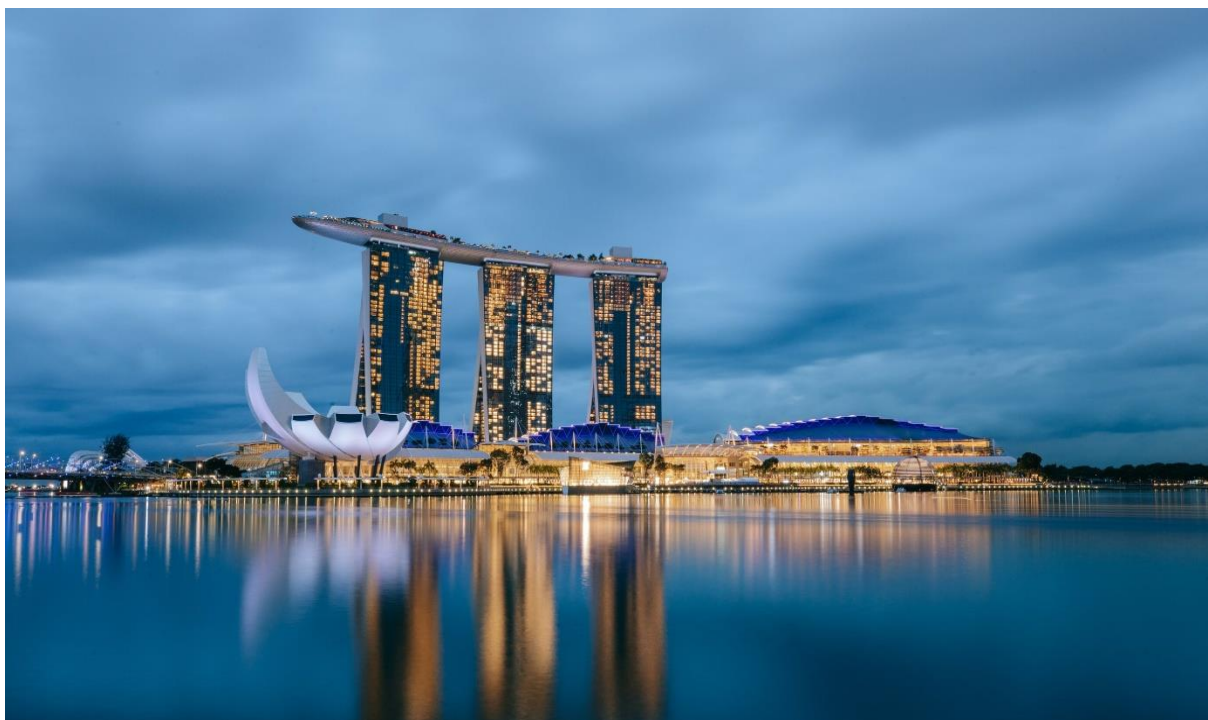


Unlocking Regional Potential: Investing in the Johor-Singapore Special Economic Zone and Beyond

Introduction

Southeast Asia remains a compelling destination for trade and investment, with Singapore and Malaysia standing out as dual engines of growth. Singapore's role as a global financial powerhouse complements Malaysia's dynamic, resource-rich, and industrially diverse economy. The Johor-Singapore Special Economic Zone (JS-SEZ) strengthens this strategic partnership by creating a highly integrated cross-border ecosystem that enhances connectivity, operational efficiency, and market access. For global and regional investors, the JS-SEZ represents a new frontier where the strengths of both nations converge to offer unmatched investment opportunities.



The Marina Bay Sands and ArtScience Museum in Singapore. Photo: Expedia

I. Singapore: A Premier Global Gateway

Singapore is a premier global gateway, offering world-class infrastructure, a transparent legal system, and a highly efficient regulatory environment. Consistently ranked among the top in global business and innovation indices, including first in Asia and fourth globally in the 2024 Global Innovation Index¹, Singapore serves as a preferred base for multinational corporations managing regional operations, finance, and research and development (R&D). The city-state's robust digital infrastructure, competitive tax policies, and strong governance systems inspire investor confidence and attract businesses from around the world. Companies such as Google, Dyson, and Pfizer have made significant

¹ World Intellectual Property Organization. (2024). *Global Innovation Index 2024: The geography of innovation*. Retrieved from <https://www.globalinnovationindex.org>

investments in Singapore. For instance, Dyson opened a global headquarters and research centre in Singapore in 2022, focusing on AI and robotics, to invest S\$1.5 billion in Singapore operations².

Another cornerstone of Singapore's business appeal is its competitive tax environment. Corporate income tax rates remain at 17%³, among the lowest in the developed world, and the government offers a variety of tax incentives for research and development and intellectual property related income, such as the Pioneer Certificate Incentive (PCI) and Development and Expansion Incentive (DEI). These policies not only support corporate growth but also strengthen the city's value proposition for high-tech and high-value industries.

Singapore's business-friendly environment is complemented by its strategic location and excellent connectivity. The city-state is a major hub for international trade, with one of the busiest ports in the world and a well-developed logistics network. Singapore's Changi Airport is renowned for its efficiency and connectivity, serving as a key gateway for air travel in the region. These factors make Singapore an ideal location for businesses looking to establish a regional presence and access global markets.

However, while Singapore remains attractive, it also faces structural constraints that present hurdles for expansion. High operating costs, including expensive real estate, labour, and utilities, make it costly for businesses to operate. Space limitations and talent shortages further exacerbate these challenges, impacting the ability of companies to scale their operations. The JS-SEZ provides a strategic release valve for these constraints, enabling firms to maintain headquarters and innovation activities in Singapore while scaling cost-sensitive operations across the Causeway in Johor. This integrated approach allows businesses to optimize their operations and leverage the strengths of both regions.



Aerial view of Johor Bahru, Malaysia, showcasing the city's skyline and the Johor-Singapore Causeway connecting it to Singapore across the Straits of Johor. Photo: Malaysian Investment Development Authority

² Singapore Economic Development Board. (2022, March 25). His Excellency Lee Hsien Loong officially opens Dyson's new global headquarters at the historic St James Power Station. Retrieved from <https://www.edb.gov.sg/en/about-edb/media-releases-publications/his-excellency-lee-hsien-loong-officially-opens-dyson-new-global-headquarters-at-the-historic-st-james-power-station.html>

³ Inland Revenue Authority of Singapore. (n.d.). *Basic guide to corporate income tax for companies*. Retrieved from <https://www.iras.gov.sg/taxes/corporate-income-tax/basics-of-corporate-income-tax/basic-guide-to-corporate-income-tax-for-companies>

II. Malaysia: A Land of Opportunities

Malaysia is a land of opportunities, centrally located between major maritime routes and serving as a natural hub for manufacturing, logistics, and regional distribution. The country's diversified economy spans electrical and electronics, oil and gas, Islamic finance, digital services, and the halal industry. Supported by a young, multilingual workforce and business-ready industrial infrastructure, Malaysia offers a conducive environment for businesses to thrive.

Malaysia's strategic location enhances its appeal as a regional hub. The country's ports, including Port Klang and Tanjung Pelepas, are key nodes in the global logistics network, facilitating efficient import and export processes. Malaysia's well-developed road and rail infrastructure further supports the smooth movement of goods and people, making it an attractive destination for businesses looking to establish a regional presence.

Policy support for high-value sectors continues to be a key driver of Malaysia's economic growth. Building on the momentum of The Twelfth (12th) Malaysia Plan, the upcoming Thirteenth (13th) Malaysian Plan is expected to further reinforce the country's commitment to developing high-tech, innovation-driven and ESG-aligned sectors and industries, including semiconductors, aerospace, and global services. Johor, with its strategic location at the southern gateway of Peninsular Malaysia and its economic depth stands out as a prime destination for such investments. The state offers attractive and competitive incentives, robust infrastructure, and seamless connectivity to Singapore, offering both access to capital and cross-border expertise, making Johor an ideal and compelling hub for regional expansion and sustainable growth. These incentives include reduced corporate tax rates and preferential personal income tax rates for companies and knowledge workers operating within the JS-SEZ. Infrastructure support includes major logistics hubs like the Port of Tanjung Pelepas, integrated industrial zones such as Iskandar Malaysia, and upcoming connectivity enhancements like the Rapid Transit System (RTS) Link, which will streamline cross-border movement and trade⁴.

Johor's strategic proximity to Singapore creates a dynamic bilateral corridor that enhances connectivity, operational efficiency and cross-border collaboration. The longstanding and strong economic ties between Johor and Singapore has fostered a collaborative environment, with daily cross-border commuting for workers and professionals, port infrastructure that supports dual-logistics flows, and collaborative planning platforms such as the Joint Ministerial Committee for Iskandar Malaysia (JMCIM).

Malaysia in general offers a strong value proposition and opportunities for businesses looking to establish a regional presence. With its strategic location, diversified economy, and policy support for high-value sectors, Malaysia provides a conducive environment for growth and innovation. Johor adds to this appeal with its proximity to Singapore creating a dynamic bilateral corridor that leverages the strengths of both regions.

⁴ IFAST Research Team. (2025, February 7). *JS-SEZ: From south to regional growth, prosperity*. Malaysian Investment Development Authority. Retrieved from <https://www.mida.gov.my/mida-news/js-sez-from-south-to-regional-growth-prosperity>

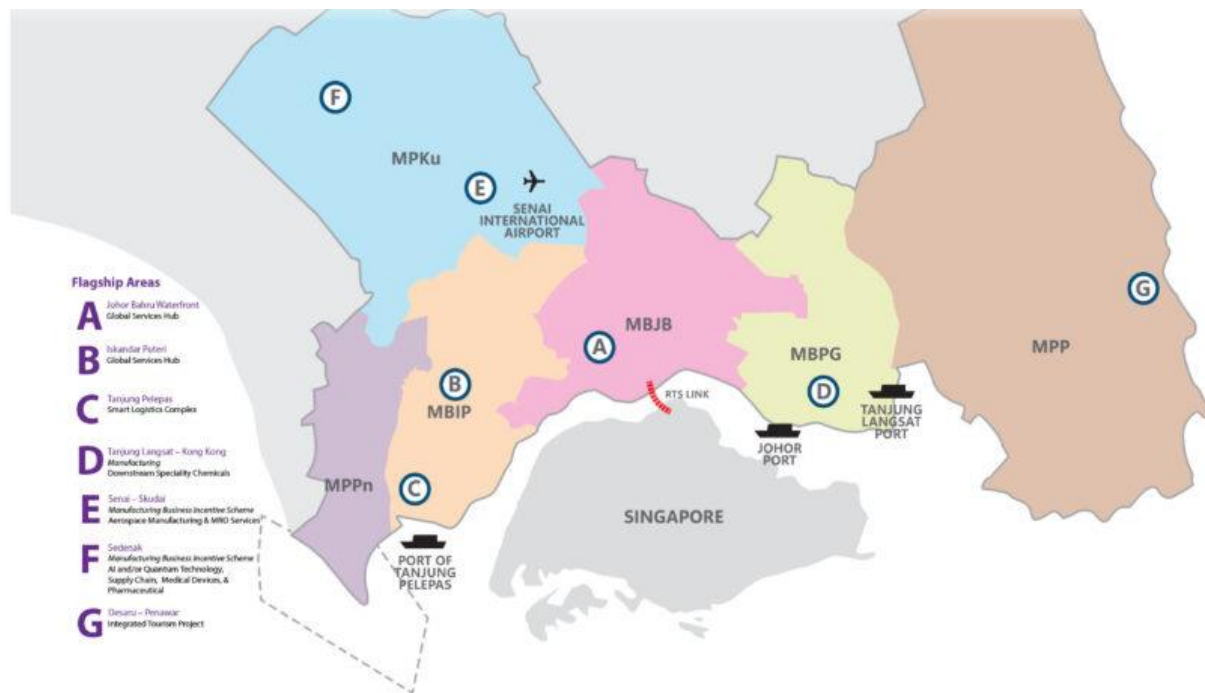


Officials from Malaysia and Singapore at the signing ceremony of the Johor-Singapore Special Economic Zone (JS-SEZ) Memorandum of Understanding, held on 11 January 2024 in Johor Bahru. Photo: Bernama

III. Johor and Singapore: A Cross-Border Powerhouse

Johor's close proximity to Singapore and strong transport infrastructure have established one of Southeast Asia's most active economic corridors. Each day, thousands of Malaysians commute to Singapore, creating a shared labour market that benefits businesses in both regions. Such growth has been well supported by port infrastructure. In this regard, Johor's Port of Tanjung Pelepas and Singapore's PSA form a dual-logistics network that increases trade efficiency and strengthen regional supply chains for logistics, warehousing, and distribution activities on both sides of the border. The upcoming Johor Bahru – Singapore Rapid Transit System Link will further enhance this connectivity, reduce congestion, and improve the movement of people and goods across the Causeway.

Together, Johor and Singapore form a cross-border powerhouse that leverages the strengths of both regions to foster economic growth, innovation, and sustainability. The JS-SEZ seeks to build on the existing economic ties of Johor and Singapore by creating a dynamic economic corridor that benefits businesses in both nations, offering unmatched investment opportunities and fostering long-term growth. The integration of Johor and Singapore's economic activities enhances operational efficiency, supports innovation, and promotes sustainable development, making the JS-SEZ a gateway to future-ready investment in Southeast Asia.



Map showing the key flagship areas and administrative zones involved in the Johor-Singapore Special Economic Zone (JS-SEZ). Photo: Malaysian Investment Development Authority

IV. The Johor-Singapore Special Economic Zone (JS-SEZ): A Bilateral Vision for Growth

The JS-SEZ represents a transformative collaboration between Malaysia and Singapore, aiming to harness the complementary strengths of both nations to create a dynamic and integrated economic hub. Spanning 3,571 square kilometres in Johor, Malaysia, the JS-SEZ encompasses nine flagship zones, each strategically designed to focus on high-growth sectors such as:

- **Manufacturing & Digital Infrastructure:** Johor's industrial parks, including the state-led Sedenak Tech Park developed by Johor Corporation, attract investors with competitive costs and ready infrastructure. Investments in artificial intelligence (AI), data centres, and cloud services are growing, complementing Singapore's R&D strengths.
- **Green Growth:** Johor is investing in solar, wind, and ESG-aligned industrial zones, with buildings aimed at Malaysia Digital and GBI certifications.
- **Tourism & Leisure:** With popular theme parks, resorts, and shopping outlets, Johor is scaling its entertainment offerings, supported by its cost advantages.
- **Operational Synergy:** The JS-SEZ allows businesses to tap Johor's scale and cost efficiency while benefiting from Singapore's financial services, innovation hubs, and regulatory systems.

Cross-border planning is also driven by platforms like the JMCIM and the JS-SEZ task force, led by Singapore's Ministry of Trade and Industry and Malaysia's Ministry of Economy, with the support of relevant government agencies in both countries. This collaborative framework supports sustainable, coordinated development and a more integrated regional economy.

Indeed, the JS-SEZ leverages Singapore's innovation-driven ecosystem and Malaysia's scalable, cost-effective industrial base offering an ideal destination for investment, growth, innovation, and sustainability in the region.

Hub-and-Spoke Model

The JS-SEZ facilitates a hub-and-spoke model, where Singapore functions as the innovation, capital, and regulatory anchor, while Johor offers operational scale, cost advantages, and physical room to grow. Singapore's advanced infrastructure, financial services, and regulatory excellence provide a strong foundation for businesses, ensuring that companies have access to the necessary capital and regulatory support. Johor's ample land, lower operational costs, and supportive industrial infrastructure make it an ideal location for businesses looking to scale their operations. The state's strategic location and connectivity further enhance its appeal.

This model enables businesses to optimise cost structures, enhance supply chain resilience, and expand without relocating strategic operations. The JS-SEZ creates a conducive environment for businesses to thrive, fostering innovation, scalability, and long-term sustainability.

Malaysia's Value Proposition

Malaysia's proposition within the JS-SEZ is centred around scale, incentives, and accessibility. The country offers a range of corporate tax incentives, including a 5% tax rate for up to 15 years for qualified activities in AI, aerospace, medical technology, and global services. These incentives are designed to attract high-value investments and encourage the development of cutting-edge industries within the JS-SEZ. Additionally, Malaysia provides a knowledge worker incentive, offering a 15% flat tax rate for eligible professionals for a 10-year period. This initiative aims to attract top talent to the region, ensuring that businesses have access to a skilled and knowledgeable workforce. To further enhance Malaysia's attractiveness to global investors and skilled professionals, the government has introduced the Premium Visa Programme (PVIP), offering long-term residency of up to 20 years, typically issued in 10-year renewable terms. This initiative is particularly relevant to the JS-SEZ, as it facilitates the relocation and retention of high-net-worth individuals, entrepreneurs, and foreign talent who wish to live, work, or invest in Johor. PVIP holders are encouraged to participate in high-value sectors such as digital economy, advanced manufacturing, and financial services, aligning with the strategic goals of the JS-SEZ. The programme also supports property ownership and talent mobility, reinforcing the zone's appeal as a future-ready investment destination.

To boost tourism, Malaysia has implemented lower entertainment duties, fixed at 5%, to encourage investments in leisure, hospitality, and theme park developments. This policy aims to enhance Johor's appeal as a tourist destination and stimulate economic growth in the tourism sector. The Invest Malaysia Facilitation Centre-Johor serves as a one-stop center for business expansion and licensing support, providing comprehensive assistance to investors and streamlining the process of setting up and operating businesses within the JS-SEZ. Johor offers ample access to land, logistics parks, and support services for manufacturing and distribution, making it an ideal location for businesses looking to scale their operations.

Singapore's Value Proposition

Singapore's contribution to the JS-SEZ encompasses strategic initiatives in connectivity, financial services, and business facilitation, all aimed at fostering a seamless and integrated economic corridor between Singapore and Johor.

A cornerstone of Singapore's commitment to the JS-SEZ is the enhancement of cross-border connectivity. In March 2024, Singapore introduced a QR code-based, passport-free clearance system at land checkpoints with Malaysia. This system has significantly reduced travel time for daily commuters, including workers, executives, and service providers moving between Singapore and Johor. By easing congestion and improving the predictability of cross-border movement, the system supports the JS-SEZ's vision of a fluid cross-border ecosystem where firms can operate seamlessly across both regions. This initiative is complemented by other measures, such as joint customs clearance and harmonised regulatory processes, which collectively aim to reduce business friction and enable a more dynamic flow of economic activity.

Singapore's financial institutions also play a pivotal role in supporting businesses venturing into the JS-SEZ. The Overseas-Chinese Banking Corporation Limited (OCBC), for instance, has established dedicated teams in both Singapore and Malaysia to assist small and medium-sized enterprises (SMEs) in capturing opportunities within the JS-SEZ⁵. These teams provide advisory services, connect businesses with local partners, and offer financing solutions tailored to the needs of companies expanding into the zone. In 2024, OCBC supported approximately 260 new mid-sized enterprises from various sectors, including services, construction, manufacturing, and wholesale and retail trade, to establish operations in Malaysia. The bank anticipates a 20% increase in this number in 2025, driven by the growing interest in the JS-SEZ⁶.

V. Key Areas of Cooperation

Harmonisation efforts between Malaysia and Singapore improve bilateral financial flows and institutional reach, facilitating easier access to financial services and capital for businesses operating within the JS-SEZ. On 7 January 2025, Malaysia and Singapore exchanged the agreement on the JS-SEZ (JS-SEZ Agreement) at the 11th Malaysia-Singapore Leaders' Retreat⁷, noting certain early initiatives of the JS-SEZ and other key areas of cooperation moving forward.

Educational partnerships

Examples of early initiatives include joint training programs through partnerships with institutions, which enhance workforce skills and ensure that employees are well-prepared to meet industry demands. One notable example of such collaboration is the Memorandum of Understanding (MOU) signed between Singapore Polytechnic and the Federation of Malaysian Manufacturers (FMM). Formalized during the Industrial Transformation Asia-Pacific 2024 event. The agreement was

⁵ OCBC Bank. (2024, December 11). *OCBC sets up dedicated teams to support SMEs in capturing opportunities in Johor-Singapore special economic zone*. Retrieved from <https://www.ocbc.com/group/media/release/2024/ocbc-sets-up-dedicated-teams-to-support-smes-in-capturing-opportunities-in-johor-singapore-special-economic-zone.page>

⁶ OCBC Bank. (2025, January 7). *Statement by Tan Teck Long, Head of Global Wholesale Banking, OCBC, on the signing of the Johor-Singapore Special Economic Zone deal*. Retrieved from <https://www.ocbc.com/group/media/release/2025/statement-by-tantecklong-head-of-global-wholesale-banking-ocbc-on-the-signing-of-the-johor-singapore-special-economic-zone-deal>

⁷ Singapore Economic Development Board. (2025, January 8). *Agreement between Singapore and Malaysia and the Johor-Singapore Special Economic Zone*. Retrieved from <https://www.edb.gov.sg/en/about-edb/media-releases-publications/agreement-between-singapore-and-malaysia-and-the-johor-singapore-special-economic-zone.html>

witnessed by Singapore's Deputy Prime Minister Heng Swee Keat, who served as Guest of Honour. This partnership is designed to align academic programmes with evolving industry demands and focuses on four key areas:

- **Curriculum Alignment:** Ensuring that educational content reflects real-world industry needs and standards.
- **Joint Research and Development Projects:** Collaborating on applied R&D initiatives that contribute to industry innovation.
- **Training Workshops and Co-organised Sessions:** Conducting shared training programmes, seminars, and hands-on workshops to upskill students and professionals.
- **Support for the JS-SEZ:** Developing training pipelines and talent solutions tailored to businesses operating in the economic zone.

Through this initiative, Singapore Polytechnic seeks to not only enhance the employability of its graduates but also to contribute to broader regional economic development by facilitating innovation and workforce mobility between Singapore and Johor.

A second key partnership was forged through an MOU between Singapore's ITE Education Services and the Johor Skills Development Centre. This collaboration is focused on technical skills development, instructor training, and institutional capacity-building. It enables both institutions to share best practices, adopt joint certification frameworks, and align skill development with the strategic industrial goals of the JS-SEZ.

Such initiatives reflect a shared commitment to developing a skilled, mobile, and industry-responsive workforce that can support the evolving demands of advanced manufacturing, green technologies, and digital innovation within the JS-SEZ and the wider Singapore-Malaysia economic corridor.

Movement of goods and people

The JS-SEZ benefits from the well-established, transparent, and investor-friendly legal systems of both Malaysia and Singapore. This robust legal and regulatory infrastructure is a cornerstone of the JS-SEZ, ensuring that businesses can operate with confidence and predictability. Within the JS-SEZ, efforts are being made to streamline cross-border coordination, making it easier for businesses to navigate the regulatory landscape and comply with legal requirements.

Another key area of cooperation noted was the movement of people and goods, which has already been seen through plans to align customs processes. For instance, introduced on 1 January 2025, traders now only need to apply for a single transshipment permit with Singapore Customs for land intermodal transshipments, instead of two separate permits required previously. This new procedure helps businesses save costs and improve efficiency. To this end, businesses may save up to S\$40 per transshipment, potentially resulting in annual industry-wide savings of up to S\$2 million. This has also reduced the time required to prepare customs permits by 50%. By aligning customs processes on both sides of the border, the JS-SEZ aims to reduce logistical delays and improve efficiency. This

harmonisation creates a more seamless trade environment, allowing goods to move more freely and reducing the administrative burden on businesses. The streamlined customs procedures enhance the overall competitiveness of the JS-SEZ, making it an attractive destination for investors.

Business licensing and approval processes

In addition to customs harmonisation, the JS-SEZ is also working to simplify business licensing and approval processes. In particular, the JS-SEZ Agreement notes that Singapore and Malaysia will explore enhancing market access for financial institutions, subject to laws, rules, regulations, and requirements in both countries. In this regard, streamlined application procedures ensure that businesses can obtain the necessary licenses and permits quickly and with minimal hassle. This reduction in administrative complexity will make it easier for companies to set up and expand their operations within the JS-SEZ. More efficient licensing and approval processes contribute to a more business-friendly environment, encouraging investment and growth.

Regulatory compliance

Regulatory compliance is another critical aspect of the JS-SEZ's legal and regulatory infrastructure. By harmonising standards and regulations across sectors, the JS-SEZ facilitates smoother operations for businesses. This alignment ensures that companies can operate more efficiently and with greater certainty, reducing the risk of regulatory discrepancies. The harmonised regulatory framework supports the seamless integration of business activities between Johor and Singapore, fostering a more cohesive economic corridor.

Tax administration

Tax administration within the JS-SEZ is designed to be transparent and predictable. Simplified tax processes and favourable regimes are in place to ensure that businesses can navigate the tax landscape with ease. The JS-SEZ offers tax incentives for businesses in targeted industries, creating a more attractive tax environment for investors. Notably, on 8 January 2025, the Ministry of Finance Malaysia and the Johor State Government announced a tax incentive package for the JS-SEZ, designed to drive high-value investments into Johor, and tailored to meet the evolving needs of global and domestic investors⁸. Effective 1 January 2025, investors in the JS-SEZ are eligible for a suite of incentives, including:

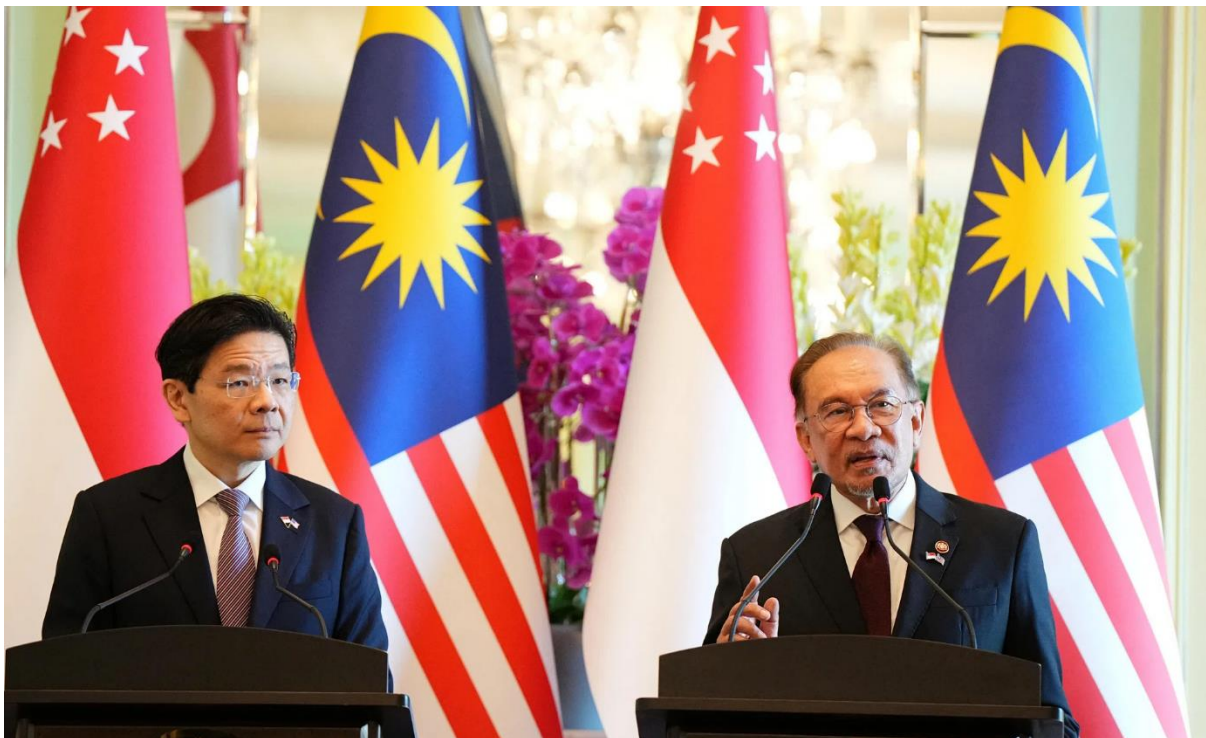
- **Special corporate tax rate:** Companies undertaking new investments in qualifying manufacturing and services activities, will benefit from a special corporate tax rate of 5% for up to 15 years. These qualifying activities include: (i) AI and Quantum Computing Supply Chain; (ii) Medical Devices; (iii) Aerospace Manufacturing; and (iv) Global Services Hub, which represent high growth and high value-added activities within the JS-SEZ.
- **Flagship development focus:** Additional tailor-made incentives will be allocated to businesses operating in certain flagship areas in the JS-SEZ.

⁸ Ministry of Finance Malaysia (2025, January 8). *JS-SEZ incentive package to drive high-value investments into Johor*. Retrieved from <https://www.mof.gov.my/portal/en/news/press-release/js-sez-incentive-package-to-drive-high-value-investments-into-johor>

- **Special tax rate for knowledge workers:** A special tax rate of 15% for ten years will be available for eligible knowledge workers working in the JS-SEZ.

These measures help to reduce the financial burden on companies and support their long-term growth and sustainability.

The legal and regulatory infrastructure of the JS-SEZ is a key enabler of its success. By streamlining customs procedures, simplifying business licensing and approvals, harmonising regulatory standards, and ensuring transparent tax administration, the JS-SEZ creates a conducive environment for businesses to thrive. This robust legal and regulatory framework supports the seamless integration of economic activities between Johor and Singapore, making the JS-SEZ a dynamic and attractive destination for investment.



Singapore Prime Minister Lawrence Wong and Malaysian Prime Minister Anwar Ibrahim at a joint press conference. Photo: Reuters

VI. Challenges of Investing in Singapore and Malaysia

Investing in Singapore and Malaysia presents unique challenges that businesses must navigate to succeed in these dynamic markets. Singapore, known for its world-class infrastructure and efficient regulatory environment, also faces high operating costs. Real estate, labour, and utilities are expensive, making it costly for businesses to operate. For instance, as of the first quarter of 2024, the average rent for Grade A office space in the Central Business District was approximately SGD 11.42 per square foot per month⁹. Additionally, the cost of hiring skilled labour is elevated, with the local qualifying salary set at SGD 1,600 per month, influencing foreign worker quotas and overall labour costs¹⁰. Singapore's market is also highly competitive and saturated, posing difficulties for new entrants to

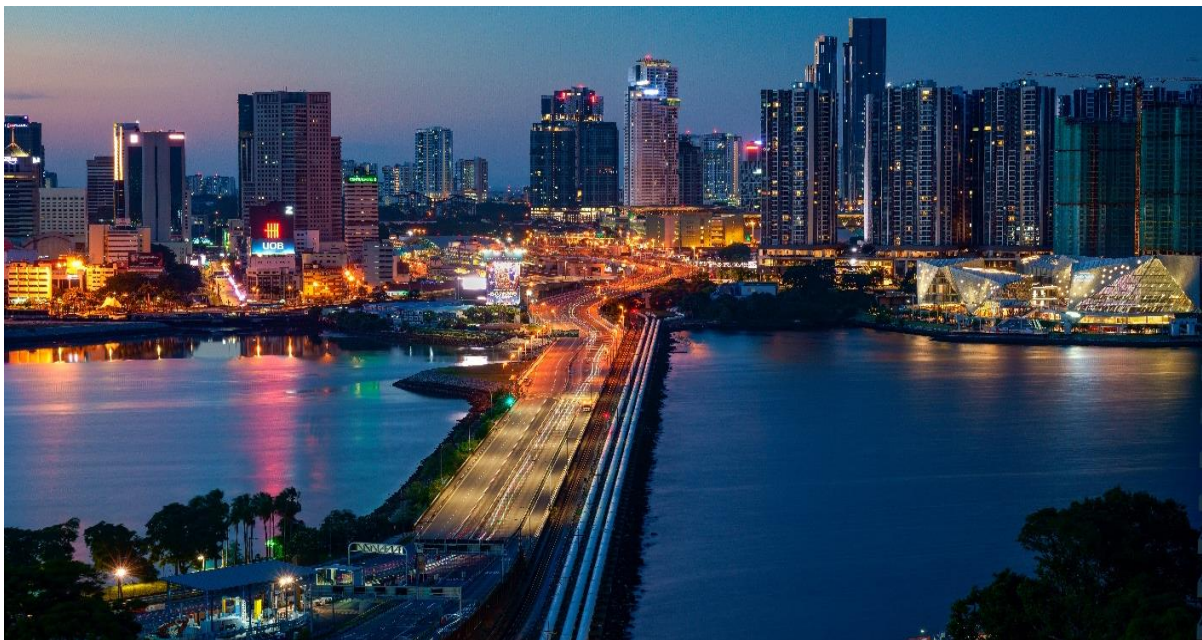
⁹ Khan, I. (2024, March 26). Singapore office rent rises to 15 year high in 1Q24: JLL. Retrieved from <https://www.jll.com/en-sea/newsroom/singapore-office-rent-rises-to-15-year-high-in-1q24-jll>

¹⁰ Ministry of Manpower. (n.d.). *What is the foreign worker levy?* Singapore Government. Retrieved from <https://www.mom.gov.sg/passes-and-permits/work-permit-for-foreign-worker/foreign-worker-levy/what-is-the-foreign-worker-levy>

establish a foothold. Navigating Singapore's strict regulatory and compliance requirements can be time-consuming and complex, adding to the operational challenges. Moreover, the labour market in Singapore is constrained by limited access to low-skilled labour due to strict foreign labour policies, which can impact the availability of workforce for certain industries.

On the other hand, Malaysia offers a diversified economy and strategic location, but it also has its own set of challenges. Infrastructure development in areas outside major cities can be inconsistent, hindering efficiency and connectivity for businesses operating in those regions. The Malaysian economy is more exposed to currency fluctuations and broader market uncertainties, such as political shifts and global commodity price volatility, which can affect financial stability. Additionally, there is a mismatch between industry needs and available skills, and a heavy reliance on foreign labour, particularly in sectors like construction and agriculture, which can create workforce challenges for businesses. These factors contribute to the complexity of investing in Malaysia, requiring businesses to carefully assess and manage risks.

Cross-border investments between Singapore and Malaysia involves its own distinct difficulties. Dealing with different legal systems and taxation regimes, including issues like double taxation, can be complex and require careful planning. Cultural and market differences between the two countries, such as variations in consumer behaviour, regulatory expectations, and cultural norms, can impact business operations and strategies. These cross-border investment barriers necessitate a thorough understanding of both markets and effective strategies to navigate the complexities.



View of the Johor-Singapore Causeway, connecting Johor Bahru, Malaysia to Woodlands, Singapore. Photo: Wikipedia

VIII. Turning Hurdles into Gateways: How the JS-SEZ Bridges Business Challenges

The JS-SEZ is designed to address and mitigate the challenges of investing in Singapore and Malaysia, turning hurdles into gateways for businesses.

Lower Operational Costs, Strategic Location

One of the primary advantages of the JS-SEZ is its ability to lower operational costs while remaining geographically and logistically close to Singapore. By offering lower rent and labour costs while maintaining proximity to Singapore's ports, financial services, and innovation ecosystem, the JS-SEZ provides a cost-effective solution for businesses looking to expand. This expansion allows companies to maintain their strategic headquarters in Singapore while benefiting from Johor's cost-effective environment. The proximity to Singapore enables firms to optimise their supply chains and logistics, reducing transportation costs and improving overall operational efficiency.

This strategic release valve allows companies to reduce expenses without sacrificing access to Singapore's economic ecosystem.

Relief from Market Saturation

The JS-SEZ also addresses the issue of market saturation in Singapore. Singapore's small domestic market is known for its high level of competition, particularly in sectors such as retail, fintech, and F&B. Businesses entering the JS-SEZ face less competition but can still benefit from Singapore's advanced infrastructure and regulatory excellence. By setting up operations in the JS-SEZ, companies can tap into a growing consumer base in Malaysia, particularly in Johor, while still being part of Singapore's regional economic network. This creates a more favourable environment for new entrants and fosters growth opportunities. Additionally, the JS-SEZ promotes a more streamlined and flexible regulatory approach between both countries, simplifying compliance and reducing administrative burdens for businesses.

Promotion of Innovation and Sustainability

The JS-SEZ promotes innovation and sustainability through several key initiatives. Collaborative R&D efforts between Johor and Singapore focus on high-tech industries, such as AI, aerospace, and medical technology. These initiatives drive technological advancements and create new opportunities for businesses in both regions. The JS-SEZ also encourages environmentally friendly industrial practices and investments in renewable energy projects. By promoting green growth and ESG-aligned ventures, the zone supports regional sustainability efforts and contributes to a more sustainable future.

Malaysian businesses also stand to gain from the JS-SEZ. Johor-based companies benefit from direct access to Singapore's global financial networks, capital markets, and sophisticated consumer base. This access enhances the growth potential of Malaysian businesses and facilitates their integration into the global economy. By leveraging Singapore's advanced infrastructure and regulatory excellence, Malaysian businesses can improve their competitiveness and attract international investors. The collaboration creates a more attractive investment environment, fostering innovation and growth.

Expanded and Flexible Talent Pool

Access to a larger labour pool is another significant advantage of the JS-SEZ. Singapore's highly educated workforce is a global asset, but companies face talent shortages and strict foreign worker

quotas, especially in mid- and lower-skilled roles. In 2024, for example, industries such as hospitality¹¹, healthcare¹², and construction¹³ reported continued manpower constraints despite rising wages.

Companies can leverage Malaysia's larger and more affordable labour force, while also benefiting from Singapore's skilled professionals. Additionally, companies operating in the JS-SEZ can benefit from spillover talent, including Singapore-based engineers, managers, and specialists who collaborate across sites. This synergy enhances workforce flexibility and ensures that businesses have access to the talent they need to thrive.

To further strengthen the talent pipeline, the Malaysia's National Budget 2026 announced that the Johor Talent Development Council is working closely with higher education institutions (HEIs) and industry players to expand talent development programmes, upskilling initiatives, and premium-wage career placements¹⁴. This coordinated effort strengthens the talent ecosystem within the JS-SEZ, ensuring a steady pipeline of qualified workers to meet industry demand.

Improved Infrastructure and Economic Stability

In Malaysia, the JS-SEZ benefits from strategic infrastructure investment, enhancing logistics and connectivity. For example, under the Malaysia's National Budget 2026, one key initiative is the upgrade of the Senai-Desaru Expressway (Phase 2A), from Cahaya Baru to Sungai Johor, which directly supports the JS-SEZ and strengthens regional accessibility¹⁵. This upgraded infrastructure supports efficient business operations and facilitates the smooth movement of goods. Operating near Singapore also helps businesses buffer currency and economic risks, providing greater financial stability. The JS-SEZ allows access to a combined labour force, improving recruitment flexibility and talent matching, which addresses workforce challenges in Malaysia.

Simplified Cross-Border Compliance

The JS-SEZ offers clearer, more harmonised frameworks for taxation and legal compliance, potentially with incentives and reduced friction. This coordinated approach simplifies cross-border investments and reduces the complexity of dealing with different legal systems and taxation regimes. Under the Malaysia's National Budget 2026, the Iskandar Malaysia Facilitation Centre Johor will help expedite investment process with the support of the Johor Super Lane, effectively shortening local authority approval timelines¹⁶. Businesses in the JS-SEZ can tap into both Malaysia's growth potential and

¹¹ Singapore Business Federation (SBF). (2024). *SBF National Business Survey 2024: Manpower and wages edition*. Retrieved from <https://www.sbf.org.sg/newsroom/media/press-releases/detail/sbf-national-business-survey-2024-manpower-and-wages-edition>

¹² Vulcan Post. (2024). *Top Job Vacancies in Singapore for 2024*. Retrieved from <https://vulcanpost.com/871281/2024-singapore-top-job-vacancies-industry/>

¹³ Business Times. (2024). *Labour shortage, elevated interest rates still plague Asia-Pacific construction sector*. Retrieved from <https://www.businesstimes.com.sg/property/labour-shortage-elevated-interest-rates-still-plague-asia-pacific-construction-sector>

¹⁴ Ministry of Finance. (2025, October 10). *FOURTH MADANI BUDGET*. YAB Dato' Seri Anwar Bin Ibrahim Prime Minister and Minister of Finance Introducing The Supply Bill (2026) in Dewan Rakyat, Malaysia, Kuala Lumpur, Malaysia. Retrieved from <https://belanjawan.mof.gov.my/pdf/belanjawan2026/ucapan/bs26.pdf>.

¹⁵ Ministry of Finance. (2025, October 10). *FOURTH MADANI BUDGET*. YAB Dato' Seri Anwar Bin Ibrahim Prime Minister and Minister of Finance Introducing The Supply Bill (2026) in Dewan Rakyat, Malaysia, Kuala Lumpur, Malaysia. Retrieved from <https://belanjawan.mof.gov.my/pdf/belanjawan2026/ucapan/bs26.pdf>.

¹⁶ Ministry of Finance. (2025, October 10). *FOURTH MADANI BUDGET*. YAB Dato' Seri Anwar Bin Ibrahim Prime Minister and Minister of Finance Introducing The Supply Bill (2026) in Dewan Rakyat, Malaysia, Kuala Lumpur, Malaysia. Retrieved from <https://belanjawan.mof.gov.my/pdf/belanjawan2026/ucapan/bs26.pdf>.

Singapore's mature economy more seamlessly, creating integrated market access that enhances business opportunities.

A Future-Ready Economic Corridor

The JS-SEZ is a transformative initiative that bridges business challenges and creates a dynamic economic corridor between Johor and Singapore. By addressing operational costs, regulatory complexities, labour market constraints, and cross-border investment barriers, the JS-SEZ provides a conducive environment for businesses to thrive. This integrated approach fosters innovation, scalability, and long-term sustainability, making the JS-SEZ a gateway to future-ready investment in Southeast Asia.

In addition, Malaysia's National Budget 2026 introduced a comprehensive suite of high-value tax incentives and financial package of specific and high-value tax incentives and financial regulatory benefits targeted exclusively at companies and individuals operating within the designated Pulau 1 of the Forest City Special Financial Zone. Among the key highlights of the eleven subsidiary legislations gazetted under the Single Family Office Order and Rules are the zero tax rate for single family offices, non-resident income exemption, industrial building allowance, relocation cost deduction, stamp duty remission, stamp duty exemption for single family fund company and real property gains tax relief for non-citizens or non-permanent residents. These new regulatory incentives are expected to draw greater investor interest and stimulate the establishment of more family offices within the SFZ¹⁷.

Conclusion

Looking at the bigger picture, the JS-SEZ is a visionary project that integrates the strengths of Malaysia and Singapore into a dynamic economic corridor. It is more than a shared physical space—it is a regional strategy, a cross-border ecosystem, and a launchpad for future-ready investment. For companies seeking growth in Southeast Asia, the JS-SEZ offers the best of both worlds. By leveraging Singapore's innovation-driven ecosystem and Malaysia's cost-effective industrial base, the JS-SEZ offers unmatched investment opportunities and fosters growth, innovation, and sustainability in the region.

With political will, robust policy frameworks, and investor-centric incentives on both sides, the JS-SEZ is well-positioned to become one of Asia's most dynamic economic corridors. This is not just a zone. It is the future of integrated investment in the region.

¹⁷ Single Family Office Order and Rules for Pulau 1 of the Forest City Special Financial Zone Rules 2025 (2025) (Malaysia).