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KL-Tokyo meet on US\$1.8bn loan

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MALAYSIAN and Japanese officials expect to meet next month on a US\$1.8 billion loan (US\$1 = RM3.80) to Malaysia under Japan's Overseas Economic Cooperation Fund (OECF).

The loan is for Malaysia to finance projects during the current hard economic times, Japan's Minister of International Trade and Industry, Mr Kaoru Yosano, said in Kuala Lumpur yesterday.

Yosano is on a two-day visit to Malaysia. He said he met with Prime Minister Datuk Seri Dr Mahathir Mohamad yesterday morning.

The minister said the OECF officials and Malaysian senior officials will identify the sectors and projects to benefit from financing under the loan.

"In principal, the discussion is not about rejecting nor turning down any of these projects but we will try to reach an agreement.

"We will try to provide conducive environment for these companies by providing financial support or trade export insurance cover to facilitate the companies in investing," he said.

Extending the OECF facility to Malaysian companies shows that Japan's emphasis on Malaysia has never changed even though the economic landscape in the country and the region has, the minister said.

"We have never changed our policy and commitment despite the latest developments in the region," he added.

Malaysia had asked Japan to resume the provision of low-interest yen loans after it was suspended in 1994 because Malaysia had reached a certain level of development as an economy. Small-scale technical cooperation with Japan has continued, nevertheless, since the last yen loan was extended for the KL International Airport project.

On Japan's call for countries to implement the Early Sectoral Liberalisation (EVSL) programme during the Asia-Pacific Economic Cooperation (Apec) meeting in Taipeh earlier this month, Yosano said each member country is facing a different set of problems and therefore needs its own set of solutions.

"There are countries with their own sensitivities. If we cannot reach any resolution, then we will have to bring the matter up to the World Trade Organisation meeting next year.

"The EVSL programme is an innovative approach to trade liberalisation, which seeks to provide a balanced package, taking into account the elements of liberalisation, facilitation and technical cooperation and the sensitivity of member countries," he said.

Apec has identified 15 sectors under the EVSL scheme.

On his earlier meeting with Datuk Seri Dr Mahathir Mohamed, Yosano said the Prime Minister briefed him on the recent steps taken by the Malaysian Government on exchange control, that it was an "emergency measure".

"We were told that the policy taken are good for investors and Malaysian currency abroad has been flowing back to the country after it was implemented," he said.

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