ASEAN Digital Transformation:
Regional strategy in harnessing the digital age

Roundtable on Digital Transformation for Economic and Sustainable Development
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The future of the world is digital

~15% % of digital economy to global GDP in 2021[1]

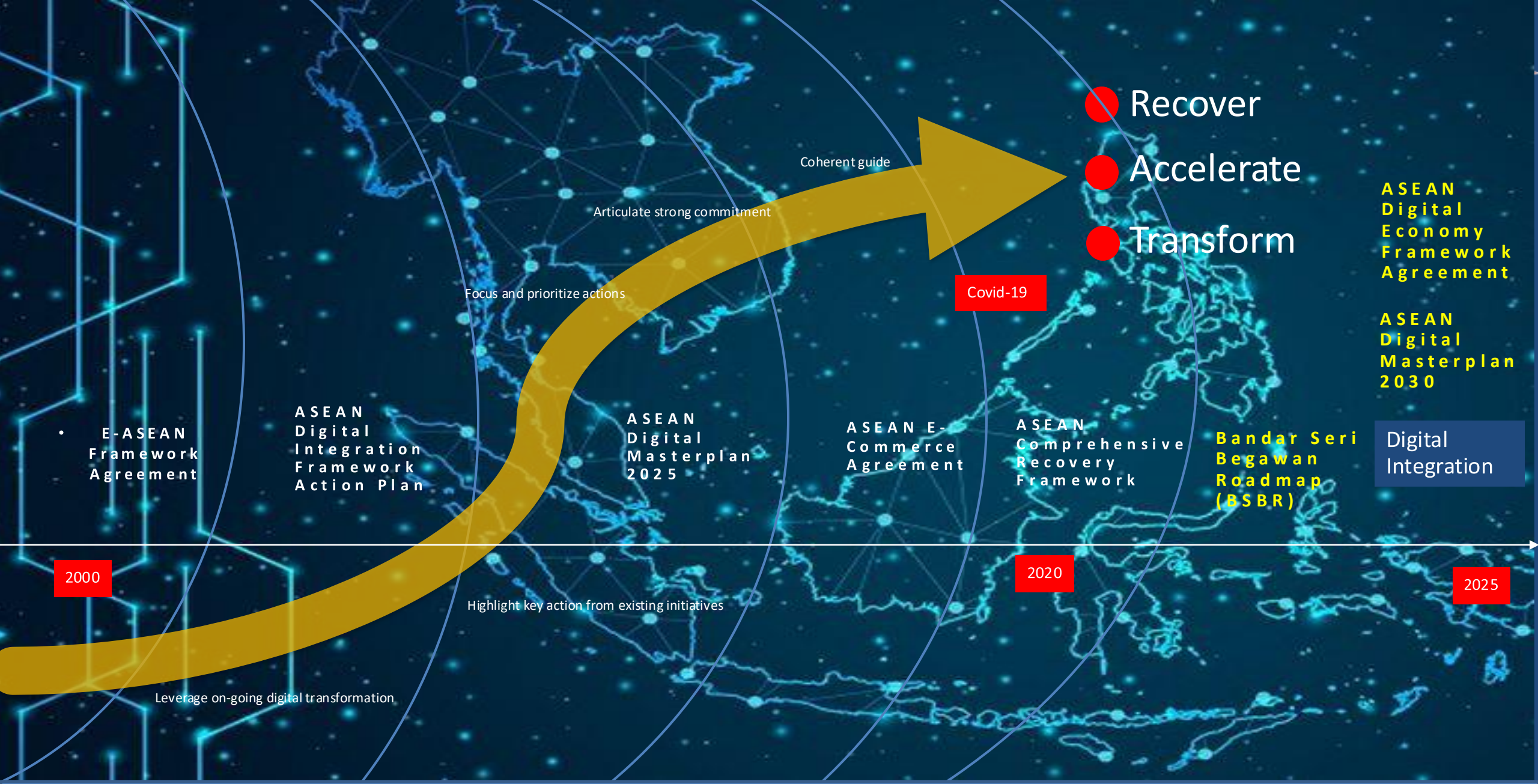
25-30% Forecast % of digital economy to global GDP by 2030[2]

- 24/7 accessibility and flexibility
- Greater personalization & choice
- Scalability and cost improvements
- Positive climate impact

From Traditional…	…to Digital	2021 Global Market Size[3]
Brick-and-mortar	E-commerce, social selling	~ USD 5.7 Tn
Physical assets	Cryptocurrencies, NFTs, CBDCs	~ USD 2.5 Tn
Physical storage	Data centres, cloud, blockchain	~ USD 800 Bn
Human workforce	AI ML, robotics and automation	~ USD 120 Bn
Currency and legal tender	E-payments	~ USD 90 Bn
…	…	

Digital economy will become more integral globally

1. World Bank, Oxford Economics 2022; 2. T20 Indonesia, Bandung Institute of Technology Global Solutions: World Policy Forum, 2022; UNCTAD 2019 sample of 74 top economies; 3. Statistics retrieved from various sources, including: Shopify, LinkedIn, Gartner, Mastercard, World Bank, ITU; BCG Analysis



ASEAN's journey in digital (ICT) sector

ASEAN DIGITAL MASTERPLAN 2030

Overview of the Bandar Seri Begawan Roadmap (BSBR)

Phase 1: Recovery (2021 – 2022)

Measures	# Action Items	Sectoral Bodies
Measure 1: Adopt interoperable and secure digital solutions to facilitate cross-border travel	1	TF-ATCAF
Measure 2: Strengthen the coordinating mechanism and capacities on digital transformation	1	ACCED
Measure 3: Adopt the Work Plan to Facilitate the Implementation of the ASEAN Electronic Commerce Agreement	1	ACCED
Measure 4: Review DIFAP 2019-2025	1	ACCED
Measure 5: Finalise the 1st Report of ASEAN Digital Integration Index (ADII)	1	ACCED

Phase 2: Acceleration (2022 – 2024)

Measures	# Action Items	Sectoral Bodies
Measure 1: Accelerate existing work in the area of trade facilitation and digitalization	16	ASWSC, SWG-ACTS, DTSCWG, ACCSQ, ACCMSME, ADGSOM, ANSAC, SLC, SLOM-WG
Measure 2: Implement inter-operable cross-border digital payments in ASEAN	2	WC-PSS
Measure 3: Establish a one-stop IP services and information platform for the ASEAN region	1	AWGIPC
Measure 4: Conduct a study on the establishment of an ASEAN Digital Economy	1	ACCEC

Phase 3: Transformation (2025)

Measures	# Action Items	Sectoral Bodies
Measure 1: Work towards the adoption of the ASEAN Digital Economy Framework Agreement (DEFA)	1	ACCED

“Develop a modern, comprehensive, and coherent digital transformation strategy towards an asean digital economy, where the seamless and secure flow of goods, services, and data is underpinned by enabling rules, regulation, infrastructure, and talent.”

Leaders’ Statement on the Development of the ASEAN DEFA
43rd ASEAN Summit, 5 September 2023

9 Core DEFA Provisions



Digital trade

Aims to facilitate cross-border trade by creating a seamless trade experience via electronic documents and interoperable processes.



Cross-border e-commerce

Aims to create a fairer and more efficient environment for cross-border e-commerce, including digital goods and services.



Digital ID and authentication

Aims to develop mutual recognizable and interoperable digital identity and electronic authentication framework within the region.



Online safety and cybersecurity

Aims to improve cooperation in cybersecurity and create an open and secure online environment.



Competition policy

Aims to improve cooperation on competition policy in digital including fair and open digital markets to reduce barriers for inclusive growth.



Payments

Aims to provide seamless solutions for cross-border payments and electronic invoicing systems by fostering technical interoperability, while also encouraging innovation and competition, and developing relevant regulation.



Cross-border data flows and data protections

Aims to facilitate cross-border data flow and establish frameworks to protect data privacy by prohibiting data localization restrictions, aligning on types of data and procedures for cross-border data transfer to enable digital trade and transactions, protecting personal information, opening government data, and other methods.



Cooperation on emerging topics

Aims to establish mechanisms for regulatory cooperation, so that relevant standards and regulations can keep up with technological innovations in emerging topics such as AI.



Talent mobility and cooperation

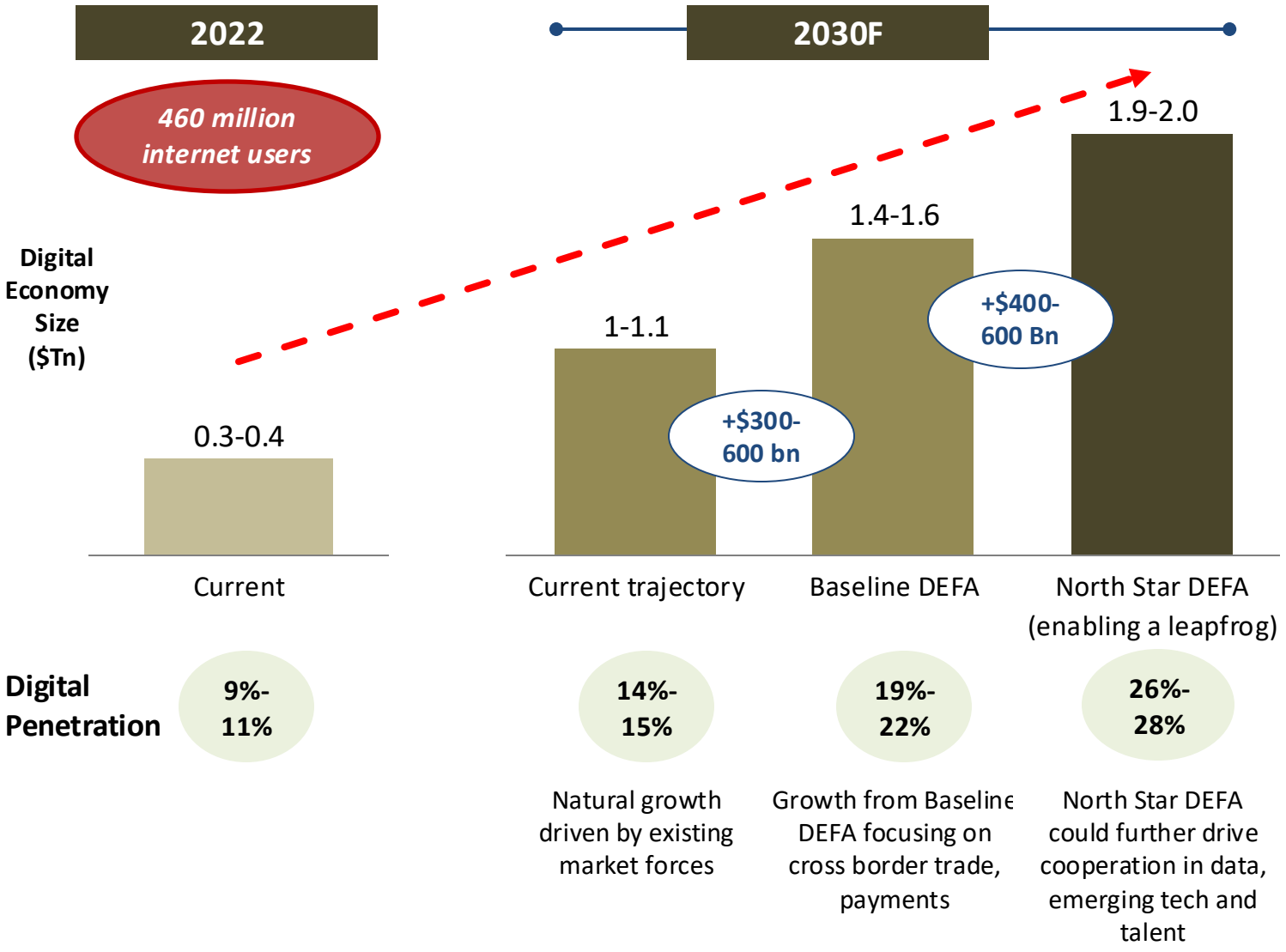
Aims to facilitate talent mobility between countries via creating flexible schemes that fit the purpose for business visits within the region.

Note:
The 9 core provisions are without prejudice to the DEFA negotiations

With an effective Digital Economy Framework Agreement (DEFA), it is estimated that ASEAN's digital economy could double to US$2 Trillion

At current trajectory, ASEAN Digital Economy will grow 3X to reach $1Tn+ by 2030

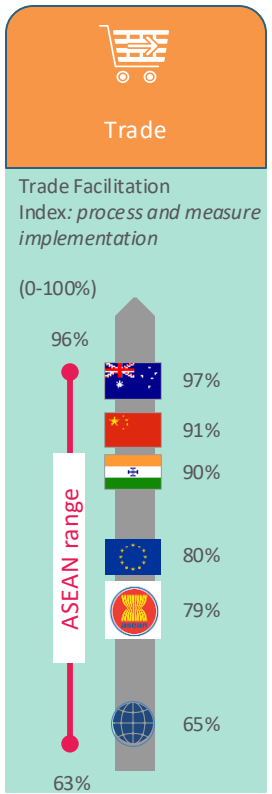
An effective DEFA could double the value of ASEAN's Digital Economy to ~$2Tn

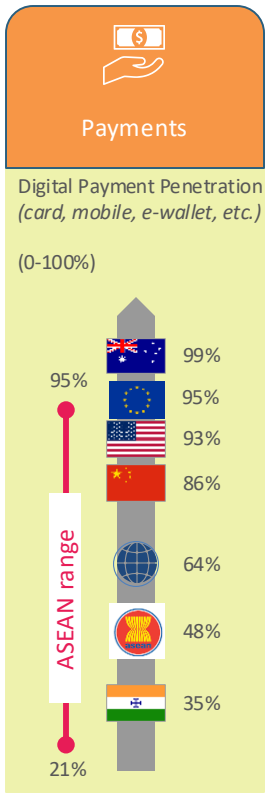


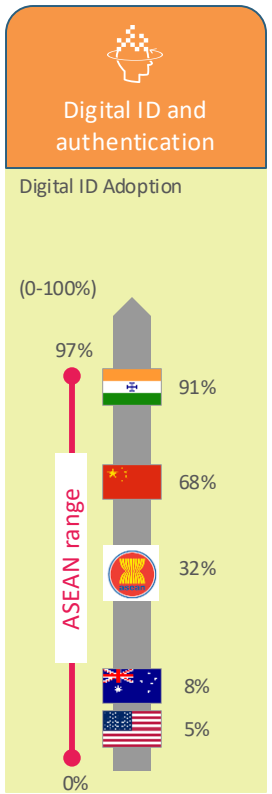
Source: Oxford Economics; Gartner; IDC; VMWare; Straits Research; EDBI; BCG Analysis;

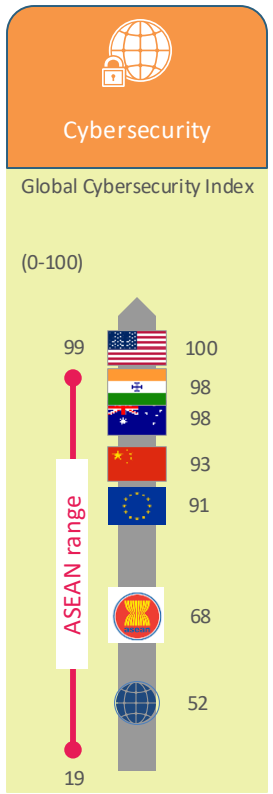
ASEAN outperforms global average in many categories, and can go from "good" to "great" by learning from best-in-class digital economies

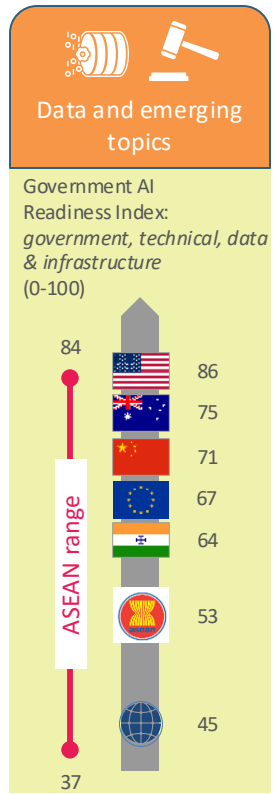


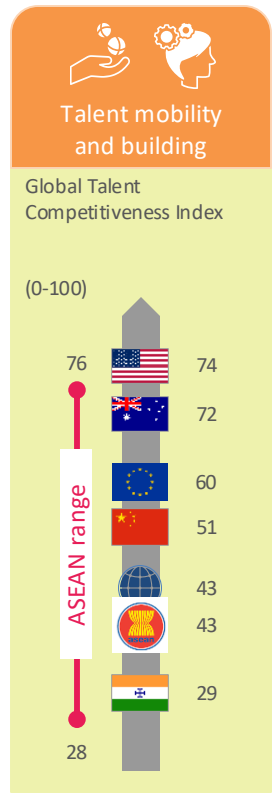


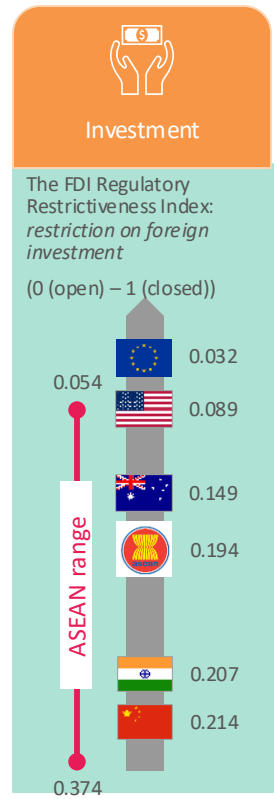


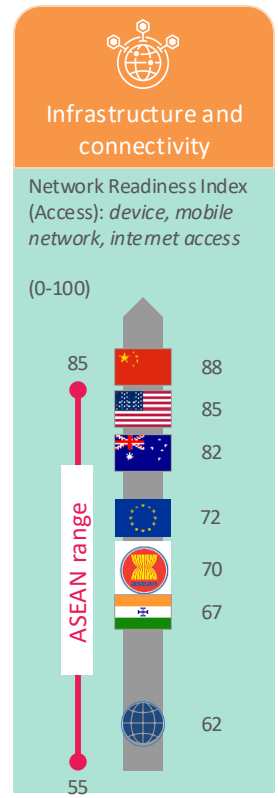












Where ASEAN is doing good: **digital trade** (transition to paperless trade), **infrastructure and connectivity** (high mobile coverage and growing broadband coverage), **investment** (relatively not restrictive)

Where ASEAN can push: **digital ID** (strengthening trust and increase use cases), **digital payments** (improving financial inclusion in rural area), **cybersecurity** (enhancing legal and technical infrastructure), **Data privacy and consumer protection and cooperation on emerging topics** (strengthening technology sector and data infrastructure and governance), **talent mobility and building** (growing talents and supporting facilities)

Source: UNCTAD Trade facilitation Index; Oxford Insights; VISA consumer Payment Attitudes; ITU Global Security Index; Open Signal; Omdia; Global Talent Competitiveness Index INSEAD 2022; World Bank; OECD
Note: Government AI Readiness Index includes elements of data infrastructure, availability as well as government adaptability

AMS have different starting points, an imperative fact to consider when aligning common ground and building for the future- explains the wide range within AMS

Different socioeconomics structure

Various income levels and economic priorities

GDP per capita (USD)

Different prioritized industries and economic structures

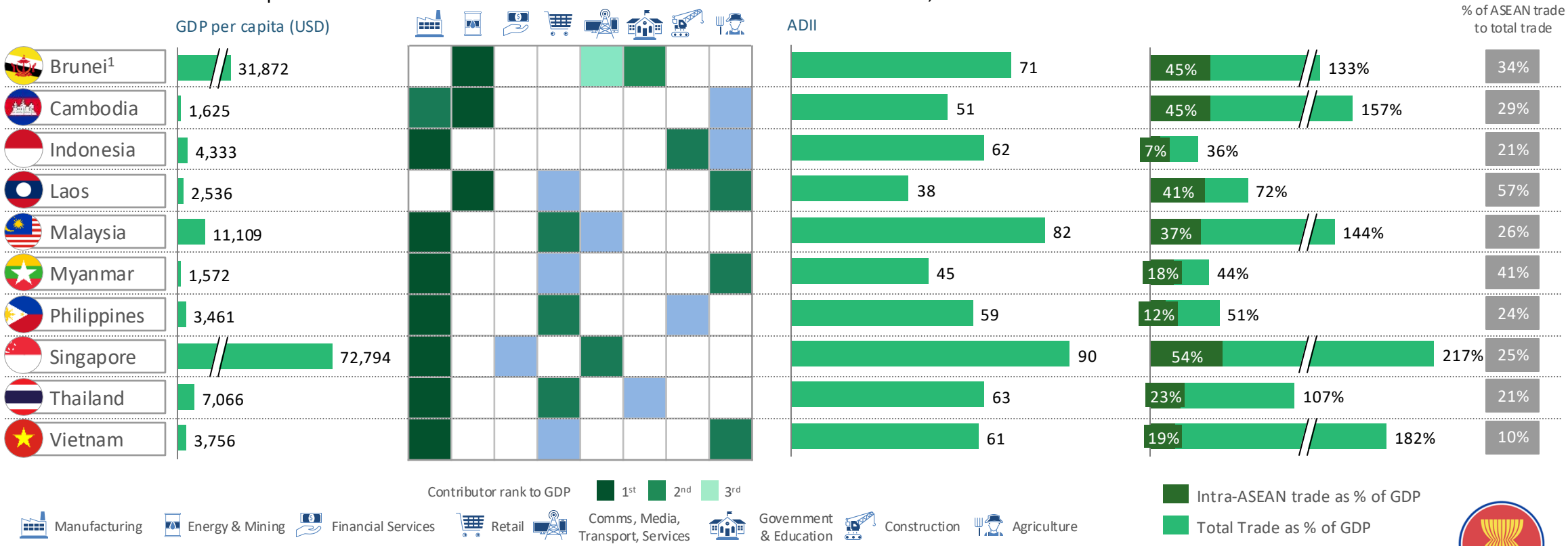
Varied digital infrastructure and institution readiness

ADII Institutional and Infrastructural Readiness Index, 2021

ADII

Different level of ASEAN integration

Different level of trade reliance and inter-ASEAN activities



Note 1: Based on Brunei's GDP converted at 1.620 BND/USD

Source: World Bank; Government statistics office; ADII; National Statistic Office; ASEAN stats; ITU

Principles for Negotiating DEFA



Support ASEAN's digital transformation

ASEAN DEFA will support the vision of the ASEAN Community, the objectives of ASEAN economic integration, robust and inclusive recovery of the region, the region's integration and strengthened role in the global economy and improve businesses' ability and the well-being of ASEAN peoples.



Bring tangible benefits to peoples and businesses in the region

ASEAN DEFA will bring tangible benefits to businesses and peoples in the region, for example by collaborating on use cases.



Forward looking, comprehensive, broader and deeper engagement, improve on existing commitments

ASEAN DEFA will be forward looking, be comprehensive, have broader and deeper engagement and will seek to improve on existing commitments, in relevant ASEAN documents and agreements and ASEAN plus agreements



Consider different levels of development

ASEAN DEFA will take into consideration the different levels of development of the region and offer ways to address the digital gaps while realising the potential of ASEAN digital economy.



Flexible in structure and dynamic

ASEAN DEFA will be structurally flexible considering ASEAN Member States' readiness and a dynamic agreement, allowing ASEAN to stay relevant.



Ambitious and maximise impact

ASEAN DEFA will maximise impact by targeting and prioritising the big unlocks to drive impact and will be ambitious and build on relevant ASEAN documents.



THANK YOU

ONE VISION, ONE IDENTITY, ONE COMMUNITY

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