

VERIZON IN THE CLOUD

As a number of people have noted, Germany canceled its contract with Verizon for network services provided to the government.

The German government on Thursday said it would end a contract with Verizon Communications Inc. because of concerns about network security, one of the most concrete signs yet that disclosures about U.S. spying were hurting American technology companies overseas.

Germany will phase out Verizon's existing business providing communications services to government agencies by 2015, the Interior Ministry said. The winner in the decision: Deutsche Telekom, Verizon rival and German phone giant, which will take on those services.

[snip]

The U.S. telecom giant has been trying to head off a Snowden backlash from overseas customers since at least last fall, when its U.S. staff created NSA talking points for its offshore sales team, two people familiar with the matter said. The talking points included assertions the U.S. government didn't have direct access to Verizon's offshore data centers, that Verizon obeys local laws in whatever country it operates and that NSA data requests go through American judicial review, the people said.

For its part, Verizon offered non-denial denials to questions about whether the US demanded foreign data from Verizon.

Detlef Eppig, head of Verizon's German unit Verizon Germany said on Thursday: "Verizon Germany is a German company and

we comply with German law.”

Verizon did not receive any demands from Washington in 2013 for data stored in other countries, the company said.

“The U.S. government cannot compel us to produce our customers’ data stored in data centres outside the U.S., and if it attempts to do so, we would challenge that attempt in a court,” it added.

The firm declined to comment on whether there had been requests in previous years.

Remember, starting in 2009, the phone dragnets specifically state that Verizon should not turn over foreign data under the phone dragnet (presumably in part, other details suggest, because obtaining the data under Section 215 would impose closer controls on the data).

This is interesting on its face.

But I’m most interested in how this is going to affect Verizon’s stance towards US dragnets going forward. Already, it has been probably the most reluctant of the telecoms since Snowden’s leaks started. I even suspect that may have been one reason to split with Vodafone.

There’s reason to believe USA Freedom primarily serves to obtain all of Verizon’s cell data, which is the most important cell provider. And in a recent hearing, Verizon pushed back hard against being asked to retain their data, even while Senators seemed inclined to require it.

The phone dragnet debate is, to a significant extent, a negotiation between Verizon and the government.

And it just got put into the same position as all the PRISM providers – the cloud providers – where it is losing international business because of US demands. Which means, for the first time (even since 2008, where Internet

companies tried to deny the telecoms which had been stealing from them immunity), a telecom has increasing reason to push back against the inevitable momentum toward crappy legislation.