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PM to attend meeting on Lebanon's reconstruction

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PRIME Minister Datuk Seri Dr Mahathir Mohamad arrives in Paris today ahead of tomorrow's one-day Pledging Conference on the Reconstruction of Lebanon, a forum aimed at rebuilding the nation which is now facing severe financial crisis.

Also known as the Conference on Support for the Programme for Economic Reforms in Lebanon, it is a follow-up to the Paris I conference last year initiated by France and by friendly countries, including Malaysia, to boost reforms in Lebanon.

France has invited countries and financial institutions friendly to Lebanon to attend tomorrow's conference to examine forms of support they could offer to the Lebanese Government's economic reform programme.

Tomorrow's meeting will also serve to review the progress made by Lebanon, following several initiatives taken since the Paris I conference.

It will offer the Governments and institutions friendly to Lebanon an opportunity to demonstrate their support, and to signal the amount and modalities of the contributions they intend to make to the amicable debt rescheduling exercise.

Diplomats say this could take the form of the granting of new loans or guarantees permitting the substitution of debt on more favourable terms than the existing ones.

The conference will also offer a platform for the international financial institutions to spell out the terms and conditions for providing financial assistance.

Besides Malaysia, France and Lebanon, countries participating in the conference are Germany, Italy, Canada, Bahrain, Saudi Arabia, United Arab Emirates, Qatar, Belgium, Denmark, Spain, the United States, Britain, Japan, Kuwait and Oman.

Several heads of state or government, and representatives of the International Monetary Fund will participate in the conference.

In 1992, after a war which lasted 15 years, the Lebanese state found itself seriously handicapped. The Government's expenditure was twice its revenue.

Lebanon was forced to finance reconstruction chiefly through short-term borrowing at high interest rates. This aggravated its fiscal deficit. The debt stock will represent 170 per cent of its GDP at the end of 2002.

The present Lebanese Government has embarked on a programme of structural reforms aimed at modernising the economy and curbing the fiscal deficit.

Diplomats say the efforts are starting to bear fruit.

Tonight, Dr Mahathir will meet the Malaysian community in Paris with