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US firm sets up RM6.9b fund for projects in region

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KUALA LUMPUR, Tues. - The American International Group Inc (AIG) will set up a new US\$1.5 billion (RM6.9 billion) infrastructure fund to be used for investments in various projects in the region.

The fund will subsequently be raised to US\$2 billion, said Maurice Greenberg, chairman and chief executive officer of AIG which fully owns Malaysian insurer, American International Assurance Co Ltd.

He said the fund was scheduled to be announced in Singapore tomorrow.

Asia needed infrastructure development, though selectively, to continue the economic growth, he said.

"That's something we have believed in for many, many years, being one of the things AIA had done locally for many years.

"We are now reinforcing this belief by making more funds available."

He told reporters on the sidelines of the Pacific Dialogue that AIG was working on a number of new investments for both Malaysia and the region.

The investments, he said, would be in many different fields because "we have confidence in the future".

Asked what other measures big companies like AIG could take to help the region tide over the current problems, he said:

"By investing more in the country and the region, in the securities market, direct investments and infrastructure.

"We can even consider locating some of our other units in the country and in the region."

Greenberg added that AIG which has been in the country for 51 years, was a very big supporter of Malaysia.

He declined to comment on the recent pact on financial liberalisation at the World Trade Organisation, in which Malaysia offered a 51 per cent stake to foreign companies in the insurance industry.

AIA is wholly-owned by AIG and this raises the question of whether AIG has to divest some of its stake in AIA.

Greenberg would only say he had constructive talks with Prime Minister Datuk Seri Dr Mahathir Mohamad and Deputy Prime Minister Datuk Seri Anwar Ibrahim.

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