

PHILIPPINES NEEDS U.S. AID PACKAGE NOW, MINISTER SAYS.By **Chaitanya Kalbag**

439 words

17 May 1988

Reuters News

English

(c) 1988 Reuters Limited

MANILA, May 17, Reuter - The Philippines needs a U.S.-sponsored multi-billion dollar aid plan immediately if it is to grow economically and reduce its heavy debt repayments, Economic Planning Secretary Solita Monsod said.

The Washington Post said last week the U.S. will try to put together a 10 billion dollar, five-year package with its allies.

The U.S. State Department confirmed the plan is being considered but declined to give details about the amount. Officials have said donors may include Japan, the European Community, Australia, South Korea, Taiwan and the World Bank.

In a speech to the American Chamber of Commerce on Monday, the text of which was released to Reuters on Tuesday, Monsod referred to remarks by U.S. officials that the aid package may start only in 1990 because the U.S. Congress will not sanction additional spending until then.

She noted that date was very close to 1991 when an agreement governing the two U.S. military bases in the Philippines expires.

"Such timing ... is way past the critical period when it would have made a lot of difference towards helping the Philippines resolve its growth versus debt dilemma."

Monsod said bickering among donor countries about how much each should contribute "could wreak havoc with the timing of the assistance, and the Philippines' burden will not be lightened when it should".

Talks on the future of the bases opened on April 5. U.S. officials have said there is no link between the bases and the aid plan, and Philippine officials have said they will not let aid be used as a bargaining chip.

Monsod said the Philippines' 1987-92 development plan, which aims at average annual gross national product (GNP) growth of 6.5 per cent, could be hindered by an eight billion dollar financing gap over the six-year period.

During that time, Monsod said, Manila would be paying its creditors between 16 and 18 billion dollars more than it would be receiving from them.

If the Philippines gets the aid it wants, Filipinos could hope to regain their 1981 per capita income levels by 1991, Monsod said.

Political turmoil triggered an economic collapse in 1983 and the country's GNP shrank by more than 11 per cent over 1984 and 1985.

Under President Corazon Aquino, however, the economy has begun a slow turnaround. GNP grew by a real 5.7 per cent last year after 1.9 per cent growth in 1986. The country's foreign debt totalled 28.7 billion dollars at the end of 1987.

Document Iba0000020011203dk5h01m4b

© 2006 Dow Jones Reuters Business Interactive LLC (trading as Factiva). All rights reserved.

