

## ASEAN-in-Practice Podcast Episode 7 Transcript

**Denis:** A very good morning to all of you and welcome to the seventh episode of the ASEAN in Practice Podcast series. My name is Denis Hew, and I am a Senior Research Fellow at the Centre on Asia and Globalisation at the Lee Kuan Yew School of Public Policy, National University of Singapore.

In today's podcast, we will be focusing on ASEAN's efforts to develop a region-wide digital economy. In particular, the ASEAN Digital Economy Framework Agreement, or DEFA for short, which is currently being negotiated among ASEAN Member States, and is expected to be concluded sometime this year.

We are very fortunate to have an expert to talk to us today about this issue. Her name is Lim May-Ann, and she is Director of Multilateral Relations, Data Policy and Partnerships at Access Partnership, and also Chairperson of the Board for Engineering Good. May-Ann has many years of experience working in public policy, tech policy development, and government relations communications across the Asia Pacific; and has worked with many global, regional and local organisations, including the Association of Southeast Asian Nations (ASEAN), Asia-Pacific Economic Cooperation (APEC), the Pacific Economic Cooperation Council (PECC), the Association of Chartered Certified Accountants (ACCA), as well as the Asia Internet Coalition, on research and thought leadership, development, government outreach, and stakeholder engagement efforts. Throughout the years she has worked with local and multilateral institutions, as well as in multiple markets, in lobbying for the acceleration of Infocom and Technology use, cloud adoption, as well as basic access to the internet and telecommunications connectivity.

May-Ann, welcome to the show. Let me jump straight in by asking you about DEFA. How did DEFA come about, and what is the DEFA in the context of other similar ASEAN digital frameworks and other related initiatives?

**May-Ann:** Thank you very much for the question. I think DEFA is really an accumulation of a lot of the work that ASEAN has been doing within the digital economy, and its sort of like the next iteration of where we want to agglomerate a lot of the agreements. You understand that the digital economy and the digital discussions comes about during a time right now, when Information and Communications Technology (ICT) is essentially a massively core pathway to the economy. Because we're of a certain age, we know that e-commerce had already taken off in the early 2000s, but those were digitally enabled pathways to sell in the first instance, mostly digital goods. And then there was a quick pivot to services that could be enabled by the internet. So, as the ASEAN digital master plans and visions and frameworks evolved, I think ASEAN saw a need, and continues to see a need, for an overarching framework for the digital economy, and hence the DEFA. Some of the existing, and other sort of agreements that already existed in the early 2000s—there was the e-ASEAN Framework, and then we had the ASEAN ICT Master Plan 2015, 2020, 2025, and then that morphed into the Digital Master Plan 2025, Digital Master Plan 2030. We also have other agreements which sort of came along the sidelines, the ASEAN agreement on e-commerce, for example. Then there was the Digital Integration Framework Agreement, and an Action Plan there and

then it evolved to the point where we had a lot of these disparate agreements, and I think that the DEFA, given the fact that there are existing other bilateral arrangements between different countries, such as you know, Singapore and Australia, with SADEA (Singapore-Australia Digital Economy), etc. I think that there was a desire, actually, maybe, ASEAN should actually have a digital economy agreement framework. I'm not claiming that the DEFA is going to agglomerate and like consolidate all the plans, because I think, the existing plans, we really shouldn't be stopping the momentum that they're working on, but rather, this is sort of trying to be like—okay, let's have the overall arching framework, and let's see whether there are gaps or not in the way that we are approaching the digital economy in ASEAN.

**Denis:** All right. So, I think it's also important to make sure that they don't sort of reinvent the wheel right, sort of duplication of different kinds of issues.

**May-Ann:** Yes.

**Denis:** So, what issues and chapters are we likely to see in the final agreement when it's concluded.

**May-Ann:** Well, the focus has already been highlighted; there are nine of them, and for those of you who are listening, and would like to look at it, I mean, the Framework Agreement does lay it out quite clearly in the document. Digital trade, cross-border e-commerce, payments and e-invoicing, digital identity and authentication, online safety and cybersecurity, cross-border data flows, data protection, competition policies is number seven, cooperation on emerging technologies is number eight, and talent mobility and cooperation is number nine. And I think that a lot of the emerging bits and pieces of what we're seeing within the digital economy can actually be subsumed under a lot of these a lot of these chapter, or, you know, topical headings, because I don't think that is developed into chapters yet, because we haven't actually seen the full agreement.

**Denis:** All right. So, what do you see as the likely impact or desired impact of DEFA? And does it align with ASEAN's economic integration efforts, particularly the ASEAN economic community?

**May-Ann:** I think the desire is, I think, that we have seen this figure thrown about one trillion to \$2 trillion in 2030. I think that's a very sexy figure to throw around. And the idea, if you look at the actual agreement, I think that the language is something like—it is expected to lay the foundation for the unlocking this potential value. And I think that that's quite key to understanding where the vision and the desire is—to grow and make sure that the digital economy is ready to receive this amount of growth.

How it plays into the AEC, the ASEAN Economic Community (AEC). I think that there are definite overlaps, if you are familiar—obviously, I am speaking to the choir right now, Denis, you can probably lecture me about the AEC—but the economic community there articulated, you know, trade and market integration, trade in goods, really specific things like customs, trade facilitation, rules of origin, financial integration, investment, and, standards and conformance. I think that a lot of these actually are subsumed under some of where the DEFA actually wants to go to. So, the idea of payments and e-invoicing, if you go a little bit deeper

into what the ASEAN community is already working on for e-invoicing, you will see that we want to adopt, for example, the Pan-European Public Procurement OnLine (PEPPOL) standard for invoicing. I think that there is a lot of work that's been done on the ASEAN single window already, under the AEC's auspices. So, I think that there are overlaps. However, it's not really built out right now how we will address those overlaps. I think that the basic principle is that I don't believe anybody wants to stop momentum on any of these good projects like, nobody's going to say—okay, stop work on the ASEAN single window because you want to focus on the DEFA—but it is really how we can further enhance and ask the question, are there any gaps that we're seeing, is there anything more that we could be doing, should be doing, could possibly work on together that has not been covered by the other disparate bits of work that have been going on.

**Denis:** I think the perennial problem with ASEAN is implementation, right? So, you've got this very ambitious digital economy framework agreement, and it's very cross-cutting in nature — it will involve different ministries, government agencies. How do you feel in terms of coordination? Are the different governments able to work together to try to implement it once it's concluded.

**May-Ann:** Okay, let's face it, Denis. This is not something which we are going to try to press ASEAN to do, something which I don't think that they have ever wanted to do or have been able to do, this idea of implementation.

I like to describe the way that ASEAN does its work as like a very open-door policy to a potluck party. We've decided that we are going to have a potluck party, and it's going to be on this, and you know, you bring what you have to the table. I think that there is always a core group of friends, right, that you can have a potluck party with, and maybe it's two or three of them. We've got ten plus one more, eleven friends, you know, together at the party. And right now, one of our friends is not quite accepted at the party so it's okay, we are still going to hold the party. So, we're still going to hold these discussions, and we are still going to move ahead with this DEFA. But it's really—bring what you have to the table, at a point in time where you're available.

Again, I'm going to point to the ASEAN single window as a great example of this. I think that the ASEAN single window was already set up, but—it's sort of—everybody's got to make sure that their trade facilitation mechanisms, and paperwork, and systems were all aligned, properly standardised, etc. And then they had to do some testing within the ASEAN single window in order to start integrating. I think that there isn't a mechanism from ASEAN that basically says, you know, we must finish this by this particular time; that we have to complete this quickly together so that we can all have a, you know, ten-plus-one-member state party together. I think that it's okay. There are certain people who want to start that first, and then you go ahead. The party continues, to continue my use of the potluck analogy. The party continues, but you can join as and when you want.

To give ASEAN credit, there are mechanisms by which there is monitoring and evaluation done. *We want to do this by a certain date, can we have a progress report in the countries, please?* You've indicated that you want to be doing this. It might take three years. It might

take five years. It might take ten years. But I do think that we do monitor, and I think that there is some work that needs to be done for better reporting in terms of transparency, and how we want to be exiting and sunsetting some of the plans, but again, Denis, this is something that you probably can lecture me on. I do not think that this is something which ASEAN has at all to be doing.

**Denis:** Yeah, it's a common problem across different types of policy issues right. What about artificial intelligence (AI)? We know there's quite a significant AI revolution that's taken place over the last 2 years because of ChatGPT, and now there's all kinds of AI applications. How does that fit into the digital economy?

**May-Ann:** That's a great question, because I do see that there is an oblique reference—well, it is an explicit, but you know, sideways reference to AI within the emerging technologies, the cooperation and emerging technologies section of the DEFA. It is not specifically called out. I think that there is quite a lot of noise, and discussion, and platforms where AI is being discussed and negotiated. And I think that, I feel personally that it's actually quite good that the DEFA does not specifically have something that calls it out in particular, because I think that that would just be adding more noise to the equation. I like the fact that cooperation on emerging topics will subsume the AI discussion. And then, to bring to the point your earlier question on is this going to overlap with some of the other work that exists, for example, with the AEC or with other platforms that are already discussing AI. It might. So, if we don't call it out specifically, it can be subsumed under this. And I also like the fact that cooperation on emerging topics will also continue to do other work that I'm looking at, such as cloud computing and all of the other advancements within the data centre world, for example. Quantum computing is also coming up as a big deal thing. What about the applications of different kinds of technologies on sustainable agriculture, for example. I think that a lot of that is actually quite good to be parked under a broader overall topic rather than to like really, specifically focus on AI. Like, I said, I think that there are other platforms that AI are being discussed that can be put under emerging topics. But I think the question is, does AI really need a little chapter by itself? It will be good to do that. However, I've also seen the other side of the discussions where some policymakers are saying that AI impacts every single part of the economy. So, you know, every single part of the economy needs to have an AI, little section. Basically, you see just AI being repeated everywhere at every single chapter. So, if you go back to the DEFA, right, imagine a discussion around data privacy, and then you have one thing about AI. Yes, it is relevant, but it's a little bit much, you know. It might make the agreement a little bit too long.

**Denis:** Yes, whether we talk about AI or other kinds of digital technologies right, it does require a lot of skill, labour, talent, right? Your software engineers.

**May-Ann:** Yes.

**Denis:** Right now, I think, in terms of ASEAN's mutual recognition agreements for professionals, I do not think it includes IT professionals, or software engineers. Is that going to be a major challenge if you want to promote a region-wide digital economy?

**May-Ann:** It is an important question to ask, and it's an important topic to discuss. From my understanding, and where I've been discussing this whenever I'm with the ASEAN folk, it is tricky because the idea of skilled labour—which is, by the way, covered under talent, mobility, and cooperation within the DEFA—it overlaps with the immigration topic. And that's always a very spiky issue, because that's really challenging when it comes to dealing with population movement here and there. So, I don't think that the current MRAs (Mutual Recognition Agreements), do cover the skilled workers in this specific area, but I think it is covered under talent, mobility, and cooperation. How can we help people do capacity building for their own needs, so that they can stand on their own two feet, and then they can actually build more people. So, in that sense, I think it helps with the training and facilitation part of it, without needing to overlap into the rather spiky discussions around immigration. Whether or not this is going to be enough is a really big question, because I do understand, if you look at the economic projections, there's not going to be enough AI engineers and data engineers for the whole entire world. Of course, then it becomes a challenge that we are not just competing within ASEAN for the talent. We are actually competing with the rest of the world for this talent.

**Denis:** Well, I think besides that the other challenge, of course, which I think is being discussed in DEFA is to facilitate cross-border data flows and also just address kind of barriers to the digital economy right? Like data localization. Do you think they're serious about this? That it's going to be something that they will try to, you know, implement in some way.

**May-Ann:** I think the topics of data privacy, data protection, cross-border data flows, and data localisation are quite disparate discussions. Let me just take, for example, the discussion between data privacy and data protection. I think that the nomenclature here is actually quite key, because certain countries view it as an inalienable right that you have to have data privacy. But in many other instances, in certain countries, you will see that they do not use the word data privacy. They actually use the word data protection. So, it's not a principle. It's actually a functional way in which whatever data it is that you consider yours, whatever data it is that you consider needs to be protected, we can protect it. We are not going to talk about the principle of whether that's private or not, or who considers it private or not, because that is a little bit philosophical.

And I think that that's the same for this discussion around cross-border data flows, and the idea of data localisation. Because, the challenge is, what data are we looking to enable to flow across borders? There are some data that we want to flow across borders. For example, if you were somebody I was trading with in another country, and I was supposed to pay you, I think that you would be saying yes, yes, yes, you know, to my financial data to be moving across borders. Yes, absolutely. But if I was a scammer, and then I wanted to scam you, then I think you will be saying no, my financial data shouldn't be traveling across that country. So, it then becomes a matter of, what are we talking about when we're talking about cross-border data flows? And so, I think that it's very hard for ASEAN to come up with sort of like an overarching discussion. I think that we want to enable the positive flows of data to where we want to it to flow to, and we want this legitimate data to be enabled. But at the same time this

idea of digital sovereignty, data sovereignty, and national security. Where does that sort of like stop and start?

So, at this point in time, I think, from my understanding, we need to talk about what we need to talk about. So, we need to talk about it in the sense that we are only going to limit the discussion within, for example, financial payments, let us enable it. And, or, if it is digital authentication, to make sure that you are who you say you are. So let us say, given the fact that we have got so much misinformation and disinformation at this point in time, there is a need now to actually prove that you are Denis and I am May-Ann, and we are indeed talking to each other right now, we need to find a way to make sure that digital authentication actually moves back and forth between the countries. But is that going to be true for every single piece of data? I don't think so.

**Denis:** One last question. So, we know that ASEAN policymakers are in the midst of finalizing their post-2025 AEC strategic plan. So, what would be your wish list of key issues that should be included in that new plan?

**May-Ann:** My wish list is actually not about more inclusion into the plans, because I think that the plans are quite well built out, especially when I map them across a lot of the other plans that exist already. But I would really love to see more discussion and more plans with younger people, especially in terms of leadership transitions, as of like building up the next wave of leaders. I think that there have been discussions about global leaders who are in their fifties, and sixties, and seventies, and eighties, and nineties; and so I think that that's something which we kind of need to pay attention to, and we do not want to be falling into that trap of, you know, sort of like, only policies being built for the older generation, especially when it comes to newer technologies and the newer way of doing things. It gets a little bit tricky to say these are valid plans if you've got a population whose average age is X, and then this person who is making the policies is X plus 40, for example, it becomes a little bit tricky. So not a wish list of policy topics, but I think, in terms of policy engagement, more engagement with the younger people. Not just one generation younger, but also like half a generation, just to move down actually, because we are actually seeing the generational gap actually get shorter and shorter and shorter.

**Denis:** Thank you so much, May-Ann, for taking the time today to speak with us. From this podcast session, we have certainly learned a lot about the digital economy, DEFA, as well as how it links up with the ASEAN Economic Community. Thank you again, for taking part in a podcast episode, and I hope that all of you will look forward to the coming episodes ahead.

\*The podcast was recorded on January 13, 2025.