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Role of Small States in Rethinking Global Governance

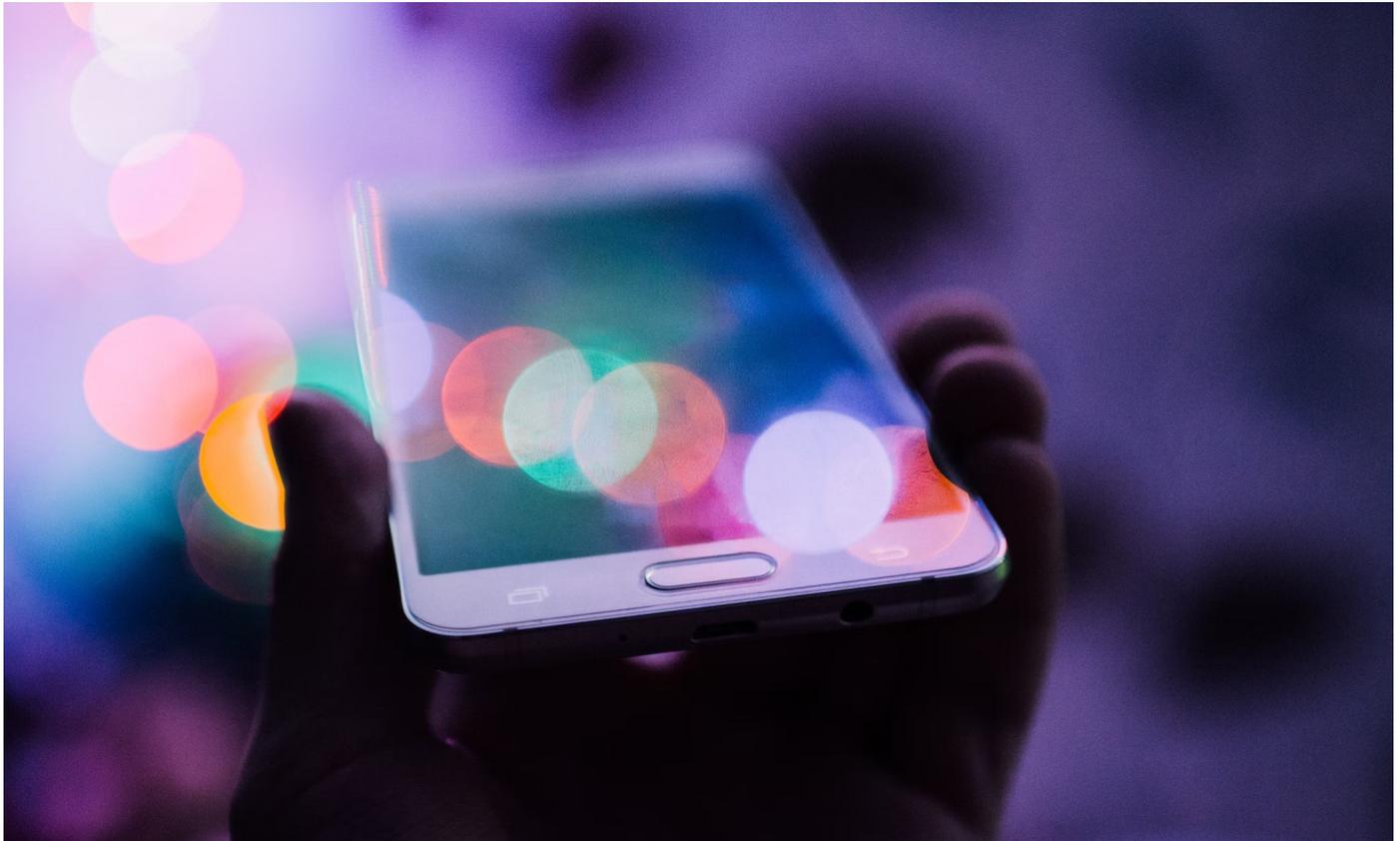


The United Nations held its Summit of the Future on 22-23 September 2024, an event that UN Secretary-General Antonio Guterres declared would “bring multilateralism back from the brink”. At the summit, UN members adopted a Pact for the Future covering issues such as digitalisation, the climate crisis, and sustainable development. As the international community rethinks global governance, how can small states like Singapore constructively contribute to ensure they don’t get left behind? Photo by Basil D Soufi/ [CC BY-SA](https://creativecommons.org/licenses/by-sa/4.0/)

FEATURED COMMENTARY

Digital Competition Policy: Can ASEAN Learn from the EU?

By Jose Miguelito Enriquez



Europe has received backlash from major tech companies over the competition obligations the European Union imposes via the Digital Markets Act. This has led some observers to caution ASEAN over “restrictive” digital antitrust policies. In our featured commentary, Associate Research Fellow Jose Miguelito Enriquez argues that there are incentives in a vibrant and competitive digital economy that are worthy to consider, especially those that benefit ASEAN’s digital consumers. Photo by Rodion Kutsaiev from Unsplash.

Digital competition has become one of the most hotly contested and consequential policy areas in global digital regulation, as demonstrated by recent developments in the European Union. As ASEAN mulls its own regulation, how can it learn from Europe’s experience?

Commentary

When Apple announced on 21 June 2024 that it was delaying the implementation of updated software-features across their operating systems (OS) in the European Union over what it called “regulatory uncertainties”, it immediately sparked debate over the EU’s digital regulatory regime.

Specifically, many ques-

tions revolved around whether the announcement demonstrated that the balance between enabling competition, on the one hand, and fostering creativity and innovation, on the other, in Europe’s digital antitrust law – the Digital Markets Act (DMA) – has become too lopsided in favour of competition, that it has curtailed innovation and consequently compromised European customers’ experience.

Apple, which the EU has already found to be DMA-noncompliant for its restrictive policies in its App Store, is not the only tech firm required to comply with the DMA. All five of the so-called “MAMAA” companies (Microsoft, Apple, Meta/Facebook, Alphabet/Google, and Ama-

zon) along with TikTok’s parent company ByteDance have been designated as gatekeepers under the DMA, which is defined as a company that “provides a core digital service” such as app marketplaces, web browsers, and search engines.

Firms designated as gatekeepers will have certain obligations under the DMA, including enabling the interoperability of their digital services across different providers under specific conditions. Of these firms, Meta and Alphabet are, like Apple, under similar investigations over alleged anti-competitive and other DMA-noncompliant practices.

The Limits of the Brussels Effect

In her 2019 book “The Brussels Effect”, Anu Bradford argued that Europe has been able to become a leading global regulatory power by imposing obligations on firms that are voluntarily converted into global standards out of those firms’ desire for more efficient global operations.

Bradford further argued that no other piece of European legislation has had a more profound global impact on the digital political economy than the General Data Protection Regulations (GDPR), which set the global standard by which multinational corporations collect, store, and process personal data. It also sets a global benchmark by which the rest of the world’s data protection

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laws are compared.

However, we could be seeing the limits of the Brussels Effect in the tech industry with the DMA. Instead of voluntarily adopting interoperability as a principle of their global platforms, many large tech companies have pushed back against the DMA by defending their business models amidst the EU's enforcement actions. This has placed other markets and governments including those in Southeast Asia, home to multiple "Super Apps" that offer a variety of services in a single platform, in a delicate position.

Some policy experts in the region have warned that adopting the EU approach to digital competition may constrict the digital economy's growth trajectory. Apple's decision to delay the deployment of new software over Europe's antitrust enforcement will inevitably give more credence to this argument. However, while the industry's response to proposed regulations should be considered, it should not completely deter governments from regulating digital competition.

How Should ASEAN Weigh the Trade-off?

ASEAN's policymakers will need to grapple with the trade-off between giving startups a fair playing field in the digital economy and allowing the major firms to tightly integrate the multiple

digital services that they offer.

These firms' unfettered years-long pursuit of service integration may have worsened the tech industry's antitrust problem because it sacrifices interoperability and consumer choice. For example, independent software developers have complained for years that OS providers have engaged in anticompetitive behaviour called *sherlocking*, where they build similar versions of these independent developers' software and incorporate them into their own OS.

Sherlocking enables large companies to crowd out their smaller competitors effortlessly because they can easily scale the development and deployment of new services and features, sometimes at no additional cost to customers. Because of their wide profit margins, major tech firms can easily cut losses that could be insurmountable for smaller developer studios, who will need to charge users per download or offer a subscription service to keep their business afloat. This year alone, Apple's new OS releases could potentially wipe out nearly US\$400 million in revenue for developers whose apps have been *sherlocked*.

This is why one of the goals of the EU DMA – promoting interoperability between service providers – is crucial for Southeast Asia's

digital startups, as it creates space for them to grow in the cutthroat industry and gives consumers more options to define their own optimal digital experience. At the same time, the growth of the digital economy becomes more financially sustainable as the windfall will not be concentrated on a few corporations but will be enjoyed by as many firms as possible.

A robust competition regime that enables startups to thrive is crucial for the region to mint more tech "unicorns" with billion-dollar valuations. Many of the region's successful unicorns across different sectors, such as e-commerce, fintech, and ridesharing, started as innovative startups.

However, ASEAN governments also need to realise that antitrust law is not meant to be a panacea for a vibrant and competitive digital economy. There are other barriers to entry for those aspiring to enter the market, including talent development, digital infrastructure, and financing. Government support to overcome these barriers will be critical, but large firms can also step up by partnering with startups and providing them with the necessary resources to develop innovative applications.

Conclusion

As ASEAN contemplates its

own direction in digital competition through the Digital Economy Framework Agreement (DEFA), members should not be driven solely by an aversion to the EU's approach over concerns on how major industry players will respond, as the digital marketplace as it stands today will be disrupted by any form of competition regulation.

While there are incentives to place antitrust guardrails in the digital economy, merely copying the DMA is not the answer for ASEAN. Our regional economic growth is largely driven by Super Apps and unicorns, which are largely absent in Europe's digital ecosystem.

Hence, vesting obligations into OS providers, web browsers, or search engines may not be compatible with the region's needs. Instead, competition policies that enable fair access to app platforms, restrict excessive lock-in between vendors and applications, and prevent unfair pricing mechanisms due to market dominance would be more in step with the unique features and opportunities in Southeast Asia's digital economy. ■

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RSIS Representatives Meet with UNGA President; Discuss Small States and Multilateralism



H.E. Dennis Francis (L), President of the 78th UN General Assembly, receives a token of appreciation from Dr. Kumar Ramakrishna (R), Professor and Dean of the S. Rajaratnam School of International Studies (RSIS), following a roundtable with various think tanks hosted by RSIS.

On 18 July 2024, President of the 78th United Nations (UN) General Assembly, H.E. Dennis Francis, visited RSIS and participated in a roundtable exchange with representatives from RSIS led by the Dean, Professor Kumar Ramakrishna, and various thinktanks. CMS presented preliminary findings of its upcoming joint report with the International Peace Institute (IPI) on small state agency in the multilateral system.

Ambassador Francis opened by sharing his concerns about the pressures facing multilateralism today. These were particularly troubling amid geopolitical tensions, the climate crisis, and the proliferation of conflicts. However, he expressed hope because many multilateral initiatives

such as the Summit of the Future were strongly supported by small states. He observed that the UN's Sustainable Development Goals would not be achieved without multilateral cooperation and he highlighted Singapore's contributions to several such processes, especially through its participation and leadership in the Forum of Small States (FOSS).

Dr Joel Ng, Deputy Head of CMS, shared the objectives of the CMS-IPI project, which were to promote inclusive multilateralism, the responsible management of the global commons, and the importance of cooperation and heeding the voices of small states in the global arena. He presented cases where small states had influenced the multilateral system

and the traits that small states needed to successfully achieve their goals.

Ambassador Francis, who is also the Permanent Representative of Trinidad & Tobago to the UN, expressed interest and support for the project. He also shared some of the notable ways that Trinidad & Tobago, itself a small state, had worked to build and support the multilateral system, particularly around international law. These included former leader A.N.R. Robinson's championing of the International Criminal Court and Trinidad & Tobago's roles in supporting the drafting of the Arms Trade Treaty and UN Convention on the Law of the Sea. ■

Small States and the Evolving International Order



Dr Patrick Quinton-Brown (L), Assistant Professor at the Singapore Management University, and Dr Dylan Loh (C), Assistant Professor at Nanyang Technological University, share their views on how small states take proactive role in developing the international order in a seminar chaired by Dr Joel Ng (R), Research Fellow and Deputy Head of the Centre for Multilateralism Studies at RSIS.

Small states have historically been regarded as “rule-takers” in the international system, but in reality, small states have been active participants in the conception and maintenance of the international order – matters assumed to be reserved for great powers. To explore how small states historically participated in shaping the international order and what this history can teach us about the future, the Centre for Multilateralism Studies (CMS) of the S. Rajaratnam School of International Studies (RSIS) hosted a seminar entitled “Small States and the Evolving International Order” on 26 August 2024.

The seminar featured Assistant Professor Patrick Quinton-Brown of the Singapore Management University and Assistant Professor Dylan M.H. Loh of the Public Policy & Global Affairs of Nanyang Technological University, and was chaired by Dr Joel Ng, Research Fellow and Deputy Head of CMS at RSIS.

Asst Prof Quinton-Brown discussed how the non-aligned states in the Global South have grappled with defining their obligations under the principle of non-interventionism. He focused on the case of the Special Committee on Friendly Relations in the

1960s, which contemplated several draft definitions of non-intervention. He argues that the case reveals the struggle of anti-colonial interpretations vis-à-vis those of the great powers and how the concept of non-interventionism did not necessarily contravene the principle of internationalism.

Asst Prof Loh’s presentation centred on how Singapore views itself in the existing international order. He notes that in public pronouncements, Singapore presents itself as a strong adherent of the liberal international order but has increasingly expressed exis-

tential anxiety over the erosion of the existing rules-based order. He also observed that small states are trying to lead rulemaking processes for niche issues. In Singapore’s case, it has sought to take a leading role in shaping global AI governance.

The presentations were followed by a Q&A session, where the audience engaged with the panellists with questions such as how the meaning of non-interventionism evolved after the 1950’s and 60’s and the prospects of Singapore acting as a bridge between the East and West amidst US-China rivalry. ■

Small States and the Multilateral System: Transforming Global Governance for a Better Future



Singapore Prime Minister Lawrence Wong delivers remarks during the launch of “Small States and the Multilateral System: Transforming Global Governance for a Better Future”, a report authored by Dr Adam Lupel of the International Peace Institute, Dr Kaewkamol Pitakdumrongkit, and Dr Joel Ng, Head and Deputy Head of the Centre for Multilateralism Studies at RSIS. Photo Courtesy of Joe Peoples/International Peace Institute.

CMS Head Kaewkamol Pitakdumrongkit and Deputy Head Joel Ng launched their report, “Small States and the Multilateral System: Transforming Global Governance, co-authored with Dr Adam Lupel of the International Peace Institute (IPI), in New York on 19 September 2024. This event was held as a lead-up to the UN Summit of the Future. The report highlights the roles small states have played in shaping the multilateral system, the techniques that have been used to make effective change, and recommendations for strengthening the multilateral system.

Singapore’s Permanent Representative to the UN Ambassador Burhan Gafoor recounted the ideas behind the series of roundtables that led to the

creation of the report, thanking a group of countries from the Forum of Small States for their support in the process.

The UN Secretary-General Antonio Guterres sent a message delivered by Undersecretary-General for Disarmament Affairs, Izumi Nakamitsu. The Secretary-General stressed that the world’s challenges have outsized impact on small states and affirmed that small states will be a vital force for reform of the international system.

Prime Minister Lawrence Wong delivered recorded remarks from Singapore, where he noted that the report captures the priorities and challenges for the UN and multilateralism from

the perspective of small states. He said Singapore embarked on the project to examine how small states can increase their autonomy and agency in a changing global landscape by working together.

Second Minister for Foreign Affairs Dr Maliki Osman highlighted the fast pace of change in the world, requiring reforms to adapt the multilateral system according to the current challenges. He hoped the report would be useful for thinking about strengthening partnerships beyond small states to make a positive impact on the multilateral system.

Ambassador Dennis Francis, President of the 78th Session of the UN General

Assembly, said there was a strategic opportunity for small states and the report could help to direct the efforts of small states following the Pact of the Future. USG Nakamitsu spoke on the need for stronger multilateral instruments for disarmament and expressed their support in working with small states to effect these changes given their unique role and powers from their numbers of members.

Security Council Report COO Shamala Kandiah Thompson observed how effective small states have been in acting together and taking the initiative at times of paralysis in the Security Council, and this had been particularly shown by their efforts during the Covid-19 pandemic.■

Multilateral Matters: News Roundup

What is the SCO Doing Wrong? Lessons from ASEAN and SAARC

The Diplomat | 20 July 2024 | [Full Article](#)

The Shanghai Cooperation Organisation held its annual summit in July. It saw Belarus' entry to the organisation but Indian Prime Minister Narendra Modi's absence added a challenge to maintaining the 'mutual trust and respect' envisioned by the "Shanghai Spirit".

Eighty nations strike deal over e-commerce, but lack US backing

Reuters | 26 July 2024 | [Full Article](#)

WTO members reach digital trade deal to ban tariffs on data

Nikkei Asia | 27 July 2024 | [Full Article](#)

Over 80 WTO members led by Japan, Australia, and Singapore have agreed to the text of an e-commerce agreement covering cybersecurity, electronic documentation, and most importantly, a two-year tariff moratorium on cross-border data flows. The next step is to secure the support of the rest of the WTO's members, in-

cluding the United States.

ASEAN's Unity Under the Microscope

Fulcrum | 30 July 2024 | [Full Article](#)

As ASEAN holds its Leaders' Summit in October, observers have closely scrutinised on how the association would maintain its unity amidst a shifting regional environment. ASEAN's unity will be key to preserving its central role in regional affairs.

The Quad Should Talk About a Fair Indo-Pacific

The Interpreter | 16 September 2024 | [Full Article](#)

The UN "Summit of the Future" can't afford to ignore the present

The Interpreter | 17 September 2024 | [Full Article](#)

The UN held its Summit of the Future in September, with finalising the 'Pact for the Future' as its main objective. However, contentious debate on nuclear disarmament and Security Council reform could lead the doc-

ument to reflect the lowest common denominator of the international community.

UN aims 'to bring multilateralism back' as it adopts Pact for the Future

Al Jazeera | 22 September 2024 | [Full Article](#)

Has the Quad Lost Its Way?

The Economist | 26 September 2024 | [Full Article](#)

The Quadrilateral Security Dialogue (Quad) held its annual summit last September in the United States; the final summit under the Biden presidency. Biden shifted the focus of cooperation from hard defense to public health and disaster resilience in a bid to allay fears from neighbouring countries that the minilateral alliance could escalate geopolitical tensions.

'Tremendous risk': can Asean unity endure if US-China tensions erupt?

South China Morning Post | 27 September 2024 | [Full Article](#)

SELECTED PUBLICATIONS

The BRICS Plus Challenge and Emerging Hierarchical Multilateralism

Joel Ng | *Global Governance: A Review of Multilateralism and International Organizations* | 21 August 2024

A Decade of India's Act East Policy: Doing More with ASEAN

Nazia Hussain and Tan Ming Hui | *RSIS Commentaries* | 30 August 2024

Small States and the Multilateral System: Transforming Global Governance for a Better Future

Adam Lupel, Kaewkamol Pitakdumrongkit, and Joel Ng | *International Peace Institute Global Observatory* | 18 September 2024

The **Centre for Multilateralism Studies (CMS)** is a research entity within the S. Rajaratnam School of International Studies at Nanyang Technological University, Singapore. The CMS team conducts cutting-edge research, teaching/training and networking on cooperative multilateralism in the Asia Pacific region. The Centre aims to contribute to international academic and public discourse on regional architecture and order in the Asia Pacific. It aspires to be an international knowledge hub for multilateral cooperation and regional integration.

Multilateral Matters is the quarterly publication of the Centre for Multilateralism Studies (CMS), analysing the most recent developments regarding multilateralism by our team. It covers articles on relevant economic and political issues as well as programmes and latest publications from the research centre. The objective of the newsletter is to promote the research being done by our centre, raising awareness of the many events that we hold on a regular basis.

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