EXCHANGE CREDITS TO DEVELOPING COUNTRIES

Communication from the Philippines

The following communication has been received from the delegation of the Philippines.

1. As developing countries pursue development programs that focus on industrialization, their imports of machinery and other capital equipment from developed countries are bound to increase. On account of the huge cost of acquisition of these capital imports, developing country importers shall have to rely more and more on suppliers credits from developed country suppliers of these capital goods.

2. As industrialization programs of developing countries are usually the foundation of export development and diversification programs, the cost of acquisition of machinery and other capital equipment translates directly into the financial viability of such programs and the competitiveness of developing country products on the world market.

3. It is noted that the ability of developed countries to extend credit terms to developing countries varies, with some capable of extending better interest rates than others. Developing countries, on the other hand benefit from the efficiency of some developed countries in managing their savings and re-investment programs which enable them to offer goods and auxiliary services under the most competitive terms.

4. Any initiative to impose minimum interest rates on credits extended to developing countries on their imports of capital goods is a matter of great concern, as this would drive up the production costs of the developing countries, impose additional burdens on the costs of their development programs, retard expansion of their capital goods imports and hamper the growth of international trade in this sector.

5. The GATT Ministerial Meeting should provide the opportunity for a discussion and for taking appropriate decisions/recommendations on the matter in order to facilitate expansion of capital goods imports by the developing countries consistent with their trade and development needs. The Philippine delegation is convinced that this objective would be matched by the mutual interests and stake of developed countries in expanding their exports of the same.