

07 FEB 2003

MAHATHIR-MAS

GOVT WILL FIND WAYS TO RAISE FUNDS FOR AIRBUS PURCHASE

PUTRAJAYA, Feb 7 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said here today that the government will find the way to raise funds for the proposed acquisition of the six Airbus for Malaysia Airlines (MAS).

He said that the proposed acquisition would not be financed in a lump sum.

He maintained that Malaysia can raise funds because it would be a government agency that would own the aircraft asset.

Dr Mahathir said this to reporters after the launch of e-Syariah, the seventh flagship application under the Multimedia Super Corridor project.

It was recently reported that six Airbus A380-800 passenger aircraft to be acquired by Penerbangan Malaysia Bhd (PMB), the parent company of MAS, would be delivered to the airline beginning 2007.

The lease price orders for the six Airbus amounted to US\$1.5 billion (RM5.7 billion), it was reported.

The Prime Minister said that the government has access to cheaper funds.

"We will find ways to raise funds through the government," he said.

Asked if the government would consider tapping global bonds for the proposed acquisition, he said: "We will look into how best to finance."

Dr Mahathir said that the aircraft would then be leased to MAS.

If MAS were to lease from other leasing companies, he said that the cost would be higher because these companies have to pay higher interest rates.

On news that MAS is in talk with Boeing for new aircraft, the Prime Minister said that the airline would need to study its route requirements.

The considerations include the need for faster aircraft with smaller passenger capacity or bigger aircraft with bigger passenger capacity.

In some cases, the number of landing rights were limited.

It was reported last month that Boeing is in preliminary talks with MAS on the possibility of supplying the national carrier with the new middle-of-the-market (MOM) commercial aircraft.

On the recent MAS expansion plan where MAS will lease additional eight planes, Dr Mahathir said that PMB would lease (to MAS) when the national carrier required it.

MAS, when unveiling the expansion plan at the end of last month, said that the additional planes comprised three B737s and five Airbus A330-200s, which would be leased from PMB.

The new aircraft would expand MAS' fleet to 107 planes.

Asked when the decision could be made on the leasing, Dr Mahathir said when the demand is there. -- BERNAMA

LES SHO FR