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*Forging Parliamentary Cooperation in Digital Inclusion
Towards ASEAN Community 2025*

EXPLANATORY NOTE

**DRAFT RESOLUTION ON
PROMOTING INCLUSIVE DIGITAL ASEAN TO EMPOWER MSMEs
AND STRENGTHEN THE ASEAN ECONOMIC INTEGRATION**

Economic integration is one of the main agendas for the ASEAN Economic Community (AEC). It was also one of the most topics ever discussed in AIPA as few AIPA resolutions have mentioned it, namely:

1. Res39GA/2018/ECO/03 – Resolution on Deepening Regional Economic Integration in ASEAN
2. Res 40GA/2019/ECO/01 – (Resolution on Fostering Inclusive Development in ASEAN);
3. Res40GA/2019/ECO/03 – (Resolution on Improving Digital Connectivity to Support the Growth of MSMEs); and
4. Res41GA/2020/ECO/01 – Resolution on the Role of Parliaments in Promoting ASEAN Cohesiveness and Economic Recovery Post Covid-19;

The role of regional economic integration has been increasingly vital to ASEAN member states in its journey to fare with globalization and the COVID-19 pandemic; there has never been a more challenging time to enhance the economic integration in ASEAN. The impact of the COVID-19 pandemic has resulted in the global economic decline, especially to the economic development and integration within the ASEAN region in addition to the direct disruption of the financial market, market and supply chain, as well as the vulnerable sectors for micro, small and medium enterprises (MSMEs).

One of the means to strengthen the ASEAN economic integration is by focusing on promoting digital inclusion in ASEAN, which will enable ASEAN to recover from the global economic challenges. ASEAN meetings on the COVID-19 response have repeatedly highlighted the importance of accelerating inclusive digital transformation in ASEAN as a pathway out of the crisis.

There are six key priority areas identified in the ASEAN Digital Integration Framework Action Plan (DIFAP) 2019-2025 to realise the digitalisation of ASEAN, amongst are: to facilitate seamless trade, to protect data while supporting digital trade and innovation, to enable seamless digital payments, to broaden digital talent base, to foster entrepreneurship, and to coordinate action must be in place to assist the acceleration of digital integration within ASEAN.

The 27th ASEAN Economic Ministers' Retreat has also endorsed ASEAN 13 Priority Economic Deliverable (PEDs). The PED is divided into three (3) following strategic thrusts consist of Recovery; Digitalisation; and Sustainability:

1. To promote intra-ASEAN economic integration and connectivity;
2. To deepen ASEAN engagement with the global community for peace and sustainable development; and
3. To enhance responsiveness and institutional capacity of ASEAN.

As one of the most vulnerable sectors during this unprecedented time, the MSMEs have been highlighted in the ASEAN Comprehensive Recovery Framework (ACRF) on accelerating MSME recovery through digital upskilling and enhancing entrepreneurship development of MSMEs to promote the use of digital technology. Additionally, ASEAN in cooperation with its external partners has also highlighted the need to assist businesses, especially MSMEs suffering from the impact of COVID-19. The Special ASEAN Plus Three Summit on Coronavirus Disease 2019, as well as other ASEAN Plus One initiatives, amongst others, focuses on the need to leverage digital technologies and digital trade to allow businesses particularly MSMEs, to stay afloat during the crisis.

The ASEAN Economic Community (AEC) Blueprint 2025 has stated that MSMEs are the backbone of the ASEAN economies. The Blueprint also underlined that ASEAN has emphasized on the development and promotion of micro, small and medium enterprises (MSMEs) in its economic integration efforts. The Blueprint also stated that ASEAN will

embrace the evolving digital technology as leverage to enhance trade and investments as well as to provide an e-based business platform.

Brunei Darussalam and Malaysia see the importance of narrowing the digital divide as well as ensuring all segments of the population are provided with equal opportunities and equipped with the necessary knowledge and skillsets to thrive in the digital economy where individuals can participate and reap the benefits of the digital economy. Thus, this draft resolution aims to continue supporting ASEAN's priorities on connectivity, regional integration and narrowing the development gap including through support for the implementation of the Master Plan on ASEAN Connectivity 2025 (MPAC 2025), Initiative for ASEAN Integration Workplan IV, digital transformation, response to the fourth industrial revolution, closer sectoral integration and private sector engagement.

This draft resolution also recommends AIPA member Parliaments to utilise the existing policy and supports any new proposals on the digital economy. It is hoped that the adoption of this draft resolution reaffirmed the determination and commitment of AIPA Member Parliaments in empowering MSMEs and strengthening ASEAN economic integration by promoting the inclusive digitalisation of ASEAN.