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S'pore offer may involve GSIC forays (HL)

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SINGAPORE'S offer to help Malaysia raise funds to finance its economic recovery efforts may involve investments by the Government of Singapore Investment Corporation (GSIC).

Top Singapore banks may also play a major part by arranging loan syndications, sources said after a meeting of the two countries' prime ministers in Kuala Lumpur yesterday.

No official statement was issued on the matter but the sources said a draft document on Singapore's long-term water requirement handed to Malaysia during the meeting was expected to figure in the discussions.

Both Singapore Prime Minister Goh Chok Tong and Malaysian Foreign Minister Datuk Seri Abdullah Ahmad Badawi, who spoke to reporters separately after the meeting, made references to the draft document on Singapore's long-term water requirements stretching beyond 2061.

The draft document is seen as a step forward in terms of improving bilateral relations through settlement of outstanding bilateral issues as well as for the expeditious fulfilment of Malaysia's funding requirements.

"At least we have a draft now," Abdullah said, adding that detailed negotiations would be conducted at the officials' level.

Earlier, coming out of the meeting, Goh said Singapore was not talking about something short term as far as water supply is concerned. Rather, it is seeking a pact that extends beyond 2061 when the present water agreement between the two countries expires.

Also participating in the bilateral meeting were senior GSIC financial officials and Bank Negara Malaysia deputy governor Datuk Dr Zeti Akhtar Aziz.

Singapore obtains much of its water supply from Johor under a long-term agreement between the two countries. The agreement had featured in recent spats between the two countries.

Singapore had consistently sought an assurance from Malaysia on water supply beyond 2061 to avoid any risk of changes in stance towards the republic by future Malaysian leaders.

Goh recently assured Singaporeans that the country's offer to assist Malaysia's fund raising exercise was not based solely on goodwill as the Singapore Government would also look into the city state's long-term interests.

Malaysia is exploring the possibility of raising funds in Singapore to help it finance its economic recovery efforts.

Goh described the meeting as cordial, saying there was now a convergence of views between Prime Minister Datuk Seri Dr Mahathir Mohamad and him, which serves to clear the way for the two countries' officials to enter into detailed discussions.

Yesterday's meeting followed the one held in Kuala Lumpur last month where the initiatives, first discussed by the two leaders in February, were re-examined.

It is understood that progress has also been achieved with regard to several other outstanding issues, including the repatriation of peninsular Malaysians' savings in the republic's Central Provident Fund (CPF).

While details remain sketchy, it is believed that Singapore will release the savings in stages, with Malaysia accepting the explanation that sudden withdrawals of large amounts of deposits would have a negative impact on the CPF.

Meanwhile, no timeframe appears to have been set for the discussions but Abdullah said the two leaders agreed that it was imperative for the officials to firm up the negotiations quickly.

Other forms of bilateral cooperation were also raised at the meeting, including programmes involving third countries, particularly Latin American nations.

On the Asia Pacific Economic Cooperation forum itself, they agreed that the regional financial crisis should be discussed thoroughly, with Goh noting that finding a solution to the turmoil was more important than achieving consensus on the Early Voluntary Sectoral Liberalisation (EVSL) scheme.

The EVSL had dominated last week's senior officials and ministerial meetings.