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Japan likely to release loan in April

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KUALA LUMPUR, Sat. - Malaysia is expected to see the disbursement of the first portion of the US\$5 billion (RM19 billion) loan from Japan in April, Japanese Finance Ministry's International Markets Office director Kishimoto Shuhei said today.

Shuhei did not elaborate on the amount to be disbursed, saying that "it all depends on the cost of the projects (for which the funds are to be allocated to)".

The loan is part of Japan's US\$30 billion (RM114 billion) aid plan for Asia named after Finance Minister Kiichi Miyazawa.

Shuhei said the delay in the disbursement, which was originally expected last month, was due to the time taken to study the viability of the projects.

"Normally it takes three to six months to study the viability of projects before approval is given. Much depends of what the projects are and the costs involved.

"Moreover, we also have to tell the Japanese people what projects their tax money is being used by the Malaysian Government for its economic recovery.

"However, I am confident that Malaysia will receive the first disbursement of the US\$5 billion loan in April," said Shuhei.

During his three-day stay here, Shuhei met with Finance Minister Tun Daim Zainuddin, who is also executive director of the National Economic Action Council, and representatives from Bank Negara and the Finance Ministry.

Shuhei said his visit was to do research on the Malaysian economy and the measures taken by the Malaysian Government for economic recovery.

"I am very happy with what I have heard and seen and I am confident that Malaysia will be one of the first countries in the region to recover from this messy economic crisis."

He added that his visit was not prompted by Prime Minister Datuk Seri Dr Mahathir Mohamad's recent remarks in a Japanese daily, Mainichi Shimbun, that Japan's aid plan was "slow-footed".

"I came here because we are very interested in the economic situation of the country and it is a follow-up visit from last month when we came to dicuss the Miyazawa package in respect to Malaysia," said Shuhei.

On the availability of fresh loans, Shuhei said syndicated loans from private banks, which would be guranteed by the Export-Import Bank of Japan, would soon be available.

"The loan will be from a syndicate of banks to be identified. As Exim Bank can guarantee the loans, it will be offered at very low interest rates.

"These loans may be available very soon to fund concrete and viable projects by the Malaysian Government. However we still have to go through the normal procedure of studying the viability of the projects," said Shuhei.

He said the size of loans to be ultimately disbursed to Malaysia need not be limited to US\$5 billion and could be a higher amount.

He leaves for Thailand tomorrow.

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