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# RSIS COMMENTARIES

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## A NEW ERA FOR SINGAPORE-MALAYSIA RELATIONS

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*The historic agreement between Singapore and Malaysia on the Malayan Railway land represents a breakthrough in the attitudes of the two countries on contentious issues and signals a new spirit of cooperation in bilateral relations.*

The Prime Ministers of Singapore and Malaysia are to meet in Putrajaya later this month to conclude a landmark agreement on the exchange and development of Malayan Railway (KTM) land in Singapore. They will set their seal to the breakthrough deal of 24 May 2010 by which KTM would shift its Singapore terminal in Tanjong Pagar to Woodlands and the KTM properties in Tanjong Pagar, Bukit Timah and Kranji would be developed by a joint holding company M-S Pte Ltd, 60% owned by Malaysia and 40% by Singapore. The two leaders are expected to agree on the value of the properties to be developed or swapped with other sites in downtown Singapore.

Veteran observers on both sides of the causeway view it as representing a psychological breakthrough in solving the contentious issues between them. Malaysia had accepted the fact of Singapore's sovereignty over the railway land while Singapore had acknowledged Malaysia's entitlement to some economic value for the railway land and stations that KTM had to give up. The agreement to relocate the Malayan Railway station to Woodlands within a year has opened up the possibility of a resolution to other outstanding issues, if approached with the same spirit. These include the price of water supply from Johor to Singapore and the withdrawal of CPF savings by Malaysian workers.

In view of the roller-coaster waves that Singapore-Malaysia ties had ridden in the last four decades sceptics have received the news of the KTM deal with incredulity. Truth is the two neighbours have experienced tense undercurrents and even public altercations behind the cordial facade they had displayed. That it took 20 years to resolve the disputed Points of Agreement (PoA) on the railway land, signed by Singapore's then Prime Minister Lee Kuan Yew and Malaysia's then Finance Minister Daim Zainuddin, showed the intractable nature of the problem. It had defied resolution by two generations of prime ministers in both countries but has now been resolved by the third generation. It

symbolised the discarding of the mental and emotional baggage that had burdened the previous generations of leaders.

Though sons of past prime ministers, both PM Lee Hsien Loong and PM Najib Tun Razak have sloughed off the historical legacies that have stood in the way of mutual compromise the past 50 years. They have decided to reset bilateral ties to the higher level that they deserved. They determined that both countries would benefit more from cooperation than standing firm on questions of proprietary rights or sovereignty. By moving decisively to bring the legacy issue to an end the two leaders have demonstrated statesmanship. While they agreed to develop the railway land for mutual benefit they also signalled a new partnership by committing to joint ventures beyond Singapore, such as investing in Iskandar Malaysia and building a new mass rapid transit link between Singapore and Johor Baru.

Equally noteworthy is the rapid pace at which the two prime ministers have agreed to move forward on the deal. They are to wrap up the agreement within a month of reaching their understanding; the KTM station is to relocate from Tanjong Pagar to Woodlands within a year; and the joint company to develop the free railway land is to be formed within six months.

While the KTM land agreement marks the endgame of one troublesome period it also heralds a new beginning in the relations between the two countries. The *leitmotif* of the change in attitude could be the difference in the psyche of the two younger prime ministers from that of their older predecessors. However another driving force for change could be the development of Iskandar Malaysia, in which Singapore's participation could be decisive. While Iskandar Malaysia has an excellent master plan for growth, Putrajaya might want to step up its implementation, where Singapore's involvement could be seen as a necessary ingredient for its success. Indeed more Singapore investments can be expected in Iskandar Malaysia once the KTM deal is delivered.

Both countries also have a common interest in finding solutions to climate change and its ecological and environmental impact. Creative and meaningful collaboration could bind the two neighbours again, even as water becomes less of an issue between them. Singapore-Malaysia relations look set to becoming more intertwined economically and reinforced physically, leading to new areas of collaboration and a closer nexus between the people of the two countries. Indeed the two prime ministers, when they meet soon, will be signing off not just on bilateral economic cooperation but a new partnership deal between the two countries that should bind them in joint endeavour and mutual progress for the next 50 years and beyond.

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