Business booms for privacy experts as landmark data law looms

REUTERS, *San Francisco*

BUSINESS is booming for software and privacy experts as companies across the globe spend millions of dollars to comply with a landmark European data protection law, even as many uncertainties remain about how the rules will be enforced.

The General Data Protection Regulation (GDPR), which goes into effect in May, is the biggest shake-up of personal data privacy rules since the birth of the internet. It is intended to give European citizens more control over their online information and applies to all companies that do business with Europeans.

The industries most deeply affected will be those that collect large amounts of customer data and include technology companies, retailers, healthcare providers, insurers and banks.

The law has a slew of technically complex requirements, and threatens fines of as much as 4 percent of a company's annual revenue for those who fail to comply. Companies must be able to provide European customers with a copy of their personal data and under some circumstances delete it at their behest. They will also be required to report data breaches within 72 hours.

The cottage industry that's developed around GDPR includes lawyers who advise on compliance, cyber security consultants, and software developers that help firms conduct painstaking inventories of vast amounts of data to identify and index information so it can be made available to Europeans at their request.

New York legal services firm Axiom, for example, told Reuters it had more than 200 data privacy lawyers working on GDPR projects - about a sixth of all its lawyers.

It said it would hire over 100 more staff this year to deal with GDPR and also create training programs so that more of its lawyers would be qualified to work on those types of projects.

Wim Remes, a cyber security consultant in Brussels, said he was fielding about a dozen GDPR-related calls per week. His clients are based in Europe and the Americas and include retailers and technology firms.

He said American companies had been slower off the mark to respond to GDPR than their European counterparts and were now scrambling to catch up. "In the last two or three months, the demand has mostly been from U.S. organizations," he added.

The costs are substantial: among 300 big companies in the process of becoming GDPR compliant, 40 percent said they had spent more than $10 million, and 88 percent said they had spent more than $1 million, according to a PwC survey of American, British and Japanese executives published in September.

REUTERS

A man types on a computer keyboard in this illustration.

"People really aren't picking up the phone for less than $1.5 million to $2 million," Gant Redmon, program director of cyber security and privacy at IBM Resilient, said of legal and software consultancy firms advising on GDPR.

The work will not end on May 25, when GDPR kicks in, as companies will be required to provide regular data audits for EU authorities to prove they are compliant. Companies that handle especially sensitive information will have to hire a data protection officer.

Lingesh Palaniappan, CEO of Grit Software Systems, described the work he's doing on GDPR compliance for a mid-sized software company as a grueling manual process.

His staff has to go through every software application and database and record details such as the exact type of data they contain - whether it be names and addresses, or more personal information like medical records - and who has access to it. The team builds charts to keep top management informed on how far along the company is in its GDPR compliance process.

"Currently, we are literally taking an Excel sheet, going to the (clients') teams, filling out the data and then consolidating the data into another Excel sheet," said Palaniappan, who left Microsoft Corp last year.

The aim is to make personally identifiable data easily available, so these companies can provide copies of the information to customers who request them, or to erase the data when required. The big worry is that, due to the manual nature of the work, errors that could make companies non-compliant could creep in, added Palaniappan.

"We're always worried - did we miss anything? Are there any datasets that no one is aware of that we're still using? That's a concern."

Still, it's unclear just how strictly GDPR, which EU nations adopted in 2016, will be enforced at the start.

Many observers expect regulators to take a forgiving approach and give companies time to get their systems in order, reserving harsh penalties for large firms that egregiously fail to comply. Some also warn that companies need to be careful in their rush to comply with the new rules.

"Everyone is claiming now to be a GDPR expert because they can see that there is very strong demand and everyone is scrambling," said Paul Lanois, an attorney with a large publicly traded international bank in Europe, adding that he checks consultants' resumes for experience dealing with European regulators before bringing them on board.

US sanctions curb Microsoft sales to hundreds of Russian firms

REUTERS, *Moscow*

TWO of Microsoft's official distributors in Russia have imposed restrictions on sales of Microsoft software to more than 200 Russian companies following new US sanctions, according to notifications circulated by the distributors.

While much of the focus around US sanctions has been on ways they are being skirted, the moves by the Russian distributors show how tougher restrictions that came into force on Nov. 28 are starting to bite.

The new measures cut the duration of loans that can be offered to Russian financial firms subject to sanctions to 14 days from 30 days and to 60 days from 90 days for Russian energy companies on a US sanctions list.

Previously, the restrictions had mainly affected Western banks lending to Russian firms but with such short financing periods, swathes of companies supplying goods and services to Russian clients fear they could fall foul of the rules too. It is routine in Russia for suppliers to wait weeks or even months to get paid after submitting invoices for goods and services.

Some Western firms have been advised by lawyers that the US Treasury Department could, in theory, take the view this constituted financing in violation of the sanctions, according to several people involved in the discussions.

One of the two Microsoft distributors, a Russian company called Merlion, said in its notification to partners that all sanctioned buyers of Microsoft licences must pay within tight deadlines, or even pay upfront in some cases.

The second distributor, RRC, said in its notification, seen by Reuters, that "serious restrictions are being introduced" on Microsoft orders from firms subject to US sanctions. Both Merlion and RRC cited rules stemming from the new package of US sanctions - signed into law on Aug. 2 for Russia's involvement in Ukraine and cyber attacks - as the reason for the additional restrictions.

Neither Merlion nor RRC responded to Reuters questions.

Microsoft said in a statement to Reuters: "Microsoft has a strong commitment to complying with legal requirements and has robust processes around the world to help ensure that our partners are in compliance as well."

In response to Reuters questions, a spokesman for the US Treasury Department, which oversees the enforcement of sanctions, referred to its published guidance.

The guidance from the Treasury's Office of Foreign Assets Control (OFAC) states that US firms can conduct transactions with companies on the sanctions list as long as the payment terms do not exceed the permitted loan duration.

"In the event that a US person believes that it may not receive payment in full by the end of the relevant payment period, the US person should contact OFAC to determine whether a license or other authorization is required," it said.

REUTERS

A 3D-printed Microsoft logo is seen on a displayed Russian flag in this illustration.

Start-up nation: Macron's France lures US, UK tech

AFP, *Paris*

FRANCE was an unlikely choice of location for Mark Heath's new start-up, given that the American's mastery of the French language is, by his own cheerful admission, "atrocious".

But the fast-talking New Yorker is among a growing crowd of British and American entrepreneurs drawn to France by an optimistic mood under President Emmanuel Macron and political worries at home.

"Every man has two countries -- his own and France," said Heath, quoting his favourite old expression.

"That saying has new wind in it these days, especially with the way things are going geopolitically."

Heath is set to launch his company Talaria at Station F, the cavernous Parisian train depot that has been transformed into the world's biggest start-up hub.

The 35-year-old fell in love with France while serving a NATO stint with the US air force. He enrolled in a French business school last year, and is now developing a telecoms cable for financial markets.

Aside from wanting to learn French, he picked Paris over Silicon Valley because of a tech scene fast becoming one of the most exciting in Europe.

Anglophone entrepreneurs have long regarded France with trepidation, not least because other European countries were seen as happier to do business in English.

Yet Station F took more applications from US and UK start-ups last year than any other countries, surprising even its director Roxanne Varza.

"What we're starting to realise is that it may also be the political climate that is making these start-ups look for a new place," said Varza, herself an American.

President Donald Trump's anti-immigration tirades have rattled start-ups reliant on international talent, she said, while some British firms are grasping for a European foothold as Brexit looms.

A vast glass and concrete structure filled with modern art and MacBooks, Station F is emblematic of Macron's vision for a dynamic new France.

Funded by telecoms billionaire Xavier Niel, the 3,000-desk "campus" opened in June shortly after Macron's election, with Facebook and Microsoft among companies nurturing its start-ups.

Macron has said he wants France itself to "think and move like a start-up", swiftly moving to reform its complex labour regulations.

That has already tempted back some French entrepreneurs who previously turned their backs on home.

In a blog post titled "So long and thanks for all the fish and chips", Frenchman Jean Meyer said Macron's reforms had prompted him to move his dating app Once from London back home to France.

"I have lost track of the number of developers, marketing managers or data scientists who refused to join us following the Brexit vote," he added, saying the labour reforms were the icing on the cake.

Yet much of what is drawing tech firms to Paris predates Macron.

State investment bank Bpifrance, set up in 2013, has played a leading role in developing the sector, and it was Macron's predecessor Francois Hollande who set up new visas for start-ups entrepreneurs.

And tech firms say it is long-term factors, such as universities that produce talented engineers, that really make France attractive.

Yet investment firm Atomico credited Macron with fuelling higher optimism in France than anywhere else in its 2017 State of European Tech report, not least thanks to his planned tax cuts.

Britain remained the biggest recipient of venture capital funding at $5.4 billion (4.4 billion euros) with France behind on $2.1 billion -- but France closed the most deals, it noted.

"The amount of support given to entrepreneurs is certainly in my perception much stronger than we could possibly get in the UK," said Tom Pullen, a 41-year-old Londoner who launched his consultancy Innovinco in Paris last year.

"Here we're sure to remain inside the single market," added Pullen.

"For a start-up business like mine which is targeting large corporations -- it will necessarily make things easier."

But for Zahir Bouchaala, another Brit who has moved into Station F, it would be an overstatement to say that doing business in France has changed overnight.

"It was a lot simpler to open and maintain a company in the UK," admitted the 35-year-old software developer, though he too is positive about the mood under Macron.

Station F has a large office connecting entrepreneurs with officials to explain complex regulations, from patents to social security. Even so, Bouchaala is grappling with a bewildering stream of paperwork on everything from pensions to healthcare, now that his firm Bevolta has grown into a team of 10.

AFP

Station F, the world's biggest start-up campus, is emblematic of Emmanuel Macron's vision for a dynamic new France.

Singapore must accept slower labour growth: central bank head

REUTERS, *Singapore*

Slower rates of labour force growth in Singapore are unavoidable, the city-state's central bank head said on Monday, and any attempt to completely offset it by increasing foreign workers is not viable.

Singapore faces a problem common to many developed societies, that of an ageing resident population, but has tightened restrictions on foreign workers in recent years.

"We must accept a slower rate of labour force growth," said Ravi Menon, managing director of the Monetary Authority of Singapore, in a speech on the impact of Singapore's ageing population on its economy.

"The underlying demographic slowdown is so severe that it is neither feasible nor desirable to try to offset it completely through immigration of foreign workers."

Menon noted that gross domestic product growth is basically the sum of productivity growth and labour force growth, and added that increasing productivity will be vital for Singapore's economy going forward.

He added, however, that having zero labour force growth would not be optimal. "Productivity growth is going to be a much more important source of our overall economic well-being than merely increases in headcount in the labour force," Menon said, in reply to a question from the audience.

He noted productivity improvements are also tied to knowledge embedded in the labour force.

"I'm not sure we can afford to have zero labour force growth," he said.

According to government data, the number of Singapore citizens and permanent residents aged 15 and over in the labour force increased by 1.1 percent in the year to June 2016, the slowest growth rate in three years.

Labour productivity growth was flat to around 1-1.5 percent in the years 2013 through to 2016, having been at nearly 10 percent in 2010.

Oil rises as Saudi Arabia says producers will cooperate beyond 2018

REUTERS, *London*

Crude futures edged higher on Monday, propped up by comments from Saudi Arabia that cooperation between oil producers who have cut production to boost prices would continue beyond 2018.

Strong global economic growth coupled with a drop in US drilling activity and the dollar also supported crude, traders said, while additional Libyan output capped further gains.

Brent crude futures were at $68.69 a barrel at 1008 GMT, up 8 cents from their last close. Brent on Jan. 15 rose to $70.37, its highest since December 2014.

US West Texas Intermediate (WTI) crude futures were at $63.50 a barrel, up 13 cents. WTI climbed to $64.89 on Jan. 16, also its highest since December 2014.

"A weak dollar and the weekend JMMC (oil producers meeting) are supporting prices but the restart of As-Sarah in Libya is serving as a brake on the rally," said Tamas Varga, analyst at PVM oil brokerage.

Production at Wintershall's As-Sarah concession in eastern Libya resumed on Sunday and was expected to add 55,000 barrels per day (bpd) by Monday. Libya's oil production has been fluctuating around 1 million bpd.

Saudi Arabia, the world's top oil exporter and de-facto leader of the Organization of the Petroleum Exporting Countries, said on Sunday that major oil producers agreed that they should continue cooperating on production after their deal on supply cuts expires this year.

"There is a readiness to continue cooperation beyond 2018 ... The mechanism hasn't been determined yet, but there is a consensus to continue," Saudi Energy Minister Khalid al-Falih said in Oman.

US drillers cut five oil rigs in the week to Jan. 19, bringing the count down to 747, energy services firm Baker Hughes said on Friday.