

# ASEAN's Digital Economy: Framework and Masterplan

Discussing ADIFAP and ADM2025

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## ASEAN's Digital Economy

- COVID-19 brought **40 million people** in SEA online in 2020 (Google, Temasek & Bain, *e-Conomy SEA 2020*)
- According to Bain, the digital economy could add **US\$1 trillion** to regional GDP by 2025 (Bain, *Advancing Towards ASEAN Digital Integration*)
- Inequality between and within member states

## Overview: ASEAN Digital Integration Framework Action Plan

- Finalised and adopted by the ACCEC in 2018
- Coordinating mechanism for previous initiatives
- 5 policy areas, 6 priority areas





## Overview: ASEAN Digital Integration Framework Action Plan

<b>Policy Areas</b>	Digital Connectivity and Affordable Access	Financial Ecosystem	Commerce and Trade	Workspace Transformation	Business Ecosystem
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<b>Priority Areas</b>	Facilitate Seamless Trade	Protect Data, Trade and Innovation	Enable Seamless Digital Payments	Broaden Digital Talent Base	Foster Entrepreneurship	Coordinate Actions
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*Table 1. Source: ADIFAP*

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# Overview: ASEAN Digital Masterplan 2025

*Vision: ASEAN as a leading digital community and economic bloc, powered by secure and transformative digital services, technologies and ecosystems*



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## Overview: What's in the Masterplan?

- History: AIM2016 → AIM2020 → ADM2025
- Contextualised: COVID-19, climate change, and global tech trends
- 8 Desired Objectives with enabling actions, inc. Schedule





**DO1**

Utilise digitalisation to recover from COVID-19



**DO2**

Increase quality and quantity of broadband infrastructure



**DO3**

Deliver trusted services and prevent consumer harm



**DO4**

Create a sustainable competitive market for digital services



**DO5**

Increase the quality and usage of e-govt services



**DO6**

Use digital services to connect businesses and facilitate cross-border trade



**DO7**

Increase the ability of local businesses & individuals to participate in the digital economy



**DO8**

Create a digitally inclusive ASEAN (skills, affordability)



## Summary of Significant Changes

1. Subtle but Significant - Name Changes
2. Less Emphasis on Labour Mobility
3. SMEs: Shift in Focus
4. Cybersecurity - More Emphasis, but Same Focus



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## #1 Subtle but Significant - Name Changes

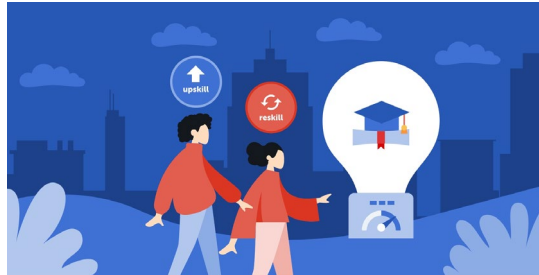
- From 'ICT' to 'Digital'; TELMIN to ADGMIN in 2021
- Characteristic of ASEAN diplomacy, subtle name changes to reflect change in stance



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## #2 Less Emphasis on Labour Mobility

- AIM2020: Encourages "cross-border flows of ICT professionals"
- Framework: Shift from labour mobility to local upskilling
- ADM2025: Negligible mentions of skills diffusion, human capital etc



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## #3 SMEs: Shift in Focus

- SMEs: 97% of all businesses in ASEAN, increasing digitalisation
- Framework: Actionable, clearer implementation path and roles
- ADM2025: New context and purpose to support SMEs (COVID-



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## #4 Cybersecurity - More Emphasis, but Same Focus

- ADM2025: 2nd most important behind broadband coverage
- Focus on capacity building
- Need for joint enforcement and data sharing





## Looking Ahead

- Cybersecurity is a serious challenge - Top 1,000 ASEAN companies could lose up to US\$750b in market capitalisation (AT Kearney, *Cybersecurity in ASEAN*, p.18)
- Digital economy provides potential lifeline against COVID-19 economic fallout
- Member states must implement recommendations from ADIFAP and ADM2025 with urgency to achieve potential

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## 53rd ASEAN's Economic Ministers Meeting (8-9th September)

- Endorsement of the Bandar Seri Begawan Roadmap: An ASEAN Digital Transformation Agenda to Accelerate ASEAN's Economic Recovery and Digital Economy Integration (**BSBR**)
- Digital Economic Framework Agreement (**DEFA**)
  - Study to commence in 2023, negotiations in 2025

