

DEVELOPING COUNTRIES - DEBT RESCHEDULING:

The reply of the Australian government to the Philippines government on the latter's request for a line of credit illustrates a reluctance by the Australian government to use the request either as a lever to express its concern over the trial of Father Gore, an Australian citizen, nor to intervene in internal Philippines politics especially in the aftermath of the assassination of the opposition leader, the late Senator Aquino. The favourable Australian reply, involving admittedly a relatively modest amount, may be taken as an expression of confidence in the Philippines economy, but not as partisan support for any political group. The decision is, from a legal point of view, correct. That is not to say a refusal would have necessarily been incorrect - an analysis of any ground of refusal, or of the terms of any conditional approval would of course need to be made. The text of the reply follows:-

The Australian Government has agreed to underwrite up to \$A50 million in trade credits extended to the Philippines. The facility is to be administered by the Export Finance and Insurance Corporation (EFIC) and underwritten by the Australian Government under the National Interest provisions of the EFIC Act.

This decision by the Government will assist Australian exporters to maintain their share of the Philippine market for a wide range of raw materials, basic foodstuffs, and other essential inputs to Philippine industry thereby contributing to the preservation of employment in both countries.

Australian exporters should contact EFIC direct regarding the operation of the facility.

CANBERRA.

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