

18 NOV 1998

APEC-NEWS-JAPAN

CONCERN OVER POSSIBLE INTERFERENCE IN JAPANESE LOAN DISBURSEMENT

By: S. Durga Varma

KUALA LUMPUR, Nov 18 (Bernama) -- Malaysia is worried that Japan's offer of financial aid for the country may see a hitch if there is interference by other countries in terms of disbursement, Prime Minister Datuk Seri Dr Mahathir said today.

"The offer made by Japan was good but somebody might come in the way and stop Japan from disbursing the funds," he told a press conference at the end of the Asia Pacific Economic Co-operation (Apec) Forum Leaders' Summit.

Japan in recent days announced a US\$1.8 billion (US\$1=RM3.8) soft loan specifically for Malaysia besides a US\$30 billion initiative known as the Miyazawa Plan to help restore growth in crisis-hit Asian countries.

Out of the US\$30 billion, half will be for short term loans and the rest for medium and long-term loans.

On Tuesday, Akitaka Saki, press secretary to Prime Minister Keizo Obuchi, said Japan would not let the United States dictate which country got what under its financial aid programmes and that disbursement would be based on needs of the recipient countries

"We will make sure that aid would not be linked to factors extraneous to economic considerations. We will also make certain that internal political situations do not determine whether a country gets more or less," he said at the sidelines of the Apec summit.

Dr Mahathir was also asked if there was an attempt by the United States to leave Malaysia out of such aid packages to which he replied: "I do not know much about the US aid package. We have been talking to Japan."

Vice President Al Gore, meanwhile, announced at an Apec Business Summit dinner on Monday that the Export Import Bank of the United States would make available US\$1 billion each in medium term financing for Indonesia, Thailand and Korea in addition to the US\$5 billion extended earlier.

Gore also said these aid programmes would augment the existing short-term programmes in these countries and help them meet their needs while at the same time encourage trade between the United States and these nations.

The American vice-president also announced that the Overseas Investment Corporation would provide over US\$2 billion in insurance and financing support to support new private investment in Asia and would create new innovative financing products to bring more private capital to this region.

-- BERNAMA

DVS SHY