

TAKESHITA PROMISES TO SPEED AID TO PHILIPPINES.By **Chaitanya Kalbag**

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MANILA, Dec 16 - Japanese Prime Minister Noboru Takeshita promised President Corazon Aquino he would speed up assistance to the Philippines and soften terms for bilateral aid, a Japanese government spokesman told reporters.

Takeshita and Aquino signed an agreement on an 80.2 billion yen loan package from Japan's Overseas Economic Cooperation Fund (OECF) after talks here.

He also promised to try to hasten the process by which political commitments are converted into actual aid by tackling bureaucratic bottlenecks, the spokesman said.

The spokesman said Takeshita also announced an additional 110 million dollar aid package to repair a highway on Luzon island originally built with Japanese aid.

The 14th yen loan package is 62 pct higher than the 49.5 billion yen provided in the 13th package and consists of financing for 16 projects. It includes a 25-year 30 billion yen loan to cover Philippine commodity imports, mainly of raw materials. This has a seven-year grace period.

On Monday Japan cut interest rates on official development aid loans to the Philippines to 2.4 pct from three pct.

The project loans under the 14th yen package are repayable over 30 years with a 10-year grace period and are untied.

Japanese Embassy data show the Philippines is the largest recipient of Japanese loans, grants and technical cooperation grants in the Association of South East Asian Nations with aid totalling 438 million dollars in the 1983/86 period, 47.8 pct of total Japanese aid to the region of 914.5 million dollars.

OECF financing for the Philippines, excluding the 14th yen package, comprised 88 loans totalling 449 billion yen.

In May the OECF approved a special 40.4 billion yen loan for a thermal power station in Batangas province, near Manila.

Earlier this year the Export-Import Bank of Japan granted the Philippines a 300 million dollar loan to match an identical economic recovery loan from the World Bank.

The 14th yen package was originally due for disbursement in Japan's 1986/87 fiscal year ending March 31, but Japanese officials said it was delayed because Manila presented its proposals only in October 1986.

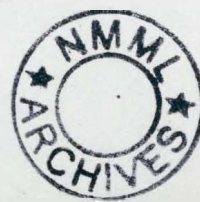
"Japan must build on its past mistakes over loan packages to the Philippines," a Japanese official accompanying Takeshita told reporters.

To this end, the Japanese government sent a team of loan experts and academics to Manila last January to canvass Philippine requirements and forestall what he described as "scandals" which took place under former president Marcos.

The official said a larger mission in June headed by former foreign minister Saburo Okita concluded that Japanese aid to the Philippines must consist of two main portions.

The first must consist of aid designed to have immediate effect on current account deficits, a need addressed by the commodity portion of the 14th yen package, the official said.

The other part must focus on the farming sector and try to benefit small farmers, processing plants, service and support facilities and the development of natural resources, he added.



There had been no formal requests from Manila for the 15th yen loan package. The official said Takeshita had told Aquino he would take the conclusions of the Okita mission into account when deciding future loan commitments.

The Japanese spokesman said Takeshita had acknowledged in his talks with Aquino that Japanese investment in the Philippines had been declining, but had said it would rebound after Japanese businessmen regained confidence in the country.

"I am sure Japanese investments will rapidly increase as your government is perceived to be more stable," Aquino's spokesman Teodoro Benigno quoted Takeshita as saying.

Japanese Embassy figures show Japanese investments in the Philippines fell to 454.5 million pesos in calendar 1986 from 485.3 million in 1985. An embassy spokesman said Japanese investment totalled 276.9 million pesos in the first six months of 1987 but gave no 1986 figures.

The Japanese official said an investment mission from the Japanese Chamber of Commerce would visit Manila next March.

Aquino urged Takeshita to open Japanese markets more to agricultural and textile products from the Philippines.

Last week Manila said it would complain to the world trade body GATT because Tokyo had halted imports of Philippine mangoes before a ban on mangoes treated with a chemical said to be carcinogenic took effect next February 1.

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