

KERATAN AKHBAR

TARIKH : 21 OGOS 2024
AKHBAR : NEW STRAITS TIMES
MUKA SURAT : 4

Accelerated growth potential in Iskandar Malaysia

CLEAR DEVELOPMENT PROSPECTS

ACCELERATED GROWTH POTENTIAL IN ISKANDAR MALAYSIA

Johor poised to attract higher value and advanced manufacturing industries, say economists

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ISKANDAR Malaysia is poised for growth with new investments in data centres, solar energy and high-tech industries, serving as a model for other regions aiming to boost their economies.

Sunway University economics professor Dr Yeah Kim Leng said Iskandar Malaysia had played a key role in industrialising and propelling Johor to become a significant economic contributor to the country.

He said Johor's 9.4 per cent share of the national gross domestic product (GDP) in 2022, however, was dwarfed by Selangor which accounted for 25.5 per cent of GDP.

Nevertheless, he said Johor had great potential for accelerated growth due to its proximity to Singapore and upcoming plans to create special economic zones in collaboration with the Singaporean government.

"Johor is poised to attract higher value and advanced manufacturing industries such as electrical and electronics (E&E), aerospace, medical devices, smart agriculture, plug-

in hybrid and battery electric vehicles, carbon capture and storage, renewable energy and information and communication technology, particularly artificial intelligence-related data centres.

"High-value, knowledge-driven service industries such as healthcare and life sciences, financial and business services and digital creative industries are being targeted by Iskandar Malaysia and the upcoming special economic zone."

Yeah said the Iskandar Malaysia's success could be replicated for some industries but in a smaller scale due to Johor's location-specific advantages.

"It will benefit from the trade, investment and consumption spillovers from Singapore."

Institut Masa Depan Malaysia fellow and economist Dr Shankaran Nambiar opined that Iskandar Malaysia has had an 18-year history and has done well, successfully establishing itself as a hub for the E&E industry, education, new tech industries and alternative energy.

He said it collaborated effectively with Malaysian Investment Development Authority and was likely to forge ties with industrial authorities

in Singapore over time.

He said this would enable Iskandar Malaysia to leverage its proximity to the island state effectively.

"Iskandar Malaysia has some advantages. Going forward, I would expect a new wave of investments to do well, particularly data centres, solar energy farming and high-tech industries, such as aerospace."

Nambiar said Iskandar Malaysia was home to an education hub, which added further value to its development prospects.

Iskandar Malaysia has achieved a total investment goal of RM291.4 billion, or 70 per cent of its RM413.1 billion target, since its launch in 2006.

Bernama quoted Iskandar Regional Development Authority (IRDA) chief executive officer Datuk Dr Badrul Hisham Kassim as saying the region was on track to hitting its new RM636 billion investment goal by 2030.

He said from 2006 to last year, the economic region had recorded a cumulative investment of RM413.1 billion, surpassing its RM383 billion target for 2025.

According to Badrul, the focus will be on high-value sectors like electronics, aerospace, medical devices, modern farming, electric vehicles and renewable energy.

This plan supports related industries such as healthcare, financial services and digital creativity, aligning with the New Industrial Master Plan 2030 and the National Energy Transition Roadmap.

Recent expansions by companies like Insulet and data centres, including Airtrunk and Princeton Digital Group, highlight the region's continuous growth.

It will benefit from the trade, investment and consumption spillovers from Singapore.

DR YEAH KIM LENG
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DR SHANKARAN NAMBIAR
Institut Masa Depan Malaysia fellow and economist

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