

## ABOUT DIGITAL FREE TRADE ZONE

- Digital Free Trade Zone (DFTZ) will facilitate SMEs to capitalize on the convergence of exponential growth of the internet economy and cross-border trade
- DFTZ provides a holistic approach key to SMEs growth by connecting them to eMarketplaces, government agencies, cross border logistic providers and cross border payment providers
- DFTZ will increase the SMEs goods export to USD38 billion, create over 60,000 jobs and support US\$65 billion worth of goods moving through DFTZ by 2025.
- DFTZ will make Malaysia Asia's leading transshipment Hub by 2025
- DFTZ consists two components - eFulfillment Hub and eServices Platform

## eFULFILLMENT HUB

- The eFulfillment Hub will be developed over two phases:
  1. The first phase will be at the KACT1, refurbished and operated by POS Malaysia to serve Lazada amongst other eCommerce players. The facility is currently in operation and it will be expanded to support other eCommerce and logistics operators
    - POS Malaysia has invested around RM60 million to upgrade and renovate the facility, including ICT infrastructure, CCTV and security services, operational equipment and other facilities
  2. The second phase will be a greenfield development over a 60-acre plot to be jointly developed by Malaysia Airports and CAINIAO Network, the logistics arm of Alibaba. This will be operational in 2020.
- Facilities available: Modular warehouses with latest technology including sorting, shelving and pick-pack facilities
- Improvements:
  - DFTZ will optimise border clearance and handling from 6 hours to 3 hours and improve Cargo Terminal Operations (CTO) from 4 hours to 90 minutes with 90% SLA
  - Automated guided vehicles, or AGV, are deployed to handle parcel shelving and sorting using the most efficient routes
- Alibaba will host its regional eFulfillment hub at KLIA Aeropolis DFTZ Park which will also be connected to its eWTP hubs in other countries

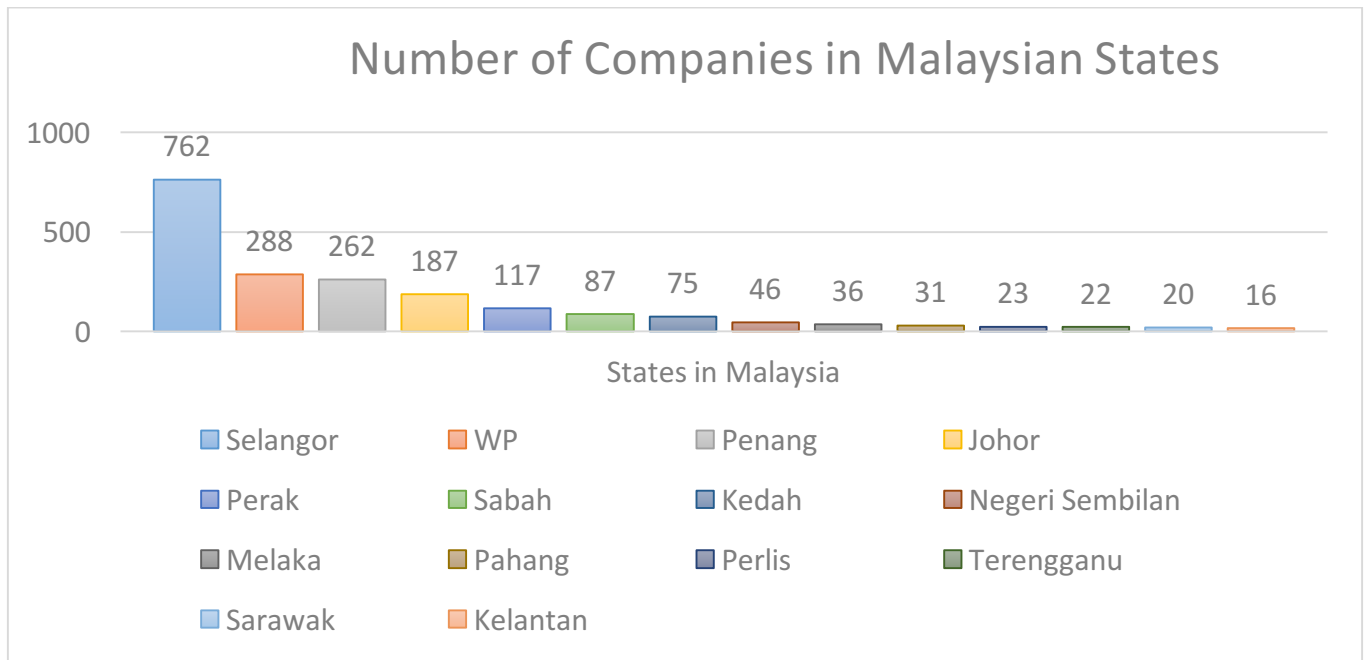
## eSERVICES PLATFORM

- Malaysia is the first eWTP hub that digitizes trade to support SMEs
- The platform aims to manage cross-border trade efficiently and leverage on the seamless services through an integrated trade facilitation platform that provides access to eCommerce ecosystem players - financing, last mile fulfilment, insurance, digital marketing and more
- eServices platform will offer SMEs:
  1. Market access to exporters and importers to reach global customers
  2. Accelerated online trade facilitation process
  3. End-to-end business support for cross-border trade

## SMEs ON DFTZ

- SMEs will benefit from wide range of support services for trade, including the launch of Malaysian Pavilion on Alibaba.com to help promote quality Malaysian products to global buyers
- Malaysian SME's will benefit from Smart Marketing services on the platform which will help SMEs market their products better
- More than 1,900 export-ready Malaysian SMEs are on the platform
- MATRADE supports SMEs on DFTZ through the TRADE Programme - a programme where Malaysian companies are encouraged to adopt cross border eCommerce to accelerate exports by participating in leading international eMarketplaces. MATRADE first collaboration in the eTRADE Programme was with Alibaba.com
- SME Corp. Malaysia is a Central Coordinating Agency that formulates overall policies and strategies for SMEs and coordinates the implementation of SME Development Programmes across all related Ministries and Agencies. It acts as the central point of reference for research and data dissemination on SMEs, as well as provides advisory services for SMEs in Malaysia. SME Corp. Malaysia also assumes the role of the Secretariat to the National SME Development Council which is chaired by YAB Prime Minister of Malaysia

- SMEs breakdown according to states in Malaysia:



- The top 10 product categories preferred by Malaysian SMEs on Alibaba:

Industry	No of Companies
Food & Beverage	385
Others	225
Beauty & Personal Care	196
Furniture	116
Health & Medical	84
Packaging & Printing	76
Apparel	63
Agriculture	61
Rubber & Plastics	59
Automobiles & Motorcycles	58