

CHEAP LOAN

Malaysia looking at another round of Samurai bonds, says Dr M

KUALA LUMPUR: Malaysia is considering issuing a second round of Samurai bonds, said Prime Minister Tun Dr Mahathir Mohamad.

"Yes, Japan is making available a very cheap loan, lower than the previous 0.63 per cent.

"We are studying how we can use this money to overcome our financial problems," he said after launching the World Tourism Conference 2019 here yesterday.

Japanese Prime Minister Shinzo Abe was reported as saying that the Japan Bank for International Cooperation (JBIC) was ready to consider further support if Malaysia wished to issue additional Samurai bonds in the future.

The first Samurai bond issuance was in March at 200 bil-

lion yen (RM7.4 billion) Samurai bonds.

The bond was guaranteed by JBIC with a maturity tenure of 10 years with a full cost to the government at 0.63 per cent per annum.

Proceeds from the first bond issuance would be used to fund infrastructure developments, including the construction of schools, hospitals, roads and utilities.

A samurai bond is a yen-denominated bond issued in Tokyo and is subject to Japanese regulations.

On the ongoing trade war between the United States and China, Dr Mahathir did not mince his words in taking the two global economies to task.

"I think trade wars are stupid. If you cannot agree on deficits in your trade balance, you should negotiate, not have a boycott and things like that."

On the Lynas issue, he said, the move to allow Lynas Corp to continue its operations in Malaysia had nothing to do with the rare-earth company's link with Japan.

"We invited them (Lynas) to come and invest in Malaysia. Later on, we found out they produced a lot of wastes.

"We sent in experts to examine whether the (site) is dangerous or not, and it was reported that it was not.

"But the people who are against Lynas still want it shut down. It is a big investment — RM1.7 billion

with 700 jobs.

"If we treat Lynas like a pariah and ask them to leave, we will not get others to invest here. (It has) nothing to do with Japan."

Dr Mahathir was commenting on claims by an anti-Lynas group that he had agreed to extend the company's operations as the Japanese government had backed a 10-year loan for it and its products as a leverage in the US-China trade war.

Lynas is a big player in the global supply chain involving rare-earth as it is the only significant producer of the mineral outside China.

It produces 17 types of metals used in batteries, computers, televisions and smartphones.

The world's biggest producer,

China had threatened to use rare-earth as a bargaining chip in its trade war with the US.

Malaysia had renewed Lynas Corp's licence on Aug 15 for six months.

The Atomic Energy Licensing Board had announced that Lynas must comply with three conditions.

It has to move its cracking and leaching process out of the country. It has to identify a site to construct a permanent disposal facility and obtain written permission from the state government for the use of that site.

Lynas also has to end all research-and-development activities related to the use of radioactive water leach purification residues.