

Executive Summary

ASEAN Integration Report 2023

Advancing Regional Integration: Priorities of the Youth in the AEC Blueprint 2025

Acknowledging the growing prominence of the youth demographic in ASEAN, this report aims to explore critical domains where youths encounter both opportunities and challenges. The ultimate goal is to foster dialogue and support the development of youths in ASEAN. The report will cover key topics, including Labour Mobility and Connectivity, Technical and Vocational Education and Training (TVET), Micro, Small, and Medium Enterprises (MSMEs), and the Digital Economy.

ASEAN's strategy regarding labour mobility aligns with its dedication to open trade and investment, contributing to the realisation of an integrated AEC. Skilled migrants play a fundamental role in tackling the issues of youth unemployment and the growing youth population in member states. From the perspective of host countries, skilled migration contributes to increased market output and productivity, particularly in nations aspiring to be innovation leaders like Singapore, and those transitioning to become innovation-driven nations such as Malaysia, Thailand, Vietnam, and the Philippines. However, it is important to note that intra-ASEAN migration predominantly involves low- and medium-skilled workers in the informal economy, while the mobility of high-skilled workers within ASEAN remains limited. Hence, this first chapter explores the risks associated with labour mobility, particularly concerning poor employment practices like debt bondage and irregular migration trends. Through this analysis, recommendations have been put forth for the improved implementation and enhancement of Mutual Recognition Arrangements (MRAs) and Memorandum of Understanding (MOUs), the establishment of a regional legislative framework to safeguard migrant workers from debt bondage, and the promotion of a proper domestic enforcement framework.

In line with the ASEAN Economic Community (AEC) Blueprint 2025's vision to enhance human capital development, the second chapter delves into the possibilities presented by Technical and Vocational Education and Training (TVET) in addressing the pressing issue of youth unemployment in Southeast Asia. Taking into account the existing barriers that impede TVET's success throughout the region, as well as the emerging prospects that may shape TVET's trajectory moving forward, this chapter puts forth a set of policy recommendations developed based on a sound analysis of TVET's present landscape in ASEAN. These recommendations encompass aligning TVET with labour market demands, rebranding TVET to combat its low public image, enhancing equity and accessibility, and working towards harmonising the interoperability of TVET programmes between AMS.

Through the AEC Blueprint, ASEAN recognises the importance of youth and MSME development, outlining several key initiatives to enhance efficiency and foster a level-playing field for smaller businesses and entrepreneurs. This third chapter aims to identify the challenges that MSMEs encounter within the ASEAN region, with a specific focus on youth-led entrepreneurship. The analysis reveals that MSMEs and youth entrepreneurs continue to face challenges, particularly in securing external financing and

facing heightened competition. The emergence of microfinancing and embedded banking provides new opportunities for MSMEs. In this chapter, the policy recommendations are centred on improving microfinancing and embedded banking opportunities (specifically tailored to SMEs especially youth-led businesses), improved access to information for investor matching and enhancing human capital development and capacity building.

Additionally, developing the digital economy is a key goal highlighted in the AEC Blueprint, requiring critical understanding of the region's progress in embracing the digital revolution, especially in the context of post-pandemic recovery. This final chapter examines the specific challenges that ASEAN youths face, including the risks of digitalisation and the increasing digital divide, with a particular focus on women and rural youth. While the digital economy undeniably offers vast growth opportunities by breaking traditional barriers and potentially converging living standards with the developed world, the resulting increase in inequality is a cause for concern, thus underscoring the need to prioritise welfare gains. The policy recommendations emphasise the importance of information dissemination, infrastructure development, and aligning educational curricula with industry needs to bridge the digital divide and empower ASEAN youths. To leverage the potential of the digital economy while ensuring equitable welfare gains, ASEAN must strike a careful balance.