

PERSPECTIVE

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Johor Survey 2017: Johorean Views on Iskandar Malaysia and Investments in Johor

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EXECUTIVE SUMMARY

- A recent poll commissioned by the ISEAS-Yusof Ishak Institute shows strong and growing support for major investment projects in Johor among Johoreans.
- Respondents in all districts registered 70% satisfaction with Iskandar Malaysia developments, and 64% agreed that there are economic benefits for the ordinary Malaysian from the project.
- 62% expressed satisfaction with Singaporean investments in Iskandar Malaysia, up from 48% in a similar survey conducted in 2013. 76% welcomed Singaporean investment in Johor as a whole.
- Contrary to media reports, 56% of respondents are satisfied with the Forest City development and 57% agree that there are economic benefits from the project.
- Local views of the Pengerang Integrated Petroleum Complex (PIPC) are improving. 68% of respondents in eastern Johor where it is located expressed satisfaction and 76% agree that there are economic benefits from the project.

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INTRODUCTION

Johor is one of Malaysia's most developed states and has the unique advantage of being at the border with Singapore. Living in a borderland state, Johoreans have a unique view of Singapore, Singaporeans and Singaporean investments.

Both the state and federal governments have been cognizant of Johor's ability to benefit financially from Singapore's proximity. The Iskandar Malaysia economic corridor (IM) was launched in 2006 by then Prime Minister Abdullah Badawi to leverage on Johor's location and good relations with Singapore, and was expected to be the most successful of all the Malaysian economic corridors at the time. Over a decade later, the largest investor is instead the People's Republic of China (PRC), which is responsible for a grand total of RM24.56 billion¹ in investment as of early 2017. Singapore's investments come in second at RM20.17 billion.

Johor's development is not solely restricted to its southern coast however; Mersing in the north-east of Johor is part of the Eastern economic corridor and beyond both of these dedicated regions is the massive Pengerang Integrated Petrochemical Complex (PIPC) comprising the Petronas RAPID project, the Pengerang Maritime Industrial Park and other associated residential and mixed development projects.

This Perspective examines the results of a study commissioned by the ISEAS-Yusof Ishak Institute and conducted by the Merdeka Center. This is a follow-up to an earlier survey commissioned in 2013 that also sought the views of Johore residents on myriad issues. This paper presents an analysis of selected responses in relation to Iskandar Malaysia and development in Johor, with additional insights into views of Singapore and PRC investments, as well as the Forest City and PIPC projects.

METHODOLOGY AND SAMPLE

This survey was conducted between May and June 2017. A sample of 2,011 respondents was interviewed via fixed-line and mobile phones. Respondents consisted of Malaysian citizens aged 18 and above who resided in Johor. They were selected through random stratified sampling across district of residence, controlled by quota for ethnicity, age and gender. A 'Johor resident' is defined as one who is registered as a voter in the state.

There were 1104 (55%) ethnic Malay respondents, 758 (38%) ethnic Chinese respondents, and 149 (7%) ethnic Indian respondents. 340 respondents were between the ages of 21-30 years old; 455 respondents were between the ages of 31-40 years old; 546 respondents were between the ages of 41-50 years old; 409 respondents were between the ages of 51-60 years old; and 261 respondents were 61 years old and above. The survey's estimated margin of

¹ IM BizWatch Issue 2/12, February 2017. <http://iskandarmalaysia.com.my/wp-content/uploads/2017/06/IM-BizWatch-Feb-2017.pdf>

error is +2.18. Survey results were examined in summary as an overall assessment, as well as broken down into three districts: Iskandar (comprising Tebrau, Pasir Gudang, Johor Bahru, Pulai, Gelang Patah, Kulai, Pontian and Tanjung Piai; n=405), north-west (comprising Pagoh, Ledang, Bakri, Muar, Parit Sulong, Ayer Hitam, Sri Gading and Batu Pahat; n=306) and east (comprising Mersing, Tenggara, Kota Tinggi and Pengerang; n=300). The data was also cross-tabulated by ethnicity and rural-urban divide.

ISKANDAR MALAYSIA

Since its launch in 2006, IM has received varied responses from both political and property pundits. Seen mostly as residential property and mixed development projects (actually only 20% and 26% of the IM portfolio respectively²), media reviews have ranged between accolades for its vision and success³ to brickbats for its perceived failures.⁴ As others continue to debate its future however,⁵ the response from Johor residents has been largely positive. Across the board, respondents in all districts register more than 67% satisfaction with IM developments, resulting in an overall response of 70%. More than 62% of all respondents across all regions also agree that there are economic benefits from IM, resulting in an overall response of 64%. Both of these figures are higher than results generated in the 2013 survey, which noted an overall 57% satisfaction rate on IM developments and an overall 59% agreement that there are economic benefits for ordinary Malaysians from IM.⁶ Interestingly, the 2017 survey shows that more rural respondents across all regions in Johor agree that there are economic benefits from IM compared to urban respondents, as shown in Figure 1 below. Perhaps this is because IM symbolises the development that these rural areas would like to attain, but more in-depth qualitative research is needed to verify this assumption.

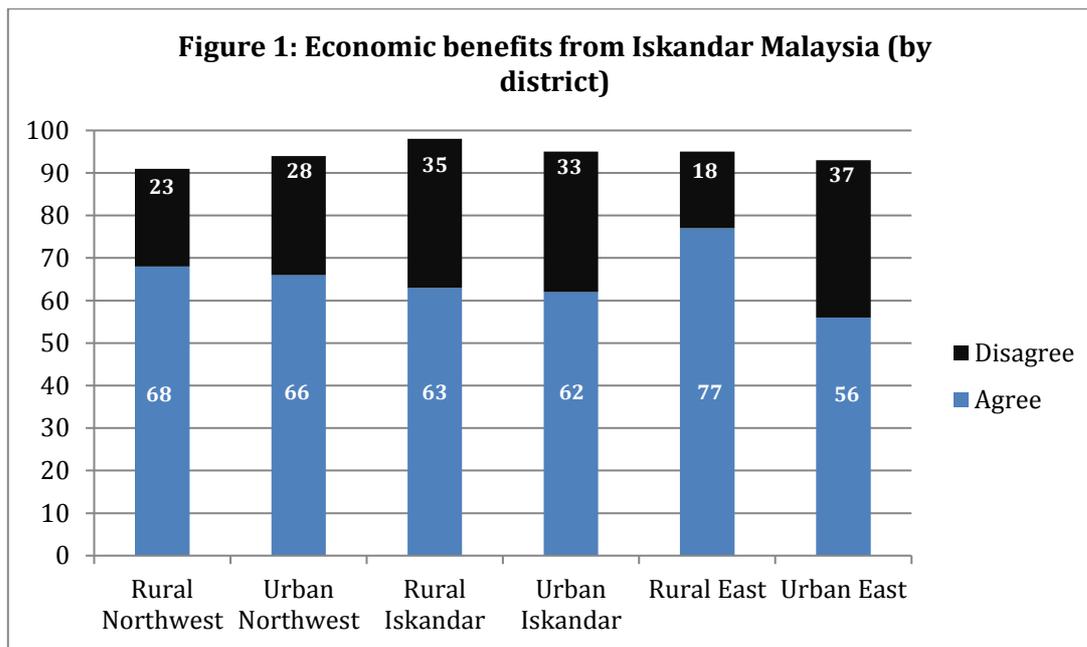
² *IM BizWatch* Issue 2/12, February 2017. <http://iskandarmalaysia.com.my/wp-content/uploads/2017/06/IM-BizWatch-Feb-2017.pdf>

³ Iskandar Malaysia continues to attract capital 11 years on. *The Star Online*. 1 April 2017. <http://www.thestar.com.my/business/business-news/2017/04/01/still-a-haven-for-investors/>

⁴ Avoid Malaysian property, especially Iskandar. *Today Online* 12 August 2016 <http://www.todayonline.com/business/avoid-malaysian-property-especially-iskandar>

⁵ Iskandar Malaysia: On the edge of glory or a billion-dollar failure? *ASEAN Today* 19 January 2017 <https://www.aseantoday.com/2017/01/iskandar-malaysia-on-the-edge-of-glory-or-a-billion-dollar-failure/>

⁶ Chong, T. and Hang, C. 2013. Focus on Johor II: Attitudes of Johor Residents towards Iskandar Malaysia. ISEAS Perspectives, Institute of Southeast Asian Studies, Singapore.



SINGAPORE INVESTMENTS AND OTHER VIEWS

The survey sought Johor residents' views on Singapore investments in IM and found that 62% overall are satisfied in 2017, compared to 48% in 2013. This positive response could be because the perception of Singapore has improved as the PRC, now recognised as the biggest investor in IM, is often invoked as a bogeyman, especially for its role in the Forest City development.⁷ In contrast, respondents' satisfaction with PRC development earned an overall score of only 58%. Again, it is interesting to note that of these results, the rural respondents from within the Iskandar region register much higher satisfaction rates than the urban respondents, as shown in Figure 2 below. This is even though the rural population, in many instances, had to be displaced for IM projects.

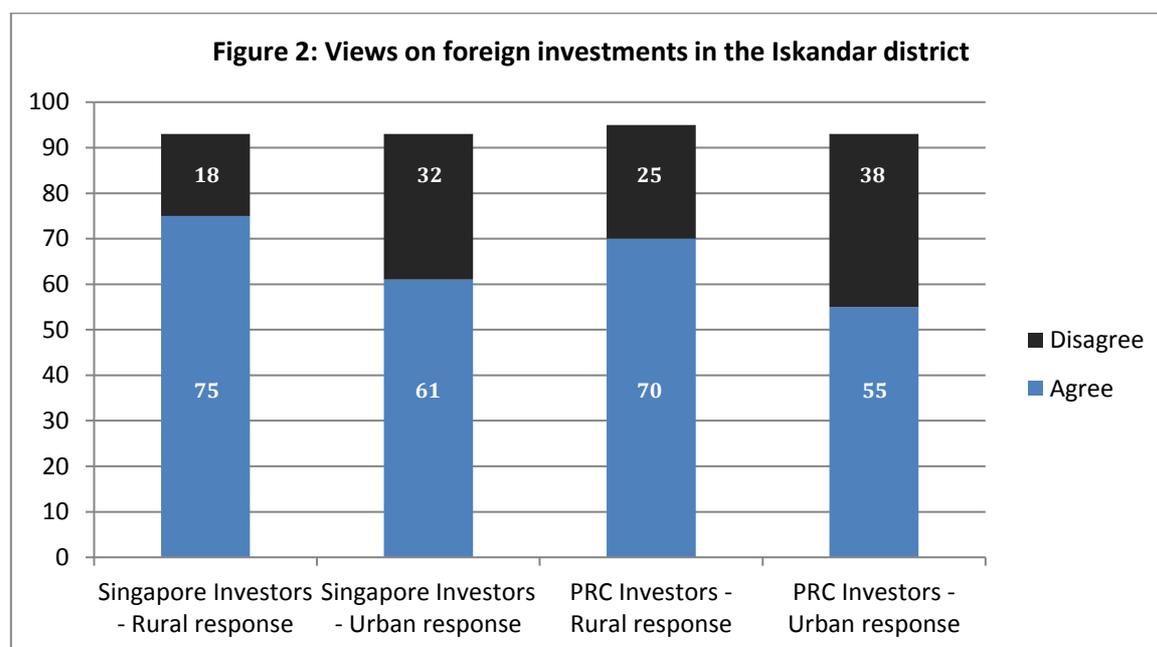
The response to Singaporean investment in IM is also interesting when compared to responses to Singaporean investments in Johor as a whole. 76% of those surveyed in 2017 agree with the statement 'I welcome the influx of Singaporean investors into Johor', a slight increase from responses in 2013 which register 73% agreement.⁸ Overall, slightly more rural respondents (77%) agree with the statement compared to urban respondents (75%). When analysed by ethnicity, fewer Malay respondents (71%) agree with the statement compared to Chinese respondents (84%), with Indian respondents falling in between at 74%. However, when cross-tabulated by region, of the 300 respondents in the East, fewer

⁷ Malaysian gains nothing but trouble from Forest City: Dr M. *Today Online* 17 January 2017

<http://www.todayonline.com/world/asia/look-east-policy-not-about-selling-land-foreigners-dr-mahathir-tells-sultan>

⁸ Chong, T. 2013. Focus on Johor I: Attitudes of Johor Residents towards Singapore and Singaporeans. ISEAS Perspectives, Institute of Southeast Asian Studies, Singapore.

Chinese agree with the statement (57%) compared to Malay (73%) and Indian (83%) respondents. It is possible that in spite of presumed ethnic similarities, Chinese in the east are less open to foreign investments in general, as their support of PRC investments in Iskandar Malaysia is also low (41% compared to 74% in Iskandar and 81% in the northwest). More qualitative research is needed to determine the actual reasons behind these variations.



Nevertheless, in spite of the generally positive perception of Singaporean investors, the overall view is that Singaporean investments cause property prices to increase. 71% of all respondents agree with the 2017 survey statement ‘Investors from Singapore are making property prices in Johor unaffordable for locals’, a slight decrease from the 2013 figure of 78%. Another statement in the 2017 survey ‘The Johor government should limit the sale of properties to Singaporeans’ garners 79% agreement, again a slight decrease from the 2013 survey figure of 81%. These figures suggest that while Johor residents see the need for Singaporean investors, they are feeling the financial consequences of such investments.

Most respondents feel that Singaporean investors are good for the national economy. For example, 65% of all respondents note that Singapore has had a positive impact on Malaysia’s economic development. Singaporeans are also appreciated in Johor as tourists with 90% of respondents agreeing with the statement ‘I welcome the influx of Singaporean tourists and visitors into Johor’. In the 2013 survey, most respondents felt that Singaporeans had a ‘fair amount’ or ‘great deal’ of impact on the cost of living in Johor. In 2017, however, this perception seems to be tempered as only 42% of all respondents note that Singapore and Singaporeans have a ‘negative impact’ on the cost of living in Johor. Since the implementation of the goods and services tax (GST) in 2015 and the removal of sugar and fuel subsidies by the federal government, there has been a lot of discussion in the media about additional burdens to the people. Johor’s Sultan Ibrahim Iskandar was reported to

have sought exemptions for some services to alleviate the burden on his people.⁹ The awareness of federal-linked causes behind rising costs could be the reason why Singaporeans are no longer viewed as the main reason behind increasing costs of living in Johor.

Interestingly, when asked “Is Singapore an economic threat to Malaysia”, the 2017 survey has 55% of respondents answering negatively, but similarly, the majority of respondents (65%) feel that Singapore is Malaysia’s competitor. These findings suggest that while respondents do not worry about Singapore threatening their economic survival, they do see that there is competition between Johor and Singapore. Perhaps this can be taken to be a healthy relationship for the greater good given the large percentage (67%) who agree that ‘Singapore is a friendly partner of Malaysia’.

PRC INVESTMENTS IN ISKANDAR MALAYSIA AND FOREST CITY

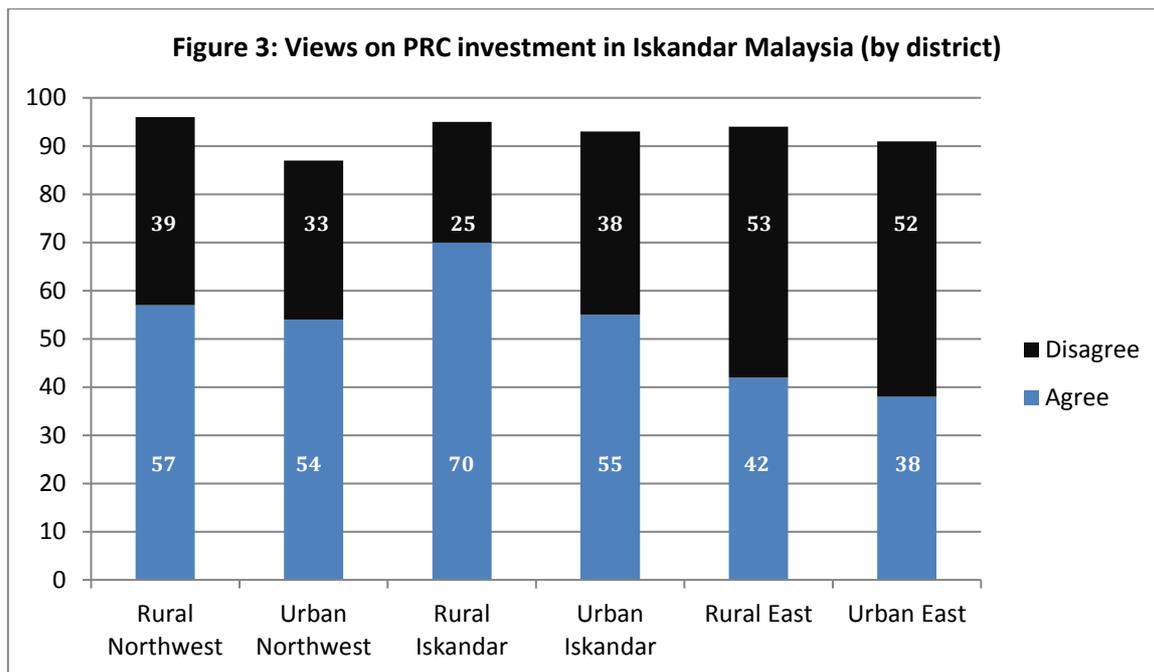
While the view towards Singaporeans and Singapore seems to have improved between 2013 and 2017, there is clearly a more negative view of PRC investments. A closer look at the data by ethnicity and rural-urban divide indicates a more complex picture as shown in Figure 3. Across the board, Malay respondents register the lowest satisfaction for PRC investments. This could probably be in response to claims by prominent politicians that investments by PRC companies will lead to more PRC immigrants and future citizens who will vote against continued Malay benefits.¹⁰ At the same time, in the north-western and eastern districts, Indian respondents register even less satisfaction with PRC investments than Malay respondents (20% and 23% respectively, compared to 41% satisfaction by Malays in both districts). In the east, Malay and Chinese both register only 41% satisfaction. This suggests that the disenchantment with PRC investment is not an ethnic issue. When analysed along the rural and urban divide by district, the rural respondent is again more likely to support PRC investment than the urban respondent, even when there is less satisfaction with PRC investment as indicated in the east. This is illustrated in Figure 3 below.

⁹ Johor to absorb RM3.19m in GST for services. *Malay Mail*. 10 May 2015.

<http://www.themalaymailonline.com/malaysia/article/johor-to-absorb-rm3.19m-in-gst-for-services#14ISLxK2JUs4v1Rv.97>

¹⁰ Malaysia parties use China investments to sway Malay vote. *Straits Times*. 28 January 2017

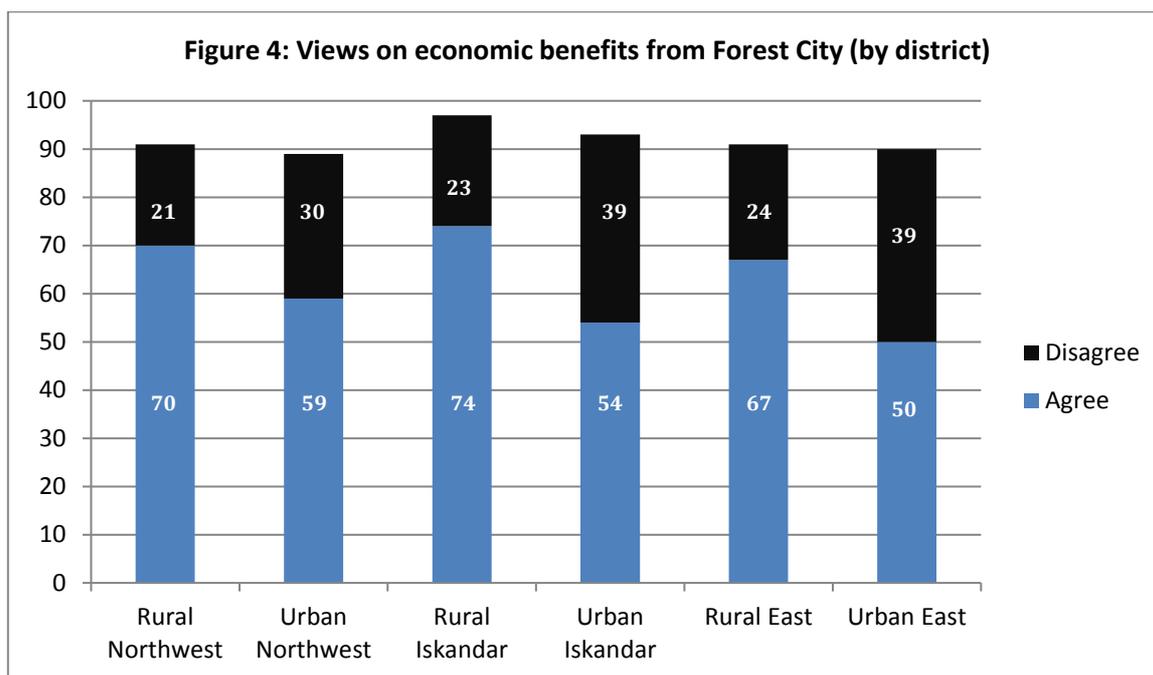
<http://www.straitstimes.com/opinion/malaysia-parties-use-china-investments-to-sway-malay-vote>



The 2017 survey also seeks Johoreans’ responses to Forest City. Forest City is a large mixed development project within IM lead by a Chinese developer and is believed to target a PRC clientele. The project received great coverage in the media, and is widely known to be supported by Sultan Ibrahim. Over the course of its development, Forest City has received substantial negative local and international media coverage and has also become a convenient political scapegoat.¹¹ One of the main concerns when the Forest City development first began was its environmental impact. 59% of all respondents in the 2017 survey indicate that they are concerned about its environmental impact, with 67% of rural respondents from the Iskandar district also indicating concern. Yet the 2017 survey shows that more than half of the respondents overall (56%) indicate satisfaction with the Forest City’s development with 60% satisfaction indicated by respondents in the Iskandar district. 59% of all respondents are satisfied with PRC investments in Forest City.

Again, rural respondents stand out from the rest of the respondents. These rural respondents in Iskandar register much greater satisfaction with the Forest City project (74%) compared to the urban response (56%). This is in spite of the fact that rural respondents are most directly affected by Forest City (although there is no indication as to whom within the Forest City vicinity were surveyed). Of the 57% of respondents who agree with the statement that ‘Ordinary Malaysians will benefit economically from Forest City’, it is again rural respondents (61% overall) who demonstrate greater agreement with the statement than urban respondents (55%). When broken down by district, this variance between rural and urban respondents is much clearer, as shown in Figure 4 below.

¹¹ Rahman, S. 2017. Johor’s Forest City faces critical challenges. Trends in Southeast Asia 2017/3. ISEAS-Yusof Ishak Institute, Singapore.



As mentioned earlier, the Forest City project is known to be supported by the Johor Sultan. In response to a question on the possible beneficiaries of the project, 67% of respondents agree that the Johor royal family will benefit the most, with property developers coming in a close second at 66%. The clear support for the project by the Johor Sultan could have had an influence on the rural respondents’ positive views on the Forest City project. (Johoreans’ support for the royal family will be discussed in another Perspective in this series).

One possible explanation for Forest City’s popularity amongst Johor residents is its ever-changing activities and attractions, as well as its artificial beach. On top of that, Forest City is the main sponsor of JDT FC, Johor’s national football team, which is resoundingly popular with Johoreans.¹² Forest City’s brand on JDT FC jerseys and other advertising paraphernalia may have had a positive influence on the general perception of the project.

VIEWS ON THE PENGERANG INTEGRATED PETROLEUM COMPLEX (PIPC)

PIPC is led by the Johor Petroleum Development Corporation Berhad. The project is seen as a local development as its largest occupant to date is the Pengerang Integrated Complex (RAPID and its associated facilities) owned by PETRONAS. When it was first launched, myriad questions were raised over its necessity, viability and environmental impact.¹³ Local NGOs were formed to protest the forced displacement of several local smallholders and

¹² Rahman, S. 2017. The JDT FC (Johor Darul Ta’zim Football Club) and the success of Bangsa Johor. ISEAS Perspectives, 2017/75. ISEAS-Yusof Ishak Institute, Singapore.

¹³ 10 Questions on Pengerang project. *Free Malaysia Today*. 26 September 2012. <http://www.freemalaysiatoday.com/category/opinion/2012/09/26/10-questions-on-pengerang-project/>

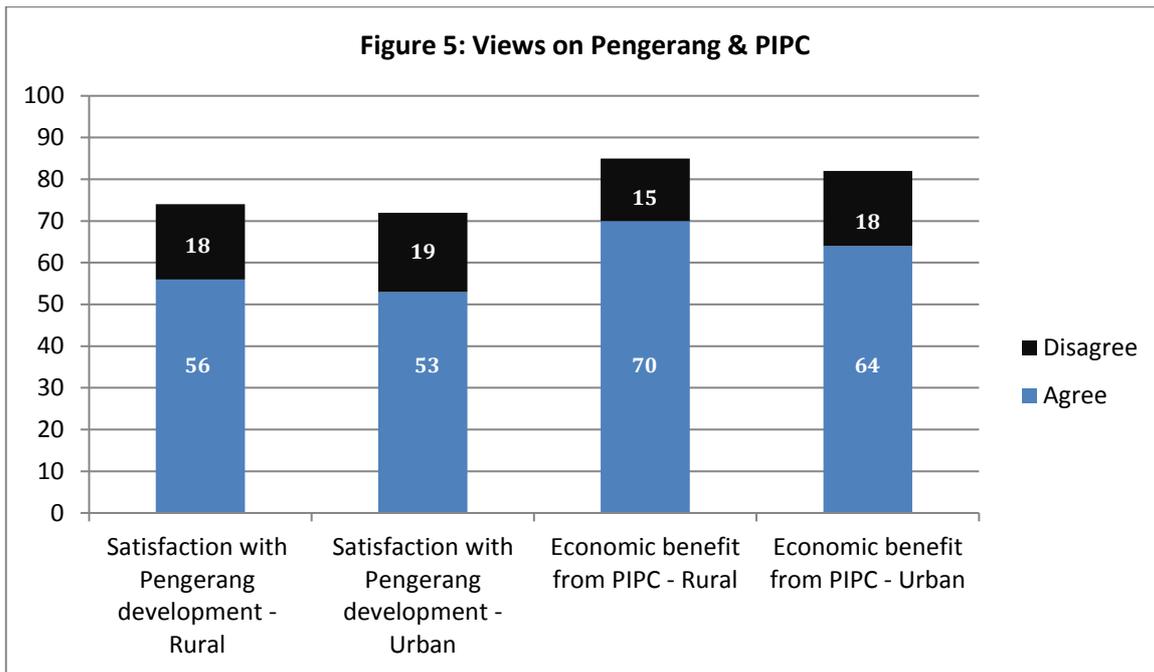
fishing villages.¹⁴ Five years since its launch, PIPC is still under construction but progressing smoothly, and the 2017 survey indicates that more than half of the respondents view the project favourably. 54% of all respondents are satisfied with developments in the Pengerang region, while 66% of all respondents agree that there will be economic benefits from the project.

In contrast to conditions on the ground in 2012, of the 300 respondents in the east of Johor, 76% agree that there will be economic benefits from PIPC, possibly because they have seen spill-over development and economic growth in neighbouring areas such as Desaru and Kota Tinggi, improved infrastructure and road networks in the region and mixed housing developments as a result of the PIPC project. One of the main issues raised when it was first launched was its environmental impact and 57% of all respondents indicate that they are still concerned with this. 76% of respondents from east Johor express concern, the highest of all the regions; most probably because they are the most affected by development in the area.

Again, not unlike responses above, rural respondents across all regions in Johor seem more satisfied with the Pengerang project than urban respondents. These variations can be seen in Figure 5 below. When it comes to environmental impact however, urban respondents in the east now indicate a higher level of concern (80%) than rural respondents (71%) even though it is possible that rural respondents (such as fishermen in the Pengerang area) are most affected by development and reclamation work there. However, there is again no indication that anyone from the immediate vicinity of the Pengerang project was surveyed in this study.

It is interesting to note that in earlier discussions of responses to Singaporean and PRC investments into Iskandar Malaysia as well as views on the Forest City development, respondents from the east of Johor registered the least satisfaction. This could be because they are not part of IM and thus do not see the benefits from IM projects, but then neither are respondents from the northwest, who indicated satisfaction or agreement. More qualitative research is needed to better understand these responses.

¹⁴ Himpunan in Pengerang to protest oil refinery. Malaysiakini. 30 September 2012.
<https://www.malaysiakini.com/news/210319>



CONCLUSION

The 2017 Johor survey indicates a generally positive response to Iskandar Malaysia, Singaporean and PRC investments and major development projects such as Forest City and PIPC. It is also clear that rural respondents stand out in their satisfaction with foreign investments and development in Johor.

A reason for this may be that development and investment promise economic benefits or that as rural respondents they would like more development or urbanisation for themselves. More in-depth qualitative research will help to verify these and other assumptions made to explain the responses from this wide-ranging survey.

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