TECHNOLOGY, MEDIA & TELECOMMUNICATIONS | COMPETITION & ANTITRUST AND TRADE

ASEAN Digital Economy Framework Agreement – Negotiations Concluded, Targeted for Signing in November 2026

Introduction

The modern digital economy is fundamentally predicated upon interconnectivity and cooperation between nations. Unlike traditional trade in physical goods, digital commerce relies on the seamless cross-border flow of data, the interoperability of technological systems, and shared governance frameworks. It is within this context that regional cooperation in digital trade frameworks has assumed critical importance, serving as a foundational mechanism for harmonising regulatory approaches and ensuring that the benefits of the digital economy are shared broadly among participating nations.

Against this backdrop, ASEAN has taken a position as a forerunner in regional cooperation. At the Second Meeting of the 57th ASEAN Senior Economic Officials Meeting, held from 27 to 29 May 2026, negotiations on the ASEAN Digital Economy Framework Agreement ("**DEFA**") were successfully concluded. The ASEAN DEFA is now targeted to be signed at the 49th ASEAN Summit in November 2026.

The ASEAN DEFA is the first comprehensive, region-wide agreement dedicated to the digital economy. It seeks to build a digitally interconnected Southeast Asian region, linking the digital economies of all ASEAN Member States.

This Update highlights the key features of the proposed ASEAN DEFA and the opportunities it may present for businesses in the region.

ASEAN DEFA

The ASEAN DEFA seeks to establish common rules and frameworks that:

1. Facilitate digital trade;
2. Simplify digital trade procedures;
3. Support trusted cross-border data flows;
4. Enhance digital payments and electronic transactions;
5. Strengthen online consumer protection;
6. Promote greater digital interoperability across the region; and

7. Address key emerging areas such as Artificial Intelligence, Financial Technology, and Source Code Protection.

The ASEAN DEFA is expected to cover the following elements, which were raised for negotiation following earlier studies:

1. **Digital trade** – Digitising the flow of information and conducting trade transactions via electronic data and documents;
2. **Cross-border e-commerce** – Cooperation on issues including IT infrastructure, regulatory ecosystem, and consumer protection;
3. **Cybersecurity** – Establishing adequately robust cybersecurity standards;
4. **Digital ID** – Addressing issues such as data security, privacy, and digital inclusion;
5. **Digital payments** – Pursuing interoperability of digital payment systems for effective cross-border application; and
6. **Cross-border data flows** – Balancing data protection with trade facilitation in cross-border data flows.

Concluding Words

It is vital for both growing and established businesses to be plugged into the digital economy, whether through the provision of online products or services, involvement with online marketplaces, or through digital sales and marketing. To move beyond the local context, businesses must be aware of the digital trade frameworks of regional partners and how to ensure compliance with such frameworks.

The ASEAN DEFA will facilitate businesses, especially small and medium enterprises, to access opportunities in ASEAN's growing digital economy. It will also allow consumers to transact with greater confidence. Businesses should thus closely watch the development of the ASEAN DEFA and its provisions to be fully apprised of the relevant avenues and opportunities therein.

Please feel free to contact our team for further queries on digital economy and trade. For regional matters, please see Rajah & Tann Asia's Regional Data & Digital Economy Practice for more information.

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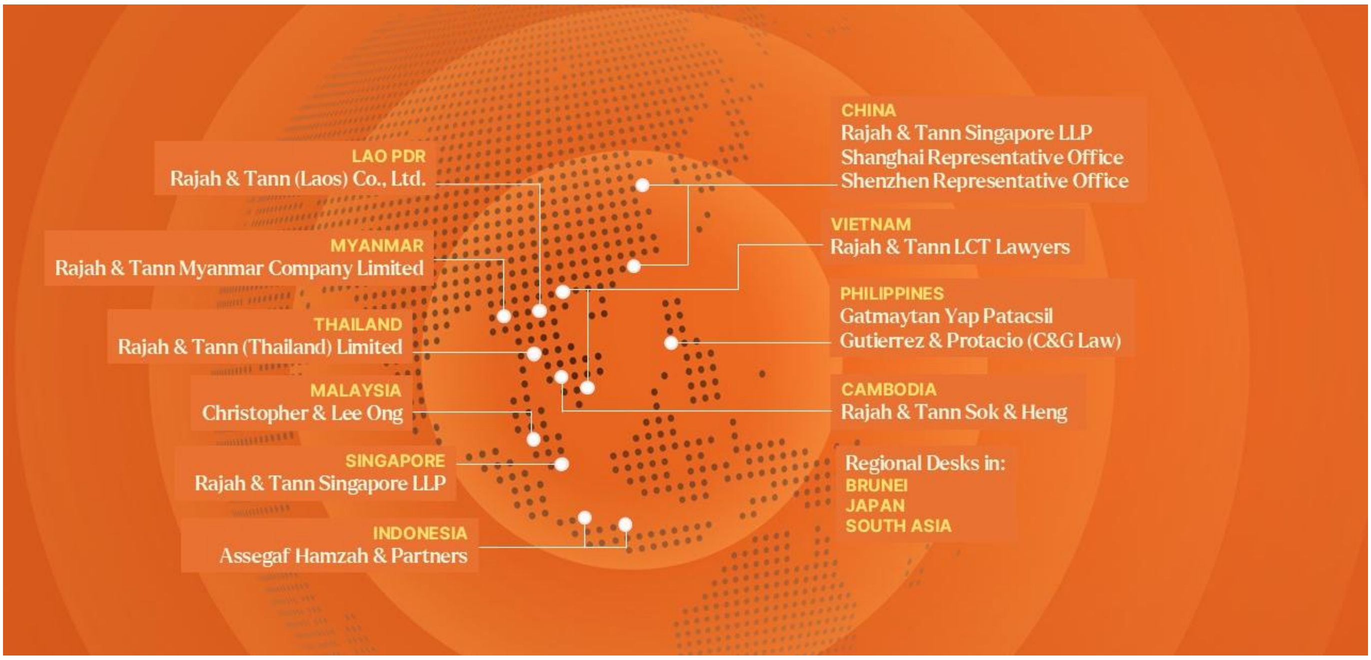

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