

FOR IMMEDIATE REPORTING

**AGREEMENT BETWEEN SINGAPORE AND MALAYSIA ON THE
JOHOR – SINGAPORE SPECIAL ECONOMIC ZONE**

<u>Singapore Signatory</u>	<u>Malaysia Signatory</u>
Mr Gan Kim Yong Deputy Prime Minister and Minister for Trade and Industry	Tuan Mohd Rafizi bin Ramli Minister of Economy

1. Singapore and Malaysia exchanged an Agreement on the Johor-Singapore Special Economic Zone (JS-SEZ) on 7 January 2025 at the 11th Malaysia-Singapore Leaders’ Retreat. The Agreement was signed by Deputy Prime Minister and Minister for Trade and Industry, Gan Kim Yong, and Malaysia Minister of Economy, Rafizi Ramli. The exchange was witnessed by Malaysia Prime Minister, YAB Dato’ Seri Anwar Ibrahim and Prime Minister, Lawrence Wong.

2. The JS-SEZ Agreement aims to strengthen the value proposition of Johor and Singapore to compete for global investments together by (a) improving cross-border goods connectivity between Singapore and Johor; (b) enabling freer movement of people; and (c) strengthening the business ecosystem within the region. Singapore-based companies can benefit from this enhanced connectivity for goods and people by expanding their business overseas and twinning business operations, tapping on the complementary strengths that Singapore and Johor offer.

Key Elements of the Agreement

3. The Joint Statement by MTI and Malaysia Ministry of Economy (attached as Annex A) outlines details of the JS-SEZ Agreement, including (a) JS-SEZ Area; (b) key areas of cooperation and (c) specific initiatives.

Early Initiatives

4. Singapore and Malaysia have launched several early initiatives based on business feedback to build towards the JS-SEZ. These include:

- a) Passport free QR code clearance at Singapore’s land checkpoints with Malaysia. Since its implementation in March 2024, congestion has reduced and the flow of traffic on the Causeway has eased;
- b) Invest Malaysia Facilitation Centre- Johor (IMFC-J). Malaysia will establish the IMFC-J, a one-stop shop which will streamline and expedite the process for companies looking to establish in or expand to the JS-SEZ;
- c) Partnerships to strengthen cooperation in technical and vocational education and training (TVET) initiatives to meet industry demands. Examples of such TVET partnerships include MOUs between Singapore Polytechnic and the Federation of Malaysian Manufacturers (FMM), and Singapore’s ITE Education Services (ITEES) and the Johor Skills Development Centre (JSDC), as well as

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the signing of a Cooperation Note on Talent Development between Republic Polytechnic and the Johor Talent Development Council (JTDC); and

- d) Streamlined customs procedures for land intermodal transshipments. From 1 January 2025, traders 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.

Bilateral Economic Cooperation

5. Singapore and Malaysia share strong economic ties. In 2023, Malaysia was Singapore's third largest trading partner, with total bilateral trade amounting to S\$123.6 billion¹. In the same year, Singapore was Malaysia's second largest trading partner. In 2023, Singapore was Malaysia's largest source of foreign direct investment (FDI), contributing RM 43.7 billion or 23.2% of Malaysia's total FDI².

6. Within Malaysia, Johor has become a key investment destination for Singapore companies due to stronger economic partnerships and improved connectivity. In 2023, Johor recorded RM31 billion in FDI, with Singapore and the United States as the main investors in the manufacturing sector³.

Annex A: Joint Statement between MTI and Malaysia Ministry of Economy on the JS-SEZ Agreement

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¹ Source: Singapore Department of Statistics (DOS), February 2024.

² Source: Malaysian Investment Development Authority (MIDA), February 2024.

³ Source: Malaysian Investment Development Authority (MIDA), May 2024.

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Annex A

**Joint Statement between MTI and Malaysia Ministry of Economy on the
Johor-Singapore Special Economic Zone Agreement**

Following the signing of the Memorandum of Understanding (MOU) on the Johor-Singapore Special Economic Zone (“JS-SEZ”) on 11 January 2024, the JS-SEZ Agreement was signed by Malaysia’s Minister of Economy, Rafizi Ramli and Singapore’s Deputy Prime Minister and Minister for Trade and Industry, Gan Kim Yong on 6 January 2025 in Kuala Lumpur, Malaysia.⁴ Malaysia and Singapore exchanged the signed agreement on the JS-SEZ at the 11th Malaysia-Singapore Leaders’ Retreat on 7 January 2025 in Putrajaya, Malaysia, witnessed by Malaysia’s Prime Minister YAB Dato’ Seri Anwar Ibrahim and Singapore’s Prime Minister Lawrence Wong.

2. Under this Agreement, Malaysia and Singapore will work together on the basis of mutual benefit to strengthen economic co-operation, facilitate cross-border movement of people and goods, improve the ease of doing business, and support talent development in the JS-SEZ to better compete for global investments. The JS-SEZ Area is defined precisely in the Agreement and will cover the Iskandar Development Region and Pengerang.

3. To achieve the goals and ambitions of the JS-SEZ, Malaysia and Singapore agree to leverage complementary value propositions of both sides and cooperate in the following areas and initiatives:

Economic Co-operation

- Promote and facilitate investments in 11 economic sectors from third countries and Singapore companies expanding into the JS-SEZ, which enhance economic complexity, promote and advance digital vibrancy and technology adoption, and achieve net-zero aspirations in the JS-SEZ. These sectors are manufacturing, logistics, food security, tourism, energy, the digital economy, the green economy, financial services, business services, education, and health;
- Promote and facilitate expansion of 50 projects within the first five years and a cumulative 100 projects within the first ten years that will bring growth to Malaysia and Singapore, with the intent of creating 20,000 skilled job opportunities in the JS-SEZ;
- Facilitate development of renewable energy projects to accelerate renewable energy trading between Malaysia and Singapore;

⁴ This Agreement shall be subject to ratification. Malaysia and Singapore will work towards ratification of the Agreement by 3Q2025.

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- Consider development of new areas for free zones and facilitating the application for licensed manufacturing warehouses in the JS-SEZ Area;

Movement of People and Goods

- Enhance Malaysia's existing passes (e.g. the DE Rantau Nomad Pass) to encourage vibrancy in the JS-SEZ;
- Enhance the movement of people and goods in phases by:
 - Increasing clearance capacity;
 - Implementing automated immigration lanes; and
 - Implementing paperless clearance for goods;
- Work on developing seamless connectivity by strengthening local transport links in Singapore and Malaysia to support the JS-SEZ;
- Study the feasibility of encouraging more commercial vehicles to use the Second Link;
- Explore potential data sharing to enhance customs processes in facilitating the cross-border movement of goods, subject to requirements and regulations of both countries;
- Explore any other aspects related to the movement of people and goods, which are mutually agreed by the Parties;

Talent Development

- Attract talents aligned with industry needs to work in the JS-SEZ, including enhancing industry-ready skills training and education programmes and to pursue these initiatives in collaboration with the Johor Talent Development Council (JTDC) and other relevant institutions; and

Ease of Doing Business

- Malaysia will establish the Invest Malaysia Facilitation Centre - Johor (IMFC-J) to act as a one-stop centre in facilitating investments and businesses in the JS-SEZ.

4. Malaysia and Singapore will continue to explore new areas of co-operation and initiatives in support of the objectives of the JS-SEZ. These include exploring enhancing market access of financial institutions, subject to laws, rules, regulations, and requirements in both countries. Malaysia will also provide a tax incentive package for JS-SEZ which includes the granting of a special corporate tax rate to companies that undertake new investments in high growth and high value-added activities within the JS-SEZ.

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5. Both countries will work towards refreshing the Joint Ministerial Committee for Iskandar Malaysia (JMCIM) to support the ambition and implementation of the JS-SEZ. In addition, the refreshed JMCIM will also reinforce bilateral co-operation on other fronts, such as transport and the environment.

**MINISTRY OF ECONOMY, MALAYSIA
MINISTRY OF TRADE AND INDUSTRY, SINGAPORE**

7 JANUARY 2025

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**MEMORANDUM OF UNDERSTANDING ON CARBON CREDITS COOPERATION
ALIGNED WITH ARTICLE 6 OF THE PARIS AGREEMENT**

<u>Singapore Signatory</u>	<u>Malaysia Signatory</u>
Mr Gan Kim Yong Deputy Prime Minister and Minister for Trade and Industry	Tuan Nik Nazmi bin Nik Ahmad Minister of Natural Resources and Environmental Sustainability

1. Singapore and Malaysia exchanged a Memorandum of Understanding (MOU) on carbon credits cooperation on 7 January 2025 at the 11th Malaysia-Singapore Leaders' Retreat. The MOU was signed by Deputy Prime Minister and Minister for Trade and Industry, Gan Kim Yong, and Malaysia Minister of Natural Resources, Environment and Sustainability, Nik Nazmi bin Nik Ahmad. The exchange was witnessed by Malaysia Prime Minister, YAB Dato' Seri Anwar Ibrahim, and Prime Minister, Lawrence Wong.
2. The signing of the MOU to collaborate on carbon credits under Article 6 of the Paris Agreement signals Singapore's and Malaysia's intent to pursue voluntary cooperation to achieve emissions reduction targets set out in their Nationally Determined Contributions (NDC).
3. Under the MOU, Singapore and Malaysia will work towards a legally binding Implementation Agreement which establishes a bilateral framework for the generation and international transfer of correspondingly adjusted carbon credits aligned with Article 6 of the Paris Agreement. The Implementation Agreement will enable the development of carbon credits projects that unlock additional mitigation potential, promote sustainable development and deliver benefits to local communities.
4. Singapore and Malaysia will work together to identify and enable mutually beneficial carbon credits projects that will support both countries in achieving their respective NDCs and promote sustainable development.

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**MEMORANDUM OF UNDERSTANDING ON COOPERATION IN THE FIELD OF
CROSS-BORDER CARBON CAPTURE AND STORAGE**

<u>Singapore Signatory</u>	<u>Malaysia Signatory</u>
Mr Gan Kim Yong Deputy Prime Minister and Minister for Trade and Industry	Tuan Mohd Rafizi bin Ramli Minister of Economy

1. Singapore and Malaysia exchanged a Memorandum of Understanding (MOU) to collaborate on cross-border carbon capture and storage (CCS) on 7 January 2025 at the 11th Malaysia-Singapore Leaders’ Retreat. The MOU was signed by Deputy Prime Minister and Minister for Trade and Industry, Gan Kim Yong, and Malaysia Minister of Economy, Rafizi Ramli. The exchange was witnessed by Malaysia Prime Minister, YAB Dato’ Seri Anwar Ibrahim, and Prime Minister, Lawrence Wong.
2. Under the MOU, both countries will engage in bilateral discussions to enable cross-border CCS, and discuss components of a legally binding Government-to-Government agreement. Both countries will also share best practices and information on CCS, and facilitate industry-led research projects where relevant. A Joint Committee comprising representatives from both sides, will also be established to facilitate the implementation of the MOU.

Background on Carbon Capture and Storage (CCS)

3. CCS is the process of capturing, transporting and permanently storing carbon dioxide (CO₂), thereby avoiding releasing emissions into the atmosphere.
4. CCS has the potential to decarbonise hard-to-abate emissions for which there are no ready alternative solutions, in sectors such as energy and chemicals, power and waste.
5. For instance, hydrocarbons continue to be required as a feedstock (or input) for the chemicals industry, and their use leads to the production of CO₂ which needs to be captured.
6. Internationally, CCS is regarded as an important decarbonisation pathway to achieve global climate mitigation. Both the Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency recognise the crucial role of CCS to achieve net zero emissions by mid-century, and mitigate global warming. For instance, IEA World Energy Outlook 2023 notes that under a net zero emissions by 2050 scenario, global carbon capture utilisation and storage (CCUS) facilities will have to increase their capacity to around 1 gigatonne per annum (Gtpa) by 2030, and 6 Gtpa by 2050.

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Working with regional partners

7. The region has strong geological potential for CO₂ storage. Many regional countries are interested to pursue CCS to support their own decarbonisation plans, and positioning themselves as CCS hubs for Asia Pacific.

8. Singapore is keen to work with like-minded regional partners, with suitable geological storage sites, to make cross-border CCS projects a reality. This is a win-win proposition for both Singapore and storage countries, as it generates jobs and investments for the storage countries as well as supports regional decarbonisation.

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**COMMENCEMENT OF 50MW OF RENEWABLE ELECTRICITY UNDER ENEGEM
PILOT AND
JOINT STUDY ON RENEWABLE ENERGY CERTIFICATES**

1. On 9 December 2024, Sembcorp Power Pte Ltd signed a supply agreement to import 50MW of renewable electricity from Malaysia's Tenaga Nasional Berhad (TNB) to Singapore for a duration of 2 years. Flow into Singapore has started since 13 December 2024. The ENEGEM project is the first power import project into Singapore where the renewable power is coupled with Renewable Energy Certificates. To date, almost 28,000 MWh of electricity has been traded under the **Energy Exchange Malaysia (ENEGEM)** pilot project.
2. Malaysia and Singapore will also jointly study pathways towards a credible framework to recognise **Renewable Energy Certificates (RECs)** associated with cross-border electricity trade. The development of a credible cross-border REC framework is expected to catalyse demand for cross-border electricity trading projects, which will in turn drive investment to support the long-term viability of renewable energy projects in the region.
3. Both initiatives demonstrate positive momentum in the expansion of cross-border electricity trade between Singapore and Malaysia, and the efforts of both countries to **maximise the use of the existing interconnector**. To enable longer-term and large scale bilateral and regional power trade, SP Group and TNB are undertaking a joint feasibility study to expand interconnector capacity and infrastructure between Singapore and Malaysia.

Background

4. In October 2023, Malaysia approved the Cross-Border Electricity Sales (CBES) for Renewable Energy (RE) scheme to enable cross-border sales of renewable energy through an energy exchange to neighbouring countries. In June 2024, Malaysia held its inaugural auction for the sale of green electricity from Malaysia to Singapore via the ENEGEM platform.
5. This builds on the positive momentum following the increase in capacity of the **Lao PDR-Thailand-Malaysia-Singapore Power Integration Project (LTMS-PIP)** to up to 200MW under Phase 2. The inaugural flow from Malaysia to Singapore commenced in September 2024. To date, almost 8,000 MWh of electricity has been traded under Phase 2.

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