

05 JUL 1998

Malaysia - Singapore (News Analysis)

UPS AND DOWNS OF MALAYSIA-SINGAPORE TIES

By: Tham Choy Lin

KUALA LUMPUR, July 5 (Bernama) -- In February this year, Prime Minister Datuk Seri Dr Mahathir Mohamad personally drove his Singapore counterpart Goh Chok Tong to visit a satellite tv station on the outskirts of Kuala Lumpur to wrap up Goh's two-day trip to Malaysia.

In April, the two leaders smilingly shook hands in the middle of the second Malaysia-Singapore crossing as they jointly declared open the two-kilometre long link built by both countries.

But two months down the road, strains are beginning to show, not for the first time, in relations between the two closest of neighbours. Statements from both sides of the Causeway over the past week indicate that all is not well again.

"The barometer reading now is definitely lower compared to the time of the visit," said a senior Malaysian official.

The friction this time is over the dilemma faced by the Malaysian customs and immigration checkpoint at the Tanjung Pagar train station in Singapore and the long-standing issue of Singapore's refusal to allow Malaysians from the Peninsula working in the republic to unconditionally bring home their Central Provident Fund (CPF) savings while those from Sabah and Sarawak are allowed to do so.

It again raises the ups and downs of ties between the two countries that have seen a lot of water flowing under the proverbial bridge since Singapore's separation from Malaysia in 1965.

The CPF issue besetting an estimated 50,000 Malaysians with total savings of S\$1 billion (S\$1=RM2.40) has drawn the attention of Dr Mahathir.

The Prime Minister said on Thursday he was puzzled at why Singapore has two sets of rules for Malaysians who want to withdraw their CPF funds and treating Sabah and Sarawak as separate from the rest of Malaysia.

Human Resources Minister Datuk Lim Ah Lek said there should not be any discrimination and he would make a formal appeal to his Singapore counterpart on the CPF which allows other nationals to withdraw their savings when they quit their jobs and leave Singapore.

Lim was responding to a statement on Monday by Singapore Manpower Minister Dr Lee Boon Yang informing the Singapore Parliament that the CPF issue and the republic's long-term water supply could be sorted out "in the context of a wider cooperation" between the two countries.

An observer said: "By linking the issue of CPF withdrawal to a new water agreement, Singapore's position actually tantamounts to holding Malaysian workers' money to ransom in return for additional water.

"If Singapore is indeed serious in showing its sincerity, it should release the workers' deposits especially now when they are facing economic hardship."

Singapore, one of the world's most prosperous nations but which largely depends on Malaysia for water, not only wants to extend its existing water pacts beyond the year 2061 but wants more, too.

Following the February talks between the two premiers here, Malaysia agreed to continue supplying water to Singapore beyond 2061, an undertaking that was supposed to be confirmed in a agreement within 60 days.

This 60-day period has since lapsed but the agreement has not been signed.

The agreement is also believed to be held up in the light of the water crisis which Malaysia is facing in a number of areas, especially in the

Klang Valley, the country's highest population density belt.

While the fate of the CPF savings remains in limbo, a flurry of meetings between Malaysian and Singaporean officials can be expected in the coming weeks over the future of the Malaysian customs and immigration checkpoint in Tanjung Pagar.

Singapore Foreign Minister S. Jayakumar said that Singapore will on Aug 1, move its Customs, Immigration and Quarantine (CIQ) facilities from the Tanjung Pagar train station owned by Malaysia's KTM Berhad south of the island to Woodlands, in the north, and the entry point into Singapore from Malaysia via the Causeway.

Jayakumar also said that as a result, Malaysia's CIQ too will cease to operate from Tanjung Pagar the same day.

He said Malaysia had been informed of Singapore's intention to move the CIQ to Woodlands as early as 1989 and in September 1993, Malaysia too had agreed to move its facilities there but changed its mind in June 1997.

The Tanjung Pagar station had been in existence for more than 50 years, harking back to the time the rail service began in 1924 in then Malaya.

This latest hiccup will test the new depth of Malaysia-Singapore ties that was seen to be bullish once more following Goh's visit to Kuala Lumpur.

It was reinforced by Dr Mahathir during the opening of the Second Link, the Prime Minister said that frequent consultations on ways to resolve the economic turmoil had made Malaysia and Singapore more aware of the sensitivity and problems faced by the two nations.

Likening Malaysia-Singapore ties as that of a husband and wife, Dr Mahathir said in jest: "Usually we have problems with someone near to us, not those far way... like husband and wife."

Will the latest spat see another estrangement?

Bilateral ties took a dip in March last year when Singapore prime minister turned senior minister Lee Kuan Yew described Johor as a place "notorious for shootings, muggings and car jackings" for which he subsequently apologised and it was accepted by Malaysia.

Before that, Lee had also drawn the ire of the Malaysian government in June 1996 when he said that Malaysia did not practise meritocracy when he spoke of the possibility of a Singapore-Malaysia merger.

In the current economic crisis, Singapore has not exactly endeared itself to her neighbours when its banks increased their interest rates on foreign deposits to more than 20 per cent, attracting an outflow of funds from those countries when they are badly needed at home.

For Malaysia, this also meant that the billions of ringgit "parked" in Singapore before the onset of the crisis were staying put.

-- BERNAMA

TCL sj rn