

17 FEB 1998

LEAD Mahathir-Goh

NEW DIMENSION IN MALAYSIA-SINGAPORE TIES

KUALA LUMPUR, Feb 17 (Bernama) -- Signalling a new dimension in their sometimes prickly ties, Malaysia and Singapore moved forward on several long-standing bilateral issues following talks between Datuk Seri Dr Mahathir Mohamad and his Singapore counterpart Goh Chok Tong here.

A joint communique issued by the Foreign Ministry to wrap up Goh's 48-hour working visit here today said the agreements reached between the two prime ministers have laid a "firm foundation" for both countries to cooperate closely in the new millennium.

The two leaders also agreed that Malaysia and Singapore would intensify efforts to cooperate in banking and finance and work together with their Asean partners to restore stability to regional currencies.

Officials from both sides will study Malaysia's proposal of using regional currencies and other options to finance intra-Asean trade.

Malaysia announced that it agreed to continue supplying water to Singapore beyond 2061 upon the expiry of existing agreements signed in 1961 and 1962. This undertaking would be confirmed in an agreement in 60 days.

Met by reporters after accompanying Goh on a tour of the All-Asia Broadcast Centre (Astro) prior to his departure, Dr Mahathir said: "What we have done is to give an undertaking that we will not cut off water supply or terminate in any way. We'll continue to supply water."

Asked whether the new time-frame for the supply had been set, Dr Mahathir said the decision could not be made now as the "situation prevailing at that time is something that we do not know."

"So we cannot make a decision now which will commit the future government... so I think PM Goh has understood our position," said Dr Mahathir who drove Goh in a Proton Putra to Astro.

Asked what was Singapore's response on the matter, Dr Mahathir said there was some suggestion that both countries enter into an agreement now.

On Singapore's request for additional water supply, Dr Mahathir said a study was being done, taking into consideration Malaysia's own future requirement.

Malaysia supplies 214 million litres of raw water daily to the island republic and buys back treated water from Singapore-owned plants in Johor.

The communique said the two countries would also restart negotiations to finalise a special agreement to refer their overlapping claim on Pulau Batu Puteh to the International Court of Justice (ICJ).

Negotiations over the islet off Johor, otherwise called Pedra Branca by Singapore, have been going on for the past two years.

Malaysia and Singapore also agreed to resolve outstanding differences relating to a 1990 pact on the land owned by Malaysian railway company, Keretapi Tanah Melayu Berhad (KTM Bhd) in Tanjung Pagar in Singapore.

The agreement was sealed between then Finance Minister Tun Daim Zainuddin and then Singapore Prime Minister Lee Kuan Yew to develop the KTM Bhd land.

Dr Mahathir and Goh agreed that they should work towards realising the full potential in the relations between the two countries based on the principle of "prosper thy neighbour" in recognition of the unique and special relationship between the two countries.

They also recognised that the regional financial crisis had further underscored the need for both countries to cooperate closely in all possible areas.

The two countries also welcome investments from each other with Singapore expressing full confidence in Malaysia's economic prospects.

"In this respect, the two Prime Ministers highlighted the value of cross-holdings in infrastructure and other economic sectors to make both countries stakeholders in each other's prosperity and long-term economic future," said the communique.

They welcome the establishment of a Malaysia-Singapore Business Council by the private sector to enhance trade and investment as well as to strengthen economic and business synergies amongst their respective business entities.

Both sides also agreed to intensify bilateral cooperation in tourism including manpower training.

Bilateral ties were strained last year following remarks by Lee Kuan Yew, now Singapore Senior Minister, about crime in Johor. Lee subsequently apologised.

Yesterday, Foreign Minister Datuk Seri Abdullah Ahmad Badawi said there was a "sense of bullishness" that Malaysia and Singapore would work together to intensify the relations.

"What needs to be done is ensuring we do not have interruptions or do any more strain in relations because of irritants and pinpricks now and then," he said when briefing reporters after Dr Mahathir and Goh's meeting.

-- BERNAMA

RAZ/MAM TCL RM