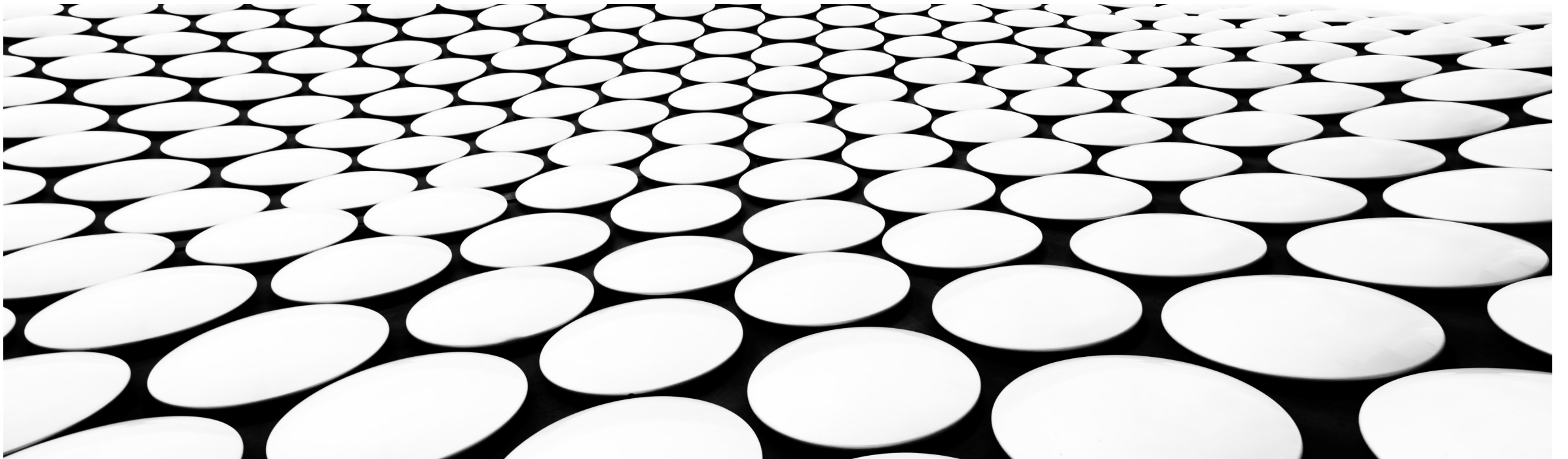


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# THE JOHOR-SINGAPORE SEZ: MOMENTS AND MESSAGES

FRANCIS E. HUTCHINSON





## STRUCTURE

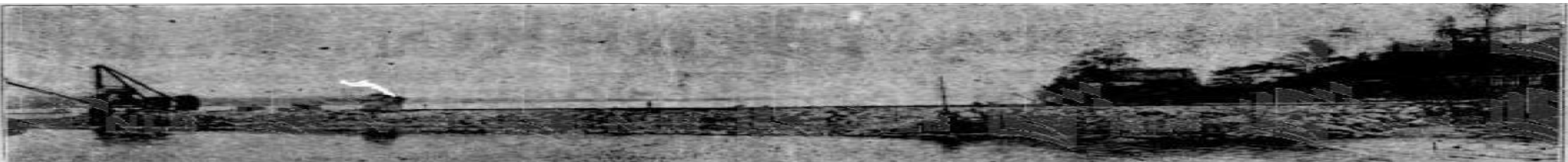
- 1<sup>st</sup> moment – the Causeway
- 2<sup>nd</sup> moment – SIJORI
- 3<sup>rd</sup> moment – Iskandar Malaysia
- Now - The JSSEZ
- 4 Key Messages
- Conclusion & Outlook

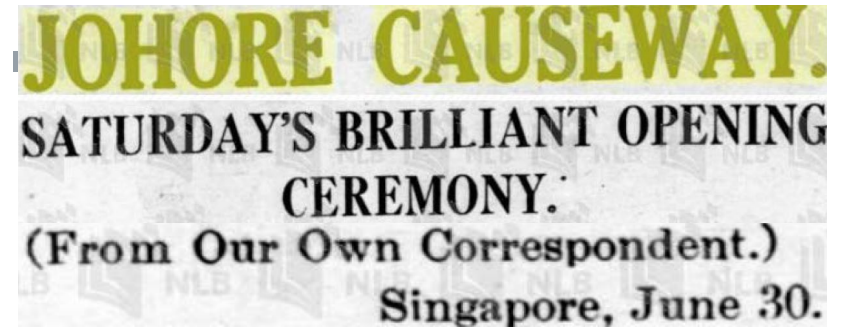
# THE CAUSEWAY

- Early 1900s idea of link between Johore and Singapore
- Rubber production and tin in Malaya
- Expanding railway networks in Johor, FMS, Thailand, Singapore
- Johor Strait missing link - wagons loaded onto ferries
- 11,500 wagons (1911) → 54,000 (1917)
- In operation 'day and night'

Decision → a Causeway:

- Stone – 1.5 m cubic yards from Bukit Timah and Pulau Ubin
- Less vulnerable than a bridge
- Water only entered discussion in 1912





## THE CAUSEWAY

Construction began in 1919

Estimated cost SSD 17 million

Jointly funded by Straits Settlements, Federated Malay States, and Johore

Initial design:

- British – Only rail
- Johore - Vehicular and pedestrian access

1<sup>st</sup> Trains (post) Sept 17; Passengers Oct 1<sup>st</sup>, 1923

Inauguration 28 June 1924.

- Public holiday → 400 guests, sultans, civil servants, business community
- Led by Governor/High Commissioner Guillemard and Sultan of Johore
- Ribbon cut in JB, then Woodlands

## THEN AND JUST AFTER...

Trade as the long-established motor → defence, water came later

Modalities change over time → rail, autos (individual/collective), pedestrians

Predates independence → has a duality as domestic and international infrastructure

Bilateral (Singapore-Malaysia) versus trilateral dynamic (S-M-Johor)

Laid the groundwork, but deeper integration was halted due to:

- Separation (1965)
- Border controls and immigration (1966)
- Different economic models – ISI (Malaysia), EOI (Singapore)
- Focus on domestic infrastructure in Malaysia (Port Klang); port of Johor, Senai Airport (1970s)



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# SIJORI

Launched 1990 – Singapore, Johor (Malaysia), Riau (Indonesia)

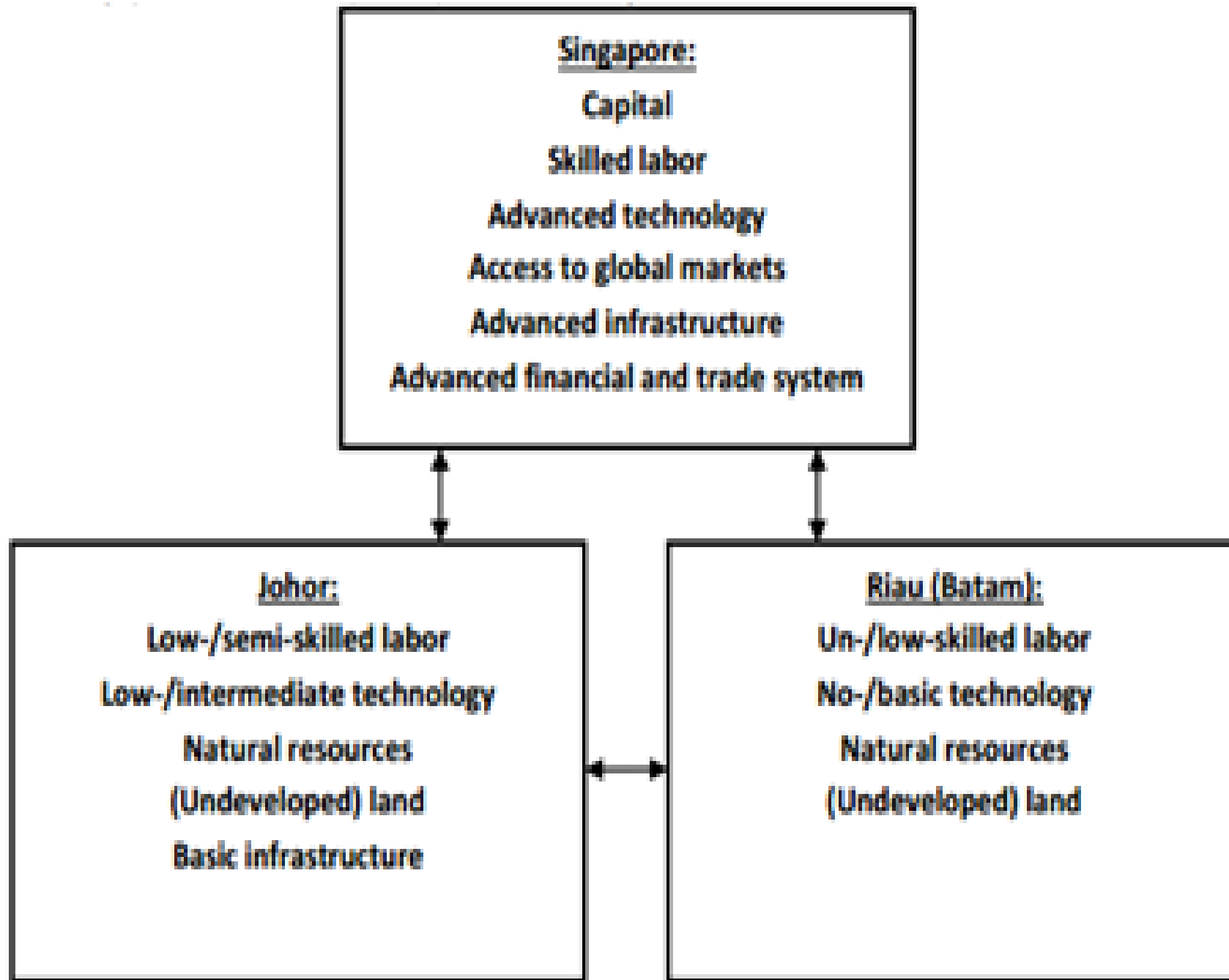
Different factor endowments, single destination

- Singapore – capital- and skill-intensive
- Johor – labour- and land-intensive
- Riau Islands – labour- and land-intensive

Government-led

- Low-cost
- Quicker than FTAs
- Export-oriented – escape small domestic markets
- By-pass constraints –
  - land, labour for Singapore
  - capital and technology for non-core locations
- Enable all locations to climb the value chain



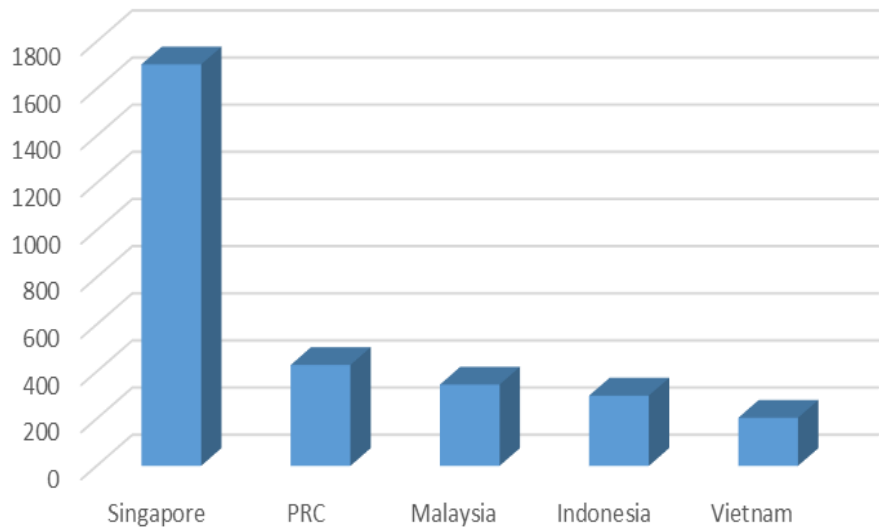


Source: Van Campenhout, M. & J. De Graaf (2013), adapted from Sparke et al, 2004; Chen, 2009.

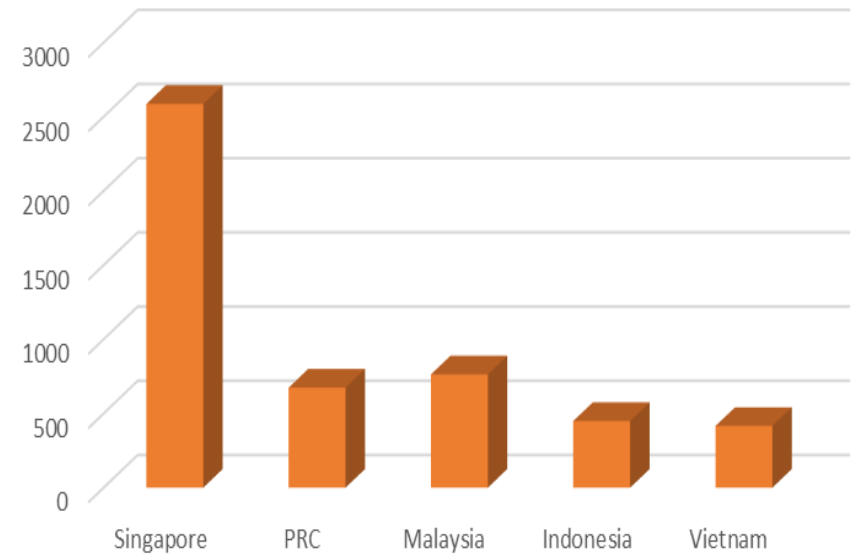




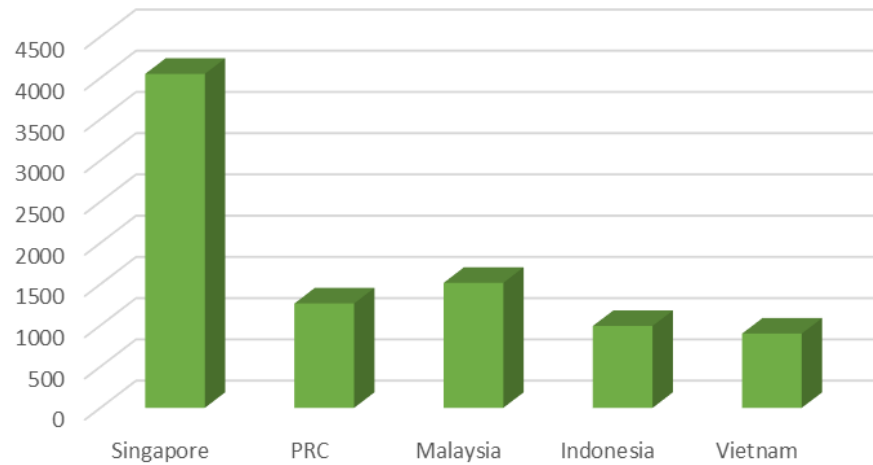
### Manufacturing Worker US\$ monthly



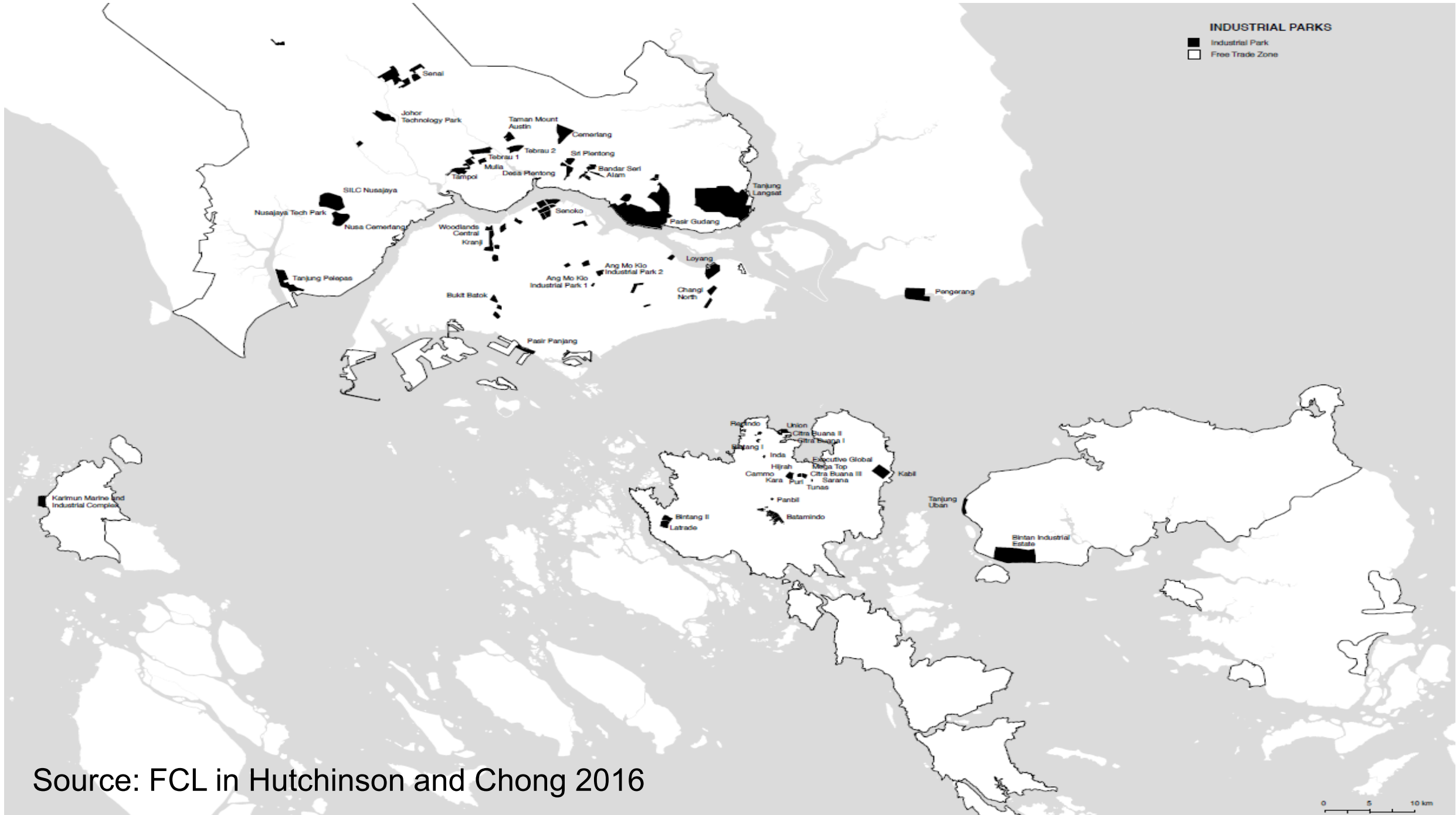
### Manufacturing Engineer US\$ monthly



### Manufacturing Manager US\$ monthly



Source: JETRO 2016

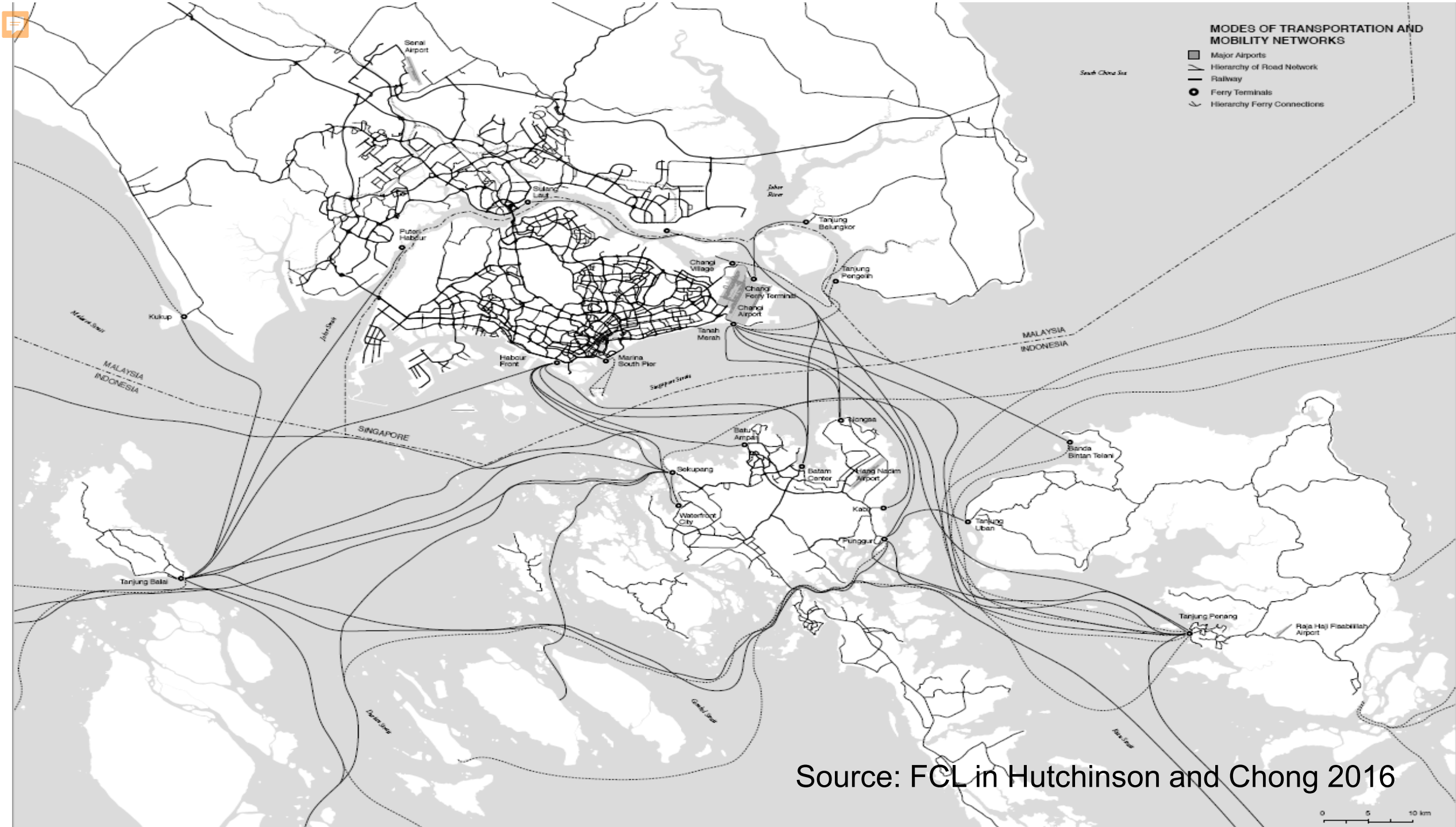


Source: FCL in Hutchinson and Chong 2016



### MODES OF TRANSPORTATION AND MOBILITY NETWORKS

- Major Airports
- Hierarchy of Road Network
- Railway
- Ferry Terminals
- Hierarchy Ferry Connections



Source: FCL in Hutchinson and Chong 2016

# THE RESULTS

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Creation of Cross-Border Idea

Indonesia → deregulation, Malaysia → Singapore source of investment

Industrial parks and free trade zones (BatamIndo, TPM Technopark)

Connectivity - 2<sup>nd</sup> link (1998), ferry connections

Extensive joint marketing

- US-Singapore FTA – Integrated Sourcing Initiative (Batam/Bintan)

Relationship with Singapore → logistics, industrial processing, corporate control, service provision, and knowledge generation.

Benefits for other locations:

- Johor: USD 1.06 bn manufacturing FDI p.a. (1990-2013)
- Johor – upper middle income - ‘developed’ Malaysian state
- Riau Islands: USD 545 mn manufacturing FDI (2004-2013)
- Riau Islands – lower middle income - 2<sup>nd</sup> richest in country

BUT – Asian Financial Crisis led to its eclipse



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# Iskandar Malaysia

## Key Information

Launched in 2006

2,217 km<sup>2</sup> in Southern Johor

Investment target - RM 383 bn by 2025

Infrastructure funds - RM 6.3 bn

Iskandar Regional Development Authority

Five 'zones': each with target sectors

## Priority sectors

Manufacturing – E&E, O&G, food

Services:

Logistics, health, education

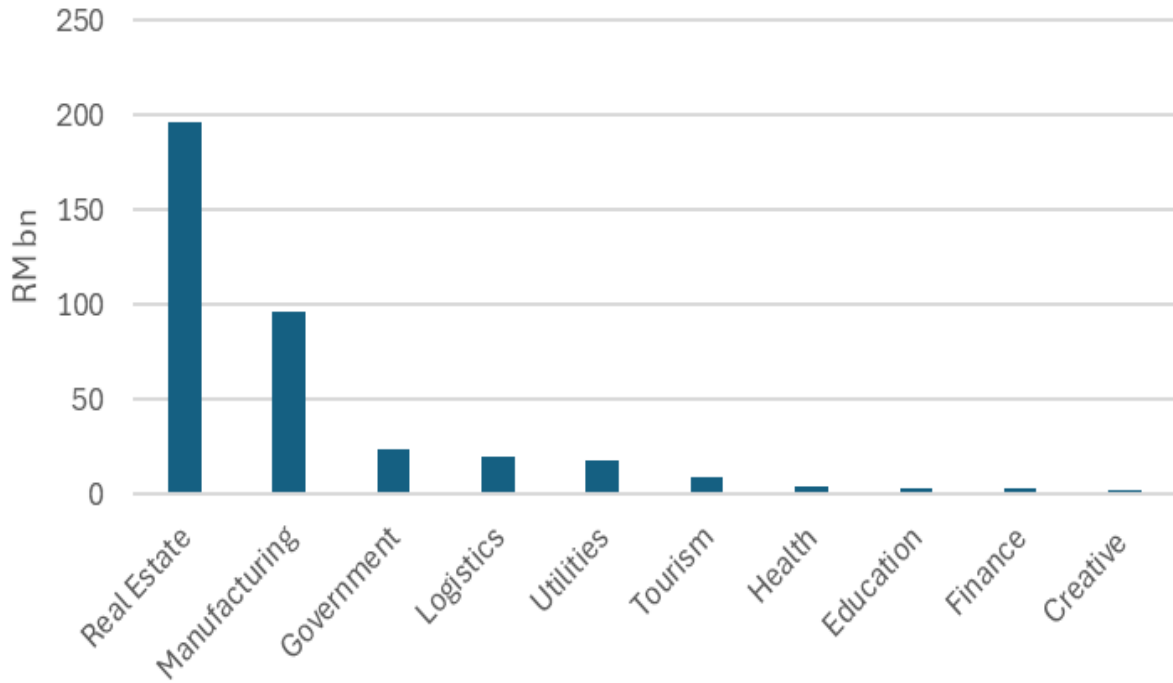
Tourism, finance, creative industries



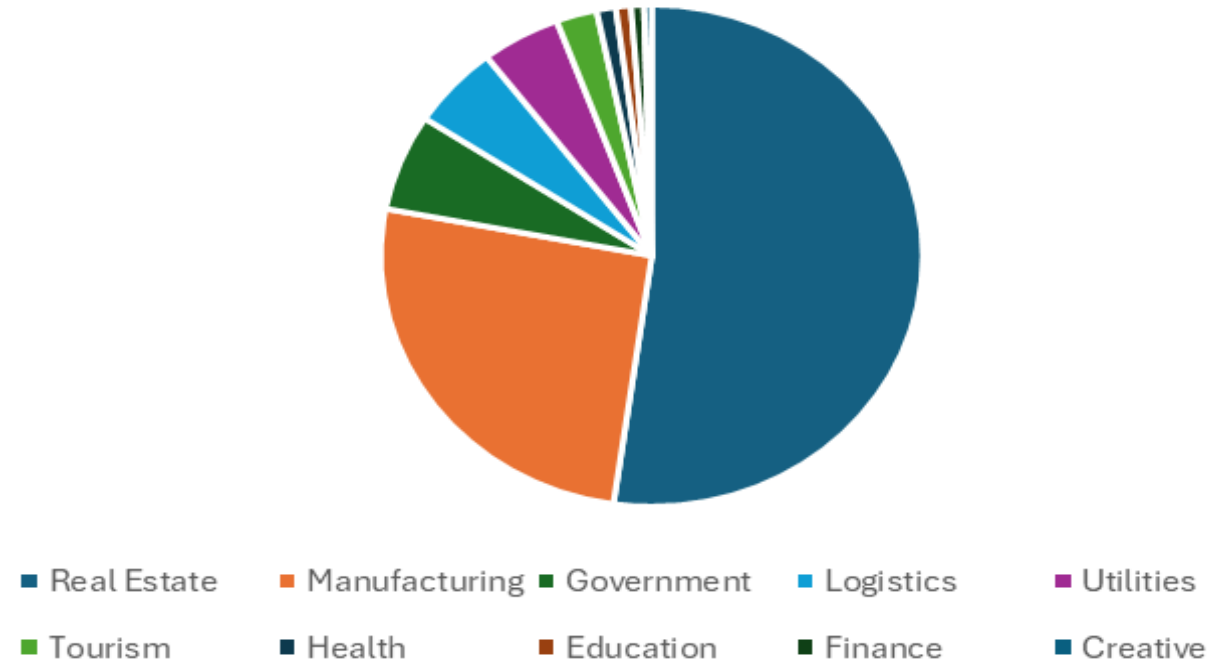
<http://www.iskandar.asia/iskandar-malaysia/introduction.html>



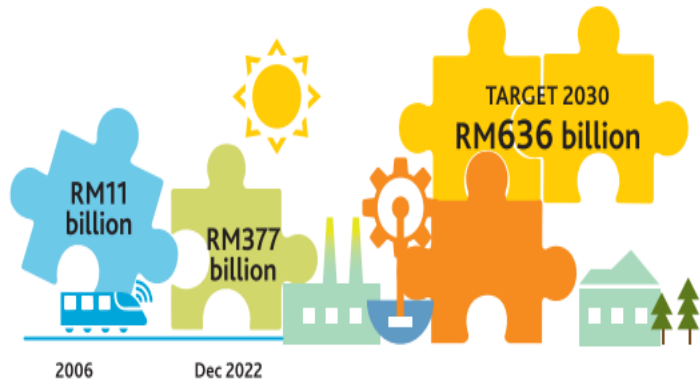
### Cumulative Investment into IM (2006-2022)



### Cumulative Investment into IM (2006-2022)



### Cumulative Recorded Investment 2006 - 2022



### ISKANDAR MALAYSIA Report Card 2023

### Top 10 Foreign Investment in Iskandar Malaysia 2006 - 2022 (RM bil)





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### Bilateral Declarations:

October 2023 – Announced at Malaysia-Singapore Leaders' Retreat

Jan 2024 – MoU - Singapore and Malaysia Signed

Sep 2024 – More details following Leaders' Summit → Now Year-End

### Context:

Political Stability in Malaysia, Royal Support

Rapid Transit System operational end-2026

2024 SBF Survey → 93% Johor interesting, 50% already have operations there

### Operationalization:

Singapore – Gam Kim Yong, Minister for Trade and Industry

Malaysia – Rafizi Ramli, Minister of Economy

# The JS-SEZ

## Proposed aspects:

Iskandar Malaysia area

Pontian and/or Pengerang and/or Kota Tinggi?

Customs & Immigration Procedures

- QR Codes
- Passport-free travel?

One-stop investment service centre

Digitised customs clearance

Worker training

Forum for Investors

Energy Cooperation

In Johor (in discussion):

Additional Incentives, potential special visas and taxation regime (15%)?





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## SOFT AND HARD INFRA

### Local Workforce:

Globalized outlook, good linguistic skills for target markets  
Really high-quality managers → locally-present MNCs to climb value chain.  
Long term structural issues with STEM graduates.

### International workforce:

Issues with long-term employment passes, particularly for spouses (including of citizens)  
Policy changes (MM2H visa), and precedents (MACS)

**Politically:** How to section off land for specific visas, incentives? Very difficult to enforce geographically constrained policies. Recent moves on Forest City testing the waters...

### Hard infrastructure:

Internationally competitive, good ports, airports, etc.  
but, utility provision can be patchy and data centres are coming on line...

## Dewan approves 5 bills to make Forest City a duty-free zone

Predeep Nambiar - 17 Jul 2024, 06:22 PM



## Stern Action To Be Taken If Johor Suffers Water Supply Disruption – Mb

🕒 19/05/2024 05:16 PM



Invest Malaysia Facilitation Centre Johor (IMFC-J)  
has started its operation at its interim office in:

Iskandar Regional Development Authority (IRDA),  
Level 3, Wisma Sunway Big Box,  
Persiaran Medini 5, Sunway City Iskandar Puteri,

## FACILITATION CENTRES

- One-stop shops only bring offices together, they do not rationalize processes.
  - Johor State Investment Centre → Iskandar Regional Development Authority → IMFC-J.
- Always a division between federal and state government processes and incentives.
  - Constitutional prerogatives (land zoning, local government), areas of expertise (land law), and cultural differences.
- ‘Ease of doing business’ – focus is on starting a business, rather than running a business.
  
- Challenges:
  - Prioritize new investors over old ones?
  - Sectoral ‘flavour’ of the moment.
  - Quantum of investment vs technology and innovative potential. Johor Technopolis

**TheStar**

### Johor investment centre to improve business relations

Thursday, 13 Jan 2005

Industry and Higher Education

| First published August 1996

Malaysia's Johor Technopolis: A Strategy for Technological Deepening?

[Raymond J.G. Wells](#) [View all authors and affiliations](#)

# THE RTS

## Need:

- 2023 – volume of travellers above pre-pandemic levels.
- 300,000 people and 145,000 vehicles use 2 links daily.
- Highest recorded cross-border crossing – 500,000.
- Highly variable times to cross.
- 7/10 Singaporeans would travel Johor if it were easier.\*

## RTS -- late 2026.

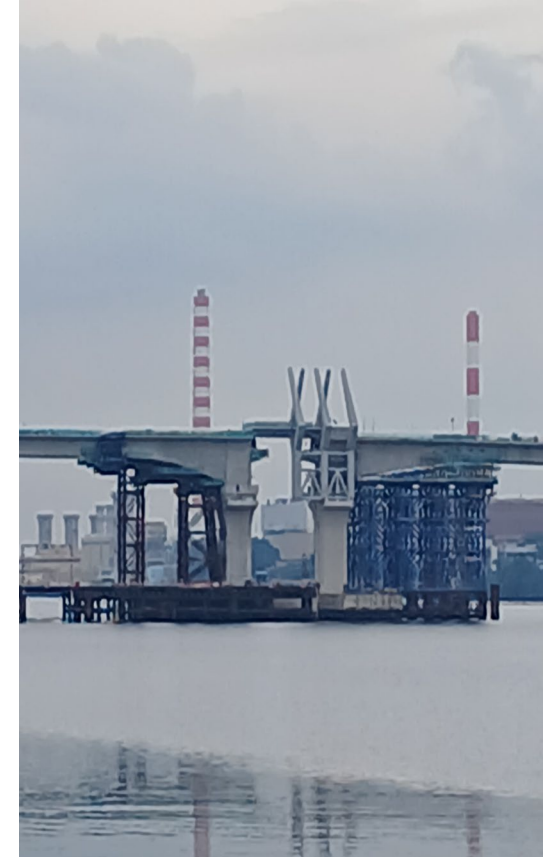
- Move 10,000 people an hour in each direction.
- 35% less traffic on the Causeway.



Johor Bahru,  
October 7,  
2024

\* SensingSG Survey





Johor/Tebrau Strait, October 6<sup>th</sup>, 2024

## THE RTS...

Yes, but:

- Pent-up demand for day-trips and also cross-border living.
  - 1.2 million Malaysians in Singapore.
  - Singaporeans after lower rent. 1/3 Singaporeans considering moving to Johor to retire.\*
- Ample reserves of currently empty apartment towers in downtown JB.
- The demand for transport (particularly heavy vehicles) on the Causeway same.
- Additional traffic to and from Johor Bahru needs to be managed (parking?).
- Public ridership in Johor Bahru <20%.
- BRT, MyBas....now LRT (5-10 years) or ART (3 years)? 3 lines, but *akan datang*.



Princess Cove  
October 6/7, 2024

**Iskandar Malaysia transit bus can't tackle traffic, shelved**

Friday, 17 May 2024

**The Star**

\* SensingSG Survey





Johor Bahru, October 6<sup>th</sup>, 2024

# THE HSR

2010 – ETP, HSR key project

2013 – Leaders' Retreat, both announce plans for HSR

2014 – Malaysia → terminus is in Bandar Malaysia

2015 – Singapore → terminus is in Jurong East, co-location of CIQ facilities

2015 (Oct) – Request For Information

2016 (July) – MoU on Assets, CIQ, Bidding

2016 (Aug) – Tender for Joint Development Partner

2016 (Dec) – Bilateral Agreement → end 2026 operation

2018 – Pakatan Harapan 1.0 → HSR on hold until May, 2020 → S\$15mn compensation

2020 – Perikatan Nasional → HSR on hold until end-2020

2020 (Nov) – Proposed design changes from Malaysia

January 2021 – termination by Singapore and Malaysia; S\$103 mn compensation



# THE HSR

July 2023 – MyHSR opens an RFI – 31 firms in 7 consortia apply

Dec 2023 – Sultan of Johor supports HSR, passing via Forest City, 30-year concession

MoT – can do, but:

- Private capital
- Ideally 51% owned by Malaysian interests

Jan 2024 - Shortlisting of firms (number confirmed, not identity):

- Berjaya Rail
- YTL Corp – Gemas-JB Electrification, KLIA
  - Subsidiary ERL works with CRRC in Saudi Arabia
- Chinese Railway Construction Corp
- Sep 2024 – Agong travels to China: accompanied by Loke (Transport), Nga (Housing & Local Government), and allegedly YTL.

**HSR project will not involve govt funding, says Loke**

By [Hana Naz Harun](#), [Qistina Sallehuddin](#) - March 14, 2024 @ 11:27am





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## CONCLUSION & OUTLOOK

Johor long a site for complementary production agriculture → manufacturing → services.

Johor excels at tasks that leverage its greater supply of land and labour relative to Singapore → investment flows regardless of policies.

Well-developed physical infrastructure, outward-looking policies.

Recent developments have the potential to magnify this. However:

- Certain sectors work less well in Johor – finance, creative industries
- Authorities need to focus on innovative potential, not just large investments
- The RTS will be a game-changer, but...
- The HSR is progressing rapidly on the Malaysian side