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ISKANDAR PUTERI: The Johor-Singapore Special Economic Zone (JS-SEZ) has captured the attention of Japanese investors, including major banks.

Iskandar Regional Development Authority chief executive Datuk Noorazam Osman said the Invest Malaysia Facilitation Centre Johor has been receiving enquiries from Japanese companies in sectors such as the digital economy, technology, and electrical and electronics.

"In fact, some have already asked to meet the MB (Johor Menteri Besar Datuk Onn Hafiz), and that clearly shows their interest.

"We have got banks from Japan, such as Mizuho Bank and Sumimoto Mitsui Banking Corp, making enquiries to better facilitate their clients," he said when met at the sidelines of the Nikkei Forum Medini Johor held here yesterday.

Mohd Noorazam said investors from Singapore, China and South Korea remain the most interested in JS-SEZ, with growing interest coming from European countries.

He believes the two-day forum, themed "Driving Asia's Innovation Hub", provides

an avenue for investors to better understand the potential of the JS-SEZ and identify areas where they can participate.

"With the volatility happening around the world, I think they are looking at the potential of entering a place that can serve as a gateway to a new market – a regional market – which is Asean," he added.

Earlier, Mohd Noorazam took part in a panel discussion titled "Johor Focus: Building the Future with JS-SEZ", alongside Iskandar Investment Bhd president and chief executive officer (CEO) Datuk Idzham Mohd Hashim.

Other topics discussed at the forum include the green energy transition, the role of regional financial institutions in driving foreign direct investment into Asean, as well as sustainability.

During one of the panel discussions, Affin Hwang Investment Bank research head Loong Chee Wei highlighted several risk factors raised by foreign investors, including the need for strong government policies and concerns over a talent shortage.

"I believe the government is already addressing some of these issues, such as requiring investors in JS-SEZ to ensure employment opportunities for locals.

"Another concern is the need for more

modern and integrated industrial parks that include workers' dormitories, which would attract more new industries to set up shop here," said Loong.

Meanwhile, Malaysian Investment Development Authority deputy CEO Sivasuriyamoorthy Sundra Raja noted that environment, social and governance (ESG) compliance may soon be imposed on both foreign and local companies.

"At the moment, local companies are not required to comply with ESG practices but moving forward, there is a possibility for the government to require ESG compliance for them to obtain a manufacturing licence.

"For the incentive mechanisms that we are reviewing in the third quarter, ESG will be one of the parameters considered under the score card in order for us to provide tax incentives.

"That applies to foreign and local companies. The chances are also high that ESG (requirements) will be imposed as conditions to enjoy the incentives," he said, adding that this would apply to certain industries such as steel.

The forum, expected to be officiated by Prime Minister Datuk Seri Anwar Ibrahim today, will host around 800 in-person and online participants.