

Transforming services trade through digital infrastructure

Uzma Zia | 15th April, 2025



Pakistan's exports have long been defined by textiles and agricultural goods. But a hushed shift in services exports is now happening that could change the structure of our economy.

Services exports are crucial to Pakistan's economy. They not only generate valuable foreign exchange earnings but also showcase

country's potential in impactful industries like information technology, finance, and tourism.

The traditional determinants have shaped the service trade but with the use of digital platforms and e-commerce, a new landscape has emerged which makes it necessary to see how digital adoption has shaped services exports.

Digital infrastructure (broadband connections, digital devices, cell phones) makes digital trade possible. By driving economic diversification, creating employment opportunities, and boosting global competitiveness, service exports can transform the foundation of Pakistan's economic future.

Since 2014, Pakistan's IT service exports have grown by a staggering 2.7 times. According to Pakistan Bureau of Statistics, "in February 2024, Pakistan's services exports rose by 6.11% to \$627.05 million compared to the same month last year, with a stronger 11.08% growth in rupee terms. During July–February FY24, exports slightly declined by 1.37% to \$5.08 billion but increased by 22.34% in rupees. In FY23, services exports totaled \$7.30 billion, up 2.78% from the FY23. IT exports grew by 13% in the first seven months of FY24. Meanwhile, services imports jumped 21.14% in February to \$784.95 million"¹. These are not just numbers but there is a goal for the future.

Pakistan's ICT services sector has shown strong and consistent growth, with computer services emerging as a key component of overall service exports. While a significant share of these exports is directed toward developed markets like the US, UK, UAE, and Canada, there remains considerable untapped potential for expanding intra-regional trade.

The digital economy received a major boost with the introduction of 3G and 4G technologies, which enabled better internet connectivity and supported the rise of mobile-based services.

Mobile technology upgrades have become critical drivers of GDP growth in developing countries by facilitating efficient transactions and broadening access to digital finance. This digital transformation can be promising for small businesses and unbanked populations, offering a pathway to economic inclusion and productivity gains.

The government is trying to promote digital services and enhance international cooperation, with Pakistan strengthening ties with countries such as Saudi Arabia, China, and Qatar to boost IT exports.

Technological advancements such as cloud computing, artificial intelligence, big data, and fintech present further opportunities for innovation and export growth. Pakistan's growing IT exports and the expansion of its tech startup ecosystem reflect the momentum of this transformation.

However, persistent infrastructure challenges especially slow internet speed and reliability carries a major constraint for exporters. Without reliable connectivity, freelancers and ICT firms struggle to compete globally, highlighting the urgent need for targeted investments in digital infrastructure.

A recent analysis found a direct link between the development of the digital economy and service export growth in Pakistan. When businesses have access to fast internet, cloud services, and secure digital payments, they prosper.

And yet, many of our tech entrepreneurs and freelancers are on the back-foot by the same old glitches when they face weak infrastructure availability, high borrowing costs, and lack of support from the financial sector.

Although digital connectivity has improved, the broader environment still leaves much to be looked for. Small and medium-sized enterprises (SMEs), startups, and even established service exporters face limited

access to credit. High interest rates and rigid lending criteria block innovation.

Trying to build a global digital business without reliable funding or even accessing modern banking tools becomes a huge challenge. That's the reality faced by many of our entrepreneurs. Another important point is the skills gap.

Around 80% of our IT graduates don't meet industry expectations. With global competition intensifying, we can't afford to leave our young talent underprepared. The world is hiring newly skilled people but the question arises "Are we training our people to answer the call?"

Despite these hurdles, the opportunity remains enormous. Pakistan's digital economy is projected to add PKR 1.8 trillion to our annual export value by 2030, largely through cross-border e-commerce and mobile applications. But to get there, we need some more actions.

On policy front, between 2018 and 2021, Pakistan implemented significant digital policies to support economic growth and improved connectivity. These tactics strongly emphasized the need for digital transformation to reach sustainable development objectives.

Pakistan's digital policy initiatives, including the Digital Pakistan Policy 2018 and Vision 2021, aim to boost IT exports, improve digital infrastructure, enhance skills, and drive inclusive growth through e-governance, innovation, and financial inclusion. A recent initiative is URAAN project focusing on increasing exports. Coupled with trade commitments under GATS and FTAs like the one with China, these efforts reflect Pakistan's push to integrate into the global digital economy by supporting services trade, easing skilled labour mobility, and promoting cross-border digital commerce.

Pakistan's service exports could be the opportunity to fuel growth. The country needs new policies, productive investment, and a commitment

to digital transformation. If we act now, we will be able to catch up with the global economy soon and the services export boom will be digital.

The said analysis states that to enhance the performance of Pakistan's service exports, a strategic policy approach is required. This includes the expansion of digital infrastructure such as broadband networks, cloud computing capabilities, and data centers to support the technological backbone of service trade.

Additionally, aligning the financial sector with the specific requirements of service-oriented commerce is critical to addressing the existing inefficiencies and facilitating smooth trade flows. Equally important is the implementation of targeted digital up skilling programmes to build a competitive and future-ready workforce. Furthermore, improving access to credit for service-based enterprises will enable greater innovation, scalability, and integration into global value chains.

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