

Singapore and Johor: Deep bonds inspire new wellsprings of growth

The Singapore-Malaysia border is one of the busiest land crossings in the world, with up to one million people commuting between the two countries daily, according to the United Nations Department of Economic and Social Affairs. ZAOBAO FILE PHOTO



They've had their ups and downs, but a new era of cooperation is under way in an age-old relationship that will benefit many.

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Even on a normal weekday, the Singapore-Malaysia border is one of the busiest land crossings in the world. Little wonder, when to one million people commute between the two countries daily, according to the United Nations Department of Economic and Social Affairs.

Over every public or school holiday, long queues build up at both the Causeway and the Tuas Second Link.

Radio and online posts by the Immigration and Checkpoints Authority (ICA) repeatedly warn of a "tailback from Malaysia" and provide advice on the best times to cross. Online apps show live information.

People have been known to be stuck for three to seven hours heading in one direction on the 400m stretch of the Causeway. Yet, no matter how much commuters complain about the jam at Malaysia's southern land borders, travel there rarely lets up.

A DEEP CONNECTION

There is a deep, enduring connection across the thin line that separates these two nations – shared histories, family ties and economic relations. Today, more than a million Malaysians work in Singapore. Driven by the draw of a highly lucrative exchange rate, Malaysian employees in Singapore

earn multiples of what they can command in Malaysia, where the economy is still recovering from a period of both pandemic standstill and political instability.

This exchange of labour for finance is set to grow. News of improved connectivity through the Iskandar Malaysia Bus Rapid Transit, the widening of a segment of the Plus highway in Johor, and plans for a light rail transit system have also buoyed views of Malaysia's southernmost state capital.

The manifold economic ties across the Singapore-Malaysia land border are a continuation of the legacy of reciprocal trade and varied engagements that span centuries. Long before the Johor Temenggong's business dealings with the British, Singapore was Temasek, a successful trading outpost in the larger Srivijaya and Majapahit maritime kingdoms.

The recent signing of a memorandum to develop a special economic zone (SEZ) between Johor and Singapore marks a refreshed era of reconnection between Singapore and Malaysia as trade and travel return after a dreadful, deadly pandemic.

The SEZ is an integrated zone for business and investment aimed at easing the movement of people and goods. But the formal tie-up goes beyond the economic benefits of an easier flow across the border bottleneck.

It tugs at something deep in the psyche of Singaporeans and their relationship with the Malaysian



Work on the Johor Bahru-Singapore Rapid Transit System Link marine piers is well under way. ST PHOTO: GAVIN FOO

peninsula. For many, Malaysia is the refuge for a quick reprieve or weekend getaway, an accessible destination away from the compact, high-density hustle of Singapore city realities.

The deal has also had ripple effects across Malaysia, generating much interest in investment opportunities in its southernmost state. In a world of rising protectionism, the SEZ partnership is a rare recognition that economic interdependence between countries brings benefits.

JOHOR'S DRAW

Long before the SEZ, Singaporean entrepreneurs have headed north to make their mark. The Tan brothers, most-recognised for the Hatten Hotel in Melaka, established the Hatten real estate conglomerate. Others have made Malaysia home as they work for

or manage Singaporean investments like Capitaland's Nusajaya Tech Park in Gelang Patah.

Johor is a hotbed for Singapore investments in Malaysia. The country is Johor's second-largest investor, pouring about RM70.6 billion (S\$20 billion) into Johor between January and June 2022. Singapore is also consistently one of Malaysia's largest investors and trading partners.

The southernmost state of Malaysia is popular with Singapore holidaymakers. Eight in 10 of the nine million tourists Johor welcomed in 2022 came from Singapore. Singaporeans also form the largest group of tourist arrivals in Malaysia, with over 12.6 million arrivals between Jan 1 and Nov 15, 2023.

All urban spaces need outlets for their residents to explore, relax and rejuvenate. While Singapore has rural patches and

islands for outdoor leisure activities, nearby Johor and the rest of Malaysia, known for its vast natural beauty both on land and underwater, provide different opportunities and options.

Some pass through Johor en route to other popular destinations – Melaka, Kuala Lumpur, Ipoh and Penang. Others specifically stop in Johor Bahru for cheap shopping, food, hotels, spas and car services.

Many return to Malaysia to meet up with family; countless Singaporeans were originally Malaysian or have extended family members north of the border.

Some Singaporeans and Singapore expatriates who work in the Republic have chosen to set up home in Malaysia, drawn by a different quality of life and the opportunity to enjoy more spacious living.

Some have settled in Malaysia for the long term or purchased a retirement property. Malaysia is Singaporeans' third-most popular destination for property investments, after Australia and Thailand, with keen online property inquiries about Johor, Mont Kiara in Kuala Lumpur, Petaling Jaya, Penang and Melaka.

In Johor, the speedy progress of the Singapore-Johor Rapid Transit System that links train commuters to Singapore's MRT system and the development around the Bukit Chagar station on the Johor Bahru side have led to a steady uptick in apartment purchases and rental. Between April and September 2023, Singaporeans made up 40 per cent of buyers of R&F Princess Cove serviced apartments, one of the closest developments near the Causeway

bridge.

Even the much-maligned Chinese-backed Forest City development saw a 10 per cent increase in rental rates immediately after the launch of a new bus link between its reclaimed island and the Second Link immigration complex. The Malaysian Reserve reported that Johor Bahru and Iskandar Puteri properties now provide the top two highest yields of rental properties in Malaysia, based on gross income after expenses.

A LEADERSHIP PUSH

Officialdom is trying to prolong the wind in these sails. Since his appointment as Johor chief minister in March 2022, Mr Onn Hafiz Ghazi has focused on improving border crossing conditions for daily commuters and foreign visitors.

Efforts by both sides to increase bus frequency, open contra-lanes and redirect multi-purpose vehicles to bus lanes, among other initiatives, have resulted in much faster daily commutes. Reports of a possible passport-free QR code system at the immigration checkpoints, extended visas for investors and their staff and revisions to the Malaysia My Second Home requirements have also added to the bubbling excitement.

There is confidence over a bigger economic push in Johor with the recent ascension of the Sultan of Johor Ibrahim Iskandar to the throne as Malaysia's 17th king.

Announcements of a possible revival of the cancelled

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Further connectivity

FROM BI

high-speed rail (HSR) and the SEZ, as well as the special financial zone (SFZ) for Forest City island, are also early demonstrations of such support from the federal government.

Beyond Johor, the Gemas-JB Electric Train Service also promises further connectivity northwards, amid growing Chinese investments linking north Peninsular Malaysia with Bangkok.

Greater connectivity there may boost Singapore investment interest in the peninsula. The news and social media buzz following these announcements

were highly positive, suggesting Singapore businesses were looking at Johor with renewed interest, given tax waivers and other incentives.

MORE THAN SINGAPORE'S 'BACKYARD'

Sultan Iskandar once said he did not want Johor to just be "Singapore's backyard". It is clear that the state is far more than a mere escape. The relationship between Johor and Singapore is far more mature than ties between Malaysia's northernmost states and Thailand.

In the south, both Singapore and Johor are relatively developed

and flourishing. They complement each other in a mutual supply of employee talent and capabilities, an exchange of space for high-end R&D, and reciprocal opportunities for resource, skills and sector diversity and expansion. Teething issues that can be overcome by the new one-stop business and investment centre that promises to speed up licensing and facilitate investments will accelerate the success of these plans.

Johor is set to become a thriving south peninsula hub, channelling more opportunities to the rest of Malaysia. In his 2024 budget speech, Mr Onn Hafiz noted that the cost of doing business in Johor is 30 per cent less than in Kuala Lumpur and 70 per cent less than costs in Singapore.

The benefits that the SEZ, the

Forest City SFZ and improved connectivity will bring will eventually be felt by those far beyond Johor's borders.

Johor is a nexus for Malaysians from other states looking for more lucrative work. According to the Malaysian Department of Statistics 2020 Migration Survey, Johor saw the highest net intra-Malaysia immigration. There are at least 30,000 East Malaysians working and living in Johor, along with those hailing from Kelantan and Terengganu.

Already, Singapore firms holding walk-in interviews and information sessions in the Klang Valley to attract more Malaysians are known to be extremely popular and over-subscribed. Also, many Malaysians from other states now live in Johor and commute to work in Singapore. Better job

opportunities in Johor as a result of the SEZ and other initiatives will also benefit Malaysians preferring to stay within the country.

Such moves complement the plans by the Prime Minister Anwar Ibrahim's Madani government to improve livelihoods by improving artificial intelligence adoption and reskilling to leverage advanced technology.

The burgeoning economic ties between Johor and Singapore speak to the close connections people on both sides of the Johor Strait share.

In 2011, many people were deeply upset when the old KTM station in Tanjong Pagar, the rail tracks and land were returned to Singapore. For some, these physical structures were emblematic of the historical

connection between these two nations, and the return of the land seemed like an erasure of this past.

That cannot be further from the truth. In 2024, we celebrate the 100th anniversary of the Causeway bridge, yet another acutely symbolic structure that is the visible manifestation of the inseparability of Singapore and Johor. No matter the real or imagined tensions between Singapore and Malaysia, these ties run deep. These links can only strengthen as plans to increase connectivity – for businesses and people – bear fruit.

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