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Japan-backed bonds could be in euro or yen

Syed Nadzri in Tokyo

PRIME Minister Datuk Seri Dr Mahathir Mohamad said Japanese-backed sovereign bonds to be issued by Malaysia under a bilateral scheme being worked out could either be in euro or yen.

He said the market for the bonds was good in these currencies, especially the yen.

The Prime Minister was speaking at a Press conference during the launch of the Japanese-version of his book A New Deal for Asia in Tokyo yesterday.

He was asked to comment on a statement by Japanese Vice-Minister for Foreign Affairs Eisuke Sakakibara on Wednesday that Japan was interested in providing guarantees for bonds issued by Malaysia.

Sakakibara had said that details would have to be worked out soon, especially on the type of currency to be used and the quantum to be guaranteed. Dr Mahathir said Malaysia was keen in Japanese guarantee for the bonds.

"We intend to study this ... we invite guarantees," he said.

The interest shown by Japan comes a week after a US\$1 billion (RM3.8 billion) 10-year global bond launched by Malaysia in New York was oversubscribed by three times. It also further heightens the level of foreign investor-confidence in the Malaysian economy.

Malaysia is among the major recipients of funds from Japan's Miyazawa initiative - a US\$30 billion two-year aid package for Asia announced last October by Japanese Finance Minister Kiichi Miyazawa. Sakakibara's statement formed part of the second stage of the Miyazawa plan involving loan guarantees of up to another US\$17 billion.

Dr Mahathir also said Malaysia had made many requests to help finance on-going projects.

"We find that we may need more funds," he said, adding that Kuala Lumpur would ask for more assistance under the Miyazawa plan if necessary.

The Prime Minister was also asked whether he still believed an Asian Monetary Fund should be set up to provide assistance to ailing economies in the region. He said it was rather unfortunate the Fund did not materialise when some countries in the region needed it most.

"Had it been made available then, the depth of recession would not have been so bad," he added. But now, he said, there was already the Miyazawa plan. "But still an Asian Monetary Fund could be useful in speeding up recovery in some of the countries."

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