

CNS7252

R GE 02-02 00192 EB595

aae

Mahathir-Philippines (News Focus)

POLITICS MAKES WAY FOR ECONOMICS IN KL-MANILA DIPLOMACY

From Azman Ujang 94 94

(P) MAHATHIR

MANILA, Feb 2 (Bernama) -- The pull factor of business in a region of booming economy is breaking the ice which has for decades been chilling diplomatic relations between Malaysia and the Philippines.

It was Philippine President Fidel Ramos who broke the diplomatic ice by visiting Kuala Lumpur a year ago.

And when Malaysian Prime Minister Datuk Seri Dr Mahathir Mohamad <sup>over seas trip</sup> arrives here tomorrow for a four-day official visit, what many consider as the "weakest link" in bilateral relations among the six members of the Association of South East Asian Nations (Asean) would have been removed.

Kuala Lumpur-Manila ties have been strained for the past 30 years because of the Philippines' territorial claim on Sabah, making this one of the sore-thumbs sticking out in inter-Asean relations.

This has led to minimum official direct contacts at the highest level between the two governments, although their ministers meet each other at Asean conferences and their heads of government at summit meetings. -- more

AU JK

▼02/02/20-06MST

R GE 02-02 00224 EB596

aae

Mahathir-Philippines 2 Manila

For a long time, Malaysia's stand has been that it is difficult to normalise relations until the claim is dropped, and because it was started by Manila, it should be the one to drop it.

But the scenario is changing as fast as the region's economic growth rates are rising, with Dr Mahathir's visit seen as another move by Malaysia to put the issue in the diplomatic back-burner as politics makes way for economics.

Dr Mahathir's visit, like the one by Ramos to Malaysia in January last year, opens up a new era of bilateral relations, driven less by governments than by the private sectors of both countries to expand trade and investment opportunities.

Dr Mahathir said recently that the Malaysian government would not let the Sabah claim stand in the way of constructive trade and economic links with Manila.

"As we realise that it is not the government but various interests in the Philippines which are creating this problem, we feel that it is not worthwhile for us to take it out on the government," the prime minister said in response to a question from a Filipino participant at an international conference on trade and investment in Kuala Lumpur in November. -- more

AU JK

▼02/02/20-08MST

aae

Mahathir-Philippines 3 Manila

"That is why we are actively encouraging our businessmen to go to the Philippines and we are going to trade more with them. We don't want to bother ourselves with this problem anymore," he said.

Bilateral realations were now on the best footing ever, said Rastam Mohamed Isa, Southeast Asia Division Secretary of the Foreign Ministry in a briefing to reporters covering Dr Mahathir's visit in Kuala Lumpur over the weekend.

Dr Mahathir is the first Malaysian prime minister to make a bilateral visit to the Philippines since Tunku Abdul Rahman did so way back in 1960.

When Ramos visited Kuala Lumpur in January last year, a Joint Commission was set up and since then both contries have agreed to forge cooperation in fisheries, combat piracy, drug trafficking and gun-running in their border seas.

But it is the corporate field that promises the most exciting prospects to expand and improve ties between the two countries. -- more

AU JK

▼02/02/20-10MST

ae

Mahathir-Philippines 4 (last) Manila

Like in most of his foreign visits, Dr Mahathir is taking along a group of leading businessmen who are expected to sign at least five memoranda of understanding to set up joint ventures with their Filipino partners.

Trade between the two countries totalled RM1.3 billion last year with Malaysia enjoying a two to one surplus.

Malaysian investments have poured into the Philippines in the last few years, including to the Subic Bay, the former U.S naval base now being developed into an industrial centre.

According to Philippine Ambassador to Malaysia Alberto A. Encomienda, about US\$100 million (RM270 million) worth of investments are expected from Malaysia in the Subic Bay alone, which Dr Mahathir will visit during his stay here. The Malaysian investors include the Genting Grop, Hong Leong Group, Malaysia Mining Corporation and Metroplex.

Another company, Uniphoenix Bhd, plans to build a RM2.6 billion 1,000 megawatt plant to address the acute power shortage in the Philippines.

One of the Philippines' largest companies, the Ayala group, is also looking at business opportunities in Malaysia with investments estimated at RM30 million. -- Bernama

AU JK