

# S'pore ties with neighbours still sound, says ex-diplomat

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SINGAPORE'S relations with its neighbours are fundamentally sound and improving, even if government-linked companies run into specific problems investing in the region from time to time, former diplomat Kishore Mahbubani said yesterday.

For instance, Singapore's chemistry with Thailand is still "positive" despite the problems Temasek Holdings has had with its Shin Corp investment in Thailand.

"There will be specific problems but they will go away eventually. What is critical is the chemistry of the relationship and I think the chemistry is still positive," he said.

Professor Mahbubani is the dean of the Lee Kuan Yew School of Public Policy. He served two terms as Singapore's Ambassador to the United Nations and has also held postings in Cambodia, Malaysia and the United States.

He was speaking to reporters yesterday after giving a speech, *Creating A Singapore Brand For The International Stage*, at a Singapore Chinese Chamber of Commerce & Industry distinguished speakers lecture series.

His main point to the audience of businessmen and academics was that Singapore is already world-class in several areas such as its environment and water management, as well as multiculturalism.

It can build on these to create a unique Singapore brand as a garden city, water city and melting pot of Eastern and Western cultures.

But winning the hearts of its neighbours continues to be a tricky problem for Singapore, a member of the audience pointed out.

Prof Mahbubani agreed, saying: "One of Singapore's biggest challenges is demonstrating to its neighbours that the old image of Singapore as a parasite on the region is wrong."

Singapore adds value to the region by providing services, such as logistics, that enhance the region's economic efficiency, he said. "If Singapore is removed from the region, the impact will be felt not just on Singapore, but also on the region."

But overall, Singapore's relations with its neighbours have improved vastly from the 1970s, he told reporters. "I used to attend Asean meetings in the 1970s and I remember when I went, there was a lot of suspicion and acrimony in

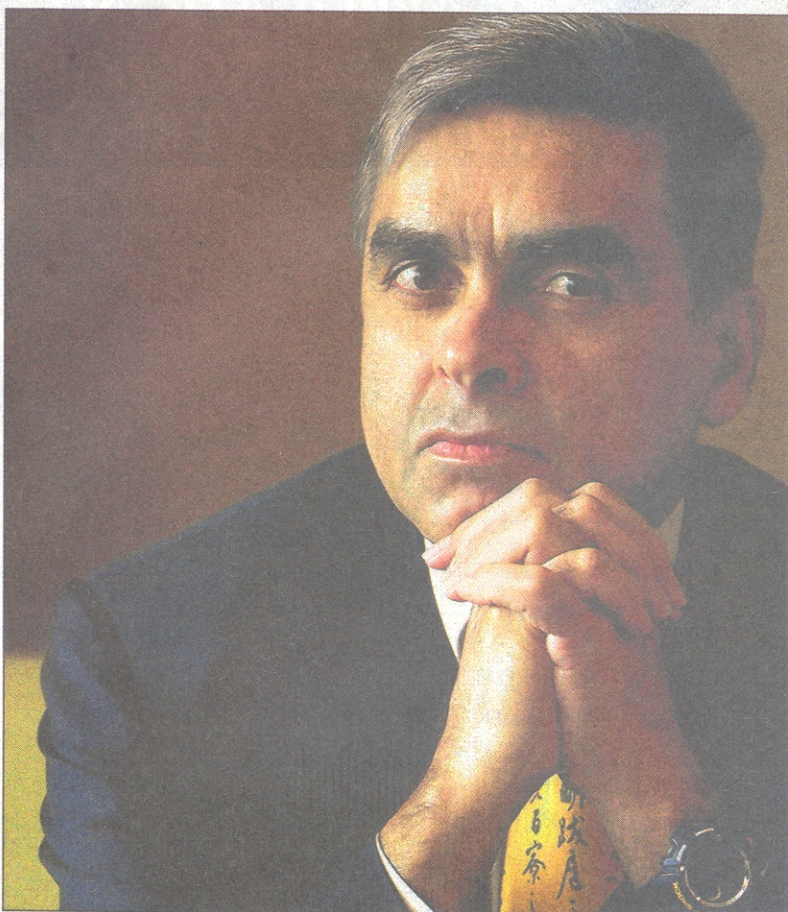


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## ADDING VALUE TO REGION

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PROF MAHBUBANI

the room. "Is Singapore trying to pull a fast one?" and so on and so forth," he recalled of his days as a career diplomat.

These days, while Singapore may have disagreements with its neighbours over specific issues, "a lot of the suspicion and acrimony has gone away", he said.

Singapore's neighbours know that in this increasingly globalised world, they cannot shut their door to foreign investors, including those from Singapore.

South-east Asia, in particular, faces stiff competition from China and India which are drawing away a huge amount of foreign investments, he noted. "So if you are to compete against China and India, you have to be much more open.

And you cannot be open to every other investor and close the door on the Singapore investor."

Singapore has to be patient and wait for its neighbours to realise its value to the region.

"It's not a zero-sum game vis-a-vis its neighbours. Even if you have two ports or two airports functioning equally well, both of them add value. Unfortunately, while most economists can see this clearly, the challenge is explaining it to the layman," he said.

But as Singapore's neighbours increasingly realise that they are living in a much more competitive environment, they will realise that having Singapore in the region is a great asset. "They will independently come to calculate that."