

Seminar on “Connecting the Connectivities: Synergy through Enhanced Partnership”  
(January 22, 2021 via videoconference)  
Session 2: Green and Digital Connectivity

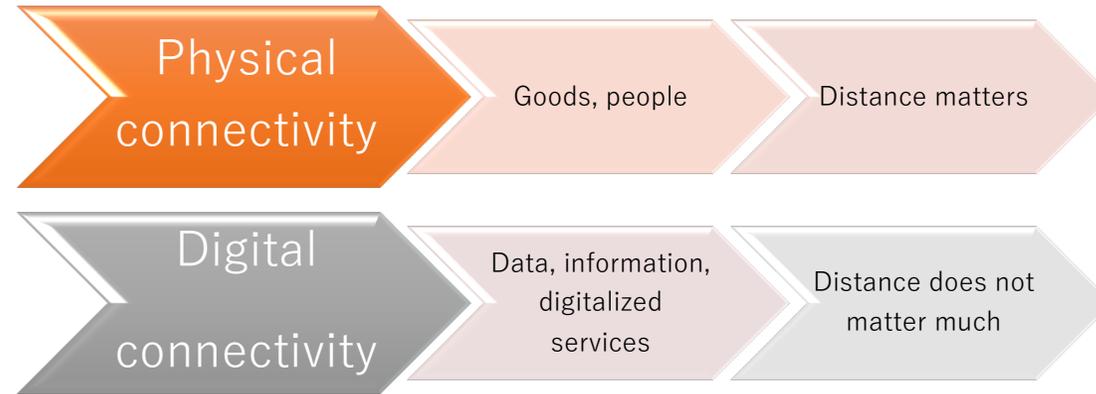
# Green and Digital Technology for ASEAN to Connect Connectivities

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# Digital connectivity vs. physical connectivity

Digital connectivity can be both substitutes and complements for physical connectivity.

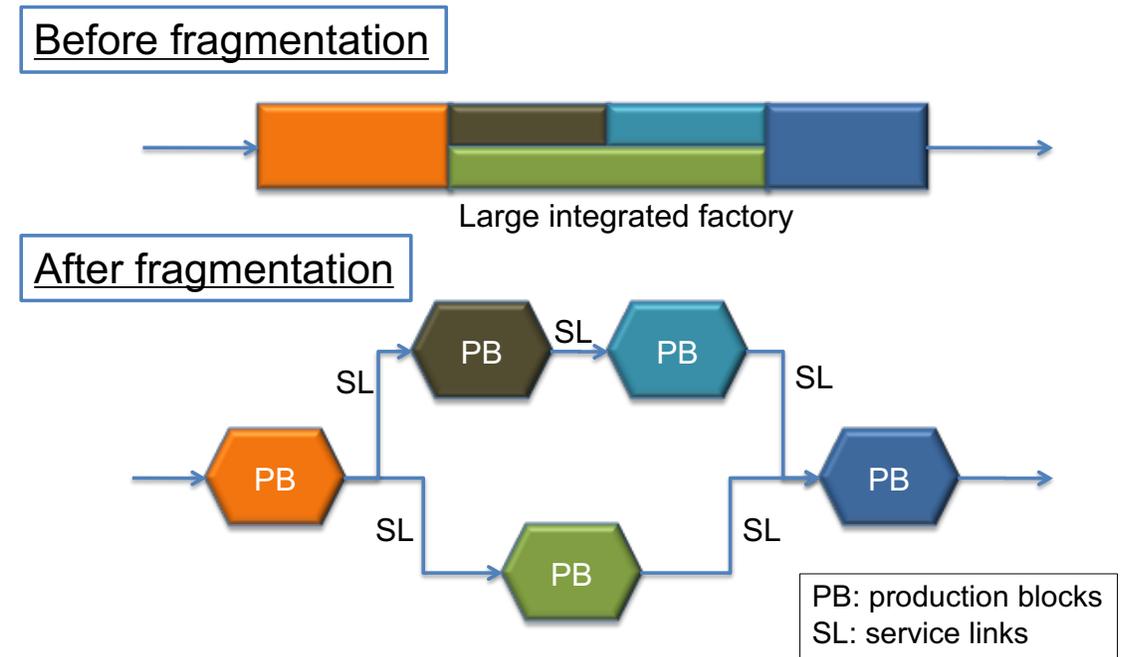


Digital connectivity carries a profound implication for economic development of ASEAN and East Asia at least in three ways:

- (i) Widening and deepening task-wise division of labor and further strengthening Factory Asia.
- (ii) Stepping into a new form of division of labor in terms of individuals (the third unbundling).
- (iii) Enhancing people's welfare by delivering information, communication, matching, and digitized services.

# (i) Task-wise division of labor in manu.

- Factory Asia has survived so far; serious damage in other parts of the world.
- COVID-19 accelerates the utilization of communications technology (CT), which reduces service link costs.
- With possible introduction of robots (IT) and others, avoid “reshoring.”



## (ii) Cross-border service outsourcing

- Although human capital does not differ much, there is a huge wage gap between countries; now services can move freely!
- Baldwin (2016) calls it “the third unbundling.”
- COVID-19 accelerates cross-border service outsourcing.
  - An example: big boom of online English conversation classes for kids in Japan; teachers are in the Philippines, with a lot of competition and product differentiation!



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### (iii) Deliver information and services to people

- With internet connection, we can deliver information, communication, matching, digitized services, and government services to people.
- With a bit of facilitation, MSMEs and traditional industries can drastically expand the scope of businesses.
- Digital connectivity is cheaper than physical connectivity in investment; utilize private incentives effectively.
- Many government services can be delivered by CT.
  - COVID-19 proves that e-ID is very useful
  - The code of conduct may be needed for democracy.

# Green technology

- ASEAN and East Asia must catch up with enhancing global environment consciousness.
  - EU; US Baiden Administration.
  - Heavy dependence on fossil fuels in our region.
- Connectivity helps the efficient usage of energy to a large extent.
  - Cross-border electricity sharing
  - Fossil fuel vs. solar/wind/other renewable energy
  - Transportation and the storage of energy (LNG, battery, hydrogen)
- International collaboration must be further developed, including energy exporting and importing countries.