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Keidanren: Japanese business here to stay (HL)

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REGARDLESS of the economic situation in the region, Japanese investments in Malaysia are here to stay, chairman of the Japan Federation of Economic Organisations (Keidanren), Mr Takashi Imai, said.

In a renewed commitment, the group comprising major Japanese corporate players pledged to continue investing in the country and help Malaysia seek financial assistance from the Japanese Government.

At a press conference in Kuala Lumpur yesterday, Imai, who led a 24-member delegation on a two-day visit, said Keidanren will present Malaysia's requests for financial assistance to the Japanese Government.

"We shall upon our return to Japan communicate with the Prime Minister, the Trade and Industry Minister as well as the Finance Minister to explain the requests received from the Malaysian Government," he said.

For example, Imai said during his meeting with Prime Minister Datuk Seri Dr Mahathir Mohamad yesterday, the Malaysian Government had asked about the progress of Malaysia's request for some US\$2 billion (US\$1 = RM3.80) in loans made in May.

Malaysia had sought US\$1.5 billion in loans from Japan to finance eight projects and another US\$500 million in trade financing.

Imai said he will discuss the matter with the Japanese authorities upon his return to Japan to expedite the two loan packages.

The delegation's leader also said he explained the US\$30 billion Miyazawa aid initiative to Dr Mahathir and other government officials and expressed hope that the funds would be put to good use.

"I expressed our hope that through bilateral consultations between the Japanese Government and the governments of concerned Asian economies, the funds under the initiative would be put to good use as soon as possible," he said.

The Miyazawa package is put together principally to assist Asean members Malaysia, Thailand, Indonesia and the Philippines, and South Korea.

The Keidanren delegation arrived Kuala Lumpur on Wednesday and met Special Functions Minister Tun Daim Zainuddin on the same day. Yesterday, the team met Dr Mahathir and Minister of International Trade and Industry Datuk Seri Rafidah Aziz as well as National Chamber of Commerce and Industries president Tan Sri Tajudin Ramli.

On Japanese business interests in the country, Imai said although the prospects for new inflows of investments have been affected by the economic problems in East and South-East Asia, he expects existing Japan-Malaysia joint ventures to step up capital investments in the next few years.

"I also believe an increasing number of Japanese or Japanese-related companies, which have been manufacturing for the domestic market, will look to the overseas markets in order to maintain their current scales of operation.

"They (Japanese companies operating in Malaysia) are trying their best to maintain the level of operations and employment," he said.

Imai also noted that there has been an increase in Japanese investments in Thailand, Indonesia, the Philippines and Malaysia.

"For our 1997 fiscal year (April 1997 to March 1998), Japanese investments in the four Asean countries increased by 150 billion yen (RM1 = 32.22 yen) to 750 billion yen," he said.

On his meeting with Dr Mahathir, Imai said the Prime Minister explained

Malaysia's decision to impose selected currency exchange rate controls as well as the positive effects which the measures have produced.

"Dr Mahathir also told us that the Malaysian Government would like to maintain the policy of fixing the ringgit to the US dollar at RM3.80 for a while.

"However, he (Dr Mahathir) did not dismiss the possibility that the Malaysian Government may have to review the rate... if Malaysia's export competitiveness comes to be affected by fluctuations in other currencies," Imai said.

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