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PERSPECTIVE

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Singapore – Malaysia Economic Ties: Recovering from COVID-19

Pritish Bhattacharya and Francis E. Hutchinson *

Photo of the Singapore – Malaysia Causeway taken during the lockdown on 20 March 2020. With the COVID-19 pandemic now behind, the trade relationship between both countries appears encouraging. Recent agreements in areas such as digital economy and green technology have been signed by the leaders of the two countries. Photo: Lionel Lim, https://flickr.com/photos/limchoonheng/49701562997/.

* *Pritish Bhattacharya is Senior Research Officer in the Regional Economic Studies Programme, and Francis E. Hutchinson is Senior Fellow and Coordinator of the Malaysia Studies Programme, both at the ISEAS – Yusof Ishak Institute.*

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EXECUTIVE SUMMARY

- Geographical proximity, historic links and comparable outward orientation make Singapore and Malaysia natural trading partners. As seen from a number of matrices, the two nations depend on each other for a range of key goods and services.

- However, this complementarity is easy to take for granted and really only dates from the mid-1980s, when the two countries adopted similar economic policy frameworks. The relative importance of each country to the other has since remained very significant – in the midst of a structural shift to China as Southeast Asia's foremost trading partner.

- While the COVID-19 pandemic struck both nations in similar ways, it affected different aspects of their relationship differently. Recent data indicate, however, that the various components underpinning the economic alliance are recovering at varying speeds.

- The imposition of cross-border restrictions nearly eliminated the movement of people between the countries. This had very severe consequences for a range of businesses that depend on travellers and tourists. But, statistics from late 2022 indicate a strong recovery which, while not yet at pre-pandemic levels, is trending upwards.

- Conversely, the movement of goods between the two nations remained completely unaffected during the outbreak. Prompt and dynamic measures by the authorities on both sides ensured that the flow of goods, from semiconductor components and machine parts to cut flowers and ornamental fish, continued unabated.

- Bilateral trade in services suffered a temporary setback, with the trade value stagnating throughout 2020. However, in 2021, growth continued in a positive direction, given notable improvement in selected services that could be offered virtually.

- Cross-border investments present a more mixed picture. Even though investment flows were largely immune to the vagaries of the crisis, Malaysia's FDI to Singapore has plateaued. In contrast, Singapore's investment into Malaysia is on an upward trajectory.

- With COVID-19 behind us, the Singapore – Malaysia trade relationship appears encouraging. Recent agreements in areas such as digital economy and green technology have been signed by the leaders of the two countries. Progress towards the Rapid Transit Service between downtown Johor Bahru and Woodlands will further add impetus to trade and travel between the two neighbours.

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INTRODUCTION

The depth of the economic intertwining between Singapore and Malaysia remains unrivalled in ASEAN. Forged by proximity and strengthened by historical, cultural and familial ties, such linkages have been crucial to the development of both countries.

These multi-layered interconnections are easy to take for granted. Following the separation of Singapore and Malaysia, the adoption of fundamentally different economic models and relatively low levels of interchange meant limited compatibility during the subsequent two decades. This changed in the mid-1980s, when Malaysia began focussing more on manufacturing and lowered its trade barriers. Ensuing negotiations on bilateral issues and certain joint projects, such as the SIJORI Growth Triangle, not only led to the creation of supply chains across both countries, but also helped overcome their historical misgivings.[1]

Today, the two countries operate symbiotically. Not only is Singapore now home to over a million Malaysians, hundreds of thousands of people cross the Johor – Singapore Causeway every day for work or for leisure. Singaporeans consume fresh produce from Malaysia, and many businesses in the southern part of Malaysia depend on tourists from the other side of the border. Both countries trade in highly specialised services and enjoy a steady and sustainable investment partnership.[2]

The COVID-19 pandemic was an unprecedented systemic shock to the economic relations between the neighbouring nations. The imposition of expansive restrictions on the movement of people across the border to stop the spread of the virus was the first jolt. Binational families, daily Causeway commuters and firms unable to switch to remote operations were the first victims of the stay-at-home orders. COVID-related measures also inflicted massive costs on transport and logistics services that underpin cross-border production. Tourism and recreational sectors in both countries underwent deep contractions.

A brief timeline of the border restrictions elucidates the pandemic-induced tumult. In March 2020, Malaysia announced a sweeping Restricted Movement Order (RMO). Three weeks later, Singapore's circuit breaker measures were enforced. In June, both countries set up reciprocal travel lanes for essential business. This continued until November 2021, when vaccinated travel lanes were agreed upon. But it was only in April 2022 that all travel-related COVID-19 testing requirements were lifted. Dynamism is now, finally, returning to many of the sectors that depend on greater cross-border activities.

The recovery process, however, has been hampered by the ongoing Russia – Ukraine war. Although ASEAN's exposure to either country remains limited, the spillover effects of a pan-European downturn cannot be ignored. Increasing energy prices, food and fertiliser inflation, and supply disruptions, among other externalities of the continued conflict, add to the cost of doing business for all Asian economies, including Singapore and Malaysia.

This Perspective seeks to understand the impact of the COVID crisis on the economic ties between Singapore and Malaysia. It analyses historical trends as well as recent data to see how the different aspects of the relationship were affected and what the near-term outlook is likely to be. The next section looks at the cross-border movement of people, while the subsequent sections examine the movement of goods, trade in services, and direct investment between the two countries. We end with a short- to medium-term outlook.

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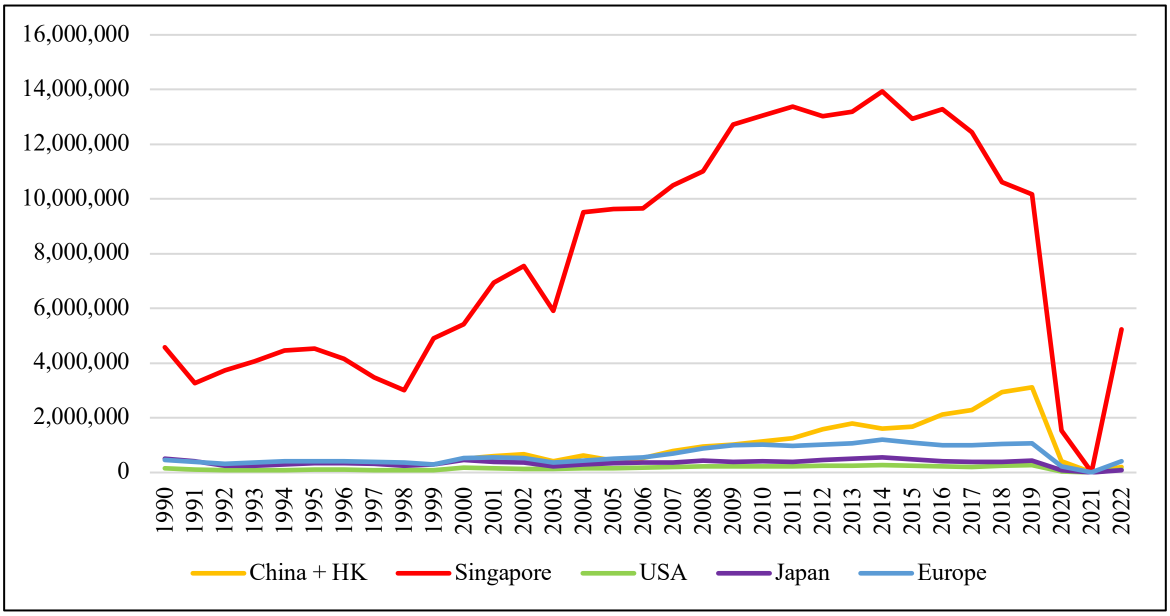
MOVEMENT OF PEOPLE: GRADUAL RECOVERY

Singapore and Malaysia's proximity, shared history and overlapping socio-cultural relations have led to robust and enduring people-to-people ties between them. This is corroborated by statistics related to their citizens' residential status and employment opportunities. In 1980, for instance, 120,104 Malaysians lived in Singapore. Exactly three decades later, this figure had tripled to around 385,979.[3] According to Malaysia's Human Resources Minister, in 2022, the number of Malaysians residing in their neighbouring city-state had reached 1.13 million.[4]

Malaysians also make up a significant portion of Singapore's workforce. According to the Malaysian Employers Federation (MEF), close to 900,000 have secured full-time employment opportunities in Singapore, and a third of them cross the Causeway every day.[5]

The territorial adjacency of the two nations also presents myriad tourism opportunities. In fact, Singapore is the largest source of tourists going to Malaysia. In 2019, Malaysia recorded close to 10.16 million tourist arrivals from the island republic – more than the combined arrivals from China, Hong Kong, Japan, the US and all of Europe (Figure 1).[6]

Figure 1: Tourist Arrivals in Malaysia, 1990–2022



Sources: CEIC Database and Tourism Malaysia.

However, the scenario changed dramatically once the pandemic hit. The COVID-transmission pattern was similar in Singapore and Malaysia. After several weeks of single digit rises, the number of active infection cases began climbing exponentially in early 2020. To stem the spread of the outbreak, on 16 March, Malaysia's then Prime Minister Muhyiddin Yassin announced an extensive RMO, which barred citizens from travelling overseas and foreign visitors from entering the country. On 7 April, Singapore initiated its own *cordon sanitaire* phase in the form of the circuit breaker measures. Almost overnight, the daily passage of commuters across the Causeway – the world's busiest land border crossing – plummeted from over 300,000 to virtually zero.[7]

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Besides land travel, the scale of the economic turmoil was also evident in the aviation sector. In 2018, the air route linking Singapore and Kuala Lumpur was declared the busiest in the world, with a capacity of 4 million seats served by an average of 84 daily flights.[8] At the height of the pandemic, in 2021, the number of flight services dropped to just six per day.[9]

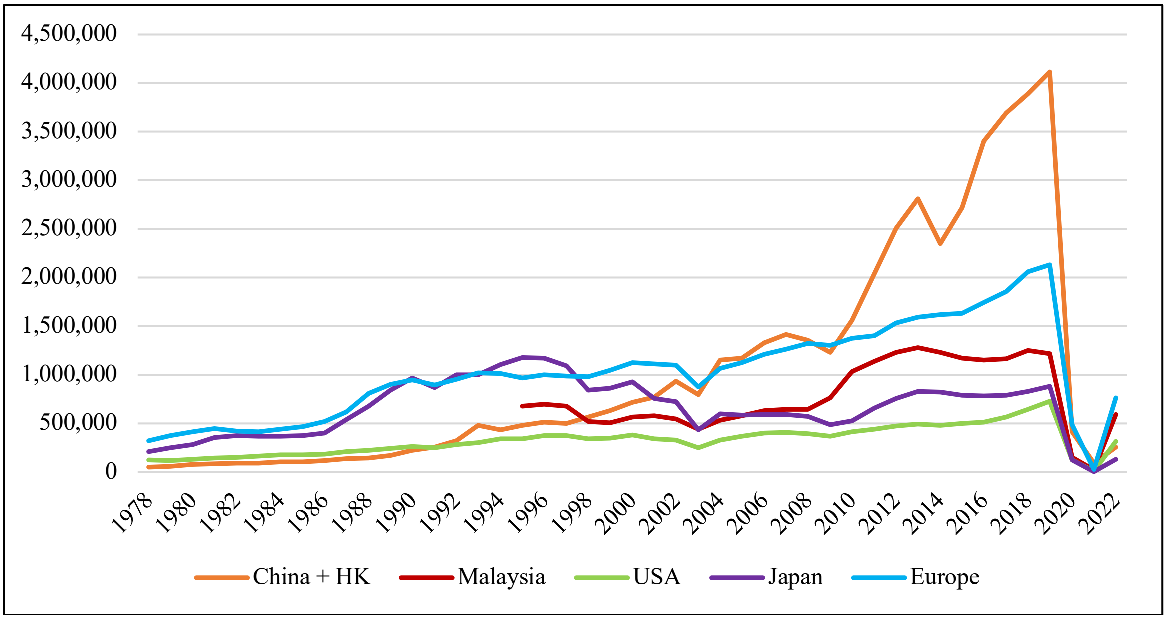
The dual nation-wide lockdowns wreaked havoc on Malaysia's tourism sector. Leisure-related operators in Peninsular Malaysia's southernmost state of Johor were hit the hardest, given their heavy reliance on cross-border activity and visitors from Singapore. These included carwash outlets, money exchange shops and hair salons, many of which did not survive COVID. According to the Johor Bahru Chinese Chamber of Commerce and Industry, the local food and beverage and entertainment sectors suffered grave losses, with an estimated 40 per cent of bars and nightclubs shutting down.[10] By late 2020, several landmark hotels in Johor had closed for good, as the average occupancy rate reached a record low of 27 per cent.[11] As a result, over 15,000 Malaysians – mostly residents of Johor – were laid off.[12]

In 2021, when only essential travel was permitted, a mere 16,308 visitors from Singapore landed in Malaysia, or 1.6 per cent the figure recorded two years earlier. Although large-scale vaccination efforts and diplomatic travel channels helped raise the tally to 5.22 million in 2022, this was close to the number of tourist arrivals from the city-state in the year 2000.[13] At this rate, it may take up to four years for Malaysia to reach pre-COVID levels of visitors. The situation is exacerbated by the economic slowdown in China, the country's second largest source of tourists.

Although the flow of tourist arrivals in Singapore is structured differently from that observed in Malaysia (the former enjoys a more even distribution of tourist source countries), its tourism industry could not escape the devastating impact of COVID-19 either. As many as 1.22 million travellers from Malaysia reached Singapore in 2019, but in 2021, this nosedived to 24,217, or 2 per cent of the 2019 statistic. But thanks to dynamic public health interventions, this number jumped to 590,958 last year (Figure 2).[14] Additional efforts to ramp up Singapore's recreation industry and prop up its hospitality industry are expected to facilitate total recovery of the tourism sector by 2024, according to the Singapore Tourism Board (STB).[15]

Another major, although indirect, casualty of the prolonged disruption to the movement of people between Singapore and Malaysia has been the latter's real estate sector. The impact was felt most acutely in Iskandar Malaysia, Johor's flagship development corridor. Established in 2006 and backed by Khazanah Nasional, the region was supposed to transform into a special economic zone focussed on specialised sectors by 2025. Along with massive inflow of foreign investment, Iskandar Malaysia also witnessed rapid growth in the residential and commercial property market. But the overwhelming magnitude and duration of the pandemic resulted in the state being left with a huge stock of unsold homes. Indeed, in September 2022, when the value and volume of transactions in the real estate segment dipped by as much as 30 to 50 per cent, Johor accounted for 17 per cent of the national property overhang. Be that as it may, recent projections indicate a rental rebound to pre-pandemic levels in 2023.[16]

Figure 2: Tourist Arrivals in Singapore, 1978–2022



Sources: CEIC Database and Singapore Tourism Board.

The COVID-inflicted decline in Malaysia's property segment was matched by a parallel upswing in Singapore's rental market. As more Malaysian workers, especially those employed in the city-state's construction sector, decided to temporarily shift base to Singapore, reports of landlords quoting excessively heavy prices for accommodation close to industrial areas began appearing on various news outlets.[17] This had a detrimental impact on not only the workers but also the construction firms. But unlike Malaysia's case, the republic's overall trend of increase in rents – of up to 70 per cent – has yet to reverse.[18]

TRADE IN GOODS: ONWARDS AND UPWARDS

Although both countries pursued distinct modes of economic development during the early years following their independence and separation (Singapore relied on exports and FDI to generate growth, and Malaysia opted for import substitution), they became more integrated during the mid-1980s, when their strategies converged. Over the course of four decades, the scale and scope of goods trade between the adjoining nations has increased manifold, and each has emerged as the other's second largest trade partner since the turn of the century.[19]

The steadfastness of the trade ties was clearly demonstrated during the three COVID-19 years. Defying expectations, the tight restriction on the movement of people across the Causeway and the Second Link at Tuas did not perturb trade in goods. As a matter of fact, within days of the RMO announcement, policymakers from both countries released statements assuring sustained cooperation throughout the outbreak. The first pronouncement came from Singapore Prime Minister Lee Hsien Loong in March 2020, who posted on Facebook that he had received confirmation from his Malaysian counterpart on the continued flow of goods, farm produce, pharmaceuticals and industrial supplies between the neighbouring nations.[20]

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As the pandemic protracted, more such declarations followed. For example, the Singapore – Malaysia Special Working Committee on COVID-19 was announced in March 2020.[21] In May 2021, the commitment to maintain the exchange of goods and supplies across the border was reiterated during Malaysia's imposition of full movement control order (FMCO).[22] Then, in April 2022, leaders from Singapore and Johor announced extended bilateral cooperation in the areas of transport, food safety and security, logistics and economic collaboration.[23]

This absence of any discernible effect on trade in goods between the two countries can be attributed to two principal factors. First, Singapore and Malaysia have, over the years, invested significant resources to build sophisticated and resilient logistics networks, ensuring local businesses speedy fulfilment and shorter response times to cater to cross-border demand despite disruptions. And second, by and large, both countries act as regional distribution centres for major electronic products, and their ultimate end markets for such goods are mostly overseas.

This brings us to an often-ignored facet of the goods exchanged between Singapore and Malaysia. In sharp contrast to popular perceptions that trade between the two countries is composed largely of fresh vegetables, fruit, chicken, food items and clothing, Singapore exports a diverse range of highly specialised goods to Malaysia. These include refined petroleum and related by-products; integrated electronic microcircuits and components of electrical and electronic consumer goods; and chemical products and polymers. Its imports from Malaysia are made up of similar items, given the island's hard-earned re-export economy status.[24]

In other words, the trade between the two countries is essentially part of regional production networks in electrical and electronic goods. And, as Malaysia's manufacturing capabilities improve, demand for intermediate goods from Singapore will continue to rise. In fact, the relative importance of the various categories of goods traded between the countries has barely changed even after the pandemic (Tables 1A and 1B).

Table 1A: Composition of Singapore's Trade with Malaysia (2016)

Exports	%
Refined Petroleum	28%
Integrated Circuits	16%
Semiconductor Devices	3.9%
Office Machine Parts	2.2%
Low-Voltage Protection Equipment	1.8%
Ethylene Polymers	1.8%
Gold	1.8%
Computers	1.6%
Industrial Printers	1.1%
Electric Motors	1.1%

Imports	%
Integrated Circuits	22%
Refined Petroleum	17%
Semiconductor Devices	4.5%
Office Machine Parts	2.7%
Industrial Printers	2.4%
Jewellery	2.2%
Machinery with Individual Functions	1.8%
Computers	1.8%
Blank Audio Media	1.8%
Telephones	1.5%

Source: Observatory of Economic Complexity.

Table 1B: Composition of Singapore's Trade with Malaysia (2021)

Exports	%
Refined Petroleum	23%
Integrated Circuits	16.6%
Gold	7.1%
Semiconductor Devices	2.5%
Machinery with Individual Functions	2.4%
Broadcasting Equipment	2.3%
Office Machine Parts	1.8%
Low-Voltage Protection Equipment	1.4%
Ethylene Polymers	1.1%
Other Edible Preparations	1%

Imports	%
Integrated Circuits	29.7%
Refined Petroleum	21.9%
Machinery with Individual Functions	3.3%
Semiconductor Devices	2.4%
Industrial Printers	2.3%
Office Machine Parts	2%
Computers	1.5%
Petroleum Gas	1.3%
Oscilloscopes	1.3%
Jewellery	1.2%

Source: Observatory of Economic Complexity.

The robustness of this trade relationship is underlined by the fact that the overall quantum of their bilateral trade during the pandemic was higher than that achieved before COVID-19 (Tables 2 and 3). Electronic exports from Singapore to Malaysia rose sharply on account of the burgeoning demand for semiconductors (for integrated circuits, telecommunications equipment, and diodes and transistors).[25] And, since Malaysia routes a fifth of its global export of integrated circuit products via Singapore, this exchange was largely reciprocal.[26]

Table 2: Singapore's Total Trade with Key Partners (in US$ million), 1981–2022

	Mahathir I	**Mahathir II**	**Badawi**	**Najib**	**Pakatan Harapan**	**Perikatan Nasional**
	1981–1991	**1992–2002**	**2003–2008**	**2009–2017**	**2018–2019**	**2020–2022**
Malaysia	10,121 #3	36,877 #2	62,187 #2	79,229 #2	85,265 #2	93,940 #2
China + HK	5,294 #5	21,394 #5	73,755 #1	128,417 #1	150,449 #1	174,067 #1
USA	12,521 #1	37,995 #1	51,583 #4	58,179 #4	74,765 #3	83,030 #3
EU	9,206 #4	30,916 #3	55,671 #3	74,069 #3	70,555 #4	74,553 #4
Japan	10,521 #2	28,094 #4	33,483 #5	37,781 #5	39,590 #5	41,190 #5

Sources: CEIC Database, World Bank and IMF.
Note: Each statistic is a yearly average of the sum of exports and imports for the associated period specified in the second row.

Table 3: Malaysia's Total Trade with Key Partners (in US$ million), 1981–2022

	Mahathir I	**Mahathir II**	**Badawi**	**Najib**	**Pakatan Harapan**	**Perikatan Nasional**
	1981–1991	**1992–2002**	**2003–2008**	**2009–2017**	**2018–2019**	**2020–2022**
Singapore	6,578 #2	23,070 #3	36,982 #3	50,570 #2	57,597 #2	63,590 #2
China + HK	1,540 #5	10,051 #5	37,237 #2	69,918 #1	98,085 #1	113,858 #1
USA	5,936 #3	26,220 #1	41,155 #1	33,099 #5	39,249 #4	48,905 #3
EU	5,635 #4	19,710 #4	34,833 #4	39,598 #3	44,002 #3	42,441 #4
Japan	7,843 #1	24,387 #2	32,114 #5	38,510 #4	32,304 #5	34,577 #5

Sources: CEIC Database, World Bank and IMF.
Note: Each statistic is a yearly average of the sum of exports and imports for the associated period specified in the second row.

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Cross-border trade in medical goods was also a key contributor. While the city-state supplied Malaysia with key biomedical products (including instruments and appliances used for medical and surgical purposes), its import of protective garments and vulcanised rubber gloves manufactured in Malaysia increased two to three times between 2019 and 2021.[27]

Another noteworthy trend that persisted throughout the health crisis was the increasing importance of China as the main trading partner for both countries. Since the new millennium, the People's Republic has managed to supplant Singapore's as well as Malaysia's traditional trade markets such as the US, Japan and the EU. Apart from the locational advantage, China's growing trade dominance can be ascribed primarily to its highly integrated global value chains and, to a lesser degree, to its strong desire to maintain an indispensable presence in ASEAN.

TRADE IN SERVICES: GROWING AGAIN

The modern conception of services is derived largely from the General Agreement on Trade in Services (GATS), a key treaty of the World Trade Organization (WTO). As members of the WTO, both Singapore and Malaysia extend the principle of most favoured nation (MFN) to the other country. However, unlike for goods trade, data on trade in services cannot be compiled easily. Services are not only intangible but also heterogeneous, thanks to the rapid advances in information and communications technology (ICT).

Prior to the pandemic, Singapore's services trade saw healthy growth that outpaced that observed in merchandise trade. In 2019, for example, Singapore exported around US$5.67 billion worth of services to Malaysia, while imports were valued at US$2.8 billion.[28] Notable services transacted between the two countries included travel, transportation, construction, insurance finance, and royalties and license fees.

These values stagnated in 2020 with the onset of COVID. While the exchange of travel services plunged because of the stringent border closures, certain services such as telecommunications, computer and information services and financial services recorded gains, as these could be delivered by virtual means to clients. Collectively, the trade volume plateaued for the year (Figure 3).

In 2021, Singapore's services exports to and imports from Malaysia rebounded to US$6.6 billion and US$3.6 billion, respectively.[29] The recovery was driven by the continued growth of the business services, charges for the use of intellectual property, as well as financial services. Travel services, though still subdued, managed to make reasonable gains, thanks to travel bubbles and strong cargo demand in key segments such as e-commerce, pharmaceuticals and electronics.

Recent examples of services trade between Singapore and Malaysia are included in the Appendix (AP1).

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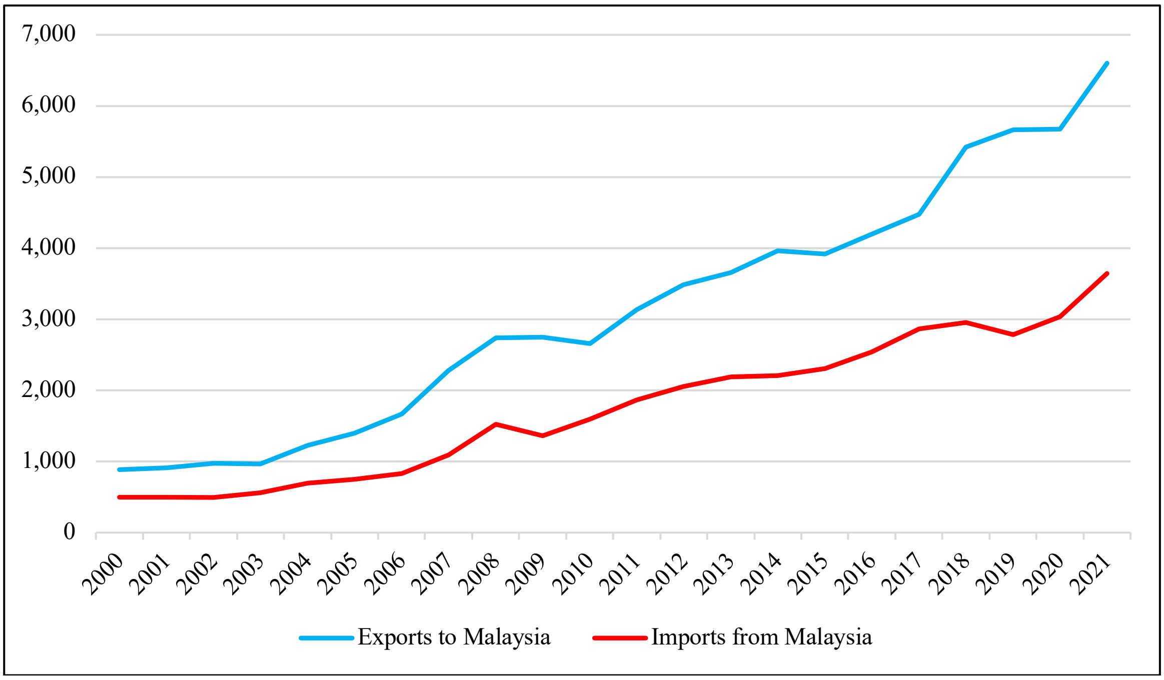
Figure 3: Singapore's Services Sector Trade with Malaysia (in US$ million), 2000–2021



Sources: CEIC Database and Singapore's Department of Statistics.

CROSS-BORDER INVESTMENT: MIXED MESSAGES

Singapore consistently features among Malaysia's primary sources of foreign direct investment (FDI) as well as its prominent destinations of direct investment abroad (DIA).

The innate compatibility between both economies is credited with the upward trend of inward FDI from Singapore to Malaysia, even when COVID peaked in the region (Figure 4). Specifically, firms in the city-state consider their immediate neighbour a reliable destination for investments because of several favourable factors. These include Malaysia's robust financial regulation mechanisms that permit repatriation of capital, interest, dividends and profits; the availability of affordable and trainable workforce; a sizeable domestic market; and the country's key position in regional and global supply chains. As a result, FDI from Singapore to Malaysia rose from US$6.9 billion in 2019 to US$9.8 billion in 2022.[30]

Malaysia's unique value proposition has also attracted significant investments from the US and from European countries, which collectively account for the largest regional share of inward FDI. Lately, China has also emerged as an important source of FDI, but its investments, like those from Japan, have displayed significant volatility over the past decade.[31]

Outward FDI from Malaysia to Singapore, on the other hand, has remained relatively low but steady for around a decade, rising from US$25.1 billion in 2012 to US$34.3 billion in 2022 (Figure 5).[32] The key reason behind the more measured annual increments may lie in the long-held preference among Malaysian government-linked companies (GLCs) for investments in the primary sector, especially the oil palm segment, and in mining and quarrying activities, including offshore oil and gas operations.

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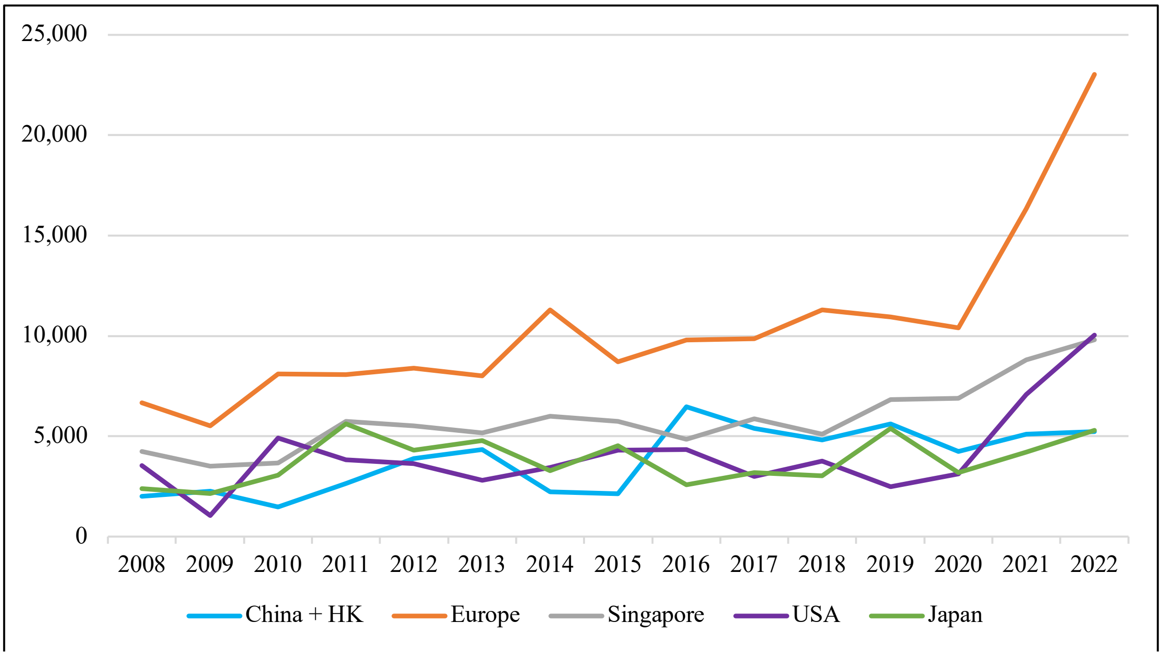
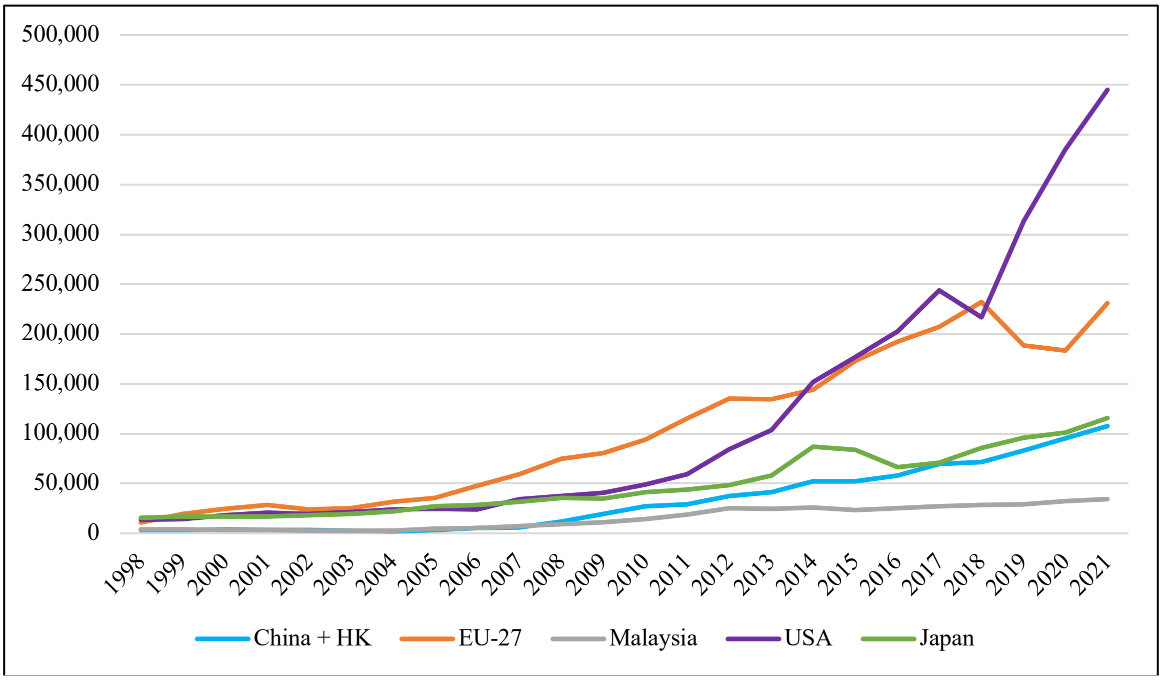
However, the recent rise of private players, coupled with the country's overall international competitiveness, has led to noticeable diversification of the investment portfolio, with greater capital infusion in the financial services, banking and telecommunications sectors.[33] This points to optimistic prospects for more Singapore-bound FDI from Malaysia in the future.

Figure 4: Malaysia's FDI Inflow (in US$ million), 2008–2022



Sources: CEIC Database and Bank Negara Malaysia.

Figure 5: Singapore's FDI Inflow (in US$ million), 1998–2021



Sources: CEIC Database and Singapore's Department of Statistics.

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Upon analysing Singapore's chief FDI sources, another interesting pattern comes to the fore. Even though the country has witnessed a gradual shift in goods trade away from Europe, Japan and the US, the volume of investments from these countries outstrips that from China. In 2021, the US was Singapore's largest investor, having cumulatively injected some US$445 billion into the island. This was almost double the investments received from the EU sans the UK (US$231 billion). While historically very significant, Japan's investments in Singapore are now close in value to those from China and Hong Kong.[34]

Several recent instances of major investment flows between Singapore and Malaysia are mentioned in the Appendix (AP2).

OUTLOOK

Singapore and Malaysia share a complementary and reciprocal economic relationship. Even though the initial fallout of the coronavirus outbreak appeared more or less identical in both countries, the various components underpinning their partnership were affected differently.

Despite the underlying commonalities in geography, history and culture, the Singapore – Malaysia connection began blossoming only during the 1980s. The analysis conducted in this Perspective suggests that their ties have strengthened considerably over the past 40 years. This has been frequently echoed by the leaders of the two countries, the latest being in January 2023, when Anwar Ibrahim made his first official visit to Singapore as Malaysia's Prime Minister. Aside from highlighting the significance of the open supply chains for goods, services and later vaccines during the COVID years, he and Singapore Prime Minister Lee signed agreements on the digital and green economies, and a memorandum of understanding on cooperation in areas of personal data protection, cybersecurity and digital economy.[35]

The visit was subsequently followed by a bilateral meeting of the Malaysian and Singaporean transport ministers, immediately generating news of a possible revival of the Kuala Lumpur – Singapore High Speed Rail (HSR) project. However, the current consensus is that neither government is ready to invest in the project at the moment. Conversely, the Johor Bahru – Singapore Rapid Transit System (RTS) Link project is on track to be completed by end 2026. The joint venture cross-border metro system will link to public transport networks on either side and will enable 10,000 commuters to travel in each direction every hour. Through providing an alternative means of crossing the border, the RTS can alleviate peak hour congestion on the Causeway, as well as enable factories to schedule their shifts more adaptively.

A related joint development proposal in the pipeline is the Johor – Singapore Economic Region (JSER). Informally announced in May 2023 and still at the ideation stage, the initiative is aimed at utilising the Malaysian state's proximity to the republic to set up a corridor to facilitate not just movement of human resources and commodities but also substantial cooperation in niche areas of mutual interest such as semiconductors, renewable energy and telecommunications.[36]

With COVID-19 essentially behind us, Singapore – Malaysia economic ties are returning to their natural state. The proximity, trust and compatible economic frameworks make the partnership between the two countries very fruitful. The pandemic was a critical juncture that

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shook the foundations of this relationship, but the natural complementarities, as well as consistent work by the authorities on both sides enabled trade in goods and services to proceed uninterruptedly, and the movement of people to resume as quickly as possible. Looking forward, we can expect further progress on the various aspects of this relationship.

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APPENDIX

AP1: Trade in Services (Recent Examples)

A number of recent examples reflect the commitment of the two countries to foster deep services sector connections in the future.
During the early days of the pandemic, Singapore's Great Eastern announced a strategic investment of US$70 million in Malaysia's Axiata Digital to extend fintech services to the underserved, unbanked and under insured customer segment in Malaysia.[37]
In July 2022, Grab Malaysia launched Grab Intercity, a new service that would allow users to purchase bus and ferry tickets to travel between Singapore and Malaysia through its application.[38]
In order to further boost inter-country travel, the Monetary Authority of Singapore (MAS) and Bank Negara Malaysia (BNM) in March 2023 launched a QR code payment linkage system that would allow travellers from Singapore and Malaysia to make and receive online payments seamlessly in both countries.[39]

AP2: Cross-Border Investment (Recent Examples)

The durability of Singapore and Malaysia's investment pathways can be seen from numerous recent instances.
In June 2022, Malaysian bank CIMB revealed plans to build Singapore as a hub for affluent banking. To kick-start the initiative, the republic's iconic Change Alley Mall in the central business district was rebranded CIMB Plaza, in conjunction with the bank's relocation to the mall.[40]
Maybank launched the Young Entrepreneur Scheme (YES) programme in July 2022 to provide micro and SME business owners in Singapore with an adequate entrepreneurial ecosystem.[41]
Singapore-based UOB bank, as part of its Southeast Asia expansion plan, acquired Citigroup's consumer banking business in Malaysia in November 2022.[42]
In September 2022, Singapore-headquartered alternative protein company Inseact announced plans to set up a production facility in Johor to meet the growing demand in Asia for sustainable food sources.[43]
In January 2023, e-commerce giant Sea, the parent company of Singapore's Shopee, announced expansion plans in Malaysia, involving the setting up of cloud computing services, data hosting and processing and a new logistics e-commerce warehouse. This would generate around 2,000 job opportunities.[44]
Malaysia's IHH Healthcare in March 2023 notified that it has invested in Singapore's mental health start-up Intellect to expand its offerings of mental health programmes.[45]

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ENDNOTES

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