



Economic Community: Digital Technologies
Issue: How Can ASEAN Leverage New and Innovative
Digital Technologies to Foster Economic Growth?

Welcome note

A warm welcome to S Rajaratnam Endowment- Youth Model ASEAN Conference 2017.

We are Julian and Sabrina, your Committee Chairs for the issue of “How can ASEAN leverage on new and innovative technologies to foster economic growth?”

We hope that you will be able to come to this conference with the willingness to forge agreements.

We can assure you that this conference will be beneficial and memorable if you actively engage in the issue.

We look forward to meeting you during this conference and hope that you will have an enriching and superb time with us!

All the best,
Julian and Sabrina

1 Introduction

As the topic of digital technologies is rather broad, the scope of this discussion will be limited to Information and Communication Technology (ICT), Digital Data and E-Commerce.

In ASEAN, digital technologies are transforming industries, enriching lives and propelling progress. ASEAN has an opportunity to leapfrog to the forefront of the fast moving global digital economy.

ASEAN as a single community lags behind its global peers in the digital economy in terms of digital economy ranking, but it has the potential to enter the top five digital economies globally by 2025 if all ASEAN members commit to strengthening local digital economies (A.T. Kearney, 2017).

Other than increasing ASEAN's GDP, digital technologies also strengthen ASEAN's manufacturing competitiveness. Digital technologies will allow supply chains to be more distributed, while allowing logistics and transaction costs to fall (A.T. Kearney, 2017).

Aside from strengthening ASEAN's manufacturing competitiveness, businesses rely increasingly on the ease of digital transmission of data to flow freely across borders. At a transactional level, data underpins the flow of goods and services within countries around the region and between Southeast Asia and its major trading partners (Deloitte, 2016).

Hence, the implementation of digital technologies could add \$1 trillion to the region's GDP over the next 10 years (A.T. Kearney, 2017).

2 Definition

2.1 Information and Communication Technology (ICT)

Information and Communication Technology (ICT) comprises

infrastructure, hardware and software systems needed to capture, process and disseminate information for generating information-based products and services (ASEAN, 2017).

2.2 Digital data

Digital data are data that represents other forms of data using specific machine language systems that can be interpreted by various technologies. The most fundamental of these systems simply stores complex audio, video or text information (Technopedia, 2017).

2.3 E-Commerce

E-Commerce is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet (Techtarget, 2017).

2.4 Cyber crime

The Council of Europe Convention on Cybercrime defines cybercrime as a wide range of malicious activities including the illegal interception of data, system interferences that compromise network integrity and availability and copyright infringements. Cybercrime involves a computer or network-connected device, such as a mobile phone. (Techtarget, 2017).

3 History

The treaties and agreements mentioned below have influenced digital technologies in ASEAN.

3.1 2005: Agreement between the Governments of the Member Countries of the Association of Southeast Asian Nations and the Government of the Russian Federation on Economic and Development Cooperation Kuala Lumpur

3.1.1 Information and Communication Technology (ICT)

ASEAN endeavours to promote cooperation in areas such as e-government, telemedicine, distance education, cyber security, satellite communication and other mutually agreed areas (ASEAN, 2017).

3.2 2007: The First ASEAN Economic Community (AEC) Blueprint 2015 was signed

AEC Blueprint aims to transform ASEAN into a stable, prosperous and highly competitive region with equitable economic development, reduced poverty and socioeconomic disparities.

AEC Blueprint envisages the following key characteristics:

- (i) A single market and production base
- (ii) A highly competitive economic region
- (iii) A region of equitable economic development
- (iv) A region fully integrated into the global economy

E-Commerce Action Plan is one of the strategic approaches under AEC Blueprint 2015 to help deepen and broaden economic integration through existing and new initiatives with clear timelines.

4 Recent developments

4.1 2011: The ASEAN ICT Masterplan 2015 (AIM 2015) was launched

ASEAN ICT Masterplan 2015 has provided a framework and roadmap for the development of Information and Communication Technology (ICT) at the regional level and as a result, has enabled greater ICT development in ASEAN (ASEAN, 2017).

4.2 2015: AEC Blueprint 2025 was established and signed

The overall vision articulated in the AEC Blueprint 2015 remains relevant. The AEC Blueprint 2025 will also build on the AEC Blueprint 2015 consisting of five interrelated and mutually reinforcing characteristics, namely:

- (i) A Highly Integrated and Cohesive Economy;
- (ii) A Competitive, Innovative, and Dynamic ASEAN;
- (iii) An Enhanced Connectivity and Sectoral Cooperation;
- (iv) A Resilient, Inclusive, People-Oriented, and People-Centered ASEAN;
- (v) A Global ASEAN

AEC Blueprint 2025 emphasises that E-Commerce has become an increasingly vital element of the global economy as part of a retailer's multi-channel strategy (ASEAN, 2017).

4.3 2015: The ASEAN Single Window (ASW) Policy

ASEAN is developing the ASEAN Single Window (ASW) as an integrated platform for facilitating trade through faster clearance of cargo and release of shipments.

ASW connects each Member State's National Single Window (NSW) which enables a single, synchronised submission and processing of data, as well as a single point of approval for customs clearance of cargo.

ASW is thus expected to boost cross-border trade as the processes for cargo clearance and shipment release are streamlined throughout the region.

The implementation of ASW ensures that NSWs are compatible with international open communication standards, thereby fostering predictability and transparency of trade related procedures and regulations (ASEAN, 2017).

4.4 2016: ASEAN Connectivity 2025

ASEAN Connectivity 2025 aims to establish an ASEAN Digital Data Governance Framework that will promote competitiveness, inclusiveness and a greater sense of community.

ASEAN Connectivity 2025 aims to support the ASEAN ICT Master Plan 2020, which calls for creating a coherent and comprehensive framework for personal data protection by enhancing coordination across many sectors and providing details on the approach to ensure success.

To progress towards transparency in data privacy and cross-border data sharing, the aim of ASEAN Connectivity 2025 is to enhance ASEAN'S data management frameworks (ASEAN, 2017).

4.5 2016: ASEAN ICT Masterplan 2020 (AIM 2020)

Following up on ASEAN ICT Masterplan 2015, the vision for the AIM 2020 is to propel ASEAN towards a

digitally-enabled economy that is secure, sustainable, and transformative; and to enable an innovative, inclusive and integrated ASEAN Community.

AIM 2020 encompasses eight strategic thrusts that work together to support the advancement of the ASEAN Community. This includes a focus on utilising ICT in the Single Market and it seeks to support the regional online ecosystem by providing Information Security and Assurance to the ASEAN Community (ASEAN, 2017).

5 Possible Problems

There are several major roadblocks standing between ASEAN and an advanced digital economy that have to be tackled before ASEAN can fully benefit from digital technologies.

5.1 Cyber security (Yao, 2015)

Eight out of the ten ASEAN members are at risk of cyber-attacks, reducing trust of the people in digital technology and adoption of it.

For example, both Malaysia and Singapore saw the volume of cybercrimes spiked in their respective territory. In Malaysia, losses caused by lapses in IT security and other online scams were reported to be about US\$265.7million, with 70% of crimes in the country categorized as cyber crimes and Singapore suffered financial losses

amounting to about US\$1billion.

A report by security firm Norton, also noted that Singaporeans netted the highest per capita losses to cybercrime recorded at US\$1,158, which in 2013 was four times the global average and twice the figure set 12 months earlier.

Between 2007 and 2012, cybercrime cost Malaysia nearly \$900 million (Qing, 2012). Indonesia also loses \$2.7 billion annually. (Norton, 2012).

Thus, there is a need for ASEAN to brace itself for an influx of cyber crimes as hackers look for lucrative targets in ASEAN.

5.2 Urban E-Commerce's restrictions (A.T. Kearney, 2017)

There are regulations restricting innovation in mobile financial services and E-Commerce in ASEAN such as limited network coverage, slow internet speeds and a high cost of connection.

In many areas of ASEAN, private investment into internet connectivity is considered to be too risky. In Indonesia, connecting more than 18,000 islands still remain a logistics challenge. This lack of network coverage has created a rural-divide socially.

Internet in ASEAN is also considered to be relatively slow compared to the rest of the world. Even Singapore, which is considered to have the fastest regional internet speed, ranks 20th in the world.

The cost of Internet connectivity still

remains high despite the recent increase in Internet penetration. Only Singapore and Malaysia are considered to have affordable broadband access.

Currently, there are very limited initiatives to create regional digital payment systems in ASEAN.

5.3 Diversity of ASEAN’s digital economy

There remains a significant digital divide within ASEAN as ASEAN’s digital economy varies with countries.

Singapore has a UN ICT Index rank of 16 while Vietnam has a digital economy rank of 150, a difference of 134 ranks (A.T. Kearney, 2017).

		UN ICT Index (2013)	Digital economy rank (EIU, 2011)
ASEAN	Singapore	16	8
	Brunei	66	
	Malaysia	71	36
	Thailand	81	49
	Vietnam	101	62
	Philippines	103	54
	Indonesia	106	65
	Cambodia	127	
	Laos	134	
	Myanmar	150	
Select peers	United States	14	3
	China	86	56
	India	129	58
Group averages	EU	18	22
	GCC	38	42
	NAFTA	44	18
	MERCOSUR	78	48
	ASEAN	95	45

Figure 1: Table of ICT Index Ranking

As the digital economies of ASEAN are diverse, no standard solution can be applied to all member states. As such, this complicates the process of leveraging digital technologies to foster economic growth.

6 Proposed Solutions

Delegates are urged to consider the following solutions when formulating resolutions:

6.1 Keeping ICT policies relevant

Spreading the use of relevant ICT "best practices" to businesses and consumers could improve cyber security as well as allow users to leverage digital technology more effectively for growth. Updating policies to accommodate change would also ensure that the ICT framework does not stagnate and become redundant.

6.2 Encouraging the use of E-Commerce in local economies

ASEAN member states could raise awareness about the benefits adopting e-commerce could bring to corporations.

This increase in adoption rates might increase regional efficiency, especially if standardization policies are enacted to increase interoperability and compatibility.

6.3 Reduce the development gap

A development gap within ASEAN, both locally in the urban-rural divide as well as regionally between countries, must be closed in order for digital technology to have the largest impact. Cooperation between adopters of digital technology allows for synergy to occur, maximising gains. A development gap will prevent such synergy from happening, limiting the benefits digital technology could bring.

7 Guiding Questions

1. How can ASEAN member states strengthen their local digital economy?
2. How can we ensure all ASEAN member states have equal access to digital technology?
3. What are some factors that caused ASEAN to lag in technology innovation?
4. Do ASEAN members have the capability and credibility to form a regional “digital economy”?
5. How can governments build the right enabling environment, and a connected regional digital economy?

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