

# 2023 Incheon Law & Business Forum

Law Track 2: Digital Trade Agreements

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# Digital Trade Agreements: Malaysia's Journey

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# Malaysia

A nation with steady digital growth

Total  
Population



**33.4**  
million

2023

Mobile Phone  
Users



**99.1%**

2022

Internet  
Users



**97.4%**

2022

Social  
Media Users



**99.2%**

2022

# MDEC IS THE ONE-STOP AGENCY DRIVING MALAYSIA'S DIGITAL ECONOMY

Since 1996

Malaysia Digital Economy Corporation (MDEC) is the agency under the **Ministry of Communications and Digital** leading the digital transformation of the economy for 27 years.

MDEC will continue to lead Malaysia towards becoming a globally competitive digital nation through the development and execution of the **Malaysia Digital** initiative, which aims to create substantial digital economic spill-over through equitable access to digital tools, knowledge, and income opportunities.

**OUR  
VISION**

For Malaysia to be the preferred hub for world class digital businesses and talents

**OUR  
MISSION**

Drive the digital economy through catalytic high-impact initiatives, strategic and sustainable investments, and inclusive policies

**Delivered  
via MD –  
Our Strategies**

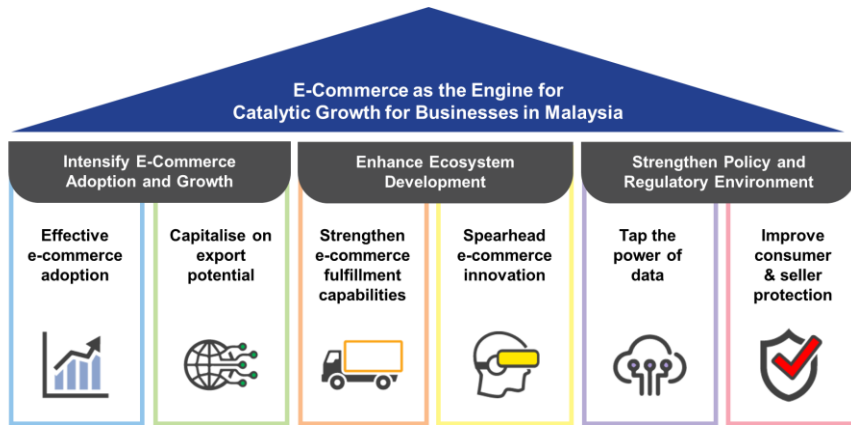
- Drive high-value digital investments
- Provide a launchpad for tech companies into ASEAN & beyond
- Drive digital adoption to grow local businesses
- Create a digitally-savvy society
- Facilitate a business-friendly and sustainable digital economy ecosystem
- Build a high-performing and efficient organisation

# E-Commerce in Malaysia

## National E-Commerce Strategic Roadmap 2021-2025

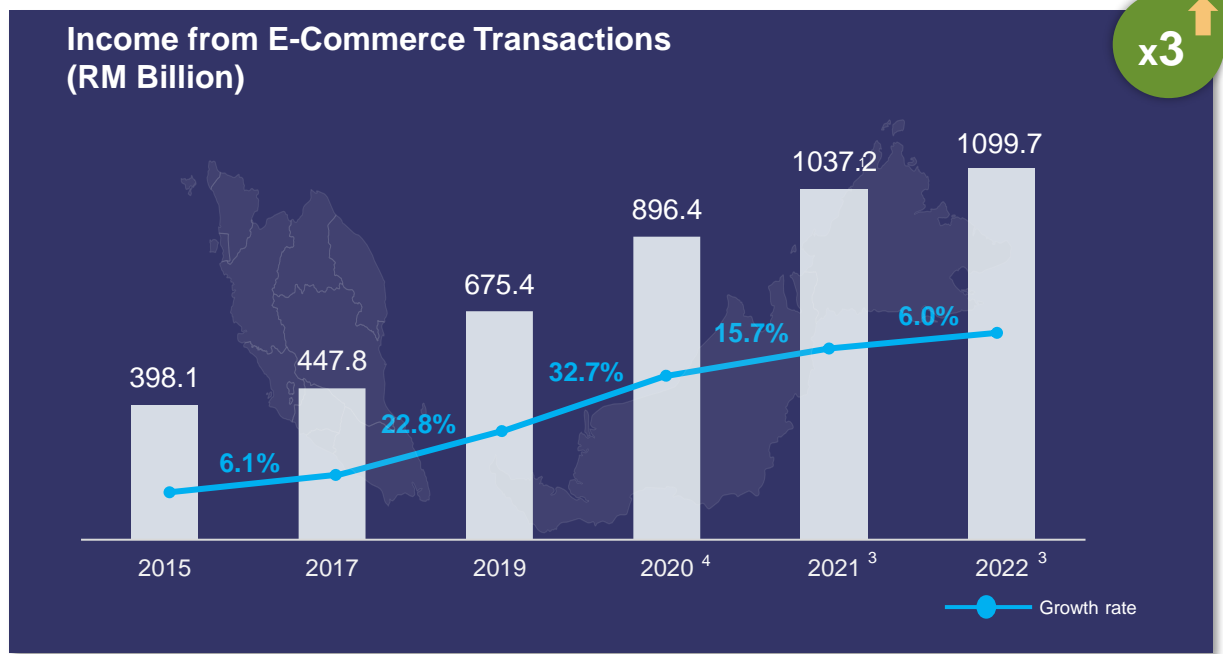
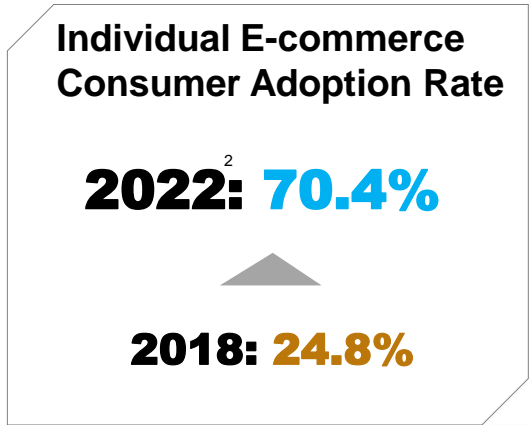
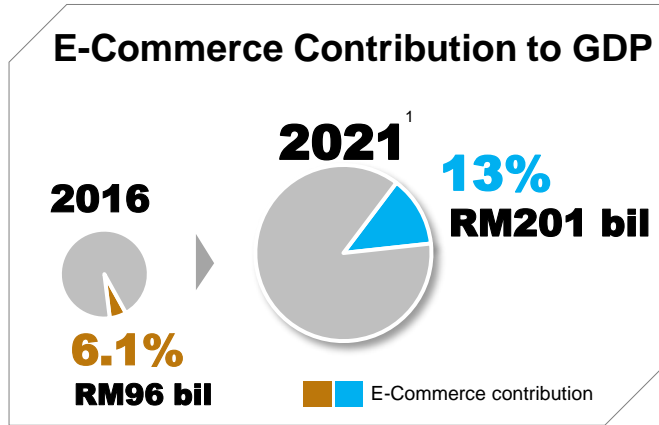
Driven as **whole-of-nation collaborative approach** between public and private sectors to enhance and accelerate growth of Malaysia's e-commerce ecosystem

GUIDING VISION  
PRINCIPLES  
STRATEGIC THRUSTS



**28** KPIs under **16** Programmes led by **15** Ministries & Agencies  
 MITI • KKD • EPU • KPND • KUSKOP • MOSTI • MOT • DOSM

**MDEC**™ NESR Project Management Office



Source:  
 1 - Information and Communication Technology Satellite Account 2021 and 2016, 2020 by DOSM  
 2 - ICT Use and Access by Individuals and Households Survey Report 2022 by DOSM  
 3 - Usage of ICT and E-Commerce by Establishment (ICTEC) 2022 by DOSM  
 4 - Quarterly Services Survey (QSS) 2020 by DOSM

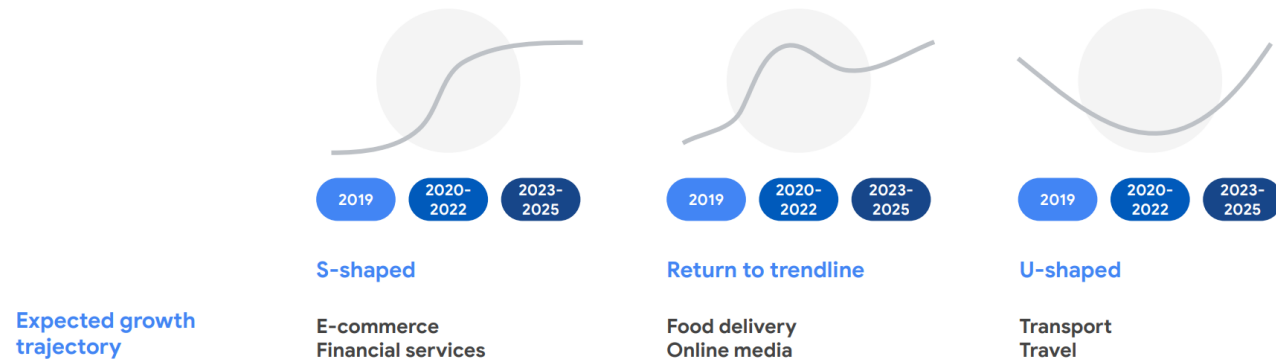
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**“After years of acceleration, digital adoption growth is normalising”**

**“E-commerce is nearing full adoption among digital users in urban SEA”**

As SEA’s digital sectors leave the pandemic behind, they are following one of three growth trajectories



According to WTO and WEF, since 2010, regional trade agreements (RTAs) have increasingly integrated e-commerce and digital trade provisions

Source: [The Promise of TradeTech: Policy Approaches To Harness Trade Digitalization](#) (2022)

# Malaysia: Existing Agreements with E-Commerce Chapter/Provisions

## FREE TRADE AGREEMENTS

- **ASEAN-Australia-New Zealand FTA**  
(signed 2009, entered into force 2010)
- **Comprehensive and Progressive Agreement for Trans-Pacific Partnership**  
(signed 2018, entered into force 2022)
- **Regional Comprehensive Economic Partnership**  
(signed 2020, entered into force 2022)
- **ASEAN-Australia-New Zealand FTA Upgrade**  
(signed by AU,BN,ID,MY,NZ,SG on 21 Aug 2023)

## STAND-ALONE AGREEMENT

### ASEAN Agreement on Electronic Commerce

(signed 2019, entered into force 2021)

## Key Objectives

- Promote wider use of e-commerce
- Contribute to creating an environment of trust and confidence
- Enhance cooperation
- Avoid unnecessary barriers





# ASEAN: Digital Economy Framework Agreement (DEFA)

- Study on ASEAN Digital Economy Framework Agreement (DEFA) has been completed
- DEFA negotiation has been officially launched at the 23<sup>rd</sup> ASEAN Economic Community Council meeting, and officially acknowledged by the ASEAN Leaders at the 23<sup>rd</sup> ASEAN Summit at Jakarta on 5 September 2023

# Digital-Only Trade Agreements

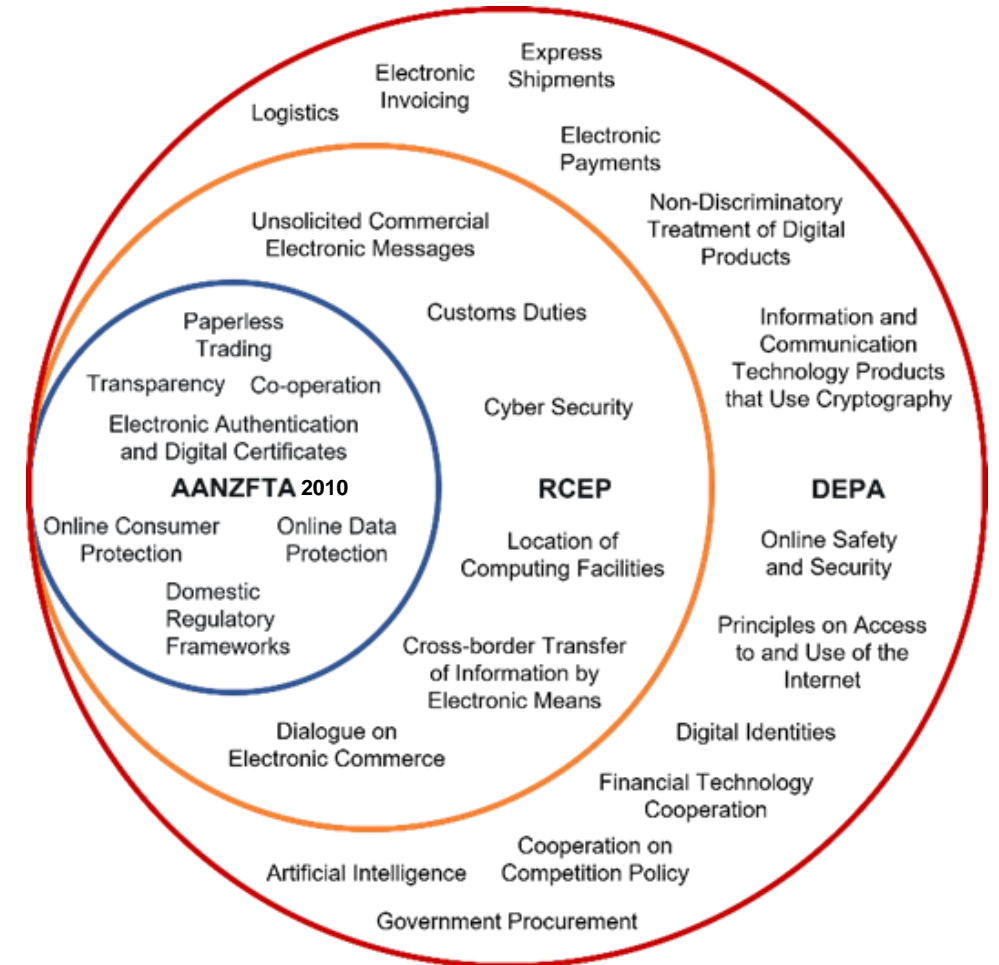
In recent years, some countries have entered into digital-only trade agreements addressing a wide range of digital trade issues

Examples:

- Digital Economy Partnership Agreement (2020): Chile, New Zealand, Singapore
- Australia-Singapore Digital Economy Agreement (2020)
- UK-Singapore Digital Economy Agreement (2022)
- Korea-Singapore Digital Partnership Agreement (2022)

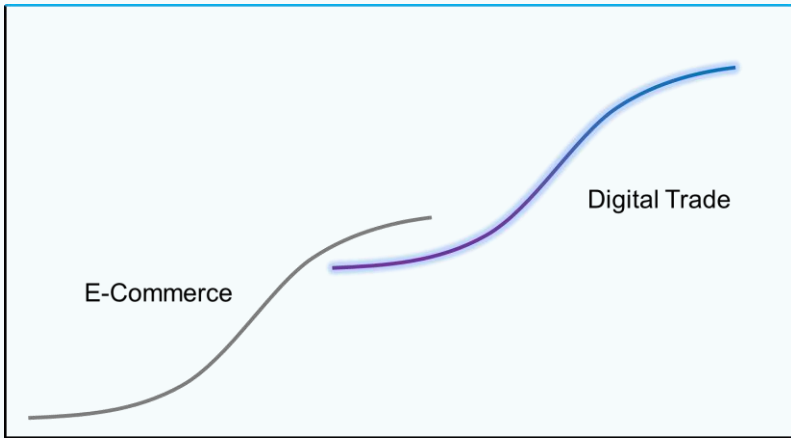
# DTA vs FTA

- DTA seeks to address a range of disciplines relating to the digital economy which includes:
  - Conventional provisions in e-commerce chapter of existing FTAs, including commitment on UNCITRAL Model Law on Ecommerce (1996) and UN Convention on Electronic Communications in International Contracts (2005)
  - Newer issues related to the digital economy which were not previously addressed in existing FTAs
- Generally, DTA and FTA tend to vary in terms of specificity, depth and breadth
- FTAs often take longer time to conclude, as they are dependent on conclusion of other chapters. Concluding a stand-alone DTA may be faster, as there is no dependency on other chapters



# Fueling Growth through Digital Trade

According to OECD, there is growing consensus that Digital Trade encompasses digitally-enabled transactions of trade in goods and services that can either be digitally or physically delivered, involving consumers, firms, and governments



Focus will be on driving **Interoperability**, greater **harmonization of standards** and **regulatory approaches** as well as **facilitating trade within and across border**

**Balanced against:**  
Personal Data Protection  
Consumer Protection  
IP Protection  
Cybersecurity threat  
Competition, etc

Underpinning Digital Trade is the **Seamless & End-to-End Movement of Data** to enhance Efficiency, Accuracy and Reliability of transactions across sectors and industries

# The Road Ahead

Recognising the cross-border nature of Digital Trade and the substantial uptake of Digital Trade disciplines in existing FTAs, there are vast opportunities for greater regional and international cooperation to work towards leveraging on DTAs to further:

- Enable and facilitate digital trade – trust & confidence
- Reduce barriers to digital trade
- Tap the power of data for new value creation
- Promote diversity and inclusivity - strengthen the resilience of MSMEs, bridge Digital Divide, promote Digital Inclusion

# Thank you

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