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Total of US\$42bn in direct aid pledged

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A TOTAL of US\$42 billion (US\$1 = RM3.80) was pledged to help turn around battered Asian economies at the Asia Pacific Economic Cooperation (Apec) Summit in Kuala Lumpur which ended yesterday.

At US\$30 billion, the strongest initiative came from Japan in the form of the Miyazawa Plan, followed by the US\$10 billion Asia Growth Recovery Programme launched jointly by the US and Japan.

Then there was the US\$1.8 billion in soft loans pledged by Japan to Malaysia and a further US\$200 million from a special fund set up by Chinese Taipei for selected South-East Asian companies.

With South Korea, Indonesia and Thailand having earlier received International Monetary Fund (IMF) sponsored packages worth US\$72 billion, US\$42 billion and US\$17.2 billion, respectively, this brings the amount committed to assisting Asian countries in the 16 months since the outbreak of the regional financial crisis to a grand total of US\$162.2 billion.

In addition, a US\$22.6 billion IMF rescue has also been arranged for Russia.

The Miyazawa Plan was first announced by Japanese Finance Minister Kichi Miyazawa during the Apec finance ministers' meeting in Washington last month.

For a start, it will have 1 trillion yen from the the 17-trillion yen Emergency Economic Package put together to kickstart Japan's domestic economy. The rest of the money will come from Tokyo's national budget for the financial year beginning April 1999.

Half of the Miyazawa loan programme billion will be disbursed as short-term loans, and the rest for medium- and long-term loans.

Japan has started sending fact-finding missions to targeted South-East Asian recipient countries, namely Indonesia, Thailand, the Philippines and Malaysia. The team will be in Kuala Lumpur on November 27-29.

Sadaaki Numata, spokesman for Japanese Prime Minister Keizo Obuchi, told reporters at the sidelines of the Apec summit that the missions would assess the needs of each recipient country so that assistance could be tailored accordingly.

He said Japan would be flexible and not attach conditionalities to the aid.

Meanwhile, the US-Japan package, which was announced by US Vice President Al Gore on Monday, is a multilateral initiative which also involves contributions from the World Bank and Asian Development Bank (ADB).

The package is aimed at revitalising ailing banks and financially-troubled corporations in the region.

Under the package, the Japanese Government will provide US\$3 billion and the World Bank and the ADB a combined US\$2 billion. The US will put up the remaining US\$5 billion through Export-Import Bank trade financing programmes.

As for the US\$1.8 billion in soft loans for Malaysia, Obuchi made the pledge during bilateral talks with Prime Minister Datuk Seri Dr Mahathir Mohamad.

Similarly, Chinese Taipei informed Malaysia about its US\$200 million initiative to assist South-East Asian companies when Dr Chiang Pin-Kung met with the Prime Minister.

Chiang represented Chinese Taipei President Lee Teng Hui at the Apec

Leaders' Summit.

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