

**KEYNOTE ADDRESS BY MR S. ISWARAN,  
MINISTER FOR TRADE AND INDUSTRY (INDUSTRY)  
AT THE ASIA BUSINESS FIRST FORUM 2018,  
WEDNESDAY, 28 MARCH 2018, 10.10-10.20AM,  
ANDAZ SINGAPORE**

Mediacorp Editor-In-Chief, Walter Fernandez,  
Distinguished guests,  
Ladies and gentlemen,

Introduction

1. Good morning. It is my pleasure to join you today at Channel NewsAsia's (CNA's) Asia Business First Forum 2018. The Forum's focus on e-Commerce in the ASEAN economy is salient, as it dovetails with Singapore's and ASEAN Member States' (AMS) shared interest in advancing work in e-Commerce, amongst other priorities, under Singapore's Chairmanship of ASEAN this year.

ASEAN in Today's Global Operating Context

2. ASEAN has made significant strides in its growth and development since its founding in 1967. ASEAN is an increasingly important market in the global and Asian economy, and it **remains a bright spot, amidst the growing tide of anti-trade and protectionist sentiments**. Today, ASEAN is the sixth largest economy in the world, with a combined GDP of USD 2.55 trillion<sup>1</sup> and a collective market of more than 600 million consumers<sup>2</sup>. Some experts see ASEAN potentially becoming the fourth largest single market in the world by 2050<sup>3</sup> (after the EU, US, and China), with an additional 14 million jobs generated in the region by 2025<sup>4</sup>. ASEAN is also expected to grow at a yearly average of 5.2% from 2018 to 2022<sup>5</sup>.

3. ASEAN's achievements to date, and its prospects for the future, are due, in no small part, to the commitment to keeping our markets open, and our perseverance in deepening economic integration and cooperation. The realisation of the ASEAN Economic Community (AEC) in 2015 has created a relatively seamless business operating environment by reducing trade barriers, enhancing market access, improving trade rules, and creating more overseas opportunities for our

---

<sup>1</sup> **Source:** ASEANStatistics 1967-2017 ASEAN Economic Progress, 2017

<sup>2</sup> **Source:** ASEANStatistics 1967-2017 ASEAN Economic Progress, 2017

<sup>3</sup> **Source:** US-ASEAN Business Council <https://www.usasean.org/why-asean/growth>. Updated on 16 May 2017.

<sup>4</sup> **Source:** Asian Development Bank (ADB) and International Labour Organization (ILO), ASEAN Community 2015: Managing integration for better jobs and shared prosperity.

<sup>5</sup> **Source:** OECD Economic Outlook for Southeast Asia, China and India 2018: Fostering Growth through Digitalisation

businesses. With its youthful population, coupled with a growing middle class and increasing urbanisation, the outlook for ASEAN is promising.

4. **The current global economic environment presents both opportunities and challenges for ASEAN.** Anti-trade sentiments and protectionist rhetoric are on the rise, and some quarters have raised doubts over the benefits of globalisation. In contrast, recognizing the benefits that closer economic cooperation and liberalization have brought, ASEAN is continuing with its next phase of economic integration under the AEC 2025 Blueprint.

5. ASEAN must remain united, relevant, resilient and innovative by responding to changing global economic trends and harnessing emerging opportunities, even as it deepens regional integration. One such trend that has been rapidly changing the nature of economic activity is the digital economy. Technology is fast becoming a key driver of competitive advantage for businesses. This is evident in the global league of enterprises which is now dominated by technology companies such as the FAANGs of the US (Facebook, Amazon, Alphabet, Netflix and Google) and BATs of China (Baidu, Alibaba and Tencent).

6. It is estimated that the ASEAN digital economy has the potential to grow to USD 200 billion by 2025, with e-Commerce accounting for USD 88 billion<sup>6</sup>. More significantly, the digital economy can unlock the potential of SMEs across ASEAN; it affords an unparalleled opportunity for the smallest enterprises to access the most distant markets with relative ease. Therefore, if ASEAN governments support and harness digital connectivity, and ASEAN businesses keep pace with the shift towards digitalisation, the pay-offs will be significant.

#### The Digital Economy in ASEAN

7. Several of our ASEAN neighbours have recognised the significance of the digital economy and taken steps to seize the opportunities. Let me highlight some of the more recent initiatives and developments taking place in Malaysia, Indonesia and Thailand.

8. Last year, **Malaysia** established a **digital free trade zone**, rolled out the **eRezeki online platform** to help individuals register as digital workers and perform digital-based tasks, and also launched the **eUsahawan initiative** to integrate digital entrepreneurship curriculum into technical and vocational education and training.

9. **Indonesia** unveiled its **e-Commerce roadmap last year** reinforcing e-Commerce as one of Indonesia's strategic sectors, and including measures to develop better communications infrastructure, faster and cheaper logistics for e-Commerce businesses, and stronger cybersecurity and consumer protection. The Investment Coordinating Board (BKPM) has also intensified its efforts to **bring e-Commerce related investments** into Indonesia.

---

<sup>6</sup> **Source:** e-economy SEA: Unlocking the \$200 billion digital opportunity in Southeast Asia, Temasek Holdings and Google, 2016.

10. **Thailand 4.0** is pursuing the development of technology clusters and future industries. Robotics and the Internet of Things (IoT) have been identified as some of the key drivers for Thailand's next phase of economic growth.

11. In Singapore, we have focused on driving the **adoption of cross-cutting digital technologies across all levels**, to have a transformative impact on the competitiveness of all sectors. Innovation and technology adoption are important components of the Industry Transformation Maps (ITMs) that we have developed for 23 growth sectors in the country.

12. In addition, Singapore is **building an ecosystem** to support the development and deployment of technological capabilities across the economy, and to equip our workforce with the requisite digital skills.

13. Singapore is also pursuing **bilateral Innovation initiatives with our ASEAN neighbours**. We have established two start-up "Launchpads" in Indonesia. The first is the EV Hive landing pad by East Ventures and SGInnovate, and the second is BLOCK71@Jakarta by NUS Enterprise and Salim Group. Through these platforms, start-ups from both countries can collaborate, access cost competitive co-working spaces, and scale-up their businesses.

14. While Singapore and our ASEAN neighbours continue to develop our national initiatives and establish bilateral linkages with one another, **ASEAN offers us the scope to bring together the region's collective efforts and resources to secure coherent and substantive outcomes**.

15. To achieve this, however, ASEAN will need to address the challenges posed by the digital economy. How do we facilitate free but secure cross-border flows of data? How do we develop a regional e-Payments network, with the level of penetration and flexibility needed to support a diverse range of companies as they grow and digitalise? How do we update our trade architecture to ensure it does not hinder, but rather supports the new wave of digital opportunities?

#### Singapore's 2018 Chairmanship of ASEAN

16. Singapore's Chairmanship of ASEAN in 2018 thus comes at this important juncture. Our aim is to deepen ASEAN's digital connectivity, in complement to our physical connectivity, to position ourselves for the growing opportunities in innovation and the digital economy, and to better prepare to meet future challenges.

17. Singapore is working with ASEAN Member States on specific initiatives such as an **ASEAN Agreement on e-Commerce** that advances trade rules in e-Commerce, lowers businesses' operating barriers to entry, and builds up greater digital connectivity, to facilitate e-Commerce flows in the region. This will provide a platform for aspiring entrepreneurs, start-ups and Micro, Small and Medium Enterprises (MSMEs), to market their products and services regionally, while making it easier for them to send and receive electronic payments.

18. We are also developing a Framework to monitor the progress of **ASEAN's Digital Integration**. This will help ASEAN to assess and benchmark our digital ecosystem, and identify how we can empower all stakeholders to benefit from ASEAN's digital integration initiatives and efforts. In addition, we are working on an **ASEAN Innovation Network**. This Network seeks to strengthen the linkages between innovation ecosystems in ASEAN Member States to spark new collaborations and solutions, which can address the demand from an increasingly sophisticated and growing consumer base in the region. An **ASEAN Smart Cities Network is also being developed** to facilitate cooperation on smart cities development, catalyse bankable projects with the private sector, and to secure funding and support from ASEAN's external partners.

19. These initiatives need to be complemented with a facilitative trade architecture in order to deliver tangible benefits for our businesses. Singapore is therefore also pursuing an array of initiatives such as the **full implementation of the ASEAN-wide Self Certification, a pathfinder for an ASEAN-wide Authorised Economic Operators Mutual Agreement, ASEAN Single Window, ASEAN Trade in Services Agreement, and an enhanced ASEAN Comprehensive Investment Agreement**. These initiatives will facilitate the seamless movement of goods within ASEAN, reduce administrative burdens and costs for businesses especially SMEs, and improve the region's regulatory regime for trade in services and investment.

20. Some of our efforts have already borne fruit. The **ASEAN Single Window** entered into the live operations phase for five ASEAN Member States, namely Singapore, Indonesia, Malaysia, Thailand and Vietnam, earlier this year. The ASEAN Single Window aims to expedite cargo clearance and cut down paperwork, and will benefit traders reducing the cost of compliance when exporting and importing within ASEAN. ASEAN and Australia have also agreed on the **Digital Trade Standards Cooperation Initiative (DTSCI)**, which aims to encourage the use of international digital trade standards in our region so as to support economic growth and security.

### Conclusion

21. Against the backdrop of the current global economic landscape, ASEAN must resist the tendency to look inwards, and draw on its shared vision and collective strength to stay resolute in its commitment to regional economic integration. It is imperative that ASEAN not only continues on the present trajectory, but also leads the way by charting a path to open trade and active participation in the global economy.

22. It is only through a sustained effort to build a competitive, resilient and innovative region that ASEAN can anchor its relevance on the global stage. Positioning ourselves well to tap into the new opportunities of the digital economy and other emerging technologies will further reinforce ASEAN's value proposition, and ensure a united and prosperous future for our businesses and our people.

23. I wish all of you a fruitful time at today's Forum. Thank you.