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S'pore-Handover

RESOLVING S'PORE-KL ISSUES ON LEE'S AGENDA: ANALYSTS

By: Salbiah Said

SINGAPORE, July 19 (Bernama) -- When Lee Hsien Loong takes over as Singapore's new prime minister next month, one of the biggest challenges for him is to resolve the outstanding issues with its neighbour Malaysia, analysts said.

They said relations have warmed since Datuk Seri Abdullah Ahmad Badawi took over as Malaysian prime minister from Tun Dr Mahathir Mohamad last October.

Since then, Abdullah has met Singapore Prime Minister Goh Chok Tong three times and has openly talked about resolving several long-standing disputes with the island republic instead of resorting to international courts.

On Saturday, Goh, 62, announced that he would hand over the premiership to his deputy on Aug 12, ending 14 years at the helm after succeeding the latter's father, elder statesman and founding father Lee Kuan Yew in 1990.

Lee, 52, who will be the third prime minister in Singapore's 39 years of independence, has spent more than 13 years as Goh's deputy as well as long stints as finance minister and head of the central bank.

DBS Bank economist Dr Hak Bin Chua said Lee's challenge when he takes over would be to improve Singapore's relationship with its immediate neighbours, particularly Malaysia, and "reaching closure on some of the outstanding issues".

"I think that with any change, some of the old baggage can be cast aside and new fresh ideas may as a result crop up," he told Bernama.

The two countries have had a testy relationship ever since Singapore left the Malaysian federation in 1965 with ties strained by a number of unresolved issues, some dating back to the British colonial period.

They are locked in a legal battle over land reclamation works being

carried out by Singapore in waters between their borders, with the International Tribunal for the Law of the Sea currently considering the matter.

Other sources of tension include the price of water Malaysia supplies to Singapore, a prospective bridge linking the two countries, the use of Malaysian airspace by Singaporean military aircraft, and ownership of Pulau Batu Puteh, a rocky islet.

On Nov 9 last year, Lee said there would be "no once-and-for-all" solutions to the problems that have strained ties but believed the two countries must still work together despite their differences.

Lee said: "Our political systems, social values and the way our societies work are very different. Still, we must find common ground and opportunities for cooperation even under such complex circumstances. I believe it can be done."

"I think we will continue to work towards resolving our problems. There is no once-and-for-all solution," Lee said.

Malaysian Foreign Ministry Parliamentary Secretary Datuk Zainal Abidin Osman told parliament last week that the change in the Singapore leadership might help solve outstanding bilateral issues with Malaysia.

The new leadership, he said, would probably have a new approach to the issues.

"The relationship is improving and we have to be patient when negotiating various issues," he said.

He also said that ties had improved following visits by the Malaysian premier and members of his administration.

Director of the Southeast Asian Studies (Iseas) here, K. Kesavapany said: "Given the sober climate, it is better for both sides to solve the outstanding issues quietly."

"The atmosphere is now more positive. No more wrangling and there is greater effort to see each other's point of view," said Kesavapany, who is also former Singapore High Commissioner to Malaysia.

Chairman of the Singapore Institute of International Affairs (SIIA) Simon Tay Seong Chee said: "It takes two hands to clap. We cannot just

depend on personalities. What's important is the fundamentals for cooperation are already in place."

"The atmosphere is more cordial now compared to the worst of times, and I believe, confidence-building should go on," said Tay.

On the economic front, Tay said that cooperation between both sides should be based on fundamentals, and not politically-driven. "Let the barriers be removed first."

Early this month, Malaysian Minister of International Trade and Industry Datuk Seri Rafidah Aziz called on the two neighbours to ditch the "excess baggage" of their troubled history and bind their economies more closely together.

"We (should) keep our separate entities, but we (should) cherish the long-established links without having this excess baggage to carry into this generation, who don't understand what it is all about," said Rafidah on a visit here.

The warmth of the rhetoric, which was echoed by George Yeo Yong Boon, her Singaporean counterpart, underscored the dramatically improved relations between the two countries.

Appealing to "our dear friends across the Causeway", the narrow link between the two countries, Yeo said: "There is strong political will to improve bilateral relations, especially bilateral economic relations."

The ministers' rosy comments came as Singapore and Kuala Lumpur set up a joint RM10 million fund to allow companies from both sides to make joint international trade missions. The first destination will be a two-day trip to Indonesia next month.

They also said they had set up a bilateral business council.

Despite their fractious official relationship, Singapore and Malaysia have long been important trade and investment partners. Hundreds of thousands of people cross the Causeway each day to work in the tiny city-state.

Regional economist at G.K. Goh brokerage, Song Seng Wun said there was now greater economic and business cooperation from both government agencies and the private sector this year.

Song, who has been involved in high level meetings and seminars

involving both sides in the automotive sector, said that representatives from Perusahaan Otomobil Nasional Bhd (Proton), the Malaysian Industrial Development Authority (Mida), and Malaysian vendors were here recently to explore business opportunities.

As a follow-up, representatives from Singapore's precision moulding companies would be in Kuala Lumpur next month to visit Proton and Perodua, he said.

Song said that with the Asean Free Trade Area (Afta) coming into full force, opportunities were aplenty for the Malaysian and Singaporean private sector to have a 'win-win' collaboration in the automotive sector.

"Relationship is building up and there is more effort from both sides to work together," he said.

He also cited the proposed cross-trading link between the Singapore Exchange (SGX) and Bursa Malaysia as "a useful start for a more pragmatic relationship."

With both economies on the rebound, there was more reason for Singapore and Malaysia to work closely.

The warming of ties between the two neighbours since early this year saw more business deals between Malaysia and Singapore firms.

In March this year, the Malaysian government's main investment arm, Khazanah Nasional Bhd, sold a 5 per cent stake in utility giant Telekom Malaysia Bhd to Temasek Holdings Ltd, an investment arm of the Singapore government.

This is the first time in years that a Singapore government-owned company has been able to buy assets controlled by the Malaysian government, and involves a company that is the largest by market capitalization on the Kuala Lumpur Stock Exchange, now known as Bursa Malaysia.

In 2000, the Malaysian government rejected a bid by Singapore Telecommunications Ltd (Singtel), also controlled by Temasek, for a stake in a telecommunications firm, Time DotCom.

Newsreports said Temasek is believed to be eyeing a Malaysian bank, the Alliance Bank. It is also said to be considering taking over listed

firm,  
Malaysian Plantations Bhd (Mplant), which owns Alliance.

This will be Temasek's first foray into Malaysian banking and any acquisition will be subject to Bank Negara's approval.

"We are watching the Temasek-Mplant bid, which is a shift in relationship at the highest level. The bid is a test bed for other companies to set up shop in KL," said Song.

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