

23/09/1998

Japan considers RM6.8b OECF loan for Malaysia

Desmond Ngiam

JAPAN is considering a further loan of US\$1.8 billion (RM6.84 billion) to Malaysia under its Overseas Economic Co-operation Fund.

A team of OECF experts will be in town next week to hold talks with local officials, Japan International Trade and Industry Minister Kaoru Yosano said yesterday.

He said the OECF team will discuss the outcome of its feasibility studies on various Malaysian projects. The studies were completed last week.

"Next week, we will send an OECF mission to engage in talks with local officials and to decide on taking up various individual projects.

"In principle, we will try to reach an agreement on the Overseas Development Assistance loan," Yosano told a Press conference in Kuala Lumpur at the end of his one-day official visit to the country.

The ODA loans are given through the OECF programme. If confirmed, the loan would go into local projects such as water and power plant projects, Yosano added.

Japan is one of most aggressive countries in terms of extending ODA loans under the OECF, which has disbursed a total of 15.805 trillion yen (RM5.517 trillion) to 85 countries since its establishment in March 1961.

Malaysia is the seventh largest recipient of ODA loans under the OECF, with loans amounting to US\$9.4 billion last year.

Other major recipients of OECF loans include Indonesia, China, India, Vietnam and Thailand.

During his visit to Malaysia, Yosano met with Prime Minister Datuk Seri Dr Mahathir Mohamad and discussed various issues including Malaysia's new policy on capital and foreign exchange controls.

"Japan can understand this new policy as emergency measures and the question is whether it will be sustained for a long period of time.

"My impression is that the policy is the outcome of painful decision-making after taking into consideration various situations carefully."

Yosano added that during the meeting, Dr Mahathir had said Japan is the "engine of growth for Asia and expressed strong expectations of Japan to play a part in supporting and helping the region to achieve economic recovery."

On the issue of future Japanese investments in Malaysia, he said it is up to the Japanese private sector to conduct their commercial analysis.

Yosano said despite the Asian regional crisis, the Japanese government has not changed its policy in providing a conducive environment for foreign investment by Japanese companies through financing support and export insurance coverage.

"Investments will continue to flow in from Japan as long as they are economically-viable and will increase the standard of living of the local people."

Yosano said his official visit to Malaysia, Singapore and Indonesia is to "convey to country leaders Japan's determination to honour its commitments to Asia."

(END)