



Introduction

Johor[1], aptly named the "Jewel" in Malay, is strategically located at the southernmost tip of Peninsular Malaysia. Its 400-km coastline along the Strait of Malacca and the South China Sea has solidified Johor's position as Malaysia's third wealthiest state. Over the past decade, Johor's urban development has accelerated, driven in part by its proximity to Singapore. The establishment of Iskandar Malaysia, a special economic zone launched in 2006, has been pivotal in this transformation. Modelled after the Pearl River Delta Economic Zone, Iskandar Malaysia aims to attract business and industry from Southeast Asia and beyond.

Beyond its strategic location, Johor thrives on the industrious and forward-thinking spirit of its people. The state's diverse social fabric, enriched by various races, traditions, and cultures, creates a dynamic and harmonious environment. This social cohesion is a cornerstone of Johor's economic dynamism, with strong support from its citizens for the state government's strategic initiatives aimed at enhancing prosperity.

Why Johor?

Often referred to as Malaysia's "Southern Gateway," Johor offers a multitude of advantages for businesses. Its strategic location and well-connected logistics networks make it a crucial trade route, fuelling its robust economic growth. Johor hosts a diverse range of industries, including petrochemicals, engineering, telecommunications, electrical, and food processing, supported by three main ports—Tanjung Pelepas, Tanjung Langsat, and Johor Port—which ensure seamless connectivity with both domestic and neighbouring countries[2].

Johor is uniquely positioned with two economic corridors: Iskandar Malaysia (IM) and the East Coast Economic Region (ECER)[3]. The ECER aims to accelerate economic growth in

the east coast states of Peninsular Malaysia, including Johor's districts of Mersing and Segamat. The region offers significant incentives, such as a 10-year, 100% income tax exemption for new investments or reinvestments in agro-based or manufactured products, activities related to oil and gas & petrochemical products and manufacturing-related services. With a labour force of 1.83 million in 2021 constituting almost half of the total population of 4.02 million people, Johor continues to strengthen its position as a business-friendly state.[4]

The Johor Fast Lane (JFL)[5] initiative, launched by the state government, exemplifies Johor's commitment to enhancing the ease of doing business. This service streamlines processes from planning approvals to operating licenses for both local and international investors, reducing the time required for approvals from six months to just three. Notable companies benefiting from JFL include Mercedes Benz (Germany), YellowWood Properties (United Kingdom), Wiyynn Corporation (Taiwan), Bridge Data Centre (China), MyTech & Assembly (Malaysia), and MyBrush Industries (Malaysia).[6]

The Growth of Johor

Johor's development trajectory is guided by the Maju Johor Vision 2030[7], which outlines six key strategic thrusts: good governance, sustainable economic development, social safety net enhancement, improved facilities and amenities, security and environmental stewardship, and a special focus on youth development. In its first year, the state government implemented 224 initiatives aligned with these thrusts, aiming to double Johor's GDP to RM260 billion by 2030[8], with a targeted growth rate of over 7% annually.

Johor is recognized as the largest data centre market in Malaysia, attracting multinational corporations (MNCs) with regional operations.[9] Major players like Nvidia, AirTrunk, GDS International, YTL Power, and Princeton Digital Group have established data centres in Johor, with tech giant Microsoft reportedly acquiring land in Kulai for a new data centre.[10]

One of the most significant opportunities for Johor is the Johor-Singapore Special Economic Zone (JS-SEZ), established through a Memorandum of Understanding (MOU) between Malaysia and Singapore in January 2024. This initiative is expected to boost cross-border trade and investment, strengthening economic ties between Johor and Singapore.[11]

Additionally, the Investment Malaysia Facilitation Centre Johor (IMFC-J), set to be located in Forest City—a region designated as a Special Financial Zone (SFZ) in August 2023—is slated for completion in 2024. The establishment of the JS-SEZ and Forest City's SFZ status is anticipated to accelerate Johor's economic growth, positioning it to achieve developed state status by 2030.[12]

Johor's economic ambitions are reflected in its goal to increase GDP by 7.8% annually, targeting RM260 billion by 2030, up from RM142.1 billion in 2022. Between 2022 and 2023,

Johor attracted investments worth RM113.7 billion, representing 19% of Malaysia's total approved investments.[13] In Iskandar Malaysia, the proposed location for the JS-SEZ, total cumulative investments reached RM409.5 billion as of September 2023, surpassing the region's target of RM383 billion by 2025, with 58% of these investments already realized.

Infrastructure developments like the Rapid Transit System (RTS), linking Johor Bahru and Singapore, set for completion by December 2026, will further enhance connectivity and economic activity.[14] The revival of the Kuala Lumpur-Singapore High-Speed Rail (KL-SG HSR) is also expected to boost transport connectivity, stimulate economic growth, and strengthen bilateral relations.[15]

Johor is also making strides in sustainable energy. The Sultan Ibrahim Solar Photovoltaic (PV) Park in Pengerang, Johor, is poised to become Southeast Asia's largest solar energy storage system.[16] Additionally, the Maharani Energy Gateway (MEG) project in Muar, Johor, with an investment of RM9.5 billion, will further Malaysia's green energy initiatives and enhance trade and investment opportunities with Chinese companies.[17] The MEG project, a collaboration between Maharani Energy Gateway Sdn Bhd and China Energy International Group (CEIG) Sdn Bhd, aims to create an energy hub and deep-sea port, generating 45,000 jobs.

Conclusion

Johor offers a compelling environment for business success, driven by a diligent workforce, a positive societal outlook, social harmony, and continuously improving logistical infrastructure. The state's natural resources, established industrial base, and reliable utilities further enhance its attractiveness. Johor's unique political stability, underpinned by the dedicated Johor Royalty, serves as a stabilizing force, fostering a business-friendly administration and community. Many significant investments in Johor are directly attributed to the Johor Royalty's efforts, making the state a magnet for investment and growth for years to come.

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