

31/01/1999

`Problems with Singapore will be resolved'

Hardev Kaur in Davos

PRIME Minister Datuk Seri Dr Mahathir Mohamad said yesterday he was confident that the problems between Malaysia and Singapore would be resolved to the benefit of both countries.

In reply to a question following his luncheon address, he described the meeting with Singapore's Senior Minister Lee Kuan Yew earlier in the day as one "between two old friends".

Dr Mahathir said: "We did not talk about our problems, we talked about Malaysia, about the region and other things."

The Prime Minister said he believed that the "problems" between the two countries could be resolved and would be mutually beneficial to both parties. "We are confident of this," he added.

Both leaders are here to attend the World Economic Forum. While the Prime Minister did not mention the "problems", a number of issues have been highlighted in recent months.

These include the location of the Malaysian Immigration, Customs and Quarantine complex in Singapore, the supply of water to Singapore from Malaysia, the construction of a new bridge to Singapore and the Central Limit Order Book International trading operations in Singapore.

Asked whether the foreign capital and investment flows will be affected by the "high-profile judicial activity", Dr Mahathir replied: "It may or it may not."

The Prime Minister said the case seemed to receive "a little more interest". Neither the questioner nor Dr Mahathir mentioned the case nor the people on trial by name.

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

Dr Mahathir said 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."

Over time, he added, the case would be resolved. "We are quite patient people. It takes time to develop a country and any country must go through some crises," he said, adding that Malaysia had experienced crises before and had succeeded in overcoming two. "We will overcome this one," he said.

The Prime Minister was also asked about the progress of the Multimedia Super Corridor. He said the project was proceeding smoothly despite the currency crisis.

"The priorities for the MSC continue to be uppermost. We have not cut back and development is on track," he said, adding that work on the cybercity was progressing and on schedule.

"Similarly interest shown by international companies is still there with 94 companies being given MSC status.

"Some said they would be coming while others have moved in. We are not going to be delayed very much because of the current situation."

The Prime Minister assured the investor who had moved his operations from Singapore to Malaysia that "you have made the right decision".

Asked how Malaysia would finance its deficit budget with no corporate taxes this year, Dr Mahathir explained that Malaysia's income tax system was based on the income earned in the previous year.

This year's tax collection will be based on last year's earnings.

For next year, the tax collection will not be for income earned this year but for income earned in the year 2000.

To another question, the Prime Minister replied that Malaysia welcomed the setting up of new educational institutions but the country was short of funds due to the crisis.

Even so Malaysia was still confident that it could be the centre of excellence for the region.

(END)