

WATER-THE FACTS (SPECIAL REPORT)

21 JUL 2003

Editor's note:

=====

KUALA LUMPUR: NST carried this report on its page:4 today (July 21, 2003)

IS A FAIR PRICE FOR WATER TOO MUCH TO ASK?
(Water: The Singapore-Malaysia Dispute - THE FACTS)

In the last few years, water has been the source of too much dissension between Malaysia and Singapore.

It should not. A torrent of rhetoric, allegations and occasional misrepresentation has muddied the central question: Can any person on this earth, in this day and age, truthfully say that three Malaysian sen - or 1.4 Singapore cents or 0.8 US cent - is a fair price to pay for 1,000 gallons of water? Of course Malaysia must fully consider Singapore's concerns. But is a fair price for water from Malaysia too much to ask for?

Although Singapore has generated a profit of RM662.5 million from Malaysian raw water in 2001 alone, Singapore paid Johor only RM2.39 million - or S\$1.09 million or US\$628,947 - in 2001 for a whole year's supply of water. This works out to just 26 Singapore cents (US 15 cents) per person per year.

*** In other words, Singaporeans got all the water they wanted from Malaysia for an entire year for just one small bite of a Big Mac.

On the other hand, Johor paid Singapore RM6.3 million for the treated water it took in 2001.

*** The intention of this document is to set the record straight. We hope it will lead to a better understanding on both sides of the Causeway and beyond, where Singapore has taken its fight.

A good bilateral relationship is clearly difficult if Singapore continually portrays Malaysia at home and abroad as a big bully, a country that does not play fair, and a nation incapable of abiding by international agreements.

Throughout the years of negotiations, Malaysia has always tried to be a good and generous neighbour. Malaysia has never in its history interrupted the supply of water to Singapore. Malaysia will never stop the supply of water to Singapore. That is the promise made by Malaysia, as stated by Malaysia's Prime Minister.

Malaysia has never tried to take advantage of Singapore's need for water. Malaysia has never breached any of its legal commitments. Despite fluctuations in bilateral ties, Malaysia has never withheld from Singapore a single drop of water.

In the future, Malaysia is happy if Singapore continues to source water from Johor or if, because it does not like the price, Singapore decides not to buy a single gallon.

*** All we ask for is a fair price, a fair deal.

In speech and in writing, distributed worldwide (see for example, Singapore Ministry of Information, Communications and the Arts 2003 Water Talks? If Only It Could), Singapore has been aggressively on the offensive and raised many issues. It is time for Malaysia to respond, to set the record straight.

*** 1. If 3 sen per 1,000 gallons is a ridiculous price, it was Malaysia's own doing.

Singapore:

In 1961, it was the Malaysians who decided to price the raw water from Johor at three sen. If the Malaysians are unhappy with the price, it is their own fault.

Malaysia:

What has been omitted is the context. In July 1960, the first serious discussions took place between the then Federation of Malaya and Singapore regarding a possible merger.

At that time, the political situation in Singapore was volatile. In a July 1961 byelection, the PAP campaigned on a platform of merger with Malaysia. Unfortunately, the opposition Workers Party won the by-election.

After the by-election, 13 PAP assemblymen defected and joined the opposition to form "a new party on the extreme left of the political spectrum, the Barisan Sosialis".

"Thus is the course of three months, the (Singapore) Government had its voting strength reduced from 43 seats to a bare majority of 27 in the 51-member Assembly. More than anything else, this defection was the result of opposition to the PAP's policy toward union with Malaya." (Malaysian Politics by Gordon Means, pp 296-297)

Undaunted, in August 1961, Lee Kuan Yew met Tengku Abdul Rahman for three days to draw up a preliminary agreement for merger. Mindful of the uphill battle the PAP faced in selling the merger proposal to Singapore voters, the Federation of Malaya decided to be generous on the issue of water and on other issues.

*** 2. Malaysia has lost its rights to review the price of water.

Singapore:

"(Malaysia) insisted that they had the right to review the price of current water, while we pointed out that they had lost their right of review..." (Statement by Professor S. Jayakumar, Singapore's Minister for Foreign Affairs, in the Singapore Parliament on Jan 25, 2003.)

"The Public Utilities Board, as the successor-in-title to the City Council of the state of Singapore in relation to the above Agreements, does not accept that the Government of the State of Johor is entitled to seek the reviews referred to in your letters." (PUB letter dated Oct 9, 2002, in reply to the Johor Government's letter dated Aug 14, 2002.)

Malaysia:

Singapore has repeatedly claimed that Malaysia has lost the right to review the price of water because Malaysia failed to do so in 1986 and 1987 respectively, exactly 25 years after the date of the two Water Agreements of 1961 and 1962.

In fact, Clause 17 of the 1961 Agreement and Clause 14 of the 1962 Agreement state clearly:

"The provisions of paragraphs (i) and (ii) of the foregoing clause of these presents shall be subject to review after the expiry of 25 years from the date of these presents ..."

Twenty-five years after 1961 and 1962 respectively means any time after 1986 and 1987. This does not mean the review must take place immediately on these two dates. Any time after 1986 and 1987, both sides are legally permitted to review the price

*** 3. Malaysia had many times agreed on the price of water...

Singapore:

"At a meeting between Dr Mahathir Mohamad and Mr Lee Kuan Yew on Aug 15, 2000, the two leaders agreed that in return for Malaysia agreeing to sell water to Singapore beyond the expiry of the current agreements, Singapore would pay 45 sen per 1,000 gallons now." (Singapore Ministry of Information, Communications and the Arts, 2003 Water Talks? If Only It Could, page 8.)

Malaysia:

Singapore's offer was never accepted by Malaysia.

This assertion is supported by an article on the Aug 16, 2000 meeting written by Ms Irene Ng, then political correspondent of Singapore Straits Times, now Singapore Member of Parliament. Headlined "Singapore-KL pact's success hinges on details", Ms Ng wrote:

"Like any skeleton, the broad agreement to resolve the outstanding issues between Singapore and Malaysia will not come to life until it is fleshed out properly, and spirit breathed into it.

"The agreement reached by Senior Minister Lee Kuan Yew and Malaysian Prime Minister Datuk Seri Dr Mahathir Mohamad last Tuesday is now being filled out by officials.

"The details they have to tackle include the price of water under the current agreement and the ratio of raw to treated water beyond 2061.

"As for spirit, its nature will depend much on such details, where they say the devil often is." (Singapore Straits Times, Aug 16, 2000.)

Moreover, Senior Minister Lee Kuan Yew himself confirmed the lack of agreement on price. In a letter dated Aug 24, 2000, written nine days after his meeting with Dr Mahathir, Mr Lee wrote to then Finance Minister Tun Daim Zainuddin:

"To make it easier for us to write to each other, to test various options, all notes or letters I send to you or Mahathir, or vice-versa, will be treated as Without Prejudice: that there is no agreement until all points are agreed and signed by the two PMs."

We are unable to understand why Singapore continues to insist that Malaysia accepted its offer to pay 45 sen per 1,000 gallons for raw water on Aug 15, 2000.

So far, Singapore has put many prices on the table. So has Malaysia. No agreement has been reached on a fair price for water. In Mr Lee Kuan Yew's own words, all prices cited or mentioned are "to test options". All prices cited or mentioned are subject to negotiation and agreement by both sides.

4. After agreeing more than once, Malaysia has repeatedly reneged and shifted the goal posts.

(a) from 45 Malaysian sen to 60 Malaysian sen per 1,000 gallons.

Singapore:

"Six months later, however, in February 2001, Malaysia backtracked on the 45 sen agreement. Dr Mahathir said Johor believed that 60 sen was fair.

Singapore later offered a compromise: 45 sen for water now, and 60 sen for water after 2011.

In March 2002, Malaysia sent Singapore a shocker. It wanted 60 sen for water now and it wanted the price backdated to 1986 and 1987.

Not only that, it also wanted RM3 for water from 2007 to 2011. From 2011 onwards, the price would be adjusted yearly for inflation." (Singapore Ministry of Information, Communications and the Arts, 2003 Water Talks? If Only It Could

page 8.)

Malaysia:

Malaysia has never accepted Singapore's offer of 45 sen per 1,000 gallons. So the question of backtracking does not arise.

In his letter dated Feb 21, 2001, Dr Mahathir said Johor believed that 60 sen was a fair price. Nowhere in the letter does Dr Mahathir suggest the 60 sen price should be applicable after 2011.

Dr Mahathir wrote:

"Johor is agreeable to revisions in the price of raw water that it now supplies to Singapore and the treated water that it buys from Singapore. The price of raw water that it sells to other Malaysian States should not