

**JAPAN-ASEAN TRADE, INVESTMENT DECLINING.**By **Chaitanya Kalbag**

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MANILA, Dec 15 - Japan's trade and overseas investment with South-East Asia, which accounts for nearly a third of Japanese bilateral aid, has been steadily declining, figures from the Japanese Foreign Ministry show.

Japanese Prime Minister Noboru Takeshita announced a two billion dollar ASEAN-Japan Development Fund to boost the private sector and regional cooperation in the Association of South East Asian Nations (ASEAN) at the start of his first foreign trip.

Japan on Monday cut interest rates on its official development aid loans (ODA).

A Japanese Foreign Ministry spokesman said in Tokyo that interest rates on ODA loans signed after January this year would be cut by an average 0.6 percentage points in a move seen by analysts as a response to criticism of its interest rate policy amid the yen's rapid appreciation.

The move affects 26 loans totalling 6.2 billion dollars to as many countries.

Japan previously charged Malaysia four pct and Thailand, Indonesia and the Philippines three pct for ODA loans.

A Japanese Foreign Ministry briefing paper said ASEAN countries receive about 30 pct of Tokyo's total ODA outflows.

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