

DUNMAN HIGH MODEL ASEAN PLUS SUMMIT

6 - 8 June 2019

Study Guide



ASEAN REGIONAL FORUM

1. The Question of E-Commerce in the Asia Pacific
2. The Question of Arms trafficking in Southeast Asia





INTRODUCTION

THE QUESTION OF STRENGTHENING E-COMMERCE

Imagine buying apparel from your favourite clothing brands without having to visit the store. Within a few clicks, your order is being processed. This forms the fundamental concept of e-commerce. Due to its convenience, e-commerce is set to become the largest retail channel in the world by 2021, outpacing retail store sales (Forbes, 2019). In addition, e-commerce in Asia-Pacific (APAC) is expected to reach \$3.5 trillion. Whilst the growth is projected to slow down, the multi-trillion dollar e-commerce market is still believed to provide lucrative business opportunities for investors (Fitch Solutions, 2018).

As e-commerce becomes increasingly global, the retail supply chain will need to continuously evolve and tap on the potential of emerging e-commerce markets. Today, the e-commerce development across APAC continues to differ. In terms of e-commerce readiness based on the United Nations Conference on Trade and Development (UNCTAD) E-Commerce Index 2018, Singapore ranks second globally while Myanmar ranks 125 (UNCTAD, 2018). Potential investors would also have to navigate some challenges, particularly with emerging Asia markets, as political risks and poor telecommunication services continue to hinder the region's progress. This prevents the consistent delivery of quality customer service across APAC. In addition, cybersecurity remains a key concern to ensure safe e-commerce transactions.

E-commerce is inextricably linked to a multitude of issues such as cybersecurity, telecommunication networks and smart countries among others. Delegates in the ASEAN Regional Forum (ARF) will need to bear all these issues in mind as they are expected to formulate solutions from the government perspective, helping firms navigate through this medium and overcoming barriers within APAC. Delegates are also expected to mitigate the existing infrastructural and security limitations to achieve greater e-commerce connectivity and enhance the integration of e-commerce into the market.



DEFINITIONS

E-commerce

E-commerce refers to the sale or purchase of goods or services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing of orders.

Types of common e-commerce:

1. Business-to-business (B2B) e-commerce refers to the electronic exchange of products, services or information between businesses.
2. Business-to-consumer (B2C) e-commerce refers to businesses selling their products, services or information directly to consumers.
3. Consumer-to-consumer (C2C) is a type of e-commerce in which consumers trade products, services and information with each other online. These transactions are generally conducted through a third party that provides an online platform. Some transactions are also carried out through social media platforms like Facebook.
4. Consumer-to-business (C2B) is a type of e-commerce in which consumers make their products and services available online for companies to bid on and purchase.

Legal and regulatory framework

Legal and regulatory frameworks refers to a set of laws that prevent malpractice while regulatory framework refers to setting the minimum standard for operation.

Legal harmonisation

Legal harmonisation refers to the process by which member states of an international organisation make changes to their national laws, in accordance with community legislation, to produce uniformity, particularly relating to commercial matters of common interest.

HISTORICAL PROGRESS

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| 1979 | <p>Online shopping invented</p> <p>In 1979, Michael Aldrich invented online shopping to enable online transaction processing between consumers and businesses, or between one business and another, a technique known later as e-commerce.</p> |
| 1990s | <p>Electronic payment invented</p> <p>In 1994, the first financial institution – Stanford Federal Credit Union – was established, offering online internet banking services to all of its members. This marks the start of electronic payments for goods. Over the years, it has evolved with the simplification of the payment process while also revolutionised the way transaction is being conducted online and in brick-and-mortar shops.</p> |
| 1990s | <p>The establishment of eBay and Amazon</p> <p>The establishment of eBay and Amazon in the 1990s revolutionised the e-commerce industry as one the first few Internet companies to allow electronic transactions. Consumers can now purchase endless amounts of items online, from e-retailers to typical brick-and-mortar stores with e-commerce capabilities and one another.</p> |
| November 2000 | <p>e-ASEAN Framework agreement</p> <p>Established in 2000, this agreement was seen as the leading efforts by a developing region to prepare a harmonised e-commerce legal framework consistent across jurisdictions, providing guidelines to develop common objectives and principles for e-commerce legal infrastructure. This agreement also helped to lay the foundations relating to digital trade in ASEAN and APAC for years to come.</p> <p>The agreement sought to develop, strengthen, enhance the competitiveness of the ICT sector in ASEAN while reducing the digital divide within and amongst ASEAN Member States (ASEAN, 2012). Under the framework, ASEAN Member States shall adopt electronic commerce regulatory and legislative frameworks that create trust and confidence for consumers, facilitating the transformation of businesses towards the development of e-ASEAN.</p> <p>This includes putting in place national laws and policies relating to e-commerce transactions based on international norms, facilitating secure regional electronic transactions, payments and settlements and taking measures to promote personal data protection and consumer privacy (ASEAN, 2012).</p> |

HISTORICAL PROGRESS

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| 2015 | <p>ASEAN Economic Community (AEC) Blueprint 2025</p> <p>The AEC Blueprint 2025 was established in 2015 upon the success of the first AEC Blueprint which focused primarily on economic development with general trade. The revised blueprint outlines goals and objectives for the region to fulfil by 2025, working towards a highly integrated and cohesive economy, while enhancing connectivity and sectoral cooperation. Several strategic measures to strengthen e-commerce within the region were drafted, in a bid to intensify cooperation in the region and build upon the e-ASEAN Framework Agreement. It also aims to facilitate cross-border e-commerce transactions in ASEAN.</p> <p>Strategic measures include standardising consumer rights and protection laws such as legal framework for online dispute resolution, coherent and comprehensive framework for personal data protection. Regarding consumer protection, there are to be higher levels of consumer protection legislation and monitoring, consumer empowerment and knowledge as well as strengthening product safety enforcement (ASEAN, 2015).</p> |
| 6 September 2016 | <p>Master Plan on ASEAN Connectivity Adopted</p> <p>Under this Master Plan, ASEAN has collectively agreed on its focus to achieve a seamlessly and comprehensively connected and integrated ASEAN that will promote competitiveness, inclusiveness, and a greater sense of community. This master plan also emphasised digital innovation within the ten countries. Strategies under Digital Innovation includes development of ICT-related infrastructure and support of development of e-commerce (ASEAN, 2016).</p> |
| 2016 | <p>Establishment of an Electronic World Trade Platform</p> <p>In 2016, China's Alibaba Group launched its Electronic World Trade Platform (eWTP) initiative which aims to facilitate cross-border trade through public-private dialogue. This includes developing electronic trade rules and fostering a more effective policy and business environment for cross border electronic trade (including both B2B and B2C) development (eWTP, 2016).</p> <p>The first eWTP digital free-trade zone between China and Malaysia was announced in March 2017.</p> |

HISTORICAL PROGRESS

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| <p>7 September 2017</p> | <p>ASEAN Work Programme on Electronic Commerce 2017-2025 adopted</p> <p>In 2017, ASEAN Ministers adopted the ASEAN Work Programme on Electronic Commerce (AWPEC) 2017-2025, which aims to facilitate work regarding cross-border e-commerce in ASEAN. This covers multi-sectoral initiatives in the areas of infrastructure, education and technology competency, consumer protection, security of electronic transactions, payment systems and other pertinent areas.</p> <p>The Work Programme is divided into different segments, based on the different mandates of the sectoral bodies and the strategic measures under the AEC Blueprint 2025. As work progresses, the elements or initiatives may be updated.</p> |
| <p>12 November 2018</p> | <p>ASEAN pact on cross-border e-commerce transactions</p> <p>Apart from aiming to facilitate cross-border e-commerce transactions, the newly signed pact looks to foster an environment of trust and confidence in the use of e-commerce within ASEAN. The 2018 agreement also renewed confidence and assurance in past frameworks, with ASEAN Member States committing to maintain, or adopt as soon as possible, practicable laws and regulations governing electronic transactions as per agreed upon.</p> <p>It also aims to deepen cooperation among ASEAN Member States so as to spur the use of e-commerce as a way of driving regional economic growth and working towards the goals outlined in AEC Blueprint 2025.</p> |



KEY STAKEHOLDERS

China, United States, Thailand, Singapore, Indonesia, Laos, Cambodia, Myanmar

People's Republic of China

E-commerce is a major driver of China's retail economy, with sales growing more than 30% in 2019 to reach \$1.989 trillion (eMarketer, 2019). With a large and growing digital consumer base, Chinese E-commerce giants such as Alibaba Group dominate a rapidly growing e-commerce climate, fuelling tremendous growth of the economy both domestically and worldwide. This unique environment is encouraging innovations in digital commerce, with China leading the way into the future of the global e-commerce marketplace and in APAC.

To promote foreign trade upgrading, China has also decided to build comprehensive cross-border e-commerce experimental zones in 22 cities, including Beijing, Shenyang, Nanning and Yiwu, where the customs clearance procedures will be simplified for e-commerce enterprises (China Daily, 2018). This serves to open up its foreign trade, building on the belief that e-commerce represents the development trend of international trade. With China's mature e-commerce climate and frameworks, this puts her at a pivotal position to usher in the new wave of e-commerce development and assist in the strengthening of e-commerce in the region.

The United States of America (US)

E-commerce represented 14.3% of total retail sales for United States in 2018 (Digital Commerce, 2019). Home to some of the world's greatest e-retailers, US remains as one of the top e-commerce trading countries in APAC. With ASEAN's growing production and consumption potential, this presents a huge opportunity for American firms to expand their market outreach.

In 2017, US e-commerce giant Amazon launched its first service Amazon Prime Now in Singapore, a move that not only enabled it to enter Singapore's high value e-commerce sector, but also offer Singapore a base from which Amazon can explore other opportunities in Southeast Asia (Business Times, 2018). US, like China, are key economic powerhouses with the capacity to strengthen e-commerce in the region, through investments and expansion of their firms.



KEY STAKEHOLDERS

Kingdom of Thailand

With the Thailand 4.0 Initiative — an model that aims to overcome several economic challenges brought from its past, a new wave of opportunities has been presented for e-commerce businesses in the country. Many of Thailand's programmes and goals will support the development of the country's e-commerce market, which is expected to account for 5% of total retail sales over the next five years (Janio Asia, 2018). To date, internet adoption as well as e-payments and e-marketplaces usage to sell products and services have significantly increased as a result. Although Thailand still has room for improvement in terms of its infrastructure and integration of e-commerce into the fabric of the city's development, this initiative sets an example for the rest of ASEAN in the development of national digital commerce to move towards collective ASEAN e-commerce connectivity.

As ASEAN chair for 2019, Thailand also holds a critical mandate in setting the benchmark for progress in a digital ASEAN and boosting connectivity in the region.

Republic of Singapore

Singapore is at the forefront of e-commerce in ASEAN, having the highest percentage share of retail for e-commerce at 6% and with 84% of the population having made digital payments in the last year. In addition, the e-commerce market in Singapore is set for unprecedented growth as it is expected to expand by 48% to \$9.98b (US\$7.4b) by 2022. High levels of mobile adoption in Singapore is identified as one of the main drivers of e-commerce growth in Singapore (Singapore Business Review, 2019).

Singapore's advanced science and technology climate also enables her to play a significant role in helping and sharing its resources with various member states in terms of technological knowledge and framework.

Republic of Indonesia

Unlike many other countries, social e-commerce is thriving in Indonesia and accounts for 40% of all e-commerce sales in the country (The ASEAN Post, 2018). This is largely attributed to the large number of social media users in the country, as the fourth largest population in the world. However, such a phenomenon also suggests that many big e-commerce players have not completely penetrated the e-commerce market in the country.

1. Social e-commerce refers to the buying and selling of goods through unofficial means such as the use of social media and messaging platforms like WhatsApp and Facebook.



KEY STAKEHOLDERS

Laos, Cambodia, Myanmar

As trade tensions between China and the US worsen, retailers and e-commerce businesses shift their resources to Southeast Asian countries such as Myanmar and Laos. With Southeast Asia's increasingly business-friendly policies, developing infrastructure and manufacturing capabilities coupled with increasing affluence of consumers in the region, it is now a target for e-commerce investments. This is favourable for e-commerce companies in the region. Having the production line located closer to their consumers would mean lower cost through insourcing as well as lower shipping costs. This will help e-commerce businesses in Southeast Asia to grow.

However, technological adoption is not as advanced in these countries, especially in areas supporting e-commerce growth such as payments. This is greatly due to the constraints in the e-commerce climate, such as limited internet connectivity, high costs of payments, incomplete regulatory infrastructure, and high trade facilitation costs which restrain their growth of e-commerce.



PROBLEMS/SCOPE OF DEBATE

APAC is far from being the e-commerce heaven due to a myriad of pressing issues such as the lack of enforcement of frameworks at national levels, infrastructural inaccessibility in member states across APAC, the lack of trust among stakeholders towards e-commerce as well as the limited foreign market access to the region.

Lack of effectiveness in enforcement of frameworks at national levels

Despite having existing e-commerce strengthening frameworks and agreements within ASEAN, there is a lack of effectiveness in enforcement of such frameworks at national levels. The process of e-commerce legislation harmonisation within ASEAN started more than a decade ago, with the implementation of the e-ASEAN framework agreement consistent across jurisdictions. This provided guidelines to develop common objectives and principles for e-commerce legal infrastructure in ASEAN (UNCTAD, 2013). Nevertheless, some ASEAN Member States like Cambodia and Laos still have a long way to go towards implementing national laws according to the frameworks.

The enacting of laws at ASEAN level is only one part of the development of effective legal infrastructure. Even with laws in place, member countries still face challenges in implementing, enforcing and promoting the requirements of these laws and frameworks. The harmonisation of laws in the region also depends on countries adopting similar approaches based on international best practice – which has not always been the case. Subsequently, due to the lack of enforcement of laws and frameworks, this affects the economic outreach and growth of e-commerce in APAC due to the different environments and regulations that firms have to adhere to.

Infrastructural inaccessibility in member states across Asia Pacific

52% of the world population lacked internet access in 2017, with 62% of these coming from the Asia Pacific according to the International Telecommunication Union (ITU). Despite significant investment in their technological infrastructure, many APAC countries still lag behind in global rankings in terms of speed, efficiency and reliability of internet services. These issues can be classified into three key areas: Information and Communication Technology (ICT), broadband and mobile internet, and logistics and delivery. A broadband divide exists in many nations within ASEAN, between the richer metropolitan cities that have strong and stable internet coverage and the poorer rural regions that have very limited connectivity. The connectivity infrastructure in ASEAN also varies significantly between ASEAN Member States, affecting businesses' ability to sell online, and consumers' access to E-commerce markets. Based on the ICT Development Index, Singapore is ranked the highest in 20th place with a score of 7.95, whereas Lao PDR is ranked the lowest, at 144th place with a score of 2.45 (CCS E-commerce Handbook, 2017)

Infrastructural inaccessibility in some areas in APAC hinder e-commerce activity within and across countries. E-commerce requires substantial ICT infrastructure that allows sellers to transact business with buyers (UNESCAP, 2018). Thus, the current level of technological infrastructure is an emerging barrier to the overall development of E-commerce in the region.



PROBLEMS/SCOPE OF DEBATE

Lack of trust among stakeholders towards e-commerce

Lack of trust among consumers and producers towards e-commerce limits its potential growth in the region. This arises from the low levels of technological infrastructure in APAC, in terms of product reliability, safety of payment mechanisms, and poor local logistics infrastructure. Due to this lack of faith, consumers often prefer to purchase from brick-and-mortar companies rather than making purchases online, inhibiting the growth of e-commerce firms. Companies are less likely to venture into the APAC e-commerce market due to the lack of confidence in the country's infrastructure to support its needs. For instance, the CIGI-Ipsos Global Survey on Internet Security and Trust finds that in 2018, 41% of individuals in APAC that have never made an online purchase cited a lack of trust in the online marketplace as one of the factors for not doing so. Many remain reluctant to use the internet as a means to conduct financial transactions due to lack of trust in support systems such as payment systems and delivery systems (Paypal, 2017).

Privacy and security concerns are also major barriers for consumers participating in e-commerce with cybersecurity emerging as a major issue in many developing economies. According to a 2016 report by KPMG International, 55% of consumers surveyed globally decided against buying products online due to privacy concerns (KPMG 2016). The surveys also indicated that a large proportion of organisations such as those in Japan and Korea were unprepared to deal with security and privacy issues. Currently, there is no regional entity set up to fight cybersecurity issues. This has created anxiety amongst consumers in the region (CCCS, 2017). Consumers are also concerned over the lack of honesty among businesses, the quality of products and the potential misuse of personal information. This is particularly acute among consumers in countries without data protection and privacy laws. Thus, a high degree of mistrust toward businesses disrupts B2C e-commerce growth in the region.

Limited Foreign Market Access to the region

In countries such as Indonesia and Vietnam, challenges remain for smaller international enterprises outside these countries to sell their products and services there due to a lack of regulations for e-commerce and non-tariff barriers over a broad range of products. While countries like Malaysia have a large number of free trade agreements that allow foreign business access, there are still some hurdles when accessing the market (Singapore E-commerce, 2018). To attract consumers and sellers into region, there is a need for government to lower barriers to trade, allowing foreign market access. Only then can e-commerce in APAC progress forward as a whole. Thus, the limited foreign market access to region can be seen as one key issue hindering e-commerce activity in APAC.



POTENTIAL SOLUTIONS

A number of possible solutions have been raised to strengthen e-commerce in APAC. While these are some potential solutions to this issue, there are innumerable more—with large variances in both depth and scope. Delegates are encouraged to examine not only these, but many more, possible solutions with their analysis and research.

Strengthen legal harmonisation in APAC through a designated body

Member states shall designate one body to manage across all the different areas of every framework in place. This will help accelerate digital integration and e-commerce strengthening through effective prioritisation, coordination and tracking across different objectives and timelines. This body can include officials and representatives from every member states to be responsible for their own countries' progress in enforcing the frameworks and regulations agreed upon. Such measures would ensure formal checks and balances in following through guidelines and agreements and working towards the common objectives and goals of the region.

Additionally, the body can include regular reporting against the agreements and targets, which would help bring updated information to the attention of all stakeholders, while motivating member countries to meet the targets. This would thus allow necessary coordination between countries to harmonise regional and national legal frameworks, creating a conducive environment for the successful implementation of e-commerce laws. The ASEAN Coordinating Committee on Electronic Commerce (ACCEC) will serve as the coordinating sectoral bodies for the various frameworks and ensure effective implementation of all related digital integration initiatives.

Strengthen information sharing within ASEAN

Information sharing within the region can be further strengthened with the great disparity in e-commerce development between member states. Within ASEAN, countries are at different stages of e-commerce law development. In order to accelerate progress for the region as a whole, countries at a more advanced level could actively share their experiences with other member countries. This includes areas such as e-government applications, e-payments and cloud applications. Making resources available from national workshops related to e-commerce and law reform would also be required at regional meetings or through the ACCEC. A common online database can be created for the aforementioned purposes and resources, shared with the different countries. The organisation of regular regional workshops between member states would also help countries to learn and progress together; thus improving information sharing and exchanges of best practices between member countries.



POTENTIAL SOLUTIONS

Setting up of an e-commerce trust fund

There is an urgent need to strengthen e-commerce capacities in some countries. As such, the implementation of a common e-commerce trust fund, shared between member states in ASEAN would assist in efforts directed towards this purpose. Member states can make an initial investment to the trust funds with contribution depending on their various national Gross Domestic Income (GDP). Subsequent contribution, maintenance and rules of usage of the trust fund can be further discussed between member states. When needed, member states are able to withdraw money for the sole purpose of strengthening e-commerce infrastructure and capacities. This will especially benefit countries who are less developed in e-commerce; thus working towards the common goal strengthening of e-commerce in the region.

According to the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), there is an opportunity for a pan-regional terrestrial fibre optic network which could provide fast broadband connectivity to the entire region, allowing member states to realise the full potential of e-commerce on a domestic and international level. For a project such as this to be successful, the cooperation of governments and other international organisations across ASEAN would be essential, and access to significant funding would be required.

Regional dialogues between firms and member states

Ministers and officials from member states can engage in open dialogue sessions with e-commerce firms; thus strengthening the understanding between both parties. Firms often lack the knowledge of e-commerce benefits, e-commerce vendors, postal services, or other logistics and have negative perception of foreign products or vendors (UNESCAP, 2018). Through these dialogues, firms would be able to better understand the e-commerce systems, regulations and laws of the respective countries while gaining knowledge of the ways the government will be able to support them. This thus helps firms build confidence in regional and national e-commerce infrastructure, leading them to eventually invest in e-commerce in the region. On the other hand, ministers and officials are able to better understand needs of the firms and together, discuss solutions to better address their concerns via the platform. Hence, this dialogue would facilitate two-way communication between firms and governments while enhancing the transparency of efforts by the member states.



POTENTIAL SOLUTIONS

Education on e-commerce and cybersecurity

Education on e-commerce is required to strengthen firms' and consumers' trust and acceptance for e-commerce. Social awareness, knowledge and understanding of e-commerce opportunities can play a major role in the initial adoption stage for its development. Educating them would ease them into the basics of e-commerce and thus reduce the uncertainty and lack of faith they have when using the platform. In addition, businesses and consumers need the training to improve their understanding of e-commerce laws; thus becoming a socially responsible e-commerce user. With cyber threats on the rise, strengthening cybersecurity also needs to be a top priority for governments.

Governments can integrate more e-commerce related content into education syllabuses where Business and Economics are involved. E-commerce roadshows and talks at public events can be introduced to educate firms and businesses about e-commerce. To enhance cybersecurity, a pipeline can also target all levels of education to develop more potential individuals to combat these threats. By investing in specialised colleges and providing grants to students who wish to study more on ICT or cybersecurity, governments will be able to attract students and increase the talent pool of experts well-versed in the area. This would develop more cybersecurity professionals nationally and regionally to ensure a safe and secure online marketplace; thus boosting development of e-commerce.

Key Guiding Questions

Delegates must balance and deal with many questions that arise regarding e-commerce strengthening in the region. Delegates are required to balance these questions and attempt to answer them when tasked with drafting legislation.

1. What are some conflicting interests between the different stakeholders in APAC?
2. Should governments intervene and assist firms that are likely to be displaced due to proliferation of e-commerce? Is the responsibility of the government to ensure that firms are able to catch on with the pace of technology and development of e-commerce?
3. How can we encourage firms to turn e-commerce to better encourage such ecosystem to flourish?
4. How can governments and firms work together to provide a conducive environment for e-commerce development in APAC?
5. How can the different member states in APAC come to a common consensus on the way forward for e-commerce?



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INTRODUCTION

THE QUESTION OF ARMS TRAFFICKING IN SOUTHEAST ASIA

The issue of arms trafficking has been an ever-rising issue since the 1950s. Globally, the ready availability of ammunition and weaponry has brought about human suffering along with crime and terror among civilian populations. Arms trafficking is thus a transnational issue, with sources of arms originating from countries such as India and Russia, heading into countries where there is demand for illegal arms. These countries include Thailand, Cambodia and Philippines.

The most pertinent impacts of arms trafficking include vigilante justice enacted by citizens and insurgence towards government bodies. These are rooted in the common lack of faith in the government systems of these countries, hence resulting in citizens feeling compelled to seize control of their own country.

In general, the proliferation of arms trafficking can also be linked to poor or outdated regulations and laws governing the arms trade. With technological advancements, people today have access to the internet and increasingly affordable 3D printers to print small arms that are hardly different from their production counterparts in terms of power. This will ultimately exacerbate the problem, given that these 'printed arms' are harder to track down and can easily make their way into the illegal arms stockpile in the underground trade.

Evidently, the issue of arms trafficking is an urgent one. Not only does it affect the military protection of countries, but it is also detrimental to societies and their social fabric. This is given that proliferation of illegal arms serve to intensify problems of terrorism, gun violence, drug and human trafficking within the Association of Southeast Asian Nations (ASEAN). Therefore, to improve humankind as a whole, this issue has to be viewed and considered with utmost priority by delegates in the ASEAN Regional Forum (ARF).



DEFINITIONS

Trafficking

According to the United Nations Office on Drugs and Crime, the term 'trafficking' is defined as the involvement of trading articles that are illegal in nature.

While 'trafficking' and the term 'smuggling' may contain similarities between them, they are not the same and should not be discussed under one umbrella term. 'Smuggling' is accurately defined as the importation and exportation of legal goods contrary to the law of at least one country, especially when duties are not paid or when part of a regulation is not observed. This means that smuggling is related to the obtaining of items that may be legal, but considered contraband in other countries.

Understanding the distinction between these two terms will be crucial in narrowing down the scope of debate and eventually coming up with effective solutions to address the problem.

Although smuggling can be discussed in the issue of arms trafficking, one must note that arms smuggling is, in this case, classified as a result of arms trafficking in the region, and that smuggling is one of the many reasons for the intensification of the problem of arms trafficking in the ASEAN region.

Arms

Arms, as defined by the now-defunct U.S. Arms Control and Disarmament Agency (ACDA), is popularly defined by many researchers today to be:

"...weapons of war, parts thereof, ammunition, support equipment, and other commodities designed for military use.... Dual-use equipment...when its primary mission is identified as military."

HISTORICAL PROGRESS

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| <p>1955 - 1975</p> | <p>The Vietnam War—Start of Arms Trafficking within ASEAN region</p> <p>The Vietnam War can be regarded as a possible start point to the problem of arms trafficking in the region. The American defeat and retreat from Vietnam left a high chance that the arms and weapons seized from the American forces were retained within the country and then either released either within black markets in the country for sale or exported out illegally to other countries. Such a phenomenon may be especially prevalent in neighbouring, similarly war-torn countries like Laos or Cambodia, both of which were also involved in the conflict. This demonstrates how armed conflict in any region may act as a catalyst to the eventual proliferation of arms trafficking in the region and throughout. Therefore, the Vietnam War can be considered as the genesis to the arms trafficking problem within the region and beyond.</p> |
| <p>2014</p> | <p>Introduction of the World’s First Multi-Material 3D Printer</p> <p>Up until the year 2014, 3D Printing technology and its printers have only been able to print objects via a method known as Fused Deposition Modelling (FDM) and was only capable of printing mono-material objects, i.e. items made from plastic or metals only⁴⁴. However in 2014, the Georgia Institute of Technology rolled out the world’s first Multi-Material, vertically integrated printed electronics additive manufacturing platform (VIPRE) 3D Printer and the technology behind it. With this technology, one is now able to make working electronic components from multiple materials in addition to just plastics or metals from before.</p> <p>While this has naturally opened up a plethora of opportunities for more efficient mass manufacturing procedures down the road, it has also raised concerns amongst plenty of countries worldwide on the issue of arms production, export and possession. The problem created by this new form of technology is the fact that it may have enabled people part of large underground crime syndicates to 3D-print their own weapons like pistols or rifles. These small arms are often printed via blueprints or templates one can find on the internet easily. Unlike production arms, 3D printers and these printed arms are difficult to track. More specifically, there has been little-to-no effort made by countries around the world (including ASEAN) to do so in the past five years since this improvement in 3D-printing technology was introduced to address this worrying prospect.</p> <p>This unregulated nature of the improvement to 3D printing technology can be a critical blind spot that many countries have failed to consider when attempting to tackle the problem of the illegal arms trade. As a result, this can be easily manipulated by large crime syndicates involved in arms trafficking to increase the supply of illegal, unregulated arms, which will only worsen the arms trafficking issue in the region in the long run.</p> |

HISTORICAL PROGRESS

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| <p>24 December 2014</p> | <p>United Nations Arms Trade Treaty</p> <p>In a bid to combat the worldwide illegal arms trade caused by poor regulation and control of the movement of arms and its negative effects, the United Nations Office for Disarmament Affairs (UNODA) has introduced the Arms Trade Treaty (ATT) in December of 2014. Designed to provide the signatories' populations with security and protection gradually, the Treaty relies on the governments of nations to actively enforce the rule of laws encompassing the production, movement, trade and regulation of conventional arms in order to be effective.</p> <p>To date, 130 countries have been considered as signatories to the Treaty, with 100 countries having had the Treaty enter into force. However, one must note from the ATT that, of all the Southeast Asian countries and the relevant stakeholders of the conundrum, only Cambodia, Malaysia and Singapore are signatories to the Treaty. Amongst other stakeholders, Thailand, Myanmar and Indonesia have yet to ratify the Treaty as of 2019. Despite some of these countries initially showing interest such as India, this interest was quickly worn down due to proposals which included disadvantages to their own countries.</p> <p>This showcases the possibility that the ATT is fundamentally ineffective in garnering support from member countries.</p> |
| <p>1 July 2016</p> | <p>President Rodrigo Duterte's 'War On Drugs'</p> <p>As part of his presidential campaign, President of the Philippines, Rodrigo Duterte declared the infamous 'War On Drugs' shortly after he was sworn into office in 2016. The War encouraged residents to take matters into their own hands by killing anyone suspected of dealing or possessing drugs. This was incentivised by Duterte's administration, in which he would reward the public with medals should they choose to turn in or execute people they suspect of handling drugs.</p> <p>As a result of the War however, there has been an estimated death count of between 5,000 to 12,000 people from 2016 to present-day due to the rapid increase in vigilante killings amongst civilians. The research body, International Alert, highlighted that there has been a drastic increase in violence in Muslim-dominated regions in Mindanao since the declaration of the War on Drugs, with 4,356 incidents of violence last year; an 89 per cent increase from 2,303 in 2015. 1,498 of these cases were related to underground trade and economies like gun running and arms trafficking in general, doubling the 534 cases related to the same underground economies in 2015 (Conflict Alert, 2017).</p> <p>These startling statistics show the effect of the rise in vigilante justice in a given society and how it can generate the demand for illegal arms within these nations, exacerbating the problem of arms trafficking in the region.</p> |

HISTORICAL PROGRESS

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| <p>May - October 2017</p> | <p>The Battle for Marawi, Philippines - Consequence of Poor Arms Control</p> <p>Poor arms control can result in a breakdown of society in extreme cases. With lack of proper policing in the movement of arms and enforcement of laws governing illicit arms trafficking, the problem of arms trafficking can easily spillover from a governmental to societal level. The presence of illicit arms in communities will only create mistrust, intensify suspicion and instill constant fear in society. One poignant example would be the 2017 Battle for Marawi. In mere five months, Marawi was levelled by the conflict between the Maute militant group and the Filipino Military. It also resulted in more than 1000 deaths and displaced 400,000 residents from Marawi. This once again highlights the devastating effects of poor arms control should governments not take apt and immediate action to crack down on the illegal arms trade within the region.</p> |
| <p>2019</p> | <p>Southern Thailand Insurgency</p> <p>The Southern Thailand Insurgency is a separatist effort launched in 2004 by local leaders in the region to gain semblance of autonomy from the central government of Thailand. Often, their attempts ended in bloodshed and widespread violence. This year, with months leading up to the first Thai General Elections, the insurgents who laid low previously have struck again, shooting and killing two Buddhist monks in the first attack of its kind since 2015. On the same day, multiple bombings occurred in the South against Thai security forces. Much of the attacks were meant to challenge the central government and coerce them into taking the insurgents' stance on the question of Southern Thailand. More importantly, however, this long-standing insurgency proves how political infighting and tension within a country's political structure in ASEAN can also lead to the proliferation of arms trafficking. Ultimately, this may result in a destabilisation of the government and even destroy communities in a country, making the tackling of insurgencies to curb arms trafficking a paramount concern in not just Thailand, but all ASEAN states should they exist.</p> |



KEY STAKEHOLDERS

India, Russia, Thailand, Cambodia, Philippines, Indonesia

Arms Suppliers

Republic of India

In India, the extent of arms trafficking has been growing in extremity over the years—to the point whereby pistols can be found on sale in cities such as Kolkata (Hindustan Times, 2016). According to the International Action Network on Small Arms, 40 million illegal small arms are circulating in the country, accounting for more than half of the 75 million illegal small arms currently in circulation internationally (Time, 2012). The widespread availability of arms give rise to a greater likelihood of arms going missing. Hence, this increases the chances of crime syndicates getting their hands on arms, propagating chaos. Moreover, this heightens the crime rates and accounts for numerous deaths in and around war zones like Kashmir, which is still currently the world's most militarised zone.

With that in mind, circumstances such as the warfare in India—including the Indo-Pakistani Kashmir Conflict—as well as the unsafe environment for civilians also further complicates the situation. It brings up the issue of whether controlling arms trafficking does more harm than good, since controlling arms trafficking would result in stricter gun laws. This would subsequently increase the difficulty for the procurement of gun licenses. Henceforth, this may potentially take weapons out of the hands of those who need it for survival.

In addition, Southeast Asian countries seeking to diversify strategic partnerships and are driven by increasing tensions between the US and China are looking favourably towards India as an alternative for a source of arms.

It is also crucial to note that India has taken one step forward in joining an international arms trade agreement. Progressive changes have been made by the government in drawing up a formal list of defense items to ensure greater control of ammunition in the country.



KEY STAKEHOLDERS

The Russian Federation

Being the second largest arms producer in the world, Russia has become the key provider of military technology and arms to the APAC region. Furthermore, Russia is also the largest exporter of firearms in the world.

As a result of the colossal accumulation of guns from the Cold War and the continuous production arms, Russia is thought to have the greatest number of guns per capita around the globe, even topping the United States with an estimated 11.7 guns for every person. Hence, this shows the widespread availability of arms in the region, highlighting the loose control regiments--which, potentially, could be a factor leading to increased sources of the illegal flow of arms.

The greater problem, however, lies in the fact that Russian gun exporting laws are too ambiguous to be effective. Additionally, Russian governments offer huge subsidies, incentivising manufacturers of arms. In 2014 alone, 6 billion roubles (\$110 million) had been pledged to help arms exporters service loans from local banks (Word Bulletin, 2014).

As such the encouragement of arms exportation, coupled with the ineffective control regimes put into place creates an environment where perpetrators can easily exploit the system to traffic arms.

Arms Traffickers

Kingdom of Thailand, Kingdom of Cambodia

Being one of the few countries in Southeast Asia with permissive gun legislations, the number of gun-related killings in Thailand tops even the United States of America (US), where shootings constantly dominate the media. Procuring a gun in these countries seems to be rather effortless with no detailed procedures to get firearm ownership approval for citizens, resulting in the startling quantity of more than six million guns in the country alone (ASEAN Today, 2017). The normalisation of arms could be an aftereffect of the weak enforcement of laws. Citizens would thus be more likely to exploit the laws, thereof, contributing to arms trafficked out of Thailand, as well as internally.

Similarly for Cambodia, a prevalent issue remains to be the large number of weaponry that lies outside of the control of the government – it is estimated that there are currently between 22,000 to 85,000 illegal arms in circulation (DW, 2016). However, the problem of arms trafficking is further proliferated by the ingrained widespread belief that citizens are entitled to the right of owning arms. Those who protect themselves within the framework of the law safeguard their rights with the same vigour as those in the United States.



KEY STAKEHOLDERS

Republic of the Philippines, Republic of Indonesia

In the Philippines, there is a startling number of 1,100,000 unregistered guns. This results in 26 people getting killed every day with the usage of small arms – a number that has been increasing over the years. This could be possibly attributed to President Rodrigo Duterte advocating outright support for vigilante murder, while emboldening civilians to violate laws and carry out more extrajudicial executions without fear of being held to account.

Indonesia is often brought into the picture due to its close geographical proximity to the Philippines, as well as the entanglement of these two countries in other issues. This could be traced back to the weak maritime defense on borders separating the two countries. The spokesperson for the Law and Human Rights Ministry's Directorate General of Immigration in Indonesia, Agung Sampurno claimed that the borders are unable to thoroughly screen seaborne militants, allowing it to be a thriving hub for arms trafficking (Time, 2017). Additionally, the strong links between militants in these two countries are further proven with the arrest of Suryadi Mas'ud, an Indonesian militant guilty of buying a cache of firearms from Philippines for ten years (Arab News, 2018).

Thus, the illicit transfer of firearms between the Philippines and Indonesia has been a long-standing issue and the situation in each of these countries cannot be accessed without analysing that of the other.



PROBLEMS/SCOPE OF DEBATE

The issue of arms trafficking should not be viewed in silo. In order to better understand the scale of the problem, delegates need to understand the larger ecosystem. Fundamentally, it is a matrix of complex networks involving a widespread divergence of underground activity and a vortex of black markets. Like everything else, the issue of arms trafficking is as multifaceted and complex as they come--due to the multitude of nuanced issues involved. In order to reduce the international proliferation of arms, a collective effort involving the majority of stakeholders is necessary.

Technology as a Facilitation Tool for Arms Traffickers

In the age of technological advancements, linking buyers and sellers of illicit weaponry has become more convenient than ever. Facebook has been identified in the past for acting as a platform where individuals can conduct illicit sales of firearms. Particularly in February of 2014, Facebook had received multiple calls from gun control advocacy groups that wanted to reduce illegal arm sales (IPWatchdog, 2016). On the other hand, online transactions have its benefits in the sense that it increases digital procurement footprints between buyers and sellers; thus holding stakeholders involved liable.

Another potential issue to note is the illegitimate sharing of technical data on the assembly of firearms. This would become even more alarming with the widespread acquisition of 3D printers as it increases in affordability. In 2010, one 3D printer alone cost more than \$20,000. However, in 2013, the same machines were a mere \$1,000 in price (Schooled by Science, 2018). As such, the gradual reduction in price would enable arms traffickers to produce components and construct arms from any location. Technology can help increase the supply of arms as it sets arms to become increasingly cost-effective to produce. Furthermore, there have been concerns raised by experts on arms regulation that the rising popularity of the 3D printer may become the driving force for the production of illegal 3D-printed arms. Despite this, no concrete plan or effort has been made in the past 5 years to prevent this potential problem from arising and proliferating.

This would demolish the export control regimes that have, for decades, been the backbone of intercontinental anti-trafficking efforts. Not to mention, existing government initiatives standardising arms trade online would be insufficient due to the inability to track arms manufactured through advanced and unregulated technology.

For tech-savvy arms traffickers, the internet allows them to diversify demand networks and establish international consumer bases from any location. This is made possible through the use of social media and messaging platforms which allows for the formation of online chat groups. Arms traffickers can liaise with each other as well as engage in efficient online transactions via such platforms. As such, the innovation of technology appears to be a worrying issue when it comes to arms trafficking. Thus, such policies to track arms are ineffective due to the widespread manufacturers of arms, resulting from an increased ease in the manufacturing process with technology.



PROBLEMS/SCOPE OF DEBATE

Weak Border Enforcement and the Problem of Accommodating Indigenous Tribes

Within the region, Thailand is the only country in Southeast Asia that legalised the ownership of small arms for their citizens. While Thai citizens must register with their personal particulars for a license to own or sell a gun by law, most of the time the government may not be doing enough to stop the illegal movements of said arms, weaponry and ammunition. This is especially so when conducted unlawfully by citizens who are part of large illicit arms syndicates or when it comes to the enforcement of its borders. Such an occurrence is applicable to other countries in ASEAN, especially along the Mekong. In this respect, the lack of enforcement of their borders is a key catalyst to the proliferation of the illegal arms trade.

However, the heart of the problem lies with the sheer number of indigenous ethnic groups residing between the borders with other neighbouring countries, especially along the Mekong River. According to the World Wildlife Fund (WWF), over 95 ethnic groups currently reside along the Mekong Basin and have been making use of the resources provided by the Mekong for thousands of years. Increasing enforcement in the relevant areas would effectively alienate these people from the majority population of these countries. Crucially, it will also disrupt the livelihoods of these people who have relied on the resources provided by the Mekong for food and shelter.

These countries therefore often have difficulties balancing between the people's needs and effectively addressing the problem of arms trafficking along their borders without segregating their population. With concrete plans yet to be drafted and put into action, it is ultimately no surprise that the hotspot for arms trafficking exists within this particular region.

Lack of Security in the Storage and Management of the Global Ammunition Stockpile

In many cases, the arms that fell into the depths of illegal underground arms trade and trafficking are not necessarily related to the supply or demand chain. Sometimes, the proliferation of arms trafficking can be a result of poor, insecure means of transportation or storage of ammunition in firearm shops and even in the military.

According to the United Nations Office for Disarmament Affairs (UNODA), a significant portion of ammunition trade, 80%, remains outside of reliable export data. In situations such as conflicts, ammunition stockpiles and expeditiously depleted, contradictory to the immunity of arms (UNODA, n.d.).

Furthermore, unlike firearms, which have custom code numbers etched onto each gun, ammunition in general lack these features which makes them easier to track. They are also stored mainly in ammo cans that prevent the explosive materials in the ammo shells from coming into contact with moisture in a mere, dry, storage areas without much added security features implemented to guard the stockpile round the clock.

In the case of ASEAN, Thailand's old city of Rattanakosin has a dedicated 'firearm district' where roughly 80 gun-shops line the streets of Wang Burapha Road. These shops display arms and ammo on glass storefronts without additional security, making them susceptible to robberies and burglaries. Ultimately, this may result in the stolen ammunition landing in the illegal black market trade and be used to facilitate a larger arms trafficking network, clearly demonstrating how civilian ammunition may be redirected into the underground arms trade should they not be properly stored and tracked.



PROBLEMS/SCOPE OF DEBATE

The Problem of Vigilante Killings and Insurgencies Towards Government Bodies

Vigilante killings and insurgencies towards government bodies both play a key role in intensifying the problem at hand. Both vigilante killings and insurgencies are key driving forces in increasing demand for illegal arms. In the worst case scenario, they may not just escalate the given problem at hand, but serve to tear entire communities apart.

Often, the reasons for vigilante killings and insurgencies are justified by agendas or incentives. In the case of the South Thailand Insurgency that has been going on for roughly 15 years, leaders in the local region often resort to violence so that they can force the central government into compromises in a bid to fulfil their goals of gaining autonomy within the region. Unfortunately, this has often resulted in them attacking security forces or killing civilians, where the former may result in securing with more arms obtained from the security forces during their raid.

As such, the problem of vigilante killings and insurgencies to governments must be tackled in a more tactful manner given that these individuals are highly dangerous and are willing to influence more people to follow their ideals in seeking resolve by force. Governments of ASEAN facing this problem must therefore be firm but still show understanding to the root causes of the killings in order to solve this particular issue.



POTENTIAL SOLUTIONS

Developing Technology as Means of Tracking Weaponry

Although recent technological advancements could work in the region's detriment – aiding arm traffickers in getting easier access to weaponry – the technology could also be used in its favour. One major issue at the core of the arms trafficking is the difficulty in tracking illegal weaponry due to the extensive scale in the flow of arms. Not to mention, legal ammunition is often diverted into illegal fields, resulting in the greater propensity of misuse.

To combat this issue, visualisation trackers in the form of mobile applications could be used to mark down and track the figures and expenses going into arms trade. This allows for overall transparency in arms transactions.

Additionally, satellite technology can also be implemented into government security systems to track rogue vessels transporting illegal weaponry. The same technology can be applied in arms itself, by attaching a microchip to each and every form of firearm sold to not just the public, but the military as well. That way, when these arms are misplaced, stolen, or illegally sold and trafficked around a region, authorities can easily keep track and locate the arms to recover them before it gets into the hands of criminals who may wreak havoc with terrorist attacks or armed gang violence.

Managing Borders to Reduce Proliferation of Arms

To date, border control remains an important element of international efforts to manage the unbridled proliferation of arms and to symbolise the sovereignty of a state despite globalisation. In order to combat the issue of weak border controls, challenges must be viewed from the nation, regional and international levels. Fundamentally, this issue should be integrated in broader political initiatives on the problems that are directly related to border controls such as transnational organised crime.

The inspection of parties involved in border management, such as border guards and custom officers, is also crucial in ensuring the coordinated monitoring along borders. Furthermore, measures need to be taken by intelligence services, for identification of criminals involved in trafficking. Lastly, training and technology, specially tailored to each region, have the capacity to provide countries with an edge over partakers of arms trafficking. All of these aspects, paired with the cooperation between political and administrative authorities across countries, will ensure for a greater security in border management.



POTENTIAL SOLUTIONS

Introducing New Regulations that Enhance Security of Ammunition Storage

Targeting the issue of lack of security in storage of ammunition, improvements can be made in controlling supply, tracing of ammunition and stockpile management of arms.

Preventing the resupply of ammunition appears as a priority for governments, especially when in high risk of diversion to civilian populations. Additionally, government bodies should take responsibility of analysing components necessary for the manufacture of arms. This will allow for easier determination of the origin of ammunition, effectively restricting illicit supply.

In terms of tracing ammunition, cartridges are usually harder to trace than small arms due to its lack of unique markings. This is especially so when ammunition from an identically marked lot have reached multiple customers, hindering identification and thus making the ammunitions untraceable. As such, systematic recording of information via markings aids should be adopted to increase transparency and accountability in the arms trade, significantly limiting the scope of illicit trade.

Furthermore, unsecured and poorly monitored ammunition stockpiles account largely for global diversion into illicit markets. This can be attributed to negligence, poorly implemented border controls as well as the absence of end-user verification. Hence, the first step to managing this issue would be implementing an accountability system for proper monitoring of ammunition.

KEY GUIDING QUESTIONS

1. What are the costs of arms trafficking for countries?
2. How are arms diverted from the legal, civilian supplies into the underground arms trafficking problem?
3. Should countries place a blanket ban on arms? If yes, what are the costs which governments have to bear? If no, what can be done to halt the trafficking of arms into countries in which arms are banned?
4. How is the legal procurement of arms interrelated with illegal arms trafficking?
5. What kind of outcomes do delegates foresee which delegates need to get a consensus on?



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