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Dr M: Roadshow to raise funds overseas (HL)

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TEN months after it was forced to abort plans to raise funds overseas, the Government will now go on a roadshow to tap funds from the international markets.

The move, which may see the Government raising funds of about RM8 billion from issuance of bonds, will help improve the country's credit-worthiness, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

"People would like to know the credit-worthiness of a country and it is important to show what our rating is ... not based on ratings agencies but on the willingness of foreign funds to subscribe to our bonds," he said at a press conference after tabling the Mid-Term Review of the Seventh Malaysia Plan at the Dewan Rakyat yesterday.

He was asked how the Government is going to secure funds for the additional development allocation for the remaining period of the country's Seventh Plan.

Earlier, Dr Mahathir said, the Federal Government's development allocation will be increased by an additional RM22 billion, from RM67.5 billion to RM89.5 billion under the Seventh Malaysia Plan (1996-2000). Last July, the then Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim and Tun Daim Zainuddin, who was then the Special Functions Minister, were scheduled to visit several countries to brief prospective investors on Malaysia's economic recovery plans and to raise funds to implement them.

The Finance Ministry had said then that Malaysia will enter into the international bond market when the conditions are conducive.

On the eve of the aborted visit, several ratings agencies had downgraded Malaysia's sovereign risk rating and long-term foreign currency sovereign rating.

Dr Mahathir said the Government is not too concerned with the ratings on Malaysia's performance by the international ratings agencies.

"It is up to them (foreign ratings agencies) to rate. What is important to us is that our economy is doing well.

"Ratings by these agencies do not reflect the true situation, so much so that investment funds have ignored the ratings made by the agencies and banks also have taken note of that and lend money at the rate favourable to us," he said.

Dr Mahathir stressed, however, that the country has sufficient financial resources from within to finance the development projects.

He also said that the international community and agencies are realising that "things are getting better in the country", based on their bullish views on the Malaysian economy.

"I would not like to make such a conclusion but obviously they have to admit that things are now better here. The international community now seems to recognise that what the Government had implemented is correct.

"There are some who persist in repeating the same old argument but on the whole, people are beginning to recognise what we have done is right.

"As far as we are concerned, we are only interested in whether what we have been doing is right.

"So far, signs or indicators have shown that we have done the right things," he said.

On whether Malaysia can sustain a long-term positive growth, Dr Mahathir said, this would also depend on external factors such as the average

growth of the world's economy, which is currently not growing as fast as it should.

On whether Malaysia can achieve the developed nation status by 2020, he said: "That is a long way off. We think we can manage as what we have done in managing our present crisis which is easily the most severe crisis we have ever faced."

In order to achieve the developed nation status, Malaysia needs to constantly register an average of at least 7 per cent growth a year within the 30-year period from 1990.

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