



## Unlocking e-Commerce Potentials in ASEAN

On 8 August 2018, in conjunction with the 51<sup>st</sup> anniversary of ASEAN establishment, MITI will be organising a Business Forum with the theme “Unlocking e-Commerce Potentials in ASEAN”.

2. The aim of the Business Forum is to promote greater awareness of e-Commerce marketplaces and to inspire Malaysian businesses to explore business opportunities in ASEAN via experience sharing of successful entrepreneurs.

3. E-Commerce offers enormous opportunities for business-to-business (B2B) and business-to-consumers (B2C). Based on a study conducted by Google and Temasek, e-Commerce trade in ASEAN will reach USD200 billion by the year 2025, driven first-hand by the growth of e-Commerce market, followed by online media and online travel.

4. In ASEAN, e-Commerce has become increasingly important. Collectively, with 641 million people, a USD2.77 trillion GDP and per capita income of USD4,305, the region is a huge market for e-Commerce. There are now close to 400 million mobile subscriptions, over 370 million people connected to the internet and over 150 million smart phones users.

5. The numbers are very encouraging and are expected to increase significantly in the next few years. Factors that provide a strong foundation for the growth of e-Commerce in ASEAN include robust yearly economic growth of over 5%, growing middle class consumers and ASEAN has a young population, between 60% and 70% are below the age of 40.

6. e-Commerce is still very much at a development stage in ASEAN. Micro, small and medium size enterprises (MSMEs) which account for over 90% of the business establishments in the region, mostly conduct their business in the traditional way. Recognising the potentials and the need for MSMEs to use the strategic advantage of digitalisation, ASEAN governments are already taking steps to facilitate the growth of e-Commerce within the region.

7. The Governments have outlined a series of measures under the ASEAN Economic Community (AEC) 2025 Blueprint to promote and facilitate the development of e-Commerce. These include harmonizing consumer rights and protection laws, having a legal framework for online dispute resolution based on available international standards, developing regional data protection and privacy principles and establishing suitable mechanisms for authentication of electronic signatures and trade documents based on internationally recognised practices.

8. The harmonisation of e-Commerce frameworks across 10 countries is expected to take time. One of the immediate initiatives undertaken is to establish an ASEAN Agreement on e-Commerce. Negotiations for the ASEAN Agreement on e-Commerce commenced in 2016 and are nearing completion. The Agreement is expected to be signed at the side lines of the ASEAN Summit in Singapore in November 2018. The main objective of the Agreement is to smoothen cross border e-Commerce transactions by reducing barriers and lowering entry costs.

9. The ASEAN e-Commerce Agreement will streamline some of the current regulations to create an environment of trust and confidence in the use of e-Commerce in the region and to promote inclusive growth and narrow development gaps among the 10 ASEAN countries. Issues



such as transparency, electronics payments, logistics, cybersecurity and resolution of disputes, are among those addressed in this Agreement.

10. A chapter on e-Commerce is also being negotiated under the Regional Comprehensive Economic Partnership Agreement (RCEP). RCEP is a proposed free trade agreement (FTA) between 10 ASEAN nations and the six countries with which ASEAN has free trade agreements (Australia, China, India, Japan, South Korea and New Zealand). The 16 countries in RCEP which accounts for 50% of the world's population offer additional opportunities in e-Commerce.

11. For Malaysia, the digital economy currently contributes 18.2% to Malaysia's GDP, with the potential to rise to 20% of GDP by 2020. The Malaysian government through MITI, SME Corp., Malaysia Digital Economy Corporation (MDEC) and other government agencies as well as the private sector are stepping up efforts to get Malaysian companies, especially the MSMEs to move towards adopting digitalisation. Advances in information technology have become the significant enabler for companies to tap on new ways of doing business.

12. The National e-Commerce Council (NeCC) headed jointly by MITI and MDEC will continue to chart the growth and development of e-Commerce in the country. The Council acts as the platform to guide the governance and implementation of the National e-Commerce Strategic Roadmap (NeSR) involving 26 key Ministries and agencies in six thrust areas, namely:

- i. accelerate SMEs adoption of e-Commerce;
- ii. increase adoption of e-Procurement by businesses;
- iii. lift non-tariff barriers;
- iv. realign existing economic incentives;
- v. ensure strategic investments in key sub-sectors; and
- vi. promote national brands to boost cross-border e-Commerce.

13. As the chairman of the Council, it is my responsibility to work towards sustaining and improving the competitiveness of the eCommerce eco-system by fostering close engagement between the Government and the industry players, including SMEs.

14. It is hoped that the Business Forum on 8 August 2018 will inspire Malaysian business communities and entrepreneurs to move towards digitalisation and embrace IT in doing business.

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