

## **Political and economic stability must**

RESUMING the Malaysia-Singapore Vaccinated Travel Lane (VTL) with 100pc capacity for both land and air travel is, indeed, a piece of joyous news for Johoreans who did not have a chance to return home to reunite with their loved ones for over two years.

However, the Omicron wave, which has triggered rising Covid-19 cases in Malaysia and Singapore, would have squelched any hope among Johoreans for the resumption of businesses or income back to the pre-pandemic era due to the scarring and compounding effect of lockdowns.

Over the past three weeks, Malaysia's Covid-19 daily cases rose above the projected "peak" level (of around 22,000 cases as forecasted by Health Director-General Tan Sri Dr Noor Hisham Abdullah) – that is, from 5,720 on Feb 3 to 28,825 on Feb 20.

At the same time, Singapore recorded comparable Covid-19 cases during recent weeks.

On Feb 19, there were 24,836 cases in the country. However, the number recorded reduced to 15,283 on Feb 20. The persistent high numbers raises gloomy and uncertain economic prospects among Johoreans.

Although Omicron is less dangerous than Delta in terms of severity, the resurgence of a new variant that is even more transmissible than the former and deadlier than the latter cannot be discounted even as it seems to be a remote possibility for now.

This means that despite an optimistic outlook by both the Malaysian and Singaporean governments of the pandemic's eventual endemicity (living with Covid-19) that is "within sight" or "striking distance", caution and care must still be exercised with due regard to the standard operating procedures, including self-regulation and self-testing.

In short, progress towards achieving endemicity can't be short-circuited or simply expedited without continuing attention and review of the actual, on-going context.

It will be a somewhat slow but steady progress nonetheless, carefully maintaining the proper balance between lives and livelihoods with the (remaining) restrictions.

And this is particularly true of southern Johor, which is so dependent on an open border with Singapore. Indeed, many do not think or expect that a full and free border reopening is possible anytime soon.

As a result of the drastic drop in Singaporean visitors coming over to Johor for more than two years, the hitherto border closure led to many business owners struggling to recover from their income drop and losses.

Some companies, restaurants and hotels in Johor were forced to shutter temporarily or permanently due to insufficient cash flow to sustain their business operations.

Take A. Seah, for example. As a dealer in supplying automotive lubricants to workshops in Johor Baru, he said 2021 was the worst in his five years in business.

“Many of my orders were stopped or cut to a minimum as most of my customers’ workshops in the city had closed or were doing badly. If last year was bad, I believe that this year would be the same as long as there is no solution to the rising Covid-19 figures,” he said.

The other sector that has been badly hit is none other than tourism. According to the **Department of Statistics Malaysia’s (DOSM)** State Socio-economic Report 2020, Johor experienced a 50.6pc drop in foreign tourists, from 8.07 million in 2019 to 3.99 million in 2020.

The on-and-off inter-state travel ban and lockdown measures also resulted in a 49.3pc fall in domestic tourists, from 14.27 million in 2019 to 7.24 million in 2020.

Johor has recorded fewer domestic tourists compared with three Malaysian states, Malacca (7.28 million), Sabah (10.34 million) and Sarawak (9.39 million) in 2020.

DOSM revealed in its State Socio-economic Report 2020 that Desaru in Kota Tinggi, Angsana Johor Baru Mall, Johor Premium Outlet, KSL City and Kota Tinggi Waterfalls were among the places that attracted Malaysian visitors.

Low demand from Singaporeans for Johor’s high-end condominiums and landed properties are also among the economic challenges that continue to persist in the state.

For movement of people out of Johor into Singapore, many Johorean youths could not find the desired jobs that match their academic qualifications even before the pandemic as most jobs belong to semi- and low-skilled categories.

Some Johoreans were left with no option but to move to Kuala Lumpur or Singapore for better job opportunities.

The Malaysia-Singapore border closure had drastically affected the job market in Johor.

Many former Malaysian workers in Singapore, who do not have the luxury of working from home (WFH) or were laid off by Singaporean companies during the pandemic, could only return to Malaysia for good. As such, this translated to a higher unemployment rate in Johor from 2.7pc in 2019 to 3.5pc in 2020.

According to the 2019 Household Income and Basic Amenities Survey Report, the composition of skilled workers in Johor only comprised 24.9pc, followed by semi-skilled workers at 63.9pc and low-skilled workers at 11.2pc.

All in all, lockdowns have caused Johor to experience an economic slowdown, from a gross domestic product (GDP) growth of 2.8pc in 2019 to -4.6pc in 2020 and a higher absolute poverty rate, from 3.9pc in 2019 to 5.9pc in 2020.

In addition, the Covid-19 pandemic has disrupted the whole supply chain.

Farm produce and fish catches faced travel restrictions across districts and international borders during lockdowns. Transport and logistics require more time than before.

Eventually, suppliers and hawkers from urban centres could only sell less which led to rising food prices, further eroding the purchasing power of Johoreans.

Even rural residents were not spared as they too have had to contend with rising food prices, including processed food.

Due to supply-side issues, rising prices have not been confined to food items alone but cover other expenses such as fast-moving consumer goods (e.g., canned food, instant noodles), personal care products and self-test kits, etc.

Johor is among the top five states with higher consumer prices.

Therefore, like many Sabahans, Malaccans and Sarawakians, who have voted in the recent state elections respectively, Johoreans should be more concerned about bread-and-butter issues such as living expenses, employment and income over who will form the next state government.

With the “regular” change of state administration during the past few years, Johoreans seem to be more inclined towards political stability to restore business confidence, including among foreign investors.

A daily’s headline, titled “Tackle economy first” on Feb 11, revealed that Johor-based business groups prefer to have a new state administration that will govern for a full term (i.e. five years).

Political stability will ensure that businesses across all sectors have the time to build rapport with the state government and suggest ways to boost the state’s economy.

Johor has witnessed a change of menteri besar three times from 2018 to 2020.

Kempas assemblyman Datuk Osman Sapian from Bersatu served as the 16th menteri besar from May 2018 until his resignation in April 2019.

His successor Bukit Kepong assemblyman Datuk Dr Sahrudin Jamal, also from Bersatu, took over as the 17th menteri besar from April 2019 until the collapse of the Pakatan Harapan state administration in February 2020.

Thenceforth, caretaker Menteri Besar Datuk Hasni Mohammad from Umno, who is also Benut assemblyman, took office in February 2020 until the dissolution of Johor state assembly on Jan 23.

Such a political development is concerning as even after the Johor state election on March 12, there is no assurance that the change of menteri besar would not recur.

Hence, to ensure the well-being of Johoreans is taken care of, EMIR Research has several policy recommendations for the next Johor state government to consider:

- Conduct periodic reviews (i.e., once in three months) for all short-, medium- and long-term development strategies together, ensuring that all plans can be implemented with the desired outcome within a specific timeframe;

- Work together with private sectors to attract higher value investments, promote rural tourism and agro-tourism activities abroad, enable products to be sold via digital applications and social media as well as enhance employability through knowledge enhancements and skills training. In turn, Johor will be able to self-sustain with these initiatives and not be overly dependent on Singapore to boost the state's economic and tourism activities;
- Increase crop diversification and produce high-quality agricultural products to diversify the revenue streams. Johor could potentially develop as the main vegetable and fruit exporter to Singapore while at the same time improving on its food security;
- Expand fibre optic networks, together with the commercial development of communication infrastructure around Johor, bringing connectivity to more households and entrepreneurs; and
- Adopt a data-driven approach in state public policymaking to better identify individuals who require government assistance in finding jobs, establishing new businesses, assessing digital devices and broadband services, for instance.

To conclude, no matter which political coalition forms the next Johor state government, it ought to have that political will not to destabilise or undermine the existing political arrangement for any ulterior motive(s) or personal agenda(s).

Political parties should also constantly reflect on the needs of Johoreans during these trying times and work towards restoring their economic livelihoods.

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