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Japan-backed bonds can be in euro or yen: PM (HL)

Syed Nadzri in Tokyo

TOKYO, Thurs: Prime Minister Datuk Seri Dr Mahathir Mohamad says Japanese-backed sovereign bonds to be issued by Malaysia under a bilateral scheme being worked out could either be in euro or yen.

The market for bonds in these currencies, especially the yen, is good, he said at a press conference during the launch of the Japanese version of his book "A New Deal for Asia" in Tokyo today.

The hardcover book, titled "Japan's recovery, Asian rebuilding", followed the launch of the English version in Kuala Lumpur last week. The Prime Minister was asked to comment on a statement by Japanese Vice-Minister for Foreign Affairs Eisuke Sakakibara yesterday that Japan was interested in providing guarantees for bonds issued by Malaysia. Sakakibara had said that details would be worked out soon, especially on the choice of currency and the quantum to be guaranteed.

Dr Mahathir said Malaysia is certainly keen on securing Japanese guarantee for the bonds.

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

The expression of support by Japan comes a week after a US\$1 billion (RM3.8 billion) 10-year global bond launched by Malaysia in New York was over-subscribed three times, and serves to further heighten foreign investor-confidence in the 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.

Loan guarantees of up to an additional US\$17 billion form the second phase of the Miyazawa Plan.

Dr Mahathir also said Malaysia has made many requests for assistance in the financing of on-going projects.

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

The Prime Minister was also asked if he still believes an Asian Monetary Fund should be set up to provide assistance to ailing economies in the region.

He said it was unfortunate that the fund did not materialise when countries in the region needed it most.

"Had it been made available then, the depth of recession would not have been so bad," Dr Mahathir added.

There is however already the Miyazawa Plan.

"Still an Asian Monetary Fund could be useful in speeding up recovery in some of the countries."

Dr Mahathir also addressed the International Conference on the Future of Asia at the Okura Hotel, here, yesterday.

He urged countries in the region to re-invent themselves.