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MUSTAPA-WORLD BANK

M'SIA SEES PROGRESS IN LOANS DISCUSSIONS WITH WORLD BANK

KUALA LUMPUR, Nov 7 (Bernama) -- The remaining US\$700.0 million (US\$1=RM3.80) of loans for Malaysia still pending disbursement by World Bank is still being discussed by both parties, said Second Finance Minister Datuk Mustapa Mohamad today.

He said there has been some progress based on the discussions held so far.

"We have been receiving World Bank's official missions here in the last two to three months, and there had been some progress. We still working on the details," he told reporters after opening the third meeting of Finance and Central Bank Deputies on the Manila Framework here.

Mustapa also said that he had a session with World Bank's vice president Jean-Michel Severino here this morning to discuss on this matter. Severino, who is here for the two-day meeting, is leading a delegation of officials from the World Bank.

Besides Severino, Stanley Fischer, the deputy managing director of the International Monetary Fund (IMF) and vice president of Asian Development Bank Peter Sullivan are also attending the meeting.

The first tranche of US\$300.0 million loan from World Bank was approved in June but Prime Minister Datuk Seri Dr Mahathir Mohamad later confirmed that there was a delay for the rest of the loans, as World Bank wanted a clearer picture on the selected exchange controls imposed by Malaysia.

Mustapa said the World Bank loans are mainly a programme oriented loans and it would used to finance basically social and poverty alleviation projects in the areas of education, rural development, culture, and health.

"We have to discuss what the projects are, where they will be located and so on. They (World Bank) cannot simply disburse loans without proper analysis," he explained.

Earlier in his opening address, Mustapa said it has been almost 18 months since the onset of the East Asian crisis and its spread to Russia and Latin America.

As such, he said, international financial communities should acknowledge that increased surveillance and greater transparency by governments were not sufficient for crisis prevention.

"The solution required are comprehensive, encompassing remedial actions at the national, regional and global levels," he said.

He said as the debate over the appropriate policy responses to the crisis goes on, the recent recognition by the international community that the crisis is a global problem is a welcome relief for Malaysia.

"For more than a year, we had been a lone voice in urging for radical reform of the international monetary system. We hope there is now, greater seriousness in searching for a global solution," he added.

Mustapa also suggested that whatever financial reforms undertaken by Group of Seven Industrialised nations to tackle the contagion of the crisis should not be confined to G-7 countries only.

In developing the new financial architecture including the design of new financial principles, rules and guidelines, he said the views of Asia should also be considered.

"We note that some of Asian views have not been well received in the past," he said, adding however an Asian governments while still in the midst of living through the crisis, they have learned a lot of invaluable lessons which could be the useful inputs. -- BERNAMA

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