

# Maintaining the flow of global e-commerce data ( 2 )

[Business](#), [E-Commerce](#)



Maintaining the flow of global e-commerce data (Case 2) The primary difference in philosophy between the European and the United States regarding data privacy policy

The European Union and the United States assume different philosophies on data privacy and the center of power for regulation is the basis for the difference. The European Union bestows the regulatory power on governments of member states while the United States bestows the authority in individual business organizations. In the European Union philosophy for data privacy, governments develop strict standards that ensure protection of data that is transferred from the region to areas in which data is not protected. A breach of this requirement leads to blockage of E-commerce data transmission. On the contrary, philosophy in the United States identifies a level of freedom. There is no government regulation on data privacy and the regulation responsibility relies on individual organization. Even though government agencies act as watchdogs for self-regulation, there is no formal framework for punishing non-compliance. The main difference, therefore, is that while the European Union has a regulated environment for data flow, the United States lacks such a regulated environment.

Effects of " safe harbor" and " data privacy" on E-commerce

E-commerce relies on technology such as the internet for transmission of data from parties to a commercial communication or transaction. The European Union regulations for data privacy restricts transfer of data to regions that lack a formal regulatory framework on data privacy but the safe harbor eliminates this rule on the United States. The exemption applies to

organizations that meets the Union's requirements for data safety and allows free transfer of data. The implication of the safe harbor and data privacy is therefore a facilitated E-business because of free transfer of data from the European Union to the United States. Absence of free harbor would prohibit such data transfer and stop E-commerce between the United States and the EU and between organizations in the United States and their subsidiaries in the EU (Morgan and Boardman 217).

Possible effects on E-commerce should the EU and the United States fail to agree on data privacy standards

Conventions such as the establishment of the directive by EU to establish standards for data privacy are legal regulations and binds member states. If the EU and the United States could not agree on the standards then the EU regulations would prohibit data flow to the United States. This would stop E-commerce between the United States and members of the EU because parties in the United States would not receive data from entities from the European Union. The communication barrier would paralyze E-commerce between people from the two regions. This would further have adverse effects on the two economies. While the two economies depend on each other in the global environment, failure to agree would restrict commercial operations to manual communication. This would however be inefficient and lead to losses in terms of time and economic resources. The two economies would therefore suffer from inefficiencies in operations and transactions that would also spread to domestic activities.

Executive level decisions that could influence the direction of this program  
Decisions by the United States' congress to pass federal regulations for

regulation of data and presidential decision to approve such laws are some of the executive decisions that could influence the direction of the program. A decision by the EU for more strict measures on data flow to the United States or for an exemption to the United States is another executive decision that could influence the direction of the program.

#### Works cited

Morgan, Richard, and Boardman, Ruth. Data protection strategy: Implementing data protection compliance. London, UK: Sweet & Maxwell, 2012.