

26/07/2003

Govt road show in Dubai to promote 2nd tranche of Sukuk

Hamisah Hamid

THE Government will hold a road show to promote the second tranche of its global Islamic bond, or Sukuk, at the International Monetary Fund/World Bank meeting in Dubai this September.

Second Finance Minister Datuk Dr Jamaludin Jarjis said the road show for the euro-denominated Sukuk will be targeted at the West Asian market as there is good demand for Islamic financing instruments there.

"Previously, we wanted to do this in April, but there was a war (in Iraq); but we will do the road show sometime in September, either before or after the IMF/World Bank meeting in Dubai," he told reporters in Kuala Lumpur yesterday after launching Bank Islam Malaysia Bhd's latest financing product, Wahdah.

Also present were Bank Islam chairman Datuk Mohd Yusoff Nasir and managing director Datuk Ahmad Tajudin Abdul Rahman.

The annual IMF/World Bank meeting will be held on September 20-24 in Dubai - one of the seven emirates in the United Arab Emirates.

The Government plans to issue between 550 million and 600 million euros (1 euro = RM4.40) Sukuk before the year-end after the success of the first US\$600 million (US\$1 = RM3.80) Islamic sovereign bond issued in June last year.

The second Sukuk is expected to be launched either in September or October to take advantage of the lower borrowing cost.

Jamaludin said the planned road show in West Asia will include promotions for other locally-developed Islamic financial products.

On whether Penerbangan Malaysia Bhd's (PMB) proposed bond will be promoted during the road show, he said the Government needs to study whether it is appropriate to promote the Islamic and conventional bonds together.

PMB, the parent company of Malaysian Airline System Bhd, is issuing a US\$500 million-US\$750 million bond.

The bond, which was planned for sale this month, had been postponed following the expected improvement in the economic scenario in the second half of the year.

Jamaludin also said the formation of the Asian bond market (ABM) will be one of the topics to be discussed between Prime Minister Datuk Seri Dr Mahathir Mohamad and his Thai counterpart, Thaksin Shinawatra, in Langkawi.

He said Malaysia, which has expertise in Islamic capital market, has proposed for the inclusion of an Islamic component in the ABM.

Both prime ministers will meet as part of their annual consultations, in

conjunction with the two-day Malaysia-Thailand Technology Business Partnership Dialogue, which starts tomorrow.

Earlier in his speech, Jamaludin said Malaysia now has a comprehensive Islamic financial system covering Islamic banking, Islamic insurance (takaful), Islamic capital market and Islamic monetary market.

As of May this year, assets in the Islamic banking system in the country amounts to RM73.4 billion while deposits and financing stood at RM55.2 billion and RM41.3 billion respectively.

The number of institutions offering Islamic banking in the country include two Islamic banks, 13 commercial banks, nine financial firms, four merchant banks and seven discount houses.

There are 2,065 Islamic banking counters and 138 banking outlets offering full-fledged Islamic banking.

The minister said as of end of last year, there are 26 Islamic unit trust funds with a total size of RM705 million.

The Islamic monetary market also has various instruments such as Islamic bonds, Islamic acceptance bills and others, whose transactions stood at RM32.7 billion at the end of 2002.