

07/07/2000

Chance to improve KL-Singapore ties

Rose Ismail

SO Singapore's Senior Minister Lee Kuan Yew is coming. Although we have not been told when, a source says he may be in Kuala Lumpur as early as next month.

Apparently, Lee wants to see Putrajaya. He should. Most Malaysians who have been to the well-landscaped Federal administrative centre are proud of what has been accomplished there.

Apart from sightseeing, news reports say Lee is coming to talk to our Prime Minister about growing Islamic resurgence in the region. His fear is that radical or extreme expressions of the religion will be detrimental to countries determined to be moderate and practical in their handling of such matters.

Whatever the reason, it is good that the two men are meeting.

It may even allow for some progress in bilateral talks between the two countries.

Right now, the relationship between Malaysia and Singapore can be characterised as "awkward and uncomfortable".

This is unfortunate, if somewhat inevitable, given the close ties. Like siblings, the two countries have had a love-hate relationship since the beginning.

The rockiness aside, we have needed and will continue to need each other.

Malaysia, Singapore and Indonesia make up Asean's geostrategic core.

Some say that without the core, the evolution of a broad security and economic community in Southeast Asia would be affected. It may even lead to the crumbling of the 10-nation organisation.

Singapore is Malaysia's biggest trading partner in Asean, accounting for RM80 billion in 1999. It also has considerable investments in our country.

Against this backdrop of robust economic interaction, Datuk Seri Dr Mahathir Mohamad and Singapore's Prime Minister Goh Chok Tong met 12 times to discuss a variety of issues in 1997 and 1998.

However, to the worry and consternation of some, there was no meeting (formal or informal) throughout 1999.

Obviously, this aberration has tremendous implications on bilateral relations.

Although officers from both sides met three times in 1999, "there was only talk", lamented one source, "but no movement".

The current gridlock, some say, is caused by failure to compromise over certain intractable issues.

Pulled together into one package, the issues are: the supply of water to Singapore; disagreements over the Points of Agreement (POA); Customs, Immigration and Quarantine (CIQ) status at Tanjong Pagar; the use of Malaysian airspace by the Singapore Air Force; and, Singapore Central Provident Fund (CPF) withdrawals by people from Peninsular Malaysia who had worked in the republic.

Other matters that have affected the relationship between the two countries, include: CLOB (the recently resolved over-the-counter market trading in Malaysian shares through the Central Limit Order Book); relocation of the Malaysian naval base from Woodlands to Johor; Singapore offering higher interest rates for ringgit deposits at the time when Malaysia was hit by currency manipulators; the disparaging remarks often made by Singaporean politicians about Malaysia; as well as the US\$4

billion (RM15.2 billion) loan-for-water arrangement proposed by Singapore when we were at our lowest point during the recession.

To make things worse, the siege mentality, created and perpetuated in Singapore to make the island republic look more vulnerable and fragile than it actually is, has also coloured the perceptions of people living on both sides of the Causeway.

Take water. This will always be an emotional issue for both sides because Singapore leaders, sometimes at the slightest provocation, wave the threat of Malaysia cutting off water supply to the island.

Of course, the intimation serves an important purpose: it hammers into the Singaporean consciousness to save water but it also makes Malaysia look petty and vindictive.

Malaysia, to be sure, has also been goaded time and again into using the same threat but senior politicians from both countries know that this will never happen, that Malaysia is morally obliged to supply the water and that it would keep doing so until the present agreements expire.

However, the issue now is not water per se but the kind of water we are hoping to supply to the island republic. Another source of contention is the amount of water we are able to supply to Singapore.

The reason water is such a fractious issue dates back to agreements made in 1961 and 1962, before Separation.

Based on both, Malaysia supplies Singapore with 350 million gallons daily (mgd) of raw water at an astonishing low cost of three sen per 1,000 gallons. Singapore then sells Johor 30mgd of treated water at 50 sen per 1,000 gallons.

These agreements expire in 2011 and 2061 and Singapore is now hoping to draw up a fresh 100-year agreement with most of the terms and conditions intact. In other words, the island republic wants the 350mgd of raw water it has been getting since 1961 and it also wants the water to come from Johor River which it considers the cleanest in the State.

Singapore is also requesting an additional 400mgd of treated water.

Herein lies the hitch: after 2061, Malaysia is only prepared to sell treated water.

The logic of doing so is obvious. When the original agreements were made, we were not equipped to treat the water ourselves.

Now that we have caught up, technologically speaking, the Johor Water Supply Company is more than able to provide Singapore with treated water.

It seems only fair therefore for Malaysia to finally earn some revenue after years of having to put up with agreements favouring Singapore.

As one source pointed out, based on the original agreements, Singapore has been getting water free from us!

Another acrimonious point is the amount of water that Singapore is expecting under the new agreement.

Based on projections of the island republic's population growth and economic requirements as well as their estimated per capita water consumption, Singapore is asking for 750mgd in 150 years.

Malaysian officials say the arguments used by Singapore in its request for double the supply it gets now does not - excuse the pun - hold water.

Instead, our officials are inclined to believe that the additional water is needed for commercial reasons.

In fact, there have been news reports stating that Singapore is now selling treated water to foreign ships at S\$7 to S\$21 per 1,000 litres.

In response to these reports, a source says: "Malaysia is committed to supplying Singapore with water for domestic consumption but we are not obliged to help the island make money out of it."

The Singapore Government, quite naturally, responds swiftly whenever there are articles in Malaysian newspapers suggesting that the island

republic may be taking us for a ride.

In one letter published in the New Straits Times last July from the Singapore High Commission Press officer, it was stated that the water agreements were not lopsided, that Johor was not obliged to buy the treated water from Singapore and that Johor is buying treated water from Singapore at a significant discount.

Intriguingly enough, around that same time, a letter was sent to Utusan Malaysia stating that Singapore should be paying RM1.09 per 1,000 gallons and not the three sen agreed upon.

Perhaps the Malaysian Government may want to check the veracity of the letter-writer's proposal. He went on to say that calculations made by the Malaysian Water Supply Department indicated - among other things - that maintenance of the catchment areas was not factored into the cost of water that was being supplied to Singapore.

Because of this, he said, Singapore's declaration that it was in fact subsidising the cost of treated water supplied to Johor was not completely true. Besides, he added, treated water from Singapore could only fulfil 18 per cent of Johor's current water needs.

Given these obstacles, one wonders how discussions on water, the most contentious of issues within the package, will continue?

Malaysia's view on the matter is simple, says a source. "We must first look into the needs of our people; then, we need to impress upon Singapore that we can only supply them with treated water and finally, we can only use water from the Sedili River for supply to Singapore."

In addition, the source adds, the supply of water beyond 2061 is also contingent upon other issues in the package being resolved fairly and amicably.