

Malaysia gives RM1b soft loan to Lebanon

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PARIS: Malaysia has advanced a US\$300mil (RM1.14bil) soft loan to Lebanon to help the country restructure its huge debts, said Prime Minister Datuk Seri Dr Mahathir Mohammad.

The financial assistance would help heavily indebted Beirut to reduce its debt servicing, which amounted to 60% of its total revenue, he told Malaysian journalists after attending The Pledging Conference for the Reconstruction of Lebanon yesterday.

Dr Mahathir said Malaysia's assistance was one of the largest direct loans to Lebanon after Saudi Arabia (US\$700mil or RM2.6bil) and France (US\$300mil).

"Lebanon is a good pay master as the country has never defaulted on bonds subscribed by Malaysia," he said, adding that he would be discussing with Lebanese Prime Minister Rafiq Hariri about the offer of technical assistance.

Eighteen countries and five international agencies such as the World Bank were invited by French President Jacques Chirac to help in restructuring Lebanon's fiscal deficit.

The Star understands that the United States and European countries, such as Britain, Germany, Italy and Spain, did not make any offer of soft loans as they preferred the International Monetary Fund for Lebanon.

Dr Mahathir said other contributions ranged from US\$200mil (RM760mil) to US\$300mil, the majority of which came from Arab countries.

In the 1980s, Lebanon was ravaged by an invasion by Israel followed by more than 15 years of civil war and its financial destabilisation posed a serious threat to the Middle East, which is in the grip of a severe crisis.

Dr Mahathir later met Chirac at the Elysee Palace to thank him on the role played by France in trying to resolve the Iraqi crisis through the United Nations, thereby blocking the unilateralist approach advanced by the United States with British support.

Rafiq, after meeting the prime minister, said Dr Mahathir's presence in Paris was an act of friendship to the people of Lebanon.