

## **59% of Malaysian Businesses Bullish on Trade in 2019 Despite Turbulence in Global Markets**

- *Sage survey reveals that the majority of domestic businesses are positive on trade this year*
- *Key catalysts in facilitating trading success overseas include market diversification and digital tools*
- *Government support needed in terms of incentives and development of trading opportunities*

**Kuala Lumpur, 16 July, 2019** – Despite global trade challenges, 59% of Malaysian businesses are positive on trade performance moving forward.

This was revealed by Sage, the market leader in cloud business management solutions, as they unveiled the “We Power the Nation” study. The report was commissioned to explore the impact of international trade on Malaysia, which also included data on 3,000 businesses across 12 countries.

“Six out of 10 domestic businesses are positive that trade will increase in the next 12 months. This optimism is driven by healthy prior year performance and profit growth, as well as stronger inter-regional trading prospects,” said Arlene Wherrett, Vice President and Managing Director, Sage Asia.

Overall, Malaysia expects total exports to breach RM1 trillion in 2019, as projected by the Ministry of International Trade and Industry (MITI) on the back of stronger exports of high valued products.

### **Diversification to Mitigate Trade Uncertainties**

Despite the volatility resulting from the recent China-US trade war, survey results show that Malaysian businesses continue to rely on key trading partners such as China (43%), USA (27%) and Japan (26%).

Survey respondents reported that in the next 12 months, diversification of markets would be a priority given the current global trade uncertainties, with 68% of local firms reporting that they are keen on exploring markets across Asia.

“After Asia, Malaysian businesses are seeing Australasia as the next most sought-after market (32%), followed by Europe (30%). These findings suggest that efforts to facilitate future development of trade, be it through export promotion programs from the government or government affiliated organizations, as well as inter-region collaboration should focus on these continents,” added Wherrett.

Following on this similar thinking, Dato’ Wan Latiff Wan Musa, Chief Executive Officer of MATRADE commented “We urge Malaysian companies to explore the opportunities in non-traditional markets such as in Africa, West Asia and Latin America.”

### **Barriers to Trade**

The survey also revealed challenges and barriers to trade, with differing product standards seen as the primary concern by 33% of domestic players, followed by political uncertainty (32%) and jurisdictional compliance uncertainties (29%).

“The term ‘product standards’ in this sense refers to the quality of products manufactured, as well as differing regulations between markets and their implications for trade and demand across borders. In Malaysia, as an example, *halal* requirements are both a restricting factor and an advantage, limiting possible import sources while presenting export opportunities overseas,” added Wherrett.

## **Digital Tools to Facilitate Trade**

Most Malaysian businesses see digital tools as a key enabler of global trade. The survey results report that half of local businesses are keen to adopt those tools to support ease of market entry, ensure compliance with local regulation and help to remove complexities.

The Survey results also reported that 48% of businesses utilize e-commerce platforms, mobile payments (38%), cloud-based tools (34%) and artificial intelligence (27%) to facilitate international trade. Additionally, nearly half (46%) state that mobile technologies are significant to the future of trade in the next five years.

The value of leveraging digital tools is in allowing businesses to increase their marketability and unlock savings, enabling businesses, particularly SMEs, to access global markets. Digital tools also facilitate business readiness to expand globally.

Digital tools are also particularly useful in tackling the issue of jurisdictional compliance when expanding to international markets. Different compliance laws from country to country, can sometimes cause confusion and hesitation, discouraging expansion plans for the company beyond their own local borders.

“Our data demonstrates that companies which implement digital tools that have multi-jurisdiction functionality are less worried about compliance in every market they export to, providing them with greater security and reduced risk. This will be an advantage compared to those who still use manual methods,” Wherrett added.

She continued, “Additionally, digitalization can also help to simplify business processes enabling increased productivity and faster growth through embracing technology such as cloud-based business management solutions, to enhance agility in their business.”

## **Government Support is Vital**

With their eyes set on international markets, Malaysian businesses are calling for government support whereby (43%) have identified incentives and funding as a primary need.

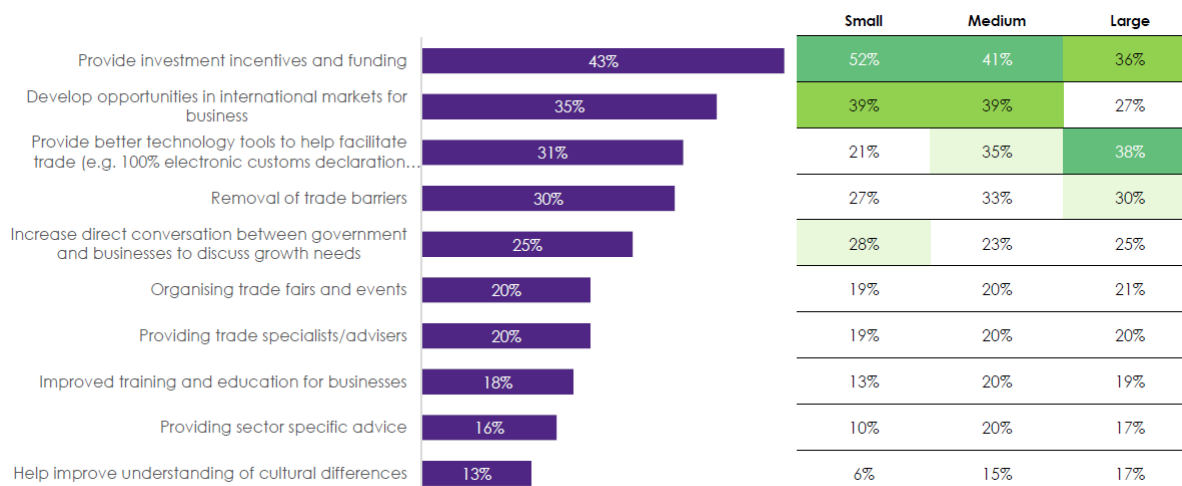
This was followed by development of opportunities in international markets (35%), in terms of business matching and accredited networking programs, as well as the provision of better technology tools (31%) and the removal of trade barriers (30%).

“There are various sources of financial support provided by the government agencies in the form of grants and soft loans.

“What is equally important is for companies to develop an effective market access strategy that includes leveraging on the preferential tariff resulting from the 13 Free Trade Agreements (FTAs) that Malaysia has with our trading partners.

“MATRADE encourages Malaysian companies to build their knowledge of market access strategy by attending our trainings and workshops. In addition, our network of 46 global offices can render their assistance in channeling the right information about compliance to standards in respective markets,” said Wan Latiff.

*Target areas for government support towards facilitating trade according to Malaysian businesses  
(Source: YouGov)*



“Sage’s “We Power the Nation” findings show that with positive sentiment and strengthening the overall industry through digital tools and embracing digitalization, the International Trade and Industry Ministry’s RM1 trillion projection for exports in 2019 is within the realm of possibility, even with the trade volatility and weakening global demand for electrical goods – a key component of Malaysian exports,” said Wherrett.

She continued, “However, these clear and present headwinds, as well as market-specific challenges such as compliance and product standards, can be mitigated with judicious application of market diversification strategies and uptake of digital tools. As a bonus, these tools have major benefits for productivity as well.”

“As the research results show, technology is reshaping the trading landscape and structure all over the world, with different results according to different country and research measurements. Technology can further accentuate the role external trade plays in contributing to and directing an organisation’s and eventually, a country’s development and growth,” she concluded.

### About the Power the Nation Survey

*Power the Nation* includes the findings of independent research commissioned by Sage and conducted by the UK market research firm YouGov. Countries surveyed include: the UK, USA, Canada, Australia, Ireland, Germany, Spain, France, Brazil, Malaysia, South Africa and Switzerland, representing markets in North and South America, Europe, Africa and Asia.

Samples in each of the 12 countries were split evenly between small (6–49 employees), medium (50–249 employees) and large (250+ employees) businesses. Initially, 2994 businesses participated in the research between 19 March and 5 April 2019. In Malaysia, the survey sample included 250 respondents, including 84 small, 83 medium and 83 large companies.

## About Sage

Sage is the global market leader for technology that helps businesses of all sizes manage everything from money to people – whether they're a start-up, scale-up or enterprise. It does this through Sage Business Cloud – the one and only business management solution that customers will ever need, comprising Accounting, Sage Intacct, Enterprise Management, People & Payroll, and Payments & Banking. The firm's recent accolades include recognition in Frost & Sullivan's 2019 Best Practices Awards in the Malaysia Financial Accounting Software Vendor of the Year category.

## About MATRADE

The Malaysia External Trade Development Corporation (MATRADE) was established on March 1, 1993 as the external trade promotion arm of Malaysia's Ministry of International Trade and Industry (MITI). Its functions are:

- To promote, assist and develop Malaysia's external trade with particular emphasis on the export of manufactured and semi-manufactured products and services;
- To formulate and implement export marketing strategies and trade promotion activities to promote Malaysia's export;
- To undertake commercial intelligence and market research and create a comprehensive database of information for the improvement and development of Malaysia's trade;
- To organise training programmes to improve the international marketing skills of Malaysian exporters;
- To enhance and protect Malaysia's international trade investment abroad; and
- To promote, facilitate and assist in the services areas related to trade.

## About the Business Information Centre, MATRADE

The Business Information Centre (BIC) is one of the most comprehensive business libraries in Malaysia and serves as a main source of information for business communities. Introduced since the inception of MATRADE in 1993, the BIC provides a wide array of up-to-date business information such as trade statistics, business news, country and company profiles, tariffs and market intelligence, etc. For further information, please visit [here](#)

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