

PHILIPPINE SENATE BILL PROPOSES DEBT COMMISSION.By **Chaitanya Kalbag**

578 words

1 October 1987

Reuters News

English

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MANILA, Oct 1 - Members of the Philippine Congress want to set up a commission to shape a new national debt policy.

Six senators, all members of the ruling coalition, have introduced a bill saying economic growth should dictate debt repayments.

"Growth, equity and social justice should have prior claims over and above foreign debt service. Foreign loan agreements and debt restructuring should not impair national sovereignty," the bill said.

Over the past week the Senate's Economic Affairs and Blue Ribbon Committees have proposed a variety of new debt strategies, among them a ceiling on repayments of 15 pct of annual foreign exchange receipts, the setting up of a new debt negotiating panel headed by a diplomat, and the repudiation of some loans that may be tainted by fraud.

Bankers said on Monday they fear these moves are pushing Manila towards a confrontation with its creditors and could threaten the debt restructuring accord signed in July that stretched repayments on part of the country's 28.4 billion dollar foreign debt.

Authors of the latest bill include Alberto Romulo, a former budget secretary, now chairman of the Senate Committee on Banks, Financial Institutions and Currencies.

The bill proposed that a Joint Legislative-Executive Debt Commission be set up within 45 days of the legislation passing. The commission would have nine members -- six from the legislature and three appointed by Aquino.

It said the commission would report to Aquino each June and December on its assessment of the debt situation.

In a preamble, the bill noted that the Philippines ranked eleventh among the world's major debtor nations.

The bill quoted the National Economic and Development Authority (NEDA) as saying that debt service would total about 20.4 billion dollars over the next six years, of which 12.7 billion dollars would go towards interest payments. It said receipts were projected to total only 4.2 billion dollars over the period for a negative net transfer of 16.2 billion dollars.

"For the last 19 months we have been 'muddling through' principally through the rescheduling and restructuring of our foreign exchange liabilities under strict IMF (International Monetary Fund) and World Bank and creditor bank terms and conditionalities," the preamble said.

"But in order to survive as a free people, we cannot continue to 'muddle through' with half-measures, palliatives, temporary and stop-gap measures," the preamble said.

It said proposed remedies included a debt service ceiling, capitalisation of interest, debt forgiveness and increased loan-loss provisions by creditor banks.

The bill said there was an urgent need for a comprehensive national debt policy.

"Our nation is in crisis. We have to go beyond conventional and traditional ways of doing things. The debt issue is a public and political issue," it said.

The bill said the commission would improve coordination between the executive and the legislature on debt management.

"Through the ... Commission, the Filipino people must now supplant and supersede the IMF, the World Bank and the creditor banks in the formulation of policy not only over foreign debt but also over fiscal and monetary policy."



A Senate panel's rejection last Friday of a 56.5 million dollar compromise over a private fertiliser firm's debt has cast into doubt the signing by all 483 of Manila's creditor banks of the debt accord before a November 15 deadline, after which the pact loses its retroactivity to January 1, 1987.

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English
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MANILA, Oct. 1, Reuter - The Philippine Congress on Thursday pushed forward an ambitious program to break up estates and give the land to peasants, filing two bills ahead of a presidential deadline.

The legislature also opposing setting up a panel to shape a new national debt policy amid growing calls for cutting repayments on the country's 22.4 billion dollar foreign debt.

With less than a month remaining of a 90-day time limit for redistributing farmland set by President Corason Aquino, congressional sources said bills had been lodged in both houses after weeks of debate.

Aquino passed the thorny land-reform issue to Congress in a July 22 decree after her proposal that estates bigger than seven hectares (17 acres) be broken up was criticised by landowners.

Benarson Alvarez, Aquino's former Agrarian reforms minister and Chairman of the Senate Agrarian Reform Committee, proposed ceilings of seven hectares for rice and corn land, 15 hectares (37 acres) for sugarcane plantations, and 12 hectares (30 acres) for all other agricultural land.

Senate sources said they believed his compromise proposal was likely to be accepted.

"The (program), though all-embracing, is not unprecedented in the full scale, but through a piece... land transfer," Alvarez said.

He proposed that land distribution be completed by July 1, 1988 when Aquino completes her eighth term as President.

Landowners' associations have vowed to oppose bills which set a 15-year withdrawal limit on the high-growing island of Negros bore out up private farms.

Farmers' groups have charged that Congress is distracted by the anti-inflation bill and will neglect down legislation.

It states are 1.3 million hectares (3.2 million acres) of estate, of which 1.1 million are under cultivation.

In the House of Representatives, the Agrarian Reform Committee on Thursday reported a uniform seven-hectare ceiling for all agricultural land.

All the lands to be parceled by a single property of the landowner or his heirs, and would be 750 hectares.

Six Senators, all members of Aquino's ruling coalition, introduced a bill which would allow the government to dictate the level of debt repayment.

"Growth, equity and social justice shall take precedence over debt and shall be the basis for all debt arrangements and debt restructuring," it should not affect national sovereignty, it says.

It proposed that a commission be set up to study the country's debt policy.

In the past week, two Senate resolutions have been filed, both calling for the same.

They include a ceiling on repayments of 15 percent of export earnings and a moratorium on new foreign debt repayments panel headed by a senator.

President Ferdinand Marcos said only debt restructuring would help.

Senators say they fear the proposals are premature and will not be accepted.

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