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Singapore-Malaysia

SINGAPORE AND MALAYSIA NEGOTIATING FINANCIAL ASSISTANCE

By: Tham Choy Lin

SINGAPORE, Nov 23 (Bernama) -- Singapore's financial assistance to Malaysia to tide over the present economic difficulty will either be a direct loan, bond purchase from Malaysia or a guarantee, Prime Minister Goh Chok Tong told Parliament today.

The financial assistance is separate from the issue of Malaysian immigration operating in the Tanjong Pagar railway station here, he said.

Goh said he and his Malaysian counterpart Datuk Seri Dr Mahathir Mohamad had agreed to defer discussions on the immigration issue to a later date.

"The exact nature of the assistance to be given to Malaysia on the financial side is being discussed. It can be a direct loan from the Singapore government, it can be the Singapore government buying bonds from Malaysia, it can be a guarantee," he said.

He said officials from both sides were now negotiating two agreements linked to the financial assistance, one on the loan to Malaysia and the other, on a new water supply agreement for Singapore in return.

Goh was also asked if Singapore's help to Malaysia would jeopardise the republic's relations with the United States which was unhappy with Malaysia and was trying to block loans to Malaysia because it is not among countries backed by the International Monetary Fund (IMF) in the current economic slowdown.

"I do not know how US will react on this particular issue but here, we take into account our own national interest and our interest in helping the Malaysians.

"I myself do not expect the US to object to our assistance to Malaysia in this particular case because we are getting something in return which is of tremendous importance to us in the longer term," said Goh.

Goh described the loan and water proposals as "win-win" because Singapore would raise funds for Malaysia "on very favourable terms" while in turn, Singapore's long term supply of water would be secured with the new agreement.

He also said at Malaysia's request, Singapore had submitted a draft on the water agreement to Malaysia on Nov 14 and following this, Malaysia had sent a draft on the loan agreement to Singapore on Nov 20.

Both sides have yet to disclose the quantum of the funds which were discussed between Goh and Dr Mahathir in Kuala Lumpur on Nov 5 when the two leaders resumed talks after several months of strained bilateral ties.

Goh said it was premature to go into details as officials from both sides were still negotiating.

"But as they are major agreements between two states, they will be tabled before our respective Parliament for approval after Dr Mahathir and I have signed them. However, I must caution that negotiation is still in progress and we cannot assume yet that we will reach agreement on the details," he said.

Goh said water from Malaysia was also a cheaper alternative than desalination.

On his meeting with Dr Mahathir, he said it represented a change in attitude on both sides towards restoring and improving bilateral ties.

There was now a greater chance for such improvements to be sustained especially if the two countries conclude the loan and water agreements, he said.

Asked if the Singapore government would purchase the Tanjong Pagar land if Malaysia was keen to sell, Goh said the land must be put on the open market and he was uncertain if the price fetched would be sufficient to meet Malaysia's needs.

-- BERNAMA

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