

18/11/1998

Malaysia gets US\$1.8bn loan pledge from Japan

Adeline Ong

MALAYSIA has secured Japan's pledge for a package of bilateral loans worth US\$1.8 billion (US\$1 = RM3.80) and widespread support from several Asia-Pacific Economic Cooperation (Apec) countries for its push to instill greater discipline in the international financial market.

The loan package aside, support from other Apec leaders on the regional financial crisis issue indicates that deliberations on it may be brought to a larger stage - that of the Group of 22 (G-22) countries.

The developments were made through separate bilateral talks between Prime Minister Datuk Seri Dr Mahathir Mohamad and leaders of Japan, New Zealand, Chile, China and Indonesia at the sidelines of the Apec Leaders' Meeting in Kuala Lumpur yesterday.

Prime Minister Keizo Obuchi indicated Tokyo's willingness to extend the US\$1.8 billion loan, aside from the US\$30 billion financial aid to the region as announced by its Finance Minister Kiichi Miyazawa recently.

"For Malaysia, there will be additional assistance (apart from the Miyazawa initiative) based on bilateral relations. That is something we value," Malaysia's Foreign Minister Datuk Seri Abdullah Ahmad Badawi said when briefing reporters.

However, he said, some procedures need to be looked into first including Japan's need to evaluate each case of funding requirement from Malaysia. Japan's bilateral assistance is based on Malaysia's negotiations when the two leaders met in Tokyo about a month ago.

"Prime Minister Obuchi said Japan will fulfill whatever commitments they have indicated. Some projects have been identified but I do not want to go into the details," he said.

Meanwhile, there are indications that the Leaders' Meeting today may push matters regarding regional financial crisis to be brought to the G-22 level, based on supports for such a move from several powerful economies within Apec.

Abdullah said he did not want to speculate, except saying that the subject was brought up by several leaders in their bilateral talks with Dr Mahathir.

He said they felt there could perhaps be a role for G-22 because it was their view that it would not be possible for Apec summit to come out with any specific proposals at this stage.

"Also, if there is going to be any proposal, other non-Apec countries will have to be involved and they would have their contributions to make," he said.

Apec, however, will still have a role to play although the leaders are only prospecting for a wider involvement, beyond the grouping.

Dr Mahathir also met China's President Jiang Zemin where he explained the steps taken by the country to overcome the economic crisis. They also agreed that Apec and non-Apec members need to be assured of a stable international financial system, and that the use of hot money for speculative purposes must be controlled.

Having listened to the steps Malaysia has taken to curb currency speculation and its effects, Abdullah said Jiang felt they were good measures because they have brought about positive changes.

In his meeting with Indonesian President B.J. Habibie, talks centered around bilateral relations.

"As a new president, Habibie said he considered bilateral relations with

Malaysia very important and he hopes this will be strengthened. Dr Mahathir welcomes Habibie's statement and said he will continue to strengthen bilateral relations, and cooperation will be in all areas including to weather the financial crisis."

Later, when meeting New Zealand Prime Minister Jenny Shipley, the latter agreed that the financial crisis should remain a central issue in the present Apec meeting.

The subject also surfaced during Dr Mahathir's talks with Chilean President Eduardo Frei Luis Tagle.

(END)