

PRESS RELEASERelease No: 25/DECEMBER16-0/94/12/17

94 - LHL - 10

**SPEECH BY DPM BG (NS) LEE HSIEN LOONG
AT THE SIGNING OF THE INDONESIA-MALAYSIA-SINGAPORE
GROWTH TRIANGLE MEMORANDUM OF UNDERSTANDING
ON SATURDAY, 17 DECEMBER 1994, IN JOHOR BAHRU**

It is a great pleasure for me and for the Singapore delegation to be here today to sign the Memorandum of Understanding (MOU) on the Indonesia-Malaysia-Singapore Growth Triangle (IMS-GT). This agreement marks yet another milestone in the development of close economic relations between our three countries.

Over the last four years, economic co-operation among Singapore, Indonesia and Malaysia has grown rapidly. This is especially so within the Sijori area - the state of Johor in Malaysia, Riau province in Indonesia, and Singapore.

The economic partnership between Singapore and Johor is a long established one. Nevertheless, recent years have seen a dramatic increase in the scope of economic relations, and unprecedented efforts by the authorities on both sides to promote these exchanges. The Johor State Government has actively encouraged investments, property developments, and tourism into Johor. Business groups on both sides have got together in a Joint Business Council, to explore more opportunities for joint ventures, and also to identify obstacles and hindrances which can be removed. I attended the first meeting of the Council, together with the Menteri Besar, when it was held in 1989. The Menteri Besar has personally led many missions to Singapore, to encourage Singapore

firms to set up in Johor. The Singapore Manufacturers Association (SMA) has regularly organised missions to Johor for its members.

As a result, even in the absence of a formal government-to-government (G-to-G) agreement, Singapore-Johor ties have prospered. Johor remains one of the most popular destinations for Singapore tourists, as well as for Singapore investments. On weekends, Singapore cars outnumber Malaysian cars in Desaru, and probably also at the many golf resorts which have sprung up all over Johor. Between 1990 and 1993, Singapore companies invested more than RM1.5 billion in Johor, and created more than 37,000 jobs. Singapore has consistently ranked as Johor's second largest investor and largest foreign job creator.

When the Second Link is completed by the end of 1997, I expect even more Singaporeans to do business in Johor, and to spend weekends with their families there. This will open up a new part of the state to development, and create many opportunities for the population and for the business community in Johor.

Cooperation between Singapore and Indonesia in the Riau Province is covered by a bilateral agreement between Singapore and Indonesia on joint cooperation to promote economic development in Riau province. This partnership has also made tremendous progress, starting from a low base. Beginning in Batam with the Batam Industrial Park (BIP), activities have since expanded to the neighbouring islands of Bintan and Karimun, where there are tourist resort development, ship repairing, and water resource development projects. More than S\$500 million of Singapore investments have gone into the Riau, creating more than 32,000 jobs.

The growth of economic relations in Sijori is driven by economic forces. In the highly competitive global economic environment, it makes sense for Singapore, Johor and the Riau to pool their complementary strengths and compete against other

regions for world markets. But Sijori's development has also been made possible by attitudes and policies of the governments of the three countries. They have encouraged this economic trend, and actively opened up business opportunities by modifying policies, removing obstacles, and lending patronage. This has given businessmen the confidence that their enterprises will have the blessing and support of the authorities, at state, provincial, and national levels. Businessmen need to know this not only for the short term, but over the life of their projects, which is often measured not in years but in decades.

The signing of this IMS-GT MOU today will signal clearly to businessmen that the governments of Singapore, Indonesia and Malaysia fully support the Growth Triangle and will work together to promote and facilitate cross-border business linkages. By exploiting complementarities between Singapore, Indonesia and Malaysia, we will gain a competitive edge for our exports. The MOU will set the stage for closer co-ordination between the three participating countries, and help the Sijori region to remain competitive.

Sijori was the first triangle to be conceived and realised. But it is now no longer the only one in the Association of Southeast Asian Nations (ASEAN). Malaysia and Thailand are cooperating in the Northern Growth Triangle. East Malaysia, Indonesia and the Philippines have an Eastern Growth Triangle.

These new triangles or sub-regional groups are a tribute to the success of the Sijori triangle. I view their development positively. Growth triangles are non-exclusive. The more closely ASEAN countries cooperate economically, the more resilient our economies will be, and the more all of us will benefit. An overlapping and interwoven network of economic relations will contribute to the overall strength and dynamism of the ASEAN region. It is not necessary for all ASEAN countries to participate

in every sub-regional cooperation project, almost by the definition of sub-regional cooperation. If we insisted on this requirement, our progress would be much slower.

The conclusion of the IMS-GT MOU today will strengthen the political and economic ties among our three countries. Let us explore and uncover new opportunities in the IMS-GT, and continue to build on our complementary advantages to create an ideal investment location. I am confident that cooperation among Singapore, Malaysia and Indonesia under the IMS-GT umbrella will flourish and bear substantial fruit in the years to come.
