

**Opening Statement of the Honorable Greg Walden
Subcommittee on Commerce, Manufacturing, and Trade and
Communications and Technology
Hearing on “Examining the EU Safe Harbor Decision and
Impacts for Transatlantic Data Flows”
November 3, 2015**

(As Prepared for Delivery)

The borderless nature of the Internet is an important force driving economic success and innovation. For Internet-based companies, the value of the free flow of digital data between the EU and the US is obvious. But analysts have also pointed out that up to 75 percent of the value added by transnational data flows on the Internet goes to “traditional” industries, especially via increases in global growth, productivity, and employment. Communications and technology underpin every sector of the global economy – from precision farming to sensor-monitored shipping, from Facebook to McDonald’s, from footwear manufacturers to custom furniture makers. These networks are the infrastructure of the 21st century economy and the free flow of information is critical to making that infrastructure work.

The free flow of information has especially benefited small and medium-sized enterprises by opening markets on both sides of the Atlantic that were previously inaccessible. These are the businesses that gained new consumers simply by virtue of the nearly costless ability to find new suppliers, strike quicker agreements, or access new markets. These are the businesses that will suffer the greatest harm and bear the greatest risk if we are not able to come to a new Safe Harbor framework. The Safe Harbor cut down on the cost of compliance with the various state privacy regulations in the European Union. Without the shelter of a Safe Harbor, these businesses have the choice of operating at increased risk, paying expensive costs to lower that risk, or simply stopping the flow of information altogether – that is, stopping business altogether.

The Department of Commerce estimates that in 2013, 60 percent of the 4,000-plus participants in the Safe Harbor framework were small or medium-sized enterprises, spanning 102 different industry sectors. A break in the flow of data has the potential to cause real impacts to the economies on both sides of the proverbial pond. I am encouraged to hear that the negotiators on Safe Harbor 2.0 have reached an “agreement in principle,” and I cannot emphasize enough how important it is to reach a new and firm agreement before the grace period elapses in January.

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