



## **WORLD ECONOMIC FORUM AND MALAYSIA DIGITAL ECONOMY CORPORATION ANNOUNCE COLLABORATION WITH A FOCUS ON DRONES**

- *The objective is to co-design and pilot policy principles and regulatory frameworks that maximise the societal benefits or mitigate risks from drones.*
- *Partnership firmly establishes Malaysia as the Heart of Digital ASEAN.*

**Davos, 23 January 2020:** The World Economic Forum and Malaysia Digital Economy Corporation (MDEC) today announced a collaboration to co-design and pilot policy principles and regulatory frameworks to accelerate the societal benefits and mitigate risks from Drone Technology. MDEC will work specifically with the Forums' Aerospace and Drones portfolio to realise the objectives of this collaboration.

This partnership follows MDEC's recent 30<sup>th</sup> Implementation Council Meeting (ICM) that was chaired by Malaysia's Prime Minister Tun Dr. Mahathir Mohamad on the 16<sup>th</sup> of October 2019, which endorsed MDEC's proposal to launch its Global Testbed Initiative (GTI) with DroneTech as a pilot.

According to the Drone Service Market report, the global drone services market is expected to reach USD 63.6bil by 2025 with the Asia Pacific region projected to grow at the highest CAGR during the period. Locally, Malaysia's home-grown ecosystem players have been growing at an equally rapid pace.

Aerodyne Group, for example, was ranked third globally in a report by Drone Industry Insights in 2019. Aerodyne and other Malaysian home-grown companies such as Poladrone, OFO Tech, Geo Sense and Asia Drone IoT Technologies are at the forefront of the regional and global race for drone-powered solutions.

The DroneTech Global Testbed project is aimed at bringing together key industry partners, government agencies, regulators, academia and investors to demonstrate how technology can drive adoption across various industries given a conducive environment for it to operate in. MDEC, as the lead agency, intends to collaborate with the World Economic Forum to leverage on its frameworks and case studies particularly relating the policy development that supports the DroneTech Global Testbed pilot implementation on drone

delivery. The success of this pilot would enable Malaysia to accelerate technology adoption, in particular emerging technologies.

According to the World Economic Forum, drones already have the ability to increase crop yields, make dangerous jobs safe and act as a lifeline for remote populations. Laying the right policy foundation and platforms for industry cooperation, both through smart government regulation and industry-driven standards, will accelerate the adoption of new use cases and business models once the enabling technology and infrastructure are mature. Longer-term, autonomously piloted systems have the potential to revolutionize how people and goods are transported.

In Malaysia's agriculture sector, for example, application of agriculture technology (also referred to as Ag-Tech) combined with DroneTech can be seen in oil palm plantations and paddy fields. Combined and applied, they help tech-driven planters and farmers monitor and enhance crop productivity as well as generate a more sustainable and viable source of income.

Accelerating the adoption of emerging technologies in traditional industries such as agriculture is aligned to Malaysia's Sustainable Development Goals (SDG) to uplift the income status as well as the well-being of target groups such as farmers, livestock breeders, fishermen and agro-based entrepreneurs.

"Countries that don't move fast enough to responsibly enable emerging technologies will find themselves at a disadvantage economically. We are excited to partner with MDEC and other key stakeholders in Malaysia to co-design and pilot policy principles associated with drones," said Timothy Reuter, Head of Aerospace and Drones at the World Economic Forum.

"The focus of MDEC's engagement with the World Economic Forum will be working with Malaysian authorities to develop a policy framework that allows for drone delivery and a potential launch of the first drone delivery service in Southeast Asia. The goal is to create a regulation that can serve as a model for the region and beyond. This partnership firmly establishes Malaysia as the Heart of Digital ASEAN," said Surina Shukri, Chief Executive Officer of MDEC.

**End**

#### **About Malaysia Digital Economy Corporation (MDEC)**

The Malaysia Digital Economy Corporation (MDEC) is the government agency under the purview of the Ministry of Communications and Multimedia Malaysia entrusted to lead Malaysia's digital economy forward. Incorporated in 1996 to oversee the development of the MSC Malaysia initiative, today MDEC has evolved rapidly by prioritising and driving digital and tech innovation. MDEC's primary mandate is to accelerate digitally-skilled Malaysians, digital-powered businesses and digital investments in Malaysia.

We strive to develop an environment that fosters innovation, jobs, and investment through collaboration and advocacy with policymakers, regulatory agencies, businesses, and industry partners. Our focus is on creating an inclusive high-quality growth through the nationwide digitalisation initiative that is in line with

the Government' Shared Prosperity Vision 2030 and firmly establishing Malaysia as the Heart of Digital ASEAN.

#LetsBuildTogether #DigitalMalaysiaForward

To find out more about MDEC's Digital Economy initiatives, please visit us at [www.mdec.my](http://www.mdec.my) or follow us on:

Facebook: <https://www.facebook.com/MyMDEC/>

Twitter: @mymdec

Appendices:

#### About **MDEC's DroneTech Initiative:**

Malaysia Digital Economy Corporation (MDEC) is a government agency originally founded and tasked to spearhead the MSC Malaysia initiative (Multimedia Super Corridor) to catalyse the technology and ICT industry in Malaysia since 1997. Today the organisation is mandated to drive the national digital economy forward which includes the development of a conducive environment and infrastructures which will amplify and accelerate the nation's economic transformation efforts.

Currently, Malaysia's digital economy is amongst the fastest-growing segment that has contributed 18.5% to the national GDP. For 2020, Malaysia is set to become a global testbed and the heart of digital ASEAN for various tech startup solutions and digital-driven innovative companies. Other areas of digital development that Malaysia has taken the lead include encouraging digital inclusivity at all levels of the marketplace and developing tech talent development capabilities for all.

In April 2019, Malaysia has successfully organised the first Malaysia Drone Exhibition (MyDroneX) conference that had brought in over 800 delegates coming from both local and international drone ecosystem players. The conference was organised as the government realises the huge potential of the drone market that need to be unlocked. The various drone- powered solutions can innovate traditional industries like infrastructure, transport and agriculture.

#### **Global Perspective on Drone Economy:**

Leading global companies like Google's Wings, Amazon and DHL have accelerated the use cases of drones in their business operations and countries like Rwanda and India driving initiatives to utilise the technology to create both social and economic impact. In Malaysia, we are currently in the position to accelerate the growth of the drone ecosystem as there are existing local drone technology and services players who are global leads in their areas of expertise. There are also the active on-going collaboration initiatives between the government agencies and the drone players which are helping to raise awareness, create visibility and create a sense of urgency to make Malaysia the drone hub in the region.

#### **National-level Initiatives specific to 4<sup>th</sup> IR and DroneTech:**

There are various efforts by the Malaysian government to ensure that it is supporting the development of local industries and SMEs to innovate and move towards the 4<sup>th</sup> industrial revolution. Among the efforts are the setting up of National Policy on Industry 4.0, allocation of government budgets to drive technology adoption programs and matching grants to spur pilot projects around applications such as blockchain, 5G, autonomous vehicle and drones. However, the government has a long way to go as currently only 32% out of 900,000 registered SMEs are adopting digitisation<sup>2</sup>. There are various areas identified for improvements to help boost the digital economy and adoption such as talent development, regulation, infrastructure, and investment.

Other references:

1. <https://www.digitalnewsasia.com/digital-economy/budget-2020-accelerating-transition-digital-economy> : Government's initiatives and budgets on accelerating digital economy.
2. <https://themalaysianreserve.com/2019/08/19/malaysia-eyes-agricultural-modernisation-to-revive-the-sector/> - Modernising agriculture industry.
3. Drone Service Market [Link](#)
4. <https://www.forbes.com/profile/jin-xi-cheong/#26bc05501974> : Jin Xi - Forbes Asia
5. <https://www.facebook.com/myofo/> - OFO Tech UK magazine coverage

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