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Malaysia to release RM975mil loan to Indonesia next week

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KUALA LUMPUR, Mon. - Deputy Prime Minister Datuk Seri Anwar Ibrahim said Malaysia will next week release US\$250 million (RM974.99 million) being the first instalment of its US\$1 billion loan to Indonesia to help overcome the republic's economic problems.

"It is appropriate on our part to show our faith and confidence towards the economic reforms now being undertaken by the Indonesian Government," Anwar, who is also Finance Minister told reporters after meeting Indonesian Finance Minister Fuad Bawazier at Carcosa Sri Negara today.

Prime Minister Datuk Seri Dr Mahathir Mohamad had, on the same subject, told Malaysian journalists at a Press conference at Kouba Palace, the Egyptian presidential guest house, in Cairo on Sunday night that the assistance was to enable the republic to bridge its finance.

"The World Bank had promised US\$3 billion to Indonesia but the IMF said it would only release the money in US\$1 billion instalments," Dr Mahathir said. And because of this, he added, Indonesia was getting help from Japan, Australia and Malaysia.

"We will help in whatever way we can," he said.

The International Monetary Fund had last week voted to resume lending to Indonesia as part of its US\$43 billion economic reform package.

Asked to comment on the release of the US\$250 million loan to Indonesia which was earlier disclosed by Fuad, Anwar said the money was a loan and not a donation.

"There were remarks by the Opposition that we are giving a donation to Indonesia. The assistance is in the form of loan, made in the light of the pressing needs in Indonesia."

Anwar said although Malaysia was also facing difficulties, it had to show commitment and support to Indonesia.

"We want to see a quick resolution and recovery of Indonesia," he said.

Asked on the presence of President Suharto's son Bambang Trihatmodjo at the meeting, Anwar said Bambang had given sideline views of the private sector in Indonesia.

"On my part, I introduced him to Malaysian corporate figures. He is not involved in the negotiation between the Malaysian and Indonesian Governments."

Fuad, when asked to comment on his visit, said it was to strengthen co-operation between the two countries.

"We appreciate the sympathy and thank the Government of Malaysia for its support," he added.

Fuad made a brief stopover here on his way home from the United States.

Asked whether the rioting in Indonesia had any impact on the IMF aid package, Fuad said the situation in his country did not affect the confidence of the international financial community in the Indonesian Government.

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