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Mahathir-Loan

PM CONFIRMS M'SIA APPLYING FOR ADDITIONAL LOAN FROM WORLD BANK

KUALA LUMPUR, June 19 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad confirmed today that Malaysia is applying for an additional US\$700 million (US\$1=RM3.92) loan from the World Bank.

He said this loan and the US\$300 million loan approved by the bank today would be used solely for social programmes like housing, and not for economic reform.

The government was in the process of applying for the US\$700 million loan, he told reporters at the Umno general assembly here.

A Bernama report from Washinton yesterday quoted a World Bank official as saying that Malaysia was expected to request for the loan before the end of the year.

Asked about the RM7.03 billion supplementary budget to spur economic activity announced yesterday by Deputy Prime Minister Datuk Seri Anwar Ibrahim yesterday, Dr Mahathir said it would compound the country's present budget deficit.

Anwar, who was with Dr Mahathir, said he would announce further details of the additional spending next month.

Dr Mahathir said with the government's shrinking revenue due to a fall in company profits following the economic slowdown, the government was expecting a deficit for this year.

Originally, the government forecast a budget surplus of RM3.934 billion.

"We may have to borrow more money, like through the issue of bonds. We are working on this," he said.

The Prime Minister was also asked about Umno Youth's proposal for an anti-trust law to prevent companies awarded privatised projects from disbursing them to their subsidiaries.

"I propose to clarify this matter in my closing speech (at the assembly on Sunday)," said Dr Mahathir, who is Umno president.

Asked about the economic problems faced by Japan, he said in jest:

"I have been reading about Japan and it looks like they cannot do anything. According to one financial report today, Japan does not really know how to do things. They need expertise from people who write this papers."

The reports seemed to imply that the Japanese government's US\$130 billion economic recovery programme was "too little too late", said Dr Mahathir.

As to what Malaysia can learn from Japan, he said: "There is plenty of lessons. We are learning all about financial management of banks, bad loans and all."

-- BERNAMA

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