

US-ASEAN Business Council Advocacy 2025 (see **bolded** advocacy wins)

January 28, 2026

ASEAN-Wide

Digital Economy Framework Agreement (DEFA)

USABC and supporting member companies have engaged with ASEAN Member State DEFA negotiators since mid-2024. A high point was the Chief Negotiator's February 2025 request for USABC to provide draft Agreement language. In April, USABC submitted its recommendation paper including specific language proposed for inclusion in DEFA to the ASEAN Secretariat. Although final language is not yet public; **indications are that USABC suggestions have been incorporated** In 2025, USABC conducted two in-country workshops in Indonesia and Malaysia in partnership with each country's Negotiating Committee, namely the Coordinating Ministry of Economic Affairs (CMEA) in Indonesia on June 30 and the Ministry of Investment, Trade and Industry (MITI) in Malaysia on August 25. These workshops focused on key DEFA provisions, including cross-border data flows, electronic payments, data protection, non-discriminatory treatment of digital products, open digital markets, and cybersecurity. Note: this project will continue in 2026.

Trade and Tariff Working Group (TTWG)

USABC successfully got several TTWG member priority non-tariff barriers (NTBs) included in the final US-Malaysia Agreement on Reciprocal Tariffs (ART) as well as in the Administration's reciprocal tariff framework deals with the governments of Vietnam, Indonesia and the Philippines. For example, the US-Malaysia agreement includes elimination of the GOM's Universal Service Provision (USP) Fund regulation, a digital services tax, as well as easing of Halal food import certification regulations. Note: This project will continue in 2026, with no sponsorship costs.

Indonesia

Minister of Trade Regulation Revision on K3L Certification (now revised by Minister of Trade Regulation No. 33/2025)

USABC continues to closely monitor and engage with relevant stakeholders regarding the revision of Minister of Trade Regulation No. 21 of 2023, now officially updated as Minister of Trade Regulation No. 33 of 2025, concerning the *Determination of Business Activity and Product Standards in the Risk-Based Business Licensing System for the Trade and Legal Metrology Sectors*. The Council's advocacy focused on the annex document that details the list of products subject to mandatory Safety, Occupational Health, and Environmental (K3L) certification. USABC worked to ensure that the regulation's implementation aligns with

international best practices and maintains a transparent, predictable regulatory environment that facilitates trade and investment. In early October 2025, USABC submitted a formal recommendation letter to the Coordinating Ministry of Economic Affairs (CMEA) and the Ministry of Trade, emphasizing the need for consistent implementation guidelines to strengthen business certainty and facilitate trade compliance.

In the final version of the revised regulation (MoT Reg. No. 33/2025), **ICT products were successfully excluded from the annex list—a major advocacy success for USABC and its members.** These products were initially proposed by the Ministry of Trade for inclusion, which would have imposed additional certification requirements and extended licensing timelines, creating potential delays in market entry.

Minister of Industry Regulation Revision on Local Content Requirement (LCR) (now revised by Minister of Industry Regulation No. 35/2025)

Building on ongoing reform efforts connected with US-Indonesia trade negotiations, the Government of Indonesia issued MoI Regulation No. 35/2025 on the Certification of Local Content Value (LCR) and Company Contribution Value (BMP), replacing MoI Regulation No. 16/2011 and establishing a unified framework for LCR calculation across sectors. In August, USABC submitted detailed recommendations to the Ministry of Industry, the Ministry of Investment/BKPM, and the National Economic Council (DEN), urging the preservation of sector-specific LCR formulas to prevent disruption to existing certifications. In September, USABC and member companies joined a coordination meeting with CMEA and the P3DN Center, led by Deputy Assistant Ichsan Zulkarnaen, to discuss implementation challenges and advocate for proportional and transparent procedures.

The final regulation preserved sectoral regulations for key industries such as pharmaceuticals, medical devices, and handheld devices (e.g., phones, tablets), instead of applying an obligatory one-size-fits-all calculation method. This was a critical achievement, as it allows companies in strategic sectors to continue using existing, more suitable LCR formulas aligned with their business models and investment strategies in Indonesia. **The final regulation also included enhanced incentives, such as R&D-based bonus, flexibility for updates, and Company Contribution Value scoring based on broader contributions such as job creation, ESG, SME engagement, and domestic capital use – reflecting what USABC members and other industry players have advocated for years.**

Draft Presidential Regulations on National AI Roadmap and AI Ethics Guidelines

Indonesia's forthcoming Draft Presidential Regulation on Artificial Intelligence (AI) is expected to outline the national AI roadmap across ten priority sectors and introduce eight "quick-win" initiatives to accelerate adoption. It will also be accompanied by a Draft Presidential Regulation on AI Ethics Guidelines emphasizing nine principles centered on humanity, accountability, sustainability, and security.

USABC has been actively engaging with the Ministry of Communication and Digital Affairs (KOMDIGI) to ensure industry perspectives on interoperability, data governance, and

innovation are reflected in Indonesia's evolving AI framework. In July 2025, USABC organized the Strategic Engagement ICT Workshop with Vice Minister Nezar Patria and DG Edwin Hidayat Abdullah to discuss the future of AI governance. Following KOMDIGI's release of the draft National AI Roadmap and AI Ethics Guidelines in August 2025, USABC compiled and submitted member inputs emphasizing alignment with OECD and ASEAN AI principles and successfully requested a one-week extension for submissions. In September 2025, the Council also provided additional recommendations to the Coordinating Ministry for Economic Affairs (CMEA) to promote coherence across ministries. **In October 2025, KOMDIGI's Director of AI Governance, Ibu Aju Widya Sari, informed USABC that the enactment would be postponed to early 2026, reflecting the Council's advocacy for extended consultation and balanced implementation, and allowing time to address inter-ministerial alignment and industry concerns regarding overlapping reporting requirements and global standards.** The Presidential Regulation is expected to be finalized by mid-2026. USABC efforts continue.

Malaysia

Avoidance of Sugar Tax in Malaysia 2026 Budget

USABC's sustained advocacy efforts with the Malaysia Ministry of Health throughout 2025 played a pivotal role in ensuring that no new sugar-related taxes were introduced in Malaysia's 2026 Budget. By maintaining consistent engagement, providing recommendations, and reinforcing a member's commitment to responsible industry practices, we were able to help shape a more balanced policy outcome.

Participation as a member of the National Geo-Economic Command Centre (NGCC) Working Group

The Council was invited to participate as a member of Malaysia's National Geo-Economic Command Centre (NGCC), working closely with the Ministry of Investment, Trade and Industry (MITI) as Malaysia navigated heightened trade pressures, including issues related to USG tariff measures. Through targeted inputs and ongoing dialogue, **USABC conveyed the perspectives and commercial considerations of U.S. companies operating in Malaysia and within regional supply chains.** This engagement supported greater policy transparency and helped mitigate potential trade and supply-chain disruptions affecting member companies' operations and investment planning in Malaysia.

Whitepaper Supporting Malaysia's ASEAN Chairmanship

The Council successfully advanced a flagship Whitepaper developed in support of Malaysia's ASEAN Chairmanship, positioning private-sector perspectives as a constructive input into regional policy discussions. **The Whitepaper consolidated member views across key areas – including digital, healthcare and energy -- aligned with Malaysia's Priority Economic Deliverables and ASEAN's longer-term economic objectives and is being used now as a reference point in engagements with Malaysian ministries and regional stakeholders.** This initiative strengthened USABC's role as a trusted partner to the

Malaysian government, elevated member priorities within ASEAN-level conversations, and supported Malaysia's efforts to anchor its Chairmanship around practical, business relevant outcomes. Note: In 2026, there is an analogous effort in support of the Philippines ASEAN Chairmanship.

Philippines

Multi-year Tax Reform Advocacy Results in ~US\$16 Million Freed-up Cash Flow

The Council successfully secured key advocacy wins for its members through sustained, multi-year engagement with the Philippine government on tax policy. **Following the Council's submission of technical inputs and member consultations with the Department of Finance (DOF), the government adopted two critical reforms: (1) a reduction of the Creditable Withholding Tax (CWT) rate from 1% to 0.5% for wholesale distribution of motor vehicles, fuel, and pharmaceutical products; and (2) the inclusion of a specific list of documentary requirements for excess CWT refund applications under the Ease of Paying Taxes (EOPT) Law implementing rules.** These reforms, both reflected in the final administrative issuances, will unlock an estimated US\$16 million in cash flow improvements for USABC member companies – US\$8 million from CWT adjustments and US\$8 million from CWT excess refund streamlining – while supporting broader efforts to simplify tax compliance and improve the Philippines' investment competitiveness.

Last-Minute Pause on Data Localization Policy Achieved with Broad Coalition

Through the Council's leadership, access to information, and close coordination with a broader coalition, the Philippines Department of Information and Communications Technology (DICT) paused the issuance of its draft circular on data localization for government agencies. Within 24 hours of obtaining the draft in early November, the Council mobilized members, consolidated technical feedback, and submitted a formal position letter outlining the risks to cross-border data flows, cloud adoption, and digital transformation. **As a result, the DICT Secretary ordered a pause on the circular's release, preventing a restrictive policy from advancing to the Office of the President (OP).**

Building on this, the Council convened a closed-door session with the DICT Secretary on November 17, during which he agreed to all six of the Council's proposals and shared a revised data classification framework that was largely acceptable to industry. **The Council then submitted proposed language for a draft Executive Order (EO), many elements of which—including limiting the scope to government data and introducing key carve-outs—were reflected in the version presented during the November 19 public consultation.**

The draft EO endorsed by the DICT to the OP in December 2025 includes the Council's proposals. As of January 26, 2026, it was still undergoing review, pending receipt of any further feedback from relevant government agencies. The Council continues to closely

monitor developments at the OP to help preserve policy space for cross-border data flows and cloud-enabled digital transformation.

Council Advocacy Leads to Suspension of Mandatory Trustmark Registration

The Council successfully secured a policy hold on the mandatory registration of the national e-commerce Trustmark through direct engagement with the Department of Trade and Industry (DTI) E-Commerce Bureau. Following member concerns raised during consultations, the DTI initially agreed to make Trustmark registration voluntary, providing businesses with additional time to align internal systems with the new framework.

Building on continued engagement, the DTI announced in December 2026 an extension of voluntary Trustmark registration until December 31, 2026. The Bureau also committed to reassessing the Trustmark guidelines before the end of the voluntary period to determine whether mandatory registration remains necessary. This outcome preserves regulatory flexibility for online platforms and digital service providers while maintaining consumer protection objectives and supporting a balanced, innovation-driven e-commerce ecosystem.

Singapore

Inaugural Cross-Border Special Project to the Johor-Singapore Special Economic Zone

The US-ASEAN Business Council (USABC) organized its inaugural "2025 USABC Johor-Singapore Special Economic Zone: Deep Dive into Opportunities Across the Causeway" program, working in partnership with United Overseas Bank (UOB). Led by Chief Country Representative for Malaysia Tina Jamaluddin and Senior Manager Christine Wan, this initiative brought together US companies to explore the JS-SEZ, ASEAN's first cross-national Special Economic Zone launched in January 2025 by Malaysia and Singapore. As the only cross-national SEZ in ASEAN, the JS-SEZ offers a unique package of benefits, including tax and duty exemptions, streamlined customs processes, and mobility incentives for businesses and talent. Hence, private sector is interested to have more discussions on how the novel JS-SEZ benefits can be operationalized.

The two-day program facilitated several meetings with government officials and business leaders on both sides of the Causeway, including Singapore's Economic Development Board, Ministry of Trade and Industry, and Enterprise Singapore, Malaysia Investment Development Authority, Malaysia's Ministry of Investment, Trade & Industry, Senai Airport City, Invest Malaysia Facilitation Centre - Johor (IMFC-J) and Johor State Government representatives. Delegates also visited UPS Logistics Centre and Foz One in Senai Airport City to learn first-hand about business operations in the JS-SEZ. **This program was significant in marking the first cross-border special project at USABC, as well as pioneering a model of working collaboratively with ASEAN-based MNCs.**

Thailand

Postponement of the Platform Economy Act (PEA)

The implementation timeline for the Platform Economy Act (PEA) -- which would unnecessarily burden USABC digital member companies -- has been extended by an additional 5–6 years following the Law Reform Commission's 2025 decision to pause the draft, in part based on USABC advocacy efforts. This pause provides long-term regulatory certainty and a strategic window to refine the framework, ensuring that future enforcement is harmonized with existing laws rather than imposing a sudden, overlapping compliance burden.

We have continued to underscore this pause during our meetings throughout the Thailand Business Mission, noting the need for ongoing review. We will keep monitoring developments closely and provide updates as the process progresses. This window is essential for ensuring that future digital governance remains conducive to innovation, particularly as we look toward the February 8 general election to assess how the new administration's policy priorities may reshape the Act's final direction.

Amendment of the Emergency Royal Decree on Cybercrime

A significant outcome of USABC advocacy was the incorporation of a safe harbor clause in the revised “co-liability” provision of the 2023 Royal Decree on Cybercrime. **Following the Council's engagement with the Ministry of Digital Economy and Society, the amended decree now includes a safe harbor clause under the co-liability provision, protecting business operators that comply with prescribed cybercrime prevention measures and standards**, beneficial for USABC member companies.

Excise tax structure for cigarettes

USABC has helped build the necessary consensus to transition away from the distortive two-tier system of cigarette taxes toward a more stable and transparent fiscal framework. **This shift to a single-rate model, recently prioritized by the Ministry of Finance, reflects a successful collaborative effort to eliminate market inefficiencies and establish a more predictable operating environment for the industry.**

Vietnam

Digital Economy Regulations

Vietnam's digital economy is evolving at unprecedented speed, becoming one of the country's strongest growth engines. In just a short period, Vietnam has moved onto a fast-track regulatory path, simultaneously developing multiple major laws that will shape the future of digital transformation, artificial intelligence, e-commerce, and cross-border digital services. Given the scale and pace of these reforms, USABC -- together with our technology

and digital economy companies -- is closely monitoring several provisions in the current drafts that could significantly affect Vietnam's digital economy trajectory and overall investment attractiveness.

Listed below are the key advocacy wins that USABC achieved in Vietnam in 2025 across the AI Law, Digital Transformation Law, and E-Commerce Law and Law on Product and Goods Quality & Implementing Decrees.

Ministry of Science and Technology - Draft Law on Digital Transformation

In just under one month (Oct 2 – Oct 22), USABC mobilized to shape the Draft Law on Digital Transformation—one of Vietnam's most significant digital economy laws. **Through intensive engagement with MOST and the National Assembly, USABC secured strong receptiveness from the drafting team, with Vice Minister Vũ Hải Quân personally acknowledging the Council's recommendations. Many of these were incorporated into the latest draft, marking a major advocacy win and reaffirming USABC as the most trusted foreign business voice in Vietnam's digital policy development.**

Ministry of Science and Technology - Draft Law on Artificial Intelligence

The Draft Law on Artificial Intelligence, developed by MOST, establishes Vietnam's first comprehensive framework for AI development and governance. **Through focused and sustained engagement with the drafting team, USABC secured a major advocacy win: the latest draft reflects key industry priorities, including proportional risk-based obligations, recognition of cross-border data and certifications, and voluntary conformity pathways that encourage innovation.** MOST was notably receptive to USABC's input, making this one of the Council's strongest policy collaborations in 2025.

Ministry of Industry and Trade - Draft Law E-Commerce

The Draft Law on E-Commerce, developed by MOIT, seeks to modernize Vietnam's regulatory framework for online trade, platform responsibilities, and cross-border digital services. USABC worked closely with MOIT and the National Assembly throughout 2025 to ensure global best practices were reflected in the drafting process. **Following USABC's position paper on September 19, several key recommendations—such as differentiated platform obligations, removal of mandatory local entity requirements, and more practical livestream rules—were incorporated into subsequent revisions.**

Ministry of Science and Technology - Law on Product and Goods Quality & Implementing Decrees

Vietnam's updated Law on Product and Goods Quality and its guiding decrees introduce an important regulatory shift by reducing several costly ex ante (tiền kiểm) control measures and expanding the use of ex post supervision (hậu kiểm). While ex ante requirements were not entirely removed, the revised approach significantly lowers compliance burdens and administrative delays for businesses.

USABC consistently advocated for minimizing onerous ex ante requirements and promoting a more efficient, risk-based ex post model. The drafting team accepted many of these recommendations, resulting in fewer pre-market controls and a more

streamlined product quality management framework. This is a meaningful advocacy win that reduces compliance costs for members and supports a more predictable, business-friendly regulatory environment.

Member-Specific Support in Vietnam

In 2025, USABC supported members in resolving urgent regulatory issues—including flight permit renewals and partnership agreement extensions—while facilitating timely engagement with key ministries and authorities to ensure uninterrupted business operations.

Supporting License for Aerospace Company

When a member's flight permit expired unexpectedly, USABC promptly assisted the company in coordinating with the Civil Aviation Authority of Vietnam (CAAV) to expedite the renewal process. **Outcome: The permit was reissued without interruption to operations, ensuring continuity of the company's flight activities and demonstrating USABC's effective support in resolving urgent regulatory issues.**

Supporting A Member Extend Partnership Agreement With Quatest 3

A USABC member requested USABC's support to extend its partnership agreement with Quatest 3 (Government testing and certification center) beyond the original deadline of April 30, 2025, as the company needed additional time to complete its relocation to a new facility.

Outcome: USABC successfully engaged the relevant authorities, enabling the extension to be granted, ensuring the company faced no disruption in certification and testing activities. By August 2025, the company completed its relocation smoothly, marking a clear example of USABC's effective, timely intervention on behalf of members.

Security & Customs Screening Reform

USABC supported a logistics member in pushing to end the unnecessary double screening of cargo by raising the issue directly during the Board of Directors meeting with the Prime Minister in July 2025. The member proposed that security and customs share the same screening results to reduce costs and streamline operations. **Following USABC's advocacy and coordination with the relevant authorities, the Ministry of Finance agreed to the proposal, leading Customs and Airport Security to sign a cooperation agreement. Effective November 1, 2025, cargo is now screened only once.**

Other ASEAN-Wide & Country Level Advocacy Initiatives

ASEAN-Wide

- AI Workshop Series
- Cybersecurity Workshop Series
- Digital Trade Standards in ASEAN

- Extended Producer Responsibility (EPR) Workshop Series
- ASEAN Taxonomy Version 3 for Sustainable Finance
- Draft ASEAN Guide on Anti-Scam Policies and Best Practices
- American AI Exports Program

Indonesia

- Minister of Trade Regulation No.16-24/2025 on Import Policy and Regulation
- Monitoring the draft Bill on Cybersecurity and Resilience (RUU KKS)
- Government Regulation on the Governance of Electronic System Implementation in Child Protection (PP Tunas) and the Implementing Regulation
- Monitor the upcoming revision of Government Regulation No. 71/2019 on the Implementation of Electronic Systems and Transactions.
- Government Regulation Number 28 of 2025 concerning the Implementation of Risk-Based Business Licensing
- “Bisnis AS Untuk Indonesia” (US business for Indonesia) report

Malaysia

- Advocacy on the Operational Risk Reporting (ORR) Policy Document
- Bank Negara Malaysia Discussion Paper on AI in Financial Services
- Public Consultation Papers 1/2025, 2/2025, 3/2025, and 4/2025 on Data Protection Guidelines under the Personal Data Protection Act 2010
- Malaysia Competition Commission (MyCC) Market Review of the Digital Economy Ecosystem
- MCMC Regulatory Framework for Unsolicited Commercial Messages
- AI Action Plan 2030

Philippines

- Engagement with the Philippine Government on its upcoming ASEAN Chairship
- Implementing Rules and Regulations of the Open Access to Data Transmission Act
- Review of the Department of Agriculture (DA) Circular No. 9, Series of 2025, or the Guidelines on the Registration of Open Pollinated Crop Varieties with Developed Resistance through Natural Cross-Pollination with Genetically Modified Varieties and Subsequent Selection
- Review of the Presidential Decree No. 194, or the Decree authorizing aliens to engage in the rice and corn industry
- Draft Proposed Bill on Circular Economy
- Draft Joint Administrative Order of the Department of Finance and Department of Environment and Natural Resources on the Implementation of Fiscal Incentives under the Extended Producer Responsibility (EPR) Act

- Department of Labor and Employment (DOLE) Department Order No. 248, Series of 2025, or the New Rules and Regulations on the Employment of Foreign Nationals, and its Implementation for the Local Understudy Program Requirements
- Joint Administrative Order No. 23, Series of 2024, or the Guidelines Implementing a Digital and Integrated System for the Pre-Border Technical Verification and Cross-Border Electronic Invoicing of All Import Commodities, and its Implementation
- Bureau of Customs (BOC) Customs Administrative Order No. 1, Series of 2022, or the Guidelines on Customs Bonded Warehouse
- Implementing Rules and Regulations of the Self-Reliant Defense Posture (SRDP) Revitalization Act
- New Government Procurement Reform Act (NGPA) and its Implementation
- Engagement and cooperation with the Food and Drug Administration to address industry concerns

Singapore

- CSA Securing Agentic AI – An Addendum to the Guidelines and Companion Guide on Securing Artificial Intelligence (AI) Systems
- IMDA Draft Digital Infrastructure Act
- MAS Guidelines for AI Risk Management
- Implementation of the Cybersecurity Act amendments

Thailand

- Draft Principles of the AI Act
- Emergency Royal Decree on Cybercrime
- Trade Competition Commission of Thailand (TCCT) Guidelines for the Consideration of Unfair Trade Practices and Actions Constituting Monopolization, Reduction, or Restriction of Competition in E-Commerce Digital Platform Assessment
- Inclusion of Finished Latex Condoms in Annex III
- VAT policy for low value imported e-commerce shipment
- HS code categorization for liquid nutritional products
- Preventive healthcare, including adult vaccination and the prevention of vector-borne diseases

Vietnam

- MOF Draft Law on Special Consumption Tax
- MCST Draft Amendments to Law on Advertising
- MPS Draft Decrees implementing Data Law
- MPS Draft Law on Personal Data Protection
- MOIT Draft Decree on Strategic Trade Control (Decree issued on Oct 10 2025)
- MOHA Draft Decree on Work Permit (Decree issued on August 7)
- MOST Draft Law on Digital Transformation
- MOST Draft Law on AI
- MOST Draft Law on Intellectual Property
- MOH Draft Decree Providing Detailed Regulations on Certain Articles and Measures for Implementation of the Law on Pharmacy
- MOIT Draft Decree guiding the Law on Chemicals

To enquire about any of these advocacies in further detail, please reach out to our relevant country and industry teams.