

## 2.1 The cybersecurity challenge is likely to get more complex

### 2.1.1 Systemic risk will make the region only as strong as its weakest cyber link

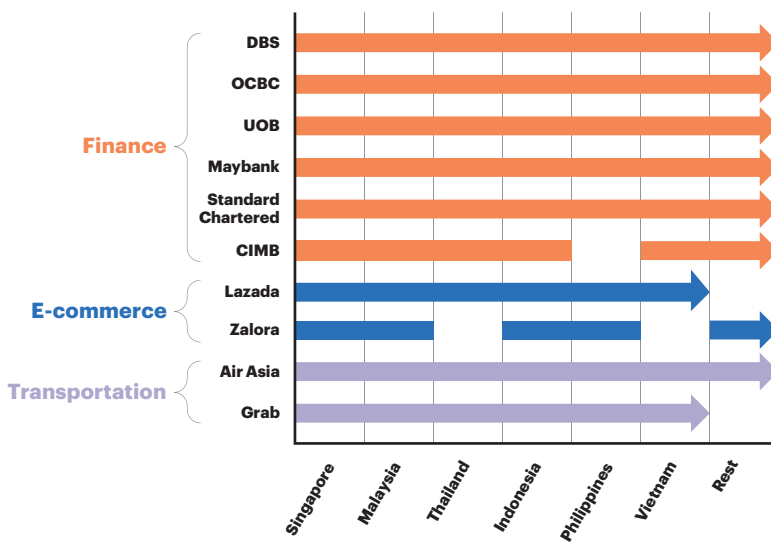
With growing intraregional trade and business linkages across ASEAN countries, the risk of contagion in the event of cyberattacks across the region is high. Figure 14 highlights the extensive footprint that banks, e-commerce companies, and transportation companies have across the region. For eight out of the 10 ASEAN countries, intra-regional trade accounts from more than 20 percent of total trade. Intra-ASEAN investment has also been steadily increasing over the years and in 2016 accounted for a quarter of the total foreign direct investment (FDI) flows of \$96 billion into the region.<sup>20</sup> Sectors with the highest proportion of intra-regional investment include manufacturing, financial services, and real estate.

Factors that have contributed to the rise in intraregional investment are the growing financial strength and significant cash holdings of ASEAN firms and their drive to internationalize for greater competitiveness and to access markets, natural resources, and strategic assets.

Figure 14

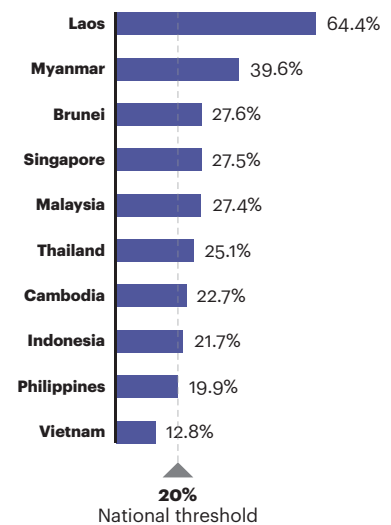
#### Regional footprint of ASEAN businesses and member states' share of intraregional trade

##### Regional footprint of ASEAN businesses



##### Share of intraregional trade

(% of total)



Source: A.T. Kearney analysis

<sup>20</sup>ASEAN Secretariat, ASEAN FDI database