Malaysia-Singapore bilateral relations as two sovereign states began on 9 August 1965 with the formal announcement of Singapore's separation from Malaysia. Since the separation, the Malaysia-Singapore bilateral relations have been shaped by several factors with many contentious issues that stood between the two countries. However, despite the erratic bilateral relations, Malaysia and Singapore have remained as important trading partners as shown by the trade statistics. These were achieved despite the shift from complementarities to competitions in the economic sector as economic cooperation is of vital interest to both countries. This research's objectives are to discuss the factors shaping Malaysia-Singapore bilateral relations, to analyse the economic relations of the two countries, to examine areas of economic cooperation and competition as well as to analyse the prospects and challenges in the Malaysia-Singapore economic relations. This research is a qualitative research, conducted mainly from secondary data from books, journals, internet resources and newspaper articles. Some primary data in the form of speeches and trade statistics are also used in the research. This research identified three main factors that have been shaping Malaysia-Singapore bilateral relations since more than four decades ago—namely historical and political factors, social relations and economic factors. While the historical and political factors have been one of the main determinant in the shaping of bilateral relations since 1965, economic factors are becoming more important in the relations of these two neighbouring countries. The Malaysia-Singapore economic relations have been moving from complementarity to competitions and are continuing to move in the direction of closer cooperation. Strong economic relations are also providing a good platform to forge stronger Malaysia-Singapore bilateral relations as neighbours who want to have good neighbouring relations as well as good economic relations for the prosperities of both the countries.
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