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Mahathir-Singapore

DR MAHATHIR CONFIDENT THAT PROBLEMS WITH S'PORE WILL BE RESOLVED

By: Yong Soo Heong

DAVOS, Jan 30 (Bernama) -- Prime Minister Datuk Seri Mahathir Mohamad said he is confident that the so-called "problems" between Malaysia and Singapore will be resolved to the mutual benefit of both countries in time to come.

The two countries were now working on those "problems", he said at a "Question & Answer" session after delivering a luncheon address, here, Friday.

Singapore Senior Minister Lee Kuan Yew called on Dr Mahathir in the morning. Both leaders are here to attend the annual meeting of the World Economic Forum (WEF).

When asked what transpired at the meeting which lasted more than an hour, Dr Mahathir said they did not discuss the "problems" between the two countries.

He said: "It was a meeting between two old friends. We talked about Malaysia, about the region and other things. But we did not discuss the so-called Malaysia and Singapore problems."

No mention was made on the "problems" but they are believed to concern issues like the location of the Malaysian Customs, Immigration and Quarantine (CIQ) complex in Singapore, the supply of water to Singapore, the construction of a new bridge to Singapore and the Central Limit Order Book (Clob) International trading operations in the republic.

Dr Mahathir was also asked about the current "high-profile judicial activity" in Malaysia and whether it would affect financial activity and investment interest.

"It may, it may not," he said, adding that the case seemed to be receiving "a little more interest." He did not specify which case, nor the people concerned.

Dr Mahathir said that just because someone was in high position, it did not exempt him from the workings of the law because Malaysia was a democracy which adhered to the rule of law.

He said that even if the case might affect the country's image, the process of the law must go on.

"We can't say that since this is going to affect the economy, we do not have this thing. That would not be fair to others," he said, adding that over time, the case would be resolved.

"We are quite patient people. It takes time to develop a country and any country must go through some crisis," he said.

He said Malaysia had experienced crisis before and had succeeded in overcoming two.

"We will overcome this one," he added.

The prime minister was also asked about the progress of the Multimedia Super Corridor (MSC), a zone south of Kuala Lumpur being developed as a hub for multimedia products and services.

He said the project was proceeding smoothly despite the currency crisis and the government had not reduced the allocation for the MSC's development.

On the government's commitment to making the country a centre of excellence for education, he admitted that the currency crisis had affected funding for certain joint-venture educational projects involving government institutions.

However, the funding would resume once the currency crisis had been

overcome, he said.

On a brighter note, he said the number of foreign students in Malaysia had increased.

Dr Mahathir was also asked on the proposed "pay as you earn" (PAYE) taxation system to be implemented next year and the moratorium on 1999 taxes.

He said it would appear that no taxes would be collected this year.

But he explained that the current taxation system was based on collecting taxes from the previous year's income and this meant that this year's tax collection would be based on the 1998 income.

But from next year, it would be based on the PAYE system

"It seems we are not collecting in 1999 but as you know, governments never miss out on taxes," he said.

On Asean, he said most member countries still believed very strongly in the regional grouping although the currency crisis had impacted on them.

"The spirit of Asean is still very much there," he said, adding that when the grouping's members eventually come out of the crisis "we will become stronger."

Asean, he said, would soon have 10 members with the entry of Cambodia.

Dr Mahathir, when asked how the currency crisis had affected Malaysia, said it had somewhat had an impact on its food and luxury goods imports as well as the affordability of Malaysians to travel abroad.

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