

MONTHLY MONITOR

Supply Chains and Digitalization High on ASEAN Agenda in 2020

The 52nd ASEAN Economic Ministers' Meeting (AEMM) took place online on 25 August 2020, focusing on the progress of priority deliverables under Viet Nam's Chairmanship. ASEAN Member States reaffirmed their commitment to further capitalize on digital connectivity while securing access to essential goods and services. The ongoing mid-term reviews of the ASEAN Economic Community (AEC) Blueprint and related sectoral plans was also noted, including the assessment of initiatives under the ASEAN Strategic Action Plan for Consumer Protection (ASAPCP) 2016-2025.

Shifts in Consumer Habits in ASEAN

In June 2020, the World Economic Forum (WEF), with Bain and Company, published the third edition of their study on consumption trends in emerging markets. Focusing on the ten ASEAN Member States during 2019-2020, the study found that there will be at least eight ways how consumer behavior in the region will change by 2030. Aside from spending more time online, ASEAN consumers have started to develop an awareness about sustainability. Insights from the study can serve as reference for the formulation of policy responses.

(More news on individual ASEAN countries on the next page)

BUYERS BEWARE

Digitalization is the “new normal”. More than before the COVID-19 pandemic, we depend on digital innovations to conduct our daily activities virtually and remotely. Most of us are active online – to shop, order food, stream entertainment, or make payments. Video conferencing has entered schools, courts and our own homes. How do these trends influence businesses and governments? How do they impact consumer choices?

This first edition of our newsletter features recent developments on issues related to consumer protection in ASEAN. We have selected a few snapshots to trigger more discussions about consumer rights and welfare.

Happy reading!

Indonesian Companies Step Up Cybersecurity Measures

Following the [Tokopedia data breach](#) that exposed the personal data of its 15 million user accounts in May 2020, a recent [survey by US-based Palo Alto Networks](#) found that Indonesian companies are now more committed to ensuring cybersecurity. More than 80 percent plan to increase their IT investment to better protect consumer data. The absence of an up-to-date regulatory framework presents a challenge to determine liability and compensate those whose data has been leaked or misused. In an unprecedented effort, an Indonesian consumer association recently brought the Tokopedia case to court, and to the attention of the Ministry of Communication and Information Technology as well as the National Cyber and Crypto Agency. The outcome will be indicative for litigation in similar cases in the future. Read the article (in Bahasa Indonesia) [here](#).

Taxation to E-Commerce Platforms: Impact to Consumers?

The Philippine House of Representatives is proposing the [Digital Economy Taxation Act of 2020](#), intended to subject e-commerce platforms, both foreign or domestic, to income tax and/or value-added tax (VAT). The obligation will apply to digital or electronic goods, services rendered electronically, digital advertising services, internet-based subscription services, and transactions made on such platforms. In a similar vein, the General Directorate of Taxation in Indonesia is deliberating to [apply 10% VAT](#) to foreign tech companies with a 'significant economic presence' in the country. This results in concerns that costs will eventually be passed on to consumers.

Competition Delivers More Food Choices for Singaporean Consumers

In August 2020, the Competition and Consumer Commission of Singapore (CCCS) concluded an [investigation into virtual kitchens](#) established by major online food delivery providers. No anti-competitive conduct was found, but reports alleged exclusive agreements that prevent food vendors affiliated with an independent provider from using the delivery services of competitors. Such 'refusal to deal' limits access by vendors to multiple online food delivery services in order to reach more customers.

Vietnamese Businesses Gear Up for Online Payments

In August 2020, the Institute for Brand and Competitiveness Strategy in Vietnam organized a forum for business associations titled "Consumption Tendency in Vietnam: The Future of Online Payments and Consumption". Recognizing the shift in the market, the government introduced a [draft decree on personal data protection](#) in April 2019, while the State Bank issued a [Circular Note No. 23/2019](#) in early 2020 concerning e-wallet service providers who are required to apply mandatory consumer identification and verification to open accounts.

Scams Cost Malaysian Consumers more than USD 4million

The Royal Malaysia Police, together with the Malaysian Communications and Multimedia Commission, is investigating [online scams](#), among others for sales of face masks. According to the Domestic Trade and Consumer Affairs Ministry, between March and June 2020, more than 6,000 consumers were scammed online. Other fraudulent activities were also rampant during this period, notably false representations and profiteering. Similar spikes in online scams occurred in many ASEAN countries. Investigations are difficult as transactions take place virtually via various channels and in different countries. This requires concerted efforts across agencies and jurisdictions.

