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JOHOR BARU: The 19% revised tariff rate imposed by the United States on Malaysia will not deter the Johor-Singapore Special Economic Zone (JS-SEZ) from attracting investments.

State investment, trade, consumer affairs and human resources committee chairman Lee Ting Han said the revised tariff rate has put Malaysia on equal grounds to other regional countries, such as Thailand, Cambodia, Indonesia and the Philippines.

"Generally, the 19% revised tariff rate is not that bad for our country, as most neighbouring countries have similar tariff rates, with some even higher than ours. The JS-SEZ is still in a good position to get more investors, especially foreign direct investments."

"Overall, it is still a delicate situation as we are adapting to the new rate, but with the close cooperation between Johor and the federal governments, we will continue to make the JS-SEZ grow," he said when contacted.

Lee said some sectors in Johor would be affected by the revised US tariff rate on Malaysian products, like furniture and rubber.

He said the tariff rate would see prices of such products increase in the American market, with consumers there having to pay more.

"But there are several sectors that have been exempted from the US tariff. It includes semiconductors, electrical and electronic goods that support semiconductors, and data centres, which are service providers. These three sectors are growing in Johor and it will continue to grow for investors coming into the JS-SEZ," he added.

Lee said the state government would continue to focus on these three sectors, especially data centres and semiconductors.

"The other good news for the JS-SEZ is that Singapore has a much lower US tariff rate for its sectors, such as pharmaceutical products."

"We are looking at how we can complement each other and drive the JS-SEZ as the region's engine of growth," he said.

Meanwhile, Universiti Teknologi Malaysia's Faculty Management associate professor Dr L. Nanthakumar said the revised tariff rate should not be a major concern for both the state and federal governments to boost the JS-SEZ.

"What the government can do is to help investors within the JS-SEZ by introducing tax incentives to help them cushion the impact of the new tariff rate."

"A tax incentive can help lower our production cost to the American market while maintaining its quality and make it more affordable to consumers there," he said.

"This will help ensure that our products are still in demand."

