

Talks with Suharto frank, cordial and --

Better ties with

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LANGRAWI, Sun. — Prime Minister Datuk Seri Dr Mahathir Mohamad today said his "four-eyed" meeting with Indonesian President Suharto was frank, cordial and fruitful.

Dismissing the notion in some quarters that there was a strain in his relationship with the Indonesian leader, Dr Mahathir said there was never a problem in their personal relationship.

On the contrary, he said, the Langkawi meeting would also enhance co-operation at the ministerial and official levels.

At a Press conference after sending off Suharto and his delegation at the airport here, Dr Mahathir said several matters in the bilateral, regional and international scenes were agreed upon between him and the Indonesian President.

Suharto, his wife Ibu Tien, five Ministers and senior officials arrived here on Friday for a three-day working visit.

On the overlapping claims over the Ligitan and Sipadan islands, Dr Mahathir said both of them agreed it was not a big issue and therefore should not be blown out of proportion.

Asked to elaborate, he said talks on the matter would be based on (concrete) principles supported by relevant documents. He said differences of this nature were common with neighbours.

On the proposed East Asia Economic Caucus (EAEC), he said there was no disagreement between him and Suharto. Both agreed to wait for the paper on the matter to be prepared by

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Asean secretary-general Datuk Ajit Singh.

The paper will be presented at next week's Asean ministerial meeting in Singapore. It will outline several alternatives on the operational structure of the EAEC.

Dr Mahathir said Indonesia was supportive of the EAEC and that both countries would look into its actual operational structure.

Asked whether he was agreeable to the proposal that the EAEC be linked to a framework such as that of Asia-Pacific Economic Cooperation (Apec) he said it was debatable.

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For instance, he said, the North American Free Trade Area (Nafta) functioned without any framework and there was no reason why the proposed caucus should also not be able to do likewise.

He said Malaysia did not really object to having the EAEC linked to Apec but it would want to study the effectiveness of such an arrangement. "We are willing to listen," he said.

On the offer of Indonesian-made aircraft, he said they suited Malaysian requirements but had to be considered on normal financial basis. Malaysia is considering replacing the Royal Malaysian Air Force light transport aircraft, the Caribou.

Asked whether he would

reconsider his decision not to attend the Apec summit in Seattle proposed by US President Bill Clinton, Dr Mahathir said he would not change his stand.

Asked what Suharto's views were on the subject, he said the Indonesian President made no commitment that he would attend and that he would consult Asean leaders on the matter.

He said Suharto was concerned about China's feelings especially if Taiwan was represented at the proposed summit.

Dr Mahathir also briefed Suharto on his recent visit to China, saying that South-east Asia must learn to live with China's rapid transformation into a strong economic force.

He said the Malaysian private sector was investing in China but Indonesia's effort to further liberalise its economy could attract investors to that country.

Malaysian businessmen would invest in areas where the returns on their investments were quick, he said, adding that China and Vietnam offered them that possibility.

In return Suharto briefed Dr Mahathir on the outcome of his meeting with leaders at the Group of Seven summit in Tokyo recently.

Asked to comment on the progress of the growth triangle involving the northern part of Peninsular Malaysia, southern Thailand and Sumatra, Dr Mahathir said discussions would continue to co-ordinate its implementation effectively.

He said there was potential to promote tourism, agriculture and industry.

He denied that Malaysia was downgrading the southern growth triangle involving Malaysia, Singapore and Indonesia in favour of the new arrangement.

fruitful, says PM
Jakarta