

'Region great market for bonds'

STMR 31 OCT 2003

THERE is "great market potential" for the Asian bond market in the region as many Asean countries keep their reserves in developed nations, said Datuk Seri Dr Mahathir Mohamad.

The Prime Minister said with the Asian bond market, an initiative by Asean member countries with China, Japan and South Korea (Asean+3), Asean countries could bring back the money they kept in developed nations for use as loans to other Asean countries.

"If we open our eyes, we will see the market for the Asian bond market," Dr Mahathir told Abdul Rahman Yusof (Keadilan - Kemaman).

Abdul Rahman, who said he

was sceptical there would be subscribers for the Asian bond, had asked how the Asian Bond Market Initiative (ABMI) could help increase growth in Asean.

Dr Mahathir said Asean countries had a lot of money but it was wrongly invested as it was kept in the form of foreign currencies.

"Asean countries keep reserves worth trillions of dollars in developed nations," he said.

He added that the countries saved their money with a 3% interest rate but when they borrowed money from the developed nations, they had to pay a 5% interest rate.

"In other words, we give the margin of profits to the devel-

oped nations," he said, adding that Asean countries which registered a surplus should keep their reserves in a fund and loan the money to other Asean countries through the ABMI.

"Asean countries, particularly those in West Asia, register the highest growth in their economy. If you look at the actual situation, you will not pose such a question."

Earlier, Dr Mahathir told Datuk Zulhasnan Rafique (BN - Wangsa Maju) that the ABMI would bring positive effects for the economies of West Asian countries as the savings could be used for development projects in Asia.