

13/12/1997

Malaysia welcomes Japan's plan to provide low-interest loans

PETALING JAYA, Fri. - Malaysia welcomes Japan's plan to provide low-interest yen loans to assist countries in Asean which are affected by the contagion effects of the region's economic problems, Datuk Seri Dr Mahathir Mohamad said.

However, the Prime Minister hoped the loans would not be tied to any conditions.

"We also want to know what the money can be used for," Dr Mahathir told reporters at the Sultan Abdul Aziz Shah airport in Subang on his return from Teheran, Iran, after attending the Organisation of Islamic Conference summit.

He was asked to comment on a news report that Japanese Prime Minister Ryutaro Hashimoto planned to unveil programmes to assist economic reforms in Asean at the Second Asean Informal Summit in Kuala Lumpur beginning on Monday.

The summit will be followed by a meeting between Asean leaders with three major trading partners - China, Japan and South Korea. The meeting is referred to as the Asean+3 meeting.

The report said Hashimoto would unveil the plan to provide low-interest yen loans to help Asean countries reform their financial systems.

Hashimoto is scheduled to join Asean leaders' in their talks on Monday with China's president Jiang Zemin and South Korean Prime Minister Koh Kun.

China has also expressed willingness to consider further actions to help East and Southeast Asian countries weather their economic problems.

China's Assistant Foreign Minister Chen Jian was quoted as saying in Beijing yesterday that Jiang would convey that overture at the summit.

Dr Mahathir said it would be of no use to accept loans if the ringgit continued to be devalued.

"If the currency continues to depreciate, then no matter how much loan you take, the problem will not be solved," he said.

Asked if he would present a proposal to tackle the region's currency and stock market problems at the informal summit, Dr Mahathir said he had nothing more to say than what he had already said.

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