

01/07/2000

## Success story

Sharif Haron

A FRIEND from Kuala Lumpur visited Johor Baru recently after a four-year lapse and lost his way in the city. 'Many roads and, in particular, the main landmarks have changed beyond my recognition,' he said.

A few years ago, Prime Minister Datuk Seri Dr Mahathir Mohamad, during one of his official visits to the Johor capital, remarked that they were more tower cranes in Johor Baru than in any other city in the country except Kuala Lumpur.

While the tower cranes did not contribute that much towards a beautiful skyline, the Prime Minister's statement did, on the contrary, have a complimentary slant that Johor Baru was one of the fastest growing cities and Johor, among the quickest developing states in the country.

And this still holds true today based on various factors like the sustained inflow of investments into the state, the availability of employment opportunities and a vibrant retail sector.

The statistics also suggest that Johor, with a population of about 2.5 million people, has consistently been registering above national-average economic growth.

The State 2000 Budget tabled at the end of last year had forecast a gross domestic product (GDP) growth of more than five per cent this year, against a contraction of 6.5 per cent in 1998 when the economic crisis was at its worst. That was the forecast six months ago. Going by current economic indicators, chances are Johor's GDP growth is going to be a lot higher than the forecast figure. For the period between 1990 and 2005, the state's GDP has been forecast to register an average annual growth of between eight and 12 per cent.

But even at the height of the economic downturn, Johor was able to coast through the storm well. In particular, the retail and wholesale sectors, thanks partly to the 'Singapore factor'.

There were no massive lay-offs by industries as reported in some other states. Why? Because the Johor economy has undergone structural changes and gained resilience in the process. It is, today, highly diversified and flourishing on strong fundamentals.

The structural changes have been unmistakable, from a predominantly agriculture-based economy to one which counts industry as the leading contributor to the state's GDP. Agriculture now accounts for less than 20 per cent of the state's GDP from 41 per cent in 1970, while the manufacturing sector's contribution has surpassed the 40 per cent mark compared with just 14 per cent 30 years ago.

Now, the Johor economy is truly a mix of industry, agriculture, commerce, tourism and services, with the finance and insurance, transport, wholesale and retail sectors gaining in significance.

In agriculture, traditionally a backbone of the state's economy, Johor is still the top producing state in rubber, palm oil and pineapple. But the emphasis now is on further downstream processing of the primary commodities.

The industries in Johor are broad-based, as the foundation for the industrialisation drive has been soundly-planned. Programmes to turn Johor into a top industrial powerhouse have been well executed, so much so that the state has many top-notch industrial parks, for example. It also has an established port in Johor Port in Pasir Gudang and a state-of-the-art one in Port of Tanjung Pelepas which commenced operations early this year.

The Sultan Ismail Airport in Senai is being transformed into a regional hub, while at various planning stages are new highways to make the hinterland more accessible, and promote new growth centres especially in the less-developed eastern corridors.

State development arm Johor Corporation alone has developed nearly 30 industrial parks in many parts of the state, catering for various types of industries. The latest is in Tanjung Langsat near Pasir Gudang for petrochemical, fabrication and other industries, and Johor Technology Park for high-technology and research and development activities. 'Johor's advantage is that our industries are diversified, unlike Penang (which is concentrated) with its electronics and IT-related activities,' says JCorp chief executive Tan Sri Muhammad Ali Hashim. 'We have what Penang and sometimes Selangor doesn't have.'

Johor is a force to be reckoned with when it comes to industries like textile, furniture, electronics, oleochemicals and shipyard. The state, given the excellent infrastructure facilities, educated and skilled labour force, business-friendly state government, political stability and geostrategic positioning within a booming region, has remained a lucrative investment destination.

Last year, a total of 172 manufacturing projects were approved by the International Trade and Industry Ministry through the Malaysian Industrial Development Authority (Mida) with proposed investments totalling RM2.3 billion. Of this, proposed foreign investments accounted for nearly RM2 billion. 'My discussions with Japanese investors suggest that they are confident of greater interest by large, medium and small industries from Japan in Johor,' says Muhammad Ali. He says besides the encouraging facts about Johor, the stronger interest among Japanese investors has also been aided by Japan's favourable economic performance.

Back to Johor, the state's economy, just like others in the region, was undeniably affected by the regional crisis in one way or another. But, says Muhammad Ali, 'We are now seeing the positive results of the government's policy changes following the difficult times. Depending on how you look at it, the downturn can also be seen as a blessing in disguise. It is easier for plantations to find local workers, just an example. Johor is indeed benefitting from the economic turnaround ... confidence is coming back among investors,' he declares.

As it is, Johor is already home to a long list of foreign investors, from Japan and other countries. Foreign-owned Pioneer, Sharp, Fujitsu, Matsushita, Mitsubishi, Hitachi Aiwa, Sumitomo, Asahi, Idemitsu and Mosanto have a presence in Johor alongside names like STMicroelectronics, Nemic Lambda, Seagate, Titan Group, BASF and others.

Some of them, Sharp in Batu Pahat and Pioneer in Tampoi for example, have even made their Johor operations as regional headquarters, incorporating research and development activities. The presence of these multinationals is significant towards transforming Johor into a top industrial powerhouse of the country and the region.

To sustain industrialisation, the state government has been initiating new programmes, which go beyond providing good infrastructure, aimed at enhancing Johor's competitiveness. For example, the setting up of 'one-stop agencies' at district levels, a move which also amplifies the state's investor-friendly approach.

JCorp itself appears to be more than ready for the economic recovery and renewed interest among investors. For one, it has initiated, in Pasir Gudang, a joint-factory project with Mitsubishi to draw small and medium-scale industries overseas to relocate to Johor. 'We will also continue to organise overseas missions to woo investors,' says Muhammad Ali. 'At our level, we have been reviewing, reorganising and reinventing ourselves. We

have learnt from the crisis and made adjustments to the way we do business.'

And while industries will feature more prominently in Johor's economic landscape, the emphasis is still on a balanced and multi-faceted development, or a holistic development as Menteri Besar Datuk Abdul Ghani Othman is calling it.

In other words, the state aims to ensure that greater economic vibrancy is accompanied by enhanced social justice and values, and that Johor moves towards equitable distribution of income, greater cohesiveness of the people and transparency in governance. Among the programmes include Rumah Rakyat for the low-income group, village roads, community colleges, resettlement of squatters, preservation of the environment, redevelopment of the so-called 'cowboy towns' and the creation of a Johor cultural identity.

At the same time, the State Government regards the private sector as a partner in development towards attaining a balanced progress that benefits all parties including the public.

Measures have also been taken to improve efficiency of the state administration. In 1996, the State Government embarked on the Johor Information Infrastructure programme aimed at modernising the civil service by upgrading the use of information technology. When completed by the year 2003 as scheduled, the programme will link the State Government administrative machinery, the private sector and the public electronically through a computer network referred to as Intranet Johor.

(END)