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MAHATHIR-BONDS

GLOBAL BOND ISSUANCE NOT TO SHORE UP RESERVES, SAYS DR MAHATHIR

KUALA LUMPUR, June 28 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today dismissed speculation that the proposed global bond offering by the government in international capital markets is aimed at shoring up the country's reserves, saying that Malaysia had enough reserves to finance three months of retained imports.

"It's quite all right," he said of the reserves situation in the country.

"It is a usual practice anyway," he said when commenting on the announcement today of the global bonds launch by the Ministry of Finance and speculation that its proceeds would be used to shore up the country's reserves.

Dr Mahathir also said that the value of the bonds issuance was estimated at US\$1 billion (RM3.8 billion).

He said this to reporters after presenting awards to Venture 2001 winners.

Dr Mahathir said that "this is a normal thing, every year we go to the market, raise some funds through the bonds issuance."

Today, in announcing the proposed bonds issuance, the Finance Ministry said that proceeds of the bonds represented new financing and would be used for the general funding purposes of the government.

The bonds would be rated "BBB" by Standard & Poor's and "Baa2" by Moody's Investors Service Inc.

Asked whether the funds to be raised was enough to defend the ringgit's peg, he said "there's nothing to defend, why should we defend the ringgit, nobody can attack the ringgit now (as it is pegged), before yes."

On whether any decision by former finance minister Tun Daim Zainuddin who resigned recently needed to be reviewed, he said: "Nothing needs to be reviewed, we just continue, there are somethings we have to study like the Light Rail Transit (LTR)."

Initially, the government proposed to issue bonds worth RM6 billion to take over the assets of two LRT companies, Sistem Transit Aliran Ringan Sdn Bhd (STAR) and Projek Usahasama Transit Ringan Automatik Sdn Bhd (Putra).

However, the government has put the plan on hold as it is awaiting recommendations from the Corporate Debt Restructuring Committee for an alternative plan for the companies.

The two companies have debts reportedly worth RM6 billion. -- BERNAMA

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