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Impact of Digital Technology on Trade in Selected Asian Countries

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Abstract: The study used the augmented gravity model with the Digital Technology Index (DTI) for selected Asian countries in the period 2015-2021. Results show that a high digital adoption in exporting countries decreases bilateral trade. Digitalization in importing countries is found to have a positive effect, suggesting that a higher digital capacity in destination markets is conducive to import flows. The coefficient of the digital-technology gap (DTI_Gap) is significantly negative, suggesting that the larger the digital-technology gaps between countries, the lower the bilateral trade.

Keywords: Digital Technology Index, Gravity Model, Bilateral Trade, Asia

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