



MFA/PDI/00007/2002

The Ministry of Foreign Affairs of the Republic of Singapore presents its compliments to the High Commission of Malaysia and has the honour to refer to recent public statements reportedly made by Prime Minister of Malaysia Datuk Seri Dr Mahathir Mohamad on 27 January 2002.

On that occasion, Prime Minister Mahathir was reported to have said that "what we know is that we have been charging them [Singapore] 3 sen per thousand gallons of raw water and we know also that countries like Hong Kong buy their raw water from mainland China at RM8 per thousand gallons. Obviously we are underpaid". Prime Minister Mahathir also said that "when Singapore delays negotiation, refuses to accept our request, which is not RM8 but a reasonable figure, that means that we are losing money everyday."

The Government of Singapore wishes to register its deep concern over such statements which have grave implications.

The Government of Singapore reminds the Government of Malaysia that Singapore's consistent position has been that Singapore is prepared to consider proposals to vary the price of water under existing Water Agreements as well as proposals to vary the 1990 Points of Agreement (POA) but only in the context of an agreement on the overall package of issues.

Pending a binding agreement on the overall package of issues, all legal obligations of existing Water Agreements and the POA remain in force and are binding on both governments.

In particular the Government of Singapore reminds the Government of Malaysia that the 1961 and 1962 Water Agreements which, *inter alia*, had set the price of water for the duration of the agreements, are binding legal arrangements duly confirmed and guaranteed by the Governments of Singapore and Malaysia in the 7 August 1965 Separation Agreement, also known as the Independence of Singapore Agreement, 1965.

The Separation Agreement is the fundamental basis of Singapore's existence as an independent sovereign nation. It was registered with the United Nations in 1965. The terms of the Separation Agreement, including the 1961 and 1962 Water Agreements, cannot be altered without the express consent of both parties. Any variation of the Water Agreements without the consent of both Governments will be a breach of the Separation Agreement that cannot be accepted.

On 28 June 1988, Prime Minister Mahathir and then Prime Minister Lee Kuan Yew signed a Memorandum of Understanding (MOU) to proceed with the construction of the Linggiu Dam. The MOU provided for the sale of treated water, beyond the 250 mgd Singapore is entitled to draw under the 1962 Water Agreement, under a new price formula. However, the price provided for raw water under the 1962 Water Agreement was not altered.

On 24 November 1990, the Johor State Government and the Public Utilities Board of Singapore formalised this agreement which was guaranteed by the Governments of Singapore and Malaysia and witnessed by Prime Minister Mahathir and then Prime Minister Lee.

The 1961 and 1962 Water Agreements stand unless both parties explicitly agree to vary their terms. Further negotiations on new agreements pertaining to the long-term supply of water to Singapore can only proceed on the basis that the agreements already concluded cannot be altered without the explicit consent of both parties. Otherwise any new agreements on water can similarly be altered without consent. This will have grave implications for bilateral relations.

The Government of Singapore reminds the Government of Malaysia that it had sent a letter dated 10 December 2001 seeking clarification of Malaysia's position on various key issues. The Government of Singapore invites the Government of Malaysia to respond to that letter so that a framework is established for negotiations to resume where they left off.

The Ministry of Foreign Affairs of the Republic of Singapore avails itself of this opportunity to renew to the High Commission of Malaysia the assurances of its highest consideration.

SINGAPORE

5 February 2002



High Commission of Malaysia

Singapore