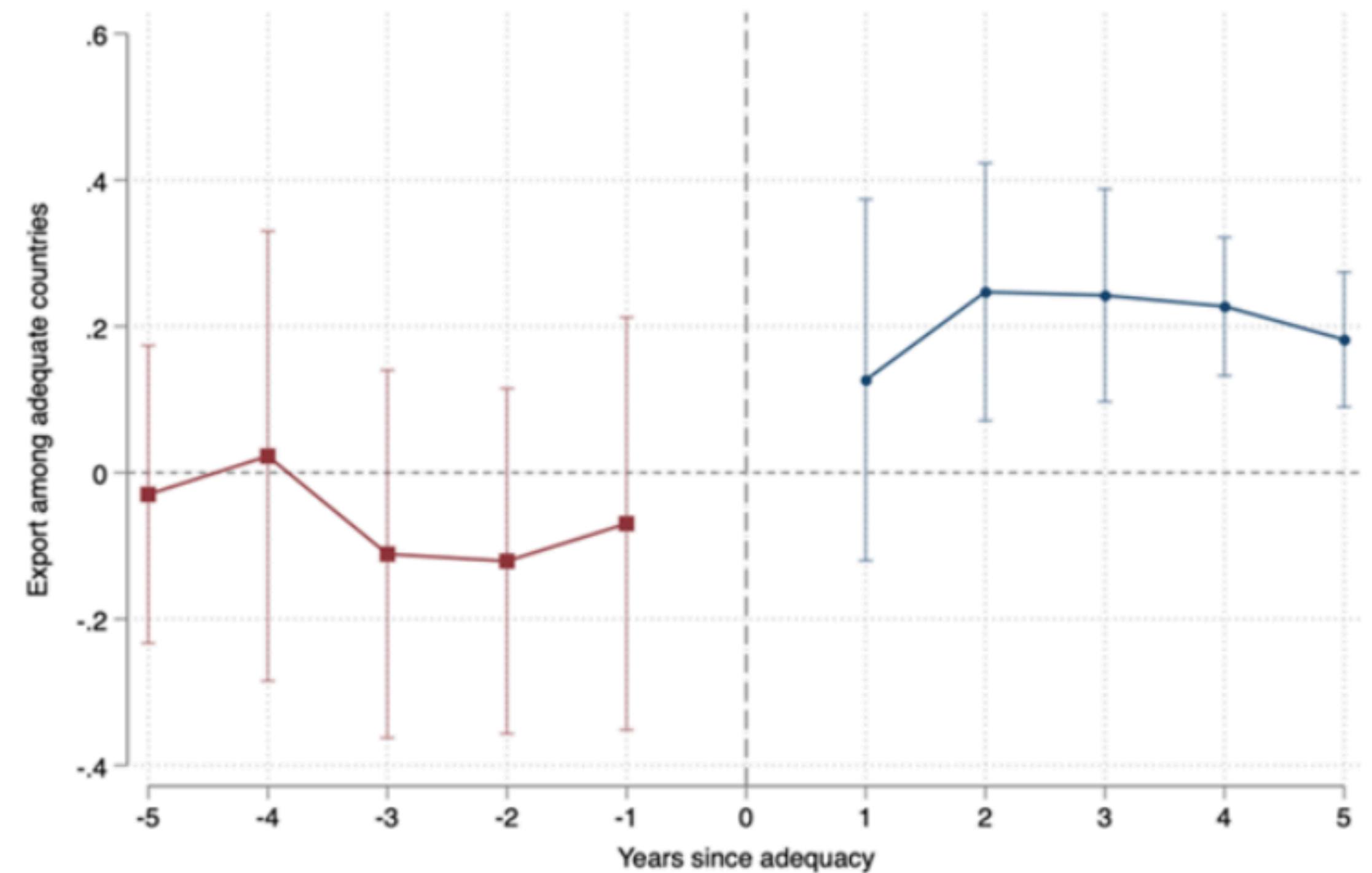
- Usually, a country approaches the EC to request discussions to be opened.
- The process usually takes a few years.
- The process is not transparent, and deliberations are usually not made public (Kuner, 2020).
- Key criteria in the assessment (EC, 2017) include:
 - Commercial relations;
 - Extent of data from the EU;
 - Role in the field of privacy;
 - Overall political relationship.

Yet, they have a significant effect on trade.

EU exports to countries with adequacy

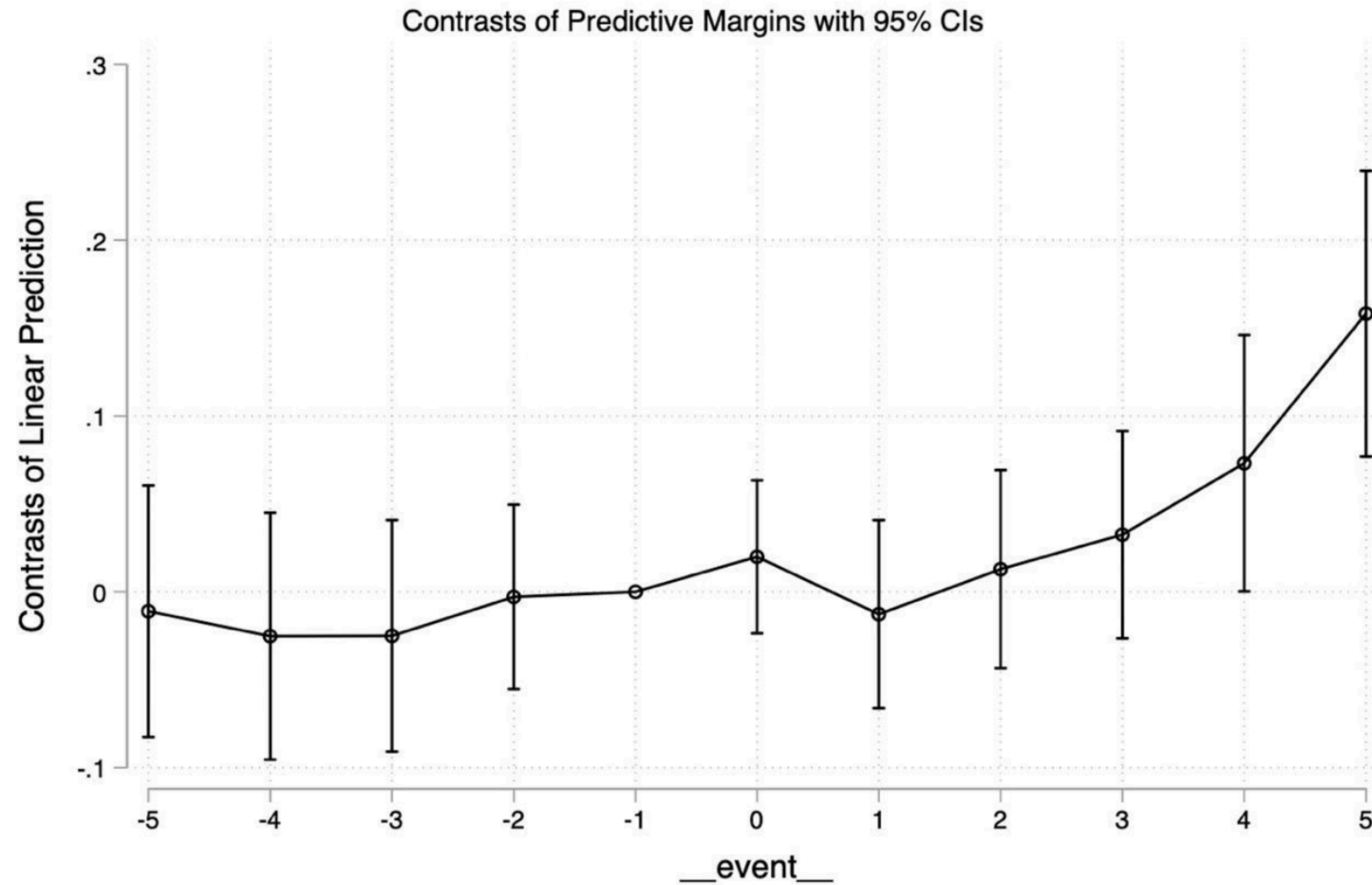


Exports among countries with adequacy



Source: Ferracane, Hoekman, Santi and van der Marel (2025).

The effect grows over time.



Source: Ferracane, Hoekman, Shepherd and Shingal (forthcoming).

There is clear evidence of a club effect.

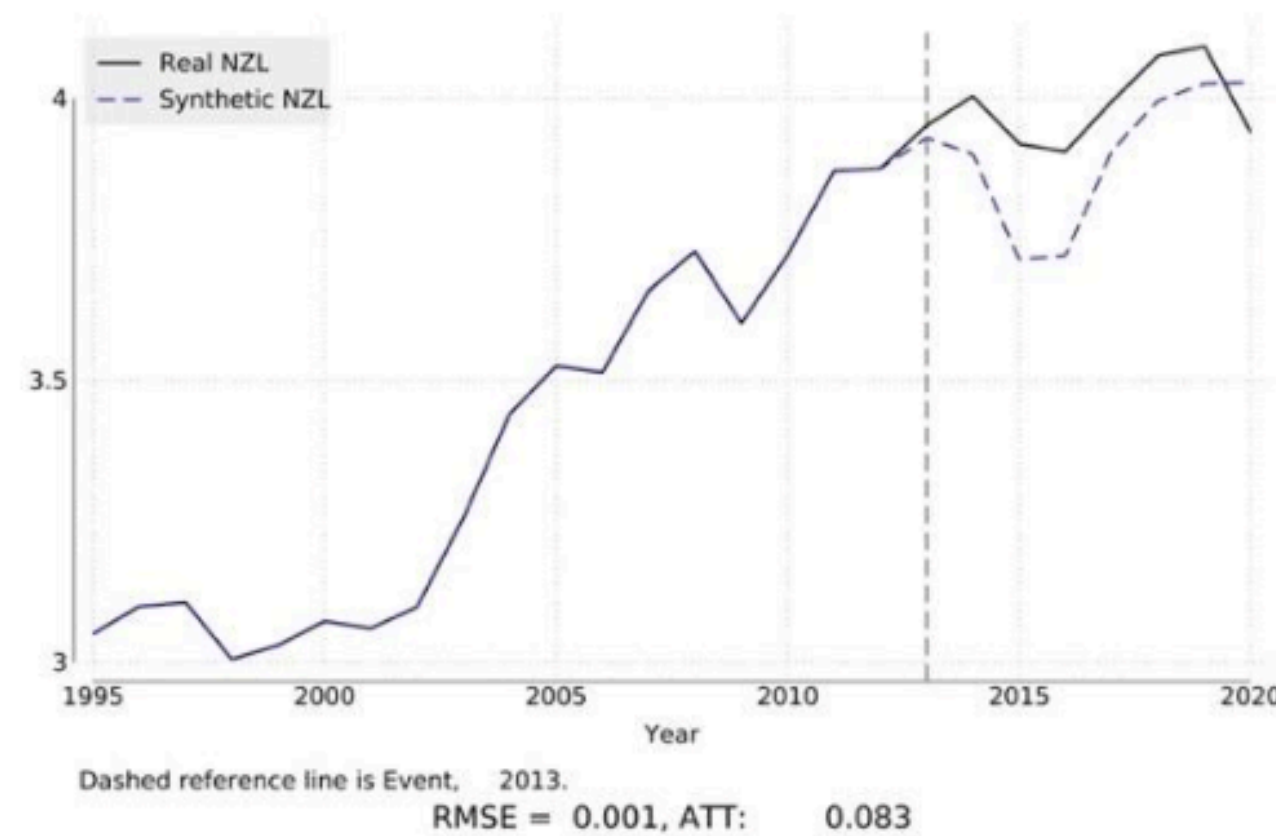
- Adequacy is positively associated with digital trade across all specifications (8-9% average increase);
- Evidence of the effect of plurilateralization of adequacy (club effect).

Adequacy agreement	Year	EEA relevance	Note
EU - Switzerland	2000	Yes	
EU - United States (Safe Harbor)	2000	Yes	Till 2014 (repealed in 2015)
EU - Canada	2002	No	20 Dec 2001
EU - Argentina	2003	Yes	
EU - Guernsey	2003	Yes	
EU - Isle of Man	2004	Yes	
EU - Jersey	2008	Yes	
EU - Andorra	2010	Yes	
EU - Faroe Islands	2010	Yes	
EU - Israel	2011	Yes	
EU - Uruguay	2012	Yes	
EU - New Zealand	2013	Yes	19 Dec 2012
EU - United States (Privacy Shield)	2016	Yes	Till 2019 (repealed in 2020)
EU - Japan	2019	Yes	
EU - UK	2021	Yes	
EU - South Korea	2021	Yes	
EU – United States (Data Privacy Framework)	2023	Yes	

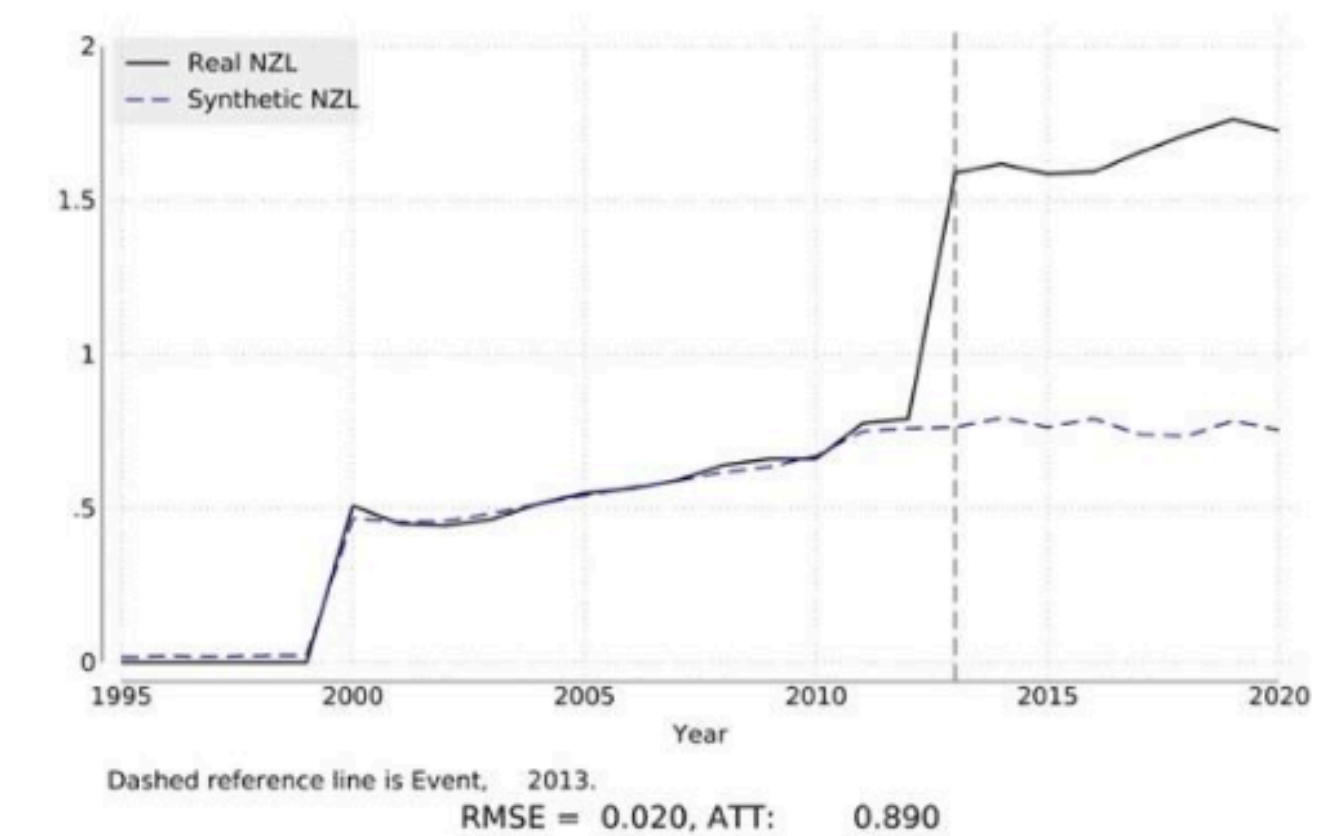
The effect is heterogeneous across countries: New Zealand

- For New Zealand, trade appears to grow with all adequate countries.

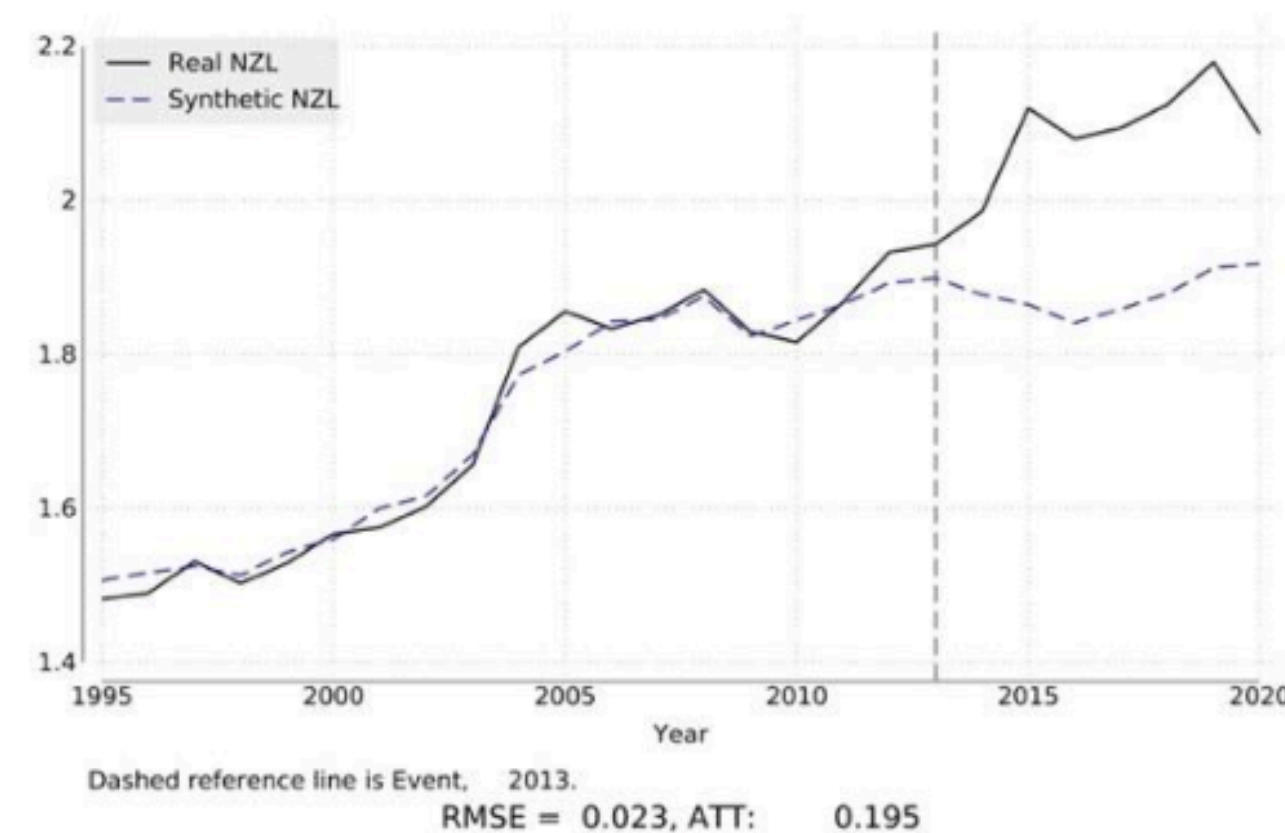
A: Total digital trade



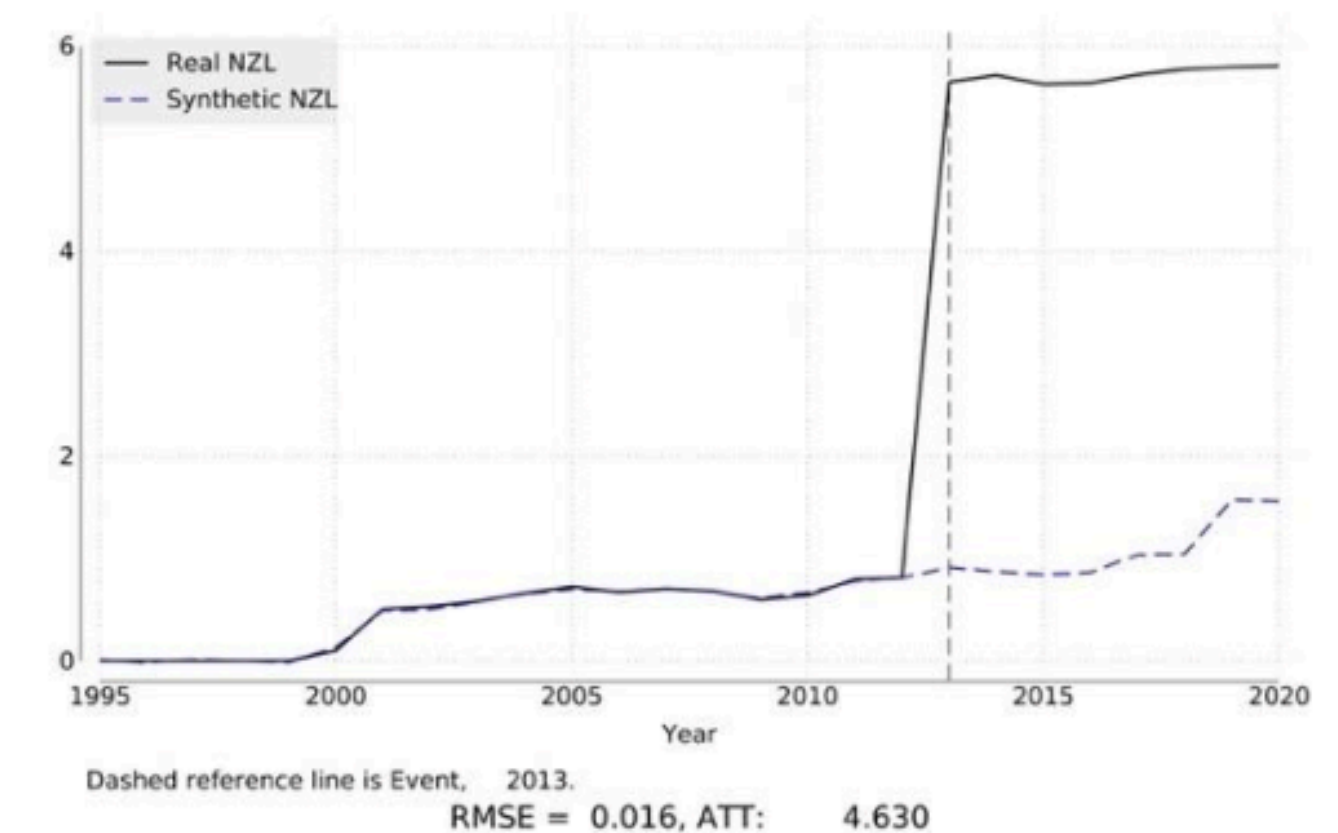
B: Digital trade with adequate countries



C: Digital trade with the US



D: Digital trade with adequate (excl. the US)

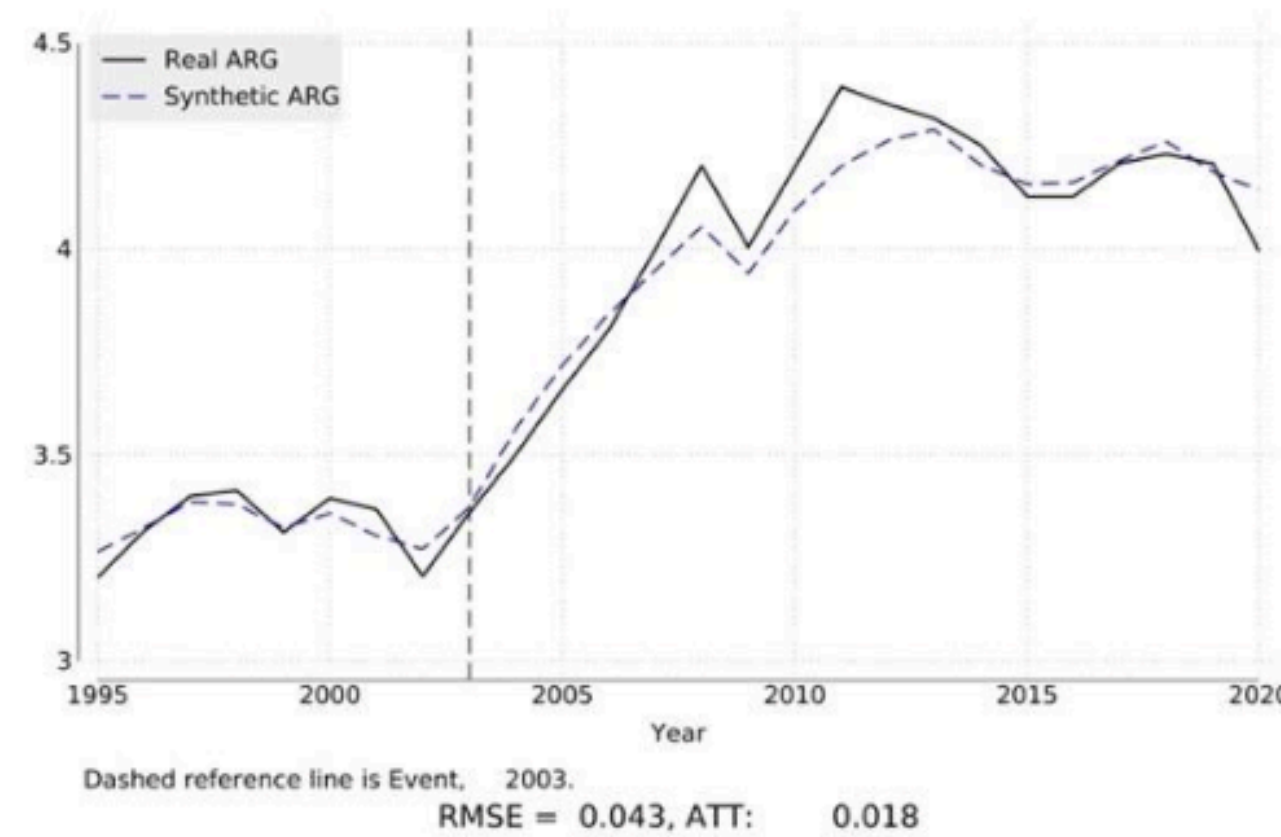


The effect is heterogeneous across countries:

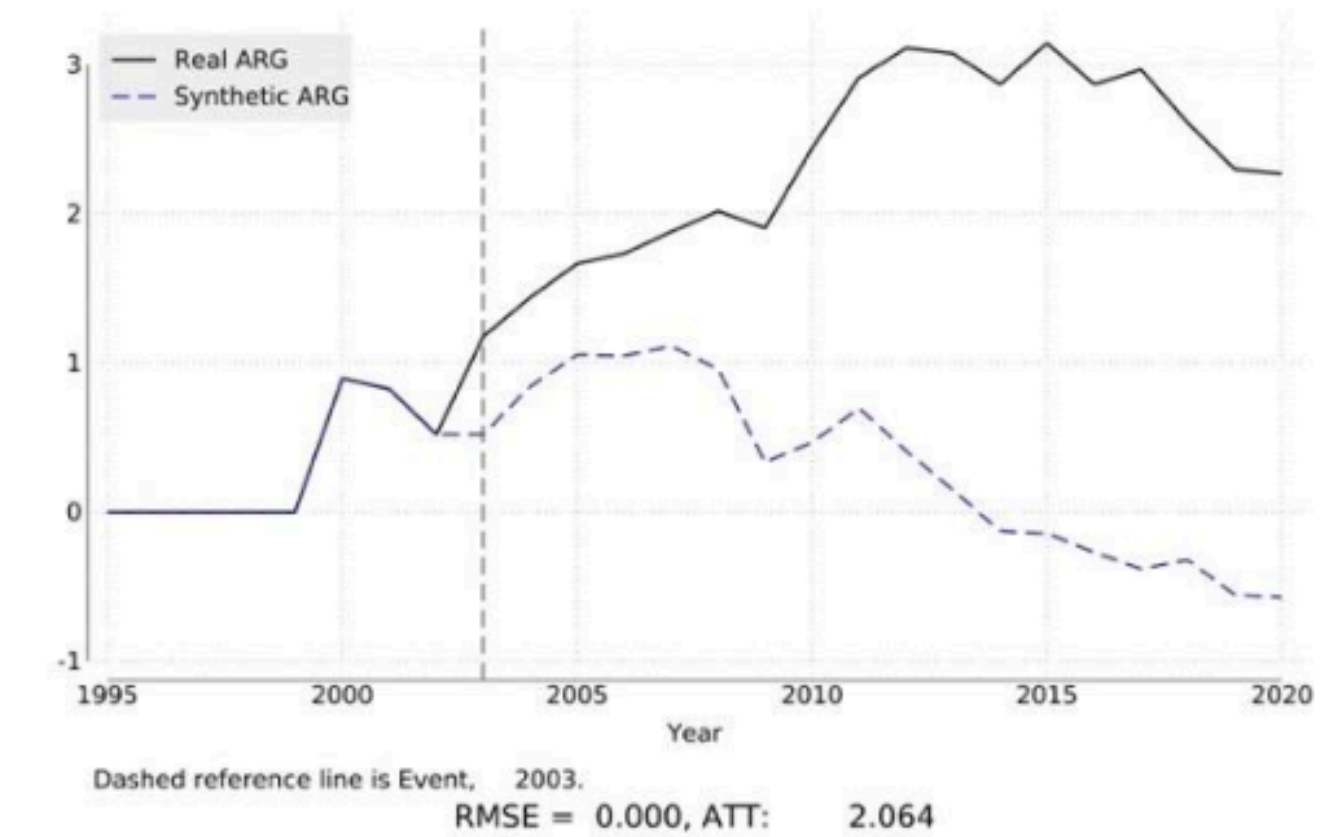
Argentina

- For Argentina, we estimated an increase in trade in services up to 28%.
- NB: Argentina did not grant adequacy to the US.

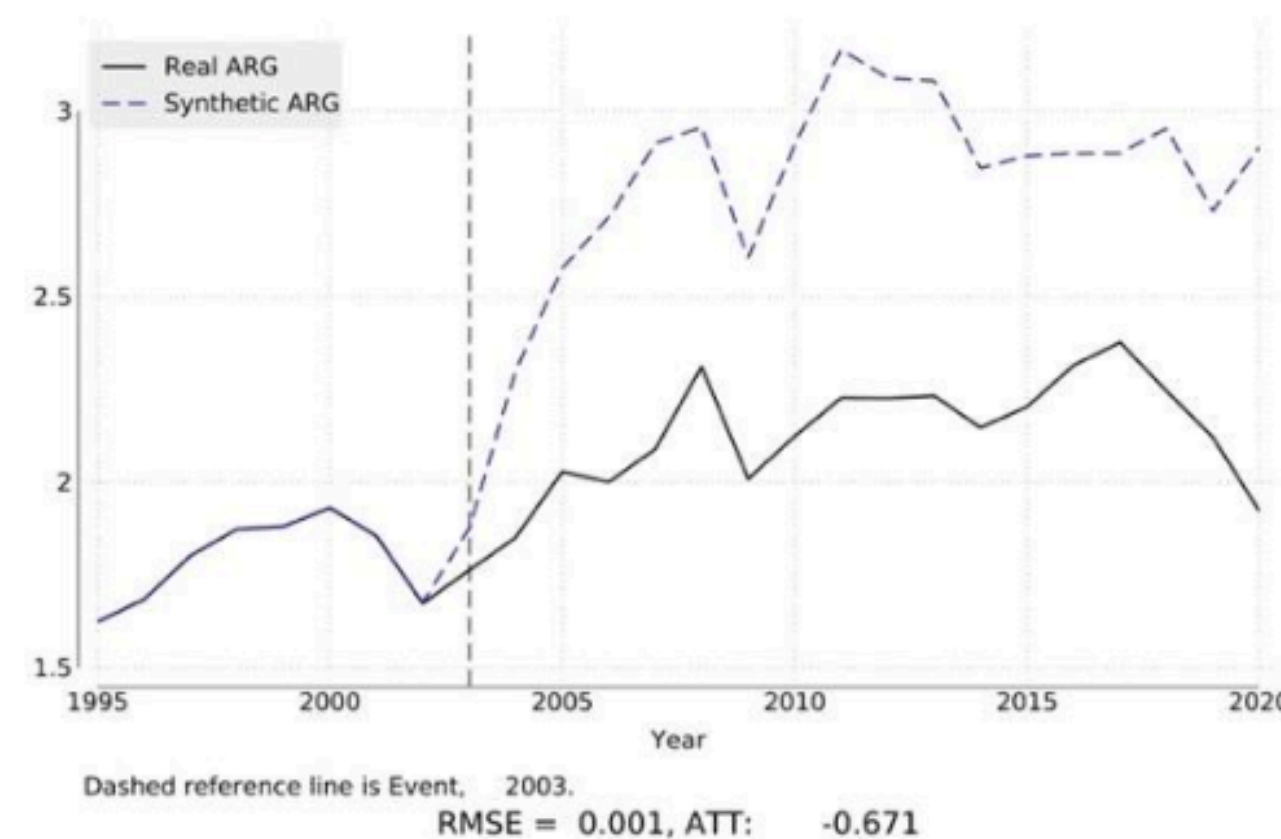
A: Total digital trade



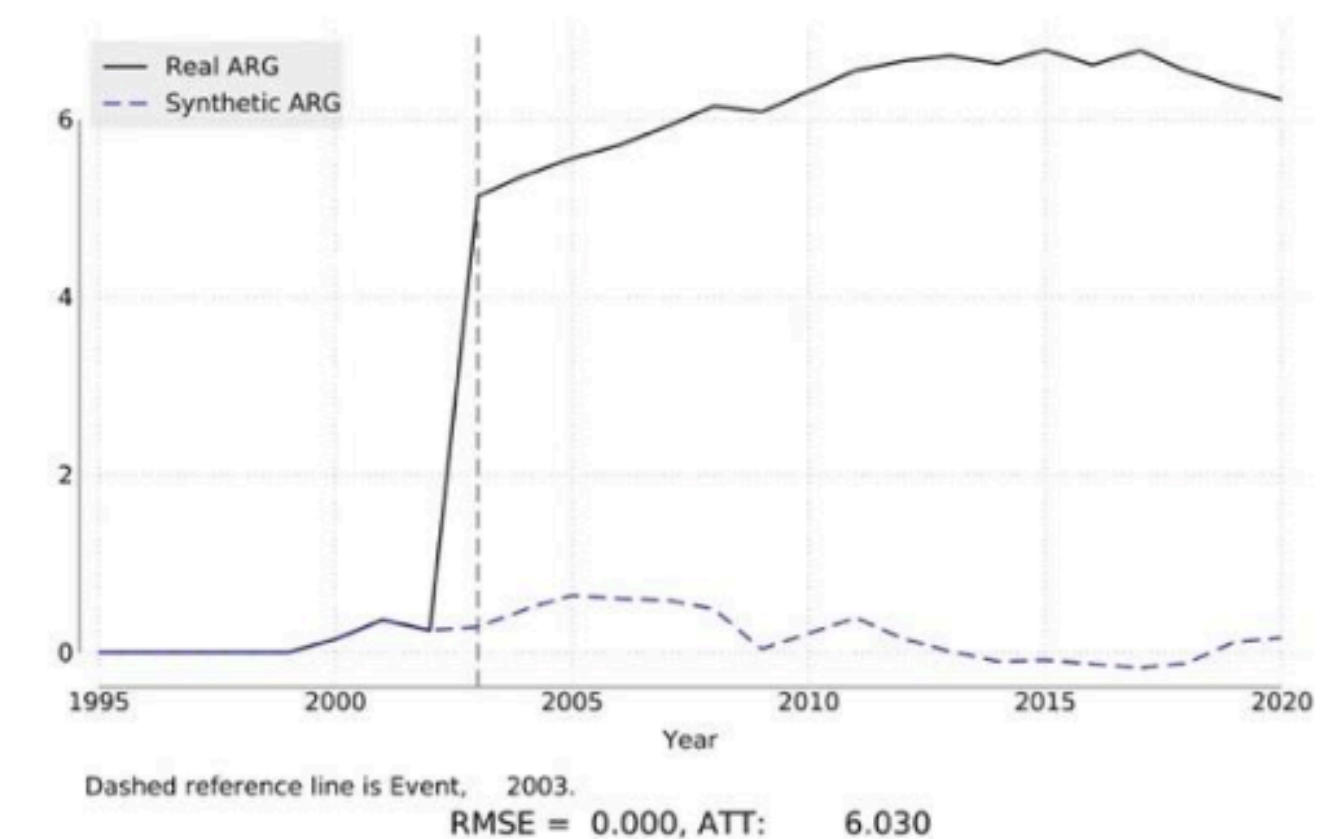
B: Digital trade with adequate countries



C: Digital trade with the US



D: Digital trade with adequate (excl. the US)



Can adequacy decisions become a mechanisms for international cooperation?

- Recent decisions have been 'mutual' (the latest example is **Brazil**)
- These decisions have evolved into a **platform for sustained international cooperation** and regulatory alignment in the field of data protection through formal and informal cooperation (review process every 4 years, Council of Europe, seminars, EU-LAC digital alliance...) (Ferracane *et al*, 2025).
- Yet, the process remains deeply political and non-transparent.

Open questions

- What are the political and economic implications of the **diffusion** of GDPR-like provisions across the globe?
- Can these provisions become a tool to **strengthen political relations**? If so, what are the implications?
- How can the process become more **transparent, open, and less discriminatory**?
- Is there scope for **plurilateral agreements** that provide for automaticity and reciprocity?
- How do adequacy decisions relate to commitments on data flows in **FTAs and DEAs**?

To sum up

- Restrictions on data flows keep rising across the globe.
- Conditional regimes (similar to GDPR) are becoming very common while strict local processing policies are on the rise.
- Adequacy decisions are political in nature, but they have significant implications for trade.
- The mechanisms and effects of policy diffusion of adequacy remain understudied.
- Several open questions remain as to whether adequacy decisions can become a mechanism for international cooperation.

Thank you.

Main references:

- Ferracane, M.F., B. Hoekman, F. Santi, & E. Van der Marel (2025), “Digital Trade, Data Protection and EU Adequacy Decisions”, *Economica*, forthcoming.
- Ferracane, M.F., B. Hoekman, B. Shepherd, & A. Shingal (2025), “International Regulatory Cooperation and Services Trade: Argentina and Uruguay Adequacy Decisions on Data Protection”, AIDB.

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References

- Ferracane, M. F., Gonzalez Ugarte, S. & Rogaler, T. (Eds.), (2025), Digital Trade Integration Database, European University Institute et al.
- Ferracane, M.F. & Van der Marel, E. (2024), "Governing personal data and trade in digital services", Special Issue Paper, Review of International Economics, March 2024, <https://doi.org/10.1111/roie.12735>.
- Ferracane, M.F., B. Hoekman, F. Santi, & E. Van der Marel (2025), "Digital Trade, Data Protection and EU Adequacy Decisions", *Economica*, forthcoming.
- Ferracane, M.F., B. Hoekman, B. Shepherd, & A. Shingal (2025), "International Regulatory Cooperation and Services Trade: Argentina and Uruguay Adequacy Decisions on Data Protection", AIDB.
- Ferracane, M. F., González Ugarte, S., & van der Marel, E. (2025), "The Brussels effect in Africa: is it beneficial for intra-regional trade in digital services?", *Journal of International Economic Law*, 28(1), 1-22.
- Gasser, U. et al (2025), Inverting the Brussels Effect: What the EU Can Learn from Latin America in Digital Governance, <https://tumthinktank.de/en/output/inverting-the-brussels-effect-what-the-eu-can-learn-from-latin-america-in-digital-governance/#about>

Digital Trade Integration Database

Browse Database

Country

ALGERIA

Second country

None

Pillar

All

Restrictions or enabling measures

Only enabling measures

Subpillar

All

Reset all

Search

Export search results in CSV

ALGERIA

Enabling measure

Since February 2009

Pillar Online sales and transactions | **Sub-pillar** Framework for consumer protection applicable to online commerce

Law No. 09-03 of 29 Safar 1430 corresponding to February 25, 2009 relating to consumer protection and the repression of fraud (Loi No. 09-03 du 29 Safar 1430 correspondant au 25 Fevrier 2009 relative à la protection du consommateur et à la répression des fraudes)

Law No. 09-03 of 29 Safar 1430 corresponding to February 25, 2009, relating to consumer protection and the repression of fraud provides a comprehensive consumer protection framework that applies to online transactions. This Act repeals and replaces Law 89-02 of 7 February 1989 (published in the Official Journal (Journal Officiel) (JO.) No 06 of February 8, 1989) on the general rules of consumer protection.

Coverage E-commerce sector

Sources

- <https://www.joradp.dz/FTP/jo-francais/2009/F2009015.pdf>
- <https://unctad.org/page/cyberlaw-tracker-country-detail?country=dz>