

Dots & Plots

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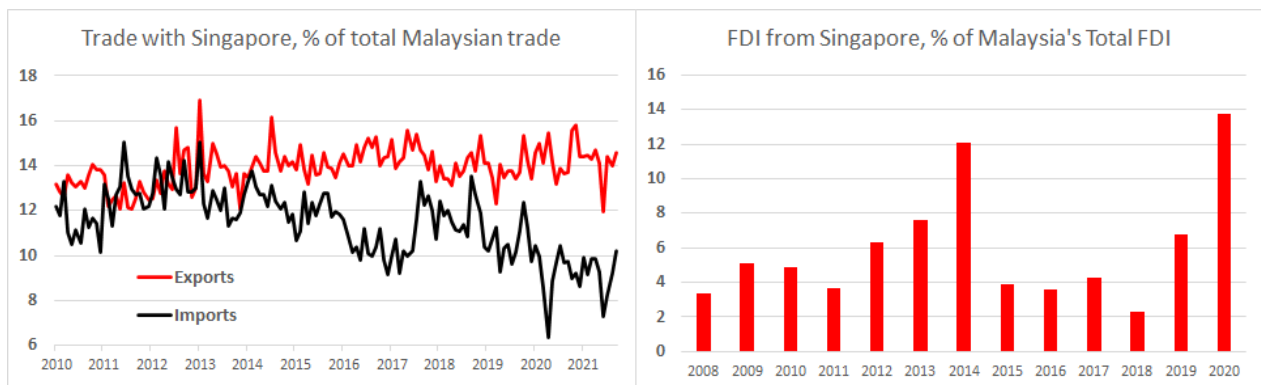
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Off to KL via the VTL?

Malaysia opens its first travel lane with Singapore

- Malaysia and Singapore will allow [quarantine-free travel](#) for fully vaccinated travellers between the two countries, starting from Nov 29th. When the announcement was made on Nov 8th afternoon, one can almost hear the cheers from both sides of the Straits of Johor – given how many families have been physically separated since the pandemic ran rampant last year.
- To begin with, the travel lane will be confined to direct flights between KLIA and Changi Airport. Given that it is the world's second-busiest air corridor – passengers to-and-from Singapore comprise nearly 10% of all KLIA's 2019 throughput, for one – that is a significant boost in and of its own.
- Moreover, the air link reopening may be a sign of more travel corridor resumptions to come. The governments noted that they were in active discussions to reopen land travel between the two countries. Back in the pre-pandemic days, the Johor Causeway was home to one of the world's busiest border crossings, with [350,000 travellers](#) heading either way, for one.
- For the tourism sector – around 5% of Malaysia's GDP – the reopening initiatives will be music to the ears, especially when [China's tourists remained stuck at home](#). Singaporeans used to make up 39% of all visitors to Malaysia, easily the biggest block of tourism receipts. Even though Singapore has travel lane arrangements with a total of 16 countries, jumping on that 50-minute flight to KL may be the easiest and quickest getaway for most.
- Tourism aside, the bigger boosts may be harder to quantify. Singapore has been one of the largest FDI investors in Malaysia, comprising nearly 14% of total investment in 2020 despite the pandemic. Singapore has also been the second- or third-largest trading partner for Malaysia over the years.
- While such links remained robust despite the travel constraints, they should receive a fillip now that business owners can be on the ground a lot more easily once again. [Everyone is sick of Zoom meetings](#) by now and checking on that new factory site physically or ironing out tricky product specifications with that supplier face-to-face should make things that much easier.



Source: OCBC, CEIC.

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