Socio-Economic Research Centre
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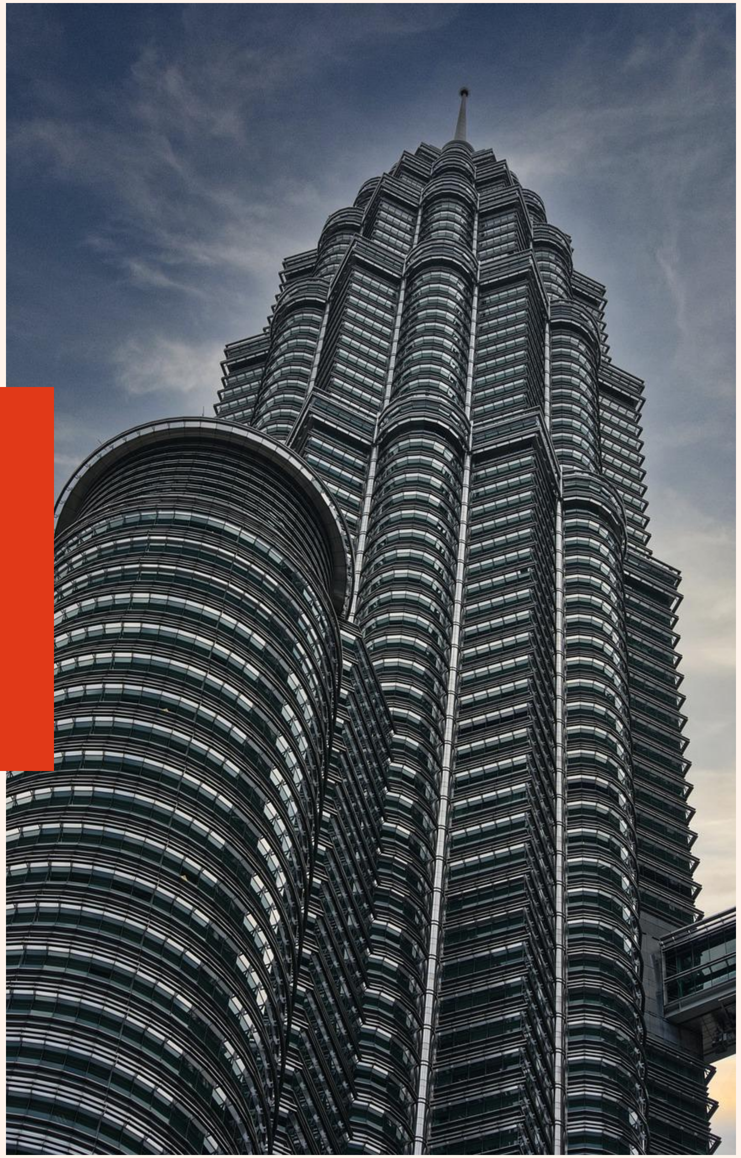
Johor-Singapore Special Economic Zone (JS-SEZ)

Can JS-SEZ Rise to the Expectation?

7 January 2025

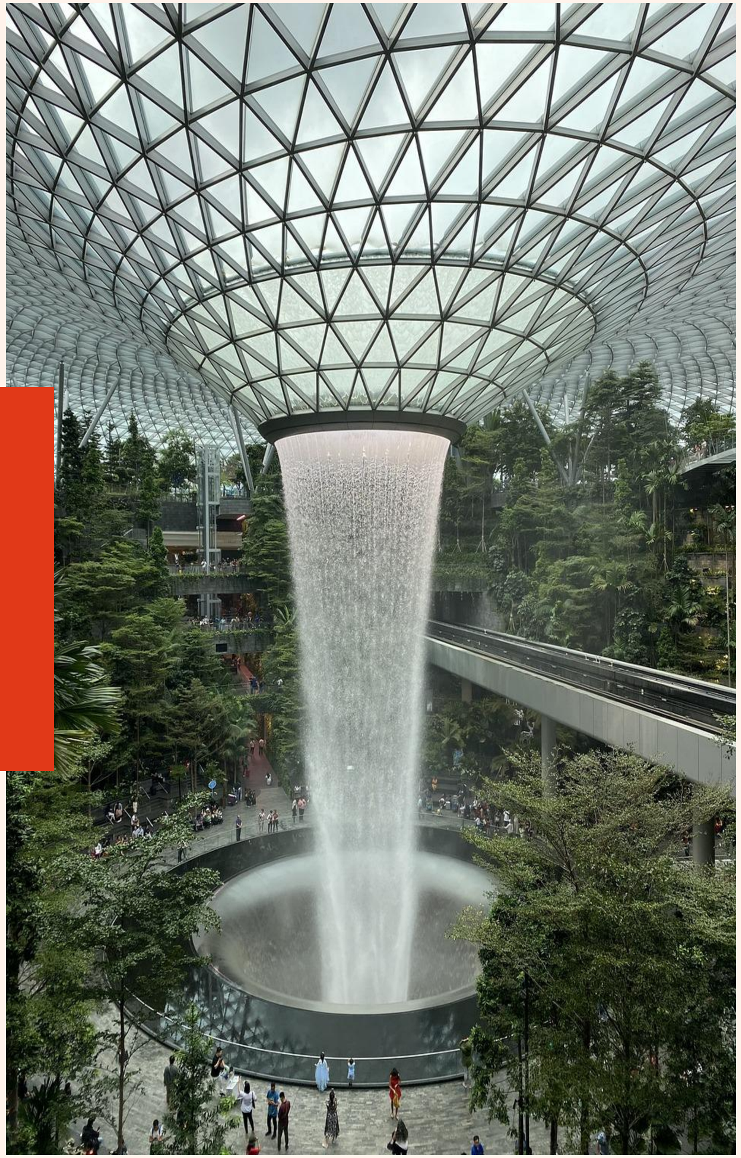
Johor-Singapore Special Economic Zone (JS-SEZ): A New Chapter Begins

- On 7 January 2025, both the Government of Malaysia and Singapore have signed the agreement of the Johor-Singapore Special Economic Zone (JS-SEZ), marking a significant milestone in fortifying the long-standing bilateral relationship between Malaysia and Singapore. This agreement followed the Memorandum of Understanding (MoU) signed a year ago.
- This agreement underscores the commitment of both countries to thrive robust trade and strategic collaborations but also heralds new business and investment opportunities. Both sides will leverage each other’s complementary strengths, synergies and resources to achieve a win-win outcome through more streamlined trade and investment facilitation and regulatory procedures, enhancing cross-border movements and economic connectivity.
- Additionally, both countries have signed two significant MoUs: (1) Focus on carbon credit cooperation, establishing a framework for the international transfer of carbon credits to support both nations in achieving their climate goals; (2) Promote cooperation in cross-border carbon capture and storage (CCS), paving the way for joint projects and a potential legally binding agreement. These initiatives emphasise the commitment of both Malaysia and Singapore to a sustainable and green economy.



Johor-Singapore Special Economic Zone (JS-SEZ): A New Chapter Begins

- Malaysia and Singapore have a longstanding economic partnership, maintaining strong diplomatic relations. The signing of this agreement coincides with the 60th Anniversary of diplomatic ties in 2025, signifying the beginning of a new chapter in elevating both countries' economic ties into new heights.
- The establishment of JS-SEZ also offers neighbouring countries, such as ASEAN member countries, opportunities for investing in the SEZ, positioning it as key investment location in ASEAN.
- Malaysia and Singapore have deep bilateral trade and economic ties. Singapore has consistently ranked as one of Malaysia's top trading partners and a leading source of foreign direct investment. Singapore is Malaysia's second-largest trading partner in the first eleven months of 2024 and also the second-largest approved foreign investor in various economic sectors in the first three quarters of 2024.



01 Malaysia-Singapore Bilateral Relationship

Snapshot of Key Economic Indicators – Malaysia, Johor and Singapore

Year: 2023	Malaysia	Johor	Singapore
Nominal GDP market value	**RM1.8 trn** USD399.3 bn	Rank # 4 **RM171.8 bn** *(9.4% of total)* USD37.6 bn	**S$673.3 bn** USD501.2 bn
GDP per capita	**RM54,612** USD11,962	Rank # 9 **RM41,902** USD9,178	**S$113,779** USD84,689
Population	**33.4 million**	Rank # 2 **4.1 million** *(12.3% of total)*	**5.6 million**
Labour force	**16.4 million**	**2.1 million** *(12.7% of total)*	**3.9 million**
Employed persons by skill category[1]			
• Skilled	30.4%	26.6%	62.6%
• Semi-skilled	57.2%	61.6%	27.9%
• Low-skilled	12.4%	11.7%	9.5%
Exports of goods	**RM1.4 trn** USD312.3 bn	**RM290.0 bn** *(11.6% of total)* USD63.5 bn	**S$685.0 bn** USD509.9 bn
Attracted Investment	Approved Investment **RM329.5 bn** USD72.2 bn	Approved Investment **RM43.1 bn** *(13.1% of total)* USD9.4 bn	Commitment to the manufacturing and services, fixed assets **S$12.7 bn** USD9.4 bn
• Primary	2.8%	-	
• Manufacturing	46.1%	33.9%	68.7%
• Services	51.1%	66.1%	31.3%

1. Employed persons for Singapore only for residents, skill category follows Malaysia's definition.

Notes: Conversion based on the exchange rate of RM4.5653/USD1 and SGD1.3435/USD1.

Source: DOSM; MIDA; SingStat

Snapshot of Key Economic Indicators – Malaysia, Johor and Singapore

Year		Malaysia	Johor	Singapore
2024	**Corporate income tax rate**	**24%** (Preferential tax rate for eligible SMEs at 15%-17% for first RM600,000 of chargeable income)		**17%**
2024	**Individual income tax rate**	**Up to 30%**		**Up to 24%**
2023	**Median monthly wage**	**RM2,602** USD570	**RM2,450** USD537	**S$5,197** (incl. employer CPF) USD3,868
	Non-domestic electricity tariffs - *Excluding capacity charge and other charges.* *Malaysia: seen/kWh* *Singapore: cent/kWh*	**Commercial:** • Low voltage: **43.5 for the first 200 kWh; 50.9 for the remaining** • Medium voltage: **36.5 (22.4 for off-peak)**	**Industrial:** • Low voltage: **38.0 for the first 200 kWh; 44.1 for the remaining** • Medium voltage: **33.7 (or 35.5 (peak) and 21.9 (off-peak))** • High voltage: **33.7 (peak) and 20.2 (off-peak)**	Example: SP Group (1 Oct 23) **Low tension: 31.00**
	Prime office rental	Aug 2022 Johor Bahru (per sq. m / month): • Building Age> 5 Years: **RM25-RM38**	• Building Age< 5 Years: **RM38-RM48**	Q2 2024 **S$11.95 per sq. ft / month**
	Cost of industrial land / factory building	2023 Johor: • Industrial land selling price: **RM25-RM90 per sq. ft** • Quit rent per annum by industry: **RM1,600/ha (light); RM2,100/ha (medium); RM2,400/ha (heavy)** • Annual assessment rate: **0.33%-1.0% of property value** • Ready-built factory selling price: **RM140-RM400 per sq. ft** • Ready-built factory rental: **RM1.20-RM3.00 per sq. ft / month**		Q2 2024 **S$1.87 per sq. ft / month**

Notes: Conversion based on the exchange rate of RM4.5653/USD1 and SGD1.3435/USD1.

Source: Malaysia: LHDN; DOSM; TNB; MIDA; Singapore: IRAS; SingStat; CBRE; SP Group

Malaysia-Singapore Bilateral Trade and Investment

Trade
Jan-Nov 2024

Malaysia's Exports to Singapore:

RM208.3 billion / RM1,369.5 billion (Total exports)	≈	**15.2%** share of total; **2.3%** YoY growth	**Rank 1st**

Malaysia's Imports from Singapore:

RM151.8 billion / RM1,251.5 billion (Total imports)	≈	**12.1%** share of total; **15.1%** YoY growth	**Rank 2nd**

Total Trade with Singapore:

RM360.1 billion / RM2,620.9 billion (Total trade)	≈	**13.7%** share of total; **7.3%** YoY growth	**Rank 2nd**

Approved Investment
Jan-Sep 2024

Various Economic Sectors

RM26.1 billion / RM106.7 billion (Total investment)	≈	**24.5%** share of total; **25.0%** YoY growth	**Rank 2nd**

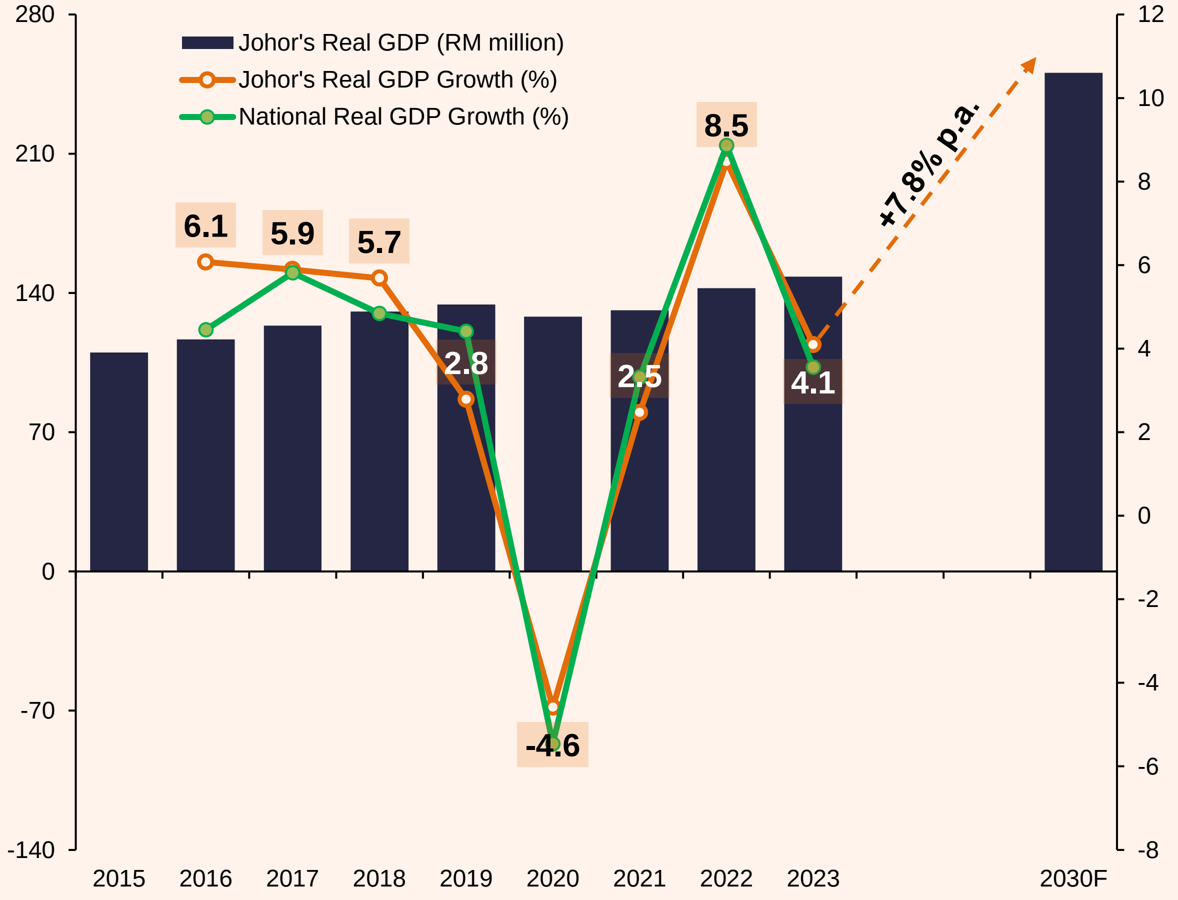
Manufacturing Projects

RM10.5 billion / RM66.9 billion (Total investment)	≈	**15.7%** share of total; **114.3%** YoY growth	**Rank 2nd**

Source: DOSM; MIDA

Johor's Development Path: Economic Growth and Future Opportunities

Johor's Real GDP and Forecast



Source: *DOSM; Maju Johor 2030; UOB Global Economics & Markets Research*

Cumulative Realised Investment in Iskandar Malaysia (2006-Jun 2024)

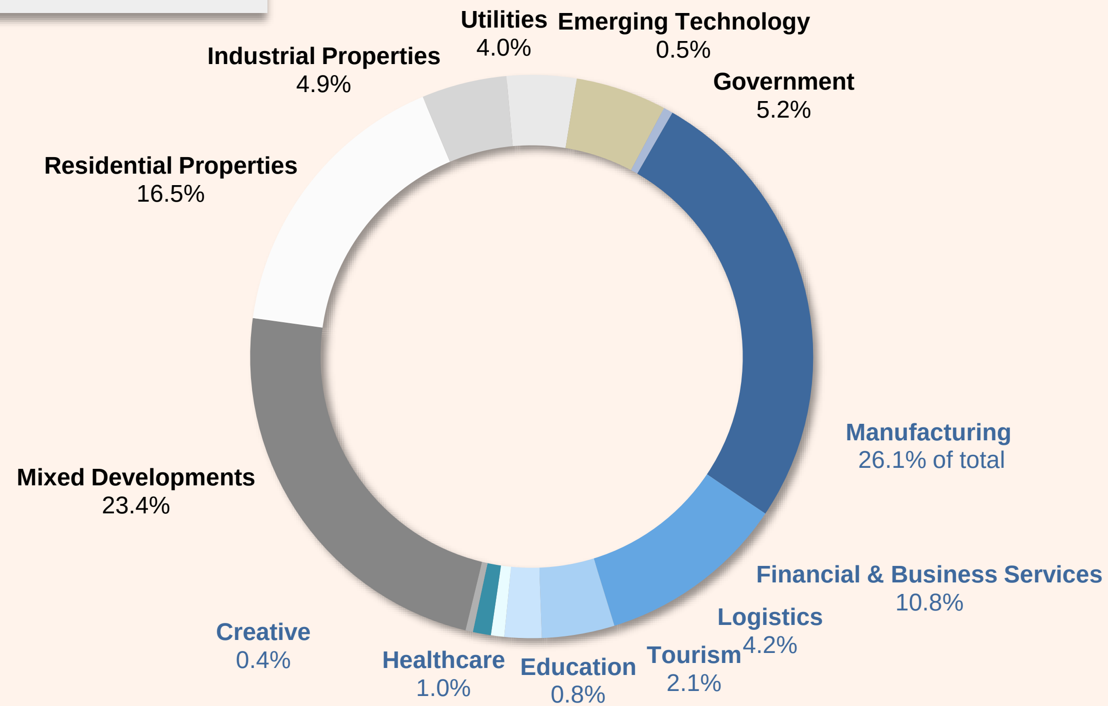
2006 to Jun 2024

RM445.6 billion
Total Cumulative Realised Investment

Target investments GDP
2025 = RM383 billion
2030 = RM636 billion

Promoted Sector
39%

Domestic Investment
52%



Note: *Promoted sectors are manufacturing, financial & business services, logistics, tourism, education, healthcare, and creative.*

Source: *Iskandar Regional Development Authority Report Card 2024*

Tide of Investment Flows

- **"Maju Johor 2030 – Powering Johor into New Economy"**.
- The **Invest Malaysia Facilitation Centre-Johor (IMFC-J)** to attract new investors.
- Expect **RM60 billion in additional investments at the Pengerang Integrated Petroleum Complex (PIPC)** in Pengerang (2026 to 2031).
- **Johor is rapidly emerging as Malaysia's new data centre hub**, attracting over 50 data centres (DC) in the past two years, and is expected to draw in RM17 billion in new investment in 2024.
- Johor is the **ninth largest DC market in APAC** (source: Baxtel).
- Ranked as Malaysia's **fourth-largest investment destination in 2023** (RM43.1 billion or 13.1% of the total).

Source: Malaysian Investment Development Authority (MIDA); DOSM

Approved Investment	Accumulative	Value			CAGR
By State	**2019-2023**	**2019**	**2023**	**Q3 2024**	**2019-2023**
Malaysia	1,285.4	211.4	329.5	254.7	11.7% per annum
Selangor	231.3 (18.0% of total)	47.8 (22.6%)	55.3 (16.8%)	66.8 (26.2%)	3.7%
Pulau Pinang	221.4 (17.2%)	33.7 (15.9%)	71.9 (21.8%)	22.6 (8.9%)	20.9%
Johor	**162.2 (12.6%)**	**24.4 (11.5%)**	**43.1 (13.1%)**	**18.1 (7.1%)**	**15.3%**
Kuala Lumpur	159.8 (12.4%)	21.6 (10.2%)	58.3 (17.7%)	63.9 (25.1%)	28.2%
Kedah	129.9 (10.1%)	14.7 (7.0%)	28.7 (8.7%)	34.0 (13.4%)	18.2%

Total Approved Manufacturing Investment: Top 3 Industries in Johor

Johor	54.4	11.5	14.6	8.0	6.3%
Chemicals and chemical products	10.3 (18.9% of total)	1.6 (14.1%)	1.6 (11.0%)	N/A	0.1%
Electrical and electronic products	10.1 (18.6%)	1.3 (11.6%)	4.6 (31.3%)	N/A	36.1%
Machinery and equipment	4.4 (8.0%)	0.4 (3.3%)	2.5 (16.9%)	N/A	59.2%

Note: *Ranking is based on accumulative approved investment from 2019 to 2023. Parenthesis indicates the percentage share.*

02 Johor-Singapore Special Economic Zone (JS-SEZ)

Objectives and Visions of the Johor-Singapore Special Economic Zone (JS-SEZ)

Key Objectives

- Enhance cross-border connectivity
- Facilitate freer movement of people
- Strengthen business ecosystems to foster a robust business environment

Visions

- Enhanced cross-border business interactions
- Easy flow of labour between countries
- Holistic business ecosystem and enhanced ease of doing business
- Improved connectivity and cost-effectiveness in trade
- Increased economic development

JS-SEZ Timeline: What Has Been Done, and What's Next?

30 Oct 2023

The establishment of a Special Task Force under the Joint Ministerial Committee for Iskandar Malaysia (JMCIM).

11 Jan 2024

Signed a Memorandum of Understanding (MoU) on the JS-SEZ between Malaysia and Singapore.

End-April 2024

Workshop with Working Groups.

11 Jul 2024

JS-SEZ Joint Investor Forum.

Q3 and Q4 2024

- **Drafting of the JS-SEZ agreement.**
- **Workshop between Working Groups** from Malaysia and Singapore.
- **Finalisation of JS-SEZ Definitive Agreement.**

7 January 2025

Signing of JS-SEZ Agreement between Malaysia and Singapore.

A year after signing MoU…

All Strategies to Make a Distinctive Value Proposition of the JS-SEZ

1

Strategic Location & Connectivity

- **Leverage technology** to enhance the movement of people and goods (e.g., automated immigration lanes, paperless clearance).
- **Enhance visa options** (e.g. DE Rantau Nomad Pass).
- Capitalise on strategic location with **excellent regional and global connectivity** for efficient export through Singapore or Johor.

2

Attractive Policies & Incentives

- **Implement pro-business policies and incentives**, including tax breaks, grants, and streamlined regulations.
- **A special 5% corporate tax rate is available for up to 15 years** for companies making new investments in qualifying activities, such as AI and Quantum Computing Supply Chain, Medical Devices, Aerospace Manufacturing, and Global Services Hub.
- Eligible knowledge workers in the JS-SEZ can benefit from **a special 15% income tax rate for 10 years.**

3

Designated Flagship Zones

- **Develop designated flagship zones** within the JS-SEZ (Iskandar Development Region and Pengerang) **with prioritised sectors** to attract targeted investments.

- Tax incentives for relocating to Malaysia and green technology.
- Pioneer Status (PS) and Investment Tax Allowance (ITA).
- Global Services Hub incentive.

4

Strong Government Support

- **Establish dedicated funds** from both Malaysian and Singaporean governments to support infrastructure development and incentivise business expansion.
- Operate the **Invest Malaysia Facilitation Centre Johor (IMFC-J) as a one-stop centre** to streamline investment processes.

5

Competitive Cost Advantage

- **Offer a competitive cost of doing business**, including affordable real estate, labour costs, and a favourable tax regime.

Key Developments in Johor and JS-SEZ: Unlocking Investment Potential

Completion Date:

JS-SEZ

Q3 2024

QR Code Clearance (Trials)

The trial QR code systems, such as MyTrip and MyRentas, dramatically reduce bus checkpoint clearance times by over 75%.

Q3 2024 (25 Jul)

Duty Free in Pulau Satu, Forest City

The fifth duty-free island along with Labuan, Langkawi, Tioman and Pangkor.

Q4 2024 (20 Sep)

Forest City SFZ

Regional financial hub complementing Singapore.

Q4 2024 (3 Nov)

Talent Development Council

Dedicated body on talent development programmes in JS-SEZ, serving as a bridge between industry and academia.

2024

IMFC – Johor

First outside of Kuala Lumpur and with participation from state government agencies.

Johor Development

2025

Gemas–Johor Bahru Electrified Double Track

A 192-kilometre electrified train service project covering four major districts in Johor — Segamat, Kluang, Kulai and Johor Bahru.

2026

Autonomous Rapid Transit (ART) System

Expected to have 32 stations with a total distance of more than 50km in Johor Bahru.

2026

RTS Link

Complemented by local public transportation network in Johor Bahru and various locations, with a capacity of 10,000 pax/hour.

Kuala Lumpur–Singapore High-Speed Rail

Proposal of 350 km line with 90 minutes of travel time from Kuala Lumpur to Singapore.

Major development that attracts most investors

Source: *Invest Johor; SERC's compilation*

Early Initiatives Highlights

#1 Passport Free QR Code Clearance

1 Jun 2024

Malaysia launched the 1st three-month trial (MyTrip) through a Proof of Concept (PoC) of implementing **MyTrip QR codes** for immigration clearance for those using the Sultan Abu Bakar Complex (KSAB) CIQ entry point via bus and motorcycle lanes.

22 Jun 2024

The 2nd trial for the QR code system (MyRentas) for those using Bangunan Sultan Iskandar CIQ complex via bus.

Jul – Aug 2024

The 3rd trial (MyBorderPass) for motorcyclists using the Bangunan Sultan Iskandar CIQ complex.

#2 Partnerships for TVET Initiatives

Strengthen cooperation in technical and vocational education and training (TVET) initiatives to meet industry demands. Examples of such TVET partnerships include MOUs between Singapore Polytechnic and the Federation of Malaysian Manufacturers (FMM), and Singapore's ITE Education Services (ITEES) and the Johor Skills Development Centre (JSDC), as well as the signing of a Cooperation Note on Talent Development between Republic Polytechnic and the Johor Talent Development Council (JTDC).

#3 Streamlined Customs Procedures

Effective January 1, 2025, a new single transshipment permit system replaced the previous requirement of obtaining two separate permits for land intermodal transshipments.

This streamlined process, managed through Singapore Customs, enables businesses to reduce costs and improve efficiency.

#4 Investment Malaysia Facilitation Centre – Johor

Investment facilitation efforts for Singapore businesses through the establishment of a new Investment Malaysia Facilitation Centre – Johor (IMFC-J) in Johor.

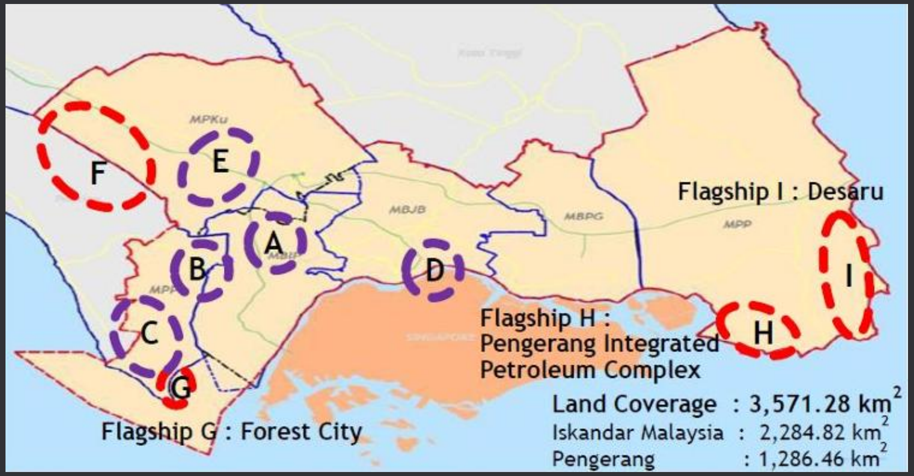
Flagship Zone Incentives for Sectors in JS-SEZ

3 New Proposals for Flagship Zone Areas:

- **Flagship G** – Forest City
- **Flagship H** – Pengerang Integrated Petroleum Complex (PIPC)
- **Flagship I** – Desaru

New Priority Sectors:

- Aerospace
- Electrical & Electronics
- Chemical
- Medical devices
- Pharmaceuticals



Flagship A: JB City Centre	Flagship B: Iskandar Puteri	Flagship C: Tg. Pelepas – Tg. Bin	Flagship D: Pasir Gudang	Flagship E: Senai - Skudai	Flagship F: Sedenak	Flagship G: Forest City	Flagship H: PIPC	Flagship I: Desaru
• Business services • Digital economy • Health	• Manufacturing • Business services • Digital economy • Education • Health • Tourism	• Manufacturing • Energy • Logistics	• Manufacturing • Energy • Logistics	• Manufacturing • Digital economy • Education • Logistics • Tourism	• Manufacturing • Business services • Digital economy • Education • Energy • Food security • Health • Logistics • Tourism	• Financial services	• Manufacturing • Energy • Logistics	• Education • Food security • Health • Tourism

Specific Measures to Leverage Complementary Value Propositions of the JS-SEZ

Economic Co-operation

Investment Promotion & Facilitation:

- **Promote and facilitate investments in 11 key sectors** (manufacturing, logistics, food security, tourism, energy, digital economy, green economy, financial services, business services, education, and health) to enhance economic complexity, promote digitalisation, and achieve net-zero goals.
- **Target 50 projects within the first 5 years and a cumulative of 100 projects within first 10 year**s, aiming to **create 20,000 skilled jobs**.

Renewable Energy Development:

- Facilitate renewable energy projects to accelerate renewable energy trading between Malaysia and Singapore.

Expansion of Free Zones:

- Develop new free zones and facilitate applications for licensed manufacturing warehouses within the JS-SEZ.

Movement of People and Goods

- Enhance existing passes (e.g. DE Rantau Nomad Pass) to attract talent and boost JS-SEZ vibrancy.
- Increase clearance capacity and implement automated immigration lanes and paperless clearance for goods to facilitate cross-border movement.
- Strengthen local transport links in Singapore and Malaysia to support seamless connectivity to the JS-SEZ.
- Study the feasibility of diverting commercial traffic to the Second Link.
- Explore data sharing to enhance customs processes (subject to regulations).
- Explore other mutually agreed aspects related to the movement of people and goods.

Talent Development

- Attract talent aligned with the JS-SEZ industry needs.
- Enhance industry-ready skills training and education programs in collaboration with the Johor Talent Development Council (JTDC) and other relevant institutions.

Ease of Doing Business

- Establish the Invest Malaysia Facilitation Centre - Johor (IMFC-J) to act as a one-stop centre in facilitating investments and businesses in the JS-SEZ.

Malaysia and Singapore will continue to explore new areas of co-operation and initiatives in supporting the objectives of the JS-SEZ. These include:

a) Explore new areas of cooperation to support JS-SEZ objectives, including enhancing market access for financial institutions (subject to regulations).

b) Provide a tax incentive package for the JS-SEZ, including a special corporate tax rate of 5% (up to 15 years) for new investments in qualifying manufacturing and services activities.

c) Refresh the Joint Ministerial Committee for Iskandar Malaysia (JMCIM) to support JS-SEZ ambition and implementation.

d) Reinforce bilateral cooperation in other areas, such as transport and the environment.

A Framework of Strategies and Initiatives to Enhance its Competitiveness on the Global Stage

#1 Robust Infrastructure Development with Strong Government Support

- Secure funding support (loans, grants) from partner countries, replicating the successful model of the Thilawa SEZ.
- Establish a dedicated fund by the Malaysian Government to support infrastructure development within the JS SEZ.

#2 Solid Regulatory Framework, Strong Institutions and Good Governance

- Establish the Invest Malaysia Facilitation Centre - Johor (IMFC-J) as a one-stop centre to streamline investment processes, expedite approvals, and enhance ease of doing business.
- Foster continuous collaboration between Malaysian and Singaporean governments to adopt best practices, ensure regulatory alignment, and address potential challenges proactively.

#3 Phased Expansion Approach with Strategic Design of SEZ Policy and Incentive Framework

- Adopt a phased expansion approach, allowing for the piloting and refinement of innovative policies and regulations, drawing inspiration from the Shenzhen SEZ.
- Secure funding support from the Singaporean Government to incentivise Singaporean companies' expansion into the JS-SEZ and promote potential twinning operations with MNCs in Singapore.

#4 Prioritising Human Capital Development

- Position the JS-SEZ as a talent hub by attracting a diverse pool of skilled professionals and implementing targeted training initiatives.
- Emulate the successful approach of the Dubai International Financial Centre (DIFC) in developing and nurturing a highly skilled workforce.

A Combination of Key Factors for the Successful Development of JS-SEZ

A

Engineers and Skilled Workers

- High quality engineers and graduates from universities in Malaysia, Singapore and the region to drive continuous innovation in diverse industries.

B

Robust Capital and Investments

- Attract capital and investments through incentives for both businesses and the workforce, and strong support from the government to improve ease of doing business.

C

Industrialisation

- Remaining relevant in the 4th Industrial Revolution, driven by digitalisation, Internet of Things ("IoT") and high-speed exchange of data. This will fundamentally increase productivity and change the way work is carried out globally.

#1 Our commentaries

Commentaries

- The signing of the agreement for Johor-Singapore Special Economic Zone (JS-SEZ) demonstrates both countries' commitment to deepen economic partnership and strategic collaborations in diverse high-growth high-value sectors, which amongst these include semiconductor, digital economy, green economy, financial and business services.
- Supported by its strategic sweet spot in the region, supportive regulatory regime and business ecosystem, including favourable tax incentives, well-established transportation networks as well as trainable workforce, the JS-SEZ must be developed and constantly enhance its attractiveness and competitiveness to rival the world's best industrial parks and SEZ.
- We believe that the SEZ will generate a positive impact (expanding economic growth, jobs creation, and sparking investment) on Johor in particular, though domestic businesses should feel the competition heat in the domestic market. Ultimately, domestic SMEs have to enhance their capabilities to cooperate, partnering with foreign business partners to secure business opportunities in the SEZ.
- The SEZ policies must focus on promoting domestic integration and value addition to ensure that the benefits of the zone are distributed across different locations and sectors, while fostering industrial linkages between foreign players and local SMEs to create opportunities for local suppliers and service providers.
- Generally, Special Economic Zones (SEZs) require financing for on-site and off-site infrastructure such as power and other utilities, internal roads, common facilities and buildings, access roads and utility connections. Investors and companies also require some forms of facilitation such as financing and incentives for investing in the SEZ.
- The proposed separating of funding requirement model for both countries, in which Malaysia will be taking care of the funding of on-site and off-site infrastructure is deemed appropriate and sustainable since the SEZ is located in Johor.

#2 Our commentaries

Commentaries

- Pending the detailed size of funding for infrastructure development, Malaysia's government financing of the SEZ infrastructure can ease the on-and off-site infrastructure bottlenecks and constraints as well as speed up the readiness of the zone for companies investing in the SEZ. The Government's direct involvement also enables it to raise long-term concessional funds to sustain the long-term development of the zone. However, the pitfall is that this can increase the government's debt burden given its current tight fiscal balance sheet.
- Another aspect of consideration is who will manage the operation of the SEZ. Public or private management?
- Public management of the SEZ enables closer coordination and facilitation of policy in alignment with the Federal Government's policy goals and allows for the easier establishment of the SEZ. In this regard, attention is on ensuring the effective coordination and strategic collaboration between the Federal Government, State and Local Authorities (there are six local councils in Johor). A quick decision process is needed to resolve the operational problems of the SEZ.
- Private management of the SEZ can be more dynamic, leveraging on their expertise, including mobilising their self-funding to operate within the zone.
- We must have good governance of the proposed fund as it involves taxpayers' money.
- The agreement has set a target of 50 projects within the first 5 years and a cumulative of 100 projects within the first 10 years, aiming to create 20,000 skilled jobs. In deciding the projects, both countries will have to consider the complementary synergetic and mutual benefits in terms of cost savings and competitiveness, impact on the economy and domestic SMEs, market share, employment generation and income improvement.

#3 Our commentaries

Commentaries

- Both countries have to prioritise projects based on their strategic importance and deliverables. Creating a well-defined project implementable and doable plan can help to keep a project on track and on budget, including the resources needed so as to secure tangible economic impact. More importantly, set a realistic timeline for the project to complete and deliverables, including mapping out the project's progress.
- We look forward to the formulation of the JS-SEZ Blueprint to serve as a catalyst to work together between public and private sectors to proactively develop the SEZ for both countries and also the region. The Invest Malaysia Facilitation Centre Johor (IMFC-J) which acts as a one-stop centre for facilitating investment must offer both domestic and foreign investors a smooth journey from initial interest to operational realisation, leveraging on the digital platform. Time is of the essence!
- The JS-SEZ Blueprint shall include the following aspects:

a) **Policy Clarity and Consistency:** A transparent and predictable regulatory environment is paramount for investor confidence. Clear ownership and accountability of the JS-SEZ's management will ensure quick redressal of operational challenges.

b) **Infrastructure Funding Needs:** A comprehensive assessment of funding requirements for infrastructure development both within the SEZ and in surrounding areas, is crucial. The assessment should cover the requirements of potential investors and supporting industries, aligning with the priority sectors identified in the agreement. For instance, upgrading the existing road infrastructure and expanding capacity to accommodate increased traffic flow, such as Pasir Gudang Highway.

#4 Our commentaries

Commentaries

c) **Inclusive Growth and SMEs Participation**: Ensure the SEZ's benefits extend to various sectors and locations. Fostering linkages between SEZ companies and local SMEs will create opportunities for local businesses to participate in the value chain. The government must ensure that domestic industries will benefit from FDI in the SEZ through technology transfer, sharing of expertise, and creation of job opportunities for local people. Providing SMEs with access to infrastructure, finance, technology, and markets will be vital for their capacity-building development to integrate into domestic and regional value chains.

d) **Human Capital Development**: Investing in manpower development, skills training, and capacity-building programs is essential to meet the human resource demands of the SEZ's priority sectors. Collaboration between educational institutions in both countries can further enhance the talent pool.

- In conclusion, the biggest challenge is the process of turning the agreement into actions and deliverables with both sides must committed toward strategic collaborations to secure a win-win outcome and complementary synergies as well as generate mutual benefits for Johor state and Singapore.
- The critical phase of SEZ development requires effective planning, monitoring, coordination as well as enhanced communication of both sides as it affects the performance, deliverables of the SEZ and trust of both countries.

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