

- Data privacy

Facebook to put 1.5 B users out of reach of new EU privacy law

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SAN FRANCISCO (Reuters) – If a new European law restricting what companies can do with people’s online data went into effect tomorrow, almost 1.9 billion Facebook Inc. users around the world would be protected by it. The online social network is making changes that ensure the number will be much smaller.

Facebook members outside the US and Canada, whether they know it or not, are currently governed by terms of service agreed with the company’s international headquarters in Ireland.

Next month, Facebook is planning to make that the case for only European users, meaning 1.5 billion members in Africa, Asia, Australia and Latin America will not fall under the European Union’s General Data Protection Regulation (GDPR), which takes effect on May 25.

The previously unreported move, which Facebook confirmed to Reuters on Tuesday, shows the world’s largest online social network is keen to reduce its exposure to GDPR, which allows European regulators to fine companies for collecting or using personal data without users’ consent.

That removes a huge potential liability for Facebook, as the new EU law allows for fines of up to four percent of global annual revenue for infractions, which in Facebook’s case could mean billions of dollars.

The change comes as Facebook is under scrutiny from regulators and lawmakers around the world since disclosing last month that the personal information of millions of users wrongly ended up in the hands of political consultancy Cambridge Analytica, setting off wider concerns about how it handles user data.

The change affects more than 70 percent of Facebook’s two billionplus members. As of December, Facebook had 239 million users in the US and Canada, 370 million in Europe and 1.52 billion users elsewhere.

Facebook, like many other US technology companies, established an Irish subsidiary in 2008 and took advantage of the country’s low corporate tax rates, routing through it revenue from some advertisers outside North America.