

Framework for Negotiating ASEAN Digital Economy Framework Agreement

Introduction

Digital transformation is a foundational strategy for economic growth and prosperity. As one of the fastest-growing internet markets in the world, there is enormous economic potential that ASEAN can reap from the digital economy. With these various opportunities, in 2021, the ASEAN Leaders issued the ASEAN Leaders' Statement on Advancing Digital Transformation, which called for a strategic, holistic and coordinated approach for inclusive and accelerated digital transformation. This includes agreement to strengthen regional digital integration and transformation by commencing negotiations for the ASEAN Digital Economy Framework Agreement (DEFA), as committed in the Bandar Seri Begawan Roadmap (BSBR). The DEFA is expected to set the foundation for doubling the potential value of the ASEAN Digital Economy from USD 1 trillion to USD 2 trillion in 2030, as stated in the DEFA Study.

Objectives

ASEAN DEFA will provide a coherent, harmonized, collaborative, and rules-based approach to ASEAN's cooperation in the digital ecosystem to establish an open, secure, interoperable, competitive, and inclusive regional digital economy in the broader AEC-building agenda.

ASEAN DEFA will contribute to accelerating inclusive digital transformation, a key strategy for ASEAN's comprehensive post-COVID recovery. It will also reaffirm ASEAN's relevance and Centrality in the emerging global and regional economic architecture, elevating ASEAN economic integration and community building by embracing digital transformation for the benefits of its economic community and people. In contributing to the development of a competitive and thriving digital economy, ASEAN DEFA will secure the region's position as a growth epicentre in the global economy.

The Framework for Negotiating ASEAN DEFA will guide the negotiations of the DEFA by exercising the principles of negotiations, examining and identifying areas that could be included in the Agreement, as well as providing information on the negotiation process and timeline.

Principles

ASEAN DEFA negotiations will be guided by the following principles:

1. ASEAN DEFA will ensure that ASEAN digital transformation supports the vision of the ASEAN Community, the objectives of ASEAN economic integration, robust and inclusive recovery of the region, the region's integration and strengthened role in the global economy, and improve ASEAN-based businesses' ability to harness technological advancements as well as the well-being of ASEAN peoples.
2. ASEAN DEFA will bring tangible benefits to businesses and peoples in the region, for example by collaborating on use cases that translate provisions into concrete digital initiatives and projects.
3. ASEAN DEFA will be forward looking, be comprehensive, have broader and deeper engagement and will seek to improve on existing commitments, in relevant ASEAN documents and agreements and ASEAN plus agreements, as well as other initiatives under the Bandar Seri Begawan Roadmap]
4. ASEAN DEFA will take into consideration the different levels of development of the participating countries and offer ways for addressing the digital gaps within and among ASEAN Member States while realising the potential of ASEAN digital economy for the mutual benefits of all ASEAN Member States.

5. ASEAN DEFA will be structurally flexible taking into account ASEAN Member States' readiness.
6. ASEAN DEFA will be a dynamic agreement, so as to take into account evolving developments in the digital sphere and allow ASEAN to stay relevant.
7. ASEAN DEFA will maximise impact by targeting and prioritising the big unlocks and barriers to drive impact.
8. ASEAN DEFA will be ambitious and build on relevant ASEAN documents namely the ASEAN Agreement on Electronic Commerce and the ASEAN Digital Integration Framework. No provision in ASEAN DEFA will detract from the relevant terms and conditions in other relevant ASEAN and ASEAN Plus agreements.

Elements/Scope and Coverage

On without prejudice basis, ASEAN DEFA negotiations will consider including but not be limited to the following elements:

1. **Digital Trade** aims to facilitate cross-border trade by creating a seamless trade experience with electronic documents and interoperable processes.
2. **Cross-border E-Commerce** aims to create a more efficient and fairer environment for cross-border e-commerce, including digital goods and services.
3. **Payments and E-Invoicing** aims to promote digital payments and electronic invoicing by fostering technical interoperability, encourage innovation and competition, and developing relevant regulation.
4. **Digital ID and Authentication** aims to develop a mutual recognizable and interoperable digital identity and electronic authentication framework within the region.
5. **Online Safety and Cybersecurity** aim to improve cooperation in cybersecurity and create an open and secure online environment, with comprehensive protection to parties in a digital transaction.
6. **Cross-border Data Flows and Data Protection** aims to facilitate cross-border data flow and establish frameworks to protect data privacy.
7. **Competition Policy** aims to create a fair/non-discriminatory, transparent competitive environment with consistent guidelines on enforcement and better choice for consumers
8. **Cooperation on Emerging Topics** aims to establish mechanisms for regulatory cooperation for relevant standards and regulations to keep up with technological innovations in emerging topics such as AI.
9. **Talent Mobility and Cooperation** aims to facilitate digital talent mobility between countries and close collaboration on talent building.

Negotiation Process

ASEAN DEFA negotiations shall be undertaken by the ASEAN Coordinating Committee on Electronic Commerce and Digital Economy (ACCED) in coordination with relevant ASEAN sectoral bodies and serviced by the ASEAN Secretariat.

ASEAN DEFA negotiation rounds may be held separate to regular meetings of the ACCED.

Regular updates on the progress of negotiations shall be reported to the Senior Economic Officials' Meeting, High Level Task Force on ASEAN Economic Integration (HLTF-EI), ASEAN Economic Ministers, and ASEAN Economic Community Council. ACCED is requested to raise any outstanding issue that requires further guidance in a timely manner, including intersessionally.

ASEAN DEFA negotiation process should involve consultations with relevant stakeholders, including national stakeholders and private sector, as appropriate.

Timeline

ASEAN DEFA negotiations will commence as early as possible upon announcement by the ASEAN Leaders and will be conducted based on this Framework for targeted completion by the end of 2025.

Endorsed by ASEAN Economic Community Council at their 23rd Meeting on 3 September 2023 in Jakarta, Indonesia.
