



Asia-Pacific  
Economic Cooperation

Advancing  
Free Trade for Asia-Pacific  
Prosperity

# DIGITAL FREE TRADE ZONE (DFTZ)

24 04 2018 – Seoul, Republic of Korea

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# KLIA AEROPOLIS MASTERPLAN – UP TO 2050



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▶ **Total KLIA Land Area:**  
**22,270 acre**

▶ **AEROPOLIS**  
**8,548 acres**

▶ **AIRPORT &  
AERONAUTICAL**  
**13,722 acres**



# VISION & OBJECTIVES OF DFTZ



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## Vision

*DFTZ is the eCommerce window  
to the world for SMEs  
and the  
preferred gateway of choice  
for global brands and marketplaces into  
ASEAN*

## Key Objectives

- ✓ To enable export of Malaysian SMEs
- ✓ To position Malaysia as a regional hub for eCommerce logistics

**By 2025**

**US\$38** Billion  
SME's goods exports

**60,000**  
Jobs created

**US\$65** Billion  
Goods movement

# ALIBABA – A STRATEGIC PARTNER TO DFTZ



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## Hon. PM's First Meeting With Jack Ma in Beijing (4 November 2016)

*"The Government will introduce the first Digital Free Zone in the world. It will merge physical and virtual zones, with additional online and digital services to facilitate international ecommerce and invigorate internet-based innovation."*  
- Honourable Prime Minister Najib Razak

## DFTZ Launch in Kuala Lumpur (22 March 2017)

4 MoU's signed during launch:

- Malaysia Airports- Cainiao Network
- CIMB- Maybank- ANT Financial
- MDEC- Catcha Group
- MDEC- Alibaba Group



## DFTZ Goes LIVE

- Launch of KLIA Aeropolis DFTZ Park  
(3 November 2017)

# OVERVIEW OF THE COMPONENTS WITHIN DFTZ



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KLIA Aeropolis

Physical

Virtual

E-fulfillment hub



- Warehouse
- Logistics
- Customs

Satellite Services



- Regional HQ
- FSI Services
- Training

DFTZ E-Services Platform



- E-Services
- Interface with services from agencies & private sector

ENABLING POLICIES

INVESTMENT

Consistent with Alibaba's vision of  
Electronic World Trade Platform (eWTP)



To reduce barriers + to make it easier for  
SMEs to participate in global trade

# DFTZ- DEVELOPMENT PHASING PLAN AT KLIA AEROPOLIS



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Note:  
ASZ1 = Aeronautical Support Zone 1  
FCZ = Free Commercial Zone

## Phase 1 (2017-2018)

**POS & Lazada** (within 20 acres - part of former LCCT)

- Operational start date - 2 Oct 2017

## Phase 2 (2018 onwards)

### KLIA AEROPOLIS DFTZ PARK

- Expected to increase total cargo volume
- Also includes increase in transshipments
- Activities with E-fulfilment hub i.e.; Cargo Terminal, Fulfilment Centre, Sorting Centre, Warehouse

## Phase 3 (2022 onwards)

### Future expansion

Activities within Logistics Park will include:

- Regional Distribution Centres for global monobrand
- Multimodal Transportation Hub for logistics services by Air, Rail, Sea and Road
- Normal/bonded Warehouses- eg: for products by SMEs
- Value added activities, light-manufacturing, & assembly

# ACHIEVING BEST-IN-CLASS AIR CARGO SERVICE LEVELS



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## DFTZ Process Improvement Taskforce (PITF)

Malaysia Airports is a key participant in the above taskforce, aimed at:

- Ensuring process improvements and enhancing Malaysia's service levels towards best-in-class
  - Reducing border clearance from 6 hours to 3 hours
  - Reducing Cargo Terminal Operator processing time from 4 hours to 90 minutes
  - Performance dashboard driving world class performance, service levels and cost efficiency

Enhancing service levels toward best in class

### OBJECTIVE

To accelerate end-to-end turnaround time for cargo in DFTZ



PILOT

How is Malaysia achieving this?

PROCESS IMPROVEMENT TASKFORCE  
Targeted Outcomes

1	2
<b>Border Clearance</b> 6 hrs to 3 hrs	<b>CTO Operations</b> 4 hrs to 90 min



MINISTRY OF INTERNATIONAL  
TRADE AND INDUSTRY



Driving Transformation

Joint Chair



MALAYSIA  
AIRPORTS



## END-TO-END CARGO CLEARANCE



Landed at KLIA  
Cargo Terminal



Cargo Terminal  
Operators'  
warehouse



Customs  
Operators'  
Clearance



Customs Exit  
Point

Cargo Clearance time:  
To REDUCE from 6hrs to 3hrs with 90% SLA by end 2017

Cargo Terminal Operations:  
To REDUCE from 4hrs to 90mins

Source: ATK, DFTZ Value Proposition, Operating and Implementation Roadmap

# TRANSHIPMENTS - CATALYST FOR MULTIMODAL TRANSPORT CONNECTIVITY



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## By Road



- Connected via 5 major expressways\*

## By Rail



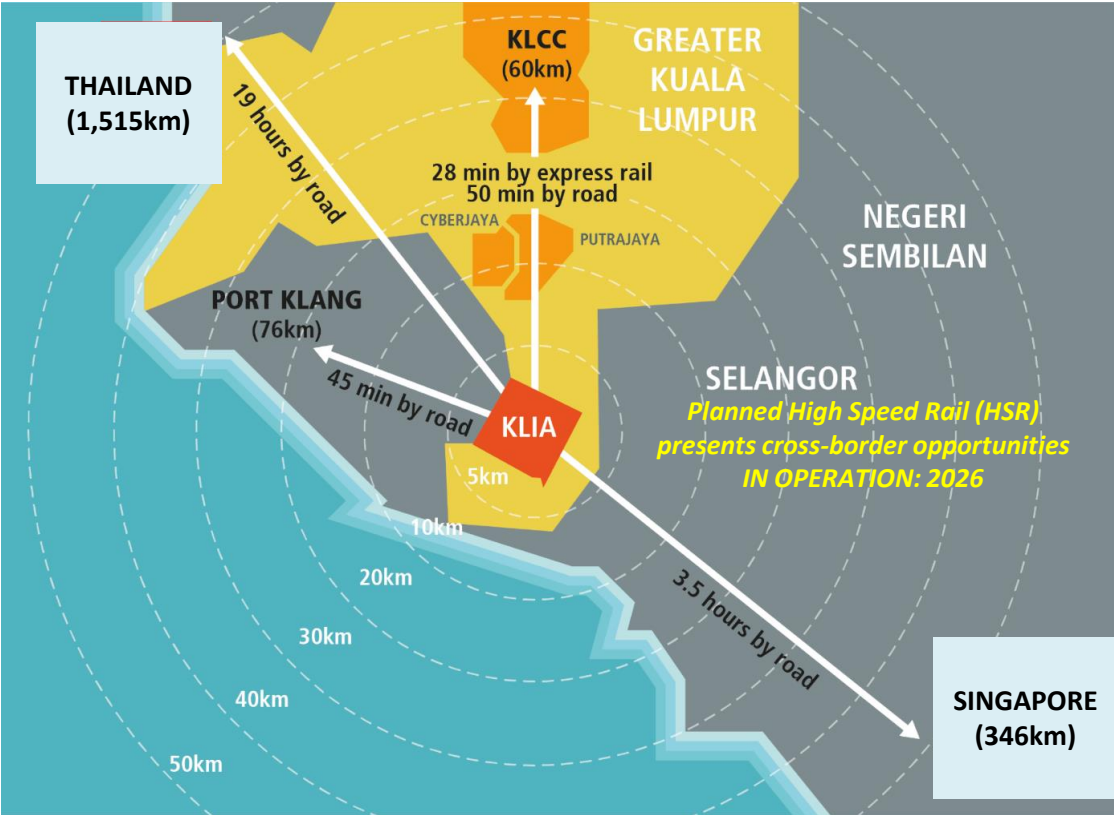
- Connected to **over 300km\*** of integrated rail network
- Development of **High Speed Rail** between KUL-SIN

## By Sea



- Sea to Air Transshipment via Bonded Trucking

\*At maturity

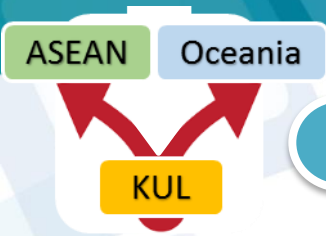


- **Impetus for the National Transport Plan**
- **Aligned with National Logistics and Trade Facilitation Masterplan (NLTF), led by MOT**

# ROADMAP TOWARDS AMBITION AS ASEAN'S REGIONAL HUB



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1 KLIA as the Regional Gateway for ASEAN and Oceania

2 DFTZ @KLIA to be Global Fulfilment Centre

3 DFTZ @KLIA to be Regional Multimodal Transshipment hub  
- includes Land, Rail and Sea freight ie: KLIA as a hub beyond just Air freight

4 Adoption of technology & Big Data Analytics (BDA)  
- driving world class performance & service levels

5 KLIA as first E-commerce hub outside of China & only regional hub within ASEAN, part of eWTP vision

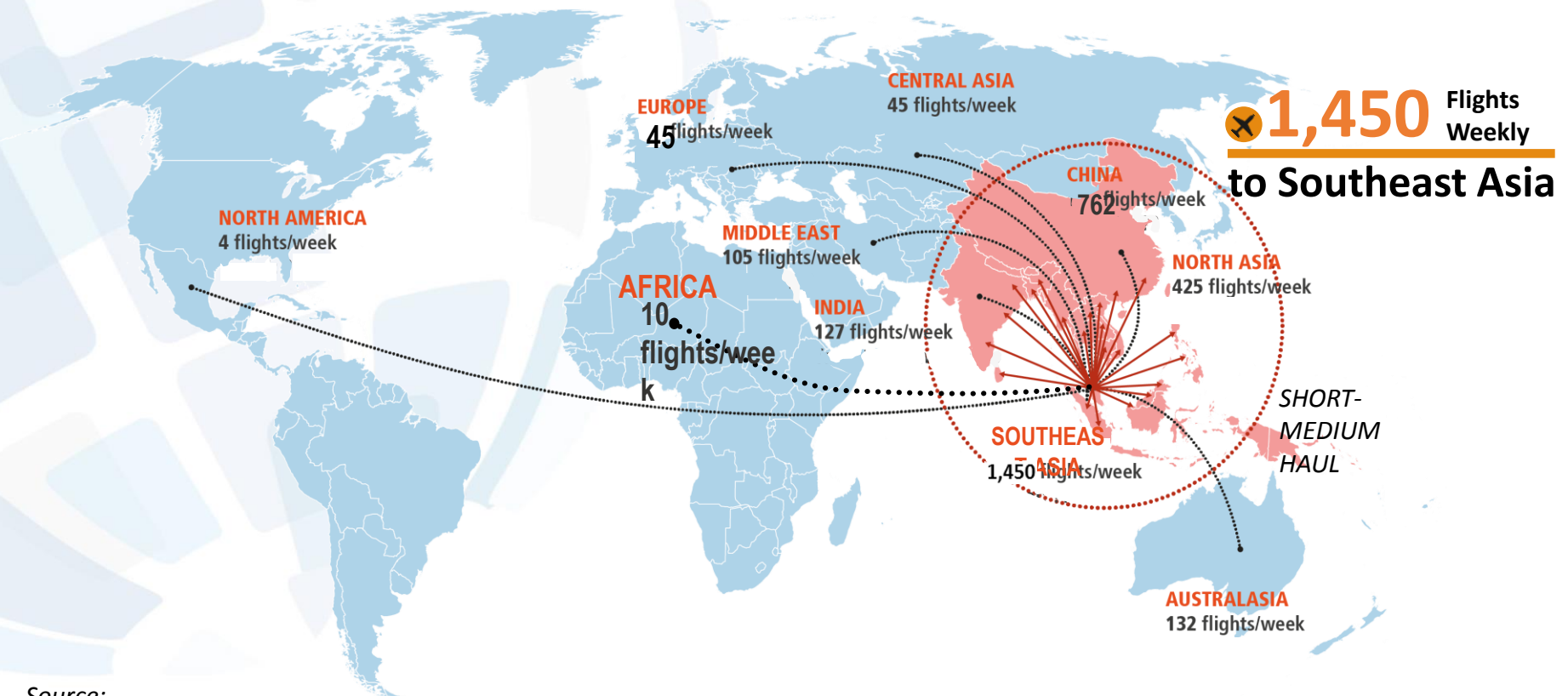


ASEAN  
e-WTP  
hub

# MALAYSIA - ASEAN'S GATEWAY TO GLOBAL CONNECTIVITY



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Source:



**1<sup>st</sup>** in Top 25 Low-Cost Megahubs

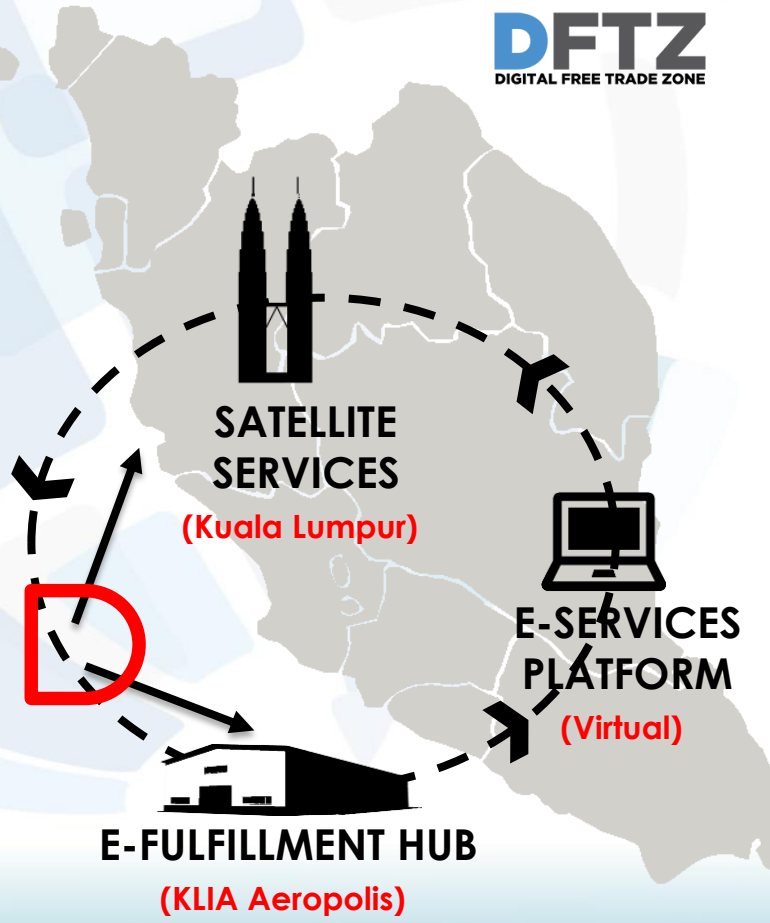
**9<sup>th</sup>** in Top 50 International Megahubs

# DFTZ - INVESTMENTS & BUSINESS OPPORTUNITIES



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**DFTZ**  
DIGITAL FREE TRADE ZONE

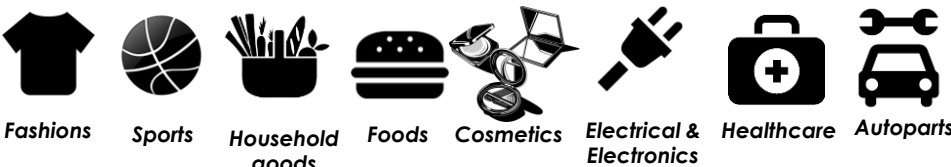


**E C O S Y S T E M**

**Logistics Companies**



**MonoBrands**



**e-Marketplace & Market Expansion Companies**



**Platform companies**



**Infrastructure & Supporting Services**



**Operational Supporting Services**





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**THANK YOU**

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