

KERATAN AKHBAR

TARIKH : 23 JUN 2023

AKHBAR : THE SUN

MUKA SURAT : 23

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PETALING JAYA: Malaysia's total trade in services accounted for RM336.9 billion in 2022, contributing 18.8% to gross domestic product (GDP) at current prices.

The deficit in services trade narrowed to RM56.4 billion as against the previous year, supported by the resilient performance of travel, the Department of Statistics, Malaysia (DoSM) reported yesterday.

According to DoSM, "The lower deficit in Malaysia's services trade as compared to the previous year was still higher than the pre-pandemic level of RM10.9 billion deficits in 2019. It was notable that exports of services grew faster than import growth in 2022, a significant increase from RM88.1 billion in the previous year to RM140.3 billion. Meanwhile, imports of services rose from RM153.7 billion to RM196.7 billion in 2022."

Travel, which served as the cornerstone of Malaysia's services sector before the pandemic, resurged in 2022 by playing a vital role in driving the country's trade in services performance.

Exports of this component exhibited favourable signs of recovery registering RM28.4 billion,

➤ Total trade in sector amounted to RM336.9b, contributing 18.8% to gross domestic product

a significant increase from RM0.3 billion in the previous year.

Similarly, imports of travel also showed an upward trend, reaching RM29.5 billion compared with RM15.2 billion in the previous year.

However, despite the positive growth, the value of exports and imports remains considerably lower than the pre-pandemic peak of RM82.1 billion and RM51.3 billion in 2019, respectively.

Travel improved to record a lower deficit of RM1.2 billion as against RM14.9 billion in 2021, said DoSM.

In addition, the manufacturing services on physical inputs owned by others contributed to the narrowing deficit in Malaysia's services trade. This component achieved a surplus of RM16.3 billion, marking the highest surplus recorded in the past 10 years. Exports of this component were valued at RM20.1 billion, while imports was RM3.9 billion.

adaptation of digital is becoming crucial for business development, which was exhibited by telecommunications, computer and information services statistics. Both exports and imports of this component showed an upward trend over the five-year period.

Exports reached RM15.9 billion and imports were worth RM18.3 billion in 2022. As a result, this component logged a lower deficit of RM2.3 billion in 2022 compared with a deficit of RM3.8 billion in the previous year.

"Overall, Malaysia's services trade demonstrated resilience and progress in 2022. The travel sector plays integral role in driving positive growth and narrowing the trade deficit.

"With full reopening of borders by countries worldwide in 2022, there were high expectations for a swift recovery in travel exports, leading to a return to near pre-pandemic levels. This resurgence in the travel sector is anticipated to reestablish it as the primary driver of Malaysia's services sector, consequently contributing to the mitigation of the services trade deficit," DoSM said.

DoSM explained that the other business services surpassed travel since 2019 by dominating exports of services in 2022. This component recorded an export value of RM31.4 billion and imports of RM46.0 billion, resulting a higher deficit of RM14.6 billion in 2022.

Transport recorded a deficit of RM34 billion in 2022 attributed to higher payments made across all mode of transport, especially for freight activities. Exports of transport surged by 55.4% year-on-year to reach RM25.6 billion. This was resulting from the reopening of Malaysia's border to all international visitors from April 1, 2022, which stimulated the growth of air passenger transport exports throughout 2022.

In the meantime, imports of transport accelerated by 23.4% from RM48.3 billion in the previous year to RM59.6 billion.

DoSM also highlighted that the