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cc: (bcc: NHB/NASReg/NHB/SINGOV)
Subject: Remarks by Foreign Minister Prof S Jayakumar in Parliament, 9 March 2000 on Singapore-Indonesia relations

Singapore Government

PRESS RELEASE

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Remarks by Foreign Minister Prof S Jayakumar in Parliament, Thursday, 9 March 2000 on Singapore-Indonesia Relations

Several members have asked about the situation in Indonesia and the state of bilateral relations between Singapore and Indonesia.

Situation in Indonesia

Indonesia is in transition. There have been political, economic and social changes. There have also been greater demands for regional autonomy, and a demand for a greater share of local resources. The election of Abdurrahman Wahid as President and Megawati Soekarnoputri as Vice President represents a legitimate leadership. Notwithstanding its legitimacy, it has a difficult job ahead in dealing with the post-Soeharto changes. With their new leadership, other power centres have also emerged -- seeking a greater say in government as well as acting as a check-and-balance. The role of the armed forces is also being re-shaped.

President Abdurrahman Wahid has begun a process of political consolidation, national reconciliation, and restoring international confidence.

This is important for the return of economic stability and foreign investment. President Wahid also sought to deal with the regional pressures for greater autonomy, and even some calls for independence. But he has received the endorsement of the international community on Indonesia's unity.

President Wahid continues to face considerable challenges. Singapore supports the Indonesian government, and wishes President Wahid well in his efforts to deal with the political, economic and social changes.

Relations with Indonesia

As regards our relations with Indonesia, I said in the last year's Committee of Supply Debate that relations between Singapore and Indonesia were going through a difficult period then at that time, various Indonesian leaders and officials had made allegations and negative comments against Singapore.

Subsequently, later in 1999, responding to a question on bilateral ties, I stated that Indonesia is one of our closest neighbours and a major trading partner. We would like to see a prosperous and stable Indonesia. That is our position. We are ready to work with Indonesia to assist in its economic recovery. We are a small country and our contribution can only be modest. But, we can play a catalytic role to help restore investor confidence through practical measures.

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Singapore and Indonesia now enjoy warm and friendly ties. The foundations of our relationship are strong and have withstood many storms. We have cooperated for mutual benefit for many years and. Singapore is one of the largest foreign investors in Indonesia, and bilateral trade remains strong, notwithstanding the economic crisis.

We have a vested interest in Indonesia's stability, growth and prosperity. Indonesia is strategically important for Singapore, for the region and for ASEAN. It is in everyone's interest to see a prosperous and stable Indonesia.

Even during difficult times, Singapore did not lose confidence in Indonesia. Members will recall the West Natuna Gas project and the Pertamina-Singapore Power agreement reflected Singapore's faith and long-term confidence in Indonesia.

President Wahid's decision to make Singapore his first stop in his ASEAN tour also underscores the importance he places on relations with Singapore, and the return visit by Prime Minister in January continued the process of further strengthening bilateral relations.

As regards questions by Mr Sin Boon Ann and Mr Hawazi Daipi on how the recent trouble in Bintan affected Singapore's investments there and in other Riau islands and asked what Singapore could do to prevent or reduce such incidents:

This matter has been dealt with by Minister for Trade and Industry. These demonstrations at the Bintan Industrial Estate in January this year were over the issue of land compensation. It is unfortunate that this issue had re-surfaced. When development works by the Indonesia-Singapore joint venture company on the Bintan Industrial estate began more than 5 years ago, compensation for the land had been fully settled and the land was free of encumbrance.

The demonstrations caused losses for companies operating there as work had to be stopped. It also affected tourist arrivals, and consequently also affected the livelihood of the people. Such disturbances, if unchecked, would affect investors in the Bintan Industrial Estate, and in turn dampen foreign investors' confidence in Indonesia and it will affect our ability to act as a catalyst to enhance investor confidence in Indonesia.

Sir, we have conveyed to the Indonesian authorities, at all levels, the importance for Indonesia to resolve the problems. But, let me add that the disturbances in Bintan should be seen in the context of the other incidents of social unrest elsewhere in Indonesia. President Wahid himself has said that the outbreaks of unrest in Indonesia were the product of a conspiracy against his government. The Indonesian authorities have indicated that disruptive elements from other parts of Indonesia had been involved in Bintan. They recognise the nature and potential impact of the problems.

They have taken swift action to end the disturbances. Since then, the situation in Bintan has been stabilised.

We hope that investor confidence will not be affected by the demonstrations. Such incidents should not deter Singapore from pursuing bilateral cooperation projects with the Indonesian government in the Riaus.

Finally, Mr Chiam See Tong has asked whether the Singapore government should consider leasing from the Indonesian Government one of the Riau islands to develop it into an economic area, with the Singapore Government maintaining full control of the island.

I think Mr Chiam must know that this is not a practical proposal because he himself has pointed out that this is a sensitive issue and I think he knows that it would be open to all kinds of interpretations and misunderstandings, particularly when what Mr Chiam is proposing may be seen as impinging on Indonesia's rights of sovereignty. This is especially so when Mr Chiam's proposal envisages the Singapore Government exercising what may amount to sovereign functions like immigration and security control in another country's territory.

At a time when there is so much sensitivity in Indonesia over calls for separatism, autonomy, and independence, I think Mr Chiam would agree that this proposal will unlikely be considered as a purely business deal.

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EAST TIMOR

Related to Indonesia, members asked on the assistance we have given to East Timor.

As a member of the UN Support Group for East Timor, we have contributed US\$230,000 to the UN Trust Fund on East Timor. The UN Trust Fund was set up to fund UN activities in East Timor.

InterFET Contributions (International Force for East Timor). Our contribution comprised a medical detachment, military observers, logistics support and two LSTs. A total of 250 personnel were involved.

The cost of maintaining our contributions in East Timor was not small. We incurred S\$22.2 million for maintaining our contributions to InterFET. InterFET was replaced by the UN Assistance Mission in East Timor (UNAMET).

UNTAET contributions (United Nations Transitional Administration in East Timor) PKO: (1) 40 CIVPOLs; (2) 8 military observers/staff officers to the UNTAET HQ; (3) A Level I medical team comprising of up to 26 members. The 40-man CIVPOL contingent was deployed to East Timor by 6 Mar 2000. An SAF officer has also been appointed as the UNTAET Deputy Chief of Staff for Civil and Military Affairs. If the UN accepts all our contributions, our total contributions to UNTAET are estimated to cost S\$ 9.1 million for one year.

As to the question of technical assistance and training we can give to East Timor:

The East Timorese leaders, Xanana Gusmao and Jose-Ramos Horta visited Singapore in January as part of a regional tour to establish the groundwork for future relations with friendly regional countries as well as to garner support for East Timor's reconstruction efforts.

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They expressed an interest in Singapore's developmental experiences since independence. At their request, briefings were also arranged with EDB, HDB, MPA and PSA. They also visited our port, a HDB new town, and met our Singapore businessmen.

Mr Gusmao expressed appreciation for our contributions to InterFET and UNTAET. He also asked for our help in providing technical assistance to East Timor. They were particularly interested in the area of human resource development such as port and airport management. We assured him that within the limit of our resources, we would do what we could to help East Timor.

We have since extended an invitation for a team of East Timorese to visit Singapore to discuss how we can dovetail some of our technical assistance to East Timor's requirements. I expect their team will come in due course.

East Timor's priorities and membership in ASEAN

We informed Mr Xanana Gusmao and Mr Jose Ramos Horta during their visit to Singapore that while Singapore would be open to East Timor's membership in ASEAN, it was really premature to consider this issue now. Our message to them was that in the next few years, their priority should be to achieve independence, reconstruction and nation building.

East Timor's reconstruction needs are enormous and will require massive assistance and strong political backing for some time. The UN, with the support of the international community will be the people with the resources and experience to best facilitate East Timor's transition to independence. It is imperative that the UN and the international community remain engaged in East Timor.

ASEAN countries by themselves do not possess all the necessary capabilities to undertake the task of reconstructing East Timor. Many ASEAN countries themselves are recovering from the financial crisis. This is not to say that ASEAN is taking a hands-off approach. ASEAN will be involved, as we have been with InterFET and the UNSG Support Group on East Timor. And individual ASEAN countries, including Singapore, will continue to support international efforts in East Timor.

As for membership in ASEAN, if East Timor eventually applies, ASEAN will have to give serious consideration. East Timor, like any other aspiring ASEAN member, would have to meet certain criteria. We have to take this one step at a time. In any case, the decision on membership in ASEAN has to be decided by consensus.

There is a process for application. First, a country would have to apply to become an observer in ASEAN. Next, it would have to apply for

membership, which comes with an undertaking to adhere to the basic ASEAN agreements including the Bangkok Declaration and the Treaty on Amity and Cooperation. There are six agreements altogether.

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