

18/02/1998

Resolving issues with Singapore (HL)

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KUALA LUMPUR, Tues. - Malaysia and Singapore have agreed to resume negotiations to resolve several outstanding issues which have dogged relations for years.

The Prime Ministers of both countries, who met yesterday, agreed "in a spirit of goodwill and understanding" that Malaysia and Singapore would co-operate for mutual benefit.

One of the issues which will be looked into is the status of the Malayan Railway land in Singapore.

A joint communique issued today said both Governments had agreed to intensify efforts to resolve outstanding matters relating to the Points of Agreement on Malayan Railway land in Singapore.

The interpretation of the agreement is currently in dispute. The agreement was reached in 1990 between the then Finance Minister Tun Daim Zainuddin and the then Singapore Prime Minister Lee Kuan Yew, who is now a Senior Minister in Singapore Prime Minister Goh Chok Tong's Cabinet.

Singapore felt that the land at Bukit Timah, where the old railway station was situated, should be returned once the station was relocated at Woodlands.

The communique said two other issues which would be discussed were the supply of water to Singapore and the referral of the overlapping claims on Pulau Batu Puteh to the International Court of Justice (Please see story on Page 3).

On the supply of water, the communique said Malaysia had agreed to continue supplying water to Singapore beyond the expiry of the 1961 agreement in 2011, and the 1962 agreement in 2061, as well as the 1990 agreement on the same subject.

The continued supply will be on terms and conditions to be mutually agreed on between the two governments. The undertaking will be confirmed in an agreement within 60 days.

However, the negotiations would only begin closer to the expiry date, said Prime Minister Datuk Seri Dr Mahathir Mohamad today.

Although Singapore wanted to start negotiations immediately, he said this was not possible because Malaysia had to consider various changes that would take place by 2061.

"We cannot commit the future Government," Dr Mahathir told reporters after accompanying Goh for a brief visit to All Asia Satellite Broadcast Centre (Astro).

Yesterday, the two leaders met privately before a meeting of the delegations of the two countries.

Dr Mahathir said the Government was in no position to renegotiate the water agreement at the moment because it could not forecast the situation in 2061.

"There will be changes in terms of costs, price, exchange rates and so on," he said.

Asked about Singapore's response to the matter, Dr Mahathir said there was a suggestion that both countries enter into an agreement without delay.

"But we are not competent to do that, so I think Prime Minister Goh has understood our position," he said.

Dr Mahathir said water came under the purview of the State Government and not the Federal Government.

"But I have made a commitment (to supply water to Singapore beyond 2061) even before getting the State to agree. That is why we require 60 days in order to formalise it," he added.

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

Under the present agreement, Singapore draws about 1.527 billion litres of untreated water daily at three sen per 4,540 litres.

The communique also said the two countries agreed to co-operate with one another and their Asean partners to restore stability to regional currencies.

Officials of both countries will study the proposal of using regional currencies and other options to finance intra-Asean trade.

The proposal to fall back on their own currencies in light of the stronger US dollar and economic downturn was floated at the second Asean informal summit held here last year.

"Both Governments will intensify efforts to co-operate in the areas of banking and finance," the communique said.

It said the two leaders also recognised that the regional financial crisis had further underscored the need for both countries to co-operate closely in all possible areas.

Asean countries have held intensive discussions to step up intra-Asean trade using their own currencies following their depreciation against the US dollar.

In the communique, Singapore expressed full confidence in Malaysia's economic prospects and said it would encourage its private sector to invest in Malaysia and vice versa.

"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," it said.

Both Governments also welcomed the establishment of the Malaysia-Singapore Business Council by the private sector to enhance trade and investment between the two countries.

Dr Mahathir said from the discussions with Goh, the two countries had decided to "reactivate easy communication" between the ministries and departments to resolve problems.

"But if they can't resolve it at the officials' level, of course we'll take it up at our level," he said.

On Singapore's investments in Malaysia, Dr Mahathir said they were much welcomed and encouraged.

On the situation in Indonesia, both leaders noted that whatever happened in Indonesia would have repercussions in the whole region.

"Not that we are in any way trying to interfere in their internal affairs," he said.

Goh, accompanied by his wife Tan Choo Leng and an 18-member delegation, was on the last day of a two-day working visit here.

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