

**CHINA DISCUSSING SIX LOANS WITH ASIAN DEVELOPMENT BANK.**By **Chaitanya Kalbag**

485 words

18 April 1988

Reuters News

English

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MANILA, April 18, Reuter - China is negotiating with the Manila-based Asian Development Bank for six loans this year, a Chinese official said on Monday.

Li Dongqun, alternate executive director on the ADB board, told Reuters in an interview that Peking wanted to move slowly in building up its borrowings.

China joined the ADB in 1986 and is the bank's newest member. The bank made its first loans to Peking in 1987.

"I think we should go step by step," Li said.

ADB loans to China began last year with 100 million dollars to the China Investment Bank and 33.3 million dollars for a project supporting Peking's policy of switching to coal from oil for power generation. The loans become effective this year.

"I think for the first year this is quite good," Li said.

Bank papers show four loans totalling 286.2 million dollars are under current consideration.

They include a 110 million dollar iron and steel modernisation project, the 86.2 million dollar foreign-exchange component of a 137.2 million dollar tyre project, a 40 million dollar chemical plant expansion and a 40 million dollar pulp mill project.

Li said two other loans, for the Shanghai Investment and Trust Corporation and an area development project in Shanxi province, are also being discussed with the bank. He gave no figures.

Peking has said it will borrow only ordinary capital funds at normal rates of interest and not seek loans from the Asian Development Fund, the bank's concessional window.

The declaration recognises the fears of smaller nations in the 47-member ADB that China and India, which first borrowed from the bank in 1986, could swamp their own development needs.

Li said four professional staff members from China had already joined the ADB and more were being recruited.

Peking will host the ADB's 22nd annual meeting in April next year.

At last year's meeting in Osaka, China became only the third country after the United States and Japan to occupy a separate seat on the bank's 12-member board.

Li said Peking welcomed news that Taiwan, which the bank calls "Taipei, China", would end a two-year boycott to attend the ADB's annual meeting later this month in Manila. It will be the first time both have attended the same monetary conference.

He said Peking would cooperate with Taiwan within the bank.

Li made it clear China would not support calls by the United States and other major ADB donors for the bank to link more loans to policy reforms by its members.

"The government itself should decide what kind of policy to adopt," he said. "The ADB can share the experience it has gained with other countries.

"It cannot be forcible or compulsory to adopt policy measures. Each country knows its background, its situation."



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PHILIPPINE GNP SEEN GROWING 5.1 PCT IN 1988

By Chaitanya Kalbag

338 words

4 April 1988

Reuters News

English

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MANILA, April 4, Reuters - The Philippines' gross national product (GNP) is expected to expand by 5.1 pct in 1988, the Central Bank said in its annual report.

The report said that in 1988 the economy will continue to implement exchange rate, interest rate and credit policies that will encourage a shift to an investment-led recovery after the consumption-led growth in 1987.

The National Economic and Development Authority (NEDA) has forecast GNP will grow by between six and 6.5 pct in 1988.

The report said that in 1988 the Central Bank will continue to implement exchange rate, interest rate and credit policies that will encourage a shift to an investment-led recovery after the consumption-led growth in 1987.

It said direct foreign investments totalled 2.4 billion dollars in 1987 from 1.15 billion a year earlier.

The country's overall balance of payments surplus was reported to be higher in 1988. The 1987 payments surplus stood at 25.4 million dollars.

The lower export last year, which began to decline in 1986, resulted mainly from a widening of the merchandise trade deficit to 1.42 billion dollars in 1987 from 102 million a year earlier.

The Philippines posted a current account deficit of 200 million dollars in 1987, a reversal from a 300 million surplus in 1986.

The report said Manila will continue to implement the economic reform program supported by the International Monetary Fund (IMF) and World Bank.

It said the national government's budget deficit stood at 2.5 billion pesos in 1987 against a surplus of 2.2 billion in 1986.

The 1988 budget deficit totalled 7.5 billion pesos, the highest since 1983, up from 2.2 billion in 1987 from 2.7 billion a year earlier.

The government projects a deficit of 5.5 billion pesos in the 1989 budget, up from 2.2 billion in 1988.

The report said the year was generally good for the country, with the GDP growing by 5.1 pct. The deficit, however, rose from 20.530 billion pesos in 1986 to 25.4 billion pesos in 1987. The deficit was 25.4 billion pesos in 1987, up from 20.530 billion pesos in 1986. The deficit was 25.4 billion pesos in 1987, up from 20.530 billion pesos in 1986.

The government also said the dollar was stable, with the peso at 20.530 pesos to the dollar.

The report noted that the peso depreciated by 10 pct against the dollar in 1987, from 20.530 pesos to 22.530 pesos.

Portfolio investments by foreigners in the Philippines were 1.1 billion dollars in 1987, up from 1.1 billion dollars in 1986. The report also said that the country's foreign exchange reserves stood at 1.1 billion dollars in 1987, up from 1.1 billion dollars in 1986.

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