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Chinese Taipei Pacific Economic Cooperation Committee (CTPECC)

Editorial Statement

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Regional Integration in the Digital Age and its Effect on Social Security Protections for Foreign Workers in APEC Economies

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Background Analysis

In an environment where globalization is driving international labor mobility, APEC economies have signed mutual social security agreements to uphold the social security rights and interests of their own citizens working abroad and of foreign workers employed domestically. These agreements avoid double insurance coverage by designating a single economy's eligibility for payment, and avoid shrinking old-age benefits when neither economy provides coverage. If a foreign worker is insured in their economy of employment, there should be recognition of seniority or a calculation mechanism for convenient cross-border payments to ensure workers' rights and interests. This reduces the burden of unnecessary social insurance premiums on multinational enterprises, thereby promoting investment and enhancing economic competitiveness.

While there are laws and regulations which provide certain guarantees to people from other economies working in our economy, workers from our economy employed in other economies are protected only by the laws and regulations of those other economies, given that we have not yet signed bilateral or multilateral social security agreements with other economies. Therefore, it is forward-looking and necessary to explore the feasibility of signing of social security agreements or cooperation documents with other economies.

Analysis of Social Security Agreements between APEC Economies

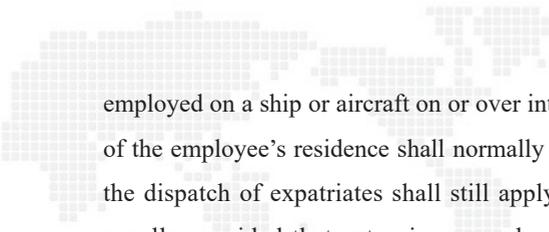
An agreement typically defines the contracting territories, nationals, laws, competent authorities, institutions, coverage periods, benefits, and residents. Terms not defined in the agreement are governed by the applicable laws of the contracting parties. However, the terms defined in each agreement are not always consistent. A social security agreement signed by Australia does not define the names of the contracting parties.

The corresponding social security insurance provisions of the contracting parties may not be exactly the same, and may include exceptions. Annuities or one-time benefit payments financed by one party are usually not included in agreements. The social security agreement between Australia and New Zealand includes the following benefits: age annuities, supporting annuities for the incapacitated, care payments for partners of recipients of supporting annuities for the incapacitated, and insurance for elderly farmers.

Japan includes the largest number of items in its agreement with the United States, including: National Pension payments (excluding National Pension Fund), Employee Pension payments (excluding Employee Pension Fund), mutual support annuities for national public officials, mutual support annuities for local government officials and people of similar status, mutual support annuities for private school officials, and Japanese National Health Insurance.

Japan's agreements stipulate that equal treatment shall not affect the provision in Japanese law that those who have undertaken their first health examination or died between 60 and 65 years of age should only be eligible for a basic incapacity pension or a survivor's basic pension if they live(d) within Japanese territory on a regular basis.

Agreements generally state that unless otherwise provided, the employer shall apply only the laws applicable in the place of employment. When a worker is



employed on a ship or aircraft on or over international waters, the laws of the place of the employee's residence shall normally apply. Laws and regulations governing the dispatch of expatriates shall still apply within a certain period of time. It is usually provided that extensions may be extended under certain conditions (if requested by the employee and the employer or requested by the self-employed person, and if there is consensus between the competent authorities of the two economies). This usually applies to self-employed people too, but is usually not applicable to diplomatic and consular officers.

In terms of differences, the period for which the legal norms governing the assignment of expatriates are continuously applied is inconsistent, including 24 months (Philippines and Austria), 48 months (Philippines and Germany, calculated over separate periods), and 4 years (Australia and Chile). There is no double coverage exemption between Australia and New Zealand.

It is generally stipulated as follows: If the period of coverage completed by a person under the laws of the contracting Party is insufficient to claim the benefit, the agency of that party shall take the period of coverage not superimposed under the laws of the other contracting party. If the period of coverage completed by a person under the laws of a contracting party is sufficient to claim benefits, the foregoing calculation does not apply.

The calculation of the benefits under the general calculation is normally specified as follows : Actual amount of payment=(Years' qualification earned on a single side/years' qualification) x theory amount : Theory amount = the payment amount for the period covered by both parties shall be calculated. Some social security agreements have special provisions: for example, the social security agreement between Australia and New Zealand takes into account the third country's annuity to be deducted: the calculated amount = the person's income x the highest rate of payment under Australian social security law-New Zealand's payment-the third country's annuity to be deducted.

According to the social security agreement between Japan and the Philippines, basic incapacity annuities and other benefits with a fixed amount regardless of the period covered by the agreement will be paid in proportion to the contribution period and premium exemption period in Japan.

According to the social security agreement between Japan and India, eligibility for a disability annuity or survivor's pension under Japanese law must be for the first medical examination or for a death during a specified period of coverage. The social security agreement between the Philippines and Austria stipulates that the calculation of the payment amount can be fully taken into account when the seniority of the two parties overlap, and that the insurance period in the Philippines must be a similar occupation before it can be taken into account by Austrian law.

Social Insurance Provisions for Foreign Workers

Japan

If a foreigner is employed by a Japanese enterprise, he/she shall be subject to the applicable labor insurance. Employment insurance, employees' pension and employees' health insurance are also applicable if the relevant requirements for working hours are met.

Japan's basic national pension is compulsory for nationals aged between 20 and under 60, and foreigners who complete the registration are also required to add insurance. The employees' pension insurance is applicable to workers under 65 years of age, and foreign workers should also be insured. If someone add his/her insurance 25 years, when get 65 years, he/she can ask to get annuities. Foreigners who are expected to be unable to renew the insurance for 25 years or more may apply for a lump sum refund within 2 years after leaving Japan if they have been insured for more than 6 months. The payment amount varies according to the additional years of the insurance. However, in principle, the lump sum refund is less than the total amount of the insurance premium already paid.



Korea

Article 22 of “Act on Foreign Workers Employment etc.” from outside Korea expressly forbids discrimination or unfairly treatments on the grounds of foreign workers. Based on this provision, foreign workers in Korea can enjoy the same treatment as domestic workers. Under the employment licensing system and the post-training employment scheme in Korea, migrant workers are required to participate in the above four types of social insurance and are eligible to receive benefits, but the participation of unemployment insurance is optional. The eligibility for the annuity is determined by the bilateral agreement between the Korean and the foreign worker's country of origin. The Korean Social Security Agreement is based on the national pension and includes the exemption of seniority, because it is difficult for foreigners to obtain the pension system. When they qualify for the pension but are not resident in Korea, they will take the way of premium refund (plus interest).

Australia

With respect to DASP for working holidaymakers, there are four points that must be met in the qualifying part: (1) WHM visa holders. (2) The visa has expired at the time of application. For example, expired or canceled. (3) The migrant workers and holidaymakers have left Australia. (4)The holidaymakers are not Australian or New Zealand citizens or permanent residents of Australia. (5)The retirement pension itself is held by the Super fund and the Australian Taxation Office (ATO), so the Australian government will levy taxes on DASP again. For the migrant workers and vacationers, the final accumulated pension tax rate is 65%.

Germany

In Germany, the payment of cross-border labor insurance is not limited to annuity, but covers all kinds of benefits such as sickness insurance, care insurance, annuity insurance, unemployment insurance and disability insurance. There are

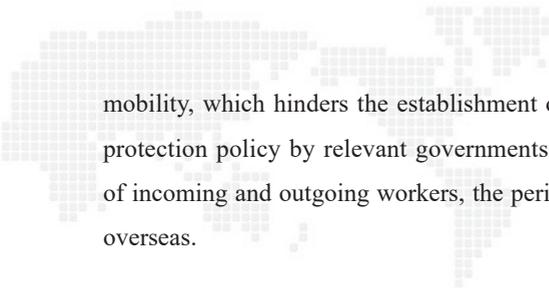
three types of migrant workers who apply for labor insurance benefits across borders : (1) European Union, European economic area (EWR), Swiss people (2) people who sign bilateral social insurance agreements (3) people from other third countries.

If the country of origin is in the first category, the right to social security may be brought back to the place of residence for further exercise. If he/she is working in more than two countries, he/she is eligible for insurance benefits in both countries. Similarly, if the source is in the second category, an application may be made to the pension insurer in that country in the place of residence, covering the period of employment in Germany. The annuity insurer in that country will automatically forward the application to the annuity insurer in Germany for processing.

As for foreign migrant workers whose country of origin is a third country, their right to claim annuity benefits due to the payment of insurance premiums will not be lost because they leave Germany. But an application for payment must be made to the German embassy or consulate in the country, and the staff of the embassy or consulate shall give the certification directly. For foreign migrant workers returning to their country of origin or residing in other countries, Germany can refund the premium to the German annuity under certain conditions. The insured may only claim a refund of the premium paid by him and shall not be entitled to claim the premium paid by the employer; once the premium is returned, the insured does not have the right to ask for annuity payment again.

APEC Cooperation

It is important to integrate and analyze data on labor mobility across economies, because data from a single economy can indicate the attraction and pull of a government's policies. In particular, several ASEAN members are primarily labor exporters, and transnational social security systems can provide complete protection for migrant workers. However, calculation mechanisms among economies remain incomplete, and there is as yet no unified database that includes statistics on labor



mobility, which hinders the establishment of a more comprehensive transnational protection policy by relevant governments. Statistics needed include the number of incoming and outgoing workers, the period of stay, and payments claimed from overseas.

Discussion and cooperation on social security systems should include mutual assistance between economies' administrative agencies, the designation of liaison agencies, and the sharing of information for mutual benefit. Related regulations and the exchange of immigrant worker information can be negotiated.

In addition to the social security system, the protection and care provided to migrant workers should be on the agenda for transnational negotiations. Topics including the protection of religious freedoms and standards such as halal certification can be part of specific policies to attract foreign workers.

The cultivation of a transnational labor force among economies should be a key topic in APEC, including through such programs as institutionalizing transnational exchanges among young farmers.

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Equitable Human Resources Development in the Digital Era: Upskilling of the Workforce through Art and Technology

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Introduction

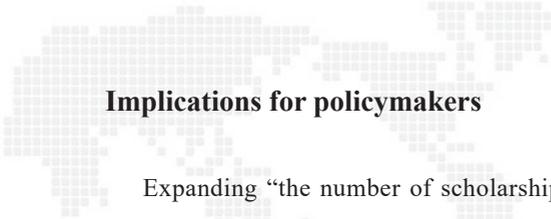
Digital upskilling provides opportunity for employers and employees to bring digital transformation to their businesses. Businesses competing in the 21st century need workers that can use technology to help drive efficiency and increase profit. Workers that have soft skills of “communication, self-management, and the ability to learn” (Griffin, 2020, p. 3) are more prepared to address challenges that arise throughout the workday. For example, a divide could exist between digital natives (workers familiar with technology) and digital outsiders (workers not familiar with technology) in the workforce. This gap can be bridged by digital upskilling. Certain mundane and routine processes can be efficiently improved by digital transformation. Digital natives can help with this transformation; however, knowledge of these established practices are often held by digital outsiders, whose experience is valuable in identifying caveats and edge cases that technology alone cannot address. Digital upskilling can be a process in which communities come together, share knowledge, and build a better workplace together.

Methods for digital upskilling

International Telecommunication Union (ITU), an agency of the United Nations, published a Digital Skills Toolkit in 2018 defining levels of digital literacy. Inside the toolkit, ITU discusses many approaches to developing basic and intermediate digital skills. Partnerships between industries, employers, and schools

are often needed to build infrastructure that can support and upskill learners (“Digital Skills Toolkit”, 2018). Specifically, combining digital learning curriculum with real-world experience helps avoid “misalignment between employer needs and the skills developed in training” (Griffin, 2020, p. 6). A proposal from UNLEASH 2017, a United Nations innovation lab, planned to pair youth in a group setting to gain knowledge while on the job (“Amandla - UNLEASH”, 2017). This “earn and learn” apprenticeship model is practiced by Imara.Tv, a platform in which youth groups interested in filmmaking and entertainment from Kenya write, direct, and produce health education films sponsored by various groups such as UNFPA and UN HABITAT (“Imara.Tv”, 2020).

In response to the global COVID-19 pandemic, many businesses have chosen to move toward remote work. Online services provide another medium for businesses “to provide services or products in a different manner” (Griffin, 2020, p. 10). Creating an online-ready workforce requires training and instruction in a digital format, which can benefit workers who can learn sections of content at their own pace (Woodard et al., 2011). Workers who traditionally do not have access to the online economy can have this opportunity to participate and take advantage of skilled wage premiums (Shastry, 2012). However, there are barriers to remote work: in order for all workers to gain the skills, “equal access [...] to affordable and quality technical, vocational and tertiary education” (SDG 4.B) as described in the Sustainable Development Goals is needed. Issues such as poverty, access to electricity, and the language barrier (Olusola & Alaba, 2011) must also be addressed for equitable opportunities to be spread. Paying for the Internet and a mobile device is more costly for workers from lower socioeconomic classes. This is a barrier that technology alone cannot solve: government subsidies, policies, and scholarships are needed to close the access gap toward digital transformation.



Implications for policymakers

Expanding “the number of scholarships available to developing countries” (SDG 4.B) is one concrete step toward achieving equitable digital opportunities. Governments, corporations, and foundations must support underserved communities through building support networks, increasing capacity, and creating funding pathways (Dell’Erba, 2019). As a counter example, the privatization of education in Taiwan, where money flows toward private tutoring (Thomas & Yang, 2012), have placed competition and prestige above collaboration and social justice. In the United States, the 2019 college admissions bribery scandal is another example where money is used to increase disparities between those with and without privilege. This fundamental privatization of individual wealth over community wealth needs to be addressed with policies that can reach underserved communities. This will help create the social change needed to build a workforce with more equitable opportunities.

Traditionally, Science, Technology, Engineering, and Math (STEM) is the main focus of education due to the direct correlation between STEM and high-paying jobs. However, arts education provides room for “interpersonal skills, divergent thinking, and cultural competency” (Dell’Erba, 2019, p. 3). These skills are extremely valuable in a rapidly evolving workplace where critical thinking skills are necessary to find and maintain decent work. A value shift toward “the affective domain” (Gardner-McTaggart & Palmer, 2018, p. 270) includes an education inclusive of the arts, focusing on notions such as inquiry, compassion, and purpose. This decreases the singular focus on STEM and money-making capitalism; instead, STEAM makes space for holistic education and social justice. Stakeholders, such as corporate business leaders and government officials, must consider a vision that includes education through the arts as a method for the long-term growth of a workforce and an economy.

Conclusion

In 2016 Asian-Pacific Economic Cooperation (APEC) committed to strengthening efforts to ensure decent work and work life quality for all, especially socially vulnerable groups, by providing access to quality inclusive education and vocational training; boosting entrepreneurship; improving social protection; and enhancing regional cooperation. In 2017 APEC implemented the APEC Framework on Human Resources Development in the Digital Age, which shares core values with the 2030 Sustainable Development Goals on Quality Education. In order to reach these commitments, an investment on digital upskilling by making room for the arts is essential. The significance of moving beyond STEM education into STEAM education is the inclusion of holistic thinking and integrating real-world problems into education. Beyond textbook algorithms and memorization of facts and processes, the affective domain around the arts creates opportunities to explore problems in a creative and interpersonal way. As a result, a larger focus on equity through the lens of social justice can help address the disparities within any inequitable workforce opportunities that exist today.

We acknowledge the interplay between different actors affecting the global workforce. Workers, businesses, trade unions, schools, intergovernmental agencies, and governing bodies all play a crucial role in the global economy. Economies can not exist in silos: vocational education without alignment to job demands is purposeless; and sectors without an education pipeline will soon be at risk of talent shortage. New governmental policies, increased scholarships and subsidies, and continued collaboration for workers rights can all help equitably spread growth opportunities in a workforce.

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Post-Pandemic the Role of Digital Technology in Asia-Pacific

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What will the post-pandemic era look like? Will it be the same as before the pre-Covid19 times, or would we see a significant shift world-wide? The new-normal of digital technology has taken over every facet of our lives i.e., social, economic and cultural including the governments finding solace in technology to run the economies will become the 'new envisage'. Covid19 has posed a dual challenge for the governments all across the world- first, to control the infection and, second, to reboot the economies affected by the pandemic. It is a blessing in disguise the supporting role digital technology played refraining the world system framework to come to a stand-still. Digital technology is managing the crisis it is supporting the businesses so that not only employees out future generation leaders, the students could function from home.

Certainly, the post-pandemic era would be more digitalized as it renders the economic cycle to be resilient. An increasing number of Asia-Pacific states are recovering from the pandemic and grave reliability on technology has come as a boon, however, the question arises whether the Asia-Pacific region is prepared to accept the new normal? Undoubtedly, the Asia-Pacific region is the main driver of the global economy representing 67 per cent of the World's economic growth simultaneously it is also the region of a significant technological revolution. Notwithstanding, the fact which cannot be overlooked is Asia-Pacific is one of the most digitally unequally divided regions, less than 14 per cent of the population are connected to affordable and reliable internet. What needs to be taken into consideration that shifting from offline to the online platform is not a smooth-sailing phenomenon and the post-pandemic era should not be an era of



inequality. Digitalization will do wonders for the world and Asia-Pacific region but digitalization also has the facet of not only income inequality but inequality of opportunity.

A pragmatic, coherent technology and inclusive innovation policy is the need of the century because post-pandemic it is the technology that will keep the Asia-Pacific region and the world knitted together undermining the challenges. The post-pandemic era presents unprecedented opportunities for the region and much will depend on how the governments have materialized the opportunity with a proper vision. A very intriguing observation was made by Ms. Armida Salsiah Alisjahbana United Nations Under Secretary-General and Executive Secretary of ESCAP:

‘Digital technology has taken on a compelling new meaning in the region-people, planet, prosperity are all dependent on access to digitally driven technological innovations and seamless connectivity’¹.

Correspondingly, the Asia-Pacific region has the task of making the region digitally inclusive and resilient. There were some states in the region who stood upright and took bold decisions undermining the challenges posed by the pandemic. We saw Japan’s court and Taiwan’s Legislative Yuan going digital, they collaborated with the Microsoft team rendering the public institutions to function safely. Indonesia’s oil company Pertamina availed technology so that its employees work safely and also conducted an online interfaith prayer with the employees and their families . Asia-Pacific region should address rebounding the region by laying a foundation for a sustainable future.

Taiwan’s Legislative Yuan going digital, they collaborated with the Microsoft team rendering the public institutions to function safely. Indonesia’s oil company Pertamina availed technology so that its employees work safely and also conducted

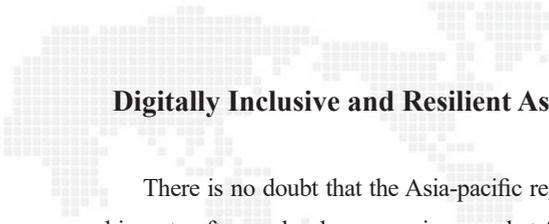
1 ‘UN Forges Technological Cooperation To Tackle Covid-19 in Asia and the Pacific’. 20 August, 2020, United Nations ESCAP, <https://www.unescap.org/news/un-forges-technological-cooperation-tackle-covid-19-asia-and-pacific>

an online interfaith prayer with the employees and their families². Asia-Pacific region should address rebounding the region by laying a foundation for a sustainable future.

Challenges posed by going digital are innumerable- a stronger hold of digitalization should be prioritized not only in the field of agriculture, health and education but how to implement it widely. It requires skills and for that states need to plan a robust skill policy to train its citizens to become resourceful members. There is also a challenge of data divide or inequity if only a few companies and states will derive benefit from Artificial Intelligence (AI). Consequently, the other facet of data inequity how digital transformation will benefit all and reach remote places in the region. Notwithstanding, this article will attempt to explore the objective questions- challenges of the Asia-Pacific region in becoming digitally inclusive? What robust policies the states should take to overcome the shift from offline to online or in other words digital transformation.

Asia-Pacific region is not a homogenous entity, and each state will have its own pace of rebounding, the foremost uncertainty is the economies coming back on track. China has immunized itself for future financial risk and also provided economic stimulus during the pandemic, Vietnam is expected to have a positive GDP in 2020 unlike countries like Singapore and Thailand. Trajectories are negative for recovery in global trade patterns because the slower the US and EU recover the longer it will affect the region. Thus, for Asia-Pacific, it is particularly not the challenge of digital transformation but also the recovery of the economy is significant. Unprecedented challenge of robust internet infrastructure and cybersecurity, e-commerce, e-governance services, digital literacy programs will drive to maintain stability and economic growth.

2 Antony, Cook. 2 October, 2020. 'The Foundations of an Inclusive, Tech-Enabled Economic Recovery in Asia', The Diplomat. <https://thediplomat.com/2020/10/the-foundations-of-an-inclusive-tech-enabled-economic-recovery-in-asia/>



Digitally Inclusive and Resilient Asia-Pacific:

There is no doubt that the Asia-pacific region is on its way to become the world's biggest software, hardware services market for the internet of things (IoT). The crux should not just be limited to that but the focus should also be on digital cooperation and the bridging digital divide. The path towards digital cooperation is a path of joining units internationally and regionally, think tanks, academia, along with stronger public and private partnerships. The United Nations have issued a road map for digital cooperation which could serve as a superstructure in achieving digital transformation keeping in mind the significance of technology in the post-pandemic era.

They are: -achieving universal connectivity by 2030, promoting digital public goods to create an equitable world, ensuring digital inclusion for all including the most vulnerable, strengthening digital capacity building, ensuring the protection of human rights in the digital era, supporting global cooperation on artificial intelligence, promoting trust and security in the digital environment, building a more effective architecture for digital cooperation.

However, this roadmap does not address the problems that Covid19 exposed to the digital divide and vulnerability and if not addressed by the states then it could become a bane in the post-pandemic era. Asia-Pacific to become digitally inclusive require to address the problems discussed below.

- Shift from offline to online divide- the pandemic has made the situation mandatory switching everything to online exacerbating inequalities and rendering the marginalized and weaker sections of society vulnerable. The digital divide has unveiled the uncertainty. For instance, India has the second-largest pool of internet users but half of its population has no access to the internet. The digital divide is depriving the marginalized families in India of a lack of education and opportunity resulting in unemployment or deepening the gap of knowing less and digitally poor skilled citizens.³

3 'Covid-19 Pandemic Risks a Lost Generation in India as Digital Divide Widens'. 17 December, 2020. Mint. <https://www.livemint.com/news/india/covid-19-pandemic-risks-a-lost-generation-in-india-as-digital-divide-widens-11608163456184.html>

- Rural-urban divide: the complete shift from offline to online exposes another facet of the digital divide i.e., the rural-urban differences. The rural families living in the Asia-Pacific region face unprecedented challenges, acrimonious situations because of no internet connectivity. Citizens and students who live in cities managed to sail through the pandemic because of good internet connectivity unlike the ones living in rural areas. What is required is a push from the supply side and also investments in the fibre optic infrastructure that transports data.
- Good internet connectivity not a luxury but a necessity: Covid19 pandemic acted as a catalyst to make it clearer that internet connectivity is not a luxury and should not be limited to those who can afford it. Rather good internet connectivity is a basic requirement and should reach even to the remotest places to bridge the digital divide and inequity of opportunity. The Post-pandemic era could boost digital poverty for disadvantaged citizens if not addressed and could become one of the facets of socio-economic inequalities. A stronger public-private partnership should be the lookout and also the other stakeholders, deploying the fibre optics system to help to reach good internet at remote places.
- Lack of digital knowledge: post-pandemic there would be a natural shift of everything driven by technology, to foster that Asia-Pacific region states have to train its citizens with digital skills. Digital illiteracy could be a hindrance in shifting to online mode. Leveraging and upgrading are crucial but equally significant is that the states supporting the digital skill learning helping in bridging the digital illiteracy for the unemployed and disadvantaged citizens. Jobs requiring digital skill won't just be a temporary shift but it would be engrossed in the post-pandemic era and the Asia-Pacific region needs to invest in countering the challenge.



Asia-Pacific Digital Transformation:

The Asia-Pacific Economic Cooperation (APEC) CEO Dialogue virtually happened this year on November 19-20, 2020 hosted by the Malaysian government. In the meeting the heads of the Asia-Pacific state leaders discussed the role of digitalization and policymaking to support a digital economy. Malaysian PM made a remark on ‘APEC reimaged’ would lead to ideas innovation along with a stronger public and private partnership. APEC leaders issued a principle of statements titled ‘APEC Putrajaya Vision 2040’, which is a vision for making a dynamic resilient and peaceful Asia-Pacific community by 2040. To undergo digital transformation Asia-Pacific region require to promote roust economic policies rendering digital infrastructure giving a push for digital transformation and bridging the digital divide.

Heads of the Asia-Pacific states do have a nuanced understanding that the role digital transformation would play post-pandemic and we see many states taking the initiative to maximize the gains. For instance, Malaysia has started the process of digital transformation in its economic sector with the aim to become the heart of digital ASEAN, a regional powerhouse. Malaysia has a people focused value-based industry 4.0.I vision for digital transformation. We also see Singapore supporting its SMEs by investing \$2.5 billion and providing information aligned with business objectives. Singapore showed a classic example of government and private/industry partnerships. It partnered with Microsoft to empower SMEs providing resources at the time of pandemic which will thrive post-pandemic as well.

Notwithstanding, the Asia-Pacific region has an unprecedented opportunity to restructure the region post-pandemic. The basic problems of the digital divide and digital transformation should not be left unaddressed leaving the region gloomy. Asia-Pacific heads of the states have shown an optimistic vision and one could hope that the inclusivity of technology is beneficial for all ranging from the marginalized citizens and reaching to the remotest places in the region.

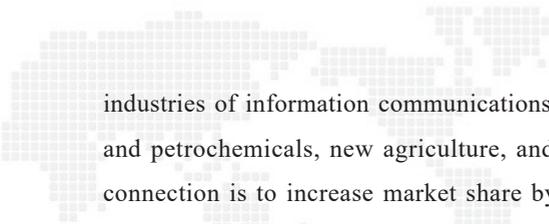
Launching New Southbound Policy 2.0

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The new southbound policy initiated by Taiwan's government has been launched since 2016, emphasizing the establishment of a "people-oriented" partnership with 18 countries targeted by said policy. The long-term goal of the policy is to promote multi-level links in relations associated with the economy, trade, investment, technology, and culture between Taiwan and the Association of Southeast Asia (ASEAN) nations, nations of South Asia, New Zealand and Australia. The aim is to share resources, talents and markets, and establish an "economic community awareness" through a new cooperation model. In addition, it seeks to establish consultation and dialogue mechanisms with these countries to shape cooperation and resolve related issues and differences. Therefore, the new southbound policy in fact hopes to establish a quasi-multilateral free trade agreement with these 18 economic and trade partners especially when Taiwan has not yet been able to negotiate and sign a free trade agreement (FTA) with these countries through multiple channels of exchanges, such as promoting the free exchange and movement of goods, services, information, and skilled people to enhance Taiwan's long-term economic development and growth momentum.

The new southbound policy proposes four major connections: soft power connection, supply chain connection, regional market connection, and people-to-people connection. In terms of soft power connection, the initiative looks forward to cooperating with the targeted countries in the fields of medical care, education, technological development, agricultural cooperation, and small and medium-sized enterprises through soft power in technology and humanities. On the supply chain connection, cooperation ideas are launched for the five major



industries of information communications, domestic demand industries, energy and petrochemicals, new agriculture, and financial services. Regional market connection is to increase market share by investing in hardware and software infrastructure in response to market differences in 18 countries. Finally, the purpose of people-to-people connection is to allow producers in 18 countries to recognize and affirm Taiwan's talents and technologies through tourism and cultural exchanges; let their consumers like Taiwan's manufactured and exported products and the quality of services provided by Taiwan through recognition.

From the comprehensive integration of the new southbound policy objectives and content, it can be confirmed that the new southbound policy is paving the way for the promotion of Taiwan's long-term private consumption, fixed investment, and exports of goods and services in the future. However, the development levels of the 18 countries targeted by the new southbound policy are quite different. In terms of the average personal income level in 2016 when the new southbound has just started, the per capita income of Singapore and Australia both exceeded US\$50,000, and New Zealand was already close to US\$40,000 at that time. Brunei was about US\$28,000. They are in line with the definition of high-income countries by the Organization for Economic Cooperation and Development (OECD). As for the other 14 new southbound countries, only Malaysia and Thailand are middle- and high-income countries, while the remaining 12 countries are all middle-low-income and low-income countries, which means that the software and hardware infrastructure and purchasing power of these economic and trade partners have high degree of difference. Therefore, the implementation of the new southbound policy is not suitable for adopting the principle of one size fits all.

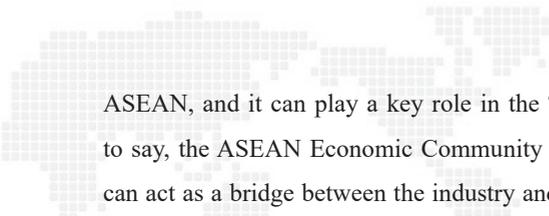
Furthermore, from the perspective of economic and trade observation, Taiwan's export structure ratio is also quite different in the new southbound region. For example, in 2016, Taiwan's total exports to 18 countries in the new southbound policy were US\$59.2 billion, of which the 10 ASEAN countries accounted for 86.5%; the 6 South Asian countries accounted for 7.8%; New Zealand and Australia accounted for 5.7%. In 2020, Taiwan's total exports to 18 countries

accounted for US\$61.1 billion, of which the 10 ASEAN countries accounted for 87.1%; 6 South Asian countries accounted for 6.9%; New Zealand and Australia accounted for 6.0%. The data shows two trends. First, the economic and trade relationship between Southeast Asia and Taiwan is already close. Hence, the new southbound policy should enhance the relationship with the ASEAN supply chain on the existing basis and then to actively enter the markets of South Asia, New Zealand and Australia. Second, since the implementation of the new southbound policy, there is room for improving trade and economic relations.

The goal of the new southbound policy is to enhance Taiwan's long-term economic growth. Therefore, the industrial linkage in the new southbound region should cover all industries. There is the need to utilize the same method for linking Taiwan with the two major markets of China and the United States over the years through comprehensive linkage. The hope is that the high-tech industries and traditional industries will be able to effectively boost Taiwan's exports to the region during the different economic cycles. With this as the goal, Taiwan should initiate the "New Southbound Policy 2.0".

With regard to the "New Southbound Policy 2.0", it can consider the development trend of Taiwan's industry in the past few years, and follow the trend to expand its effectiveness. First of all, on the existing basis, the key industries of ASEAN countries should be the focus. Secondly, through the new southbound policy's investment and overseas employment of talents, it will be beneficial to analyze the resource allocation of ASEAN countries to help cultivate and support industries with future potential. The current key industries and potential industries in the future will include Taiwan's current export-oriented high-tech industries and traditional industries that have been developed for many years.

The next step is to conduct industrial linkage with ASEAN countries and enterprises with different development levels to construct the upstream and downstream supply chain between Taiwan and ASEAN countries. In addition, Singapore is currently Taiwan's most important economic and trade partner in the



ASEAN, and it can play a key role in the “New Southbound Policy 2.0.” That is to say, the ASEAN Economic Community (AEC) has existed since 2016. Taiwan can act as a bridge between the industry and AEC through the Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership (ASTEP), which was launched in 2014. The policy 2.0 is expected to further Taiwan’s multi-facets relations with economies in this region and help promote business opportunities for industries, especially in the traditional manufacturing sectors with high degree of tariff protection.