



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY



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DFTZ : eCOMMERCE EXPORTS GAINING MOMENTUM

- *70 SME manufacturers participating in the DFTZ SME Onboarding Programme under eTrade have already generated total sales of RM52.1 million, with exports amounting to RM18.1 million, since November 2017.*
- *Number of SMEs participating in the DFTZ SME Onboarding Programme have increased to 2,651*
- *Expansion of DFTZ beyond KLIA Aeropolis in 2018*
- *More interest by investors to set up eFulfilment hubs in DFTZ*

SEPANG, 9 APRIL 2018 – The Digital Free Trade Zone (DFTZ) Pilot Project which was launched by YAB Prime Minister together with Jack Ma in March last year is continuing to make great strides in further boosting Malaysia’s eCommerce growth.

MITI Minister, YB Dato’ Sri Mustapa Mohamed reaffirmed this during his recent visit to the KLIA Air-Cargo Terminal 1 (KACT1) at KLIA, together with other eCommerce players responsible for the implementation of the National eCommerce Strategic Roadmap (NeSR). Dato’ Sri Mustapa chairs the National eCommerce Council (NeCC) which oversees the overall development of the eCommerce agenda.

The NeCC, comprising 26 Ministries and Agencies, was established to drive the implementation of the roadmap towards doubling Malaysia’s eCommerce growth rate and reach a GDP contribution of RM 211 billion by 2020.

Preliminary data provided by MATRADE through the eTRADE Outcome Assessment 2017 highlighted that 70 SME manufacturers participating in the DFTZ SME Onboarding Programme have already generated total sales of RM52.1 million with exports amounting to RM18.1 million.

Dato’ Sri Mustapa further highlighted that to date, 2,651 SMEs have already been onboarded onto the DFTZ since November 2017. Currently, MITI, MDEC, SME Corp and MATRADE are focusing on encouraging more SMEs to be involved in the DFTZ, not only on Alibaba.com but also through other e-marketplaces such as Qoo10, Amazon, eBay, Trade India as well as local eMarketplaces such as Dagang Halal, Aladdin Street, and BuyMalaysia. These will provide more choices in terms of cost and market access for SMEs to fully enjoy the benefits of DFTZ.

“The recent announcement of RM50 million to execute the WIRA eDagang DFTZ initiative for the next three years will encourage more *Bumiputera* eCommerce companies to compete globally,” he further added.



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Major strides forward

Datuk Yasmin Mahmood, CEO, Malaysia Digital Economy Corporation (MDEC) said, “To further boost the eCommerce export agenda, MDEC is collaborating with Lazada to run a pilot programme for SMEs to export to Singapore; I am pleased that Lazada is offering an added incentive – in that Lazada will be onboarding these companies with no fees. There will also be heightened focus on B2C and B2B activities: We are expanding the scope of engagements to include government agencies TERAJU and MARA - as well as other associations such as PIKOM [Malaysia ICT Industry Association]. Other organisations include eCommerce platform providers such as EasyStore, SiteGiant, and payment gateway - and logistics players such as Aramex, POS Malaysia, and Transcargo. We are looking forward to getting many more SMEs to onboard DFTZ.”

Datuk Yasmin also pointed to successful campaigns such as the MarchExpo Pavilion promotion launched on 6 March, which is an annual ground-breaking global online shopping festival, created for global buyers from more than 190 countries and across all industries, and was a key collaboration between DFTZ and Alibaba.com. The objectives include helping to increase exposure and demand for Malaysian exporters especially in the popular categories such as food & beverage, rubber & plastics, furniture, and machinery. About 200 SMEs received 3.5 days of intensive training.

In addition, the Gateway to China seminar on 27-28 March, which attracted 600 SMEs, was designed to help Malaysian SMEs to better understand the China market and give insights and tools to engage China’s prosperous eCommerce market. One-to-one business matching sessions helped to identify a dozen key Malaysian products for the first wave of promotions to China. The overall potential sales recorded are RMB 15 million (RM9.2 million) to RMB 50 million (RM30.6 million) via Tmall Direct Import.

The DFTZ Pilot Project is currently located at KACT1, KLIA, which is operated and managed by Pos Aviation Sdn. Bhd. As part of its expansion plan, Pos Malaysia is currently engaged in securing other key eMarketplaces to utilise DFTZ as their regional eFulfilment hub. To date, AllSome (a fulfilment and logistics provider based in China) and Mister eCommerce (an eCommerce solution provider) have been identified as the next group of users in the DFTZ ecosystem.

This year, the Government is also planning to expand the DFTZ beyond KLIA to include all modes of connectivity, namely sea, land and rail, with Port Klang as well as Penang and Senai international airports identified as priority areas for expansion.

In terms of new investments in the eCommerce sector, since 2016, five (5) regional eFulfilment hubs have been established in Malaysia namely by Pos Malaysia, SnT Global Logistics Sdn Bhd, YCH Logistics Sdn. Bhd. collaborating with Zalora to set-



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up Zalora's Regional Distribution Hub in Shah Alam and most recently FM Global Logistics Sdn Bhd and Xin Hwa Trading and Transport Sdn Bhd. MIDA is currently working towards attracting other players to set up their eFulfilment facilities in Malaysia including Lazada who is supporting Alibaba's fulfilment activities in this region.

About MITI:

MITI is the key driver in making Malaysia the preferred destination for quality investments and enhancing the nation's rising status as a globally competitive trading nation. Its objectives and roles are oriented towards ensuring Malaysia's rapid economic development and help achieve the country's stated goal of becoming a developed nation by 2020.

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