



Socio-Economic
Research Centre

社会经济研究中心

Quarterly Economy Tracker (Oct-Dec 2023 & 2024 Outlook)

Malaysia's Policy Setting and Reckoning

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11 January 2024



Agenda

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Global Economy: Slow and Uneven Growth

2

Malaysia's Economic Outlook: Still Growing Amid Cross-Current Headwinds and Tailwinds

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Johor-Singapore Special Economic Zone (JS-SEZ): Cross-Border Collaboration for Complementary Economic Synergies



Global Economic Outlook

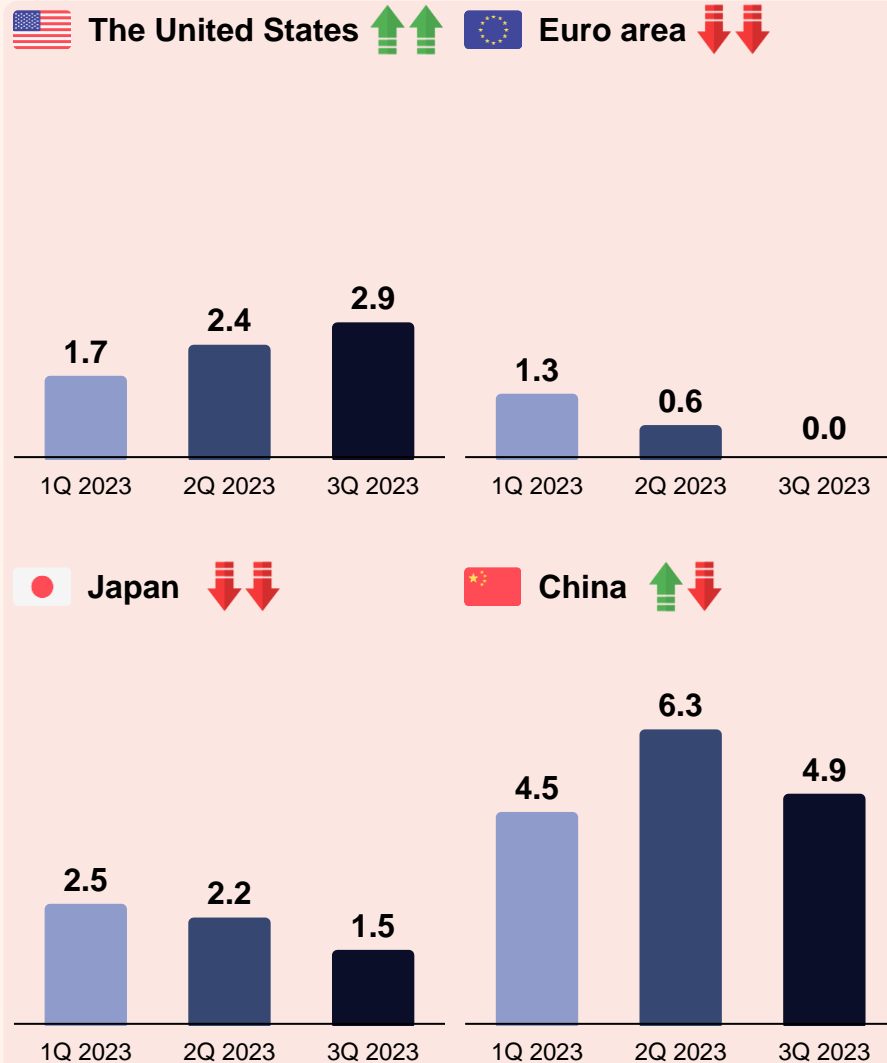
Slow and Uneven Global Growth

- *Global economy is motoring on in 2023, largely supported by a resilient US economy while China's growth fell short of expectations, dragged by malaise in the real estate sector*
- *The lag impact of higher interest rates and continued geopolitical risks would slow the global economy in 2024 (estimated 2.7% vs. 3.0% in 2023)*
- *Keeping a close watch on the US economy and China - Will there be a delayed recession in the US? Will China's economic risks intensify in 2024?*
- *"Uncertainty" about global monetary stance*
- *Geo-economic conflicts as well as non-economic shocks*

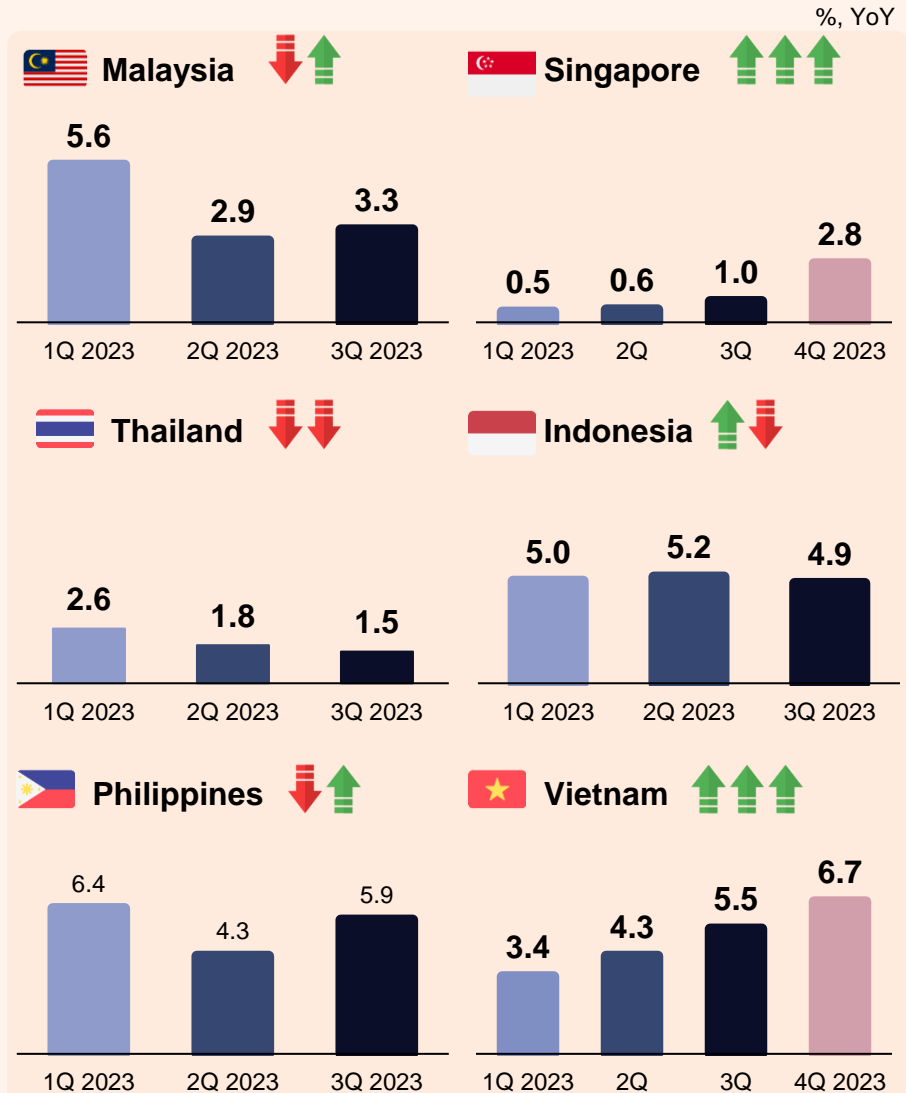


GDP growth heatmap for advanced and emerging economies

Key economic powerhouse



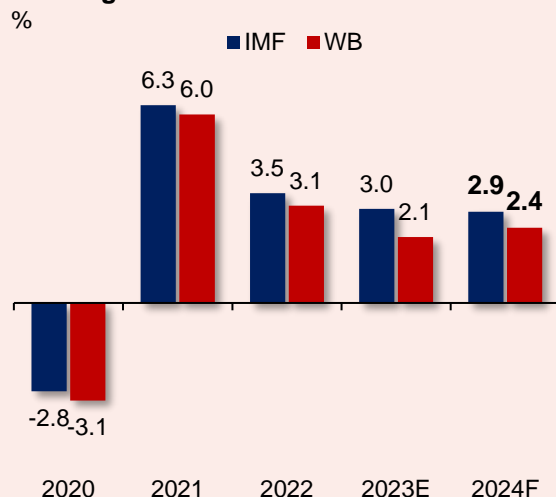
Regional economies



Source: Various officials (unadjusted data except for Euro Area)

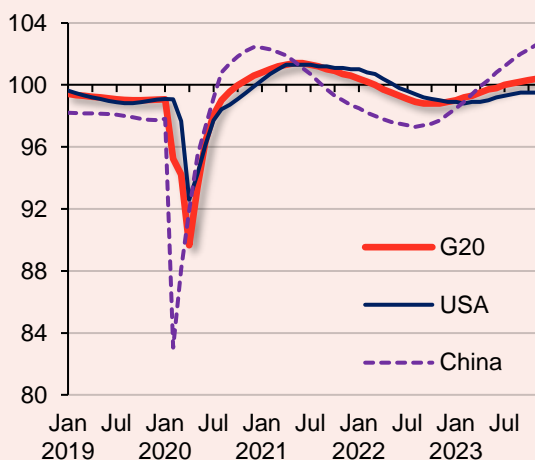
Still slow and uneven global growth in 2024

Global growth estimates



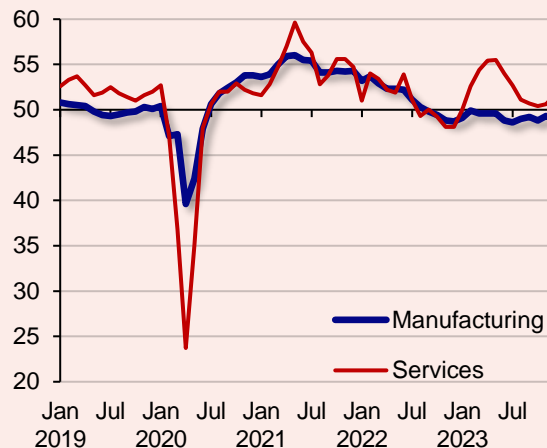
OECD Composite Leading Indicators (CLI)

100=Long-term average



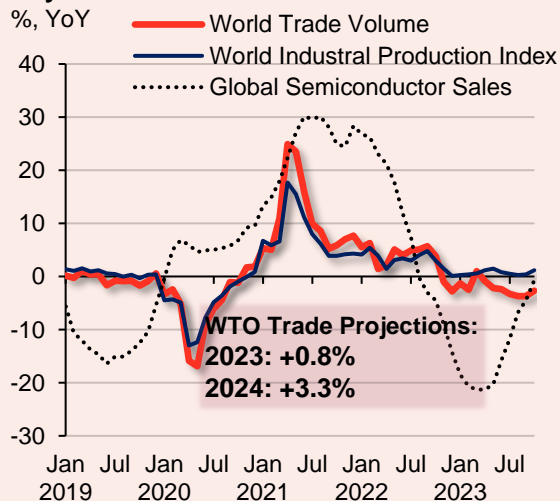
Global PMI for manufacturing & services

50=Threshold



Key economic activities

%, YoY



- Throughout 2023, global manufacturing PMI has consistently remained below the 50-pt expansion threshold, while services PMI hovered marginally above it, signalling persistent challenges in these sectors.
- World trade volume has exhibited contractions from Nov 2022 onwards, mirroring the trends observed in the manufacturing PMI.
- Nevertheless, there are positive indications:
 - OECD composite leading indicators have shown an upwards trajectory; and
 - Prolonged global semiconductor downturn has bottomed out.

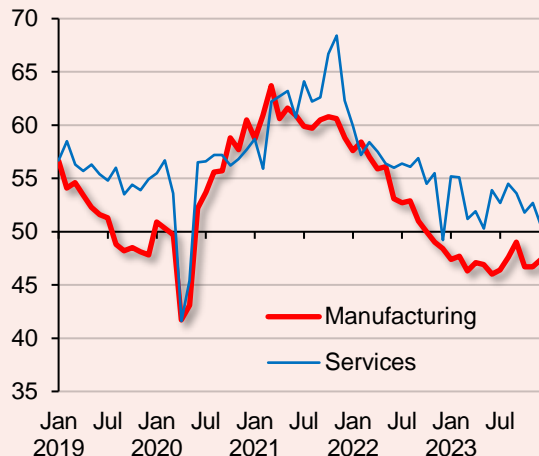
Source: International Monetary Fund (IMF); World Bank (WB); S&P Global; Organisation for Economic Co-operation and Development (OECD); CPB Netherlands

Mixed performance in key economic powerhouses

United States

Manufacturing and services PMI

50=Threshold



Unemployment rate and wage growth

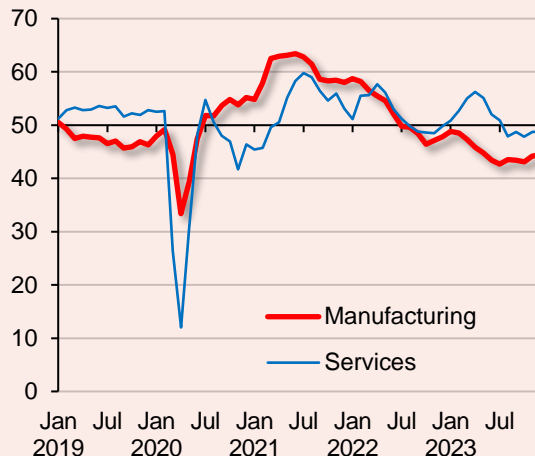
% / %, YoY



Euro Area

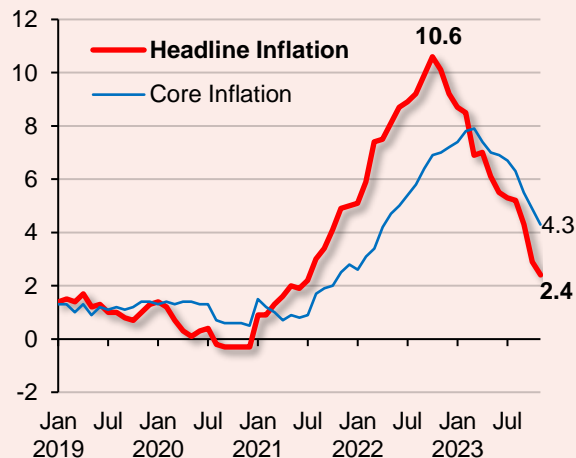
Manufacturing and services PMI

50=Threshold



Headline & core inflation

%, YoY



The United States

Diminishing favourable catalysts

- Household savings could run out by 1Q; reinstatement of student loans repayment; receding fiscal stimulus as major spending programs (the CHIPS and Science Act and the Infrastructure Investment and Jobs Act) have heavily front-loaded.

Euro Area

High recessionary risk

- Experienced a significant slowdown amid higher risks of recession.
- Attributed to deteriorating external demand and elevated interest rates.

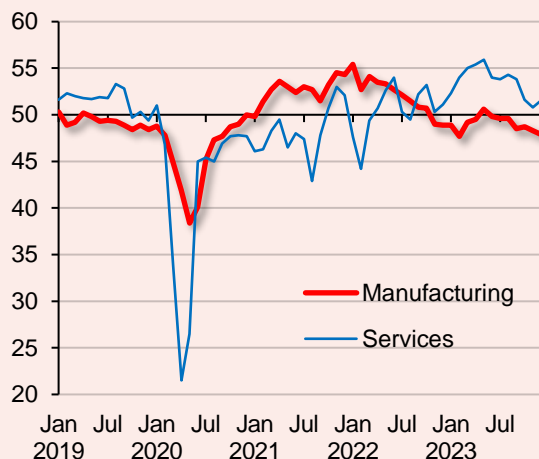
Source: Institute for Supply Management (ISM); US Bureau of Labour Statistics; S&P Global; Eurostat

Mixed performance in key economic powerhouses (cont.)

Japan

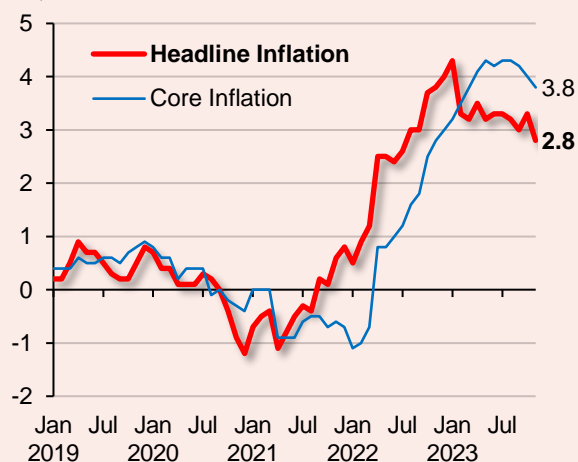
Manufacturing and services PMI

50=Threshold



Headline & core inflation

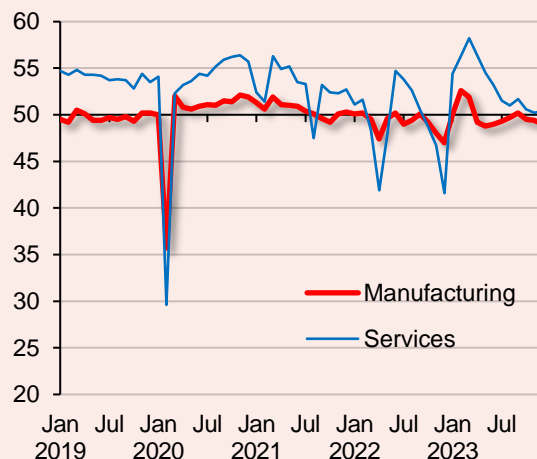
%, YoY



China

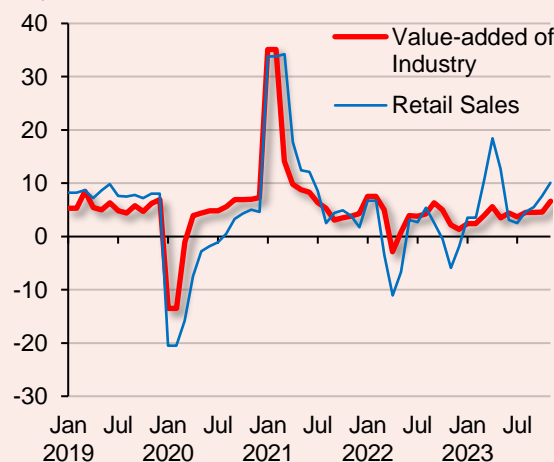
Manufacturing and services PMI

50=Threshold



Industrial and retail activities

%, YoY



Japan

Grappling with inflationary pressure

- High inflation affected private consumption and corporate investment.
- Possibility of an end to negative interest rates.

China

Lingering risks in real estate sector

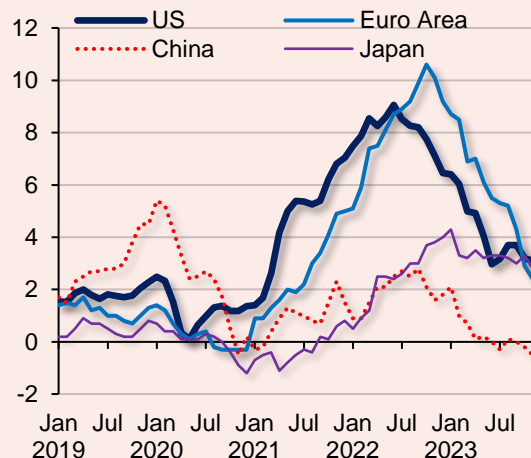
- Despite aided by lower base effect in 2022, China's economic recovery remained weak in 2023.
- Long-standing risks persisted from unresolved issues in the real estate sector.

Source: S&P Global; Statistics Bureau of Japan; National Bureau of Statistics of China

Global inflation has slowed but risks could reignite price pressures

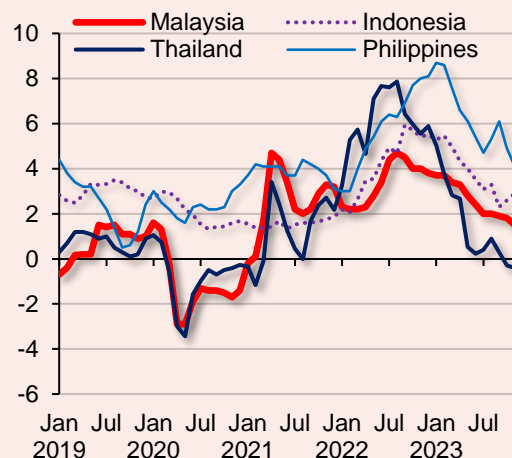
Inflation – Advanced economies

%, YoY



Inflation – Selected ASEAN economies

%, YoY

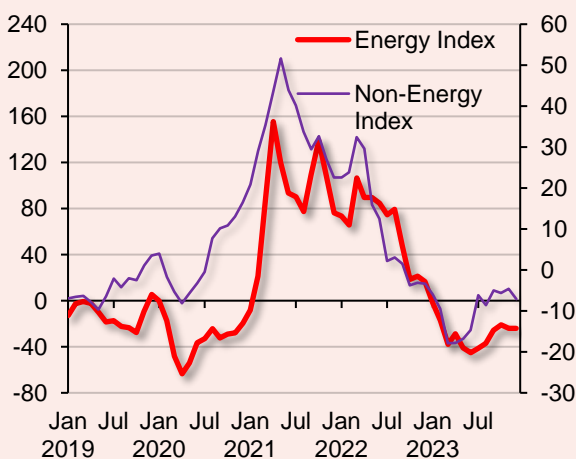


Energy index

%, YoY

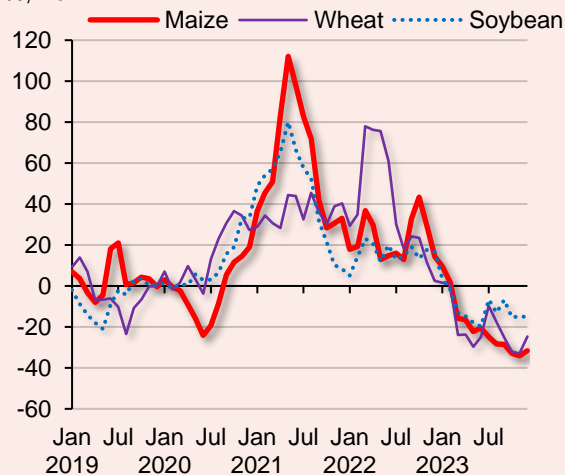
Non-energy index

%, YoY



Selected global food prices

%, YoY



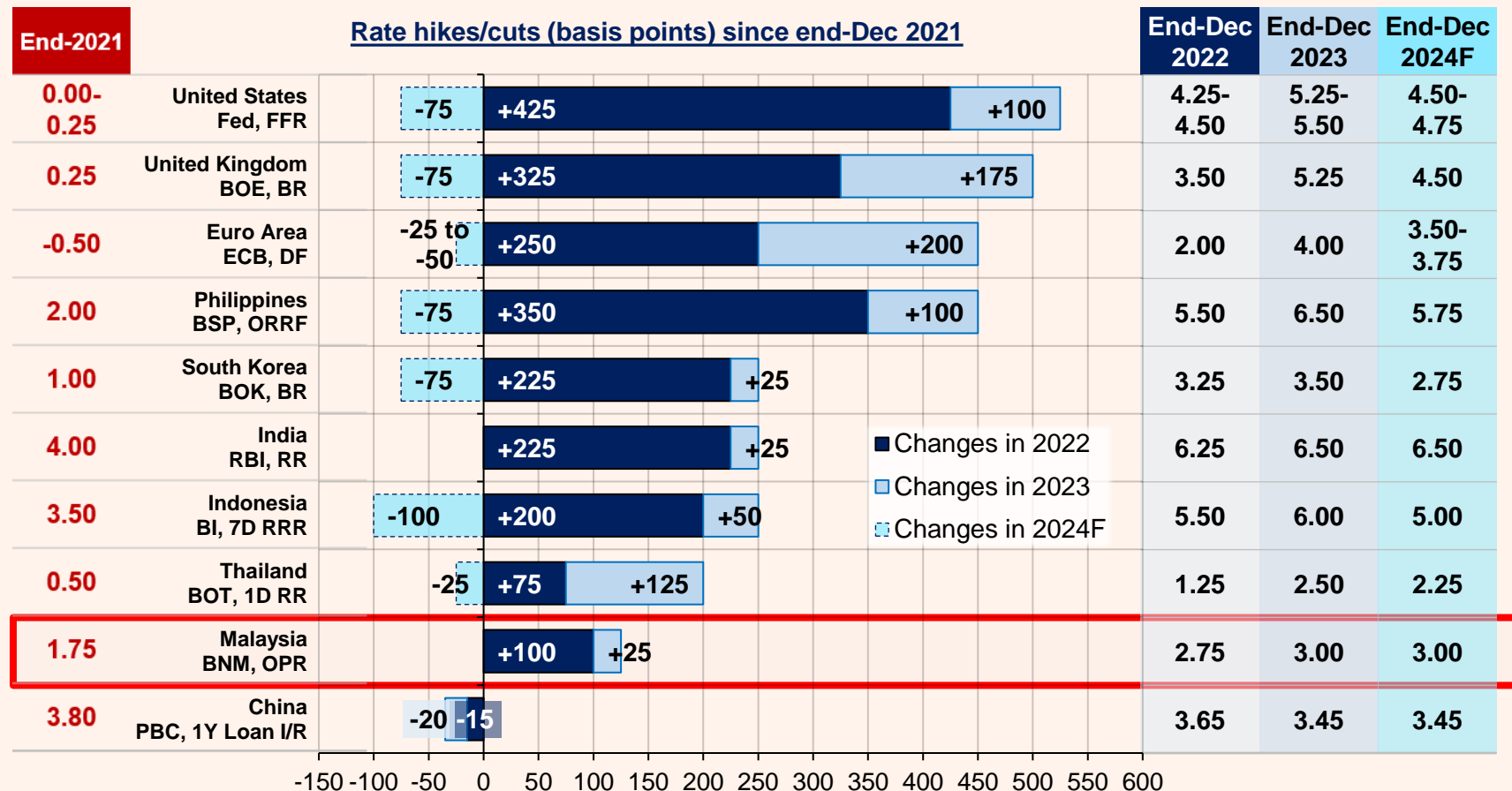
- While the fundamental drivers of inflation has tamed price pressures, it is still higher than the central banks' target level.
- China has experienced deflation in recent months.
- Caution risk on inflation outlook:

- 1 Geopolitical tensions.** The on-going conflicts in Ukraine, and recent outbreaks of war in Israel-Palestine, if escalates into a wider region could significantly impact the global economy and commodities market.
- 2 The slowdown in core inflation was smaller.** Sustained price pressures in services driven by strong demand limited the decrease in core inflation.

Source: World Bank; Various officials for inflation data

Interest rates to stay high for a longer while

Policy rate (%)



Source: Various officials



Malaysia Economic Outlook

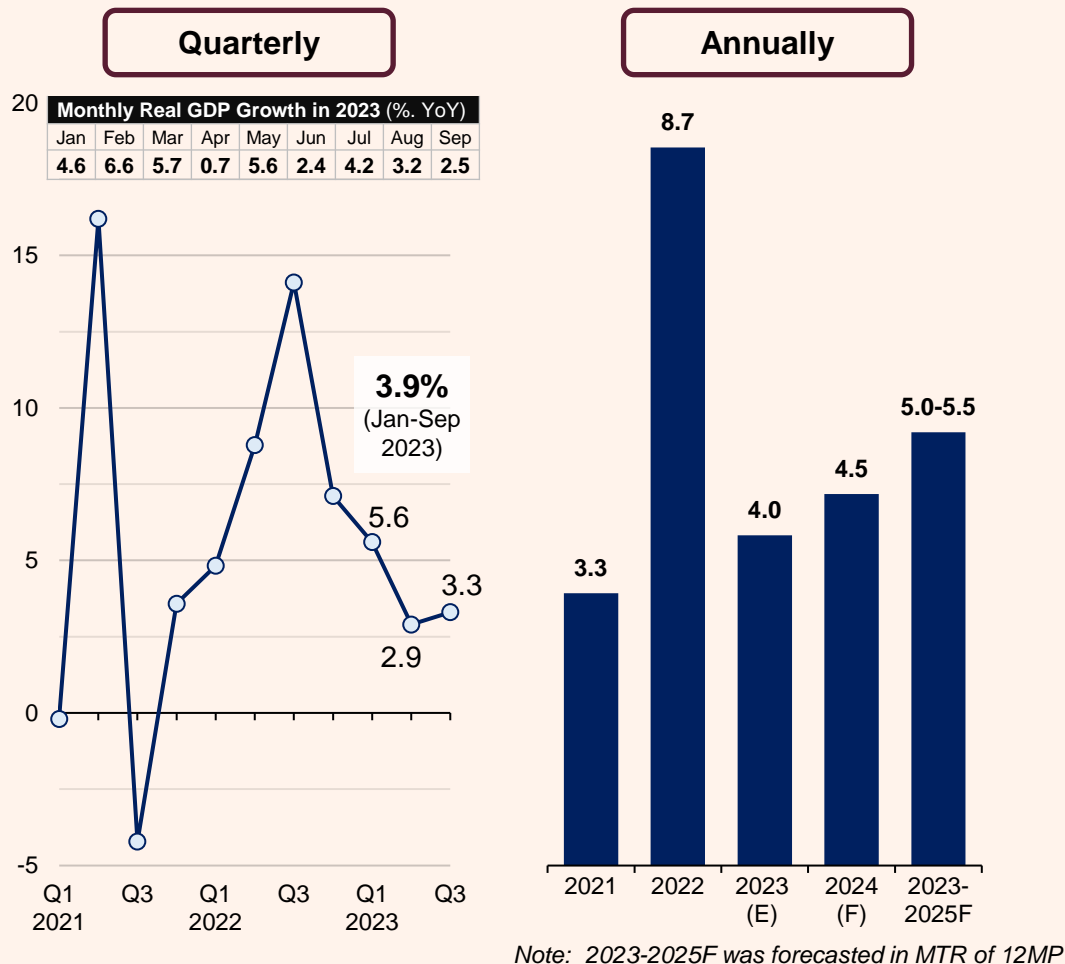
Still Growing Amid Cross-Current Headwinds and Tailwinds

- *Resilient economic growth due to a recovery in exports and continued growth in domestic demand – estimated 4.5% in 2024 vs. 4.0% in 2023*
- *Positive factors underpinning exports: A gradual improvement in global demand, a recovery in the tech downturn cycle, and increasing demand of chips for electric vehicles (EVs), artificial intelligence (AI) and the fifth-generation (5G)*
- *The 2024 Budget is expected to provide fiscal support to the economy through high development expenditure allocation*
- *Key drivers of the economy: The services sector, manufacturing and construction sectors. Private consumption continues, albeit moderately. Improved prospect for private investment*



The Malaysian economy on course, but downside risks remain

Malaysia's real GDP growth (% YoY)



Drivers of economic growth in 2024

Positive expansion in all sectors

- Broad-based growth, led by the services sector as intermediate and final services groups, are anticipated to rise further, driven by domestic consumption and improved export activities.
- Recovery in the manufacturing sector, thanks to a gradual recovery in exports of electronics and electrical products.
- Improved growth in the agriculture sector and a turnaround in the mining sector.
- All subsectors of the construction sector will expand.

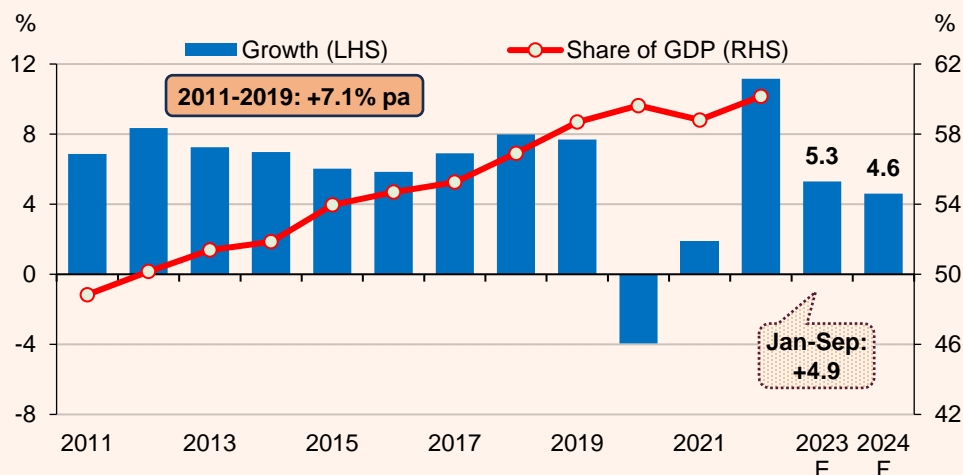
Can domestic demand continue to hold?

- Private sector expenditure and improving global demand.
- Implementing various business policies and blueprints are expected to provide a conducive business and investment environment.
- Private consumption supported by steady labour market conditions amid subsidy rationalisation and cost of living pressures.

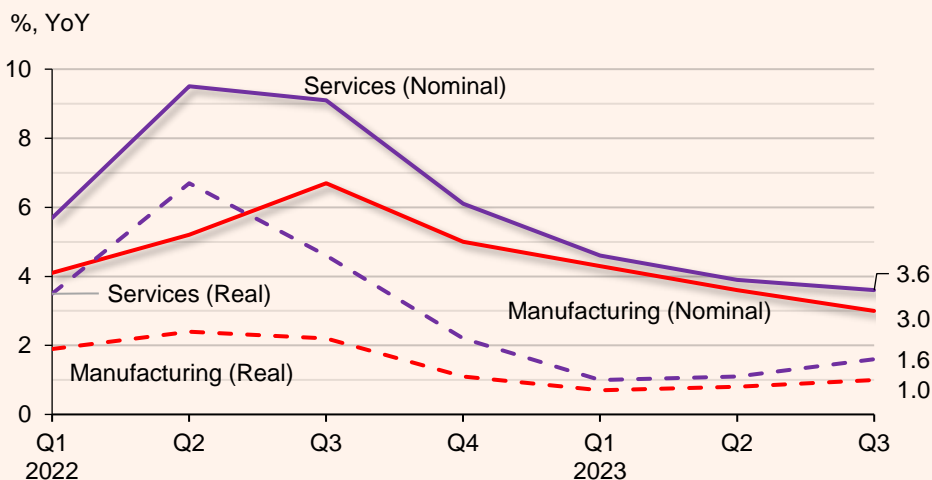
Source: Department of Statistics Malaysia (DOSM); Ministry of Finance (MOF)

Consumers more cautious with discretionary spending

Private consumption (61.2% of GDP in 2023E)



Real wage growth



Source: DOSM; MOF

Supporting factors



- Stable labour market conditions (Jobless rate: 3.3% at end-2024).
- Improved income growth.
- Sumbangan Tunai Rahmah (RM10.0 billion for almost 9 million recipients).
- Special cash incentives of RM2,000 for 1.7 million civil servants and RM1,000 for 971,000 pensioners.

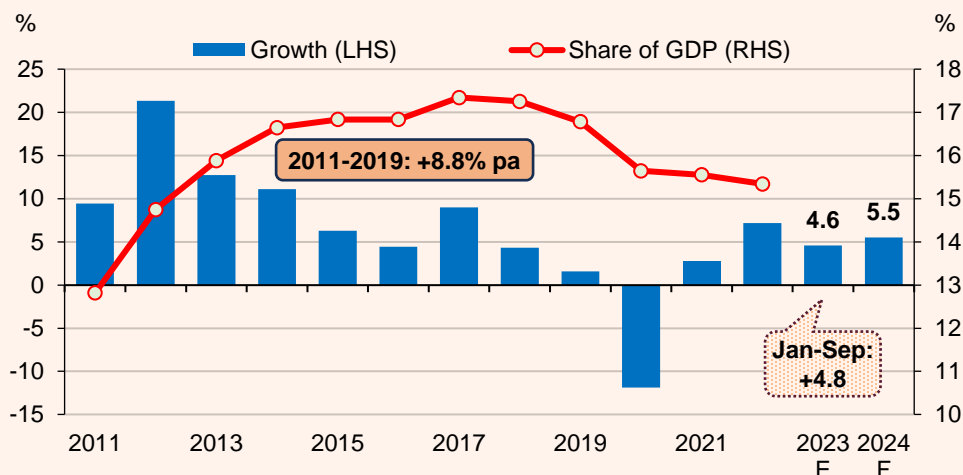
Dampening factors



- Increasing cost of living and inflation risk.
- Service tax scope expanded (includes logistic, brokerage, underwriting and karaoke services) with rate increase to 8% from 6% (excluding food and beverages, telecommunication services, parking and logistic services).
- 10% tax for online shopping on Low Value Goods (LVG) < RM500 from overseas.
- Targeted subsidy rationalisation in phases, e.g. diesel.
- High-Value Goods tax of 5% to 10%, starting 1 May 2024.

Navigating private investment with increasing costs pressure

Private investment (15.4% of GDP in 2023E)



Outstanding loans to the business sector*



Source: DOSM; MOF

Supporting factors



- Improved business sentiments on clearer economic policies direction.
- Realisation of approved investments, mainly in the electronics and electrical products, transport equipment, and information and communications subsectors.
- New Industrial Master Plan (NIMP) 2030, National Energy Transition Roadmap (NETR) and the Mid-Term Review of the 12th Malaysia Plan (2021-2025).

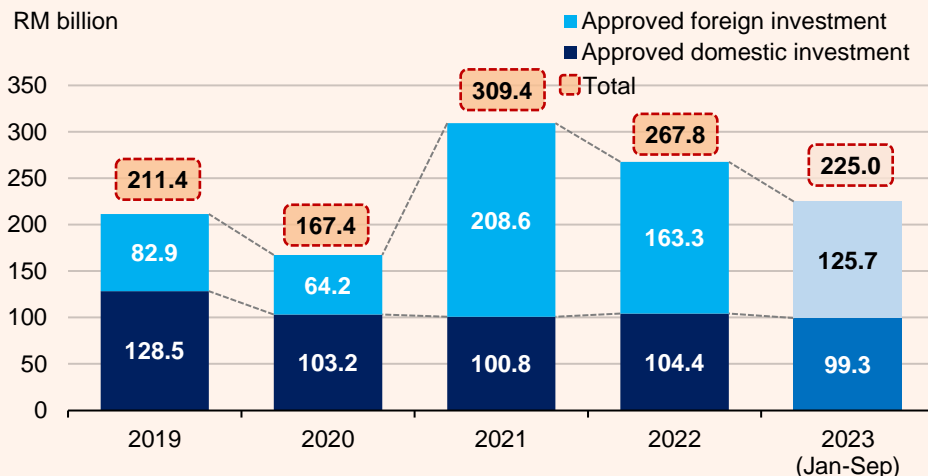
Dampening factors



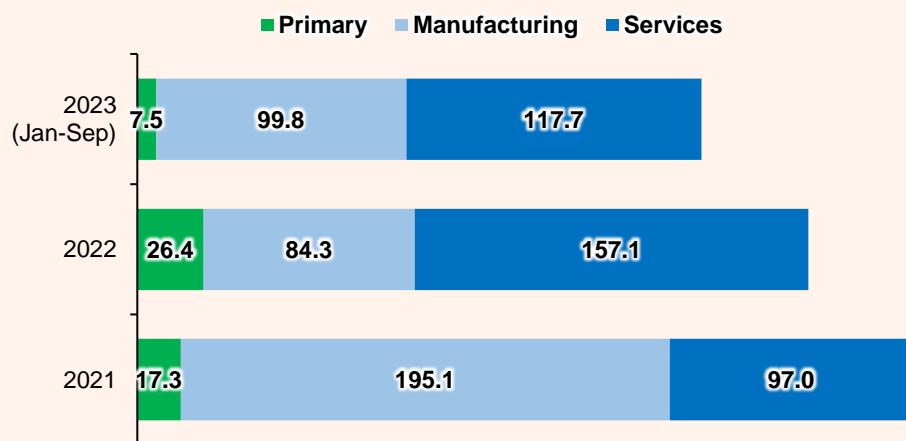
- Continued weak global economic growth.
- Concerns about business costs pressure; ESG compliance and climate change-induced disruptions.
- Targeted subsidy rationalisation in phases, e.g. diesel, petrol, cooking oil etc.
- Weak Ringgit caused higher imported value of machinery and equipment.

Catalysts to private investment

MIDA's approved DDI and FDI



MIDA's approved Investment by major sector



Source: Malaysian Investment Development Authority (MIDA)

Some notable approved investment projects



US\$8 billion for up to 10GW of renewable energy projects



RM2 billion in the next 7 years on state-of-the-art facility



Setting up a vast network of fast-charging and regular-charging stations; establish its state-of-the-art head office and service center; and experience centers



Amazon Web Services (AWS) **RM25.5 billion (USD6 billion)** by 2037 to open a Cloud Computing Infrastructure



US\$7 billion expansion for its chip assembly and testing factory.



To build the world's largest 200mm SiC (silicon carbide) Power Fab and invest additionally up to **€5 billion** over the next 5 years



Potential investment of up to **RM9.6 billion** to expand manufacturing operations



Partnering with xFusion partner to invest **RM1.7 billion** to open new facility

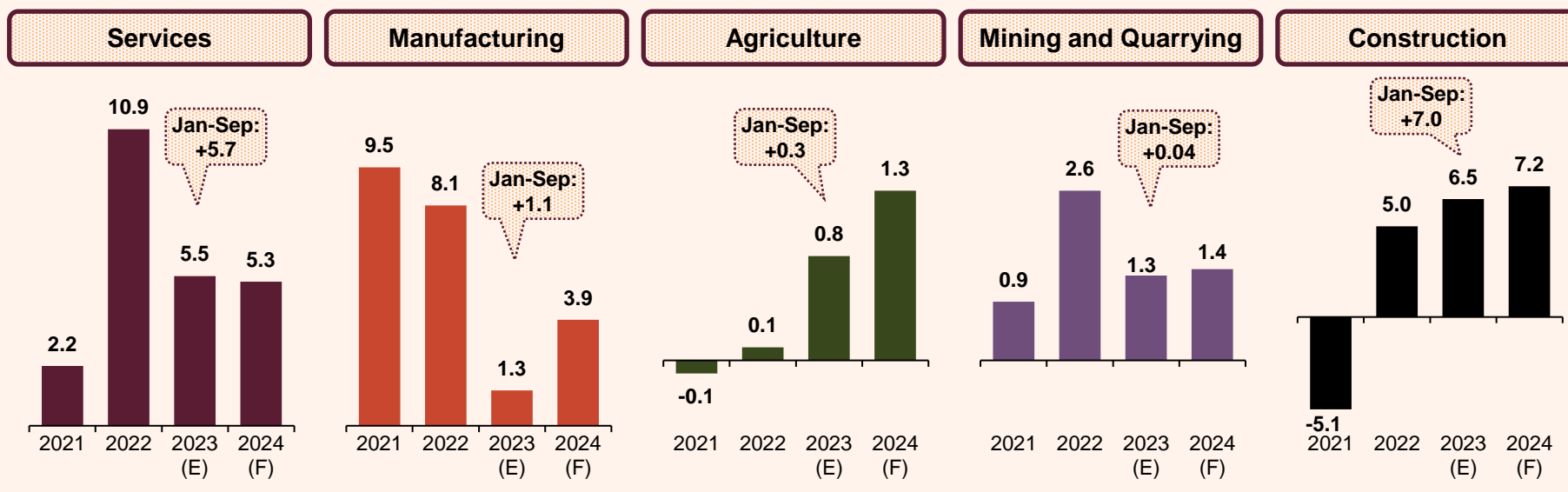


Invest **RM1.62 billion** to open semiconductor backend

Elna PCB Deepens Root In Penang With RM1 Billion Expansion Plan

All economic sectors to register positive growth in 2024

Real GDP growth by sector (%)



- Domestic consumption supports retailing, restaurants, accommodation and communication segments
- Higher trade-related activities help the wholesale trade, transport and storage subsectors

- Recovering external demand helps export-oriented industries, particularly E&E products
- Favourable domestic-oriented industries, backed by higher output in transport equipment and construction related segments, in line with continued growth in consumption and investment

- Higher production of crude palm oil (CPO), other agriculture and livestock
- CPO production supported by minimal impact expected from the El Nino, better labour supply, increased matured areas and higher oil extraction rate

CPO price:
RM4,000/tonne in 2024
 (RM3,810/tonne in 2023)

- Recovery in production of natural gas from new and existing gas fields, and crude oil and condensates
- Anticipation of higher demand on positive global outlook

Brent crude oil price:
US\$85/barrel in 2024
 (US\$83/barrel in 2023)

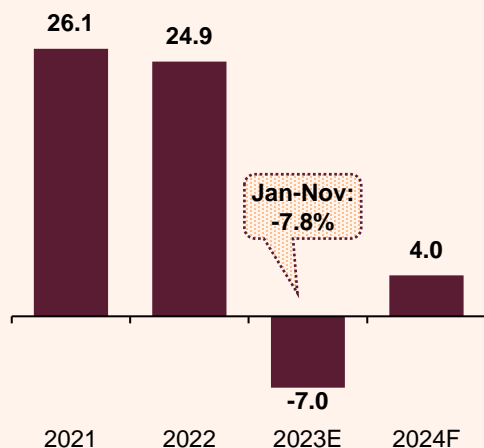
- Expansion across all sub-sectors
- Strategic infrastructure and utilities projects

Source: DOSM; MOF

Exports recovery; inflationary risk; solid job market



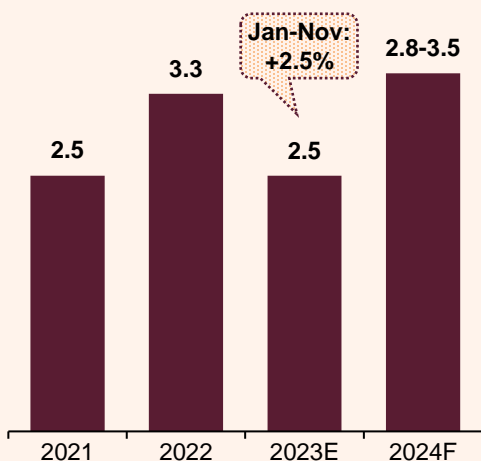
Gross Export Growth (%)



- Anticipate better performance in global trade and improved prospects in the commodity sector
- The trade expansion effects from RCEP and CPTPP
- Steady demand for semiconductor and upcycle trend in E&E
- Higher demand for petroleum products, chemicals and chemical products, manufactures of metal, palm oil and mining goods



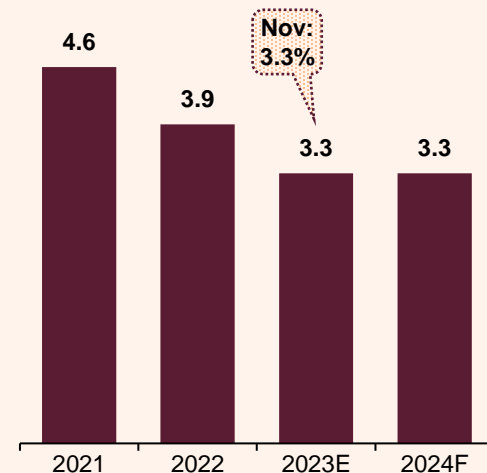
Inflation (%)



- Gradual shift towards targeted subsidy mechanism
- Risks come from fluctuation in exchange rates and supply-related factors, such as global commodity prices, geopolitical uncertainties and climatic conditions



Unemployment Rate (%)

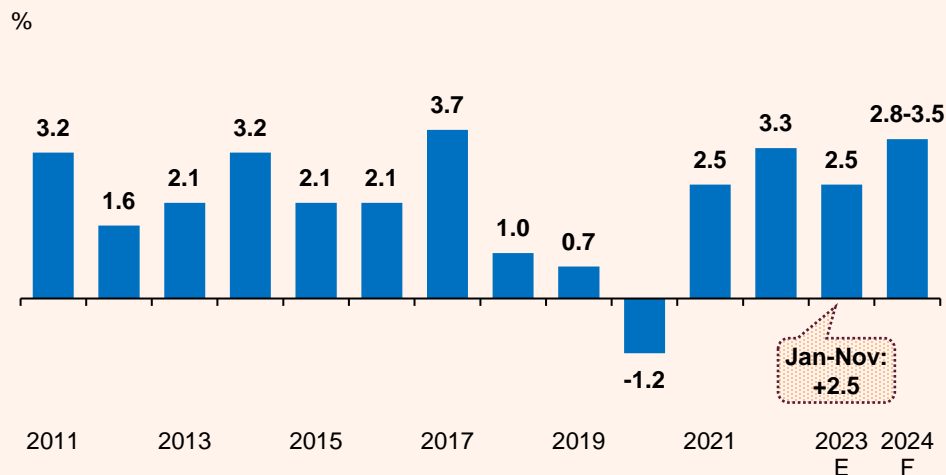


- Stable domestic and external economy
- More demand-driven skill training programmes
- More conducive working environment for women
- Expanding social protection coverage to all workers

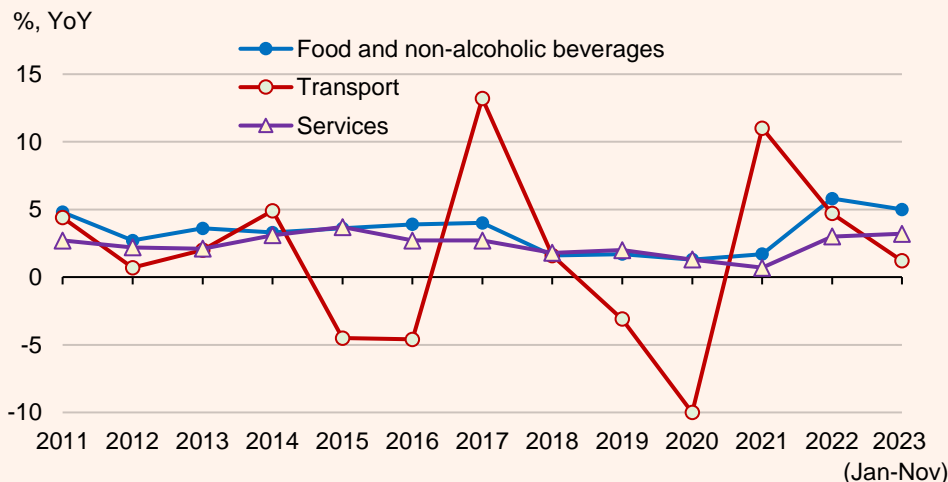
Source: DOSM; MOF

Inflation may re-emerge on review of price controls and subsidies

Headline inflation



Inflation for selected categories



Inflation is cooling, but prices are high

- Both headline and core inflation have moderated, mainly due to easing cost pressures.
- Inflation is expected to rise higher to 2.8%-3.5% in 2024 (2.5% in 2023).
- The Government's intention to review price controls and subsidies in 2024 will affect the outlook for inflation and demand conditions.

Dampening factors

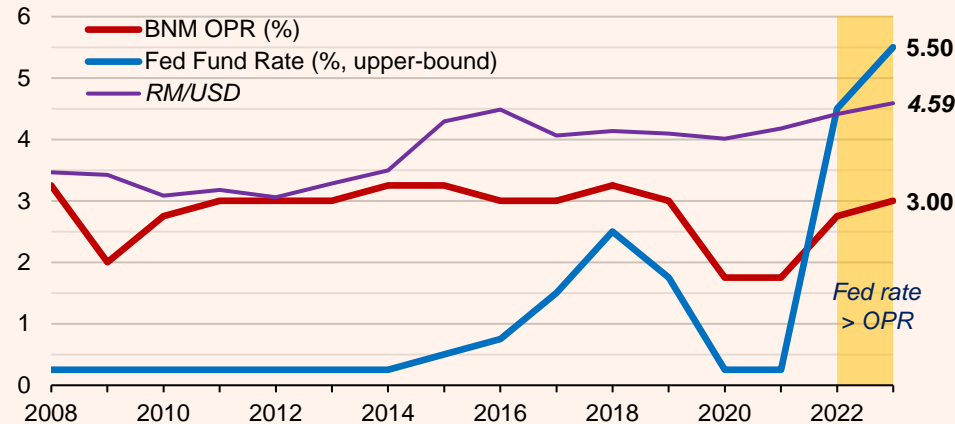
- Gradual shift towards targeted subsidy mechanism.
- Risks come from fluctuation in exchange rates and supply-related factors, such as global commodity prices, geopolitical uncertainties and climatic conditions.

Source: DOSM; MOF; SERC

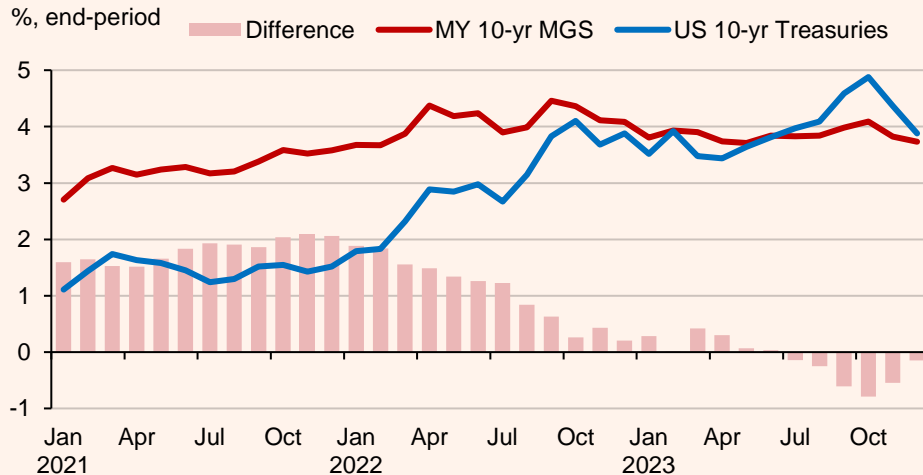
BNM's OPR to hold steady at 3.00% in 1H 2024; the Ringgit is undervalued

BNM OPR vs. Fed Funds Rate vs. RM/USD

Rate at end-period



Yields: MY 10-year MGS vs. US 10-year Treasuries



Source: Fed; BNM; US Treasury Department

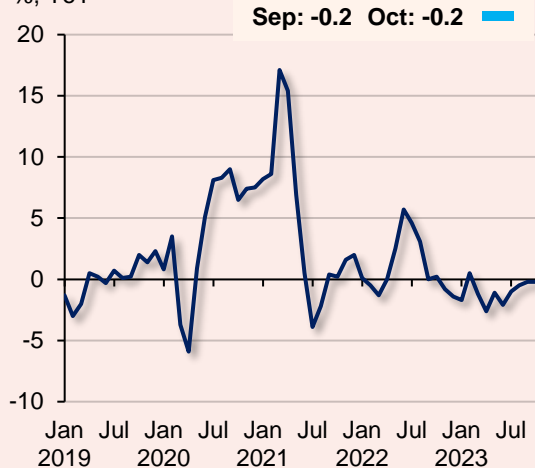
OPR set to stay put at 3.00%

- Growth supporting remains the policy priority.
- Subsidy rationalisation-induced inflation will restrain demand.
- MY-US interest rate differentials would cap the Ringgit's appreciation against the US dollar.
- BOJ's abandon of negative interest rate policy could induce financial volatility.
- RM/USD scenarios:
 - Scenario 1:
No cut in the Fed funds rate (1H 2024): RM4.55-RM4.60
 - Scenario 2:
Cut in the Fed funds rate (2H 2024): RM4.40

Tracking Malaysia's economic indicators

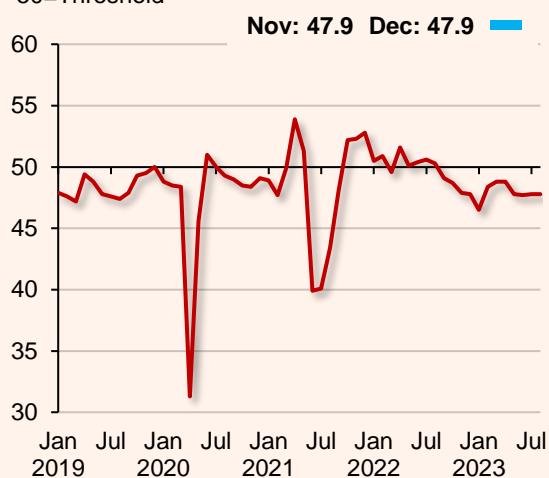
Leading indicators

%, YoY



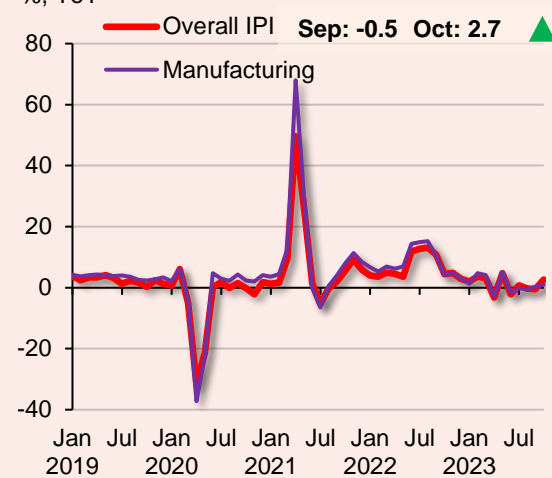
Purchasing Managers' Index (PMI)

50=Threshold



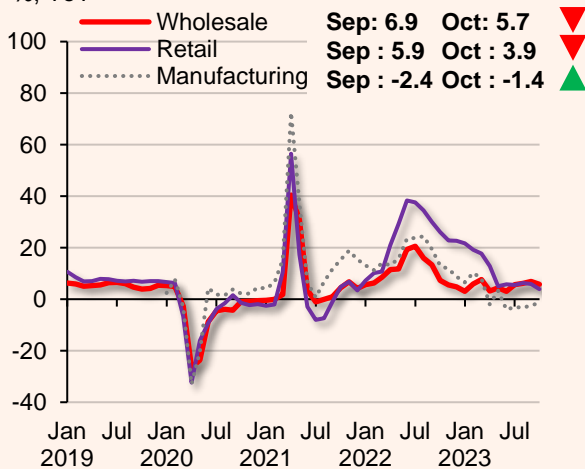
Industrial production index (IPI)

%, YoY



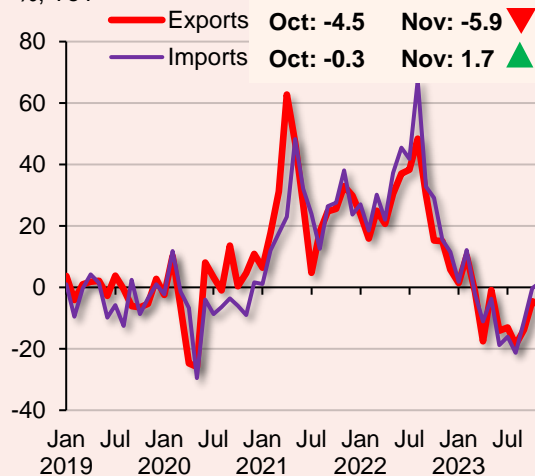
Wholesale, retail & manufacturing sales

%, YoY



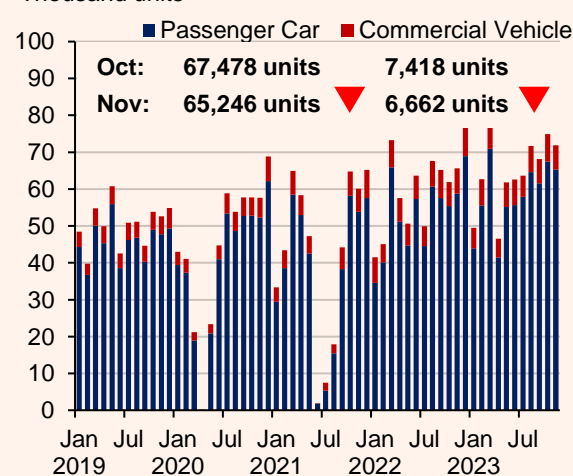
External trade

%, YoY



Sales of passenger & commercial vehicles

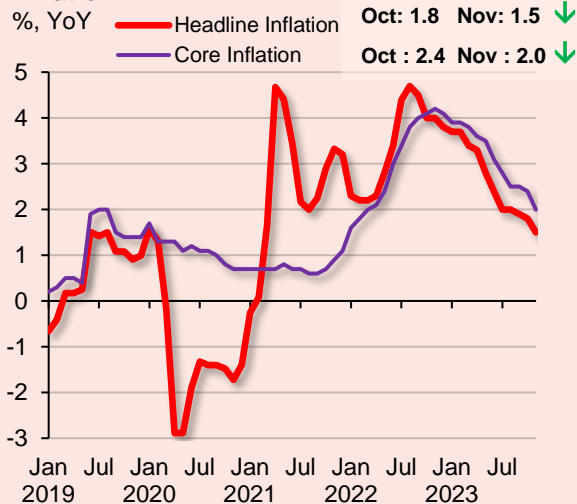
Thousand units



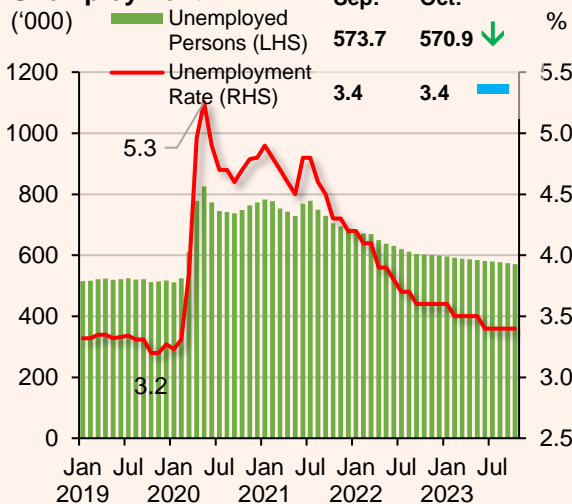
Source: S&P Global; DOSM; Malaysian Automotive Association (MAA)

Tracking Malaysia's economic indicators (cont.)

Inflation



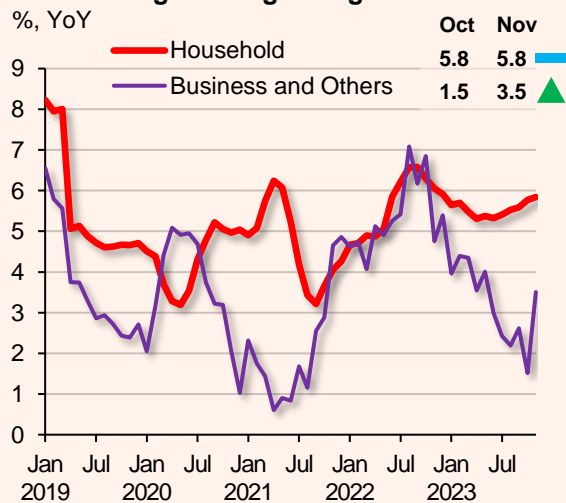
Unemployment



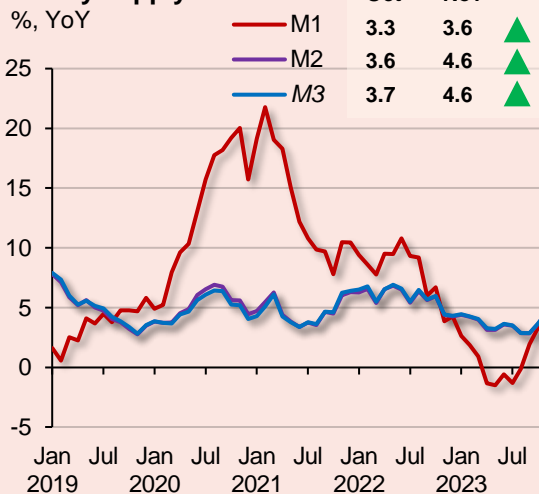
Manufacturing wage (per employee) growth



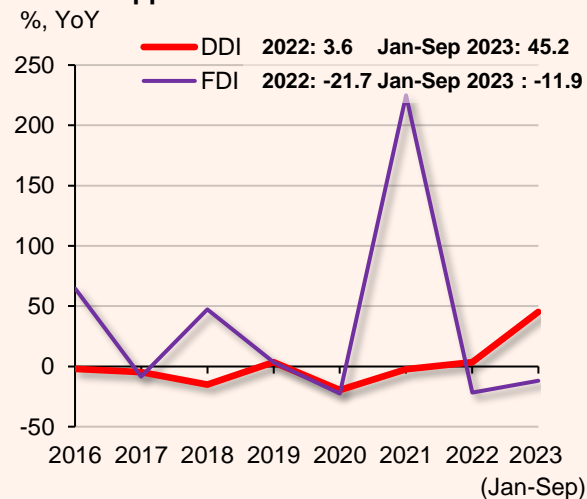
Outstanding banking loan growth



Money supply












MIDA's approved investments



Source: DOSM; BNM; MIDA

Selected economic indicators at a glance

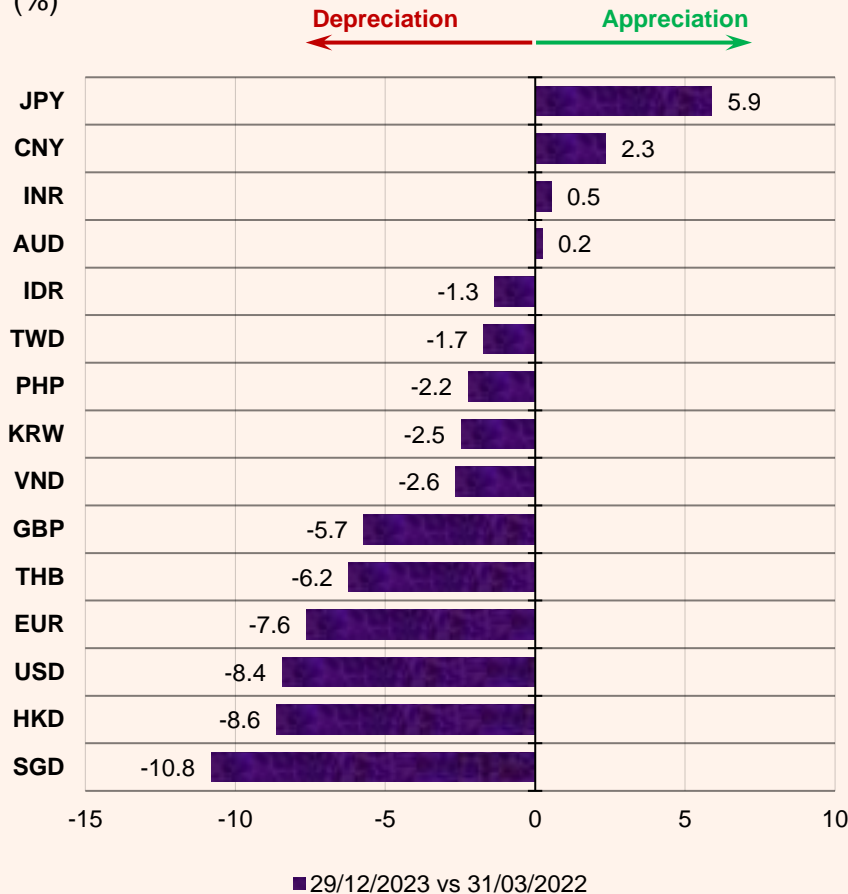
Indicators	Aug 2023	Sep 2023	Oct 2023	Nov 2023
 Leading index %, YoY	109.7 -0.5%	109.4 ↓ -0.2% ↑	109.2 ↓ -0.2% ↔	-
 Purchasing Managers' Index	47.8	46.8 ↓	46.8 ↔	47.9 ↑
 Industrial production index %, YoY	129.1 -0.3%	130.5 ↑ -0.5% ↓	133.3 ↑ +2.7% ↑	-
 Distributive trade %, YoY	RM142.5bn +6.7%	RM142.7bn ↑ +6.5% ↓	RM142.3bn ↓ +6.5% ↔	-
 Exports %, YoY	RM115.0bn -18.8%	RM124.3bn ↑ -13.8% ↑	RM126.1bn ↑ -4.5% ↑	RM122.1bn ↓ -5.9% ↓
 Headline Inflation Core Inflation	+2.0% +2.5%	+1.9% ↓ +2.5% ↔	+1.8% ↓ +2.4% ↓	+1.5% ↓ +2.0% ↓
 Unemployed persons Unemployment rate	577,300 3.4%	573,700 3.4% ↔	570,900 3.4% ↔	-
 Outstanding banking loan %, YoY	RM2,070bn +4.2%	RM2,087bn ↑ +4.4% ↑	RM2,093bn ↑ +4.0% ↓	RM2,109bn ↑ +4.9% ↑
 Foreign reserve	US\$112.5bn	US\$110.1bn ↓	US\$108.5bn ↓	US\$112.3bn ↑

Source: DOSM; BNM

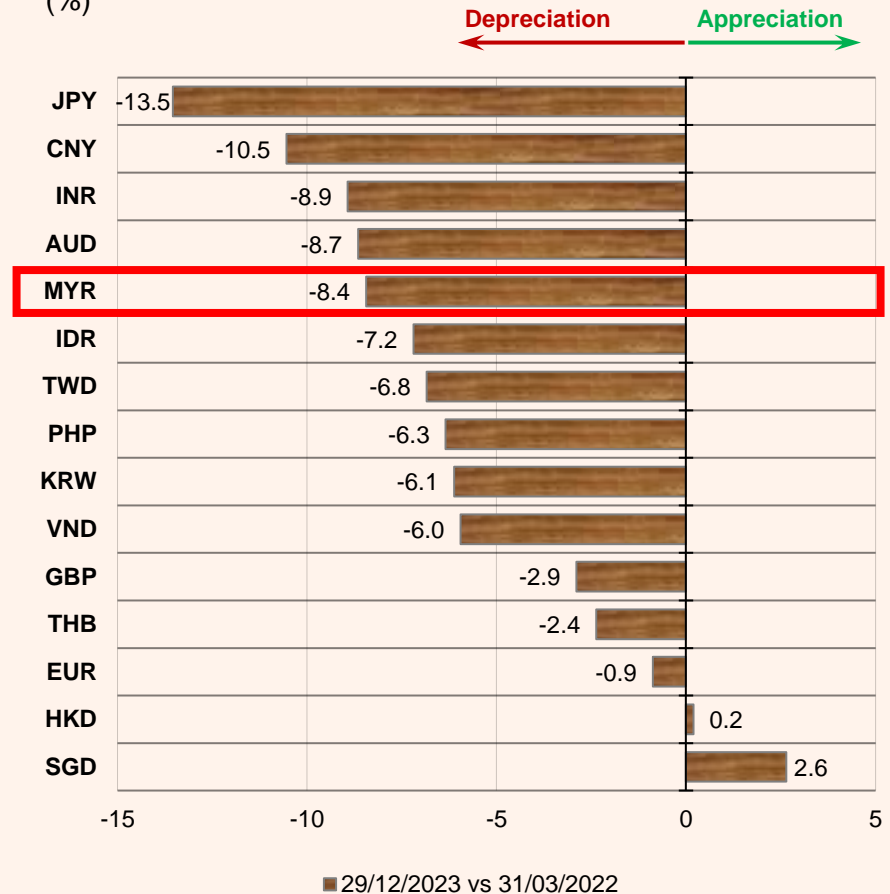
Note: Arrow indicates the performance compared to previous month.

The ringgit's performance since the Fed's rate hike cycle starting in March 2022

The Ringgit against major and regional currencies (%)



Major and regional currencies against the USD (%)



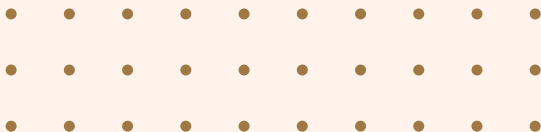
Note: For currency other than Ringgit against USD, cross rate applied.

Source: Bank Negara Malaysia (BNM)



Johor-Singapore Special Economic Zone (JS-SEZ)

Cross-Border Collaboration for Complementary Economic Synergies



Johor-Singapore Special Economic Zone (JS-SEZ)

- On 30 October 2023, both Prime Ministers of Malaysia and Singapore have announced the establishment of a special taskforce under the Joint Ministerial Committee for Iskandar Malaysia (JMCIM) to conduct a study on Johor-Singapore Special Economic Zone (JS-SEZ).
- The JS-SEZ is aimed at attracting domestic and foreign investments; enhancing the cross-border flow of goods and people; and strengthening the business ecosystem in both countries. Ultimately, the zone will elevate the economic attractiveness of Singapore and Johor.
- Malaysia and Singapore are natural partners enjoying a close and deep-rooted relationship, underpinned by their proximity, economic, historical, and familial ties.
- In 2022, Malaysia and Singapore was each other's second largest trading partner. Both nations are important investors in each other's economies, with Singapore maintaining its status as the second largest foreign investor in Iskandar Malaysia from 2006 to September 2022.
- The proposed establishment of the JS-SEZ has drawn mixed reactions amid the lack of information. A feasibility study will be carried out by the JMCIM to identify the zone's focus, especially on investor interest, businesses and market demand.
- Both Governments has signed a Memorandum of Understanding (MOU) on the establishment of JS-SEZ on 11 January 2024, cementing both countries' steadfast commitment in strengthening their enduring relations to deepen bilateral economic ties and forge regional economic collaboration.
- We expect the JS-SEZ to bolster the trade and investment, people-to-people connectivity, and foster a strong, sustainable and mutually beneficial partnership between Malaysia and Singapore. With its strategic location in ASEAN, JS-SEZ is well positioned to connect both countries' investors and businesses as well as foreign investors to new opportunities from the increasing border trade and rapid economic growth in the region.

Malaysia, Johor and Singapore – Key economic indicators

Year 2022	Malaysia	Johor	Singapore
Nominal GDP market value	RM1.8 trn (US\$407.1 bn)	RM165.2 bn (US\$37.5 bn) (9.2% of Malaysia)	S\$643.5 bn (US\$466.7 bn)
GDP per capita	RM54,863 (US\$12,467)	RM41,058 (US\$9,330)	S\$114,165 (US\$82,794)
Population	32.7 million	4.0 million (12.3% of Malaysia)	5.6 million
Labour force	16.0 million	1.9 million (11.7% of total)	3.8 million
Employed persons by skill category²	Skilled: 29.6% Semi-skilled: 58.4% Low-skilled: 12.0%	Skilled: 26.8% Semi-skilled: 61.9% Low-skilled: 11.3%	Skilled: 29.6% Semi-skilled: 58.4% Low-skilled: 12.0%
Exports of goods	RM1.6 trn (US\$352.6 bn)	RM325.5 bn (US\$74.0 bn) (21.0% of Malaysia)	S\$710.0 bn (US\$514.9 bn)
Attracted Investment	RM264.6 bn (US\$60.1 bn) (Approved) Of which: Primary: 10.0% Manufacturing: 31.9% Services: 58.2%	RM70.6 bn (US\$16.0 bn) (Approved) (26.7% of Malaysia) Of which: Manufacturing: 20.7% Others: 79.3%	S\$22.5 bn (US\$16.3 bn) (Commitment in the manufacturing and services, fixed assets) Of which: Manufacturing: 77.3% Services: 22.7%

Notes:

1. Conversion based on exchange rate of RM4.4005/USD1 and SGD1.3789/USD1.

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

Source: DOSM; MIDA; SingStat

Malaysia, Johor and Singapore – Cost of doing business

	Malaysia	Johor	Singapore
Corporate income tax rate <i>Year 2024</i>	24% (Preferential tax rate for eligible SMEs at 15%-17% for first RM600,000 of chargeable income)		17%
Individual income tax rate <i>Year 2024</i>	Up to 30%		Up to 24%
Median monthly wage <i>Year 2022</i>	RM2,424 (US\$551)	RM2,220 (US\$504)	S\$5,070 (US\$3,677) <i>(incl. employer CPF)</i>
Non-domestic electricity tariffs <i>- Excluding capacity charge and other charges.</i> <i>Malaysia: sen/kWh</i> <i>Singapore: cent/kWh</i>	Commercial: <ul style="list-style-type: none"> Low voltage: 43.5 for first 200 kWh; 50.9 for the remaining Medium voltage: 36.5 (22.4 for off-peak) 		Example: SP Group (1 Oct 23) Low tension: 31.00
	Industrial: <ul style="list-style-type: none"> Low voltage: 38.0 for 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) 		<i>Peak=A; off-peak=B</i>
			A B
			High tension small 25.13 15.15
			High tension large 24.91 15.14
			Extra high tension 23.96 15.04
Prime office rental	Johor Bahru (per sq.m / month) (Aug 2022): <ul style="list-style-type: none"> Building Age > 5 Years: RM25-RM38 Building Age < 5 Years: RM38-RM48 		S\$11.85 per sq.ft/month (Q3 2023)
Cost of industrial land / factory building	Johor: <ul style="list-style-type: none"> 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 		S\$1.81 per sq.ft / month

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

Note: Exchange rate of RM4.4005/USD1 and SGD1.3789/USD1 applied.

JS-SEZ's strategic global positioning



Heart of Asia

Strategically located in the heart of Asia giving access to a market of over 5.6 billion people



Sizable Land

Johor's land area is 19,166 sq km, 26 times larger than Singapore



Large Population

Home to 4 million people.



Flight Time

Every financial capital in Asia is within 8-12 hours flight, including cities in China and India



Government Support

Strong and sustainable government's support



Professional Workforce

An abundance of professionals and skilled workforce



Attractiveness

Home to big corporations and international brands



Infrastructure

Good connectivity and infrastructure, including an international airport, railway, highways, and international seaports



Eco-Development

Meticulously planned region with a balanced eco-development plan and conducive living environment

Strategic framework and enablers

1 Effective Management

- Clear goals, vigorous benchmarking and competition
- Strong vision and commitment from political and management leadership
- Single management or administrative structure
- Strong, consistent and long-term Government ownership
- Lack of political interference
- Pragmatism, flexibility, autonomy and efficiency of local authorities and zone management

2 Legal, Regulatory and Institutional

- An appropriate legal, regulatory, and institutional framework for effective regulation (Policy clarity, consistency and certainty)
- Instil trust and confidence on the legal system and investors' protection
- Ensure consistent adherence to appropriate overarching framework
- Provide stakeholders with best practice guidelines and practical approaches to regulations

3 Business Environment and Taxation

- Streamlined doing business regulations – registration, licensing, trade logistics and customs clearance to reduce costs of doing business
- Efficient customs procedures
- Highly effective one stop agency staffed by competent high grade officers
- Value creation incentives attractive to FDI and DDI as well as diaspora
- Special low corporate tax rate, double deduction for transportation, electricity, and water utility cost, deduction for utility construction costs, import duty exemption for machinery, raw materials used for exports
- Green tax credit, carbon tax, waste production and disposal, use of natural resources

4 Technology and Innovation

- Emerging digital technologies trend to enhance process efficiency and competitiveness
- Generative AIs, IoT, Metaverse, Sustainable Tech, Robotic Process Automation
- IoT has found applications in numerous industries, including manufacturing, healthcare, agriculture, transportation, and smart cities
- Floating solar panel farm; solar panel floating in reservoir
- Green technologies – smart meters, carbon capture and storage
- 5 years 100% Reinvestment Allowance (RA)
- Promote innovation by providing tax credits, technological subsidies and attracting more enterprises

5 Infrastructure and Connectivity

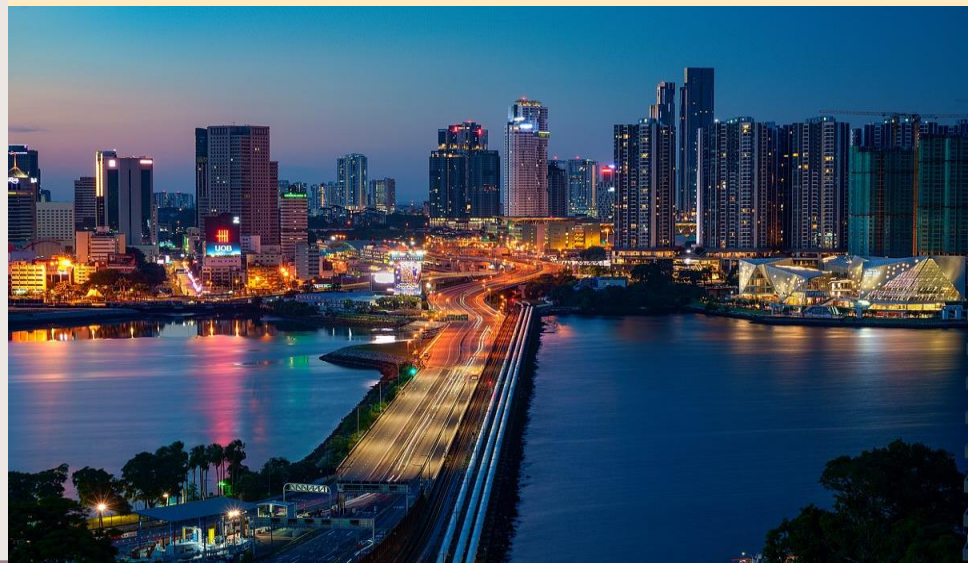
- A clear infrastructure development plan
- Good, reliable and affordable transport, energy, water and telecoms services
- Convenience for efficient goods and people transport
- Renting land plots in SEZs to private companies for industrial parks or facilities development
- Build industrial value chains and integrate with local SMEs
- Seamless connectivity when the RTS becomes operation in 2026

7 Supporting Industries, especially SMEs

- Encourage strong linkages with domestic industries through product, marketing and development programs
- Facilitate entry and integrate primary, secondary and tertiary industries
- Design special packages covering finance, skilled support and ESG-compliance as well as technology diffusion for SMEs
- Skill development grant or subsidy to upskill and reskill STEM and TVET graduates to meet the industry needs

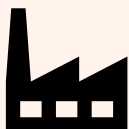
6 Talent and Human Capital

- Attracting investment and talent for Research and Development (R&D)
- Provide an environment that fosters innovation and creativity to attract and retain the talent
- Foster collaboration and partnerships between companies, universities and research institutions, thereby providing training and educational opportunities for workers
- Training and upskilling incentive program in identified sectors
- Liberalisation of foreign employment policy for specialised talent



Identification of sectors and industries

For the JS-SEZ, we can make reference to the current distribution of industries in the industrial parks located in the Iskandar Development region. Broadly, the sectors and industries are:



Manufacturing



Financial Services



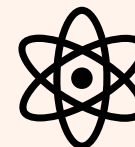
Logistics



Education



Healthcare



Energy



Tourism



Digital and Data centre



Business Services

Identification of selected sectors/investors by location



Iskandar Development – Nine promoted sectors

MANUFACTURING



Electrical & Electronics



Petrochem. & Oleo-chem.



Food & Agro Processing

SERVICES SECTORS



Logistics



Financial & Business
Services



Creative



Tourism



Healthcare



Education

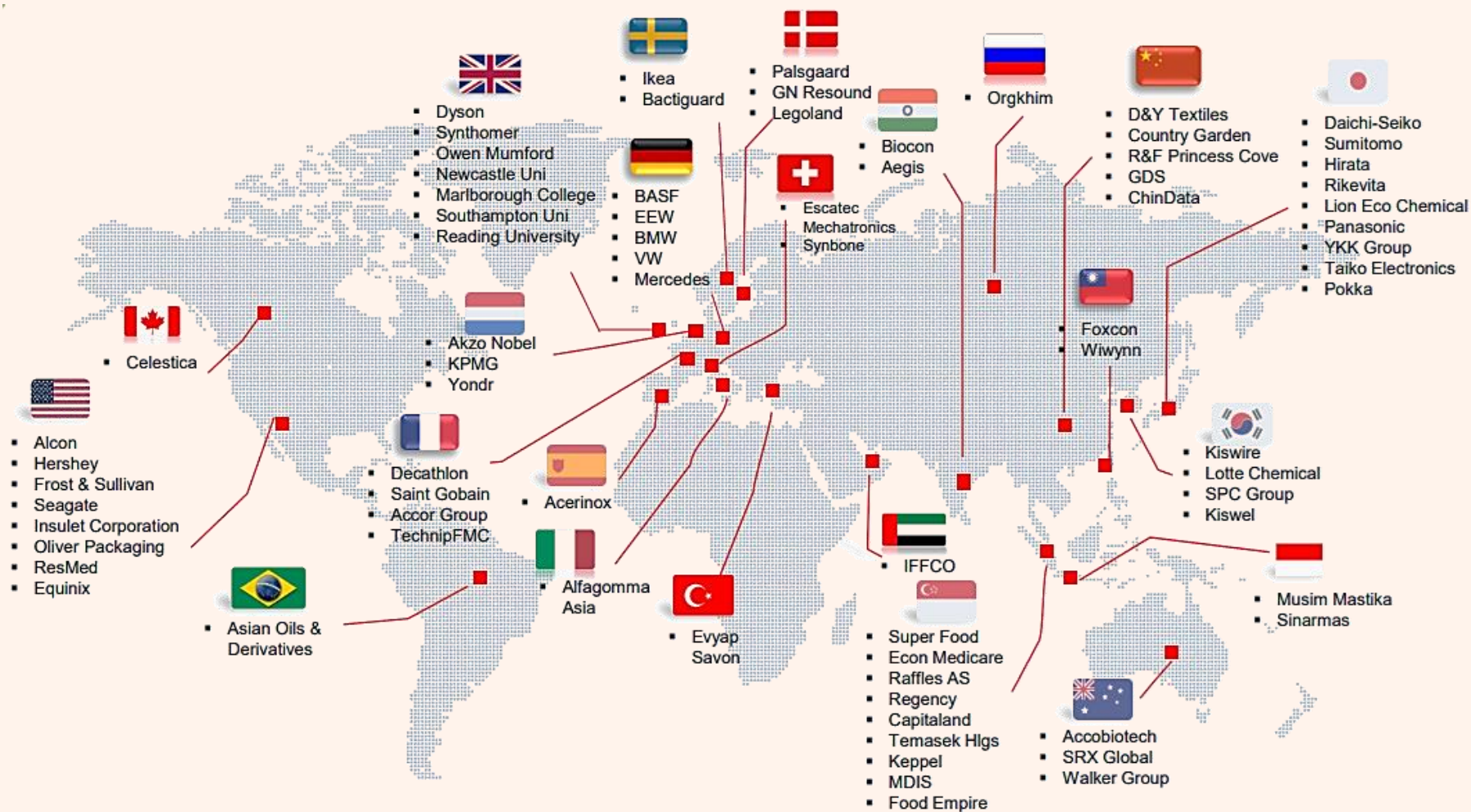
Most industrial parks in Johor are located within Iskandar Malaysia region



Source: MIDA

1	Alam Jaya Industrial Park
2	Bandar Penawar Industrial Park
3	Batu Pahat Industrial Area
4	Cemerlang Industrial Area, Johor Bahru
5	Desa Cemerlang Industrial Area
6	Eco Business Park I
7	Eco Business Park II
8	Eco Business Park III
9	Frontier Industrial Park
10	Gemilang Industrial Area, Johor Bahru
11	Harvestgreen @ Sime Darby Business Park
12	I-Park @ Tanjung Pelepas
13	I-Park @ Indahpura
14	I-Park @ Senai Airport City
15	I-Park @ SILC Iskandar Puteri
16	Indahpura Industrial Park
17	Iskandar Halal Park
18	Johor Technology Park
19	Johor Port Free Zone
20	Kempas Industrial Area
21	Kluang Industrial Park
22	Kota Tinggi Industrial Park
23	Kulai Industrial Park
24	Kulai Iskandar Data Exchange
25	Masai Industrial Area, Pasir Gudang
26	MEDINI
27	Mersing Industrial Park
28	Muar Furniture Park
29	Nusa Cemerlang Industrial Park
30	Nusajaya Tech Park
31	Palm Oil Industrial Cluster (POIC), Tanjung Langsat
32	Pasir Gudang Industrial Area
33	Pekan Nenas Industrial Park
34	Pengerang Integrated Petroleum Complex (PIPC) a) Pengerang Industrial Park (PIP) b) Pengerang Maritime Industrial Park (PMIP) c) Pengerang Eco Industrial Park (PEIP)
35	Pontian Industrial Area
36	Port of Tanjung Pelepas Free Zone
37	Segamat Industrial Area II
38	Segamat Inland Port Industrial Park
39	Senai Airport City Industrial Area
40	Senai Airport Free Zone Industrial Area
41	Senai Industrial Estate 1,2,3 and 4
42	Setia Business Park I
43	Setia Business Park II
44	Sime Darby Business Park, Bandar Universiti Pagoh
45	Sime Darby Industrial Park, Pasir Gudang
46	Simpang Renggam Industrial Park
47	Southern Industrial And Logistics Clusters (SILC)
48	Sri Gading Industrial Area
49	Tangkak Industrial Area, Tangkak
50	Tanjung Bin Petrochemical Maritime Industry Center
51	Tanjung Langsat Industrial Complex
52	Tanjung Langsat Port Area
53	Tanjung Piai Maritime Industrial Park
54	Tebrau Industrial Area
55	Wawasan Industrial Area, Batu Pahat

Foreign investments in Iskandar Malaysia



Source: IRDA

Areas of collaboration in the JS-SEZ

4 Areas

1 Strategic Economic Collaborations

- Manufacturing (E&E, petrochemicals, oleochemicals, food and agro-processing)
- Renewable Energy
- Tourism
- Smart City Development
- Financial and Business Services

2 Boosting Connectivity

- Physical Connectivity
- Digital Connectivity

3 Talent Management and Joint Research

4 Building Effective Industry Engagement





Strategic Economic Collaborations

1. Manufacturing – E&E



New Industrial Master Plan (NIMP) 2030

- Create global integrated circuit (IC) design champions + attract global leaders to establish wafer fabrication in Malaysia.



Strong Fundamentals in Semiconductor

- Synergetic efforts in attracting the top-tier industry giant (e.g. TSMC).

2. Renewable Energy



National Energy Transition Roadmap

- Large solar scale (LSS) program in Malaysia restricts foreign ownership to no more than 49%. A special exemption on foreign ownership restrictions.
- Both counties can explore opportunities for collaboration in floating solar panel farms.
- Cross-border electricity trading generated from renewable energy sources, carbon capture, and carbon capture, utilisation and storage (CCUS) hub.

3. Tourism



Geographical Advantages

- Seamlessly integrate comprehensive tourism packages – e.g. bundle package to visit the key attractions in both countries.
- Co-organise sports and entertainment events.
- Explore the mutual recognition of digital identity.

4. Smart City Development



Iskandar Malaysia

- Leveraging advanced technologies for a sustainable and connected urban future – 6 dimensions of smart city framework.

5. Financial and Business Services



Special Financial Incentives

- Established a special financial zone in Forest City in Aug 2023 – a special tax rate of 15% for skilled labour + special tax incentives for businesses and immigration facilitation.
- Malaysia ranked 3rd best global services location + rising interests among global giants in setting up data centre.



Boosting Connectivity

1. Physical Connectivity



Johor Bahru-Singapore Rapid Transit System (RTS)

- It is expected to pull in 35% of the 350,000 people who travel across the Johor-Singapore Causeway daily.



Transportation

- Ferry connections, 3rd bridge, and Kuala Lumpur-Singapore High-Speed Rail

2. Digital Connectivity



National Digital ID (NDID) + Singapore Personal Access (Singpass)

- Mutual recognition of digital identity helps to expedite immigration clearance and enhance efficiency in various applications.
- It can be explored to have a border-free approach for both nations, akin to the Schengen Agreement in Europe.



Talent Management and Joint Research



Strategic Education Hub

- Implement educational exchange programs at primary and secondary schools to broaden students' skills.
- Joint research between higher learning institutions in both countries – especially in the food and agro-processing industry.
- Potential collaboration includes artificial intelligence (AI) – Iskandar Malaysia can tap into Singapore's NUS AI Lab.



Building Effective Industry Engagement



Collaboration from Top to Bottom

- The industry representation in the Taskforce/Committee is vital to provide feedback and suggestions.
- A two-way communication flow is needed between the business community and implementing agencies of two countries.



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