

Research Article

Middle Powers and The Global Data Governance

Irfan Ardhani

Department of International Relations, Universitas Gadjah Mada, Indonesia
muhammad.irfan.ardhani@ugm.ac.id



Received 22 November 2021; Revised 15 August 2022; Accepted 24 November 2022; Published Online 31 December 2022

Abstract

Despite the recent rapid increase in data flows across borders, the world has not reached a consensus on how to regulate this issue. Different approaches adopted by governments across the world have made a lot of analysts imagine the future of global data governance pessimistically. Two dominant approaches, data openness and data protectionism, show how different interests of great powers affect the way in which they regulate data flows. The previous literature suggests that during the rising tension between great powers, middle powers may have an opportunity to bridge differences so that the world may reach a consensus upon a specific issue. This paper, in turn, analyses the role of middle powers in advancing the agenda to establish global data governance. Using the framework of pattern of middle powers' behaviour from Cooper, Higgot, and Nossal (1993), this paper scrutinizes Australia's role in JSI on E-commerce and Indonesia's role in G20 to further the process of establishing global data governance. This paper finds that Indonesia shows a more limited role than Australia in spearheading governance of data flows across the globe.

Keywords: cross-border data flows, global data governance, middle powers

Introduction

Although the flow of data across borders has increased rapidly in recent decades, global data governance is still a subject to debate. International society has seen a lot of effort to create global norms that regulate cross-border data flows (Aaronson, 2018). However, the heated debate between contending approaches have made a lot of scholars question the future of a global data governance. On the one hand, developed countries such as the United States and Japan encourage digital openness (World Economic Forum, 2020). On the other hand, countries such as China and Russia have made policies that lead to a tendency for digital protectionism (Fan & Gupta 2018). These differences in positions and policies are difficult to change and are based on various legitimate reasons such as innovation, investment, privacy, and national security (Casalini and Gonzales, 2019). Although it has attracted the attention of many academics, the current literature on global data governance has a tendency to only highlight the often-contradictory attitudes and roles of big countries. As a result, existing articles continue to envisage the future of global regulation of cross-border data pessimistically. At the same time, the existing articles make it impossible for us to examine the positions taken by countries with smaller material capabilities but have interests related to more complex global data governance. The complexity of the interests possessed by these countries often makes them want to free themselves from the crush of the unproductive attitude of the big countries. So, it is not uncommon for the moderate position chosen by these types of countries to make room for their political manoeuvres and become a driving force in various initiatives to create norms and rules at the global level (Cooper, Higgot, & Nossal, 1993).

This study will analyze the way in which middle powers encourage the creation of global data governance. For this reason, this study will compare the attitudes and strategies taken by two middle power countries, namely Indonesia and Australia in influencing the formation of global data governance. Indonesia and Australia were chosen because they represent middle power countries that have developed their national regulations or strategies regarding cross-border data flow. In addition, both countries have various initiatives at the global level to develop the governance that regulates how data flows across borders. On the one hand, Indonesia has been instrumental in spearheading the discussion of global norms on cross-border data flows through the G20 Digital Economy Working Group. On the other hand, as one of the facilitators of the Joint Statement Initiative on E-commerce (JSI on E-commerce), Australia plays an important role to lead the discussion on how cross-border data flows should be treated through the lens of world trade law.

By being attentive to Indonesia's leadership in the G20 and Australia's leadership in JSI on E-Commerce, the question that will be answered in this paper is "how do middle powers navigate their roles in the establishing process of global data governance?"

In answering the question, this paper uses the framework of pattern of middle powers' behavior developed by Cooper, Higgot, & Nossal (1993). Paying attention to the behavior of middle powers is necessary because it will inform the way in which middle powers contribute to the progress in global politics. It is noteworthy that not all of their initiatives might be achievable. However, their distinctive role and methods to move the discussion on specific issues in global politics is suitable to understand how Indonesia and Australia navigate the process of global data governance. Cooper, Higgot, & Nossal identify that middle power countries might play three roles — catalyst, facilitator, and manager— to advance the agenda of global governance.

This paper will be organized in the following ways. First, it will review the literature on middle powers' contribution in global governance. Second, it will explain the current landscape of global data governance. Third, it will analyze the role of Indonesia and Australia in advancing the agenda of global governance.

Literature Review

The role of middle powers in global governance has been the subject of debate for International Relations scholars. A number of scholars believe that middle powers have a prominent role in managing global problems through global governance (Wang and French, 2013). This group of scholars suggest that the change in the international system that took place in the Post-Cold War era has paved the way for middle power countries to have a meaningful role in global politics. This systemic change can be classified into three areas, such as the relative decline of US capabilities to respond to crises; the salience of low politics instead of high politics; and the intermestic character of international relations today (Cooper Higgot, & Nossal, 1993). The surge of global problems that required collective actions among countries have generated various initiatives such as institutions, and ad-hoc arrangements have opened windows of opportunity for middle power countries to have significant contributions in international politics (Lee, 2016). In contrast to this dominant view, Beeson (2021) argues that the actual impact of middle powers in global governance, notably in the field of international political economy remains limited, especially when great powers exert their structural powers over the others. While Beeson's finding gives an important reminder to not glorify the achievement of middle powers, it cannot deny that middle powers are not merely the rule takers in global governance, but also the rule makers in this collective process of global politics (Sung-han, 2013).

Several scholars have scrutinized the way in which middle powers contribute to global governance. Wang and French (2013) identify those middle powers contribute to global governance through personnel support, financial support, and ideational support. In the case of personnel support, we can see that huge numbers of global governance staff come from middle-power countries. In addition, Wang and French add that middle powers also have significant contributions to UN peacekeeping operations. In the case of financial contribution,

middle powers have donated some amount of funds, programmes, and organizations to fight poverty and global health problems (Wang and French, 2013). Far more importantly, middle powers have promoted various ideas, norms, and initiatives to advance the agenda of global governance. For many scholars, it is this ideational contribution that differentiates the role of middle powers from great powers in managing global problems through global governance.

By comparing several ideational contributions of middle powers in global governance, Cooper, Higgot, and Nossal (1993), classify three patterns of middle power behaviour. First, middle powers play a role as catalysts by providing intellectual and entrepreneurial leadership to kick start an initiative and become the locomotive for the other countries. Second, middle powers also perform facilitation roles. In this pattern of behaviour, middle powers facilitate the agenda-setting in specific issues and further the concerted action with other countries through “associational, collaborative, and coalitional activities”. Third, middle powers play a role as manager likewise. Middle powers build the institution, create formal organization or regimes, and develop conventions and norms.

A case in point for the meaningful contribution of middle powers is the story of Cairns Group. This group of 20 agricultural-exporting countries successfully advanced the agenda of global trade governance. Among the members of Cairns group are the first and second-wave middle powers such as Australia, Canada, Indonesia, and South Africa. This group of middle powers successfully played a role as a bridge-builder and consensus-seeker in dealing with great powers and antagonistic developing countries who had different ideologies and national interests in discussing the global trade regime (Cooper and Higgot, 1990). Middle powers facilitate the negotiation so that we now have a global trade governance in the form of the WTO.

Another recent case that epitomizes the middle powers' contribution in global governance is South Korea's presidency at the G-20. Considering the limited ability of middle powers in influencing the policymaking of great powers, this primary forum for the global economy gives middle powers the opportunity to access the policymakers of economically powerful countries in the world (Lee, 2016). South Korea did not waste its opportunity to set the agenda of G-20 when they hosted the forum's summit in 2010. During their presidency, South Korea advanced two agenda that represented the voice of developing countries, such as the new development agenda and safety nets during financial crises. This agenda was accepted by other members of the forum and can be claimed as South Korea's success in promoting the middle power's diplomacy.

This paper follows the research that claims the meaningful role of middle powers in global governance. In this regard, this paper seeks to comprehend how middle power countries like Indonesia and Australia further the agenda of regulating cross-border data flows in global governance. This paper, then, uses the framework developed by Cooper, Higgot, and Nossal (1993) on the patterns of middle powers behavior to comprehend the role of Indonesia and Australia in building the regime of cross-border data flows.

Methods

This research will use the comparative case study method. This method was chosen because it allows researchers to compare representative cases horizontally in order to produce a generalization. In other words, the comparison of the cases of Indonesia and Australia is expected to be the basis for making generalizations about the role of middle powers in the formation of global data governance. To gather the data, this research utilizes a desk study to collect statements and policies from both countries in encouraging the formation of global data governance. In addition, this research conducts in-depth interviews with policymakers and think tanks to complete data that were not found during the desk study.

Result and Analysis

Existing Governance on the Cross-Border Data Flows

Cross-border data flow is one of the most fundamental elements in the digital economy. Cross-border data flows usually refer to a condition “(i) where there are bits of information (data) as part of the provision of a service or a product and (ii) where this data crosses borders, although the data flows do not neatly coincide with one commercial transaction and the provision of certain service may relate to multiple flows of data (Burri, 2021: 25).” In the last few decades, the flow of data across national borders has increased drastically. According to McKinsey (in Bughin and Lund, 2017) the number of cross-border data flows increased by 45 times from 2005 to 2014. This figure is not surprising. Data has affected almost all aspects of our lives, not only in economic, but also in social activities (UNCTAD, 2021; Casalini and Gonzales, 2019). For instance, data is used to increase the quality and quantity of international trade, production, productivity, services, manufacturing, and agriculture. In addition, data also has positive social impacts such as promoting growth, wellbeing, and inclusion (Casalini and Gonzales, 2019).

This drastic increase in the use of data has attracted governments and civil society attention across the world to regulate cross-border data flows. The regulations created to regulate how data flows across borders are building bricks for the establishment of data governance. Data governance can be understood as “the rules for how governments interact with the private sector — as well as with other governments — when it comes to managing data to determine who has access to it and the ways in which those with access can use it. As previously articulated, this includes the design and enforcement of standards, policies, and laws (Sacks and Sherman, 2019).

Notwithstanding the urgency to regulate cross-border data flows, there has been difficulties to reach a global consensus on data governance. It could be argued that the unique characteristics of data may have contributed to the absence of such a consensus. Aaronson (2021), has identified six unique characteristics of data that is worth to cite at length

“First, many services from payroll to data analytics rely on access to cross-border data flows. These data flows may yield a good or a service, or both. Second, trade in digital services differ from trade in other services because suppliers and consumers do not need to be in the same physical location for a transaction to occur. Third, trade in data is fluid and frequent, and location is hard to determine on the borderless network. Trade in the same set of data can occur repeatedly in nanoseconds – for instance, when millions of people download Drake’s latest song. As a result, researchers and policymakers may find it hard to determine what is an import or export. They may also struggle to ascertain when data or data sets are subject to domestic law (such as intellectual property law) and what type of trans-border enforcement is appropriate. Fourth, when data flows across borders, it may or may not be affiliated with a transaction. Hence, it is hard to describe some of these flows as ‘traded’. Fifth, economists generally agree that many types of data are public goods, which governments should provide and regulate effectively. Furthermore, when states restrict the free flow of data, they reduce access to information, which in turn can diminish economic growth, productivity, and innovation domestically and globally. Such restrictions can also affect the functioning of the Internet. Sixth, trade in data occurs on a shared platform (the Internet) that is held in common. Seventh, and as earlier mentioned, much of the data flowing across borders and powering new sectors is personal data – digital data created by and about people. While they may benefit from services built on that data, the people who are the source of it do not control it. Data is their asset, yet they cannot manage, exchange and account for it (Aaronson, 2021: 344).”

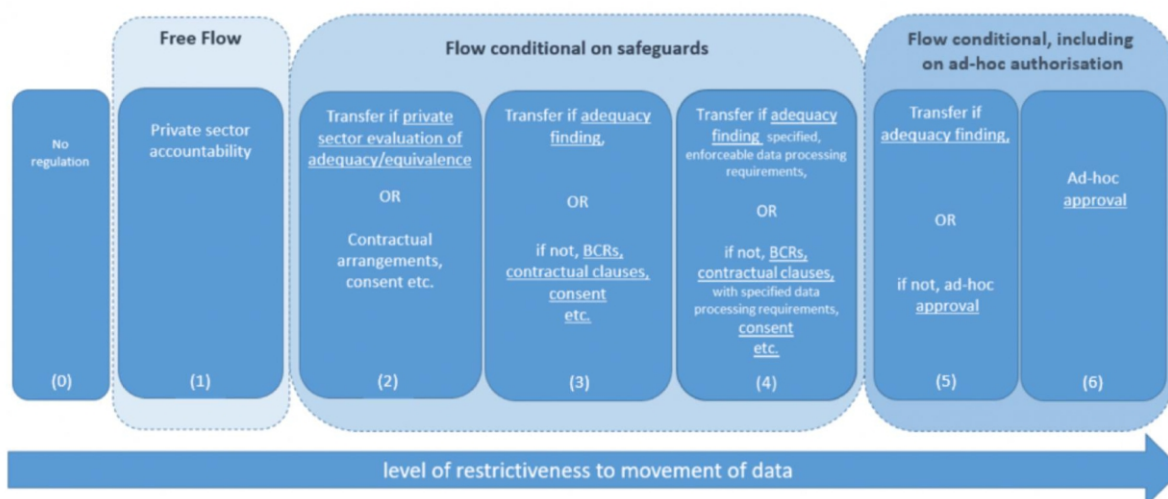
Another reason that might make it difficult to achieve a global consensus to establish data governance is diverging policy approaches of each country in regulating data flows. Casalini and Gonzales (2019: 13) have

identified four reasons behind policy approaches adopted across the globe to regulate data flows. First, the state wants to secure the privacy of individuals and their personal data. The European Union, for example, seeks to secure the privacy of its citizens through the General Data Protection Regulation (GDPR). Second, the state wants to carry out its regulatory objectives so that at any time it can access the information needed when conducting an audit. This effort is a common practice that has been carried out by all countries before the outbreak of the digital era. Third, through power over data, the state wants to ensure its national security. National security is a very broad issue and is not limited to the desire of the state to defend itself from external threats, but also to ensure political stability from internal threats. Russia and China are countries that use data flow policies to maintain domestic political stability. Fourth, many developing countries require data localization policies in order to build the capacity of their digital industry. Some observers added that through this policy, some developing countries want to fight the exploitation of the digital economy by multinational companies and get a share of the profits from the economic activities of these companies (Basu, 2020; Hicks, 2019; Kwet, 2019). It came as no surprise that a lot of governments have not compromised its position when negotiating the establishment of global data governance.

Peculiar characteristics of data and policy approaches of each country have generated varied approaches to regulate data in countries around the world. In general, there are two main approaches in regulating cross-border data flows. First, some observers have highlighted the widespread policies of several countries that restrict cross-border data flows (Council on Foreign Relations 2017; Fan and Gupta 2018; Kery and Dascoli, 2021). Some scholars categorize this approach as data protectionism. Second, despite the spread of barriers toward cross-border data flows, the wave of support for the free flow of data beyond borders is also growing (World Economic Forum, 2020). This approach can usually be categorized as data openness.

While the contrasting policy approaches help us to comprehend the status quo of global data politics, the actual policies taken by countries to regulate data flows are far more complex. In this regard, Casalini and Gonzales (2019) has developed a taxonomy to comprehend the complexity of approaches in regulating cross-border data flows. This taxonomy is based on their observation that there is a continuum on the regulation of cross-border data flows. On the one hand, there is a type of regulation that enables free flow of data. In this extreme, regulation on cross-border data flows is inexistent. On the other hand, there is a type of regulation that restricts free flow of data based on conditional safeguards. In this extreme, every data transfer should be reviewed by a relevant authority. Consequently, cross-border data flows are highly restricted. Between two extreme poles of this continuum are some approaches that has certain aspects of restriction toward the movement of data across borders.

Figure 1. Taxonomy of Approaches in Regulating Cross-Border Data Flows



Source: Casalini and Gonzales, 2019: 16

In this point, it is important to raise concern about the way in which cross-border is regulated internationally. Although a lot of countries have paid great attention to the flow of data across borders, insofar there is no consensus about data governance on the global level. Be that as it may, some countries have initiated the discussion of global regulation on cross-border data flows. Amid the void of global instruments that regulate cross-border data flows, the G20 Summit held by Japan in 2019 resulted the Osaka Declaration on Digital Economy. This declaration demonstrates the commitment of the leader of the world's largest economy to facilitate cross-border data flows under the 'Data Free Flow with Trust' framework. The declaration, which was initiated by the Prime Minister (PM) of Japan, Shinzo Abe, emphasized the importance of regulations at the global level that facilitate the movement of data across national borders (Sugiyama, 2019). This declaration was signed by 24 countries attending the summit, including Russia and China which have data localization policies, as well as 50 non-G20 member countries (Hicks, 2019). Meanwhile India, South Africa, and Indonesia did not sign the Osaka Declaration. Indonesia's decision for not signing the Osaka Declaration may have been caused by specific national interests that is not accommodated on the declaration (Anya, 2019). Despite the refusal from some countries to sign the Osaka Declaration, the G20 continues to encourage the seamless flow of cross-border data. This was evident at the first meeting of the G20 Digital Economy Task Force (DETF) which took place in 2020 seeking to promote cross-border data flow and seek ways to reduce barriers to data flow (Sherpa G20 Indonesia, 2020). The World Economic Forum also supported Abe's initiative on Data Free Flow with Trust and issued policy recommendations to implement the Osaka Declaration (World Economic Forum 2020).

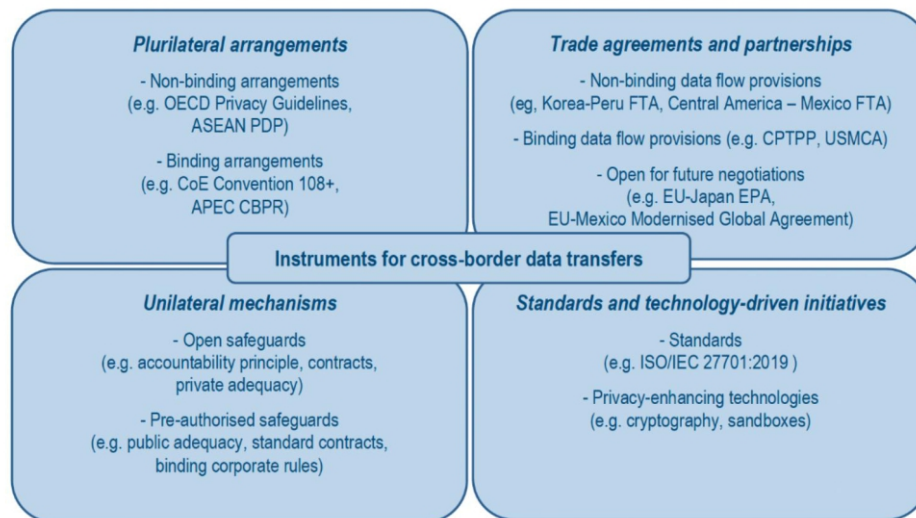
While the consensus on a global regulatory framework on cross-border data flows is still far, it does not mean that cross-border data flows are not regulated at all internationally. Cross-border data flows are regulated through four mechanisms (Casalini and Gonzales, 2021). The first mechanism is plurilateral arrangements. Among concluded plurilateral arrangements on regulating cross-border data flows is OECD Privacy Guidelines, the APEC Cross-Border Privacy Guidelines (CBPR) System, or the Council of Europe's Convention (Casalini and Gonzales, 2021). In addition, 86 WTO member states have been negotiating a plurilateral agreement in the framework of Joint Statement Initiatives on E-Commerce (JSI E-Commerce). Despite the success of this negotiation to conclude text on unsolicited commercial messages, e-signatures and authentication, open government data, and online consumer protection, the discussion on cross-border data flows has been a subject of heated debate. Ismail (2021) pointed out that the negotiators have not been able to find a common ground to regulate data flows, access, privacy, and cybersecurity. If this problem is solved, then JSI on E-Commerce will be the largest consensus to regulate cross-border data flows (CBDF) on the global level.

The second mechanism is through trade agreements. Burri (2021) noted that 184 PTAs from 347 PTAs that are concluded within the last two decades have regulated cross-border data flows. The vast amount of trade agreements that regulate data flows have made this mechanism the main pillar of regulating cross-border data flows today. It is important to note that these trade agreements have different levels of commitment in dealing with cross-border data flows. For instance, the US-led agreements such as CPTPP and USMCA have binding data flow provisions and advance the agenda of free flow of data (Casalini and Gonzales, 2021). On the contrary, the largest trade deal in the world, RCEP, has a more restrictive and non-binding approach in regulating cross-border data flows.

The third mechanism is unilateral mechanisms. In this mechanism, governments have a huge role to decide whether particular types of data can be transferred to other jurisdictions or not. Casalini and Gonzales (2021) pointed out that countries have two approaches to safeguard data which are open safeguards and pre-authorised safeguards.

The fourth mechanism is standards and technology-driven initiatives. In this mechanism, private sectors play the central role in regulating cross-border data flows. They developed ISO standards and technologies to enhance privacy like cryptography technologies or data sandboxes (Casalini and Gonzales, 2021).

Figure 2. Instruments for facilitating cross-border data flows



Source: Casalini and Gonzales, 2021: 12

How Indonesia and Australia Advance the Agenda to Establish a Global Data Governance

Cross-border data flows is one of the largest export sectors in Australia’s economy. The number of digital exports in Australia reached \$6 billion in 2017 which accounted for the fourth largest export sector in this country (Hinrich Foundation & Export Council of Australia, 2018). If Australia’s digital economy is developed in the right direction, there is an estimation that it will be able to contribute around A\$140 billion-A\$250 billion to Australia’s GDP by 2025 (Meltzer, 2018). The sheer scale and potentially lucrative nature of this digital economy has made Australia’s businesses keep their interests in ensuring that data can flow freely across borders (DFAT, n.d.). It came as no surprise, then, that the Australian Government participates in global rule-making to shape and support an open digital economy. Australia even shows its seriousness in advancing the agenda of an open digital economy by appointing Tobias Feakin as their Ambassador for Cyber Affairs in 2016.

Australia's commitment to advance the agenda of an open digital economy is epitomized in their International Cyber Engagement Strategy that was launched in 2017. This strategy covers 8 aspects ranging from digital trade to comprehensive and coordinated cyber affairs. In the chapter of internet governance and cooperation, Australia clearly shows its intention to promote an open digital economy. It is stated that Australia embraces the idea of “An open, free and secure Internet, achieved through a multistakeholder approach to Internet governance and cooperation” (DFAT, 2017). The strategy identifies three ways to achieve that goal. First, Australia promotes a multi-stakeholder approach to Internet governance. This governance should be inclusive, built through consensus, and reflect transparency and accountability. Second, Australia takes a stand against significant government control over the internet. Third, Australia aims to increase the concern of countries in the Indo-Pacific on the issue of internet governance. Australia realizes that cooperation is imperative to achieve such a goal. Thus, Australia wants to engage its regional partners to discuss cooperation regarding internet governance.

Australia’s interest to advance an open digital economy that ensures free flow of data is achieved through trade agreements and international organizations. On the one hand, Australia has concluded several trade agreements either on bilateral, regional, and plurilateral level which covers the way in which cross-border data flows such as in Indonesia-Australia Comprehensive Economic Partnership Agreement, Australia-Singapore Digital Economy Agreement, Regional Comprehensive Economic Partnership, and Comprehensive and Progressive Agreement on Trans-Pacific Partnership (DFAT, n.d.). On the other hand, Australia also advocates free flow of data through its membership in several international organizations such as WTO, OECD, APEC, and G20 (DFAT, n.d.).

Australia realizes that WTO is the main arena to garner a global consensus on data governance. However, there has been a lack of progress in the discussion on the regulation of e-commerce among WTO members. Impatience with this condition (Kihara, 2019), 76 members of WTO launched Joint Statement Initiative (JSI) on electronic commerce (E-commerce) at the Eleventh Ministerial Conference (MC11) in Buenos Aires. Later on, many countries have joined this initiative. As of 2021, eighty six countries or 90 per cent of global trade have joined the JSI on E-commerce. JSI is a place for these countries to explore the possibility of negotiating trade-related aspects of e-commerce in the WTO. Issues discussed in JSI on E-commerce, among others, are cross-border data flows, location of computing facilities, source code, open government data, online consumer protection, unsolicited commercial electronic messages, personal data protection, cooperation, and domestic regulation.

Australia has occupied the driver seat in spearheading the negotiation of JSI on E-commerce. Along with Japan and Singapore, Australia has become the convener of JSI on E-commerce. Considering the landscape of policy approaches by countries worldwide, achieving a global consensus on how to regulate data is not an easy task for Australia. With its co-conveners, Australia is not only facing the contrasting position shown by big countries like the US and China, but also a challenge posed by developing countries and LDCs. In an informal coordination between Trade Ministers of Australia, Japan, and Singapore, these countries have realized that they have to proceed the negotiation through innovative, open, and inclusive approaches (Birmingham, 2019). However, it seems that there is a positive future regarding the cross-border data flows discussion on the JSI on E-Commerce. In a ministerial statement, Australia along with Japan and Singapore stated that they have been seeing that text proposals about cross-border data flows, data localisation, and source code are in consolidation (WTO, 2021). In that statement, Australia and their counterparts stated that they aim to enable and promote free flow of data that is economically meaningful (WTO, 2021). This discussion will be continued in 2022.

At this point, it is important to reflect that through JSI on E-commerce, once again Australia has performed its capacity as a middle power country. In this regard, Australia has shown three patterns of middle powers' behavior as explained by Cooper, Higgot, and Nossal (1993). First, Australia along with Japan and Singapore has played a role as catalysts to provide intellectual and entrepreneurial leadership needed in beginning the JSI on E-commerce, which is an umbrella for the discussion on finding global consensus on cross-border data flows. Second, Australia with both co-conveners have also performed facilitation roles. These countries have facilitated the agenda-setting in e-commerce issues. In this regard, they believe that data is an essential aspect that will enable e-commerce to thrive globally. Far more importantly, Australia has also shown its role as a manager. In this regard, Australia has tried to develop a consensus that enables data to flow across borders. Despite the fact that JSI on E-commerce especially on the issue of cross-border data flows is still a work in progress, there has been a good development in the negotiation. The statement issued by the co-conveners by the end of 2021 as above mentioned is evidence of that progress.

Indonesia and the G20 Digital Economy Task Force

Unlike Australia, Indonesia has a changing attitude toward cross-border data flows. Initially, Indonesia adopted a more restrictive approach in regulating data flows. It is reflected by data localization requirements in the Government Regulation number 82/2012 concerning the Implementation of Electronic Systems and Transactions. Article 17 paragraph (2) of the Government Regulation states that,

"Electronic System Operators for public services are required to place data centers and disaster recovery centers in the territory of Indonesia for the purposes of law enforcement, protection and enforcement of state sovereignty over the data of their citizens".

However, this data localization policy was revised through Government Regulation number 71/2019. In the new Government Regulation, the data localization obligation only applies to Electronic System Operators for the

Public Scope. Institutions that provide banking and financial services to the public and private institutions are not included in this regulation, so they are free to store data abroad. The change in Indonesia's attitude was caused by pressure from the United States through the United States Trade Representative (USTR). In this case, USTR threatens to revoke the Generalized System of Preferences if Indonesia does not change its data localization policy (Patrick, 2019). According to an investigation conducted by Suroyo, Kalra, and Potkin (2019), this policy change is related to the interests of giant electronic transaction companies such as Visa and Mastercard so that they are free from the obligation to store credit card transaction data in Indonesia. Domestic digital industry players such as the Indonesian Telematics Society (MASTEL), Indonesia Data Center Provider Organization (IDPRO), Indonesian Cloud Computing Association (ACCI), Indonesian Internet Service Providers Association (APJII), Indonesian Information Technology Federation (FTII), and the Indonesian Telematics Software Association (Aspiluki) feel disadvantaged by this policy change. (Sandy, 2019). The domestic digital industry players also stated that the relaxation would have a negative impact on Indonesia's data sovereignty (Sandy, 2019).

Despite the disappointment from the data center industry, other digital industry players have actually reaped the benefit from the changing position of Indonesia's data policy. In this regard, the e-commerce industry has shown their support toward a free-flow of data policy in Indonesia (FGD, 9 July 2021). This policy is more favourable because of its efficiency and reliability to ensure the business process of e-commerce platforms.

It is important to note that further research conducted through FGDs and in-depth interviews showed that Indonesia did not simply submit to the interests of the United States in determining policies regarding data localization. This study finds that Indonesia seeks to bridge two conflicting principles in formulating policies regarding data (Interview with the Representative of the Ministry of Communication and Informatics, 6 September 2020). On the one hand, President Jokowi has mandated that Indonesia must uphold the principles of data sovereignty and security in formulating policies regarding data. The government also does not want investment flows in the digital economy due to protectionist policies. These principles were then translated into a number of policies to strengthen national legislation governing the flow of data across borders (Interview with the Representative of the Ministry of Communication and Informatics, 6 September 2020). First, the revision of the Government Regulation PSTE does not close the opportunity for the government to protect data sovereignty and security. The draft Ministerial Regulation concerning Private Scope Electronic System Operators (RPMPSELP) states that it is possible for PSELP to make data classifications that are strategic in nature. If a data is classified as a strategic data, it must be stored domestically. Second, the government has submitted a draft of the Personal Data Protection Bill (PDP) to the Indonesian House of Representatives in early 2020. For Indonesia to have a more assertive attitude in discussing global rules regarding cross-border data flows, the RPMPSELP and the PDP Bill need to be ratified immediately as a prerequisite for Indonesia's leverage in digital economic diplomacy at the international level.

On the international level, Indonesia has played an important role in the discussion of the digital economy through the G20. The discussion of the digital economy in this forum has moved forward after being initiated by Japan in 2019. From that time onward, the majority of G20 member countries have an agenda to encourage global consensus governing cross-border data flows. The Japanese initiative contained in the Osaka Declaration is often known as the concept of Data Free Flow with Trust (DFFT). The concept coined by Japanese Prime Minister (PM) Shinzo Abe when he was the president of the G20 highlights the urgency of having rules at the international level that are not only capable of protecting sensitive data carefully but also allow productive data to flow across national borders (World Economic Forum 2020). The initiative to perceive the two types of policies as compatible rather than contradictory did not initially receive official support from Indonesia. Indonesia, along with India and South Africa, are the three countries that have not signed the Osaka Declaration. Indonesia's attitude is due to the vague formulation of domestic interests on the issue of cross-border data

flows. As a result, Indonesia appears as a country that does not have a major contribution in determining the order of global cross-border data flows.

Along with Indonesia's ability to define interests in data governance issues, the DFFT concept has become a stepping stone for Indonesia to be actively involved in pushing for a global agreement that regulates cross-border data flows. This study finds that Indonesia's interest in cross-border data flow lies in the sovereignty and security of national data and the smooth flow of investment in the digital economy (Interview with the Representative of the Ministry of Communication and Informatics, 6 September 2020). Based on these two usually opposing interests, Indonesia actually found an opportunity to take part in formulating global rules on cross-border data flows. At the G20 Digital Economy Ministers Meeting held on July 22, 2020, the Indonesian Minister of Communication and Informatics, Johnny G. Plate, considered that the DFFT concept was not sufficient to comprehensively cover the rules regarding global data governance. Therefore, at the meeting, Johnny proposed adding the Cross Border Data Flows agenda to the initial title of the chapter. This proposal from Indonesia was accepted and adopted in the G20 Ministerial Declaration on Digital Economy to become "Data Free Flow with Trust and Cross-Border Data Flows" (Interview with the Representative of the Ministry of Communication and Informatics, 6 September 2020).

This research finds that Indonesia has formulated a number of principles that need to be adopted in global regulations regarding cross-border data flows. These principles are lawfulness, fairness, and transparency and reciprocity. In his explanation of these principles (Kominfo, 2020), the Minister of Communication and Information, Johnny G. Plate, said that through the lawfulness norm, "Indonesia emphasizes the importance of the data exchange process based on applicable laws and regulations and can be accounted for its validity". In terms of transparency, Indonesia "emphasizes the importance of communication and information about data processing that is open, easy to understand, and easily accessible to data owners (Kominfo, 2020)." On the other hand, the reciprocity norm pushed by Indonesia is based on the idea that "the data transfer process can be carried out if the country of domicile of the Personal Data Controller, Personal Data Processor, or international organization that receives the transfer of Personal Data has a level of protection equal to or higher than what is required, regulated in the laws of the country of origin, or if there is an international agreement between countries (Kominfo, 2020)."

Although it will not be an easy mission, Indonesia has the opportunity to encourage G20 member countries to adopt these norms in global data governance. Indonesia will occupy the G20 presidency seat in 2022. As long as Indonesia is able to mediate the increasing tension between countries who promote the idea of digital openness and digital protectionism, Indonesia's proposal is likely to be accepted by the members of the G20.

Contrary to Australia's experience, Indonesia's role in promoting global data governance insofar is quite limited. While Australia plays multiple roles to spearhead the negotiation process of JSI on e-commerce, Indonesia's role primarily lies on its capability to convince the Digital Economy Task Force to adopt Indonesia's proposal by adding the phrase "cross-border data flows" to the existing data free flow with trust topic. In this regard, Indonesia shows its intellectual leadership since Indonesia send a message that the previous initiative could not comprehensively frame the problem. However, to ensure that Indonesia has a strong intellectual and entrepreneurial leadership, paying attention to the development of Indonesia's principles on cross-border data flows is imperative. If Indonesia could be able to convince the G20 members to accept such principles in Indonesia's presidency of the G20, then it will be a milestone for Indonesia's middlepowermanship in the case of global data governance. In addition, Indonesia's Presidency in the G20 2022 could be the showcase whether the country can play a facilitator and managerial role in the establishment of global data governance. However, it is important to note that several domestic issues may become a hurdle for Indonesia to perform such roles. Contrary to Australia's solid stance toward cross-border data flows, stakeholders in Indonesia have shown varying attitudes toward this issue. Furthermore, insofar Indonesia has not been able to conclude the process of

its personal data protection bill, which is really important for showing its commitment toward data governance at the global level. Consequently, sometimes Indonesia's negotiators find difficulties to be more proactive in such an issue.

Conclusion

This paper has explained the way in which middle powers contribute to advance the agenda of global data governance. The previous research has shown how middle powers matter in global governance. Using the framework of middle powers' pattern of behavior introduced by Cooper, Higgott, & Nossal (1993), this paper analyzes the role of Australia and Indonesia to spearhead the agenda of global data governance. It is found that Australia is more proactive than Indonesia in furthering the establishment of global data governance. On the one hand, Australia with its activism in JSI on E-commerce has shown three behaviors of middle power through its role in initiating, facilitating, and managing the global data governance in the forum. On the other hand, Indonesia has shown a more limited role in the discussion of data governance in G20. Even though Indonesia's proposal to change the name of the topic is accepted, Indonesia has not played facilitator and manager role in the process to establish global data governance. This limited role may be changed in the near future. It is interesting to see whether Indonesia will be able to take advantage from the solidified attitude in the domestic level and its G20 presidency in 2022 by showing its middlepowermanship to further the process in the establishment of global data governance.

Acknowledgements

The authors received no financial support for this research.

References

- Aaronson, S. A. (2018). What Are We Talking about When We Talk about Digital Protectionism? *World Trade Review*, 18(4), 541-577. doi:10.1017/S1474745618000198
- Aaronson, S. A., (2021). Data is different, so policymakers should pay close attention to its governance. In Burri, M (ed). *Big data and global trade law* (pp. 340-259). Cambridge University Press.
- Anya, A. (2019). Indonesia's G20 abstention result of data protection concerns. *The Jakarta Post*, 4 July. <https://www.thejakartapost.com/news/2019/07/04/indonesias-g20-abstention-result-of-data-protection-concerns.html>
- Basu, A. (2020). The Retreat of the Data Localization Brigade: India, Indonesia and Vietnam, *The Diplomat*, 10 January. <https://thediplomat.com/2020/01/the-retreat-of-the-data-localization-brigade-india-indonesia-and-vietnam/>
- Beeson, M. (2019). Middle Powers in the International Political Economy. In *The Palgrave Handbook of Contemporary International Political Economy* (pp. 201-215). Palgrave Macmillan, London.
- Birmingham, S. (2019). Australia, Japan, and Singapore Welcome WTO Electronic Commerce Negotiations. Senator Birmingham, 26 January. <https://www.senatorbirmingham.com.au/australia-japan-and-singapore-welcome-wto-electronic-commerce-negotiations/>
- Burri, M (ed). 2021. *Big data and global trade law*. Cambridge University Press.
- Casalini, F., & González, J. L. (2019). *Trade and cross-border data flows*. Paris: OECD.
- Casalini, F. & González, J. L. (2021). *Mapping Commonalities in Regulatory Approaches to Cross-Border Data Transfers*. Paris: OECD.
- Cooper, A. F., Higgott, R. A., & Nossal, K. R. (1993). *Relocating middle powers: Australia and Canada in a changing world order* (Vol. 6). Ubc Press.
- Cory, N. & Dascoli, L. (2021). How Barriers to Cross-Border Data Flows Are Spreading Globally, What They Cost, and How to Address Them. ITIF, 19 July. <https://itif.org/publications/2021/07/19/how-barriers-cross-border-data-flows-are-spreading-globally-what-they-cost/>

- Department of Foreign Affairs and Trade. (n.d.). Digital trade & the digital economy.
<https://www.dfat.gov.au/trade/services-and-digital-trade/Pages/e-commerce-and-digital-trade>
- Department of Foreign Affairs and Trade. (2017). Australia's International Cyber Engagement Strategy.
<https://www.internationalcybertech.gov.au/sites/default/files/2020-11/The%20Strategy.pdf>
- Fan, Z. & Gupta, A. K. (2018). The danger of digital protectionism. *Harvard Business Review*, 30 August.
<https://hbr.org/2018/08/the-dangers-of-digital-protectionism>
- FGD with stakeholders on Indonesia's Digital Economy, 9 July 2021.
- Higgott, R. A., & Cooper, A. F. (1990). Middle power leadership and coalition building: Australia, the Cairns Group, and the Uruguay Round of trade negotiations. *International Organization*, 44(4), 589-632.
- Hicks, J. (2019). 'Digital colonialism': why some countries want to take control of their people's data from Big Tech. *The Conversation*, 26 September. <https://theconversation.com/digital-colonialism-why-some-countries-want-to-take-control-of-their-peoples-data-from-big-tech-123048>
- Hinrich Foundation and Export Council of Australia. (2018). FROM RESOURCE BOOM TO DIGITAL BOOM: Capturing Australia's digital trade opportunity at home and abroad. *Alphabeta*, 10 October.
<https://alphabeta.com/our-research/from-resource-boom-to-digital-boom/>
- Interview with the Representative of the Ministry of Communication and Informatics, 6 September 2020.
- Ismail, Y. (2021). E-commerce Joint Statement Initiative Negotiations Among World Trade Organization Members: State of play and the impacts of COVID-19. Geneva: International Institute for Sustainable Development and CUTS International.
- Kihara, L. (2019). DAVOS-Nearly half WTO members agree to talks on new e-commerce rules. *Reuters*, 25 January. <https://www.reuters.com/article/davos-meeting-ecommerce-idUSL3N1ZP32>
- Kominfo (2020). Indonesia Serukan Kedaulatan dan Keamanan Data dalam G20 Digital Economy Ministerial Meeting. *Kominfo*, 22 Juli. https://m.kominfo.go.id/content/detail/28047/siaran-pers-no-88hmkominfo072020-tentang-indonesia-serukan-kedaulatan-dan-keamanan-data-dalam-g20-digital-economy-ministerial-meeting/0/siaran_pers
- Kwet, M. (2019). Digital colonialism: US empire and the new imperialism in the Global South. In *Race & Class* (Vol. 60, Issue 4, pp. 3-26).
- Lee, S. J. (Ed.). (2016). *Transforming Global Governance with Middle Power Diplomacy: South Korea's Role in the 21st Century*. Springer.
- Meltzer, J. P. (2018). Digital Australia: An Economic and Trade Agenda. *Brookings*, 22 May.
<https://www.brookings.edu/research/digital-australia-an-economic-and-trade-agenda/#footref-4>
Accessed on 19 November 2021.
- Patrick, J. (2019). PP PSTE, 'Titipan' Asing yang Gadai Kedaulatan Data Indonesia. *CNN Indonesia*, 8 November. <https://www.cnnindonesia.com/teknologi/20191108152910-185-446726/pp-pste-titipan-asing-yang-gadai-kedaulatan-data-indonesia>
- Sacks, S. & Sherman, J. (2019). Global Data Governance: Concepts, Obstacles, and Prospects. *New America*, 16th December. <https://www.newamerica.org/cybersecurity-initiative/reports/global-data-governance/>
- Sandy, O. P. (2019). PP 71/2019 Kontraproduktif dengan Ekonomi Digital. *Cyber Threat*, 11 November.
<https://cyberthreat.id/read/3773/PP-712019-Kontraproduktif-dengan-Ekonomi-Digital>
- Sherpa G20 Indonesia (2020). 1st Digital Economy Task Force Meeting.
<https://sherpag20indonesia.ekon.go.id/1st-digital-economy-task-force-meeting>
- Sugiyama, S. (2019). Abe heralds launch of 'Osaka Track' framework for free cross-border data flow at G20. *The Japan Times*, 28 June. <https://www.japantimes.co.jp/news/2019/06/28/national/abe-heralds-launch-osaka-track-framework-free-cross-border-data-flow-g20/>
- Sung-han, K. (2013). Global Governance and Middle Powers: South Korea's Role in the G20. *Council on Foreign Relations*, February 23. <https://www.cfr.org/report/global-governance-and-middle-powers-south-koreas-role-g20>

- Suroyo, G, Kalra, A., & Potkin, F. (2019). Exclusive: U.S. helps Mastercard, Visa score victory in Indonesia in global lobbying effort. Reuters, 4 October. <https://www.reuters.com/article/us-mastercard-usa-lobbying-exclusive/exclusive-u-s-helps-mastercard-visa-score-victory-in-indonesia-in-global-lobbying-effort-idUSKBN1WJ0IX>
- UNCTAD. (2021). Digital Economy Report. United Nations Publications. https://unctad.org/system/files/official-document/der2021_en.pdf
- Wang, H., & French, E. (2013). Middle range powers in global governance. *Third World Quarterly*, 34(6), 985-999.
- World Economic Forum. (2020). Data Free Flow with Trust (DFFT): Paths towards Free and Trusted Data Flows. http://www3.weforum.org/docs/WEF_Paths_Towards_Free_and_Trusted_Data%20Flows_2020.pdf

Author Biographies

Irfan Ardani is interested in the study of foreign policy and postcolonial approaches in international relations. Currently, he focuses on Indonesia's middle power strategy in shaping the regional order. He is a lecturer in the Department of International Relations, Universitas Gadjah Mada. E-mail: muhammad.irfan.ardhani@ugm.ac.id