

Malaysia at the Heart of ASEAN's \$2 Trillion Digital Future

And Why the North Matters More Than Ever

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The global digital economy is poised for a decisive decade, with Asia's digital economy, currently valued at \$300 billion, projected to hit \$1 trillion before 2030. The ASEAN Digital Economy Framework Agreement (DEFA), set to come into force by 2026, could double the region's value to **\$2 trillion**. This moment signals an urgent need for seamless, trusted, ultra-low latency interconnection across ASEAN. Strategically positioned between Thailand and Singapore, Malaysia is uniquely **poised to be the crucial bridge**.

DEFA will harmonise regulations for cross-border data flows, digital trade and cybersecurity, enabling ASEAN to operate as a unified, interoperable digital market of **680 million people by 2026**. For interconnection players, this offers a chance to ensure global digital platforms can reach Southeast Asia with lower latency and regulatory certainty. Malaysia's geography, connecting Thailand to Singapore seamlessly is set to transform the north – once viewed only as Malaysia's industrial engine, now into a strategic digital gateway.





Northern Malaysia as the Digital Gateway: The Delapan Project

Delapan, Kedah, Malaysia

The Delapan project in Bukit Kayu Hitam represents Malaysia's first deliberate move to unlock a regional digital corridor, supporting cloud, AI, content delivery and IoT ecosystems through high-performance, carrier-neutral data centres and Internet Exchanges (IXs). From an IX perspective, Delapan is uniquely positioned to host regional peering ecosystems, enable ultra-low-latency routing between Thailand, Malaysia and Singapore. It supports DEFA-aligned data sovereignty requirements, attracting global cloud and CDN players, while growing Malaysia's own talent pool. With the northern region that is already housing world-class manufacturing, the addition of a regional-grade IX ecosystem creates **ASEAN'S First end-to-end silicon and digital corridor.**

Additionally, the Northern Corridor Economic Region (NCER) has shown strong investment momentum, with Kedah recording **RM20.38 billion** in realised investments in 2024 — nearly double the previous year. To sustain and expand this trajectory, digital infrastructure is no longer optional; it is essential.



Malaysia



Thailand

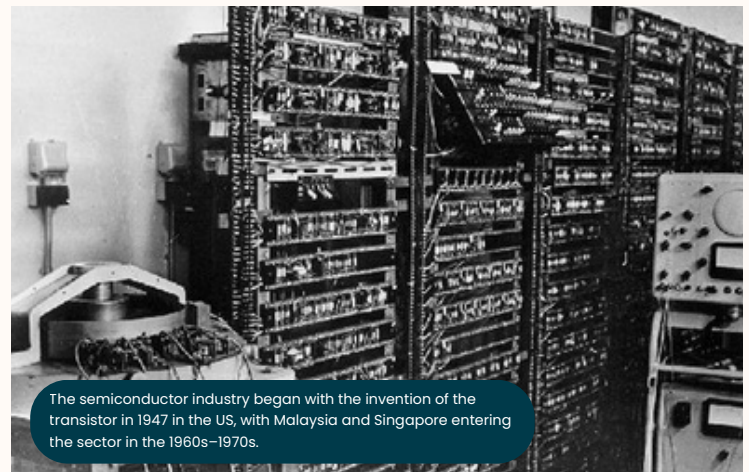
Data centres, Internet Exchanges and cross-border connectivity are now as important as highways and industrial parks.

This infrastructure aligns with Malaysia's national agenda is reflected in the Fourth MADANI Budget of RM2.7 billion for the Delapan project. It consistently emphasizes regional investment distribution, high-value job creation, digital trade readiness and resilient cross-border infrastructure to ensure **access, inclusion and opportunity** extend beyond major cities.



Interconnection is the lifeblood of digital economies; in the ASEAN context, low latency provides a competitive edge, localised routing saves costs and improves user experience and cross-border IX integration ensures predictable performance. The Delapan ecosystem – supported by next generation, high density data centre capacity and world class interconnection capabilities – is designed to accelerate global-grade peering, AI workloads and the demands of a rapidly expanding ASEAN digital economy.

Crucially, DEFA and local IXPs in the north will open new pathways for SMEs (97% of ASEAN businesses), allowing them to reach regional markets more efficiently and giving digital services and semiconductor operators predictable global connectivity. This ensures that digital transformation is meaningful, delivering **not only faster speeds, but more equitable opportunities**.



“ ASEAN is projected to become the world's fourth-largest economy by 2045. With DEFA and the northern corridor – powered by Delapan, global IX providers and Malaysia's policy alignment – Malaysia is standing at the threshold of an unprecedented opportunity, building the foundations of a more connected, inclusive and prosperous ASEAN.

And DE-CIX Malaysia is ready to carry that torch!



Wong Weng Yew