

18/11/1998

Japan affirms promises of aid will be honoured

JAPAN has given its commitment that all promises of aid to Malaysia will be honoured, including a US\$1.8 billion (RM6.84 billion) assistance to finance various projects.

Foreign Minister Datuk Seri Abdullah Ahmad Badawi said Japanese Prime Minister Keizo Obuchi said today whatever commitments given by the Japanese government would be fulfilled.

This was conveyed at a bilateral meeting between Obuchi and Prime Minister Datuk Seri Dr Mahathir Mohamad at the Palace of the Golden Horses.

Abdullah said Dr Mahathir had expressed hope that the aid could be speeded up.

On when the money was expected, Abdullah said he believed the Japanese Government had to adhere to certain procedures before the funds could be released.

"Perhaps they need to evaluate the projects and programmes requiring its assistance."

On the US\$1.8 billion aid, Abdullah said it was secured during the last visit by Dr Mahathir to Japan and was not part of the funds promised under the Miyazawa initiative where Japan had pledged assistance of US\$30 billion for Asian economies.

Yesterday, Dr Mahathir also had bilateral talks with counterparts from Singapore, Indonesia, Vietnam, Chile, New Zealand and China.

Abdullah said all of them agreed that something must be done with regard to the financial crisis, if the troubled economies were to fully recover.

"They agreed that if the financial crisis is not solved, then the economic problems will remain."

The G22 was also discussed during the bilateral talks, and the leaders agreed that it should play a role to find solutions towards economic recovery.

Abdullah said Indonesian President B.J. Habibie during talks viewed bilateral ties with Malaysia as very important for his country.

"He hoped that bilateral ties could be expanded and strengthened. Dr Mahathir welcomed this and will make efforts to improve ties."

Abdullah said closer co-operation would cover many areas, including the sharing of experiences relating to each other's handling of the economic and financial crisis.

During Dr Mahathir's meeting with New Zealand Prime Minister Jenny Shipley, both agreed that among the main problems which still had to be dealt with were short-term capital flows, hedge fund activities and excessive speculations.

With Chilean President Eduardo Frei, Dr Mahathir touched on how some economies which had made some recovery were 'attacked' again.

"We need a more stable financial system," Abdullah said, adding that currency exchange rate volatility is a problem particularly for developing countries.

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