



## Key Findings

### US Embassy Singapore Tech & Innovation Virtual Dialogue Session 1: Digital Connectivity, Security and Governance October 27, 2021 (US) | October 28, 2021 (Singapore)

On October 27, 2021, with the support from the US Embassy Singapore, the Pacific Forum hosted the inaugural session of the *US Embassy Singapore Tech & Innovation Virtual Dialogue*, "Digital Connectivity, Security and Governance," with 25 participants (not including speakers or staff) from the government, private sector, academia, and other non-governmental organizations.

**Marc Mealy**, Senior Vice President of Policy with the US-ASEAN Business Council and **Jessica Wau**, Deputy Director of the Singapore Institute of International Affairs' ASEAN program discussed the current trajectory of Southeast Asia's ongoing digital transformation amid the global pandemic. This discussion dove into key issues including the rollout of 5G architecture, the increasing salience of cyber security for critical national infrastructure, and the current inroads on data governance.

Key findings from this meeting are described below.

#### Regional Trends in ASEAN

ASEAN is currently focusing on three primary areas within digital space: supporting economic recovery, developing an inclusive digital society, and maintaining regional competitiveness. Many challenges remain for the region, yet these exist alongside a plethora of opportunities.

The region is still adjusting to the challenges catalyzed by the pandemic. The shocks caused by COVID-19 have dramatically increased the digitalization of both economies and business models across the globe. COVID-19 has also emphasized the role of technology and its contribution to sustainability within the space of digital governance. Thus, ASEAN's economic recovery will be heavily impacted by the continued development of national/regional digital ecosystems which will influence the speed of technological development and its implementation.

Regional governments are striving to keep pace with digital developments from legal, policy, regulatory, and standards perspectives. One puzzle is the best way to implement privacy laws, cyber security institutions, and regulatory frameworks. To this end, ASEAN governments must balance between inclusive government policy on the one hand and the preferences of domestic and foreign stakeholders on the other. As various stakeholders may seek to influence the nature of policy, legal, and regulatory environments, regional governments must carefully consider how such interests can affect areas such as privacy, data flow, taxes, and security.

In terms of digital regulation, the ability of external dynamics to influence the approaches of government and policymakers has become increasingly pronounced. Examples of such external influences include the trade agreements that Singapore and others are involved in along with various ASEAN nations' consideration of EU approaches to key digital questions. The attention given to these issues by regional governments is a clear reflection of their complex and challenging nature.

Different approaches to digital sovereignty and nationalism have become increasingly prominent influencers of how governments approach digital policy questions. Each member of ASEAN is on its own journey within the digital space to navigate privacy laws, regulatory frameworks, and stakeholders. While ASEAN members share some characteristics, given the varying levels of digital economy development, there is no one-size-fits-all solution to the digital puzzle.

### **Opportunities and Challenges within ASEAN's Digital Landscape**

The current trend of the hasty adoption and adaptation of technology is unlikely to reverse course. Nearly 90% of business and IT leaders in the Asia-Pacific have stated that COVID-19 has brought about significant changes to their operating processes, while 91% have said that the pandemic accelerated their digital transformation strategy.

ASEAN's digital transformation will need to focus on the development of both hard and soft infrastructure. Hard infrastructure includes digital services such as 5G and e-commerce along with the construction of a governance framework to regulate data. Already, a diverse array of 5G suppliers exist in the region and the technology is noteworthy both for its implications for digital connectivity and as a source of tension within the Sino-US competition for regional influence. The spillover effect from Sino-US competition is also likely to impact areas such as AI and semiconductors, which may cause future issues in terms of interoperability.

The development of soft infrastructure should focus on human development to produce individuals who have the skills required to operate efficiently in the digital age. The demand for digital talent in both the private and public sectors remains high and its importance is echoed both by government focus on upskilling and public-private partnerships such as Singapore's collaboration with Deloitte. Cybersecurity is also an omnipresent issue in the ASEAN region, with one out of two MSMEs having been affected by a cybercrime incident. Regional governments and organizations should secure their commitment to creating a safe cyber space while also taking into account that intra-ASEAN income disparities may impact a nation's financial ability to contribute to a safe Internet.

The ASEAN Masterplan 2025, launched earlier this year, has shed light on how those without the Internet within the ASEAN region have suffered disproportionately from the effects of the pandemic. This is particularly challenging for micro, small, and medium enterprises (MSME), which make up 98% of businesses in the region and contribute to anywhere between 30% to 53%

of ASEAN countries' GDP. While progress toward digitization has been made within the region, significant challenges remain due to insecure broadband, frayed logistical infrastructure, and weak legal frameworks governing cyberspace. Given its potential to bring faster speeds and greater connectivity to the region, 5G development remains critical to resolving such issues, with the capacity to add 6-9% to consumer revenue and 18-25% to enterprise revenue.

ASEAN can further support an effective and efficient digital space by supporting digital standards, interoperability, investing in digital infrastructure and skills training, ensuring sustainable growth, and adopting renewable energy technologies such as electric vehicles. One means of cooperation toward such an end can be through public-private partnerships, as approaches from bottom up will be just as important as those from the top down.

Sustainability also remains a key concern as stakeholders have begun to understand the importance of sustainability and that the government is not the only responsible party responsible for its implementation. Singapore has reflected such concerns with their recent moratorium on data centers, citing concerns over sustainability, electricity, and land shortages.

Harmonization between nations within ASEAN remains nascent, but agreements such as the yet-to-be-implemented ASEAN Digital Governance Framework and the ongoing effort to implement the ASEAN E-Commerce Agreement indicate positive progress. Ultimately, members of ASEAN must recognize that regulatory frameworks should be developed in tandem with the digital economy and that the recovery of the region will be contingent on its ability to bring integration, security, and inclusivity into the digital landscape.

## **US Regional Engagement**

Various trends in bilateral cooperation between the US and Singapore continue to gain speed, with the partnership excelling in the development of human capital and the creation of spaces for cooperative businesses. As US Vice President Harris acknowledged, US-Singapore cooperation over supply chains or the formulation of a digital trade pact with ASEAN would facilitate not only the partnership but also have broad regional implications.

The engagement of American tech industries throughout the region also reflect growing trends in private sector engagement. The US-ASEAN Business Council's Digital Policy Consultative Forum and Digital Trade Standards and Conformance programs bring together executives from the US tech industry, policy makers, and stakeholders in ASEAN to focus on specific topics such as the development of 5G infrastructure and harmonization of digital trade rules within ASEAN.

Additionally, the US has already begun working with stakeholders such as ASEAN governments and businesses in the area of cybersecurity. US-Singapore cooperation is a potential vanguard for further regional cooperation in critical areas such as AI development. Washington may ultimately have to compete with already existing regional trade and digital economy frameworks, such as the

Regional Comprehensive Economic Partnership (RCEP), Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and Digital Economy Partnership Agreement (DEPA), and American companies will not be able to impose their values onto digital societies. Nevertheless, some ASEAN members are eager to engage with Washington and US corporations and consider the lenses through which they frame ethics in cyberspace.

*This document was prepared by Daniel Mitchum. For more information, please contact Dr. Crystal Pryor (crystal@pacforum.org), Vice President of Pacific Forum. These preliminary findings provide a general summary of the discussion. This is not a consensus document. The views expressed are those of the speakers and do not necessarily reflect the views of all participants. The speakers have approved this summation of their presentation.*