

18 DEC 1998
JAPAN-ASSISTANCE
JAPAN'S ODA WILL BE DISBURSED TO SEVEN PROJECTS

KUALA LUMPUR, Dec 18 (Bernama) -- Japan's official development assistance (ODA) of US\$1 billion to Malaysia will be disbursed to seven projects under priority areas, Japanese Ambassador to Malaysia Issei Nomura, said today.

These include human resource development (Look East Policy, Higher Education Loan Fund or HELP II and Universiti Malaysia, Sarawak), environment protection (Beris Dam, Pahang-Selangor raw water transfer, Port Dickson power plant) and the development of small and medium scale industries (SMI Development Fund).

The package will apply favourable interest rates of 0.75 percent to all the projects except for Beris dam (1.7 percent), Nomura said, adding that intensive consultations between the two sides went on since August.

He was speaking at a press conference on the financial assistance package.

The ODA is part of the US\$2 billion (US\$1 = RM3.8) financial assistance package which also included Japanese Exim Bank Loan (US\$500 million) and commercial bank loan guaranteed by the Japanese government (US\$560 million).

The package to assist Malaysia's economic recovery, was announced by Japanese Prime Minister Keizo Obuchi in Hanoi on Dec 15 during a bilateral meeting with prime minister Datuk Seri Dr Mahathir Mohamad.

Nomura said the Exim Bank loan is in the form of two-step loan for export promotion industry and that efforts are being intensified to finalise US\$300 million out of the US\$500 million as soon as possible.

The US\$560 million commercial bank loan is for infrastructure development, he said, adding that Japan's Ministry of International Trade and Industry (MITI) would provide the guarantee for the loan from Sumitomo Bank to Malaysia.

The loan agreement was concluded on Dec 16 while disbursement will be made on Dec 21. Repayment period for the loan is five years at 3.5 percent interest.

Nomura said the assistance package is separated from the "New Miyazawa Plan" since the consultation for the ODA yen loan, Exim Bank loan and commercial bank loan guarantee began well before the New Miyazawa Initiative was announced.

Under the ODA, 14.026 billion yen (RM30.7 per 100 yen) will be allocated to fund scholarship for study programme in Japan while another 8.212 billion yen under HELP II is to fund scholarship for 440 students for students to be sent to Japan to study engineering science apart from procurement of educational equipment and consultation services.

The construction of the Beris dam and Pahang-Selangor raw water transfer involved 9.737 billion yen and 1.093 billion yen, respectively while 49.087 billion yen is allocated to rehabilitate Port Dickson (Tuanku Jaafar) Power Plant by converting oil burning power into combined cycle power.

As for the construction of a new campus for Universiti Malaysia, it involved 18.549 million yen and the balance of 16.296 billion yen is for the SMI Development Fund.

Nomura said the repayment period for the ODA is between 25 to 40 years.

In addition to the assistance package, the Japanese government has also established a new scheme of Special Yen Loan facility of US\$5 billion to be

provided over three years.

The scheme will meet the needs for funds required for three priority areas, namely the establishment of an infrastructure for an improved flow of goods, the strengthening of the production base and counter-measures against large-scale disasters.

Nomura said favourable terms will be applied under this scheme concerning both interest rate and repayment period (interest rate of 1.0 percent and repayment period of 40 years for the moment). -- BERNAMA

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