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`More a favour than trade' (HL)

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PETALING JAYA, Tues. - Singapore is free to stop buying water from Malaysia immediately if it wishes to, Datuk Seri Dr Mahathir Mohamad said today.

The Prime Minister, who described Malaysia's continued supply of raw water to Singapore as more of a favour than trade, especially when the "supply deal" was lopsided, said:

"If they want (the existing water supply agreements) removed, it is all right; it can stop even now. No need to wait for 2011 (when one of the agreements expires), they can decide even now and we can stop supplying them with water ... there is a lot of sea water which they can desalinate or do anything else.

"But the fact is that we are losing money selling to them, if they stop taking from us, then we don't lose any money."

He said Malaysia would not have a problem not selling water to Singapore.

"We don't make any money out of selling water to them ... even if we raise the price. By comparison to our national income, it is a very minute fraction. We don't depend on it as a source of income to finance the Government in any way ... we are doing them a favour."

Dr Mahathir was asked to comment on statements from several Singapore leaders, including Prime Minister Goh Chok Tong, who said the republic would not renew the water agreements if Kuala Lumpur's pricing was not attractive enough.

Singapore recently announced that it could have sufficient water with the introduction of "Newater" - recycled/treated waste and sewage water.

At a Press conference after launching the 2002 Women Entrepreneurs National Convention today, Dr Mahathir said the price at which water was supplied to Singapore was unreasonable.

"Can you imagine a price based in 1927 at three cents per 1,000 gallons is still being maintained ... three quarters of a century later.

"Can you tell me anything that was sold at three cents in 1927 that is today still sold at three cents? If you can show me, I will be happy to entertain (Singapore's wishes) to go on being paid three cents.

"We can sell to our people at more than three cents per thousand gallons, even when we sell to Malacca it is between 30 cents to 40 cents per 1,000 gallons ... that is to Malacca, within Malaysia," he said, adding that Singapore should re-assess its requests.

On Goh's contention that the on-going dispute was not healthy for bilateral relations, Dr Mahathir said that might be true but urged the island republic to be more reasonable.

"We have to be reasonable. Can anybody tell me if three cents per 1,000 gallons for water, which is later treated (at a cost of S\$1) and sold at S\$20 per 1,000 gallons, is fair?

"We don't like to argue but people have to be reasonable," he said, adding that Malaysia will hold to the agreements but not to the extent of being fooled.

"The fact is according to the agreements we must supply them with water. We will continue, we promised them that we will supply them with water but not for them to sell at a profit ... we give water sufficiently for the use of Singaporeans," he added.

Meanwhile, Foreign Minister Datuk Seri Syed Hamid Albar said today

Malaysia had no intention to renew or renegotiate with Singapore when the two water contracts expire on 2011 and 2061, as it has proposed new packages comprising competitive and fair prices for the water derived from a new source, namely Sungai Sedili.

"It is up to them to accept it," Hamid said, adding that Malaysia had submitted a proposal in writing but had yet to receive a counter-offer from Singapore.

"They (Singapore) have only said that they want the new package to be competitive, with which we agree. So we will discuss the quantum during the meeting on Sept 2 and 3," he said.

Syed Hamid said Malaysia was also interested in exercising its right under the 1986 agreement to review the current price structure, which does not reflect a competitive price.

Syed Hamid was speaking before chairing a public lecture on Central Asia in "Contemporary International Relations: The Strategic Perspective From Kyrgyzstan" by its President Askar Akayev here today.