

JAPAN-U.S. TUSSLE LIKELY TO DOMINATE ADB MEETING.By **Chaitanya Kalbag**

594 words

27 April 1988

Reuters News

English

(c) 1988 Reuters Limited

MANILA, April 27, Reuter - The Asian Development Bank annual meeting starting on Thursday is likely to be dominated by a power-struggle between Japan and the United States, officials said on Wednesday.

ADB officials said the three-day meeting would also be marked by the presence for the first time at an international monetary conference of both Taiwan and China.

Taiwan, renamed "Taipei, China" by the bank after Peking became a member in 1986, boycotted the last two meetings in protest but is sending a 10-member delegation to Manila.

The officials said superpower rivalry had taken a new turn with the announcement last week by a Soviet official that Moscow, in apparent pursuit of a greater role in Asia, would bid for membership in the bank.

U.S. officials have said Moscow's entry would upset the bank's structure and hinted they would oppose the move.

ADB officials said criticism of the 47-member bank's lending policies would be held in check until an expert panel studying its role in the 1990s submitted a report next year.

"We expect it to be a holding pattern," William Thomson, the U.S. alternate director on the ADB board, told Reuters.

U.S. and Japanese officials said the question of parity between Washington and Tokyo was likely to trigger bitter jockeying behind the scenes.

The United States and Japan each hold 12.4 per cent of the bank's votes and 15 per cent of its ordinary capital resources but Japan says it deserves a larger say because it contributes heavily to the bank's soft-loans and technical grants.

U.S. officials have said Washington wants parity with Tokyo because of its contribution to Asia's defence needs and its large trade deficit with Asian countries.

U.S. and Japanese officials also indicated that a debate over Washington's demand for more policy-tied lending by the ADB and a greater participation in private-sector financing would be revived.

"The bank's private-sector activities are hampered by a lack of resources. The programme has been very, very slow to get off the ground from an incredibly low base," Thomson said.

The bank's promised loans peaked at 2.44 billion dollars last year. The actual disbursement of loans also rose to 1.23 billion dollars from one billion in 1986.

But the bank's net transfer of resources to members fell to 121 million dollars from 237 million in 1986 as countries such as South Korea and Thailand, seeking cheaper money in commercial markets where interest rates dropped faster than the ADB's variable rate, pre-paid the bank's loans.

More embarrassingly, the falling dollar and loan cancellations by other members boosted the ADB's liquid assets to 4.5 billion dollars, nearly three-quarters of its undisbursed loan balances.

ADB President Masao Fujioka of Japan said the bank decided last year to move away from traditional project-tied lending to launch loans that would support economic reforms. It made the first such loan to Indonesia in December.

"We like the idea of policy dialogue. The point of contention is as to how tough it should be," said Victor Frank, the U.S. director on the bank's board.

But a senior Japanese official said Tokyo felt the bank was dictating enough policy reforms to its members. "Of



course policy dialogue should be tried ... but we should not be too obsessed with that. We should be realistic," he said.

NEW OVER NAME CHANGE CONTINUES WITH ADB

By Chaitanya Kalbag

Document lba0000020011203dk4r01i9f

Reuters News

English

(c) 1988 Reuters Limited

MANILA, April 27, Reuters - Taipei has ended a two-year boycott of the Asian Development Bank (ADB) but its dispute over a name change by the bank continues, Central Bank Governor Cheng Chi-Cheng said on Monday.

Taipei was founded in 1964 when China was admitted as an ADB member and the bank changed its name to "Taipei, China." Cheng is leading a 10-member delegation to the bank's annual meeting Thursday in Manila.

"We want to have a just and reasonable solution agreeable with everybody," he said in an interview.

Taiwan, an ADB founder member, has not borrowed any funds from the Manila-based bank since 1980. Asked whether Taiwan, with its huge trade surplus with foreign exchange reserves, might take on a new role as a donor to the bank, Cheng said: "We will be happy to consider it if there is the need."

"At the same time, we do not like the unfair treatment of arbitrarily redesignating our name," he said. "The name arbitrarily adopted by the ADB does not mean our consent. The name of my country is the Republic of China. It is only the ADB president who has changed it."

At a reception given for delegates by the ADB's Japanese president, Masao Fujioke, the Taiwanese stood out with their red and blue flags prominently placed in their hands.

Delegates from Beijing, mostly wearing business suits, also attended the reception but there was no sign of any contact between them and those from Taipei.

Cheng said he would continue talks with the bank as an end to the row.

"We are going to play an active role in the ADB," he said. "We think as a member we have a right to exercise our power. On the other hand, as a member, I have a strong obligation to help the multilateral financial institutions like the ADB to promote the economic development of this region."

Bank officials say it was the first time both Taiwan and China were attending the same international monetary conference.

Taiwan lost its seat on the International Monetary Fund and the World Bank when it was expelled from the United Nations in 1971 on the admission of China.

Asked whether Taiwan would attend next year's ADB annual meeting in Beijing, Cheng said: "We will see when the time comes."

He said he had put the name dispute aside to discuss with Fujioke at a meeting the previous week of the one billion dollar Overseas Economic Cooperation and Development fund approved recently by the Taiwanese government.

"We will explore the possibilities of using this fund together with ADB resources to help finance some of the projects in this region," Cheng said.

He said for the first year the government would appropriate 100 million dollars for the fund.

"We have not set up the rules and terms as yet," he said. "I told Mr. Fujioke that before any further suggestions as to how this money could be best used, we would want a memorandum."

Document lba0000020011203dk4r01i9f