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WORLD'S FIRST

# DIGITAL FREE TRADE ZONE LAUNCHED

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It's a commitment to boost SME growth through e-commerce, says PM



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ZARINA ZAKARIAH  
AND LAILI ISMAIL  
KUALA LUMPUR  
news@nst.com.my

**M**ALAYSIA launched the world's first Digital Free Trade Zone (DFTZ) yesterday, marking a new phase of the close partnership between the country and China.

The digital zone will chart the way forward for a digital economic footprint as it has the potential to double the growth rate of Malaysian small medium enterprises' (SMEs) goods export by 2025, and the ability to support US\$65 billion (RM288 billion) worth of goods moving through DFTZ.

Apart from creating 60,000 jobs, the DFTZ will provide physical and virtual zones to facilitate SMEs to capitalise on the convergence of exponential growth of the Internet economy and cross-border e-commerce activities.

In his speech, Prime Minister Datuk Seri Najib Razak described the launch — with Jack

Ma, who is the founder and executive chairman of Alibaba Group — as a special day for not only Malaysia, but also Southeast Asia.

With Ma, who later said he picked Malaysia as it was an efficient and business-friendly nation to establish digital economy collaborations, Najib said the DFTZ was a testament to the country's commitment to propel the growth of SMEs through e-commerce.

"Together, I strongly believe we can achieve a more prosperous economic landscape that benefits the industry and people," he said.

The hub will boost the nation's e-commerce growth and increase the sector's contribution to the gross domestic product to RM211 billion by 2020.

Najib added that Malaysia should aim for double-digit growth from the digital economy as trade was key to boost the country's economic growth.

Ma, who is also the digital economic adviser to the Malaysian government, said many asked

him why he chose to work together on the DFTZ.

"I told them that Malaysia is very business-friendly and much more efficient than I thought," he said in his speech.

"By working with the government, businesses can do better. Trade is about idea and culture exchange, not just products. If the trade stops, war starts."

"DFTZ is the first hub specifically designed for small businesses and young people, and we should have real policies and facilities to empower them.

"The fact that Malaysia has a lot of SMEs means that the economy can be sustainable as there are more jobs and more middle-class people.

"DFTZ makes businesses more inclusive and small business happier and healthier. Digital economy can make this country more powerful.

"The Silk Road and One World, One Belt should leverage young people, use technology and mobilise small businesses to build inclusiveness, friendship and peace," said Ma,

## DIGITAL FREE TRADE ZONE

**Location:**  
KLIA Aeropolis  
(Low-Cost Carrier Terminal)

**Size:**  
45 ha

**Physical zone:**  
8 ha

**Purpose:**  
eFulfillment Hub, e-commerce and logistics hub

**Reason:**  
Facilitate faster clearance of imports and exports.



**EFULFILMENT HUB**

**Company:**  
Alibaba Group  
**Purpose:**  
Hub for Malaysia and Asean  
**Support:**  
US\$65 billion worth of goods  
**Jobs:**  
60,000 jobs by 2025



INFOGRAPHIC NST

DFTZ's implementation of physical and virtual zones will be done in phases, with the first eFulfillment Hub to be centred at KLIA Aeropolis to cater to key clusters of air cargo and logistics, aerospace and aviation.

The initial phase will be rolled out before the end of this year by Alibaba, Cainiao, Lazada and Pos Malaysia, which will then make way for the formal launch of Alibaba's facility at the end of 2019.

The launch also witnessed

memoranda of understanding signed between Malaysian Digital Economy Corporation (MDEC) and Alibaba Group; Malaysia Airport Holdings Bhd and Cainiao Network; Alipay and Maybank; Alipay and CIMB; as well as MDEC and Catcha Group.