

SINGAPORE-MALAYSIA RELATIONS

Dire Straits

Competition fuels conspiracy theories about Singapore's land reclamation in the Johor Strait

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JUST WHEN YOU THOUGHT Malaysia and Singapore would run out of issues to bicker about, here comes another. The latest spat centres on Singaporean land-reclamation projects that Kuala Lumpur charges will narrow vital shipping lanes that run between the island and Malaysia's Johor state. The row further muddies the waters between the two nations and, moreover, threatens to delay deals on everything from cross-border infrastructure projects to water prices.

And some Malaysians, like Johor Chief Minister Ghani Othman, believe Singapore is proceeding with Machiavellian intent. "It's apparent that the land-reclamation works are aimed at narrowing the shipping lanes to Malaysian ports, which are now threats to the republic's economy," he told reporters in late March. "The rapid developments in Johor over the last few years have made Singapore feel that the state was competing with the republic's economy."

The charges are firmly denied by land-starved Singapore, which notes that Malaysia was invited last month to send its written concerns about the latest reclamation work for official consideration but failed to do so. Singapore insists that the reclamation, which will provide 4,900 hectares of land around Tuas and on Tekong island (see map), is within its waters and in accordance with international law.

It says sea approaches to the growing port of Tanjung Pelepas and to Pasir Gudang port won't be affected. The lane to Pelepas is too far away, while the approach to Pasir Gudang lies in the deep-water channel between Singapore itself and Tekong. Moreover, officials argue, ships going to Singapore's Sembawang Wharves also use this route. The government also rejects Malaysia's charges that the work will degrade water quality in the strait, change the width or depth of navigation channels, affect water flow, cause flooding and harm fishing.

Independent observers say both have some reason for concern. They also stress that the row is symptomatic of the mutual suspicion that has dogged relations between the neighbours since Singapore left the Malaysian federation in 1965.

"Singapore and its PSA are far more upset about competition than they let on," asserts a Western academic, referring to the Port of Singapore Authority. And others say the reclamation will probably have some adverse effects as a result of the changing topography.

But others wonder why Malaysia is only now raising its voice-and so loudly and publicly-when the reclamation has been going on for at least a year. Some see it as a ploy by Prime Minister Mahathir Mohamad to win back support among ethnic Malays.

"Some people think it's possible Mahathir is playing the Singapore card as a diversionary tactic," says Australian political scientist John Funston. "In spite of his strengthened political position post-September 11, it's doubtful he has won back all Malay support, and taking a strong line against Singapore is one of the few issues he can use to unite Malays."

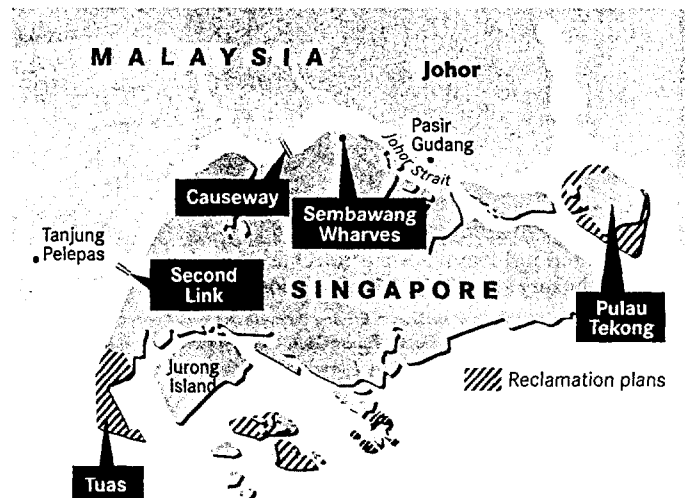
The dispute underscores the impression that historically prickly Singapore-Malaysia relations can't seem to move forward despite the forging in September of a framework aimed at resolving bilateral issues. Events so far this year have dashed the framework's intent, while follow-up talks on the informal understanding between Mahathir and Singapore's Senior Minister Lee Kuan Yew have gone nowhere because the two sides can't agree on the fine print.

That conspiracy theories are taken seriously by some Malaysian officials indicates the fierce nature of competition between the two counties. Humble Pelepas, for example, has its mighty rival across the strait under siege.

On April 3, Taiwanese shipping giant Evergreen Marine announced it would be shifting its operations from Singapore to Pelepas. The defection comes less than two years after the Malaysian port enticed Danish Maersk Sealand, the world's largest shipping line and PSA's biggest customer, to Pelepas. The lure included a 30% stake in the new port and a role as its manager. Malaysia's trump card: Handling costs are 30%-40% lower than in Singapore. The deals could pull 15%-20% of business away from the republic.

"The Maersk matter and the differential cost structure have raised real worries. And the prospect that foreign equity in Malaysian port operations will lift the efficiency of those operations only compounds such worries," says the Western academic, who follows Southeast Asian affairs.

The rivalry threatens to become more sweeping. Johor is seeking to develop itself as an international transit-cargo



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A WESTERN DIPLOMAT

hub to match Singapore and has announced a 7 billion ringgit (\$1.84 billion) plan to upgrade infrastructure, including roads and customs facilities.

The state is also planning road and rail bridges to replace its side of the current road-and-rail causeway, which now makes the strait impassable to through traffic. It will include a navigation channel of up to 25 metres deep that theoretically could enable ships calling at Pelepas to bypass Singapore territorial waters as they travel to Northeast Asia.

Singapore's land reclamation, reckon Malaysian officials, could stymie those plans as it could impede traffic to Pelepas and Pasir Cudang. And while Malaysia has not presented evidence to back its argument, some experts believe it may have a point.

“Once you put earth down into the sea there's no hard steel wall that restricts its movement,” says former shipping executive Devinder Grewal, who heads Australian Maritime College's department of maritime business. “Some of the landfill could end up in Malaysian waters and will affect water flow in the channel. Reclamation operations can also affect the manoeuvring requirements of ships in channels nearby. In the long term, it will certainly have an impact on the operations of the Malaysian ports across the strait.”

The dispute is also significant in its reinforcement of the negative perceptions that the public in each country has of the other, analysts say. “Malaysia sees Singapore as selfish, opportunistic and willing to do anything to make a buck. It

doesn't think Singapore is above sabotaging Malaysia for its own gain,” says a Singapore-based academic, adding: “This type of perception feeds the current one that Singapore would jeopardize Tanjung Pelepas if it is seen as a threat to Singapore as a shipping hub.”

On the Singapore side, the academic points out, the way Malaysians have gone about hyping their various disputes in the media reinforces the notion that Malaysia does not respect Singapore as a sovereign state.

And Malaysia's claims that Singapore should have consulted them first on their land reclamation projects also win little support. “Our reclamation plans are not secrets. Nor are they the result of sudden or capricious decisions,” a Foreign Ministry spokesman says, adding it is “absurd to suggest that we are reclaiming land to hinder Malaysian ports.”

But it's not just land reclamation that's souring relations. A list of thorny issues troubles the two nations, including the price of fresh water Malaysia supplies to Singapore and the design of a new bridge linking the countries.

The September agreement between Lee and Mahathir called for the two to jointly build a suspension bridge across the Johor Strait to replace the causeway. But in January Malaysia unilaterally unveiled plans to build a road-and-rail bridge to replace its half of the causeway only.

Mahathir also declared he was displeased with the price that Singapore pays for water from Johor in the two current agreements that expire in 2011 and 2061, and in early March proposed a 20-fold hike in the price. Singapore offered to pay 15 times more than the current rate.

“Singapore and Malaysia have always found things to argue about. Periodically they find something new to argue about and this is the newest issue,” says a Western diplomat of the reclamation row. Thus, any possible resolution of outstanding bilateral problems now seems further off. ■