

## Malaysia Redefines Cross-Border Trade with Digital Free Trade Zone

- *Malaysia strengthens Digital Economy through the onboarding of over 1,900 export-ready SMEs on DFTZ*
- *Introduction of eFulfillment hub and eServices platform set to change eCommerce*

**KUALA LUMPUR, 3 November 2017** - Today, Dato' Sri Mohd Najib Tun Abdul Razak, the Prime Minister of Malaysia, together with Jack Ma, Founder and Executive Chairman of Alibaba Group brought-to-life Malaysia's Digital Free Trade Zone (DFTZ) by flagging off more than 1,900 export-ready Small-Medium Enterprises (SMEs) onboard. The world's first DFTZ is a key component to drive Malaysia's Digital Economy. It will facilitate SMEs to capitalise on the convergence of exponential growth of the internet economy and cross-border trade.

### **DFTZ to boost SME growth**

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.

*“SMEs have the power to transform the economy. They are ambitious, nimble, and have the potential to create high value employment. They have the power to move Malaysia to become a high-income nation,”* said Dato' Sri Mohd Najib Tun Abdul Razak.

He added *“Back in March, I said Malaysia is set to make it easier for SMEs to do cross-border trade. This is the primary purpose of DFTZ. It is simplifying eCommerce by bringing together government agencies, eMarketplaces, logistic and payment providers all on one platform. Together with Alibaba as a catalytic partner in DFTZ, I am confident that Malaysian SMEs can count on their eCommerce expertise to grow across the region”*

*“Since day one of our collaboration, Malaysia has never failed to impress me. I would like to take this opportunity to congratulate the Malaysian Government and all involved in turning DFTZ into a reality. The Electronic World Trade Platform (eWTP) initiative’s goal is to build an inclusive and innovative global trading platform for SMEs, young people and consumers. We are proud to share this vision with DFTZ. I believe that this is the beginning to a long-standing strategic partnership between the two nations. Alibaba Group definitely plans to stay and strengthen our presence here”* said Jack Ma.

### **KLIA Aeropolis DFTZ Park**

During the event, Dato’ Sri Mohd Najib Tun Abdul Razak and Jack Ma launched the KLIA Aeropolis DFTZ Park, Alibaba’s first regional eFulfillment hub outside of China. Malaysia will be a regional hub that will be part of the eWTP which will be connected to the upcoming regional hubs in other continents.

The eFulfillment hub at KLIA Aeropolis DFTZ Park is expected to double the growth in Malaysia’s air cargo volume from the current level of about 700,000 tonnes a year to 1.3 million tonnes a year within ten years.

With ground-breaking enhancements, KLIA Aeropolis DFTZ Park will optimize border clearance and handling from 6 hours to 3 hours with 90% Service Level Agreement (SLA), and improve Cargo Terminal Operations (CTO) from 4 hours to 90 minutes.

The eFulfillment hub is equipped with latest technology, including sorting, shelving and pick-pack facilities, Lighting Industrial Units (LUI) that allow minor repairs and assembly prior to shipping goods, customs inspection and quarantine area and category specific facilities such as secure warehouse, temperature controlled storage and other facilities.

### **DFTZ is optimized for cross-border trade**

The DFTZ is setup to facilitate seamless cross-border trade with ease and enable local SMEs to export their goods with a priority for eCommerce. To help SMEs with end-to-end cross border trade, DFTZ will have two important components:

1. eFulfilment Hub: Equipped with the latest technology, the eFulfilment Hub will serve as a cluster of facilities for customs clearance, warehousing and logistics to facilitate and accelerate double digit growth of trans-shipment air cargo volumes thus, positioning KLIA Aeropolis as a leading eCommerce trans-shipment hub.

The eFulfilment Hub will be developed over two phases. The first phase will be at the KACT1, refurbished and operated by POS Malaysia to serve Lazada amongst other eCommerce players. 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.

2. eServices Platform: 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 others).

As the next phase of expansion, DFTZ will support other leading modes of transport in a phased manner to cover sea and rail.

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**About Digital Free Trade Zone (DFTZ)**

Digital Free Trade Zone or DFTZ is an initiative by the Malaysian Government, implemented through MDEC, that aims to capitalise on the confluence and exponential growth of cross-border eCommerce activities that are happening within digital economy. First announced in March 2017, DFTZ will facilitate seamless cross-border trading and eCommerce, which will enable Malaysian SMEs to export their goods internationally.

The DFTZ consists of three components:

- eFulfilment Hub: Malaysian SMEs can easily export their goods with the help of leading fulfilment service providers
- eServices Platform: Efficiently manage cargo clearance and other processes needed for cross-border trade

For more information, please visit <https://mydftz.com>