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# RSIS COMMENTARIES

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## Malaysian Reactions to the Railway Land Deal

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*The recent agreement between Singapore and Malaysia on the exchange and development of lands in Singapore belonging to the Malayan Railway (KTMB) was expected to raise controversy in Malaysia. However the deal received strong backing from the main government party UMNO while criticism of it by opposition parties did not have a major impact on the public.*

The Singapore and Malaysian governments broke a two-decade old impasse over the issue of the exchange of land areas in Singapore occupied by the Malayan Railway (KTMB-Keretapi Tanah Melayu Berhad) when Singapore Premier Lee Hsien Loong and his Malaysian counterpart Najib Tun Razak, reached an agreement on the railway land on 24 May 2010. At a 'Leaders Retreat' in the republic the two prime ministers agreed that the railway terminal at Tanjong Pagar in the south of Singapore (and the Malaysian customs, immigration and quarantine (CIQ) facilities there) would be re-located to the north of the island, at the Woodlands Checkpoint, where Singapore also had its CIQ facilities for rail passengers. A new company, M-S Pte Ltd, (60% owned by Malaysia and 40% by Singapore) will take over the various properties released by the terminal relocation for development. Alternatively the KTMB land at Tanjong Pagar, Bukit Timah and Kranji could be swapped for other properties of equivalent value in two specific areas in the island, eg Marina South. The two leaders also agreed on new measures to increase and facilitate transport links between Singapore and Johor Baru as well as to develop jointly a health and wellness township project in Iskandar Malaysia, a region in southern Johor earmarked for industrial development by the Malaysian government.

The agreement confirmed and built on the Points of Agreement (POA) signed by former Singapore Prime Minister Lee Kuan Yew and then Malaysian Finance Minister Daim Zainuddin on 27 Nov 1990. The KTMB land issue, which had become deadlocked over differing interpretations of the POA, was an emotive one since Malaysians tended to see it as a question of sovereignty despite the fact that the KTMB land areas were located in Singapore. Hence the Lee-Najib agreement on the KTMB land was not expected to be welcomed in Malaysia. In general, Malaysians, particularly civil servants and

Malay politicians, were wary about entering into any agreement with Singapore, believing that Singapore had always got the better of the bargain often at Malaysia's expense, be it the purchase of water, the trade in sand or tourism. But, surprisingly, the KTMB deal did not bring about any new stirring of anti-Singapore sentiment in Malaysia.

### **Opposition Reactions**

As was to be expected the parties in the opposition Pakatan Rakyat (People's Alliance -PKR, PAS and the DAP) were critical of the deal, and focused on Najib. Opposition leader Anwar Ibrahim described the agreement on KTMB land as "shrouded in secrecy" and Najib as "too submissive", although he was also careful to clarify that he supported strong bilateral ties with Singapore. Anwar's party, the PKR, sought to rouse public sentiment by getting the party website to do a readers' poll on whether the KTMB agreement proved that the ruling 'UMNO-Barisan Nasional government is systematically mortgaging the country's assets'. A PKR branch in Johor went further to make a police report charging that Premier Najib had a 'vested interest' in a hastily arranged deal, likening it to Malaysia's other territorial losses --the outcrop of Pedra Branca (Batu Putih) to Singapore and two oil exploration blocks off Sarawak to Brunei. The Islamic party PAS also took the same line that Malaysia had lost land to Singapore while the Chinese-supported DAP criticised the government for engaging in "secret deals". There was only a cursory interest in the issue among Malaysian netizens. Their views were mixed, some welcoming the deal and others decrying it as a sellout of Malaysian interests.

### **UMNO Response**

On the government side, the defence of the KTMB deal seemed well-prepared and was articulated robustly. From the outset, Najib sought to show that he was not acting alone and that the agreement he reached in Singapore was a collective decision of the leadership. As if to reflect this, Najib took along with him five Cabinet Ministers (including one from the Chinese party MCA) and the Menteri Besar of Johor for his two-day visit to Singapore. After his return to Kuala Lumpur, Najib announced that the UMNO Supreme Council, which had been briefed, had endorsed the agreements reached as a win-win solution for both Singapore and Malaysia. A range of UMNO chieftains ranging from Johor leaders Menteri Besar Abdul Ghani Othman and MP Shahrir Samad, to the UMNO Youth Chief Khairy Jamaludin and his father-in-law former Premier Abdullah Badawi, spoke in support of the agreements as benefiting Malaysia economically. Shahrir Samad even declared that it was "ridiculous to pretend" that KTMB land was Malaysian territory while a Supreme Council member Norraesah Mohamed, opined that Malaysians had to "think beyond sentiment" and "envision prospects beyond KTM land". The government linked press, such as New Straits Times and Utusan Malaysia and the Chinese papers (Sin Chew Daily and Nanyang Siang Pau) cast a positive light on Najib's visit to Singapore. The Utusan even compared Najib favourably to his predecessors in view of his successful negotiations in Singapore.

Even former premier Mahathir Mohammad was almost silent on the KTMB agreement, giving the excuse that he did not know the details and was studying the agreement. Mahathir had been a vociferous critic of Singapore and had disputed the terms of the POA which he had authorized. He obliquely gave his blessing by commenting that the Government also needed to address quickly other outstanding bilateral issues with Singapore including a bridge to replace the Johor causeway. Like Mahathir, Perkasa, a stridently vocal Malay rights group chose to remain silent. Its official website made no mention of the KTMB agreement.

Mahathir and Perkasa's silence and the strong UNMNO support for Najib would suggest that Najib had carefully assuaged UMNO concerns and probably those of Mahathir's before his visit to Singapore. The opposition criticisms of the KTMB deal did not seem to have had much impact on the Malaysian public. The issue came at a time when public attention was focused on other matters, like Najib's New Economic Model, sports betting, the ongoing trial of Anwar and the Israeli storming of

the Gaza aid flotilla, in which several Malaysians were also involved.

While PM Najib has pulled off the KTMB land deal without incurring much public outcry he will face another test when PM Lee visits Malaysia later this month to follow up with the values of the land to be exchanged for KTMB land and to sign the agreement. This reflects a sense of urgency on the matter on both sides and may betray a concern that until the KTMB deal is sealed and ratified there is still a possibility for things to unravel, given the issue's chequered history.

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