

## HIGHLIGHTS OF THE LAUNCH OF THE JOHOR-SINGAPORE SPECIAL ECONOMIC ZONE

9 January 2025

The governments of Malaysia and Singapore exchanged the agreement for the establishment of the Johor-Singapore Special Economic Zone (“**JS-SEZ**”) on 7 January 2025, about a year after the proposal was first agreed in principle. The exchange of agreement took place in conjunction with the 11th Malaysia-Singapore Leaders’ Retreat, which also involved the exchange of several other bilateral agreements.

Brief details of the JS-SEZ unveiled at the event are as follows:

1. The JS-SEZ is a special economic zone to promote and support investment and free-up movement of goods and people between Malaysia and Singapore.
2. The JS-SEZ which encompasses an area of 3,505 sq. km., is located in the state of Johor, the southernmost state of Peninsular Malaysia which is separated from Singapore by the Straits of Johor but is linked to the latter by rail and road connections via a causeway and a bridge.
3. The JS-SEZ is not intended solely to attract investments from Singapore. Both governments have expressed a commitment to work together to attract new investment projects globally, with the initial aim of establishing 50 high-value investments and creating 20,000 skilled jobs in the JS-SEZ within five years of its inception. It was also reported that the JS-SEZ will include a passport-free immigration system and improved passenger rail lines between Johor and Singapore.
4. Targeted sectors of the JS-SEZ include manufacturing, logistics, digital industry, healthcare and education. Further, aerospace, medical devices, electrical and electronics, chemicals and pharmaceuticals have been identified as new priority sectors.
5. The JS-SEZ will have nine flagship zones, namely Johor Baru City Centre, Iskandar Puteri, Tanjung Pelepas-Tanjung Bin, Pasir Gudang, Senai-Skudai, Sedenak, Forest City, Pengerang Integrated Petroleum Complex (PIPC) and Desaru.
6. The activities earmarked for each of the nine flagship zones are as follows:

	Business services	Digital economy	Education	Energy	Financial services	Food security	Health	Logistics	Manufacturing	Tourism
Desaru			✓			✓	✓			✓
Forest City					✓					
Iskandar Puteri	✓	✓	✓				✓		✓	✓
Johor Baru City Centre	✓	✓					✓			
Pasir Gudang				✓				✓	✓	
Pengerang Integrated Petroleum Complex (PIPC)				✓				✓	✓	
Sedenak	✓	✓	✓	✓		✓	✓	✓	✓	✓
Senai-Skudai		✓	✓					✓	✓	✓
Tanjung Pelepas-Tanjung Bin				✓				✓	✓	

7. Malaysia will set-up and manage an infrastructure fund to support companies seeking to establish a presence in the JS-SEZ whilst Singapore will create a fund to facilitate investments and support for Singaporean companies seeking to expand their operation into the JS-SEZ and the potential twinning operations of multi-national companies in Singapore and the JS-SEZ. Malaysia will also set up a one-stop centre to facilitate investments called the Invest Malaysia Facilitation Centre - Johor (IMFC-J).
8. At the same event, six memoranda of understanding and a letter of intent were announced, with the former relating to carbon capture and storage, cooperation on emissions under Article 6(2) of the Paris Agreement, cooperation in the field of urban development, cooperation in social welfare, persons with disabilities empowerment, family, children and community development, cooperation in the higher education sector and preventing and combating transnational crimes.

## Comments

While it has been reported that companies undertaking new investments and value added activities in the JS-SEZ will be given a special corporate tax rate and qualified individuals employed in the JS-SEZ will be given a concessionary income tax rate, further details of these and other incentives will be announced by the Malaysian Government at a later date.

## Sources:

[JS-SES A rare feat, says Anwar](#); Star Online; 8 January 2025.

[Malaysia, Singapore announce deal on Johor economic zone](#); reuters.com; 7 January 2025.

[Johor-Singapore Special Economic Zone agreement signed by S'pore and M'sian leaders in KL; nine flagship zones set up](#); The Edge Singapore; 7 January 2025.

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- Global Arbitration Review (GAR): Ranked in Top 100 International Arbitration Practice 2012-2023
- IFLR 1000 2019-2022: Tier 1 Firm for Corporate/Mergers & Acquisitions, Energy, Infrastructure and Oil & Gas
- Asian Legal Business: Regional Litigation Law Firm of the Year 2022