



**PRIME MINISTER
MALAYSIA**

21 February 2001

**His Excellency Lee Kuan Yew
Senior Minister
Republic of Singapore**

Dear Kuan Yew,

I would like to apologize for taking such a long time to respond to your note following the discussions we had on August 15, 2000 during your visit to Malaysia.

The problem is that I was not quite familiar with the various agreements entered into between Singapore and Malaysia relating to the supply of water. Since you did not bring this to my attention I presume that you too may not have remembered regarding the agreements.

Since the water is to be sourced from Johore and water management comes under the state list, I am bound to consult Johore before I comment on your note.

I have since learnt that there are two separate agreements involved which were entered into in 1961 and 1962 which provide for the supply of 350 mgd of raw water in total.



The 1961 agreement provides for the supply of 100 mgd. of raw water from Sungai Skudai and Sungai Tebrau for a period of 50 years.

The 1962 agreement provides for the supply of 250 mgd. of raw water from Sungai Johore for a period of 99 years.

When the 1961 agreement ends in 2011 there is no provision for any continued supply of 100 mgd. of raw water to Singapore. Nevertheless Johore is willing to supply 100 mgd. of treated water if Singapore so desires.

In accordance with the 1962 agreement Johore will continue to supply 250 mgd of raw water to Singapore until 2061. After 2061 Johore will take over the treatment plant in Sg. Johore as provided for in the 1962 Agreement.

Although no formal agreement has been entered into Johore is prepared to continue to supply Singapore after 2061 with:

- (i) 250 mgd. of treated water; and
- (ii) 100 mgd. of raw water

Johore 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 be a basis for determining the price of raw water. There are elements of subsidies to this supply.

Johore believes that a fair price would be 60 cents per mgd.* of raw water. The price should be reviewed every five years.

The Deputy Prime Minister was in Singapore recently and he had settled the issues regarding the location of the ICQ and the terminal station for the Malaysian Railway at Kranji. We are still committed to joint development of land belonging to MR or equivalent land elsewhere.



With regard to the causeway Malaysia would not want to retain it once the bridge and the tunnel are in use. We think it is essential that there be a free flow of water and traffic between the Eastern and Western parts of the Straits.

With best regards

Sincerely,

A stylized, handwritten signature in black ink, consisting of several sweeping, connected strokes.

DR MAHATHIR BIN MOHAMAD