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Japan to continue to help ailing Asian economies

Kamarul Yunus

JAPAN, the world's second largest economy, will continue to help affected Asian economies, despite the move by Moody's Investors Service to cut its gilt-edged sovereign ratings.

Mr Sadaaki Numata, the spokesman for Japanese Prime Minister Keizo Obuchi, said Japan is not worried by the cut in its sovereign ratings and will try to boost its domestic demand and get its economy back on track.

Speaking after the two-day Asia-Pacific Economic Cooperation (Apec) Leaders' Summit which ended in Kuala Lumpur yesterday, Numata said Japan is still financially strong in terms of assets and foreign exchange reserves.

"Japan has a lot of strength in the sense of its financial assets, totalling 1,200 trillion yen (100 yen = RM32.14) and foreign exchange reserves at US\$200 billion (US\$1 = RM3.80).

"In that sense, in the medium-to-long term, there is not much cause for worry," he said.

He also said Japan's urgent task now is to stimulate its economy growth and increase domestic demand.

However, Numata declined to comment on Japan's stand towards the remarks by Prime Minister Datuk Seri Dr Mahathir Mohamad calling for regulation of activities of the international rating agencies.

"Moody's is not a sovereign government although it is in the habit of making performance reports on activities of governments. So, my initial response is that I am not in the position to respond to a private body," he said.

On Tuesday, Moody's had announced that it had cut Japan's sovereign ratings, blaming the weak financial system in the world's second largest economy.

Moody's, which has been reviewing Japan's economic situation since July, cut the country's sovereign ratings and currency ceilings by one notch from the top rank "Aaa" to "Aa1", warning the outlook was negative.

Numata said Japan is not worried with the ratings of its sovereign ratings as it still has strong financial asset and foreign reserves which have not been fully utilised.

"Having said that, we are confident that Japan can put its economy back on track for recovery and will be in the position to continue to help other countries," he said.

Numata went on to say that in fact, the Apec leaders have taken notice and showed their concerns about the activities of the rating agency. This was stated in the Kuala Lumpur Declaration.

In the declaration, Apec leaders called for a review on the practices of the international rating agencies to promote greater effectiveness and to contribute to sustainable capital flow.

Numata reiterated that Japan will also not succumb to any foreign pressure which may try to dictate in disbursing the fund under "Miyazawa's financial initiatives" aimed at helping affected Asian economies.

"We will be sending fact-finding missions to several countries, including Indonesia, Malaysia and South Korea to assess their need for financial aid," he said.

Numata also said Japan supported Malaysia's proposal for the Apec action programme on skills development.

"Prime Minister Obuchi appreciates Malaysia's proposal on skills

development action plan. Japan will cooperate actively in this programme.
This also include cooperation in future technology," he said.
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