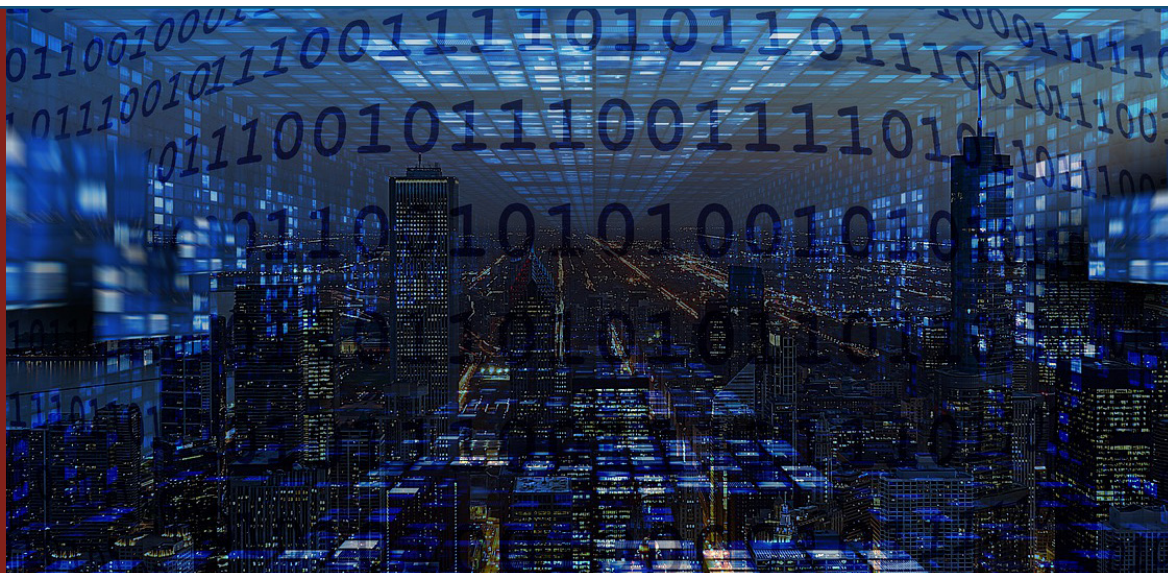# The Asia-Pacific's Digital Transformation

What Role Can U.S.–South Korea Cooperation Play?

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The Covid-19 pandemic has accelerated digital transformation globally, but perhaps nowhere as dramatically as in the Asia-Pacific. Within Southeast Asia, more than 40 million people came online for the first time in 2020, while in South Asia India alone added 47 million internet users.[1] Meanwhile, the Asia-Pacific saw a pronounced uptick in the development, adoption, and use of digital tools, including new applications for e-commerce, remote work, and digital healthcare. As one measure of this trend, a recent study by McKinsey estimated that countries in the region saw on average seven years' worth of growth in digital products and services in 2020 relative to what had been projected.[2]

These developments have the potential to contribute immensely to how the Asia-Pacific might "build back better" from the pandemic, supporting both the near-term growth of the region's digital economy and larger goals for promoting more inclusive and sustainable development. Yet questions remain about how to maximize this potential. These include how to effectively bridge remaining digital divides both within and between countries, while also addressing concerns about insufficient data privacy and cybersecurity safeguards.

South Korea is hoping to play a greater leadership role in shaping the way forward. To that end, in November 2020 President Moon Jae-in announced his New Southern Policy Plus, which is a more expansive version of his earlier strategy for reaching out to the Association of Southeast Asian Nations (ASEAN) and India. This new policy features an enhanced focus on both digital development and expanded coordination with other major powers, including the United States. It thus presents an opening for the United States to further integrate South Korea into its own "free and open Indo-Pacific" strategy—a goal that President Moon and President Joe Biden affirmed during their May summit in Washington, D.C. This essay considers three key opportunities for advancing such cooperation in a digital context.

Improving Connectivity

As of the end of 2020, the Asia-Pacific was home to more than 2.5 billion internet users. Yet even with the region's digital transformation, another 2 billion people remain offline.[3] While the proliferation of cheap data and lower-cost smartphones has had a transformative impact on the affordability of internet access, the limited availability and reliability of network infrastructure remains a key barrier to bringing more people online in a number of countries. This suggests the immense need not only to expand existing access points but also to scale up additional infrastructure to avoid any decline in network quality as more users compete for bandwidth—a scenario that might otherwise limit how well streaming services, ride-sharing platforms, or other smartphone applications can function.

Fifth generation (5G) wireless networks offer the promise of faster speeds and enhanced capacity. South Korea has been a leader in rolling out 5G infrastructure. Domestically, the country has built the world's most comprehensive coverage map, while globally Samsung has emerged as a leading 5G vendor (and a potential alternative to Huawei). Thus, perhaps not surprisingly, a key aspect of South Korea's New Southern Policy Plus has focused on sharing its own lessons learned and strengthening mechanisms for South Korean firms and development agencies to directly contribute to and participate in 5G projects in South and Southeast Asia. This includes working within existing platforms, such as the Korea-ASEAN Infrastructure Fund.

Still, for many countries in the region, the transition to 5G is a longer-term rather than near-term goal. Even in 2025, 65% of all subscribers in the Asia-Pacific are expected to still be using 4G, while an additional 12% will depend on networks built to even older standards.[4] Consequently, any successful development strategy should also continue to focus on investment and improvement needs for these systems in tandem with further studying where and why certain barriers to access persist. South Korea has been active in supporting several regional initiatives, including a range of efforts convened under the umbrella of the World Bank or in partnership with ASEAN. These include providing both technical and financial resources to help countries scale up needed infrastructure and supporting policy and outreach programs designed to reduce disparities in internet access along economic, age, and gender lines.

At their May summit, Presidents Biden and Moon committed to working together to develop "open, transparent, and efficient network architectures" for 5G and beyond, with a specific nod to the potential of Open-RAN technology in this space.[5] Though how this commitment might be fleshed out remains to be seen, it is a positive development that speaks to their forward-looking agenda for U.S.–South Korea cooperation on digital infrastructure. Still, as suggested above, additional (even nearer-term) opportunities for how to advance cooperation remain on the table.

To that end, as the United States looks to further operationalize its proposed Blue Dot Network, critical questions are how and to what extent it might coordinate with South Korea on existing ASEAN-centric projects to develop high-quality infrastructure. Such collaboration could also be expanded to more prominently engage India, where immense requirements for new and more robust digital infrastructure remain. South Korea's direct

engagement with India has arguably lagged behind its engagement with other countries, while U.S. engagement has continued to move forward. This, in turn, suggests an additional way in which South Korea and the United States might complement one another's varied outreach.

Strengthening Legal and Regulatory Capacity

Legal and regulatory frameworks play an essential role in shaping how (and to what extent) new digital goods and services might be developed, commercialized, and used. To that end, the Asian Development Bank has singled out three areas where countries in the Asia-Pacific might require renewed or greater attention to improving digital policy capacity: (1) developing comprehensive and consistent national strategies in fields connected to digital development, (2) enacting laws and regulations governing digital business activities, and (3) crafting initiatives that can aid both public- and private-sector entities in adopting new technical standards.[6]

In recent years, South Korea has convened exchanges with policymakers from across Asia to help support such regional capacity building. This includes hosting ministerial-level dialogues involving all ten members of ASEAN. Among other themes, these meetings have explored recommendations for how to craft national strategies that can incentivize private-sector investment as well as bolster more effective public-private partnerships. Other efforts have focused on specific subfields of digital development, such as proactive policies needed for scaling up smart cities—a priority in President Moon's own vision for how digital development should support more resilient, sustainable communities. In October 2019,

South Korea's Ministry of Government Legislation convened officials from more than 30 Asian countries to support efforts in developing countries to identify potential legislative templates, craft new or updated regulatory guidelines, and refine broader approaches to developing smart cities based on South Korea's experiences. Several subsequent follow-up meetings have been convened in coordination with ASEAN.[7] More broadly, President Moon's New Southern Policy Plus also suggests interests in expanding these efforts.

A golden near-term opportunity for the United States and South Korea is to build on these efforts by crafting new or more targeted capacity initiatives that explicitly align with the stated digital priorities of various post-pandemic recovery plans within the region. As one example of what this might look like, the ASEAN Comprehensive Recovery Framework provides a consolidated snapshot of Southeast Asian digital policy priorities. One notable area for engagement is in supporting efforts to identify new legal frameworks, including for smart cities.

Promoting Data Protection and Privacy

Many of the technologies associated with the Asia-Pacific's envisioned next wave of digital transformation—from smart cities to novel financial technology (fintech) applications to artificial intelligence—live and die by their ability to successfully leverage different kinds of information in how decisions are made or how transactions are completed. Yet, over the past decade, Asia has witnessed the proliferation of barriers to the unrestricted flow of information, including burgeoning requirements for data localization.

Undeniably, countries can have a range of legitimate concerns that drive them to implement

restrictions on data flows. These include concerns that data breaches or unchecked surveillance may expose individuals to financial, social, and even physical harm. Repeated high-profile breaches of India's digital identity system, which have exposed biometric data, serve as just one of many examples. A key question is thus how to establish data protection frameworks that can effectively minimize these risks, without creating unnecessary barriers to trade and development. Though important work is underway in India and other countries, how countries might best pursue the "free flow of data with trust" remains an open debate.

In this context, South Korea's experiences in reforming its own relatively mature framework offer insights. For example, recent amendments to the country's Personal Information and Protection Act have explored how specific requirements for anonymizing sensitive data might be used in place of other restrictions on data flows. Though the United States and South Korea have not always seen eye to eye on best practices in data governance, these revisions have been praised by both U.S. government officials and industry as enabling the development of new applications in healthcare and other fields while nonetheless maintaining high standards for data protection and privacy.

An even more complicated question that remains is how to develop a cohesive, truly regional approach to data governance, given the prospect that unbalanced development in the Asia-Pacific's cybersecurity standards or other protective frameworks could "hinder data flows region-wise and increase the cost and risk of doing business online."[8] To date, South Korea and the United States have sought to answer this call through supporting various regional initiatives. This includes several targeted efforts within the Asia-Pacific Economic Cooperation (APEC) as well as a joint partnership with Singapore to establish an ASEAN-Singapore Cybersecurity Centre of Excellence as a platform where different countries might work together on addressing areas of shared concern. However, each of these efforts has arguably tackled only part of a larger whole, leaving gaps in either the topics or countries covered. Finding ways to better respond to this need for strategic leadership should be at the heart of enhanced cooperation between the United States and South Korea on digital issues. This will be the truest test of Presidents Moon and Biden's commitment to further accelerating the region's digital transformation.

Moving Forward

As two of the world's most innovative economies, the United States and South Korea can and do play a positive role in supporting the Asia-Pacific's continued digital development. This potential, in turn, could be taken further by expanding joint collaboration. Such efforts might include promoting liberal democratic values for digital development, such as the rule of law, an individual's right to privacy, and overall transparency and accountability in governance. In tandem with articulating such guiding principles, the two countries could also provide direct support to regional efforts to craft appropriate cybersecurity and data protection frameworks, in addition to broader provisions of technical, financial, and other support.

Indeed, efforts in each of these areas are already underway. Going forward, such collaboration might be strengthened through closer coordination

between relevant counterpart agencies, such as the U.S. Agency for International Development (USAID) and the Korea International Cooperation Agency. Closer coordination between each country's respective public-private forums that examine digital development challenges (several of which are already looking at issues beyond 5G) is also important. More broadly, Seoul and Washington should explore ways in which they might expand their cooperation into new areas, even areas where they have not always held the same view. While this task will not be easy, the strong commitments already announced at the May summit suggest that the United States and South Korea are willing and able to rise to this challenge. ᔓ

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Endnotes

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