

6 March 2026

Dr. Kao Kim Hourn  
Secretary-General  
Association of Southeast Asian Nations  
70A Jalan Sisingamangaraja  
Jakarta 12110  
Indonesia

**RE: *ACT | The App Association Recommendations Supporting the Development of the Association of Southeast Asian Nations (ASEAN) Digital Economy Framework Ahead of ASEAN Summit 2026***

Dear Secretary-General Kao,

ACT | The App Association writes in support of the continued leadership of the Association of Southeast Asian Nations (ASEAN) in advancing the region's digital transformation. As ASEAN member nations work toward finalizing a Digital Economy Framework Agreement (DEFA), we write to reinforce the need for ASEAN to support micro, small, and medium-sized enterprise (MSME) innovation in digital markets across ASEAN member economies.

ACT represents countless small business innovators and startups in the software development and high-tech space around the globe.<sup>1</sup> Our members build the productivity-enhancing applications, secure communication tools, and global digital services that consumers and businesses across ASEAN rely on every day. For MSMEs, a predictable, modern digital governance framework is not simply a policy preference, but a prerequisite for innovation, investment, and expansion.

ASEAN nations are poised to lead the globe in unlocking digital transformation opportunities across countless consumer and enterprise sectors and verticals. Enhancing MSME participation in, and access to, the global digital economy across the continent must be a cornerstone of any strategy that aims to create opportunities and advance prosperity. A successful DEFA for ASEAN will empower MSMEs by speeding investment and innovation, enhancing competition, and creating jobs. Notably, there are enormous opportunities for ASEAN in emerging technology markets including artificial intelligence (AI), the internet of things (IoT), and quantum computing, among others. ASEAN is well-positioned to seize these openings, including by taking advantage of leapfrogging

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<sup>1</sup> ACT | The App Association, *About*, available at <http://actonline.org/about>.

opportunities that exist due to having fewer legacy physical and governance infrastructure challenges.

Building on ASEAN's focused efforts to achieve and sustain growth through digital transformation, we strongly support the development of a modern and comprehensive DEFA to ensure ASEAN member economies are at the forefront of the fourth industrial revolution. Specifically, the ASEAN DEFA should:

- (1) Establish a moratorium on tariffs and customs formalities on electronic transmissions, including content;
- (2) Prohibit restrictions on the cross-border flow of data (allowing only for narrowly tailored exceptions) and forced localization of computing facilities, including for financial services data;
- (3) Preserve the ability to use technical protection mechanisms, including commercial encryption, to secure data transactions;
- (4) Prohibit governments' ability to require forced local partnerships or the disclosure of proprietary source code and algorithms as a condition of market entry or conducting business in-country, or duty-free treatment;
- (5) Provide for the adequate and effective protection and enforcement of intellectual property rights, including that all parties join and fully implement the WIPO Digital Treaties;
- (6) Commit to consistent and strict adherence to non-discriminatory treatment and good regulatory practices if considering regulation of nascent and emerging technologies and industries, particularly in the context of competition law, including but not limited to ex post remedies based on demonstrated and systemic harms, transparency, consultation, and sufficient timelines for implementation;
- (7) Require that all parties join and enforce the 1996 World Trade Organization Informational Technology Agreement and its 2015 expansion;
- (8) Develop and promote transparent, accountable, and evidence-driven good regulatory practices for digital trade, which include public transparency in the regulatory process, the opportunity for input from the public, experts, and interested stakeholders, analysis of evidence according to sound, objective, and verifiable methods, and provision of procedural safeguards and due process;
- (9) Further reliance on globally-accepted international technical standards for the satisfaction of domestic regulatory requirements; and
- (10) Promote risk-based approaches to cybersecurity regulation, cooperate on cybersecurity and incident response, and to share information and best practices.

These priorities reflect what MSMEs consistently tell us they need: the freedom to take chances and to scale; the ability to reach global customers; confidence that their intellectual property is protected; and a fair, predictable regulatory climate that supports, not restricts, innovation. The 47th ASEAN Summit in Kuala Lumpur is a critical opportunity to advance a DEFA that expands economic opportunity, strengthens competition, and creates jobs, ensuring the benefits of digital transformation reach all communities across ASEAN.

Sincerely,

A handwritten signature in black ink that reads "Morgan Reed". The signature is written in a cursive style and is centered within a light gray rectangular box.

Morgan Reed  
President

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