Good morning, ladies and gentlemen, and distinguished panelists.

I find double pleasure in being here with you this morning. First, to be in this warm and cosmopolitan city of Quebec. Second, to have the opportunity to discuss a subject of vital concern to all of us....transborder data flow and the restrictions being placed on it.

My colleagues on this morning's panel will concentrate on four different aspects of the issue.
With us today are:

-- Mr. Carlos Giuliano of Intergovernmental Bureau of Informatics, Italy

-- Mr. Brandolino Brandolini d'Adda, President, European Federation of Periodical Publishers, Italy

-- Mr. Matthew Nimetz, former U.S. Under Secretary of State for Security Assistance, Science & Technology, and

-- Dr. Istvan Sebestyen, Management and Technology, International Institute for Applied Systems Analysis, Austria.

I am looking forward to hearing from our speakers, as I'm sure you are. Let me start the stage for them with a brief overview of the issue.

When stripped of the euphemistic titles, such as transborder data flow, or informatics, the issue we're discussing this morning boils down to protectionism.
Specifically, we'll be looking at that trend toward protectionism that may restrict the free flow of data across international boundaries. Not only is the flow of data being legislated in some countries, but restrictions are being imposed on what equipment may be used, where the data may be stored, and what may be done with it once it enters the host country.

The trend to protecting data began, I believe, with the Swedish Privacy Act of 1973. Since then, some 22 countries have adopted, or are considering, laws to restrict the transmission and processing of data, and these restrictions are growing in both scope and diversity.

For example, West Germany has enacted a law that will prohibit a company from bringing international leased lines into the country unless that line is "hardwired" into a single terminal not connected to any other communications network in Germany....or, alternatively, the data must terminate in a computer that performs substantial processing before transmitting it to its ultimate user. Such regulations obviously have nothing to do with privacy -- they are very simply non-tariff barriers to trade.
There are myriad other examples:

France interprets the GATT agreement to allow its government to impose a duty on software.

Japan puts restrictions on data transfer and on transmission over the leased lines of the Kokusal Denshin Denwa Company, its international carrier.

The Brazilian government has created a commission to control transborder data flow, as well as acquisition of computing equipment. The commission has jurisdiction over the federal government and private companies alike.

Other nations that already have imposed restrictions on data flow and usage include Norway, Denmark, Austria, Luxembourg, Canada, and Mexico.

Why has so much effort been expended in the past ten years to control transborder data flow?
Generally, the laws have been couched in terms of protection of human rights -- the right of the individual to know what is being done with data that is about him. But these laudable aims often obscure the real purpose of the legislation -- which is economic nationalism. This is accomplished by exercising a loophole that excludes telecommunications from the GATT multilateral code on non-tariff barriers. And legislation is also being enacted in countries -- many of them less developed -- which are not signatories to the GATT agreement.

Whatever their underlying motivation, all these approaches carry a profound risk. It is the risk of squandered national resources resulting from needless duplication of technological development. At a time when every effort needs to be expended world-wide on the creation of new jobs through the application of computer and communications technology, what we have in many countries is a defensive and negative approach that in the end will starve those countries of the technological advancements they need to achieve their goals.

There is an alternative to this negative legislation and to the shackles of the mechanisms developed to assure compliance. That alternative is cooperation among nations and international agencies.
While there are some common threads in the approach to the privacy protection already legislated by various countries, the differences far outnumber the similarities. It is the differences which help shift the center of interest from privacy protection alone to protection of data for reasons that are more economic and political. All of us here today share an interest in seeing that some order is brought to this proliferation of data protection laws.

Several international agencies have begun to work towards a cooperative approach to data protection. The Organization for Economic Cooperation and Development has developed a non-binding set of guidelines, the intent of which is to establish standards for the protection of privacy in transborder flow of personal data.

Other efforts to arrive at "rules of the road" for transborder flow of both personal and non-personal data have been made by the council of Europe, UNESCO, the International Telecommunications Union, the Intergovernmental Bureau of Informatics, the European Economic Community, and the U.N. Center for Transnational Corporations, among others.
To be effective, this proliferation of effort must be concentrated toward development and acceptance of a single, uniform code on transborder data flow.

Toward this end, we who share a common interest in ensuring the free flow of data should join with each other -- nation with nation, company with company, to help bring about uniformity in the regulations. At the same time, we should recognize each other's legitimate needs. I'm sure our speakers this morning will provide much needed perspective on balancing these concerns.

With that, I would like to introduce our first speaker this morning who will consider the needs of developing nations.

Dr. Bernasconi cannot be with us today, but in his place we have Mr. Carlos Giuliano, his principal advisor. We are disappointed that a change in Professor Bernasconi's plans prevent his attendance of this conference, particularly since I understand that the organizers of the conference had some debate to IBI's participation. So it is unfortunate that Dr. Bernasconi cannot be with us. Nevertheless, we are fortunate to have Mr. Giuliano and welcome his remarks. Mr. Giuliano....
(Giuliano Speech)

Thank you, Carlos, for insight as to developing countries' needs and IBI's role in helping to meet those needs.

Our next speaker is Mr. Brandolino Brandolini d'Adda, who will give us his ideas on "the need for liberal policies on international information flows." He is Chairman of the Board of Selezione dal Reader's Digest, the Italian publishing house of Milan of which he has been Marketing Manager and Managing Director. In addition, he is Vice President of the Magazine Publisher's Board of the Italian Publisher's Federation; a member of the Board of the Italian Mail-Order Association; and on the Council of the Book Publisher's Association.

He has been most active in international affairs, as President of the European Magazine Publishers Federation, Vice President of the International Chamber of Commerce Commission on Marketing, and as a member of UNESCO and European Economic Community Councils and Committees.

Mr. Brandolini d'Adda....
(Brandolini d'Adda Speech)

Thank you Mr. Brandolini d'Adda.

Now it's a pleasure for me to introduce Mr. Matthew Nimetz, formerly U.S. Under Secretary of State for Security Assistance, Science & Technology, and currently a partner in the law firm of Paul, Weiss, Rifkind, Wharton & Garrison in New York City.

As Under Secretary of State in 1980, he supervised security assistance programs, as well as various scientific and technological programs for the Department of State, including international communication. Before that, he served as Senior Adviser to the Secretary of State on a wide range of foreign policy matters. During his career, he has also served as Staff Assistant to President Lyndon Johnson, and as a law clerk to Supreme Court Justice John Harlan.

Today, Mr. Nimetz will give us his paper, "Information Technology in the 1980's: Some Suggestions for a Constructive Dialogue."

Mr. Nimetz....
(Nimetz Speech)

Thank you.

Our last speaker for this session is Dr. Istvan Sebestyen, who has been with the International Institute for Applied Systems Analysis in Austria since 1978. He has worked with the Informatics Task Force, which has become the Institute’s Computer Communications Services Department.

Dr. Sebestyen, who earned his Ph.D. in electrical engineering at the Technical University in Budapest, has done computer software research, and is currently studying the impact of new videodisc, videotex, and teletex technologies. His talk today will be, "A Perspective of Policy Development in the Field of Informatics: The Example of Teletex/Videotex Technology."