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UK and Malaysia Digital Trade Agreement: launch of negotiations

Dear Liam,

I am writing to inform you and your Committee that I will be making a Written Ministerial Statement to Parliament today announcing the Government's plan to launch negotiations with Malaysia on a Digital Trade Agreement (DTA).

DTAs can provide the benefits of digital trade chapters in Free Trade Agreements while remaining agile, flexible and fast to agree and implement.

Today's announcement marks the next step in making the UK a global hub for services and digital trade. Digital trade can open new markets for businesses by reducing the costs of delivering goods and services, supporting jobs and productivity.

The UK is a world leader in digital trade and has a growing trading relationship with Malaysia, worth £6.4 billion in 2025.^{1 2} In 2023, the UK exported £730 million digitally delivered services to Malaysia.³ The OECD estimates that in 2022, exports to Malaysia supported 31,100 UK jobs.⁴

The UK is a major global market for digital and digitally enabled services. Across the UK, an estimated 2.93 million employees were working in the Digital Economy in 2024.⁵

Malaysia is becoming a leading digital hub in southeast Asia. It's investing heavily in data centres and cloud computing and building a stronger digital eco-system.

¹ <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/uktotaltradeallcountriesseasonallyadjusted> ONS UK total trade: all countries Q4 2025

² <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/uktotaltradeallcountriesseasonallyadjusted> ONS UK total trade: all countries Q4 2025

³ [ONS Imports and exports of services by modes of supply UK 2023](#). "Digitally delivered services" refers to exports that cross the border remotely via mode 1: neither the supplier nor the consumer physically moves. Calculations based on ONS, [Imports and exports of services by country, by modes of supply, UK](#), December 2025

⁴ [OECD Data Explorer • Trade in employment \(TiM\) 2025 edition](#).

⁵ The Digital Economy is defined as "all economic activity derived from the production of Digital content, ICT goods, or ICT services." <https://www.gov.uk/government/publications/defining-and-measuring-the-uk-digital-economy/defining-and-measuring-the-uk-digital-economy-phase-2-executive-summary> DSIT Defining and measuring the UK digital economy Phase 2: Executive summary - GOV.UK, July 2025

Its rapidly expanding digital economy makes Malaysia an ambitious, likeminded partner, with opportunity to support UK growth.⁶

The DTA aims to make digital trade with Malaysia easier, cheaper and more secure through cross-border data flows. Other potential benefits include reducing paperwork and border friction through digital systems, and guaranteeing strong protections for personal data, intellectual property, online consumers and cybersecurity.

The deal could strengthen international digital and tech cooperation by supporting responsible innovation in areas like AI and data. It could also create new partnerships that boost efficient supply chains, infrastructure and global competitiveness.

The UK and Malaysia already trade under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which lowers tariffs and sets common rules. A dedicated DTA would build on this, cutting red tape through stronger provisions on electronic authentication, trust services and paperless trading. This would reduce costs and delays for UK exporters and unlock more of the UK-Malaysia trading potential.

The UK has a strong record on digital trade agreements and was the first nation outside of Southeast Asia to negotiate one. We are currently party to two, with Ukraine and Singapore. Striking a series of advanced agreements will help us shape modern rules for the global digital economy.

A DTA with Malaysia supports the Government's industrial strategy by supporting innovation-led growth in priority sectors such as AI, digital technologies, advanced manufacturing, and cybersecurity.

We are committed to providing as much transparency as possible throughout these negotiations, whilst also ensuring we protect our negotiating positions. I want to reiterate my Department's longstanding commitment for my officials to brief the Committee privately, if you would find that helpful. My office is ready to assist should you wish to take up the offer.

Yours sincerely,

A handwritten signature in black ink, reading "Chris Bryant". The signature is fluid and cursive, with a large loop at the start of the first name.

SIR CHRIS BRYANT MP
Minister of State for Trade
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⁶ Malaysia's digital economy has grown from 16.5% of GDP in 2010 to 23.4% in 2024 - Calculations based on [Department of Statistics Malaysia](#), October 2025; and [Bank of England](#) database.