



MINISTER IN THE PRIME MINISTER'S DEPARTMENT (ECONOMY)

PRESS STATEMENT

**CONCLUSION OF DISCUSSIONS BETWEEN MALAYSIA AND
SINGAPORE ON THE KUALA LUMPUR–SINGAPORE HIGH SPEED
RAIL (HSR) PROJECT**

Earlier today, Prime Minister of Malaysia and Prime Minister of Singapore announced the lapse of the Kuala Lumpur – Singapore High Speed Rail Bilateral Agreement.

The Covid-19 pandemic has severely impacted our country's economy. The terms of the Bilateral Agreement signed in 2016 are no longer viable for Malaysia, given the current economic situation which has adversely affected Malaysia's fiscal position. Since late 2018, the Government has explored a number of alternatives to reduce the cost of the Kuala Lumpur – Singapore High Speed Rail (HSR) project. This has become more urgent with the onset of the Covid-19 pandemic.

Since the middle of last year, the Government of Malaysia had proposed some changes to the project, including the project structure, alignment and station design. The original project structure would have required substantial and long-term Government guarantees. The new project structure is expected to provide the Government the flexibility in financing options, such as deferred payments, public-private partnerships and the possibility of accessing financing at favourable rates.

More importantly, the proposed changes to the project structure would have allowed us to leverage on the HSR project to accelerate Malaysia's economic recovery post the Covid-19 pandemic, by bringing forward the start of the construction phase by almost two years. This would have provided a much-needed boost to our construction sector and its supporting ecosystem.

Taking into account these changes, both Governments had conducted a number of discussions on our respective positions. However, we had not been able to come to an agreement on these changes. The Bilateral Agreement had therefore lapsed on 31 December 2020.

By virtue of the Bilateral Agreement and previously agreed terms, Malaysia will honour its obligations under the Bilateral Agreement. Both countries will initiate the necessary to determine the amount of compensation.

Moving forward, the Government will undertake a detailed study to explore all possible options, including the viability of a domestic HSR project and its benefits to Malaysians.

Malaysia and Singapore enjoy very close bilateral ties. We will continue to strengthen these ties, including further enhancing connectivity between our two countries for mutual benefit.

DATO' SRI MUSTAPA MOHAMED

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