

RP on brink of debt showdown

By CHAITANYA KALBAG

THE Philippines is poised to write a new and dangerous chapter in the global debt crisis, bankers and economic analysts warned on Monday.

Over the past week, a combative Congress has set in motion plans likely to pit the heavenly indebted nation against its foreign creditors and rupture economic recovery.

The analysts said the legislators' actions seemed sure to trigger the first repudiation by any government of a debt restructuring agreement that it has signed.

"It looks to me as though that (repudiation) will be the only thing that can happen," a senior foreign banker said.



Jayme

The end result could be the seizure of Philippine assets abroad and a block on badly-needed aid, he added.

Anxious bankers said they feared Finance Secretary-designate Vicente Jayme, who needs to win confirmation for the post from Congress, will be content to take a back seat



Ongpin

and let the politicians dictate terms.

With a November 15 deadline closing in, about 30 of the Philippines' 483 creditor banks worldwide have yet to sign a July 17 debt restructuring accord which stretched repayments on \$10.3 billion of Manila's \$28.4 billion foreign debt

over 17 years.

The showdown looms as the International Monetary Fund and the World Bank begin a joint annual meeting in Washington on Tuesday. Global debt tops their agenda.

Proposals by two Senate panels include limiting debt repayments to 15 per cent of annual foreign exchange receipts, repudiation of some loans that may have been fraudulently obtained by former President Marcos, and a new team headed by a diplomat to hold debt talks.

Former Finance Secretary Jaime Ongpin warned of the terrible economic cost of a debt repudiation shortly before he was dropped earlier this month by President Aquino.