

MANILA SAID SEEKING BANKS' AID ON 1989 FINANCE GAP.By **Chaitanya Kalbag**

598 words

3 August 1988

Reuters News

English

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MANILA, Aug 3, Reuter - The Philippines has told its commercial bank creditors they must help bridge a 1.8 billion dollar financing gap in 1989, a senior official close to talks held in New York last month told Reuters.

The official said Philippine officials had told a 12-bank advisory committee the "new money/financing" gap will total about 1.3 billion dollars in 1990.

He said preliminary figures submitted by Manila indicate a gap of over nine billion dollars in the five-year period from 1989 to 1993.

The National Economic and Development Authority has stipulated that GIR must equal at least three months' imports. June reserves equalled about 1.8 months of imports.

The official said the new reserve estimates took into account projected rises in 1989 imports.

But the financing gap projection rules out any new borrowings from the International Monetary Fund or any incremental inflows from the World Bank in 1989, he added.

Manila's foreign debt rose to a record 28.65 billion dollars at the end of March, Central Bank figures show.

Central Bank Governor Jose Fernandez said last Friday that the Philippines will hold formal talks with the bank committee in October on a new money package. He declined to give figures for the package.

The official, who spoke on condition he was not identified, said Fernandez and Finance Secretary Vicente Jayme had not specified how much Manila will be asking for in October.

But 1.4 billion dollars of the 1989 shortfall has been projected by Manila as the minimum it needs to boost its gross international reserves (GIR) to three-month import levels, the official said.

"The banks feel Manila does not really need new money at this stage," the official said. "They feel the real problem is of management, not of shortfall." He said continuing bottlenecks in drawdowns of official development assistance commitments from donor countries, mainly Japan, reflected poorly on Manila's ability to streamline project implementation.

The country's GIR, stated as the sum of its holdings of foreign exchange, gold, Special Drawing Rights and foreign investments, sank to a 21-month low of 1.73 billion dollars in June. A surge in imports has led to a 441 million dollar trade deficit in the January/May period, up from 414 million a year earlier.

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Fernandez has said Manila also planned to conclude an IMF loan this autumn. An IMF mission is scheduled to visit Manila on August 22 to discuss borrowing plans.

The official said the Philippines was likely to aim for an 18-month stand-by arrangement. A 198 million Special Drawing Rights standby that took effect in 1986 is due to expire on August 23. Drawdowns from the current arrangement were delayed because Manila failed to meet IMF-agreed performance targets.

An IMF program may be a prerequisite for both the new money package and the rescheduling of about one



billion dollars owed to the Paris Club group of 14 creditor governments.

AQUINO, SECURE IN POWER, PUTS ON BRASS AND GALLA

Document lba0000020011203dk8302emk

25 July 1988

Reuters News

English

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July 28, Reuters - Philippine President Corason Aquino, secure in power near the end of a coup-free

ing to get tough with her problems.

But she has gone nearly 12 months since rebelious military or civilians loyal to deposed president Ferdinand Marcos have tried to usurp her. There have been two attempted coups, the most recent in August, last year.

Aquino, leader of a nation whose dozens of evening television talk show hosts have crossed a "10:30 Club" to debate among themselves, is now clearly weary of chatter.

Taking stock in a speech to Congress on Tuesday, Aquino said: "We have too often descended to mutual

abuse, suspicion and recrimination in our political life. A lot has been done but it has barely scratched the surface of the problems."

During the past week, Aquino has been a bit repetitive, tough and in drawing up a new agreement on the U.S. bases in the Philippines, which she is a proponent of since Tuesday, and told off critics who said her

nationalism raised an whether the bases were removed.

She has ordered her lawmen, often accused of brutality, to "work" but also, this side was

criminal anxiety" and warned them she would punish those found wanting.

She has also told her cabinet to speed up the

at an unusually brief 30-minute cabinet meeting on Wednesday, ministers were bluntly told that development

projects were badly behind schedule and raising "unbridled disappointment" - words of government

credibility (and) weakening of presidential authority.

Newspaper publisher Jovito Saldaña, who led a "revolution" to get Aquino to run for president in 1986, told her on Tuesday that the system left by Marcos was not the exact opposite of

Marcos.

"We cannot afford a government of 100 men who can create a nation of highwaymen," he said at a

ceremony at which Aquino awarded him with the Legion of Honor.

A government "reform" issued this week said graft and corruption "is rampant in the Philippines at any time and

in some or greater degree" but that Aquino herself, her family and her closest staff should be exempt of

grace.

Political analysts noted that the Presidential Commission on Good Government, set up to probe illegal wealth

accumulated by Marcos and his associates, was being accused of its sweeping powers to seize assets and

signatures that its critics themselves were tainted by corruption.

But Immigration Commissioner Milton Santiago, widely praised for handling a rush of new arrivals to

replenish a pool, has been forced to slow down because she now had to route all decisions through the

Justice Department.

Manila Chronicle columnist Amante Cornejo said Aquino's speech to Congress set a "bold agenda for the

future and "launched us into an era of the Great Road."