

06/09/2001

## A long-overdue breakthrough

IT IS hoped that the agreement in principle between Malaysia and Singapore to resolve several longstanding bilateral issues will herald a new era in relations between the two countries; one driven by trust and mutual respect as much as common interests and a shared regional economic destiny. That Prime Minister Datuk Seri Dr Mahathir Mohamad and Singapore Senior Minister Lee Kuan Yew had managed to conclude the "deal" on Tuesday in an apparently cordial manner was good to see, given the occasional spats between the two neighbours, directly or indirectly related to the issues, over the years. There was also obviously a lot of give-and-take involved in the "negotiations" between the two leaders, with Lee alleging in jest that Dr Mahathir had "driven me back as far as I can go", and the Prime Minister responding, "I also have been driven back as far as I can go".

Officials from both sides will now be tasked to thrash out the details of a final agreement on the sale of water to Singapore; the matter about the KTM Bhd land at Tanjung Pagar in the republic; the status of the Malaysian Customs, Immigration and Quarantine Facilities; the use of Malaysian airspace by Singapore Air Force; and withdrawal of savings in the Central Provident Fund by Malaysians living in the peninsula. For good measure, the Prime Minister and the Senior Minister even threw in a side deal in the form of an agreement to jointly develop a new bridge and a tunnel for trains to replace the Johor Causeway.

Although no timeframe has been set, the officials are not expected to take too long to produce a draft as Dr Mahathir has said he would like to sign the agreement with Singapore Prime Minister Goh Chok Tong as soon as possible. Indeed, Foreign Minister Datuk Seri Syed Hamid Albar has already announced that Malaysia will hand over to Singapore the land owned by KTM at Tanjong Pagar in exchange for a site of equal value in the republic's Shenton Way area. In addition, Singapore will pay compensation for 12 other parcels of land owned by KTM, the pricing of which will be worked out by the two countries' officials.

The breakthrough accord has come at a time when both countries are feeling the impact of a global economic slowdown. Whether this was a factor in the surprisely quick resolution of the erstwhile prickly issues is open to speculation. Either way, there is no detracting from the significance of the two countries opting for cooperation instead of confrontation. While they are direct competitors on a number of fronts, Malaysia and Singapore also have a whole lot more in common in terms of interests and concerns than either side sometimes cares to admit. Maybe it required the economic challenges of the past months to help them recognise or admit to this reality. Maybe when the times were good, they were too busy pursuing separate business opportunities to realise that the opportunity cost to be paid for not building and capitalising on their relationship can be significant.

Granted that Malaysia and Singapore do many things differently - one tending to be a little laid back and can do with a bit more method, the other methodical to a fault and needs to loosen up sometimes - but they are not so different as to rule out working together more often than now in some fields in the two countries, and elsewhere. If they had done so, perhaps it might not be so urgent for Singapore to seek bilateral free trade agreements (FTA) with Japan and the US, and others, today. According

to its Senior Minister, Singapore needs the FTAs to ensure that Japanese products manufactured in the island, for example, will enjoy a freer entry into the Japanese market. The same applies to the American, and Australian and New Zealand markets, he said. But wouldn't it make more sense to pursue such a strategy jointly, with Malaysia, and also as an Asean-10 initiative?

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