

## 6. Conclusions and Key Recommendations



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## 6. Conclusions and Key Recommendations

Since the adoption of *ASEAN Vision 2020* in 1997, digital integration has evolved as a key ASEAN initiative. ASEAN has developed various documents in support, including frameworks, roadmaps, agreements, master plans, work plans, and action plans. The *e-ASEAN Framework Agreement* in 2000 was one of the first documents to facilitate the liberalisation of trade in ICT products and to promote the growth of e-commerce. The *AEC Blueprint* in 2007 initiated the formation of an economic community and was succeeded by the *AEC Blueprint 2025* in 2015. The *ICT Masterplan*, which initially concentrated on the ICT sector, was extended from the ICT sector to the digital economy sector with the 2015 revision and the *ASEAN Digital Masterplan 2025* in 2021. Also, after the establishment in 2016, the ACCEC under the guidance of SEOM led the way in issuing framework documents on digital integration. The nature of the digital economy, which goes beyond ICT to include the wider digitalised economy across which digital transformation spans, has meant that convergence and collaboration between the ICT sector and ICT-enabled economic sector has been essential.

One of the conclusions is that ASEAN efforts towards digital integration cannot be understood solely in terms of specific documents. The five post-2019 key documents – the DIFAP, ACRF, ADM 2025, BSBR, and *Work Plan for AAEC* – comprehensively shape ASEAN's current efforts in digital integration. Of these, the DIFAP has the broadest scope.

ASEAN's digital integration has been treated in a more integrated manner, with new and important concepts added, and steady action is being taken on each topic. It includes the objectives of enhancing interoperability amongst AMS; developing infrastructure within each AMS; accelerating digital innovation; developing human resources; supporting new AMS through capacity building; and contributing to existing industries, livelihoods, and the growth of nations. Some initiatives, such as the ASW, have been ongoing as part of ASEAN economic integration, but their importance in digital integration has only been recognised recently. The concept of ASEAN's digital integration has also expanded into new areas such as cross-border transfer of information by electronic means, location of computing facilities, and cybersecurity. In addition, unique initiatives such as an interoperable QR code framework are being discussed to promote interoperability amongst AMS. The BSBR used 'digital economy integration' in its title, while ASEAN digital integration has already become synonymous with digital economy integration. Moreover, going back to the traditional definition that ICT does not include e-commerce but the digital economy, it could be argued that integration of the digital economy sector was envisaged as a concept at the time of the *e-ASEAN Framework Agreement* in 2000.

The next milestone is the establishment of the DEFA and the Post-2025 Agenda. ASEAN's digital integration is expanding and changing as technology advances and spreads and will continue to evolve and to change with the DEFA, Post-2025 Agenda, and various individual frameworks. ASEAN has combined legally binding agreements and protocols with non-binding framework documents to maintain flexibility and effectiveness, and this trend will continue to be a strength.

ASEAN is still in the early stages of developing a digital economy, and each AMS is at a different level of readiness for digital economy integration. Some AMS need additional support to implement digital economy initiatives. As elements to be discussed in the DEFA and Post-2025 Agenda, this book discussed e-invoicing, competition policy, submarine cables, data localisation, data innovation, open government data, source code, digital identity, AI, and FinTech. These have already been discussed in the ASEAN framework document and are expected to accelerate catch-up. The ACCED, which has been renamed from ACCEC, stated that the digital economy is its jurisdiction and will also play a decisive leading role in future digital integration. Financial inclusion and digital inclusion, on the other hand, currently have no clear relationship with the ACCED, and therefore the ACCED's scope needs to be expanded and its coordination capacity strengthened. The book highlights the importance of developing digital infrastructure in ASEAN to support the growth of the digital economy and to ensure that all AMS can benefit from digital integration. Despite ongoing efforts, there are still significant gaps in digital infrastructure, such as broadband speed and cost issues.

The following are the key policy recommendations:

**Establish a common understanding of ASEAN's digital integration.** Digital integration is defined differently in various documents. While the scope of digitalisation can be extended to virtually all human activities, the scope of ASEAN digital integration needs to be defined and shared with relevant sectoral bodies. This should be determined in terms of what kind of digital integration can maximise ASEAN's strengths and uniqueness, thus this digital integration will be region-specific. It also needs to be recognised that this definition and scope will change as technology changes and spills over into people's lives.

**Accelerate towards the DEFA and Post-2025 Agenda.** The conclusion and signing of the DEFA will be the next milestone. The BSBR states that negotiations on the DEFA would commence by 2025, and the Chairman's Statement of the 40<sup>th</sup> and 41<sup>st</sup> ASEAN Summit in 2022 changed the date for the commencement of negotiations on the DEFA to 'as soon as'. This means that it is now more likely that the DEFA can be signed before 2025. In this case, there will be two milestones: the DEFA and the Post-2025 Agenda. The Post-2025 Agenda envisages the succession of the ADM as well as ASEAN community blueprints and MPAC. In this context, it is vital that elements such as those addressed in Chapter 5 are incorporated at a high level to accelerate digital integration. Moreover, it is crucial that ASEAN develops an action plan for the DEFA, like the *Work Plan for AAEC*, to ensure effective implementation and progress towards digital integration goals.

**Strengthen the ACCED.** Since the establishment of the ACCEC in 2016, there have been many ACCEC-led developments in digital integration. Going forwards, the ACCED, which was renamed from the ACCEC, will continue to lead digital integration in ASEAN. The ACCED's scope should be expanded to financial inclusion and digital inclusion issues. It should also encompass more cross-cutting issues and strengthen its coordination capacity to streamline issue identification and implementation capabilities. Coordination ranges from setting and disseminating the common understandings mentioned above and optimising the actions, enhancing the monitoring function, and strengthening the communication strategy described below.

**Redefine the DIFAP.** The analysis of the five overarching framework documents in 2019–2021 reveals that the DIFAP has the broadest scope. Meanwhile, the new documents make the DIFAP actions more specific. To ensure effective coordination and progress towards digital integration goals, current initiatives in the five framework documents should be consolidated and optimised. This could be done through a work plan for the above-mentioned DEFA. At the same time, it is essential that the next ADM retains its future-oriented characteristics but has a scope as broad as the revised DIFAP, with ACCED input.

**Update ADII surveys.** A monitoring function is essential for optimising resources and achieving maximum impact. The ADII is the best tool for understanding the status of digital integration and is useful for identifying gaps within ASEAN and East Asia. The ADII should be carried out on a regular basis as per its stated aim. Updating the ADII survey will help understand the economic and sociological effects of digital integration along with implications, which is important for ASEAN policymakers and governments. Meanwhile, in compiling the index, the ADII only uses data published by third parties that have a clear methodology, are readily available, and regularly published (USAID and ASEAN Connect, 2021). Therefore, it cannot be used to monitor the effectiveness of actions in the DIFAP or other ASEAN frameworks. In addition to outcome-based surveys such as the ADII, there is a need for output-based surveys to monitor the current state of legal and institutional arrangements in each AMS.

**Recognise the importance of data in the digital economy.** The digital economy is data-driven. Data innovation and open government data are key topics in the DEFA and Post-2025 Agenda. These elements, which are in Singapore's DEAs, highlight the significance of addressing the challenges associated with enhancing data usability while protecting personal data. Exploring the balance between data protection and utilisation is crucial to seizing opportunities in the data-driven world. At the same time, data biases and prejudices must be addressed, and ethical aspects must be taken into account. To address this issue, the ADII's 'Pillar 2: Data Protection and Cyber Security' should include aspects of promoting data utilisation.

**Continue to develop ASEAN digital infrastructure.** It is important to support the growth of the digital economy and to ensure that all AMS and people can benefit from digital integration. This includes addressing disparities in digital infrastructure, such as broadband speed and cost issues. AMS have been delivering significantly faster mobile data transmission speeds for many years. Yet while leading countries in the region have achieved greater speed gains, gaps between AMS still exist. While the development and diffusion of mobile communications has given rise to the development of e-commerce, online delivery services, and ridesharing, faster speeds are needed for technological innovations such as data innovation. In addition, the number of internet users is growing rapidly but leaves room for further growth. It will be necessary to encourage technical and market competition between fixed wireless access, satellite broadband, and mobile data services to achieve universal service and last-mile connectivity (ASEAN, 2021b).

**Conduct regular consultations with users.** The ASEAN framework documents, whether binding or non-binding, should always be seen from the perspective that they will ultimately be reflected in AMS policies. To this end, ASEAN should conduct regular consultations with users, including MSMEs, digital start-ups, and consumers, to ensure that their perspectives are included in the development of digital integration policies. Policymakers can better design and implement policies that are more responsive to user demands by understanding user wants and preferences through the lens of the user. Involving users and stakeholders in the creation of policies that affect them can also contribute to the building of trust in the policymaking process.

**Develop a communications strategy.** ASEAN should develop a communications strategy to raise awareness of the benefits of digital integration. This should include providing information on how digital integration efforts have contributed to real businesses and people's lives. A focus on improving women's participation in the digital economy could also be a step towards changing attitudes. A communication strategy will also help establish a common regional understanding in the policy responses needed to make the most of digital for 2025 and beyond. If there is a consensus on the significance of intellectual property rights protection, consumer protection, connectivity, and e-payments, regional cooperation will greatly boost the region's digital trade, as well as the digital economy itself. In addition, it is important to communicate ASEAN advancements in digital integration to dialogue partners and the world. A uniqueness of ASEAN's digital integration is that the scope of ASEAN efforts is, in part, broader than the most advanced DEAs. Identifying ASEAN specific strengths and constraints will be helpful in working with dialogue partners. As well as informing dialogue partners of ASEAN's assistance needs, dialogue partners can also learn from ASEAN.

These key policy recommendations are only those that have been derived from this analysis in terms of accelerating ASEAN's digital integration. ASEAN will be required to implement all actions in the five framework documents discussed in Section 4.2 and the Appendix, including those actions in data protection, personal data protection, cybersecurity, digital education and skills development, and SME digitalisation.

In this book, all documents and discussions observed were within ASEAN, which means that the scale and extent of digital integration in regions and countries outside of ASEAN were not taken into account. Therefore, future research may need to extend beyond ASEAN to obtain more comprehensive results that would be useful for research, analysis, and development of digital integration. It may be helpful for future research to examine the efforts of the World Trade Organization and international forums in digital integration since they play a crucial role in shaping the rules and regulations governing digital trade and the digital economy. Those national initiatives within AMS could also provide emerging issues for further research, but this study does not discuss such initiatives except in the context of linking the framework formation to actual effects. Furthermore, even if limited to ASEAN digital integration documents, several documents involve dialogue partners and international organisations in their formulation, while this study does not make sufficient reference to the forms and patterns of cooperation with other organisations. Limitations indicate a need for further research beyond the scope of ASEAN and a need to consider the efforts of other institutions in promoting digital integration policies and regulations.

In conclusion, through its initiatives, ASEAN is not only one of the fastest-growing economies in the world but has also established itself as one of the fastest-growing regions in the world in terms of internet markets and digital economy (ASEAN, 2021e). This study clearly indicates that ASEAN efforts have accelerated in recent years. Despite facing various challenges, ASEAN has demonstrated its ability to identify challenges. As 2025 approaches – a critical year for both the community and digital integration – it is imperative that ASEAN takes proactive steps to expedite digital integration and to fully realise the potential of the digital economy.