ASEAN SIGNS LANDMARK DIGITAL ECONOMY AGREEMENT, DEEPENS REGIONAL INTEGRATION AND STRENGTHENS ECONOMIC PARTNERSHIPS

ASEAN Member States mark another milestone in their digital integration journey with the signing of the ASEAN Digital Economy Framework Agreement

1. Deputy Prime Minister and Minister for Trade and Industry (Trade) Gan Kim Yong joined ASEAN counterparts at the 28th ASEAN Economic Community Council (AECC) Meeting in Manila, the Philippines, on 14 November 2026. The Meeting reviewed progress on regional economic integration and discussed how to strengthen ASEAN's economic resilience and competitiveness, amidst an increasingly complex global economic landscape.

2. ASEAN Member States signed the **ASEAN Digital Economy Framework Agreement (DEFA)**. As ASEAN's first standalone, legally binding digital economy agreement, the DEFA lays the foundation for closer digital economic integration and opens up opportunities for businesses in ASEAN's growing digital market. The agreement covers cross-border data flows, end-to-end digital trade, protection of source code, cybersecurity and Artificial Intelligence (AI). By promoting greater interoperability across these areas, the ASEAN DEFA aims to create a more seamless environment for businesses operating across ASEAN, particularly in digitally enabled sectors such as technology, e-commerce, payments, logistics and supply chains. Businesses of all sizes, especially MSMEs, will be better placed to expand and scale their operations across the ASEAN region.

3. Other key highlights include:

a. **Progressed the ASEAN–Canada Free Trade Agreement (FTA) towards a substantial conclusion to be announced by the Leaders. This will mark ASEAN's first FTA with North America** and paves the way for its full conclusion and signing in 2027, marking 50 years of ASEAN–Canada Dialogue Relations. ASEAN is also upgrading and reviewing our FTAs with the Republic of Korea and India, as well as exploring a new **FTA** with the Gulf Cooperation Council (GCC), to deepen and diversify economic partnerships.

b. **Advancing regional power connectivity.** The enhanced Memorandum of Understanding (MoU) on the ASEAN Power Grid (APG) was formalised, shifting the focus from commitments to implementation.

c. **Continued momentum on sustainability**. Ministers advanced preparatory work towards a **potential ASEAN Green Economy Framework Agreement (GEFA)**, noting the preliminary findings of the ASEAN GEFA Feasibility Study.

4. Deputy Prime Minister Gan said, “ASEAN has taken important steps to deepen our economic integration and grow our external partnerships. Signing the ASEAN DEFA is a landmark achievement that positions ASEAN at the forefront of the digital economy, reinforced by stronger regional connectivity and sustainability efforts. As Singapore prepares to assume the ASEAN Chairmanship in 2027, we build on this momentum to deliver tangible benefits for businesses and people across the region.”

5. As incoming ASEAN Chair in 2027, Singapore will build on the Philippines' Chairship and work closely with ASEAN Member States towards a more connected, resilient and prosperous ASEAN.

Annex A: ASEAN Digital Economy Framework Agreement Factsheet
Annex B: Quotes by Companies

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ANNEX A

FACTSHEET ON ASEAN DIGITAL ECONOMY FRAMEWORK AGREEMENT (DEFA)

KEY HIGHLIGHTS

- **A regional first:** The DEFA is ASEAN's first standalone, legally binding agreement on the digital economy.
- **Easier digital business:** Common rules will cut paperwork and costs, especially for MSMEs.
- **Trust and security:** Stronger cooperation on data flows, cybersecurity and online scams give businesses and consumers confidence.
- **Ready for the future:** The DEFA opens new opportunities in AI, fintech, digital identities and e-payments.

What is the ASEAN DEFA?

1. The **ASEAN Digital Economy Framework Agreement (DEFA) is ASEAN's first standalone, legally binding agreement on the digital economy** and a major milestone for the region's digital integration. It sets common rules and frameworks to make it easier, safer and more seamless to do business digitally across the region. ASEAN's digital economy is expected to reach US$368 billion in 2026 and exceed US$1 trillion by 2035 at its current trajectory.[1] The DEFA will reduce barriers, strengthen regional connectivity and help position ASEAN to capture the opportunities of its fast-growing digital economy. shape the future of digital trade and build a more integrated, trusted and competitive digital economy.

2. DEFA negotiations were launched in September 2023 at the 23rd ASEAN Economic Community Council (AECC) Meeting and concluded in May 2026.[2] ASEAN Member States (AMS) signed the Agreement on the sidelines of the 49th ASEAN Summit on 14 November 2026.

What does the ASEAN DEFA cover and how will it benefit businesses?

3. The DEFA brings the key building blocks of an integrated digital economy together under one agreement: (a) digital trade; (b) cross-border electronic commerce; (c) digital identities and authentication; (d) electronic payments; (e) data protection and privacy; (f) online safety and cybersecurity; (g) competition policy; (h) data and innovation; and (i) cooperation on emerging areas and technologies. **The DEFA's new and enhanced**

[1] Source: e-Conomy SEA 2026 Report by Google, Temasek and Bain & Company. (https://www.bain.com/insights/e-conomy-sea-2026/)

[2] Prior to the DEFA negotiations, ASEAN also undertook a study on the ASEAN DEFA which was conducted by the Boston Consulting Group. The study was endorsed by the ASEAN Economic Ministers in 2023. Source: https://asean.org/wp-content/uploads/2024/11/DEFA-Report-public-summary-expanded_Final_25112024.pdf

commitments aim to make operating across ASEAN easier and more predictable for businesses.

4. **Main benefits are:**

a. **Lower costs, faster and simpler end-to-end digital trade.** The DEFA enables wider use and acceptance of electronic trade documents (e.g. certificates of origin, phytosanitary certifications, bills-of-lading), electronic signatures and electronic invoicing. It also improves rules on express shipments. Less paperwork and fewer procedural hurdles make it easier and cheaper for businesses, especially MSMEs, to trade and transact digitally across borders across the ASEAN region.

b. **Open and Secure Data Flows.** Businesses will benefit from clearer and more predictable rules on cross-border data flows, including financial data, without having to store data locally when transfers are for commercial purposes. Businesses will also not be required to disclose their source code and cryptographic information as a condition for market entry. ASEAN also committed to a moratorium on customs duties on electronic transmissions.[3] Together, these provide businesses with a more stable and predictable environment to invest, innovate and expand across ASEAN.

d. **More opportunities to grow and innovate.** The DEFA deepens cooperation in emerging areas such as artificial intelligence and financial technology, while promoting greater interoperability in areas such as digital identities and electronic payments. This will enable businesses adopt new technologies, develop new solutions and reach customers across ASEAN.

e. **A safer, trusted and more secure digital economy.** The DEFA strengthens alignment and cooperation in areas that are increasingly important to the resilience of ASEAN's digital economy, such as data protection, cybersecurity, tackling online scams and repairing submarine telecommunications cables. This will support a trusted and resilient digital environment, helping businesses operate and grow, and for consumers transact with confidence.

<u>What is next for the ASEAN DEFA?</u>

5. The ASEAN DEFA will enter into force 180 days after it is signed. It will supersede the 2019 ASEAN Electronic Commerce Agreement upon its entry-into-force. The text of the ASEAN DEFA will be available on the ASEAN Secretariat's website in early 2027. ASEAN will now focus on implementation, to translate the Agreement's commitments into

[3] This moratorium will be subject to a review in five years after the Agreement's entry into force.

concrete initiatives so that businesses and consumers can realise the benefits of a more integrated regional digital economy.

ANNEX B

Quotes from Companies, Trade Association and Chambers on DEFA

Company and Sector	Quotes and Spokesperson
Singapore Business Federation (SBF)	"The ASEAN Digital Economy Framework Agreement (DEFA) is an important milestone. The key measure of success will be what businesses experience on the ground. Businesses will want to see less paperwork at the border, more seamless digital payments and identities, and trusted data flows that make it easier for companies to operate across ASEAN. As Singapore takes on the ASEAN Chairmanship next year, the Singapore Business Federation (SBF), as ASEAN-BAC Secretariat, looks forward to working with governments and businesses across ASEAN to turn the agreement into tangible benefits, especially for SMEs." **- Mr Kok Ping Soon, Chief Executive Officer, SBF**
Business Software Alliance (BSA)	"The Business Software Alliance (BSA) commends ASEAN on the conclusion and signing of the Digital Economy Framework Agreement (DEFA), an important milestone toward a more connected and competitive regional digital economy. Businesses in Singapore and across Southeast Asia depend on the ability to move data securely across borders to access cloud and AI services, reach new customers, and grow. We look forward to the Agreement's implementation advancing trusted cross-border data transfers, effective data protection, greater interoperability of digital rules and systems, and new opportunities for businesses throughout the region." **- Mr Jared Ragland, Vice President, APAC – Policy, BSA** *The Business Software Alliance is the global trade association of the enterprise software industry, representing companies that are leaders in artificial intelligence, cybersecurity, cloud computing, quantum, and other breakthrough technologies.*
DBS	"The ASEAN Digital Economy Framework Agreement is an important step towards turning ASEAN's fast-growing digital economy into a more accessible and connected marketplace. Greater interoperability across areas such as digital trade, payments and data flows can significantly reduce the friction and cost of doing business across borders, making it easier for companies, particularly SMEs, to transact, expand and reach new customers across the region more seamlessly. Just as importantly, common frameworks around data protection and cybersecurity will help build the trust businesses need to invest and innovate at scale. DBS firmly believes in the power of digital transformation. We welcome DEFA's

	focus on strengthening connectivity and interoperability to help businesses harness digital solutions to grow in an increasingly connected regional economy." **- Mr Lim Soon Chong, Group Head of Global Transaction Services, DBS** *DBS is a leading financial services group in Asia with a presence in 19 markets. Headquartered and listed in Singapore, DBS is in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia. The bank's "AA-", and "Aa1" credit ratings are amongst the highest in the world.*
Grab	"Operating across eight ASEAN countries, we see firsthand how an integrated digital economy creates a safer, more efficient experience for consumers. But beyond consumer convenience, a frictionless digital ecosystem that is built on smooth cross-border data flows, seamless payments, and shared cybersecurity standards unlock massive potential for small businesses. Our ambition is to help MSMEs scale regionally on our platform, and the enabling frameworks championed by ASEAN Digital Economy Framework Agreement (DEFA) will support local businesses in capturing the tremendous opportunities across the region." **- Ms Ong Chin Yin, Chief Organisational Capability Officer, Grab** *Grab is a Singapore-based technology company and leading superapp in Southeast Asia, leveraging digital technology to connect consumers, merchants and businesses across mobility, deliveries and financial services.*
Handshakes	"The Digital Economy Framework Agreement (DEFA) is a meaningful step for businesses operating in ASEAN. It lowers barriers that have made regional expansion feel out of reach for smaller players. For Handshakes, trusted cross-border data flows mean we can more readily combine company registry, financial and ownership information from across ASEAN into one connected view. This gives businesses of every size clearer visibility of the partners, suppliers, and customers they work with as they grow across the region." - **Mr Daryl Neo, CEO, Handshakes** *Handshakes is a Singapore-based data technology company that combines corporate data and AI to help businesses uncover connections, identify risks and generate insights across Southeast Asia.*
NDara	"For an AI startup like NDara, focused on building distributed intelligence, the ASEAN Digital Economy Framework Agreement (DEFA) makes it easier for us to build for an entire region. Clearer rules on cross-border data flows, protection for source code, and wider acceptance of electronic

	trade documents give us greater confidence to serve customers across ASEAN. Overall, for start-ups and SMEs the benefits of digitalisation that will result from DEFA - less paperwork, lower costs and greater certainty - make a big difference. When a region makes it easier to trade digitally, everyone who does business with it wins." **- Mr Warren Woon, CEO, NDara** *NDara is a Singapore AI startup building distributed intelligence, AI that helps enterprises make better decisions where their data lives, using the data they already have.*