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Malaysia signs MOU with Singapore to formalise cooperation on Johor-Singapore Special Economic Zone



From left: Singapore's Prime Minister Lee Hsien Loong, Singapore's Minister of Trade and Industry Gan Kim Yong, Economy Minister Rafizi Ramli and Prime Minister Datuk Seri Anwar Ibrahim at the signing of the memorandum of understanding to formalise both countries' cooperation on the Johor-Singapore Special Economic Zone (Photo by Zahid Izzani/The Edge)

JOHOR BAHRU (Jan 11): Economy minister Rafizi Ramli has signed a memorandum of understanding (MOU) with Singapore's minister of trade and industry Gan Kim Yong to formalise the cooperation of both countries on the Johor-Singapore Special Economic Zone (JS-SEZ).

The signing was witnessed by Prime Minister Datuk Seri Anwar Ibrahim and his Singaporean counterpart Lee Hsien Loong.

Under the MOU, Malaysia and Singapore will work towards enhancing cross-border flows of goods and people as well as strengthen the business ecosystem within JS-SEZ to support investments.

However, the scope and area of the JS-SEZ are not immediately clear.

Both sides also agreed to work towards a full-fledged agreement on the JS-SEZ and provide an update to the 11th Malaysia-Singapore Leaders' Retreat, which will be held sometime in 2024, according to a joint statement by both prime ministers in October 2023.

The previous 10th Malaysia-Singapore Leaders' Retreat was held in Singapore in October 2023, the first time since the Covid-19 pandemic broke out.

Malaysia and Singapore will also work on several initiatives that will build towards the JS-SEZ, including a one-stop business/investment service centre in Johor to facilitate the application processes for Singapore businesses to set up in Johor, adoption and implementation of a passport-free QR code clearance system on both sides, and the adoption of digitised processes for cargo clearance at the land checkpoints.

Besides that, the two countries are also exploring the possibility of co-organising an investors forum to gather feedback on the JS-SEZ from Singaporean and Malaysian businesses and facilitate Malaysia-Singapore renewable energy cooperation in JS-SEZ.

The idea for a JS-SEZ was first mooted by Rafizi after a meeting with the Johor state government at Iskandar Puteri in May last year. Following that, a special task force was formed between the two countries to undertake a feasibility study for the establishment of JS-SEZ.

Both prime ministers expressed their satisfaction with the ongoing cooperation under the purview of the Joint Ministerial Committee for Iskandar Malaysia (JMCIM) at the 10th Malaysia-Singapore Leaders' Retreat in October 2023 and agreed to jointly develop the JS-SEZ.

Malaysia and Singapore are each other's second largest trading partners, with bilateral trade growing 18.9% year-on-year to S\$153 billion (RM534.15 billion) in 2022. Singapore was also Malaysia's top source of foreign direct investment (FDI), contributing 20.5% to Malaysia's total FDI in 2022.

Earlier, the two prime ministers attended the ceremony to commemorate the completion of the connecting span between Singapore and Malaysia for the RTS Link viaduct.

When completed, the RTS Link will connect the Bukit Chagar station in Johor Bahru and the Woodlands North station in Singapore, with a peak capacity of up to 10,000 passengers per hour in each direction. It is expected to be fully operational on Jan 1, 2027.

Separately, the Iskandar Regional Development Authority (IRDA) said the formation and realisation of JS-SEZ will bring massive opportunities and advantages to Iskandar Malaysia as an investment destination for foreign and domestic investors and businesses.

"This zone, plus the Special Financial Zone in Forest City, will not only contribute towards the region's new cumulative investment target of RM636 billion by 2030 but will have a major spillover effect on the holistic development in Iskandar Malaysia which includes the social and environmental aspects," it said in a statement.

Malaysia currently has several investment corridors, which is a type of SEZ, including the East Coast Economic Region (ECER), Iskandar Malaysia under IRDA, the North Corridor Economic Region (NCER) under the North Corridor Implementation Authority (NCIA), the Sabah Development Corridor and the Sarawak Corridor of Renewable Energy.