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Fighting the crisis together

WILL Singapore's decision to work with Malaysia on financial assistance and a water agreement jeopardise the republic's relations with the US? A Malaysian may frown at the fact that such a question is being asked at all and wonder why that should be the case. But Prime Minister Goh Chok Tong was actually asked, in the Singapore Parliament on Monday, if the latest rift-mending meeting between him and Prime Minister Datuk Seri Dr Mahathir Mohamad would, effectively, rile the Americans. He was queried as to whether or not Singapore's decision would "jeopardise the Republic's relations with the US which may block loans to Malaysia". But, really, why would the US want to block loans to Malaysia?

After months of misunderstanding and disputes that have benefited no one, most Malaysians and Singaporeans must be pleased with how things are turning out between their governments. Since Dr Mahathir and Goh met at the KL International Airport last month, the derailed bilateral ties have been back on track. But the train shall have to move slowly and cautiously. Not too long ago, after Indonesian President B.J. Habibie accused the Republic of not being too forthcoming in helping a friend in need, many Malaysians were tempted to believe that Singapore was actually trying to profit from Malaysia and its neighbours' troubles. Now the two governments appear to be working hard at mending the rift. Singapore will help Malaysia raise funds to help finance its economic recovery while Malaysia will make it possible for the Singaporean leaders to sleep in peace at night with a water deal that will probably run well beyond the current 2061 deadline. This definitely sounds like a potentially win-win situation, so how does the US fit into the picture?

Since both sides are slowly warming up to each other, this may not be a bad time for the Malaysian authorities to obtain some clarification on what was being asked of Goh in Parliament. We should be especially concerned about the suggestion that the US may block loans to Malaysia. Of course, we shall not question why the Members of Parliament in Singapore are concerned about whether the rift-mending gestures displayed by Dr Mahathir and Goh might jeopardise the Republic's relations with the US. Trade with and investments from the US are important for both Singapore and Malaysia. In its effort to revive the economy, Malaysia needs US investments and trade more than ever before. Trade with the US last year reached RM78.2 billion with export receipts for Malaysia totalling RM41.13 billion. Except for a slight decline in 1996, US-Malaysia trade has been on an uptrend. Trade has grown tremendously; in 1990 total two-way trade was a mere RM26.78 billion. In terms of investment, American investors have been given the green light to pump RM5.9 billion into Malaysia between January and September this year.

It would be most unfortunate if the US turns into a spectre of doom instead of the important partner that it is in the context of bilateral relations between countries in the region, in particular the Association of South East Asian Nations (Asean). The US and the other industrialised countries in the Group of Seven have a critical role to play out in order to ensure that the Asian crises do not become a full-blown global problem. For Asean, its relevance lies on the efforts of individual members - at bilateral and multilateral levels - to mend ties and enhance cooperation. Singapore and Malaysia have the opportunity to lead the way. If both can agree on something tangible and substantive before the Asean leaders'

summit in Hanoi next month, it will have a positive impact on the association.

In this regard, Goh's response to the query about Singapore's ties with the US is encouraging. He made it quite clear to his Parliament as well as to Malaysians and Americans that he did not know how the US would react, "but here we must take into account our own national interest and our interest in helping the Malaysians". Malaysia would have done the same for Singapore.

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