



Department for
Business, Innovation,
Science and Trade

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The Lord Johnson of Lainston CBE
Chair, International Agreements Committee
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2 October 2026

Update following round 2 of negotiations on a Digital Trade Agreement with Malaysia

Dear Dominic,

I am writing to update you and your Committee on the second round of negotiations for a UK-Malaysia Digital Trade Agreement (DTA), which took place in Kuala Lumpur from 21 to 25 September 2026.

Malaysia is an important and growing trading partner for the UK. Bilateral trade between the UK and Malaysia was worth £6.4 billion in 2025,¹ while UK exports of digitally delivered services to Malaysia reached £730 million in 2023.² The OECD estimates that UK exports to Malaysia supported 31,100 jobs in 2022.³

The DTA has the potential to build on existing commitments under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. This could include stronger digital trade provisions on electronic authentication, trust services and paperless trading, helping to reduce costs and administrative burdens for businesses trading between the UK and Malaysia.

UK and Malaysian officials held constructive discussions with positive progress made in several chapters, including trade digitalisation, digital infrastructure, customs and innovation:

Trade Digitalisation

Aims to make trade processes more efficient by supporting the use of electronic documents, electronic transactions and paperless trade, helping businesses complete commercial processes more quickly and at lower cost.

¹ [UK total trade: all countries, seasonally adjusted - Office for National Statistics](#)

² [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

³ [OECD Data Explorer • Trade in employment \(TiM\) 2025 edition](#).

Digital Infrastructure

Considers the digital connectivity and telecommunications services that underpin modern economies, supporting reliable networks and the infrastructure needed for businesses and consumers to participate in digital trade.

Customs

Focuses on facilitating efficient customs procedures and greater use of digital systems at the border, helping reduce administrative burdens and delays for traders.

Innovation

Explores opportunities for cooperation on digital innovation and emerging technologies, with the aim of supporting economic growth, enabling new business models and fostering a favourable environment for digital trade.

The round reflected the shared ambition of both countries to deliver a modern, future-facing and commercially meaningful agreement that supports businesses trading digitally between the UK and Malaysia.

Alongside negotiations, the UK's Chief Negotiator met with UK businesses in Kuala Lumpur to improve our understanding of the opportunities and barriers companies face when trading and investing digitally. These discussions will help ensure the agreement remains evidence-based and delivers practical outcomes for businesses.

Next steps

The third round of negotiations is expected to take place in the UK later this year.

We remain committed to providing as much transparency as possible throughout these negotiations whilst protecting the UK's negotiating position. I would like to reiterate my Department's longstanding offer for officials to brief the Committee privately should that be helpful. My office stands ready to assist should you wish to take up this offer.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Anwar', with a stylized flourish at the end.

LORD SARWAR

Minister of State for Trade

Department for Business, Innovation, Science & Trade