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Malaysia's International Trade in Services: Unleash the cross border trade in digital services

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Abstract:

The COVID-19 pandemic has transformed the way of businesses by adapting the technologies to face the challenges and enhance competitiveness through digital economy. During the movement restrictions, businesses across the world benefited from digital trade which allows access to new markets. Recently, Malaysia has officially launched the MyDIGITAL initiative, a part of the government's plans to transform Malaysia into a digitally-driven, high income nation and a regional leader in digital economy by 2030. Therefore, the government endorsed more sectors to magnify the nature of businesses to the online space for its survival locally and globally. Moreover, the rising demand for online shopping have created employment opportunities for vulnerable households by participating in entrepreneurial activities. Contribution of entrepreneurial households which is captured under informal economy, still relatively lower than the formal sectors to Malaysia's digital trade. The rapidly growing digital trade whether formal or informal is challenging to be identify, as the transactions involved across services. These transactions are delivered through an electronic format such as digital downloads or web streaming products, information processing and communication and delivered remotely over ICT. Among the Services component that integrate with digital technologies are Telecommunication, computer and information, Charges for the Intellectual property, Insurance and pensions, Personal, cultural and recreational; Financial and Other business services. Thus, this paper aims to identify and distinguish digitally-enabled cross border trade in services of Malaysia. In regards, the OECD in collaboration with IMF and WTO also actively studying on measure the digital trade and has developed a handbook on this. This handbook is being as an early mechanism to bring together and share existing efforts on measuring digital trade that could be used to identify and develop best practices among the countries. As such, this paper will also assists to enhance the International Trade in Services (ITS) survey in Malaysia which gathers the cross borders services transaction and to identify the ways of measuring the informal services that are rendered digitally.

Keywords:

Trade in Services; Digital economy; Informal economy

1. Introduction:

The COVID-19 pandemic has transformed the way of businesses by adapting the technologies to face the challenges and enhance competitiveness through digital economy. During the movement restrictions, businesses across the world benefited from digital trade which allows access to new markets. Recently, Malaysia has officially launched the MyDIGITAL initiative, a part of the government's plans to transform Malaysia into a digitally-driven, high income nation and a regional leader in digital economy by 2030. Therefore, the government endorsed more sectors to magnify the nature of businesses to the online space for its survival locally and globally. Moreover, the rising demand for online shopping have created employment opportunities for vulnerable households by participating in entrepreneurial activities.

2. Methodology:

Based on Malaysia's International Trade in Services Survey (ITS), among the Services component that integrate with digital technologies are Telecommunication, computer and information, Charges for the Intellectual property, Insurance and pensions, Personal, cultural and recreational; Financial and Other business services.

3. Result:

Contribution of entrepreneurial households which is captured under informal economy, still relatively lower than the formal sectors to Malaysia's digital trade. The rapidly growing digital trade whether formal or informal is challenging to be identify, as the transactions involved across services. These transactions are delivered through an electronic format such as digital downloads or web streaming products, information processing and communication and delivered remotely over ICT.

4. Discussion and Conclusion:

Thus, this paper aims to identify and distinguish digitally-enabled cross border trade in services of Malaysia. In regards, the OECD in collaboration with IMF and WTO also actively studying on measure the digital trade and has developed a handbook on this. This handbook is being as an early mechanism to bring together and share existing efforts on measuring digital trade that could be used to identify and develop best practices among the countries. As such, this paper will also assists to enhance the International Trade in Services (ITS) survey in Malaysia which gathers the cross borders services transaction and to identify the ways of measuring the informal services that are rendered digitally.

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