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MALAYSIA is also eligible to apply for a Special Yen Loan of up to US\$5 billion (RM19.5 billion) set up by Japan for Asian countries for three priority areas - infrastructure for an improved flow of goods, strengthening of production base and counter measures against large-scale disasters, Ambassador Issei Nomura said in Kuala Lumpur yesterday.

This is over and above the US\$2 billion financial assistance package agreed at a bilateral meeting between the two Prime Ministers in Hanoi on Tuesday and the US\$30 billion under the Miyazawa Plan for Asian economies.

Nomura said the Special Yen Loan facility is opened to all countries, especially the Asian countries which are seriously hit by the economic crises.

"An interest rate of 1.0 per cent and repayment period of 40 years will be applied. In compliance with the Organisation for Economic Co-operation and Development rules, loan will be tied to a Japanese contractor," said Nomura.

On the US\$2 billion financial assistance package, Nomura said it will help the Malaysian Government undertake projects in seven "priority" areas.

Explaining the details of his country's financial assistance package yesterday, Nomura said the priority areas under its Official Development Assistance yen loan package are for human resource development, environment protection and small-and-medium industry development.

Japanese Prime Minister Keizo Obuchi had announced the assistance package during a meeting with Prime Minister Datuk Seri Dr Mahathir Mohamad in Hanoi on Tuesday.

Apart from the ODA for US\$1 billion, the package consists of Japan's Exim Bank loan for US\$500 million and a trade and investment insurance of the Japanese government to a commercial loan for US\$560 million.

This follows a series of intensive consultations between the two sides at an exceptionally high pace from August till last week.

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