



## **Cainiao: Supporting The Increase In Trade Flow From Malaysia To Key Global Markets**

First phase will see the launch of the new thrice-weekly direct flight to connect Kuala Lumpur, Malaysia to London, United Kingdom, with a cargo capacity up to 300 kilograms per trip, and five times weekly direct flight from Kuala Lumpur, Malaysia to Hangzhou, China, with a cargo capacity of 23,000 kilograms per trip, to better support the export needs of merchants in the region. There are subsequent plans to expand this network of direct flights from Malaysia to markets such as Singapore, Brunei, Australia (Sydney), New Zealand (Auckland), and other key ASEAN and European markets.

The launch of the direct flights for export goods from Malaysia to the United Kingdom will reduce air freight time by approximately 30 percent, from 19.5 hours to 13.5 hours, and reduce logistics cost by 10 percent. Flights from this global e-fulfillment hub in KLIA will service both B2B and B2C businesses on eBay. In the same thread, the direct flights from Malaysia to Mainland China will increase air freight stability and decrease overall logistics cost by 6 to 10 percent, and help B2B export merchants outside the Alibaba ecosystem to gain access to the Chinese market.

Export merchants outside of Malaysia can also ship their goods to the hub for transit before exporting them overseas, reducing clearance time by up to 97 percent, from 24-48 hours to 1.5 hours, using digital customs clearance systems.

According to data from the **Department of Statistics Malaysia**, the total export volumes in Malaysia saw a 29.2 percent year-on-year (YoY) increase in December 2021, driven by domestic and re-exports. The hub's connectivity will help to instill greater air freight stability and help businesses in Malaysia and the broader Southeast Asian region to tap on a wider overseas market to instill greater resilience. With the upcoming air freight network expansion, businesses can also look forward to gaining access to more markets globally.

"The expansion of the hub's direct air freight network will play a pivotal role in supporting the increase in trade flow from Malaysia to key global markets. By tapping on our global logistics network to reinforce air freight stability, we aim to provide a more stable, efficient and cost-effective cross-border logistics solution to help SMEs to reach a wider overseas market and increase their resilience," said Au Yeong Shong Kwong, General Manager for Cainiao eHub Malaysia. "KLIA's position as one of the leading distribution gateways in ASEAN, coupled with the hub's smart logistics capabilities, will be instrumental in facilitating cross-border trade and serve as a regional center for SMEs to scale globally."

Spanning 1.1 million square-feet of warehouse space, the hub contains facilities for cargo terminal operation (CTO), warehousing, sorting, and a dedicated digital customs clearance. It serves as a regional e-fulfillment hub to support Malaysia as a growing regional e-commerce logistics hub, with the aim of completing global deliveries within a 72-hour period. Last November, the hub was officially launched with a ceremony that was graced by the Ministry of Transport and the Malaysia Airports.

The Cainiao Aeropolis eWTP Hub is a joint venture between Malaysia Airports and Cainiao, under the electronic World Trade Platform (eWTP) partnership between the Malaysian government and Alibaba Group. It is a central part of Malaysia Airports' efforts to elevate KLIA's status as one of the leading

distribution gateways in the region, through the Aeropolis initiative under the Air Cargo and Logistics cluster since 2016.

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