

KOREA: Proposed Cloud Computing Legislation Threatens to Undermine Global Cloud with Country-Specific Rules

Historically, Korea's approach to technology regulation has sometimes been touted as a model for global best practices. Indeed, the country has generally followed the key best practice in cloud computing — making modest changes to legal frameworks to keep pace with technological evolution.

Helped by such overall success in promoting a thriving digital environment, Korea again ranks among the top 10 most cloud-ready countries in this year's BSA Global Cloud Computing Scorecard. Unfortunately, that ranking could have been put at risk by legislation proposed in 2012.

The draft legislation — the "Bill for the Development of Cloud Computing and Protection of Users" — was based on the good intention of promoting economic growth through the technology sector. Unfortunately, the bill's original provisions would have threatened that growth by defining regulations too broadly and imposing unilateral requirements on global services. Some of the challenges presented in the bill would have:

- Established a poor definition of cloud computing, which could cause confusion and lack of transparency in future enforcement of the rules;
- Classified cloud computing as a telecommunications service, potentially subjecting cloud services to significant and unnecessary regulations;
- Created confusion in the requirement for registration of cloud providers in Korea by not making clear which cloud providers must register and opening foreign providers to prosecution (it's not clear why there should even be a registration requirement);
- Imposed numerous Korea-specific requirements that risk isolating Korea from technological developments, hindering cloud adoption by Korean consumers and local service providers; and
- Included the creation of unilateral standards for interoperability, security, safety, and quality of service, all of which take a one-size-fits-all approach that is unlikely to match the speed of the market. Rather, this approach is likely to isolate Korean providers from this globally driven business model.

Policy efforts to promote cloud computing are commendable. But legislation like the bill proposed in Korea offers more cause for concern than it does benefits. To its credit, the government continues to consult closely with industry and take into account issues that have been raised. BSA encourages the Korean government to carefully consider before over-legislating in this dynamic, globally based technology area.