

### 8. Who are our creditors?

Multilateral banks such as the International Monetary Fund (IMF), the World Bank and the Asian Development Bank (ADB), foreign governments as well as their lending institutions (Export-Import Bank of the US, of Japan, USAID, OECF, etc.), and over 450 private foreign banks are the country's creditors.

According to some estimates, the 12 banks with the largest exposure to the Philippines, accounting for as much as 40 percent of the \$14.4 billion outstanding commercial loans, are as follows: Citibank, \$1,802.9 m; Manufacturers Hanover Trust, \$488.9 m; Bank of America, \$487.4 m; Chemical Bank, \$433.2 m; Chase Manhattan Bank, \$427.3 m; Bank of Tokyo, \$404.3 m; Barclays Bank, \$386.1 m; Bank of Montreal, \$361.9 m; Banque Nationale de Paris, \$284.5 m; Morgan Guaranty, \$251.8 m; Fuji Bank, \$250.7 m; Dresdner Bank, \$146.2 m.

The 12 banks listed above comprise the Advisory Committee with which the Philippine government negotiates on matters dealing with the commercial bank debt. The World Bank, IMF, and other official lending institutions form a Consultative Group with whom the government deals with not only for debts but also for the financial and other economic policies they require the government to adopt. To restructure commercial bank debt, the government talks with the Advisory Committee. To restructure official debt (not all of which can be restructured), the government deals with the Paris Club.

### 9. How much interest are we paying on the external debt?

During the period 1970-75, we were paying an average of \$134.8 million in interest each year. From 1976-1980, the average yearly interest burden rose to \$511.6 million. This went up further to \$1,591.8 million in the four-year period from

1981-85 (average per year). Last year, the country paid \$1,589 million in interest alone.

### 10. How much of our export earnings goes to paying these debts?

From January to September 1986, interest and principal payment hit 83.2 percent of our total export earning.

### 11. How much of the national budget goes to debt repayment?

Since 1983, debt service has increasingly taken a bigger share of the national budget: 15.7 percent in 1983, 23.6 percent in 1984, 23.7 percent in 1985 and 46.6 percent in 1986.

This year, P49.7 billion, or 38.5 percent of the national budget, will be used to service the government's debts. This means that at least 38 centavos of every tax peso will be used for debt service.

The national budget tables for 1987 enumerated a few of the government corporations whose debts will be paid out of this budget, and they are:

Light Rail Transit Authority, P373,900,000; National Development Co., P159,900,000; National Electrification Adm., P92,000,000; National Food Authority, P1,328,500,000; National Power Corp, P4,814,000,000; Farm Systems Development Corp., P6,381,000

### 12. How much of the country's GNP goes to debt service?

Debt service as percentage of GNP — 1970, 11.4; 1972, 9.9; 1975, 13.0; 1980, 18.8; 1985, 9.8

As the above shows, easily 10 percent of the gross national product or GNP goes to debt service. This means that out of every 100 cavans of palay produced by our farmers, 10 will go to pay for the external debt. The same is true for the seafood harvested by our fishermen, the manufactured goods produced by factory workers, etc.

## NOTES ON THE AUTHORS

**FRANCISCO A. MAGNO** lectures Political Science at the University of the Philippines. He is also a Research Assistant at the Third World Studies Center.

**LEONORA C. ANGELES** is an Instructor of Political Science at the University of the Philippines. She is connected with the feminist group KALAYAAN.

**RENATO S. VELASCO** is an Assistant Professor at the Division of Social Sciences, University of the Philippines (Manila). He is also a Research Scholar of the Faculty of Law, University of Tokyo.

**TERESITA DEL ROSARIO-HANRATH** is an Assistant Professor of Sociology at the University of the Philippines. She is currently the Deputy Director for Research at the Third World Studies Center.

**EPIFANIO SAN JUAN, JR.** is connected with the Department of English and Comparative Literature at the University of Connecticut. He is known for his essays on literary criticism.

**ALEXANDER R. MAGNO** is an Assistant Professor of Political Science at the University of the Philippines. He regularly writes columns for various national publications.