

Business Mission to JS-SEZ

19th February 2025

Contents

Understanding JS-SEZ	1
SWA Insights – Why JS-SEZ Matters	2
Challenges	5
Opportunities in Manufacturing and Industrial Sector	5
Financing in JS-SEZ by UOB	6
IMFC-J by MIDA	7
Moving Forward	7
Conclusion	8
Appendix	9
Presentation by Malaysia Investment Development Authority	9
Presentation by Malaysia Investment Development Authority For SWA	9
Presentation by United Overseas Bank for SWA	9

Organised by Singapore Business federation (SBF), this business mission brought together over 180 Singapore companies to explore new opportunities and strengthen cross-border collaboration within the Johor-Singapore Special Economic Zone (JS-SEZ).

The conference “**Essential Insights: Investing in the JS-SEZ**”, held at Sunway Hotel Big Box in Iskandar Puteri Johor on 19 February saw more than 340 participants. A key highlight was a fireside chat with Dato' Onn Hafiz Ghazi, Menteri Besar (Chief Minister) of Johor, who shared this vision for the JS-SEZ and discussed key issues like cross-border connectivity and infrastructure development. The conference also featured robust panel discussions on the challenges and potential opportunities for investors in the JS-SEZ.

Understanding JS-SEZ

Malaysia and Singapore signed a MOU on 11 January 2024 to work on a Johor-Singapore Special Economic Zone (JS-SEZ) that would pave the way for increased cross-border trade and investments, as well as stronger economic connectivity between Johor and Singapore. On 7 January 2025, Malaysia and Singapore then signed a landmark agreement¹ to establish the Johor-Singapore Special Economic Zone (JS-SEZ), focusing on attracting 50 projects and creating 20,000 skilled jobs across sectors like manufacturing, logistics, energy, and healthcare. The zones will feature infrastructure development on a project-by-project basis, where infrastructure will be built only as and when investments and projects are agreed.

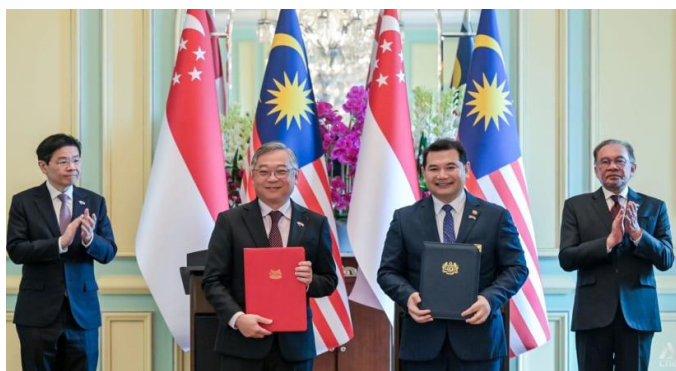


Figure 1 Exchange of MoU for Johor-Singapore Special Economic Zone between Singapore Deputy Prime Minister Gan Kim Yong and Malaysia's Economy Minister Rafizi Ramli witnessed by both Singapore and Malaysia's Prime Minister at the Prime Minister's office.
— CNA

¹ <https://www.edb.gov.sg/en/about-edb/media-releases-publications/agreement-between-singapore-and-malaysia-and-the-johor-singapore-special-economic-zone.html>

Johor-Singapore Special Economic Zone area

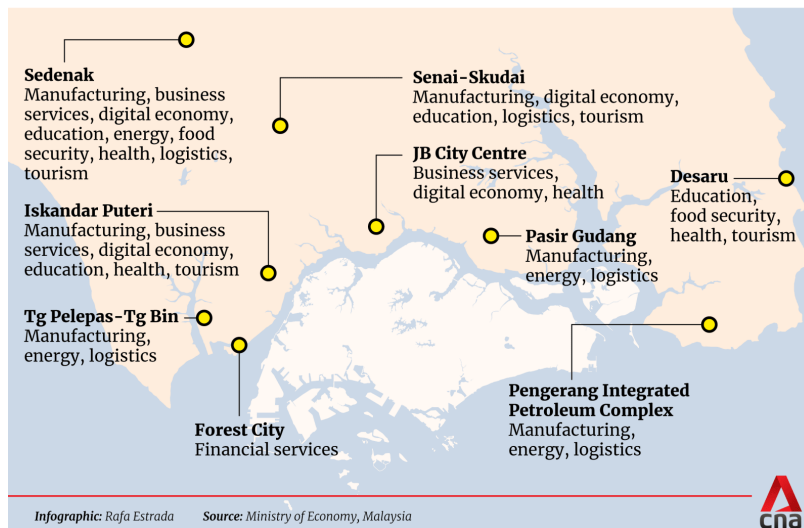
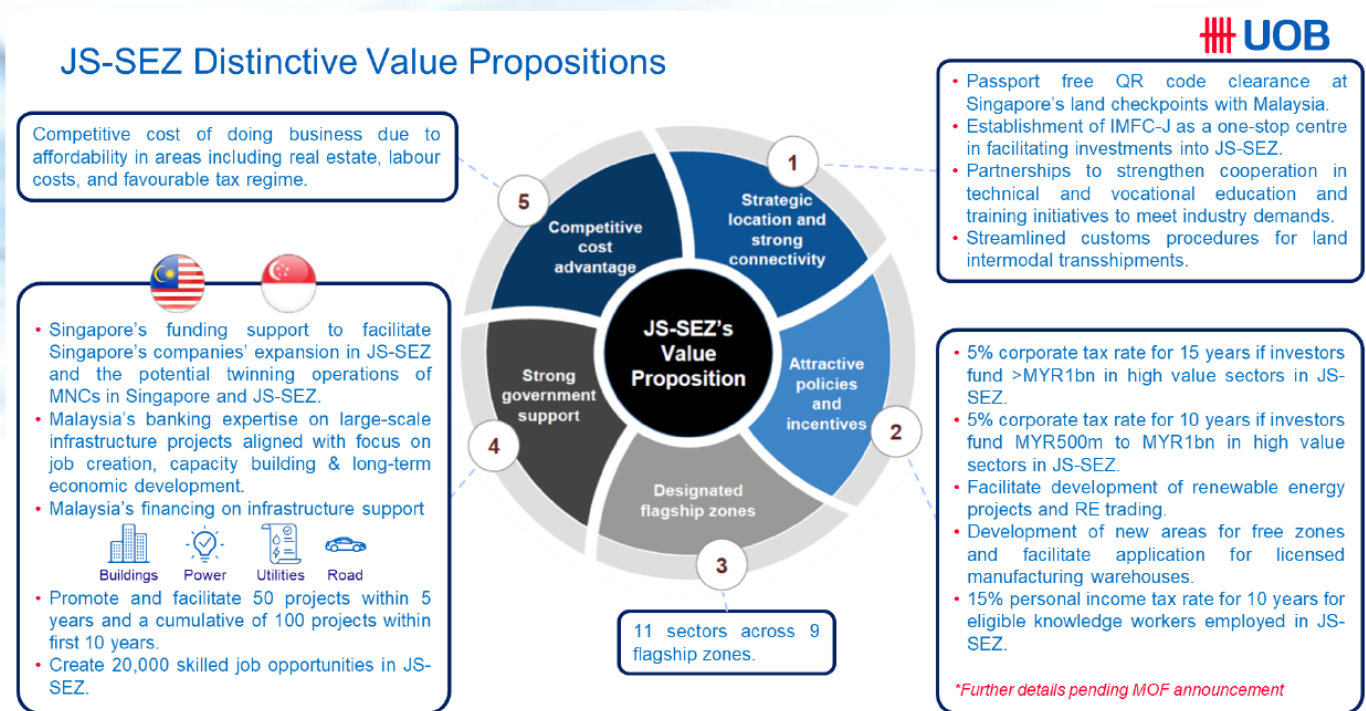


Figure 2 Summary of JS-SEZ — CNA

SWA Insights – Why JS-SEZ Matters

The JS-SEZ presents abundant opportunities for SWA members to provide industrial end users with their water solutions. Spanning 3,571.28km² across six districts, member companies can capitalise on the close physical proximity to end users, to understand and tailor offerings accordingly. The six districts are as follows:

- Johor Bahru
- Iskandar Puteri
- Pasir Gudang
- Pontian
- Kulai
- Kota Tinggi



Source: Ministry of Economy, Malaysia, Ministry of Trade and Industry, Singapore, Channel News Asia published on 8th January 2025, and The Edge Malaysia

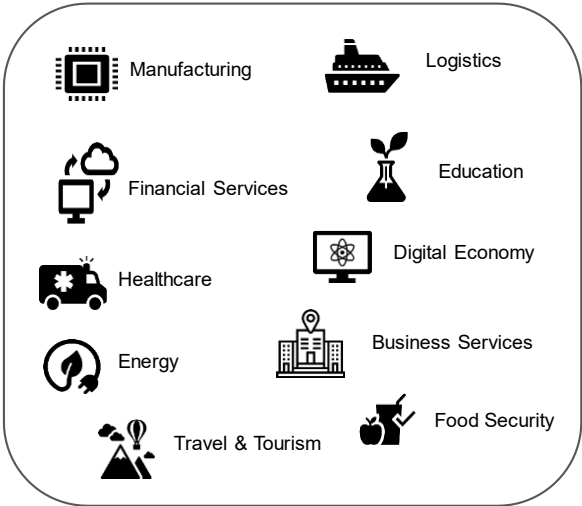
Figure 3 Value Proposition of JS-SEZ — UOB

Should member companies like to move manufacturing facilities to JS-SEZ, there are also various schemes by the Malaysian government to incentivise and facilitate foreign investments into Malaysia and the JS-SEZ region. During the conference, Mohamad Reduan Mohd Zabri, Director of Malaysian Investment Development Authority- Johor (MIDA-Johor), presented a targeted list of priority sectors, along with nine flagship areas of the JS-SEZ, with some areas encompassing multiple sectors. The identified priority sectors are as follows:



JS-SEZ – Targeted Growth Sectors

Tentative Priority Sectors



Land Coverage : 3,571.28 km²
Iskandar Malaysia: 2,284.82 km²
Pengerang : 1,286.46 km²



Figure 4 Priority sectors of the JS-SEZ — MIDA

MIDA-Johor also provided insights into Malaysia’s heavy investments in digital and data centre-related projects. Between 2021 and September 2024, a total of RM209.5 billion in investments was approved, generating 74,704 job opportunities.

Notably, 70% of these investments—amounting to RM154.4 billion—were concentrated in key data centre hubs. The primary data centre hotspots in Malaysia include Cyberjaya, Sedenak, Bukit Jalil, and Nusa Jaya.



Digital Investment

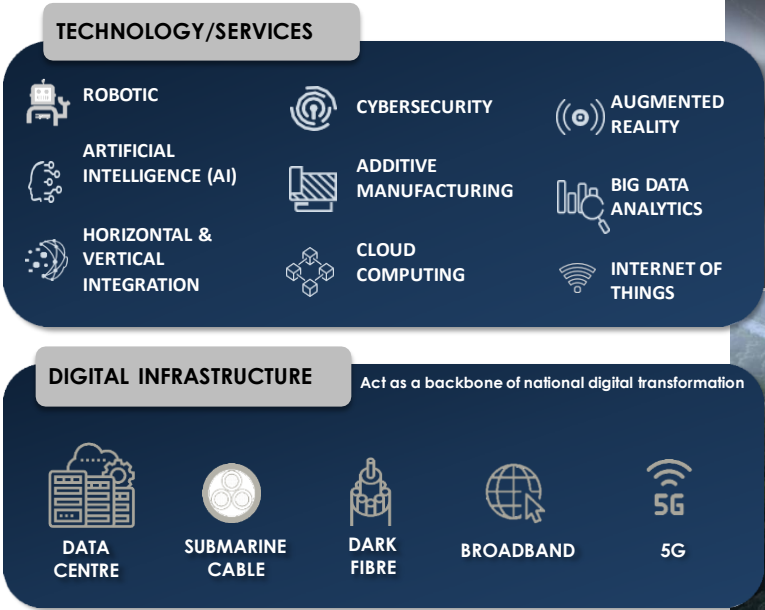


Figure 5 Digital Investments Targeted by Malaysia — MIDA

Digital Investments In Malaysia

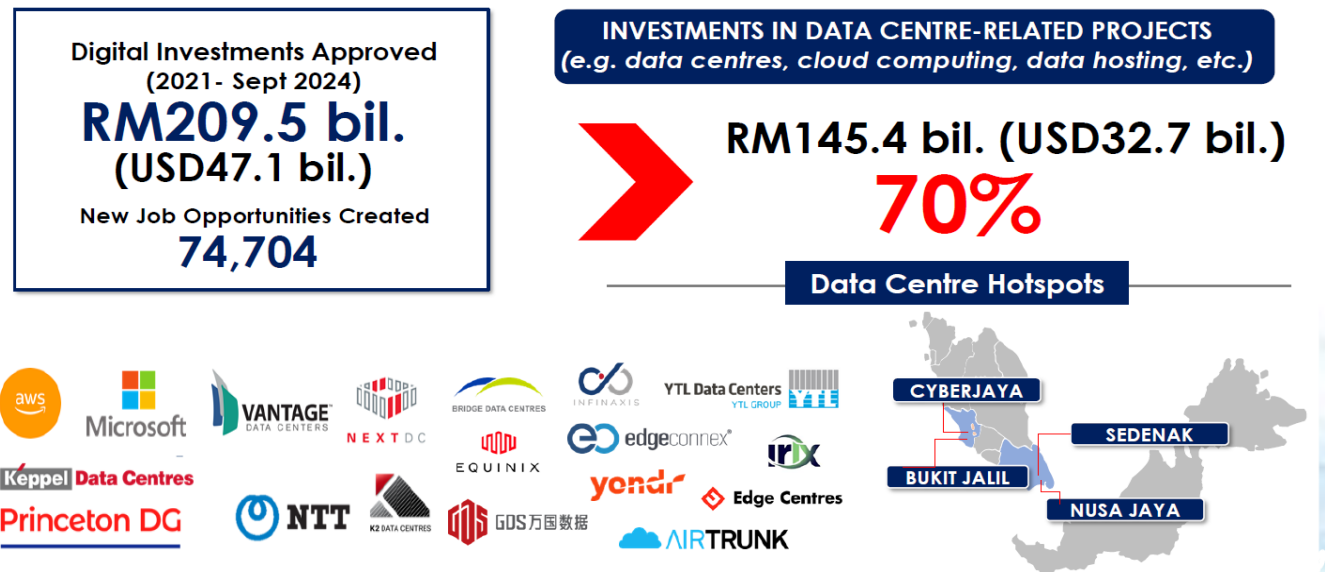


Figure 6 Value of digital Investments in Malaysia — MIDA

Complimenting Malaysia's investments into digital and data centre-related projects, the Digital Ecosystem Acceleration Scheme (DESAC) was announced under Budget 2022. Primarily focused on tax incentives, this scheme aims to attract quality digital infrastructure projects into the country to strengthen the digital ecosystem and accelerate the development of the digital economy value chain. This includes projects on data centres, cloud computing, data hosting and submarine cables.

Tax Incentives Offered:

Investment Tax Allowance (ITA)

Preferential Tax Rate

- Up to 100% of capital expenditure, offset up to 100% of statutory income for up to 10 years
- Tax rate from 10% to 15% for up to 10 years

Figure 7 Tax incentives offered under DESAC — MIDA

Influx of Data Centres

Data centres have been identified as a key target industry for the JS-SEZ, with an expected increase in the number of data centres establishing operations in the special economic zone, particularly in Zone F, under the focus areas of AI and Quantum Computing. Along with the above pull factors, strong push factors have also motivated data centres in Singapore to move to across the border. The Singapore government implemented restrictions on new data centres between 2019 and 2022 due to concerns on land constraints and high electricity consumption. New approvals on data centres from 2022 onwards were more stringent, ensuring new data centres were in alignment with Singapore's Green Data Centre Roadmap².

Additionally, United States–China tensions have disrupted the semiconductor supply chain, with spillover effects benefiting cost-competitive and geopolitically neutral countries like Malaysia. Chinese tech giants such as Alibaba Cloud³ and Tencent Cloud⁴ are among the many global tech companies that have established data centre operations in Malaysia.

² <https://www.imda.gov.sg/how-we-can-help/green-dc-roadmap>

³ https://www.alibabacloud.com/en/brand?_p_lc=12

⁴ <https://www.tencentcloud.com/dynamic/news-details/100594>

This influx of data centres has also raised concerns⁵, particularly in Johor Bahru, where water shortages and power outages must be addressed to support the growing number of data centres establishing operations in the state. As data centres also require various water solutions for operations, and many exploring solutions to improve their Water Usage Effectiveness (WUE) and Power Usage Effectiveness (PUE), their growing presence in Malaysia creates a strong business opportunity for SWA member companies in Singapore to deliver innovative solutions.

Data centres in southern Johor

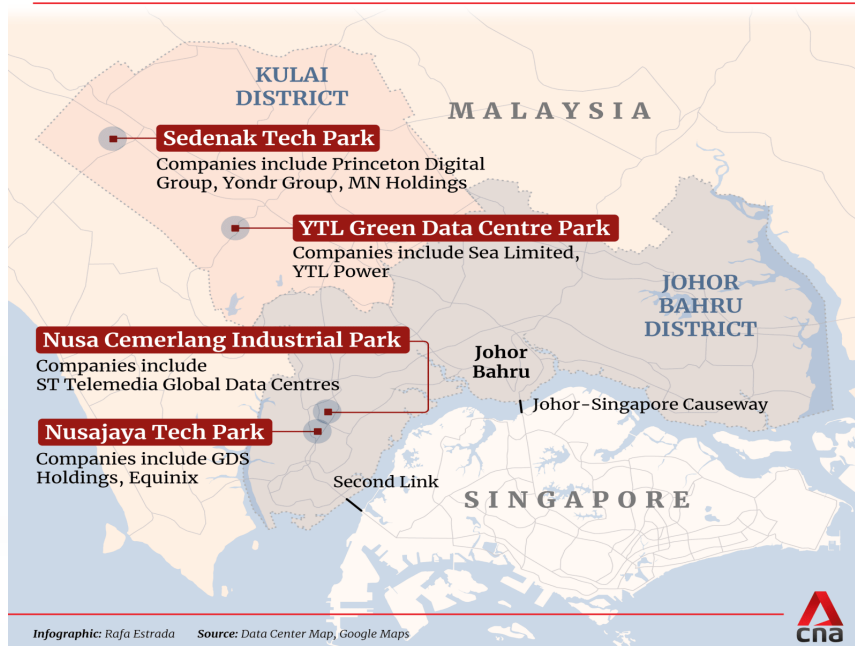


Figure 8 Data centres in Southern Johor — CNA

Challenges

- **High Water Consumption:**

As Malaysia shifts its focus toward high-priority industries such as data centres, the demand for water has increased significantly. This growing demand calls for sustainable water management solutions to support industrial growth.

- **Wastewater Management:**

Just as water is essential for industrial operations, effective wastewater management is crucial for managing industrial discharge. Proper treatment and reuse of wastewater are vital for sustainability and reducing environmental impact.

- **Water Scarcity:**

A reliable water supply and well-maintained infrastructure (plumbing corrosion, pollution, climatic hazards etc.) are essential for stable business operations, fostering industrial growth and economic resilience.

- **Environmental Sustainability:**

Malaysia faces the challenge of balancing industrial growth with sustainable water management, as increasing demand and pollution put pressure on its predominantly surface water sources. Climate variability, deforestation, and industrial runoff threaten water quality and availability, requiring stronger policies and conservation efforts to ensure long-term water security.

Opportunities in Manufacturing and Industrial Sector

- **Water Recycling:**

Water recycling methods like reverse osmosis reduce demand for water. Implementing these advanced solutions support industrial sustainability and minimises environmental impact.

⁵ <https://www.channelnewsasia.com/asia/malaysia-johor-data-centres-nvidia-ytl-kulai-sedenak-sez-us-china-trade-war-4310496>

- **Effluent Treatment:**

Proper effluent treatment is crucial for removing harmful pollutants from industrial wastewater before discharge into the environment. Compliance with Malaysia's Environmental Quality Act 1974 and its related regulations ensures that industries meet discharge standards, protecting water bodies, ecosystems, and public health.

- **Smart Water Metering:**

SWA can collaborate with developers to integrate smart water metering and leak detection technologies into new and existing infrastructure. These innovations can identify leaks early to reduce overall water wastage.

- **AI-Enabled Monitoring:**

Real-time monitoring and alert systems enable data-driven decision-making for predictive maintenance, allowing early detection of issues. This enhances the efficiency and productivity of industrial water management by reducing downtime and optimizing resource use.

- **Alternative Water Sources:**

Closed-loop systems enable water recycling and reuse, reducing reliance on freshwater and overall consumption. Desalination plants complement this by converting seawater into a reliable freshwater supply. Together, these alternative sources support industries in JS-SEZ and encourage more sustainable, environmentally responsible practices among end users.

Financing in JS-SEZ by UOB

United Overseas Bank (UOB) has shared with us their financing model and solutions, that are catered towards JS-SEZ. On 29 August 2024, UOB became the first Singapore bank to sign an MOU with Invest Johor, launching a Green Lane initiative to facilitate investment opportunities into the JS-SEZ. Through this initiative, UOB will conduct pre-qualification assessments based on criteria set by Invest Johor, enabling its customers to benefit from the Invest Malaysia Facilitation Centre - Johor (IMFC-J) Super Lane approval process – ensuring faster, smoother, and more efficient investment approvals.

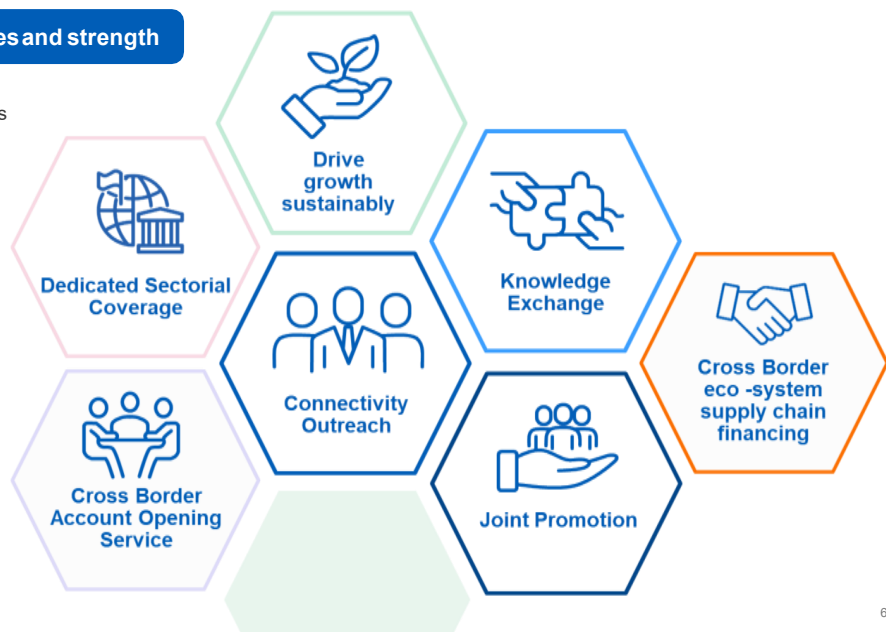
To further streamline the process, UOB has introduced a Fast Lane Account Opening service for its Singapore customers looking to expand into the JS-SEZ, ensuring a fast and hassle-free experience. The Bank has also established dedicated JS-SEZ Desks in Johor and Singapore to provide swift support on financial solutions, account opening, and market entry to its customers.⁶

UOB's Proposition supporting JS-SEZ



Leverage on UOB's capabilities and strength

- Experienced in facilitating FDIs across the region
- Dedicated Singapore (SG) and Johor Bahru (JB) Desk based in SG and JB offices
- Strings of network partnership with regional government agencies, trade association and business chambers
- Business Matching outreach to local supply chain
- Close relationship with various business stakeholders (i.e. industrial park and warehouse developer, consultant, secretary, legal office etc)



RESTRICTED

65

Figure 9 Value proposition of UOB for financing expansion into JS-SEZ — UOB

⁶ <https://www.uobgroup.com/uobgroup/newsroom/2025/uob-launches-green-lane-with-invest-johor.page?path=data/uobgroup/2025/326&cr=segment>

IMFC-J by MIDA

IMFC-J is a dedicated office set up by MIDA, to facilitate and coordinate end-to-end investment-related process, which includes applications and approvals, investment facilitation, and aftercare and reinvestment. Serving as the first point of contact, MIDA will guide prospective investors through the investment process via IMFC-J. The office is conveniently located at Forest City, Johor Bahru. Within its first month of operations, the IMFC-J received over 142 enquiries, reflecting strong investor interest in JS-SEZ⁷.



JS-SEZ : Invest Malaysia Facilitation Centre Johor (IMFC-J)

The Invest Malaysia Facilitation Centre Johor (IMFC-J) will be a one-stop centre for investment-related matters in the JS-SEZ. The concept of the IMFC-J is based on the Invest Malaysia Facilitation Centre at MIDA HQ, Kuala Lumpur. MIDA is instrumental to support IRDA and Johor State Government for the setting up the IMFC-J.



Facilitate business involving the **investor's journey** at **various levels**;



Provide consultation and advisory services by selected **Government Ministries and Agencies** under **one roof**;



Facilitate to accelerate the **approval processes** for **project implementation**;



Enable Malaysia to be the **premier investor-friendly** and **business-friendly destination**.

Figure 10 Value proposition of UOB for financing expansion into JS-SEZ — UOB

Moving Forward

This business mission has allowed SWA to gather on-the-ground insights of JS-SEZ for our member companies, where we see viable potential for our SWA member companies to expand their customer network to across the border. We are also actively engaging with various key stakeholder, to bridge existing gaps and support our members in expanding and developing their business into emerging markets such as Malaysia and JS-SEZ. We'll share further updates in due course, with activities around JS-SEZ lined up for Q3 and Q4 2025, extending into Q1 2026.

Identified Stakeholders

1. Enterprise Singapore (ESG)

Coordinate with ESG to develop supporting activities (e.g. business missions) for member companies looking to expand into JS-SEZ.

2. Syarikat Air Johor (SAJ)

Engage with SAJ to discuss current water supply capacities, infrastructure challenges, and opportunities for collaboration.

3. Iskandar Regional Development Authority (IRDA)

Work with IRDA to ensure that water management is integrated into the long-term planning of the SEZ, including industrial zoning and urban infrastructure.

4. Malaysian Investment Development Authority (MIDA)

Coordinate with MIDA to ensure that industries, especially water-intensive sectors like data centers, adopt sustainable water practices.

⁷ <https://www.thestar.com.my/news/nation/2025/03/12/js-sez-investor-queries-surge-at-forest-city-centre>

Conclusion

The establishment of the Johor-Singapore Special Economic Zone (JS-SEZ) has created significant opportunities for both Malaysia's economy and Singaporean companies. As industries within the JS-SEZ require stable infrastructure and resources to support industrial operations, the demand for reliable and sustainable water solutions has become increasingly essential.

Additionally, SWA facilitates members' growth and serves as an integral linkage to the global water network. We actively engage with partners, industry associations, foreign chambers of commerce and embassies to connect end users with the most effective and impactful water technologies for their needs. SWA also occasionally plans missions and pavilions around the region, according to interest, to help member companies understand the local business environment and build the networks essential for successful market expansion.

Please feel free to contact SWA at enquiry@swa.org.sg for collaboration opportunities and to explore potential partnerships.

Appendix

Presentation by Malaysia Investment Development Authority



MIDA.pdf

Presentation by Malaysia Investment Development Authority For SWA



MIDA_SWA.pdf

Presentation by United Overseas Bank for SWA



UOB_SWA.pdf