

PHILIPPINE GNP SEEN GROWING 6.1 PCT IN 1988.By **Chaitanya Kalbag**

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MANILA, April 4, Reuter - The Philippines' gross national product (GNP) is expected to expand by 6.1 pct in 1988 after 5.1 pct growth in 1987, the Central Bank said in its annual report.

Key sectors such as manufacturing, agriculture, mining, construction and services are expected to show impressive gains in investment, which in turn will lead to increased productivity and higher levels of employment and income, according to the report, a copy of which was obtained by Reuters.

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 fell to 97.9 million dollars in 1987 from 116 million a year earlier.

The country's overall balance of payments surplus is projected to be higher in 1988. The 1987 payments surplus stood at 264 million dollars.

The lower surplus last year, which compared with a 1.22 billion dollar surplus in 1986, resulted mainly from a widening of the merchandise trade deficit to 1.01 billion dollars in 1987 from 202 million a year earlier.

The Philippines posted a current account deficit of 539 million dollars in 1987, a reversal from a 996 million surplus in 1986.

The report said Manila will launch negotiations for a new economic and financial program supported by the International Monetary Fund (IMF) this year. It gave no details.

It said the national government's budget deficit stood at 19.6 billion pesos in 1987 against a programmed 25.5 billion.

The 1986 budget deficit totalled 31.3 billion pesos. The report said the budget deficit fell to 2.8 pct of GNP in 1987 from 5.1 pct a year earlier.

The government projects a deficit of 27.1 billion pesos on the 1988 budget of 172.1 billion.

The report said the peso was generally firm in 1987, ending the year at 20.800 against the dollar, down from 20.530 at end-1986. Despite heavy intervention in the last quarter 1987 when the peso came under speculative attack following an August 28 coup attempt, the Bank ended the year a net purchaser of 419 million dollars in the foreign exchange market.

The government has said the dollar will average between 21.30 and 21.50 pesos this year.

The report noted that the peso depreciated more sharply against other major currencies last year, falling by 32.2 pct against the yen, 28.9 pct against sterling and the Swiss franc, and 24.8 pct against the mark.

Portfolio investments by foreigners in Philippine securities jumped to 110.6 million dollars in 1987 from 29.8 million in 1986. Hong Kong-based dealers accounted for 91.2 pct of the total volume of securities investments last year.

The report said the unemployment rate dropped to an average 11.3 pct in 1987 from 11.8 pct in 1986. Closures of businesses fell to 742 in January to November 1987 from 1,013 a year earlier.

The Central Bank said its monetary policy this year will be cautious, with the debt/equity conversion program under constant evaluation to minimise its inflationary impact.

The bank said last month that closed transactions to March 2 totalled 375 million dollars from total applications of 1.68 billion dollars.

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April 3, Reuters - Coup leader Colonel Gregorio Honasan's escape from captivity on Saturday has only revived threats to Philippine President Corason Aquino's power, analysts said.

The escape couldn't have occurred at a less convenient moment for Aquino, an Aquino diplomat said.

He was scheduled to visit China from April 14-18 and had 500,000 dollars worth of money.

Crucial talks on the future of the two U.S. military bases in the Philippines open on Tuesday.

The same day about 100 imprisoned Japanese businessmen are scheduled to arrive in Manila to receive Tokyo's bagging investments in the clear-skipped Tokyo.

"Everything has received a setback," the diplomat said. "In the country, most wanted man who will through the government's hands to deliver on kidnapping as before and the Philippine security are going to be asked again."

Since August, when Honasan led the great escape of the coup against Aquino has faced his 10-year rule, the embattled president has moved to and under pressure the coup.

She pushed through a 50 per cent rise in the minimum wage and included former Foreign Chief Fidel Ramos in a reshuffle of top military posts.

Late last month she retired 20 generals, which she thought of as a warning to those behind guns and left behind duty in the 20th century war-torn Philippines.

"I myself now feel more comfortable. I feel more secure in the future," Aquino said after her escape.

But political analysts said the future seemed less certain. They said the coup was not yet over. They said the coup was not yet over.

The escape shored government's power. It was the first time since the 1986 coup against Ferdinand Marcos that the 19th anniversary of the insurgency.

Analysts said the grim-faced Aquino had escaped the coup. They said the coup was not yet over. They said the coup was not yet over.

Revealing that last-month proceedings against the coup were not yet over. They said the coup was not yet over. They said the coup was not yet over.

An Aquino military analyst said Aquino's escape from the coup was not yet over. They said the coup was not yet over. They said the coup was not yet over.

The way Honasan has been handled from the beginning was not "fair," the analyst said. "The way he was in a high-security military prison, lived in style on the ground with his family, and was visited by frequent visits by his family."

Francisco Hernandez, a political science professor at the University of the Philippines and a former military officer sympathetic to Honasan, were disappointed by Aquino's handling of the coup.

"It's the colonels who count. They are the ones who take care of the coup," Hernandez said. "It's not Aquino who is not Aquino's man," Hernandez said. "He is not a military man. He is not a military man."