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Joint move to restore investor confidence (HL)

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KUALA LUMPUR, Mon. - Malaysia and Singapore have expressed concern over the situation in Indonesia where riots have occurred in protest against rising food prices.

Prime Minister Datuk Seri Dr Mahathir Mohamad and his visiting Singapore counterpart Goh Chok Tong will voice their concerns in a communique to be issued tomorrow.

The two leaders met privately before a meeting of delegations of the two countries at the Prime Minister's Department.

Briefing the Press later, Foreign Minister Datuk Seri Abdullah Ahmad Badawi said the two leaders agreed that both countries should work together to restore investor confidence in the region.

Abdullah said both leaders also affirmed that "past irritants and pin-pricks" were now over and agreed on a mechanism to seek immediate solution to problems affecting Malaysia-Singapore relations.

"The relations are back to normal just like before the problems started," Abdullah said.

Ties were strained between the two countries last year after remarks by Singapore Senior Minister Lee Kuan Yew.

Lee who had described Johor as "notorious for shootings, muggings and car-jackings", subsequently apologised.

Goh, who arrived this morning for a two-day working visit, is leading a 16-member delegation to Malaysia.

He is accompanied by his wife, Tan Choo Leng, Foreign Minister Prof S. Jayakumar and senior officials from the Prime Minister's Office and Foreign Ministry.

Goh and his delegation were received on arrival at the Sultan Abdul Aziz Shah International Airport in Subang by Dr Mahathir.

Asked to elaborate on the mechanism to solve future problems, Abdullah said the meeting agreed that all minor "irritants and pin-pricks" should be solved at the officials' or the ministerial level before they worsened.

"There is no need for the leaders to meet to solve minor problems," he said.

Abdullah said the leaders emphasised the need for regular consultations between relevant ministries to iron out problems quickly.

"Because of our past problems, many important meetings were put off. This should not be the case," he said.

Both sides agreed to intensify relations for mutual benefit in line with the "prosper-thy-neighbour" spirit.

"There is a certain air of bullishness," he said of the leaders' meeting which touched on key bilateral and regional issues.

Abdullah said Dr Mahathir and Goh, among others, discussed the overlapping claims on Pulau Batu Putih, an island off Johor which Singapore calls Pedra Branca, the new water agreement, the development of land in Singapore belonging to Keretapi Tanah Melayu Berhad, and tourism.

Singapore sources most of its water from neighbouring Johor under an agreement which expires in 2061.

Diplomats say that Singapore wants to re-negotiate a new water agreement now but Malaysia feels it should be made closer to its expiry.

"The issue of water supply to Singapore is important to both of us.

"There is no secret that Singapore hopes for a certain guarantee on the continued supply of water," said Abdullah.

"We will have to discuss this. The leaders should be able to make some kind of policy decision by tomorrow.

"This decision will give us some kind of new direction which will help us in our discussions on this issue," Abdullah said.

In describing today's meeting as "very positive," he said the two leaders also discussed the depreciation of regional currencies and agreed that details of their discussions would be released through a communique tomorrow.

Later when approached by reporters after visiting Petronas Twin Towers at the Kuala Lumpur City Centre, the Singapore Prime Minister expressed similar sentiments on the improved relations between the two countries.

"I think we are now on the right track to achieve better ties. Certainly, the ties today are much better than last year," Goh said.

He said there were some unresolved issues "but the important thing is, we are making progress".

On Indonesia, Goh said it was a bit worrying.

He said Indonesians would find it tough to import goods due to the depreciating rupiah, and that "one can expect social unrest" because of this.

Goh said he discussed the issue of water supply to Singapore with Dr Mahathir.

"Dr Mahathir said he would agree to give Singapore water beyond 2061, on certain conditions to be agreed upon, so we've got to negotiate the terms and conditions," he said.

Goh leaves for Malacca tomorrow before returning to Singapore by road.

Before the start of the delegation meeting, Goh presented Dr Mahathir with a picture of the Prime Minister taken at a reception of the Alumni Medical Centre in Singapore on Jan 1, 1982.

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