

INSIGHTS OF DIGITAL FREE TRADE ZONE (DFTZ)

BACKGROUND

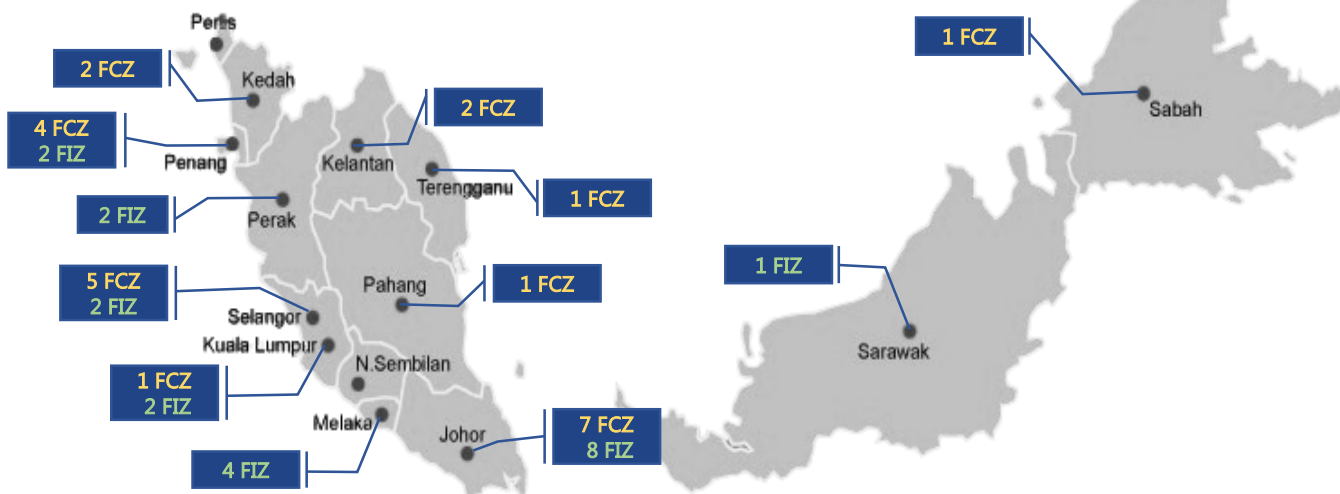
Digital Free Trade Zone (DFTZ) was launched by the Former Prime Minister of Malaysia, Mohammad Najib bin Tun Haji Abdul Razak on 22 March 2017.

INTRODUCTION

FREE TRADE ZONE (FTZ)

Designated area for duty-free import of raw materials, semi-finished goods or finished goods. Trader's cost of production will be lower by the elimination of the expenses related taxes.

FTZ consists of Free Commercial Zones (FCZ) and Free Industrial Zones (FIZ). According to The Royal Malaysian Customs Department (RMCD), there are 24 FCZs and 21 FIZs in Malaysia.



FCZ

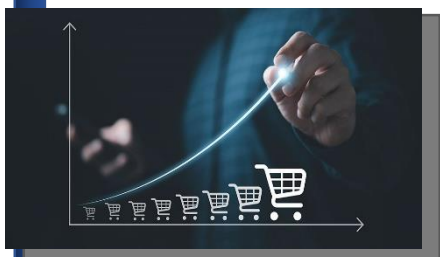
Some popular FCZs: Tanjung Pelepas, Port Klang, KLIA, Pasir Gudang, Rantau Panjang and Bukit Kayu Hitam.

FIZ

Some popular FIZs: Bayan Lepas, Senai Airport, Tanjung Pelepas, Batu Berendam and Port Klang.



DIGITAL FREE TRADE ZONE (DFTZ)



DFTZ aims to enhance and facilitate international e-commerce by merging physical and virtual zones with more online services. The existing concept of FTZ will be reflected by providing incentives such as tax exemptions are given to businesses.

DFTZ - DATA SOURCES

The compilation of DFTZ is using:

1. Monthly imports and exports declaration approved by the RMCD through *Sistem Maklumat Kastam* (SMK).
2. Monthly import declaration through the ePAM platform for the goods imported to the Principal Customs Area through the following:



→ Kuala Lumpur International Airport (KLIA), Sepang, Selangor.



→ Bayan Lepas International Airport, Pulau Pinang.



→ Sultan Abdul Aziz Shah Airport, Subang, Selangor.



→ Kuching International Airport, Sarawak.

ELECTRONIC PRE-ALERT MANIFEST (ePAM)

The RMCD has implemented the use of ePAM to position Malaysia as a hub across borders, particularly through e-commerce platforms. The goal is to expedite the release of goods and further enhance trade facilitation.



Goods classified as letters or documents

Values of goods not exceeding RM500.00 CIF per consignment eligible for duty/tax exemption, except for which classified in Customs Order

ePAM's Criteria :

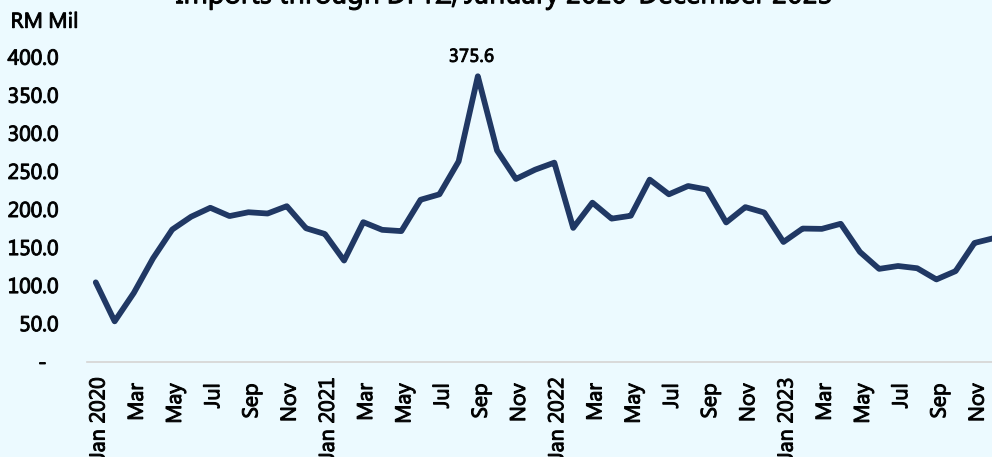
Weight of each package should not exceed 30 kg

Goods are not restricted under Customs Order

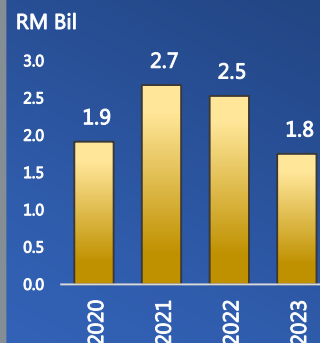


KEY FINDINGS

Imports through DFTZ, January 2020-December 2023



Imports

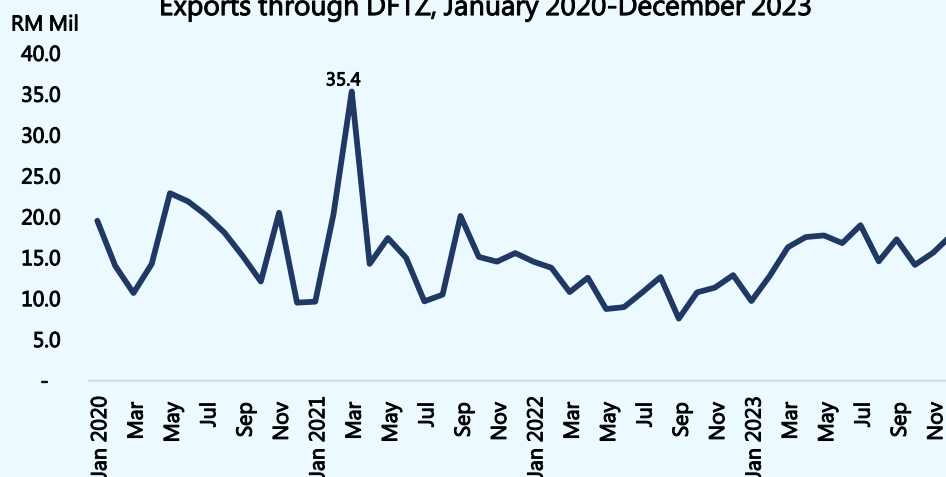


- ❑ From January 2020 to December 2023, the highest import value through DFTZ was recorded in September 2021 with RM375.6 million.
- ❑ On an annual basis, the values for 2021 and 2022 were RM2.7 billion and RM2.5 billion, respectively. In 2023, the value decreased to RM1.8 billion.

Exports



Exports through DFTZ, January 2020-December 2023



- ❑ The exports through DFTZ reached the highest value of RM35.4 million in March 2021.
- ❑ DFTZ exports amounted to RM199.3 million in 2020, which then decreased to RM197.8 million and RM135.7 million in 2021 and 2022, respectively. Subsequently, the exports through DFTZ increased to RM189.5 million in 2023.

