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International Regulatory Cooperation and Services Trade: Argentina and Uruguay Adequacy Decisions on Data Protection

RESEARCH

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ABSTRACT

This paper examines the experience in Argentina and Uruguay with EU data adequacy decisions. Building on existing evidence showing that data adequacy can boost bilateral trade in digitally deliverable services, the analysis shows that both countries recognized its trade-facilitating potential, in addition to benefits from data protection from a rights perspective. In addition, their experience with regulatory reform, based on the objective of obtaining an adequacy decision, has supported ongoing efforts more broadly in the region to develop data protection standards. There have been significant spillovers in a regulatory sense, as well as institutional adaptations on a regional level through the development of EU-based and non-EU-based adequacy clubs. A quantitative analysis using a structural gravity model that incorporates the latest developments in the causal analysis literature supports these claims. It shows that the effect of data adequacy on bilateral trade builds over time, potentially taking five years or more to fully develop. In Argentina, adequacy led to an increase of around 28 percent in bilateral exports of digitally deliverable services with other adequate countries. In Uruguay, the effect was smaller but still substantial, at 11 percent.

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1. INTRODUCTION

In 2023, services accounted for approximately two-thirds of economic output and employment in the Latin America and the Caribbean (LAC) region, based on data from the World Development Indicators. The same source shows that for Argentina, while the GDP proportion is only 55 percent, the proportion of employment is 76 percent. For Uruguay, the GDP proportion is close to the regional average at 66 percent, but employment is again higher at 72 percent. The services sector is therefore a crucial part of the regional socio-economy and has become more so over time.

According to data from UNCTADStat, commercial services exports of LAC countries increased from $120 billion in 2010 to $203 billion in 2023, registering a 70 percent rise over this period. Within this, LAC's digitally deliverable services[1] exports amounted to nearly $90 billion in 2023. This figure represents a rate of increase of nearly 5 percent per annum against the background of a relatively sluggish global trade environment. In terms of shares, exports of digitally deliverable services accounted for 34 percent of LAC's total commercial services exports to the world in 2023, while in the same year, the comparable share of intra-LAC digital services exports was only 14.8 percent. Extant empirical work on the determinants of services trade shows how unnecessarily restrictive and heterogeneous regulation in services between trading partners acts as a barrier to trade in services (Miroudot and Cadestin 2017; Nordås and Rouzet 2017; Rubínová and Sebti 2021). Similarly, different types of data policies have negative consequences for digital trade (van der Marel and Ferracane 2021; Sun et al. 2023), justifying the need for cross-border regulatory cooperation in services.

Against this background, this paper seeks to better understand a key dynamic in services sector regulatory reform: regulations on cross-border transfers of personal data. Our main research question centers on the role that international regulatory cooperation can play in reducing services trade costs and supporting digital trade. We focus specifically on the effects of so-called data adequacy arrangements of the European Union (EU) with Argentina and Uruguay. These two countries stand out in the LAC digital trade landscape because they have obtained adequacy decisions by the EU that facilitate the cross-border transfer of EU citizens' personal data.[2] This required substantial changes in the regulatory regimes of both countries. Ferracane et al. (2025) find that EU adequacy decisions are associated with not only greater bilateral digital trade, but also potentially enhance trade within the network of countries that have similarly been accorded adequacy.

The purpose of this paper is to describe and analyze the regulatory reforms undertaken in both countries with a view to achieving adequacy decisions from the EU. The analysis is complemented by a quantitative event study using recent techniques, emphasizing the synergies between structural gravity modeling and causal analysis in nonlinear contexts with heterogeneous treatment effects. It is important to understand the institutional dynamics underlying the regulatory cooperation process that led to adequacy decisions—which has not yet been the subject of research—and how these relate to estimates of the economic effects of international regulatory cooperation on cross-border data flows. This is also important as it has broader institutional and regulatory implications for the LAC region.

Exports of digitally delivered services, among the fastest growing category of global trade, often utilize personal data at multiple stages of the value chain, including R&D, product design, marketing, and sales. For instance, online streaming of video and music may require a subscription, which involves personal data transfers. Similarly, cross-border online banking may reveal banking information of people in other countries. As the extensive use of personal data gives rise to concerns about whether privacy is respected when information is processed outside its original jurisdiction, many governments have introduced regulations governing

1 These include computer-related services, insurance and financial services, telecoms, audio-visual services, and several other business services (accounting, legal, management consulting, etc.) that are largely delivered remotely.

2 For the most recent years available in the UNCTADStat data, digitally deliverable services exports amounted to nearly $8 billion for Argentina and $3 billion for Uruguay. See Giordano and de Mendivil (2021) for an overview of trade in services in the LAC region. As clarified in section 3, Brazil also obtained an adequacy decision in January 2026, after this paper was finalized.

DOI: 10.31389/eco.543

how personal data is used, shared, and stored, seeking to balance the promotion of digital trade with the protection of individual privacy. Such regulation may facilitate digital trade by fostering trust in the digital economy but may also increase trade costs. Much of the extant literature highlights the trade-offs between the free flow of personal data and privacy protection of citizens (Acquisti, Taylor and Wagman 2016). Empirical studies of LAC economies have found that more restrictive data policies negatively impact trade in information and communication technology (ICT) goods and digitally deliverable services (Giordano and de Mendívil 2021).

An adequacy decision functions akin to recognition arrangements that are commonly used by countries to reduce the trade costs associated with national regulatory standards for health and product safety, including in the LAC region (e.g., Blyde 2024; Blyde and Ramírez 2024). Such arrangements may involve unilateral determinations that another jurisdiction's regulatory system is equivalent to the national one, or comprise reciprocal, mutual recognition arrangements. An adequacy decision not only allows companies to freely transfer data between the EU and the country concerned, but also establishes the right to transfer personal data of EU citizens among all countries accorded adequacy by the EU. This latter dimension creates a potential additional indirect benefit of adequacy: reducing digital trade costs among the 'club' of all jurisdictions granted adequacy (Ferracane et al. 2025).

The adoption of such regulatory equivalence mechanisms to lower trade costs will generally be premised on a technical determination that regulatory regimes are equivalent in effect but may reflect political considerations as well. In practice, the process through which a country is accorded adequacy is not very transparent—many countries, including in LAC, have General Data Protection Regulation (GDPR)-type regulatory regimes but have not obtained an adequacy decision. Understanding the benefits of obtaining adequacy and the associated necessary conditions, including regulatory reforms, is important for other LAC countries, both in terms of the pursuit of recognition of cross-border data flow regimes within LAC, and in terms of the incentives for following Argentina and Uruguay and seeking to agree with the EU.

The process of regulatory cooperation on data protection is also relevant for bilateral, regional, and inter-regional discussions to harmonize data flow regulations, aiming to balance the benefits of digital trade with the protection of personal data. Latin American countries have increasingly included provisions related to data flows in their preferential trade agreements. This is also the case with Argentina and Uruguay, who committed to free flow of data as part of several trade agreements. This trend reflects a concerted effort to align data regulation across the region. In addition, the recently launched discussions under the EU-LAC Digital Alliance are expected to cover, among other topics, the identification of good regulatory practices to facilitate cross-border data flows between LAC and the EU.

Digitally deliverable services trade is closely related to data flows and the regulations surrounding them. As noted in the examples above, when a digital service is delivered by subscription, there can be a cross-border flow of personal data (identifying information, financial information, etc.). Outside the audiovisual sphere, consulting assignments or professional services, when delivered digitally, frequently involve the transfer of personal information about either the supplier or the purchaser, or when surveys or other types of data collection are involved, that kind of information as well. So regulation and agreements that structure international flows of data have a close relationship to digitally deliverable services trade due to the intimate connection between trade and information in this context. One purpose of this paper is to elucidate those links from a regulatory and institutional perspective, and also to quantify them to the extent possible.

Against this background, the paper proceeds as follows. Section 2 discusses the episode of regulatory cooperation, namely the process for receiving adequacy decisions from the EU by Argentina and Uruguay. It also highlights economic and situational relevance by citing results from the literature, and highlights potential implications for the region. Section 3 discusses spillovers and institutional issues. Section 4 presents a quantitative analysis, the main output of

DOI: 10.31389/eco.543

which is an event study of the adequacy decision for Argentina, based in part on what has been observed with other such decisions around the world. Section 5 concludes and presents policy implications.

2. OBTAINING ADEQUACY DECISIONS FOR ARGENTINA AND URUGUAY

This section describes in detail the EU regime for personal data transfers and the circumstances leading to adequacy decisions for Argentina and Uruguay. It focuses on legal and institutional mechanisms, as well as negotiations and discussions among the relevant countries. The discussion is without prejudice to the quantitative effects of adequacy decisions, which are discussed in the next section.

2.1 THE EU REGIME FOR PERSONAL DATA TRANSFERS

The EU framework for data protection has become a reference framework to protect the privacy of individuals across the globe. The first comprehensive data protection for EU countries was the Data Protection Directive 95/46/EC of 1995,[3] later replaced by the GDPR, which took effect in May 2018.[4] The GDPR shares many similarities with its predecessor, introducing expanded rights for individuals, increased obligations for organizations, and heavy penalties to ensure compliance.

The EU data protection regime sets conditions for firms to transfer personal data outside the EU to ensure data privacy protection in third countries. The regime follows a three-tiered structure with adequacy decisions at the top, appropriate safeguards in the middle, and derogations at the bottom (Kuner 2020). The system of adequacy, which will be discussed later in this section, provides that data can be transferred freely to legal systems deemed adequate without the imposition of further safeguards or authorizations. Among the countries that received adequacy, there are two Latin American countries, namely Argentina and Uruguay.

In the absence of adequacy, the company may resort to adequate safeguards, which include standard contract clauses and binding corporate rules.[5] The former are pre-approved contract templates developed by the European Commission. If used, these clauses must be signed for each transfer by the sending entity in the EU and the receiving entity in a third country. These clauses do not fit each type of data transfer, must be used without change, and are considered to be generally onerous, leading to high administrative costs (Schwartz 2019). The binding corporate rules are internal rules for data transfers within multinational organizations and must be formally approved by an EU data protection authority. The approval process can be lengthy, and implementation expensive and difficult (Kuner 2007).

Finally, derogations can be used in certain circumstances when other options are not available and should be limited to occasional and non-repetitive transfers.[6] These include the consent of the data subject and situations of necessity to perform the contract and protect the data subject.

Given the costs associated with implementing adequate safeguards and the limited use that companies can make of the derogations, adequacy determinations represent a key instrument to promote data transfers between trading partners. When the European Commission makes a finding that a country ensures an adequate level of protection, no specific authorization by a data

3 Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, Official Journal L 281, 23 November 1995.

4 Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation), Official Journal of the European Union, L 119, 4 May 2016.

5 The GDPR also lists other tools, such as code of conducts, which, however, have not been operationalized.

6 European Data Protection Board (EDPB), "Guidelines 2/2018 on derogations of Article 49 under Regulation 2016/679 Adopted on 25 May 2018," https://www.edpb.europa.eu/sites/default/files/files/file1/edpb_guidelines_2_2018_derogations_en.pdf.

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protection authority from any Member State is required for the transfer of personal information to the adequate country.

Such findings can cover all transfers to the third country, or may apply to particular categories of information[7] or recipients. The adequacy decision related to Canada applies to commercial organizations subject to the Personal Information Protection and Electronic Documents Act 2000,[8] the one for Japan covers organizations subject to the Japanese Act on the Protection of Personal Information,[9] and the decision related to Korea covers entities subject to the Personal Information Protection Act.[10]

In the case of the US, three programs of self-certification for US companies have been agreed upon. These are the Safe Harbor Framework (2000–2015), the Privacy Shield Framework (2016–2020), and the Data Privacy Framework (2023–present). In these agreements, the EU and the US agreed on a list of principles for American companies to follow voluntarily.[11] In addition to these four countries, 11 other countries (and territories) have been deemed adequate as of September 2025.[12] These are: Andorra, Argentina, the Faroe Islands, Guernsey, Israel, the Isle of Man, Jersey, New Zealand, Switzerland, the UK, and Uruguay. In addition, the European Patent Organization was also found to provide adequate protection.[13] It is important to notice that adequacy decisions also have direct implications for three additional countries that comprise the European Economic Area (EEA), namely Iceland, Liechtenstein, and Norway, whose data protection regime is considered equivalent to the other Member States of the EU.

Although the Working Party 29 (WP29)[14] had already commented in 1998 that the adequacy determinations are a "continuing [process], not one that would produce a definitive list, but rather a list that would be constantly added to and revised in light of developments,"[15] in practice, the list of adequate countries has not seen significant revisions over time. The negotiation of an adequacy decision typically begins with the third country approaching the Commission, requesting discussions to be opened. Negotiations generally take several years, and the Commission makes its own investigations about the regulatory environment of the third country, including through reports by academic experts. These processes are not transparent, and documents, including deliberations and academic studies, are usually not made available (Kuner 2020).

There is not much information available about countries' requests for adequacy that were not successful either, as the Commission usually refrains from publishing the reasons for these

7 Two decisions covered air transport passenger information with Canada and the United States, respectively. The decision with Canada came to natural expiration in 2009, while the one with the US was considered invalid by the European Court of Justice (ECJ) in 2004. Canada Border Services Commission Decision, 2006, OJ L 91/49; US Border Protection Commission Decision, 2004, OJ L 235/11.

8 Commission Decision of 20 December 2001 pursuant to Directive 95/46/EC of the European Parliament and of the Council on the adequate protection of personal data provided by the Canadian Personal Information Protection and Electronic Documents Act (notified under document number C(2001) 4539), 2002/2/EC.

9 Commission Implementing Decision (EU) 2019/419 of 23 January 2019 pursuant to Regulation (EU) 2016/679 of the European Parliament and of the Council on the adequate protection of personal data by Japan under the Act on the Protection of Personal Information (Text with EEA relevance), C/2019/304.

10 Commission Implementing Decision (EU) 2022/254 of 17 December 2021 pursuant to Regulation (EU) 2016/679 of the European Parliament and of the Council on the adequate protection of personal data by the Republic of Korea under the Personal Information Protection Act (notified under document C(2021) 9316) (Text with EEA relevance), L 44/1, 24 February 2022.

11 The Safe Harbor and Privacy Shield have both been invalidated by ECJ, as discussed below.

12 In September 2025, the European Commission released a draft adequacy decision for Brazil. The text is available at https://commission.europa.eu/document/download/f5aee532-70bf-41b1-a94a-8e294a528f6a_en?filename=Draft%20Adequacy%20Decision%20-%20Brazil%20-%20LGPD%20-%20FINAL%20-%20September%202025.pdf.

13 For information about all adequacy decisions, see https://commission.europa.eu/law/law-topic/data-protection/international-dimension-data-protection/adequacy-decisions_en.

14 The Article 29 Working Party is an advisory group established under Article 29 of the Directive, independent from the European Commission and composed of representatives of the supervisory authority of Member States, authorities of EU institutions and bodies, as well as a representative of the European Commission.

15 WP29 (1998), "Transfers of personal data to third countries: Applying Articles 25 and 26 of the EU data protection directive," Adopted on 24 July 1998, DG XV D/5025/98, WP 12.

DOI: 10.31389/eco.543

negative opinions (Greenleaf 2011; Makulilo 2013). The Principality of Monaco received a positive opinion from the WP29 in 2012, but the Commission never issued a decision (Kuner 2020). In the case of Australia, the WP29 in 2000 issued an opinion stating that the level of protection of the Australian Privacy Amendment (Private Sector) Act 2000 was not adequate.[16] In addition, at least four African countries also sought adequacy determinations, namely Burkina Faso, Mauritius, Morocco, and Tunisia, but there is no evidence about an opinion being issued (Makulilo 2013).

The adequacy decisions were introduced in the 1995 Directive with the objective to "establish a coherent approach (…) and prevent the development of a multiplicity of differing and perhaps conflicting 'white lists' issued by Member State governments or data protection authorities."[17] WP29 also stressed that these decisions would provide "a clear and public incentive to those countries still in the process of developing their system of protection," thus contributing to increased data protection globally.[18]

Under the 1995 Directive, and therefore at the time when both Argentina and Uruguay got their adequacy determination, adequacy was assessed taking into account (i) all the circumstances surrounding a data transfer operation or set of operations, and (ii) the nature of the data, the purpose and duration of the proposed processing operation or operations, the country of origin and country of final destination, the rules of law, both general and sectoral, in force in the third country in question, and the professional rules and security measures that are complied with in that country (Art. 25(2)). The determinations were made on a case-by-case basis, considering both the domestic law and international commitments taken by the country, including as a result of the negotiation process with the European Commission (Art. 25(6)). Interestingly, the Directive states that such a negotiation process would take place when the country is not deemed adequate, therefore implying that the adequacy determination in a first instance does not require a negotiation process and is rather a unilateral decision (Art. 25(4–6)).

In addition to these general considerations, WP29 set out two "basic elements" considered relevant to the assessment of adequacy: the content of the rules applicable and the means for ensuring their effective application.[19] The content principles listed by the WP29 cover: purpose limitation; data quality and proportionality; transparency; security; rights of access, rectification, and opposition; restrictions on onward transfers; and, depending on the specific processing, also rules related to sensitive data, direct marketing, and automated decisions. On the other hand, the WP29 states that procedural/enforcement mechanisms considered for the determination should ensure a good level of compliance, support and help to individual data subjects in the exercise of their rights, and appropriate redress for injured parties.

The GDPR maintained the requirement of adequacy and strengthened the process around it, broadening the requirement to obtain adequacy and increasing its details, mostly as a result of the *Schrems I* case.[20] The European Court of Justice (ECJ) raised the bar on what "adequacy" entails by requiring "essential equivalence" with the EU framework.[21] The factors to be considered are expressly articulated and now include: (a) the rule of law, respect for human rights and fundamental freedoms, relevant legislation, including concerning public security, defense, national security, and criminal law and the access of public authorities to personal data, as well as the implementation of such legislation, data protection rules, professional rules and security measures, including rules for

16 WP29 (2000), "Opinion 3/2001 on the level of protection of the Australian Privacy Amendment (Private Sector) Act 2000," Adopted on 26th January 2001, 5095/00/EN, WP40 final. Saluste (2021) also finds that in a second opinion in 2004, the WP29 stated that Australia provides adequate level of protection for the transmissions of passenger name record data. However, the Commission did not adopt an implementing act.

17 Ibid.

18 Ibid.

19 WP29 (1997), "First orientations on Transfers of Personal Data to Third Countries—Possible Ways Forward in Assessing Adequacy Discussion," Adopted on 26 June 1997, XV D/5020/97-EN final, WP4.

20 Case C-362/14, *Schrems v. Data Protection Commissioner*, ECLI:EU:C:2015:650, 6 October 2015.

21 For an analysis on how the adequacy determinations' process has evolved as a result of *Schrems v. Data Protection Commissioner (Schrems I)*, see Roth (2017). Under the Directive, the EU legislator specifically preferred the term "adequate" protection to "equivalent" protection (Kuner 2020).

DOI: 10.31389/eco.543

the onward transfer of personal data, case-law, effective and enforceable data subject rights, and effective administrative and judicial redress for the data subjects whose personal data are being transferred; (b) the existence of an effective independent supervisory authority with adequate enforcement powers; and (c) international commitments, other obligations arising from legally binding conventions or instruments, as well as from its participation in multilateral or regional systems, in particular in relation to the protection of personal data (Art. 45(2)).

With the GDPR, the European Data Protection Board (EDPB) replaced the WP29, and it has the express function of providing opinions to the Commission about adequacy (Art. 70(1)). As such, the process for the determination of adequacy involves a formal proposal by the Commission, a non-binding opinion of the EDPB, approval from Member States' representatives through the so-called "comitology" procedure, and the adoption of the decision by the European Commissioners (Kuner 2007). Moreover, in the GDPR, adequacy findings can also cover a territory, one or more specific sectors, and international organizations (Art. 45(1)).

In 2016, the Commission issued a decision that amended 11 existing adequacy decisions to take into account the findings of the *Schrems I* judgment, including those of Argentina and Uruguay.[22] The amended revisions of adequacy decisions for both Argentina and Uruguay included the following new clauses: (i) when Member States' data protection authorities take decisions to suspend or ban data flows to these countries, they shall inform the Commission, which will forward the information to other Member States; (ii) the Commission shall monitor developments in these countries that could affect the functioning of the decision; (iii) the Commission and Member States shall keep each other informed about cases where the action of bodies in the third country responsible for ensuring compliance fail to do so; (iv) Member States and the Commission shall inform each other of indications that interference by public authorities responsible for national security, law enforcement, or public interests go beyond what is strictly necessary or that there is no effective legal protection against such interferences; and (v) the Commission shall inform the competent authorities of the third country and propose draft measures to repeal or suspend the decision or limit its scope when evidence shows that an adequate level of protection is no longer ensured.[23]

In 2017, the European Commission laid out four key criteria relevant for the assessment of adequacy.[24] These are: (i) the extent of the EU's (actual or potential) commercial relations with a given third country, including the existence of a free trade agreement (FTA) or ongoing negotiations;[25] (ii) the extent of personal data flows from the EU, reflecting geographical and/or cultural ties; (iii) the pioneering role the third country plays in the field of privacy and data protection that could serve as a model for other countries in its region;[26] and (iv) the overall political relationship with the third country. In the same communication, the Commission identified some potential new countries suitable for adequacy, including in Latin America, with particular regard to Mercosur.

The *Schrems I* decision explicitly stated that the Commission must "check periodically whether the finding (...) is still factually and legally justified."[27] The GDPR formalized this requirement by adding a periodic review process that must take place at least every four years (Art. 45(3)), and the Commission must monitor, on an ongoing basis, developments that could affect the functioning of the adequacy decisions (Art. 45(5)). This led to a process of review of the 11 decisions granted

22 Commission Implementing Decision (EU) 2016/2295 of 16 December 2016 amending Decisions 2000/518/EC, 2002/2/EC, 2003/490/EC, 2003/821/EC, 2004/411/EC, 2008/393/EC, 2010/146/EU, 2010/625/EU, 2011/61/EU and Implementing Decisions 2012/484/EU, 2013/65/EU on the adequate protection of personal data by certain countries, pursuant to Article 25(6) of Directive 95/46/EC of the European Parliament and of the Council.

23 Ibid.

24 European Commission (2017), "Communication from the Commission to the European Parliament and the Council: Exchanging and Protecting Personal Data in a Globalised World," COM/2017/07 final, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52017DC0007.

25 Ibid., p. 7. The Commission identified Argentina as one of these countries.

26 Ibid. The Commission identified Uruguay as one of these countries.

27 Schrems v. Data Protection Commissioner, supra 21, Recital 8.

DOI: 10.31389/eco.543

before the enactment of the GDPR, whose conclusion was postponed to take into account the new judgment of the ECJ for the *Schrems II* case in 2020, which further elaborated on the standard of "essential equivalence."[28] This process of review entailed detailed exchanges with adequate countries on relevant aspects of their legal framework, oversight mechanisms, and enforcement systems.[29]

The Commission's report confirms that "rather than being the 'end point', adequacy decisions laid the foundation for closer cooperation and further regulatory convergence between the EU and like-minded countries." The review found that the data protection frameworks in each of the 11 countries (or territories) had further converged with the framework of the EU, and that these frameworks remained adequate under the evolved interpretation of the adequacy standard under EU law.[30]

2.2 ADEQUACY DECISION FOR ARGENTINA

Argentina is the first Latin American country to be granted an adequacy decision. The country passed its comprehensive privacy law in October 2000, issued an implementing regulation in December 2001, and then requested an adequacy determination from the EU in January 2002 with a letter from its ambassador before the European Union. In October 2002, the WP29 released its favorable adequacy opinion,[31] and in June 2003, the European Commission decided that Argentina ensured an adequate level of protection.[32]

The legal regime in force in Argentina at that time was a combination of the Constitution, the Personal Data Protection Act No. 25.326 (PDPA), and the Regulation approved by Decree No. 1558/2001. The Argentinian Constitution provides for the so-called "habeas data," which essentially empowers individuals to control their personal information by giving them the right to know what data is held about them and to correct or remove inaccurate or outdated information. As such, it upgrades the protection of personal data to the category of a fundamental right.[33]

The PDPA, which closely resembles Spanish Organic Law 5/1992 on the Regulation of the Automated Processing of Personal Data, develops and widens the Constitutional provisions, with general data protection principles, data subjects' rights, obligations for data controllers and data users, and the creation of a supervisory authority. The Regulation introduces implementing rules, completes the provisions of the Act, and clarifies points of the Act that may be subject to diverging interpretation.

Article 12.1 of the PDPA prohibits the transfer of personal data to countries that do not provide adequate levels of protection. Article 12.2 lists some exceptions, which are: (a) international judicial cooperation; b) exchange of medical data, if required by the patient's treatment, or by an epidemiological research; c) bank or stock exchange transfers, relating to the respective transactions and in accordance with applicable laws; d) whenever transfer has been agreed upon within the framework of international treaties signed by Argentina; and e) whenever the purpose of the transfer is international cooperation among intelligence organizations to fight against organized crime, terrorism, and drug-trafficking.

28 Judgment of the Court (Grand Chamber) of 16 July 2020 in Case C-311/18, *Data Protection Commissioner v Facebook Ireland Limited and Maximillian Schrems* (Schrems II), ECLI:EU:C:2020:559.

29 European Commission (2024), Report from the Commission to the European Parliament and the Council on the first review of the functioning of the adequacy decisions adopted pursuant to Article 25(6) of Directive 95/46/EC, COM/2024/7 final, 15 January 2024.

30 A detailed review of each country's regulatory regime can be found in European Commission (2024), Reports on the functioning of the adequacy decisions adopted under Directive 95/46/EC, Accompanying the document Report from the Commission to the European Parliament and the Council on the first review of the functioning of the adequacy decisions adopted pursuant to Article 25(6) of Directive 95/46/EC, Commission Staff Working Document Country, COM(2024) 7 final, 15 January 2024.

31 WP29, Opinion 4/2002 on the level of protection of personal data in Argentina, WP63, 11081/02/EN/Final, 3 October 2002.

32 Commission Decision of 30 June 2003 pursuant to Directive 95/46/EC of the European Parliament and of the Council on the adequate protection of personal data in Argentina (Text with EEA relevance), 2003/490/EC, Official Journal L 168, 5 July 2003.

33 WP29, *supra* 32.

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The Regulation approved by Decree No. 1558/2001 expanded these exceptions, "inspired" by those provided for in Article 26 of the then-current European Directive of 1995 (Belli et al. 2023). The additional exceptions include the consent of the data subject and the use of standard contract clauses (Art. 12)—the latter were operationalized only in 2016, as discussed below.

In its 2002 opinion, WP29 found substantial concerns with the procedural and enforcement mechanisms of the data protection framework in the country. In particular, it expressed concerns that the data protection supervisory authority was not fully independent and lacked jurisdiction over certain data controllers and processors. Yet, WP29 gave a favorable opinion on Argentina's adequacy, relying on the Argentine government's assurances with respect to how the law was being implemented "in the absence of any substantial experience with the practical application of the legislation."[34]

For some authors, the adequacy decision granted to Argentina despite these concerns was proof of the arbitrary nature of the decisions (Wolf 2014). For others, it was a reward to the country for being the first country to adopt EU-style regulation in Latin America (Kuner 2013). The attention to the role of "standard setters" in different regions has also been confirmed by the European Commission, noting that it would take into account "the pioneering role the third country plays in the field of privacy and data protection that could serve as a model for other countries in its region."[35] The decision was adopted after Argentina experienced a severe economic crisis between 1998 and 2002. In this context, the adequacy finding may also be interpreted as a strategic concession by the EU, intended to facilitate foreign investment flows into Argentina by removing regulatory barriers linked to the processing of EU-originating personal data (Cerda Silva 2011).

Through Disposition 60/2016, which was approved a few months after the EU GDPR, the Argentinian personal data agency established a list of adequate countries and approved two model contracts for transferring data to non-adequate countries.[36] The countries considered adequate, in addition to the EEA members (that is, EU Member States, Iceland, Liechtenstein, and Norway), are the same that were deemed adequate by the EU at that time, namely Switzerland, Guernsey, Jersey, the Isle of Man, the Faroe Islands, Canada (only with respect to its private sector), Andorra, New Zealand, Uruguay, and Israel (only with respect to data processed automatically). The only exception is the US, which never received adequacy from the Argentinian authorities.[37] After Brexit, the UK requested adequacy, which was granted in 2019 through Resolution 34/2019,[38] two years before the country received adequacy from the EU.

With regard to the contract clauses approved through Disposition 60/2016, they closely resemble—in terms of structure and substance—the EU model adopted by the European Commission under the former Data Protection Directive. Before the publication of the models, data controllers and processors in practice also used model contracts that closely followed those approved in the European Union (Belli et al. 2023). In 2023, the Agency of Access to Public Information (AAIP) also approved the model contractual clauses included in the Implementation Guide of Model Contractual Clauses for International Personal Data Transfers of the Ibero-American Data Protection Network (RIPD in Spanish), with the objective to harmonize regulation in Latin America

34 Ibid.

35 European Commission (2017), "Digital Single Market—Communication on Exchanging and Protecting Personal Data in a Globalized World Questions and Answers," Fact Sheet, 10 January 2017, https://ec.europa.eu/commission/presscorner/api/files/document/print/en/memo_17_15/MEMO_17_15_EN.pdf.

36 Ministerio de Justicia y Derechos Humanos, Disposición N° 60/2016 de la DNPDP. Aprobación de Contratos modelos para transferencia internacional de datos personales, Dirección Nacional de Protección de Datos Personales, 16 November 2016.

37 On 5 February 2026, the Office of the United States Trade Representative (USTR) announced that the US and Argentina signed the United States–Argentina Agreement on Reciprocal Trade and Investment (ARTI). The agreement establishes binding digital trade rules that facilitate cross-border data transfers, including Argentina's recognition of the US as providing adequate data protection and its commitment to participate in global privacy cooperation frameworks. The press release can be accessed at this webpage: https://ustr.gov/about/policy-offices/press-office/press-releases/2026/february/ambassador-greer-signs-united-states-argentina-agreement-reciprocal-trade-and-investment (last accessed in April 2026).

38 Agencia de Acceso a la Información Pública, *Resolución 34/2019*, RESOL-2019–34-APN-AAIP, 22 February 2019.

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and offer an updated model in line with the standard clauses approved by the EU in 2021.[39] With Resolution 159/2018, the agency also approved binding corporate rules for intra-corporate transfers, which resemble the EU rules.[40]

As part of the process of reviewing the adequacy decisions in 2024, the European Commission found that the data protection framework in Argentina guaranteed an adequate level of protection under the evolved interpretation of the adequacy standard. In particular, the Commission welcomed the strengthened independence of the data protection supervisory authority through Decree No. 746/17,[41] and the fact that Argentina joined the Council of Europe Convention for the protection of individuals with regard to the automatic processing of personal data and its additional Protocol (Convention 108) in 2019, and also ratified the amending Protocol, creating the modernized Convention 108+ in 2023. It is also worth noting that Beatriz de Anchorena, Director of Argentina's AAIP, is also Chair of the Council of Europe's Data Protection Convention Consultative Committee.

The Commission also stated that the developments in terms of opinions and practices should be codified in legislation to enhance legal certainty, which could be done through the draft Data Protection Bill, which is under discussion.[42]

2.3 ADEQUACY DECISION FOR URUGUAY

Uruguay passed its comprehensive privacy law in 2008 and a regulating decree in August 2009. It requested an adequacy determination from the EU in October 2008 through its Mission to the EU. The Commission requested a report from the *Centre de Recherches Informatique et Droit* (CRID), to which the Uruguayan authorities made comments in February 2010.[43] After requiring some additional clarifications, the WP29 released its favorable adequacy opinion in October 2010,[44] and the European Commission decided that Uruguay ensured an adequate level of protection in August 2012.[45]

Under Article 1 of Law No. 18.331 on the Protection of Personal Data and the Habeas Data Action (LPDP), the right of data protection is a fundamental right.[46] The law was promulgated in August 2008, and one year later, the executive government passed the Decree No. 414/009 Regulating Law 18.331 Relating to the Protection of Personal Data.[47] The preamble of the decree points to the EU Directive 1995 as a reference for the Uruguayan regulations.

The regime for cross-border data transfers is set out in Article 23, which generally prohibits data transfers to countries not deemed adequate unless certain conditions are fulfilled or with the authorization of the Regulatory and Control Unit for the Protection of Personal Data (URCDP in Spanish). With Resolution No. 17/009 of June 2009, the URCDP declared that it considered adequate the Member States of the EU and the other countries that the European Commission considered adequate. With Resolution No. 4/019 of March 2019, URCDP published a list of adequate countries,

39 Agencia de Acceso a la Información Pública, *Resolución 198/2023*, RESOL-2023–198-APN-AAIP, 13 October 2023; Red Iberoamericana de Protección de Datos Personales, "Guía de Implementación de Cláusulas Contractuales Modelo para la Transferencia Internacional de Datos Personales de la Red Iberoamericana de Protección de Datos Personales," https://www.redipd.org/sites/default/files/2023-02/guia-implementacion-clausulas-contractuales-modelo-tidp-es.pdf.

40 Agencia de Acceso a la Información Pública, *Resolución 159/2018*, RESOL-2018–159-APN-AAIP, 5 December 2018.

41 Decree No. 746/17, Modificación Ley de Ministerios, 25 September 2017.

42 The original proposal expired in December 2024, and a new proposal was put forward in 2025. For more information about the process of reform of the data protection law, see Szlak (2025) and the following government webpage: https://www.argentina.gob.ar/aaip/datospersonales/proyecto-ley-datos-personales (last accessed in August 2025).

43 These documents are not public.

44 Article 29 Working Party, Opinion 6/2010 on the level of protection of personal data in Eastern Republic of Uruguay, WP177, 0475/10/EN, 12 October 2010.

45 Commission Decision of 21 August 2012 pursuant to Directive 95/46/EC of the European Parliament and of the Council on the adequate protection of personal data by the Eastern Republic of Uruguay with regard to automated processing of personal data (notified under document C(2012) 5704) Text with EEA relevance, 2012/484/EU, Official Journal L 227/11, 23 August 2012.

46 Ley N° 18.331, Ley de Protección de Datos Personales, 11 August 2008.

47 Decreto N° 414/009, Reglamentación Ley N° 18.331, Relativo a la Protección de Datos Personales, 31 August 2009.

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which included the Members of the EEA, Andorra, Argentina, the private sector of Canada, organizations included in the "Privacy Shield" framework of the US, Guernsey, the Isle of Man, the Faroe Islands, Israel, Japan, Jersey, New Zealand, the UK,[48] and Switzerland.

With Resolution No. 23/021 of June 2021, the URCDP amended the list by removing the "Privacy Shield" framework of the US, reflecting the invalidation of this framework by the ECJ. Finally, with Resolution No. 63/023, the URCDP further amended the list to take into account the new adequacy decisions granted by the European Commission, namely those for entities subject to the Personal Information Protection Act of the Republic of Korea, and transfers to organizations included in the "Data Privacy Framework List" published by the US Department of Commerce.

With regard to the transfers of data to non-adequate countries, the exemptions listed in the first part of the article closely resemble those of Argentina Act No. 25.326, namely, 1) international judicial cooperation; 2) exchange of medical data, when it is required in order to treat the person in question for reasons of public health or hygiene; 3) bank transfers or exchanges, with regard to the respective transactions, and in accordance with applicable law; 4) agreements under international treaties to which the Eastern Republic of Uruguay is a party; and 5) international cooperation between intelligence agencies to combat organized crime, terrorism, or drug trafficking.

Article 23 of the LPDP also provides an additional list of exceptions, which is the same as in Article 26.2 of the 1995 EU Directive, and sets out the following cases that are excluded from the authorization: a) when the individual has given his consent unambiguously to the proposed transfer; b) when the transfer is necessary for the execution of a contract between the individual and the controller or for the implementation of pre-contractual measures taken at the request of the individual; c) when the transfer is necessary for the conclusion or execution of a contract or for one yet to be signed in the interest of the individual, between the controller and a third party; d) when the transfer is necessary or legally required in order to safeguard an important public interest, or in order to recognize, exercise, or defend a right in court proceedings; e) when the transfer is necessary to safeguard the individual's vital interests; and f) when the transfer is made from a register which, by virtue of legal provisions or regulations, is intended to provide information to the public and is open to be consulted by the general public or by any person who can demonstrate a legitimate interest, provided that they fulfill, in every case, the legally-established requirements for doing so.

If the destination is not deemed adequate and the transfer does not fall within the legal exceptions, the controller may request authorization from the URCDP to carry out international data transfers, offering sufficient guarantees regarding the protection of privacy, fundamental rights and freedoms of individuals, as well as the exercise of their respective rights.[49] To grant the aforementioned authorization, the URCDP can take into account the adoption of contractual clauses, whose minimum content was established in Resolution No. 41/021 of September 2021. Furthermore, through Resolution No. 50/022 of December 2022, Uruguay adopted the contract clauses included in the Implementation Guide of Model Contractual Clauses for International Personal Data Transfers of the RIPD, which allow for the standardization of instruments for secure data transfers and, at the same time, facilitate regulatory harmonization among the different enforcement authorities in the region.

In 2017, Uruguay started a legislative process for a more comprehensive modernization and strengthening of its data protection regime, taking inspiration from the EU GDPR. The territorial scope of the data protection legislation was broadened, and new accountability requirements were introduced, including impact assessments and data protection by design and by default, data breach notification, and the appointment of data protection officers. These new provisions were introduced by Law No. 19.670 on Accountability and Budgetary Execution Balance Exercise 2017, which the Parliament of Uruguay passed in October 2018. The Law entered into force in January 2019 and has been further developed through Decree 64/2020, published in February 2020.

48 Like Argentina, the adequacy decision to the UK came two years before the decision of the European Union.

49 URCDP (2025), "Guía sobre el derecho a la protección de datos personales en Uruguay y los medios disponibles para facilitar su ejercicio," 22 January 2025, https://www.gub.uy/unidad-reguladora-control-datos-personales/comunicacion/publicaciones/guia-general-proteccion-datos-personales-uruguay.

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As part of the process of reviewing the adequacy decisions in 2024, the European Commission found that the data protection framework in Uruguay guaranteed an adequate level of protection under the evolved interpretation of the adequacy standard. In particular, the Commission welcomed the modernization of Law 18.331, the creation of new accountability requirements, and the introduction of additional protection for biometric data.

It is worth noting also that Uruguay was the first non-European country to ratify Convention 108 and its additional protocol in 2013, and it also participated in the drafting of the amending Protocol, creating the modernized Convention 108+, which it ratified in 2021.

2.4 TRADE AGREEMENTS

Both Argentina and Uruguay include provisions related to data flows in their preferential trade agreements. This is reflected in the Trade Agreement between the Argentine Republic and the Republic of Chile (Art. 11.6), the Chile-Uruguay Free Trade Agreement (Art. 8.11), and the Mercosur Agreement on Electronic Commerce (Arts. 7 and 8).[50] This trend reflects a concerted effort to align data regulation across the region, aiming to balance the benefits of digital trade with the protection of personal data. The EU, in contrast, has been reluctant to include similar commitments in its FTAs, instead establishing other mechanisms to promote collaboration on data transfers with countries in the region, leveraging the stronger relationship it has with the two adequate countries. However, there is a strong relationship between trade agreements with the EU and an increasing focus by countries in the region on adequacy. We discuss this further in the next section.

3. SPILLOVER EFFECTS AND INSTITUTIONAL FACTORS

The Argentina and Uruguay adequacy decisions have not passed unnoticed in the region. They have helped trigger efforts by other Latin American states to pursue adequacy as well. To be feasible, this requires first putting in place national data privacy and protection frameworks that are equivalent to those adopted in the EU, that is, the GDPR. Many Latin American countries have done so, implementing legal frameworks that are modeled on the GDPR. As it has been discussed by international relations scholars, for example, Bradford (2020), the GDPR has had important international regulatory spillover effects. This is not necessarily associated with the prospect of obtaining adequacy, but mostly reflects an interest in bolstering personal data protection frameworks and citizens' rights to privacy. Emulation of EU data protection regulations is a necessary condition for adequacy. Insofar as Latin American countries have pursued legislative reforms, introduced data protection laws, and established associated institutional bodies—notably the regulatory agencies that have the mandate to enforce data protection laws—the prospect offered by the GDPR to accord adequacy to trade partners may play a complementary role in inducing governments to put in place or strengthen national data privacy and protection legal frameworks.

Examples in the LAC region include Brazil, Chile, and Mexico. Brazil adopted a Data Protection Authority (DPA) in 2021, following the adoption of the General Law on Data Protection in 2020.[51] This builds on the GDPR and led to the initiation of negotiations with the EU to agree on an adequacy framework, which has resulted in a mutual adequacy decision with the European Union in January 2026.[52] This will complement the EU-Mercosur trade agreement by facilitating digital trade.

50 This agreement aims to facilitate electronic commerce among Argentina, Brazil, Paraguay, and Uruguay. It was ratified by Paraguay and Uruguay in 2023 and by Argentina in 2024. It establishes a common regulatory framework for cross-border trade of electronic goods and services. Among other commitments, it promotes cooperation among the Parties to establish common data protection measures and facilitate data flows within Mercosur.

51 Brazilian Data Protection Law (LGPD), as amended by Law No. 13,853/2019. The official translation in English is available at https://www.gov.br/anpd/pt-br/centrais-de-conteudo/outros-documentos-e-publicacoes-institucionais/lgpd-en-lei-no-13-709-capa.pdf.

52 Commission implementing Decision of 26.1.2026 pursuant to Regulation (EU) 2016/679 of the European Parliament and of the Council on the adequate level of protection of personal data by Brazil (Text with EEA relevance). C(2026) 373 final. 26 January 2026.

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Chile has data protection legislation since 1999. In 2024, it adopted a comprehensive new regulation, in part to align with the GDPR, which will enter into force in December 2026.[53] This revision enabled Chile to request an adequacy decision by the EU, and the government is currently engaging with the EU in discussions to that effect. This effort complements the EU-Chile Advanced Framework Agreement (AFA) and a new Interim Trade Agreement that entered into force in early 2025. The AFA includes a provision for the free flow of personal data, but to fully operationalize this and provide firms with the ability to transfer personal data without using instruments such as standard contractual clauses, Chile must obtain an adequacy decision by the European Commission.

Mexico has also initiated efforts to update and strengthen data protection legislation and is similarly engaged in discussions with the EU on an adequacy determination. The basis for this was put in place in March 2025 with the adoption of a new Federal Law on the Protection of Personal Data in Possession of Private Parties, which embodies many of the elements of the GDPR.[54]

These cases illustrate there has been substantial dynamism in terms of regulatory reform and upgrading and expansion of the respective data protection law and associated institutional frameworks that are charged with implementation and enforcement. The primary drivers have been national concerns to improve data protection and privacy of citizens (data subjects), with the GDPR acting as a focal point and example of good regulatory practice. Despite the US being the dominant economy in the Western hemisphere and an important trade partner for most Latin American countries, it has not served as a model in this regard because it does not have a comprehensive federal framework that accords individuals the right to data privacy. Instead, the US has a patchwork of laws and regulations that apply at the level of the States and that pertain to specific sectors or activities. The focus on GDPR-type legal frameworks in turn has led to greater engagement between Latin American countries and the EU on adequacy decisions, reflecting the importance of national data protection regulations as a source of trade and transaction costs for firms engaging in digital trade. The increased focus on adequacy—determinations of the equivalence of regulatory regimes—is part and parcel of complementary initiatives to deepen trade relations through negotiation of new trade agreements and updating existing ones.

Another spillover effect of the adequacy arrangements Argentina and Uruguay have with the EU is reflected in emulation by countries of adequacy as a trade-facilitating mechanism. Several states have adopted provisions in their legislation providing for according adequacy status to their trading partners. Colombia, for example, has a provision in its legislation permitting its data protection authority (the Superintendency of Industry and Commerce) to determine that a partner country maintains an equivalent (adequate) level of data protection, thus permitting cross-border data flows. Insofar as countries emulate this dimension of the GDPR, it will lead to the creation of networks of adequacy/equivalence. This possibility raises several relevant policy questions, including whether such equivalence determinations are reciprocal, and, related, whether they are automatic or instead conditional on determinations by each country of the adequacy of each partner's regime.

Argentina and Uruguay provide for determinations of adequacy by their data protection authorities on a case-by-case basis, in line with the GDPR. This is a matter for each country to determine, and there is no automatic reciprocal application of EU adequacy decisions. Some countries with adequacy do not accord adequacy to other members of the EU adequacy club, as is the case with Argentina, which does not grant adequacy to the US. Just because the EU has granted adequacy is not sufficient to generate automatic reciprocal treatment among the members of the EU adequacy club. Many states instead require their DPAs to undertake their own due diligence. Conversely, there are examples of countries that are not deemed adequate by the EU unilaterally extending adequacy treatment to all jurisdictions that have been accorded adequacy by the EU. Colombia is an example, and it also accords adequacy to countries that are not members of the EU adequacy club, such as Costa Rica and Australia, which have not obtained EU adequacy determinations.

53 Law 21.719, on the Protection of Personal Data. The official text can be accessed at https://www.bcn.cl/leychile/navegar?idNorma=1209272.

54 The new law came into effect on 21 March 2025, repealing the 2010 Federal Law on the Protection of Personal Data Held by Private Parties. The official text is available at https://dof.gob.mx/nota_detalle.php?codigo=5752569&fecha=20/03/2025#gsc.tab=0.

DOI: 10.31389/eco.543

If countries accord adequacy to trading partners, the associated networks may provide a basis for gradual multilateralization of unilateral and bilateral equivalence decisions, providing firms located in the countries concerned with the ability to freely transfer personal data of the citizens of the participating countries amongst each other. While this has yet to materialize, there would appear to be some potential for such a scenario to emerge, building on the institutional support mechanisms and policy dialogue processes focusing on data protection and digital trade.

3.1 MECHANISMS FOR REGULATORY COOPERATION AND DIALOGUE

Some scholars have depicted the EU's regulatory influence as a unilateral force exploiting its market power (Bradford 2020; Goldsmith and Wu 2006). Others have pointed to the importance of other factors driving the diffusion of the EU model across the globe, including regulatory innovation and a reputation for high standards, complemented by proactive engagement by the EU and its Member States with third countries (Schwartz 2019). The latter view is endorsed by the interviews conducted for this report with regulatory authorities in Argentina and Uruguay, as well as in Brazil, which is currently negotiating adequacy with the EU.

While EU regulation has undoubtedly been a reference for both Argentina and Uruguay, leading some authors in the region to consider the implications of "delegating a sovereign function to another country" (Belli et al. 2023), adequacy decisions appear to have rather evolved into a platform for sustained international cooperation and regulatory alignment in the field of data protection. This cooperation has taken place through formal and informal exchanges between the authorities and has grown significantly over time, in part as a result of the review process that has occurred for the Argentina and Uruguay adequacy decisions.[55]

Institutional mechanisms and platforms for dialogue have played an important role in fostering spillover (emulation) dynamics by supporting and learning about good regulatory practices and implementation challenges. An important platform that has informed changes in and adoption of stronger data protection legislation in Latin American countries is the Ibero-American Data Protection Network (RIPD). The RIPD has served as a platform to support regulatory frameworks for regional convergence in personal data protection standards, both to bolster privacy and data protection as a distinct policy objective, and as a means to bolster intra-regional trade in products and services that entail cross-border data flows. RIPD brings together a mix of public and private sector stakeholders that develop initiatives and projects related to personal data protection. This forum has represented a crucial instrument of collaboration since its creation in 2003. It includes authorities from Spain and Portugal, who have played a substantive role in deepening collaboration on data governance between Latin American countries and the EU. Both Argentina and Uruguay are part of RIPD.

The Council of Europe is another important forum for cooperation, with significant activity from both Argentina and Uruguay. Uruguay was the first non-European country to ratify Convention 108, and the first country from the American continent to ratify Convention 108+. Argentina is currently chairing the Council of Europe's Data Protection Convention Consultative Committee.

A more recent initiative is the EU-LAC Digital Alliance. Created in 2023, the Alliance provides a strategic framework for regular bi-regional dialogue and cooperation on digital matters, with policy dialogue supported by the EU's Global Gateway. The platform promotes cooperation on a wide range of digital issues.[56]

These mechanisms provide fora for discussion on data governance and, among other subjects, identification of good regulatory practices to facilitate cross-border data flows between LAC and the EU. These mechanisms can not only serve for technical exchanges and learning but can help to

55 Recent examples include the high-level meeting on safe international data flows convened by the European Commission in March 2024 (information available at https://commission.europa.eu/law/law-topic/data-protection/international-dimension-data-protection/adequacy-decisions_en) and seminars organized with data protection authorities in the EU, see for example, https://www.gub.uy/unidad-reguladora-control-datos-personales/comunicacion/noticias/seminario-sobre-transferencias-internacionales-datos-personales.

56 See for example, the program of the EU-LAC Digital Alliance week in September 2025: https://international-partnerships.ec.europa.eu/news-and-events/events/eu-lac-digital-alliance-week-2025-09-22_en.

DOI: 10.31389/eco.543

establish trust. Equally important is that they can serve to identify and address capacity constraints and weaknesses in the ability of data protection authorities to enforce regulatory frameworks and requirements that must be addressed before adequacy can be considered. Such platforms and initiatives are critical because national regulators are responsible for the enforcement of national legislation and have the mandate to determine adequacy on a case-by-case basis.

Looking forward, a challenge for Latin American countries is to build on such processes and the revealed interest in pursuing adequacy arrangements to enhance transparency and understanding of the scope conditions for extending adequacy beyond the unilateral approaches that have characterized adequacy arrangements to date. As is clear from the analysis in the next section, from a trade facilitation perspective, adequacy decisions reduce digital trade costs, suggesting there are potential payoffs to exploring the feasibility of going beyond unilateral frameworks to create plurilateral agreements that provide for automaticity and reciprocity of treatment among Latin American members of adequacy clubs. Precedents for this exist in the area of facilitation of trade in goods—for example, the plurilateralization of mutual recognition agreements for authorized economic operator regimes.

4. QUANTITATIVE ANALYSIS

Ferracane et al. (2025) conduct a quantitative study of adequacy decisions and their effects on trade. This paper extends their work in three ways. First, although the dataset is the same, the methodology applied is more focused on causal inference, and specifically the possibility of heterogeneous treatment effects in a differences-in-differences context (Nagengast and Yotov 2024). Second, rather than focusing on average results across a wide range of countries, the analysis uses results with heterogeneity to develop a specific impact effect for Argentina (Uruguay is not included in the Ferracane et al. (2025) dataset). Third, results for the global sample are presented explicitly in an event study framework, with due attention paid to identifying assumptions. As such, there is a considerable degree of confidence that the estimates presented here are causal in nature, rather than merely summarizing associations or correlations.

4.1 MODEL AND DATA

Following Ferracane et al. (2025), a standard structural gravity two-way fixed effects (TWFE) approach to quantifying the WTO effect in the structural gravity context is:

$$X_{ijt} = \exp\left(S_{it} + M_{jt} + D_{ij} + intl_{ijt} + b_1^{TWFE} Adequacy_{ijt}\right) e_{ijt} \quad (1)$$

Where: X_{ijt} is the nominal value of exports from country i to country j in time period t. S_{it} is an exporter-time fixed effect. M_{jt} is an importer-time fixed effect. D_{ij} is a dummy variable for each country pair, capturing trade costs that are pair-specific but which do not vary by time. $intl_{ijt}$ is a dummy for international observations (exporter and importer are different) by time period, to capture the effect of globalization (Bergstrand et al. 2015). The variable of interest is a dummy equal to one if there is a data adequacy decision in place between the exporter and the importer in time period t, and zero otherwise. The error term e_{ijt} represents unobserved bilateral-time trade costs (Weidner and Zylkin 2021).

Estimation of equation (1) by Poisson Pseudo-Maximum Likelihood (PPML) produces coefficient estimates that are consistent under the relatively weak assumption that the conditional mean function is correctly specified, and which are robust to heteroskedasticity in the error term (Santos Silva and Tenreyro 2006). The estimator is also robust to the inclusion of three dimensions of fixed effects, as in equation (1) (Weidner and Zylkin 2021).

Nagengast and Yotov (2024), who use a specification like equation (1) but with a trade agreement dummy in place of the adequacy dummy, highlight two major issues with estimates of b_1 from equation (1), based on recent advances in the difference-in-differences literature. First, it does not allow for heterogeneity in the treatment effect across country groups or time, which could potentially lead to biased estimates that are difficult to interpret. Second, the estimator can involve "forbidden comparisons" that mistakenly include already treated units in the control group.

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To deal with these issues, Nagengast and Yotov (2024) adapt the extended two-way fixed effects (ETWFE) estimator of Wooldridge (2023) to the gravity context. The resulting approach is robust to heterogeneity and produces estimates that can be used to easily compute outputs of interest, such as the average effect of the treatment on the treated, either in an overall sense or allowing for heterogeneity in cohort groups and time periods.

The ETWFE estimator is:

$$X_{ijt} = \exp\left(S_{it} + M_{jt} + D_{ij} + intl_{ijt} + \sum_{g=q}^{T} \sum_{s=g}^{T} w_{gs} W_{gs} \right) e_{ij} \tag{2}$$

Equation (2) preserves structural gravity but allows for heterogeneous treatment through the modified adequacy dummy term. Instead of a simple dummy, equation (2) includes a time-varying treatment indicator *W* equal to one for cohort *g* in post-treatment years, and zero otherwise. The *w* terms capture cohort-year specific treatment effects. A country pair belongs to the treatment cohort *g* if adequacy started in year *g*; *q* is used to index the first year of treatment of cohort *g*.

Identification rests on two assumptions. First, there can be no treatment effect prior to onset as captured by the relevant dummy variable. Second, trade growth of the treated and control groups can depend on the covariates, but not on the treatment.

An average effect of an adequacy decision, with standard error calculated by the delta method, is then:

$$\bar{w} = \sum_{g=q}^{T} \sum_{s=g}^{T} \frac{N_{gs}}{\sum_{g=q}^{T} \sum_{s=g}^{T} N_{gs}} w_{gs} \tag{3}$$

The average effect (average effect of the treatment on the treated) is a weighted average of cohort-time treatment effects, where the weights are the number of observations of cohort *g* in period *s* relative to the total number of treated observations.

Taking the same approach, it is also possible to produce estimates of cohort- and time-specific treatment effects:

$$\bar{w}_g = \sum_{g=q}^{T} \sum_{s=g}^{T} \frac{N_{gs}}{\sum_{s=g}^{T} N_{gs}} w_{gs} \tag{4}$$

$$\bar{w}_t = \sum_{g=q}^{T} \sum_{s=g}^{T} \frac{N_{gs}}{\sum_{g=q}^{T} N_{gs}} w_{gs} \tag{5}$$

By treating never-treated observations as a control group, it is possible to produce standard event study plots using this approach. Doing so allows verification of the parallel trends assumption, and makes it possible to visualize the effect of treatment on the treated, and that it corresponds to onset.

The dataset for this analysis comes from Ferracane et al. (2025). Those authors coded a treatment variable capturing the implementation of data adequacy decisions between members of the EEA (the EU, Iceland, Liechtenstein, and Norway) and 15 non-EEA third countries.[57] Trade data come from the OECD Trade in Value Added Database, but are in gross shipment (not value added) terms, as is standard in gravity modeling. The data are disaggregated by sector, but we use the sectoral classification in Ferracane et al. (2025) to sum data into a single flow for digitally deliverable services trade. The data are available for 76 countries, including Argentina but not Uruguay. Pre-analysis with broader datasets, including ITPD-E (Borchert et al. 2021, 2022; Larch et al. 2025), did not yield useful results, due to measurement error and missing observations. This dataset therefore represents the best trade-off between issue coverage (Argentina, but not Uruguay) and completeness, which is frequently a serious analytical issue in quantitative work on trade in services. The data cover the period from 1995 to 2020 inclusive. Summary statistics are reported in Annex Table 1.

57 These include Andorra, Argentina, Canada, Faroe Islands, Guernsey, the Isle of Man, Israel, Japan, Jersey, New Zealand, South Korea, Switzerland, UK, Uruguay, and USA.

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4.2 HEADLINE RESULTS AND HETEROGENEITY ANALYSIS

Table 1 shows the results from an ETWFE regression in the form of equation (2). The coefficient on a data adequacy decision between the exporting and importing countries is positive and statistically significant at the 1 percent level. The coefficient represents the average effect of an adequacy decision across all periods and treatment cohorts, as in the explanation above. Exponentiating shows that on average (in the sense developed above), an adequacy decision increases bilateral trade of digitally deliverable services by 14.2 percent. This effect is economically, as well as statistically, significant. The data clearly support the hypothesis that an adequacy decision is strongly trade-promoting.

	(1)
	BASELINE
Adequacy	0.133*** (0.049)
Obs	142,168
R^2	0.949
Pre-trend	1.080
Prob. (Pre-trend)	0.897
Controls	RTA
Fixed Effects	Exporter-Year
	Importer-Year
	Pair
	Border-Year

Table 1 ETWFE estimation results for data adequacy between the exporter and importer.

Note: All models estimated by PPML using the ETWFE setup. Treatment effect calculated as per the main text. Standard errors (delta method) in parentheses, corrected for clustering by pair. *p < 0.1, **p < 0.05, ***p < 0.01.

Going beyond previous work, the results in Table 1 (further developed in the next subsection) suggest that the effect is causal, rather than merely an association or correlation. The statistical test for a pre-trend in the data, based on using never-treated observations as a control group, does not reject the null hypothesis of no pre-trend at the 10 percent level. The conclusion is therefore that there is no statistically significant pre-trend in the data, and the estimated treatment effect is a clean causal estimate.

As the previous subsection showed, it is possible to go further into the results to look at treatment effect heterogeneity. Table 2 shows how heterogeneity plays out in the sample used for the regression in Table 1, focusing on treatment cohorts (based on year of onset). Argentina is in the 2003 cohort, so its estimated treatment effect is 0.248, which is statistically significant at the 10 percent level. Exponentiating the coefficient suggests that in the circumstances in which Argentina attained its equivalency decision, it produced an increase in bilateral trade of 28.1 percent, that is, adequacy caused an increase in its digital exports from an average value of $13.9 billion over the sample period to $17.8 billion. This finding supports a conclusion that data adequacy for Argentina had somewhat stronger digitally deliverable trade effects than are observed in the sample as a whole. Table 2 shows that only the 2004 cohort has a stronger effect. Nonetheless, the data are clear that data adequacy for Argentina had an economically and statistically significant promoting effect on digitally deliverable services trade, and again the model set up and diagnostics support the conclusion that this estimate is causal in nature.

Uruguay is not in the estimation sample, so the model does not speak directly to the impact of its adequacy decision on digitally deliverable trade. At the risk of engaging in a speculative extension of results, however, Table 2 makes it possible to derive an indication of what the impact for Uruguay might have been. The nearest cohort to Uruguay's in the sample is 2013, where the estimated coefficient is 0.107, which is statistically significant at the 1 percent level.[58] Assuming that Uruguay

58 New Zealand also obtained an adequacy decision in 2013, so the coefficient is not a pure estimate of the effect for Uruguay, but rather the best available proxy.

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would not be an influential point in the estimation, it is fair to conclude that Uruguay's equivalence decision would have boosted its exports of digitally deliverable services by 11.3 percent. Uruguay's likely experience is therefore closer to that of the sample as a whole than Argentina's, which appears significantly stronger. Allowing for treatment heterogeneity has been an important way of breaking out large sample results to highlight impacts at a more micro-level that is particularly relevant for policy.

TREATMENT COHORT	ESTIMATED COEFFICIENT
2000	0.001
2002	–0.120
2003	0.248*
2004	0.380***
2007	–0.064
2011	0.095**
2013	0.107***
2019	0.017

Table 2 ETWFE estimation results for data adequacy between the exporter and importer, by cohort.

Note: All coefficients are from the model in Table 1. Treatment effects calculated as per the main text. Standard errors (delta method) in parentheses, corrected for clustering by pair. *p < 0.1, **p < 0.05, ***p < 0.01.

Another dimension of heterogeneity, besides treatment cohort, is year. Figure 1 shows how estimated treatment effects play out in this dimension. There is clear evidence that the impact of equivalence decisions on bilateral trade in digitally delivered services is more positive in later years, and indeed only becomes positive and statistically significant from 2008 onwards. This finding could reflect the rising importance of digital technology in trade. Alternatively, it could be related to network effects in equivalence, a type of spillover mechanism from single country decisions. But the figure clearly indicates that equivalence decisions are more valuable in a trade sense toward the end of the sample period than at the beginning, which is a highly intuitive result. This finding is a second way in which allowing for treatment effect heterogeneity is important from a policy perspective in this context. Indeed, heterogeneity can be potentially important from a number of dimensions, including those discussed here. Future research, once more data are available, could look for differences in the adequacy treatment effect between different groups of countries, such as non-EU countries. However, the ETWFE estimator used here only considers heterogeneity in treatment effects by cohort and by time period, so this question is left for future research.

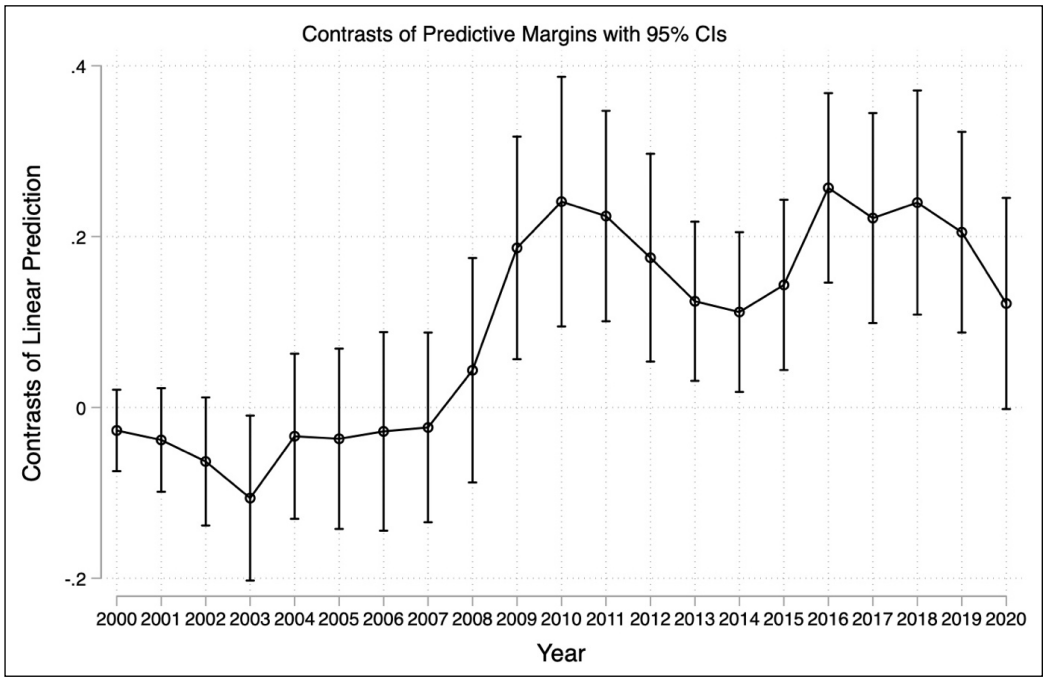


Figure 1 Estimated treatment effects by year.

Note: All coefficients are from the model in Table 1. Treatment effects calculated as per the main text. Standard errors (delta method) used to construct approximate 95 percent confidence intervals.

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4.3 EVENT STUDY ANALYSIS

The regression in Table 1 uses never-treated observations as a control group. It is therefore possible to rearrange the data to produce a standard event plot. Figure 2 presents results. In line with the statistical test presented above, the data visually do not disclose any trend in the data prior to treatment. The error bands around point estimates make it clear that there is no statistically significant effect of a data adequacy decision before treatment onset. With treatment onset, there is a series of positive effects that grow quantitatively larger and become statistically significant at

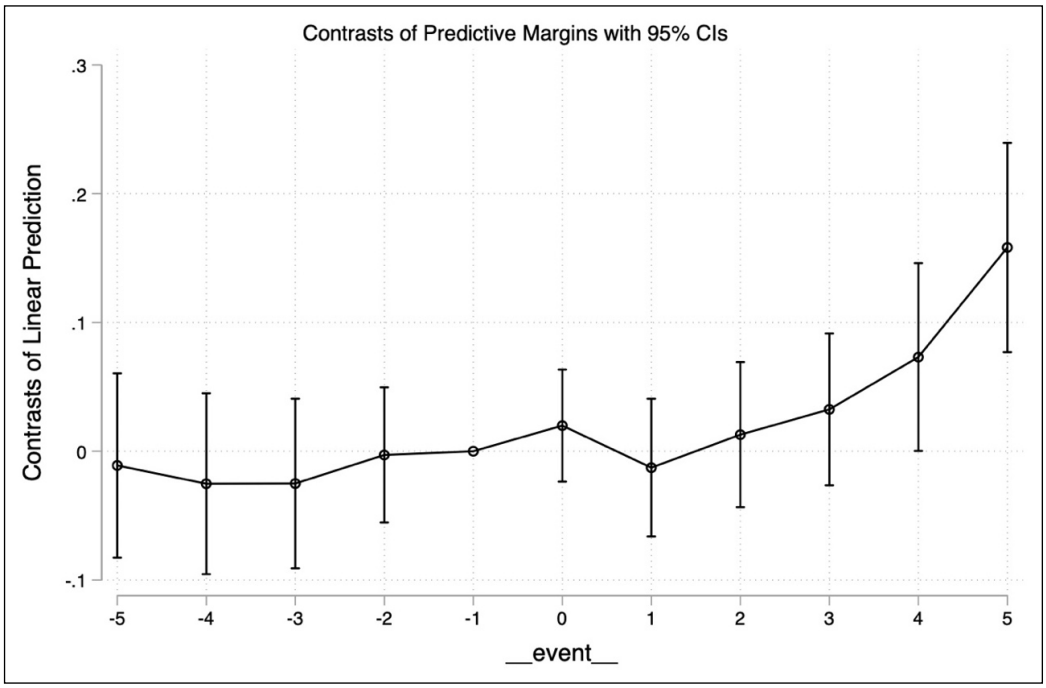


Figure 2 Data adequacy decisions event plot, using never-treated observations as a control group.

Note: Based on the model in Table 1.

the 5 percent level as they increase in distance from the treatment period. The event plot provides strong evidence that the effects reported above are causal in nature, as per the ETWFE modeling framework. But more importantly from a policy perspective, Figure 2 suggests that the effects of data adequacy decisions take time to fully materialize: they are not immediately available to beneficiaries upon making the decision. Rather, there is a period where economic actors adjust to the new rules of the game, and the trade effect steadily increases. The reported effect in Table 1 typically takes around five years from treatment onset to materialize in the sense of being both economically and statistically significant, which is important from a policy perspective as it suggests that assessing the costs and benefits of adequacy processes should be done over a significant time period, not simply a comparison of trade flows or other variables immediately before and immediately after the decision.

5. CONCLUSION AND POLICY IMPLICATIONS

Given the rise of digitally deliverable trade over recent years, policy issues surrounding data management, storage, and transferring have gained particular salience. The EU has strong protections in place in all of these areas. This paper does not make any judgment as to the appropriateness or otherwise of those protections in a world where there are clearly substantial policy differences among major economic actors. Rather, the perspective is to examine the effects of adequacy decisions that facilitate data flow with third countries, focusing on the Latin American examples of Argentina and Uruguay.

The regulatory analysis shows that obtaining adequacy required substantial adjustment in terms of domestic regulatory regimes in both countries. The EU's requirements for adequacy decisions are strict, but both countries determined that the benefits outweighed the costs, and so pursued the process to a successful conclusion. Key protections in these countries now mirror those found

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in EU law, and as such they are members of the EU adequacy "club" globally. One result of an EU adequacy decision, and the regulatory reform it implies, is that it facilitates data movements with third countries that have also adopted that standard. Scale effects are important from a standardization point of view, so it appears that both the EU and the two Latin American countries were alive to these issues, and in particular the "standard setter" role of Argentina as the first country in the region to receive an adequacy decision.

In addition to regulatory and institutional analysis, the paper has developed a quantitative picture of the links between data adequacy decisions and digitally deliverable services trade. Expanding on previous results in the literature, the model used in this paper incorporates treatment effect heterogeneity. Results, which have a strong claim to causal identification, clearly indicate that data adequacy decisions boost bilateral trade in digitally deliverable services. The boost is both economically and statistically significant. While it does not occur immediately upon the making of the decision, the following years see gradual increases in trade until the overall level of treatment effect is achieved. Based on the analysis here, a phase-in period of around five years seems to be required for the regulatory reform undertaken in newly adequate countries to bear its full fruit.

Only Argentina is directly included in the dataset used for this analysis. Looking at heterogeneity by treatment cohort, the model suggests that the data adequacy decision had a particularly strong effect for the country, potentially boosting digitally deliverable services trade with other adequate countries by as much as 28.1 percent. It is only possible to produce a comparable result for Uruguay at the cost of some more speculative extrapolation, but the model suggests a reasonable trade increase of 11.3 percent. These figures show that the adequacy decision, and by implication, the regulatory reform that goes with it, does not always have uniform impacts at the country level. Timing, the size of the adequacy network of countries, and the ability to fully benefit from the phase-in period are all likely factors that determine this outcome.

From a policy perspective, the paper's results are suggestive of three main conclusions.

First, regulatory cooperation in services trade, as exemplified by data adequacy decisions, can involve substantial regulatory reform in circumstances where there is a standard setting jurisdiction (the EU in this case) and following jurisdictions (Argentina and Uruguay). Both Latin American countries had to engage in substantial reforms of their domestic regulatory environments, spurred by the objective of achieving an adequacy decision from the EU. In doing so, each implicitly decided that the benefit-cost ratio of the reforms was positive, and that moving forward could lead to spillover effects both economically and in terms of institutional and regulatory cooperation.

Second, regulatory cooperation in services can have significant trade enhancing effects, adding to the growing body of work that documents the positive trade impact of regulatory harmonization in the agriculture and manufacturing sectors. This message emerges clearly from the quantitative analysis outlined above. While precise effects differ by country and time period, the overall conclusion that a data adequacy decision increases trade in digitally deliverable services with other adequate jurisdictions by 10–20 percent is reasonable. Importantly, the effect takes time to materialize, perhaps as long as five years. There is also evidence that its value increases in later time periods, perhaps due to network effects or the cumulation of implementation periods.

Third, there is an important interplay between domestic and international regulatory efforts. In some respects, the relationship is similar to what is seen more broadly in regulation-related areas of trade agreements. Governments can use a trade agreement as an external anchor for regulatory reforms, with the benefit of accessing a larger market (in this case, the EU adequacy club). Regulatory reform of the type examined here is complex, involving sector-specific regulators, but also a broader government commitment to moving forward on the question of data protections in the EU sense. The successful cases examined here involve a commitment to specific regulatory reform that is both deep and broad in a governmental sense.

This paper has developed a flexible research strategy that can easily be deployed in other contexts. The combination of qualitative and quantitative evidence can be replicated for other instances of regulatory cooperation. Similarly, the econometric model of bilateral trade has important

advantages for this type of analysis beyond data adequacy. Future research could usefully explore all of these points, as well as the question of what the follow-on quantitative implications of adequacy decisions by Argentina and Uruguay are.

APPENDIX

Annex Table 1 Summary statistics.

VARIABLE	Obs	MEAN	Std. dev.	Min	Max
X_{ijt}	300,352	8.36	269.17	0	31,012
EU_{ijt}	300,352	0.09	0.29	0	1
RTA_{ijt}	300,352	0.38	0.48	0	1
$ADEQ_{ijt}$	300,352	0.03	0.17	0	1

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The authors have no competing interests to declare.

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