

## Tobacco

By LUIS A. PUJALTE

*Secretary-Treasurer, Manila Tobacco Association*

**A**LTHOUGH it is still too early to be sure, all the indications are that the 1950 tobacco crop will be the largest since the outbreak of the war. An increase in acreage is noted throughout the tobacco regions, mainly the Valley (Isabela and Cagayan), Pangasinan, La Union, and Ilocos and in the Visayan Islands. Weather conditions have been very favorable and if this continues, a 40% increase over last year's approximately 30,000,000 pound crop could easily be harvested.

With the import control, most of this tobacco will be consumed locally; that is, if the exchange control does not restrict the importation of cigarette paper. This has been very difficult under the exchange control order allowing only 6% monthly of the 1949 imports of uncontrolled items, and now, with the newly announced list of priorities, it will be almost impossible to bring in cigarette paper for the ever-increasing demand for local cigarettes. The black market is not only flourishing on imported, but also on locally manufactured cigarettes. A 4000-meter bobbin of cigarette paper costs between \$2.75 and \$3. In the hands of bonafide manufacturers, this bobbin yields 48,000 to 50,000 cigarettes, which pay a minimum tax of ₱96. The Government cannot afford to lose ₱100 in taxes due to a "loss" of say \$3 in foreign exchange. With the exchange control, it would be very easy to completely eradicate clandestine manufacture following the suggestion of the Board of Directors of the Manila Tobacco Association contained in a memorandum to the

Tax Committee, Department of Finance, attention of Mr. Alfredo Jacinto, Chairman, which reads as follows:

"(1) To have only duly licensed tobacco manufacturers as sole importers of cigarette paper, whether in rolls or in sheets. If the importation of cigarette paper be placed exclusively in the hands of authorized tobacco manufacturers, the rampant smuggling of this commodity and illegal disposal thereof will be minimized if not altogether stopped. It will also avoid the channelling of this commodity into the hands of unscrupulous importers who are not engaged in the manufacture and sale of tobacco products. It cannot be doubted that the authorized manufacturers are in a better position to dispose of this commodity and will have more caution against eventual transfer to the hands of illicit manufacturers."

If this were done it would be very easy for the Bureau of Internal Revenue to keep a close supervision and watch over the output of each factory and thus be assured that all due taxes are collected.

## Imports

By LOUIS S. KRAEMER

*Vice-President, Mercantile, Inc.*

**F**EBRUARY 18 marked the day when the Import Control Office finally started to issue import allocations covering the first quarter of 1950. Until this date, it was impossible for importers to place their orders for any items subject to import control. Even to the date of this writing, the wheels of the Import Control Office are turning very slowly and the import business is still virtually paralyzed on all controlled items.

According to an authoritative source, the Import Control Office will, within a few days, begin to keep its records on modern accounting machines and it is hoped that the present delays will then be greatly minimized.

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Many business men are saying that the obstacles to trade created through the import control regulations are far less disturbing than the uncertainties created through the often ambiguous "memoranda" of the Exchange Control Board with regard to priorities on foreign exchange for commodities not subject to import control.

One exhausted trader pointed out that at least he and his customers knew where they stood on controlled items because either they had their allocation or they didn't, whereas under the exchange control, they could not plan from one day to the next as the rulings are constantly subject to modification and amendment.

While the necessity for dollar conservation is practically universally accepted, it is thought that the present system has certain flaws which are costing the nation more dollars than necessary. Due to the restrictions placed on monthly allocations of exchange (6% of the importers' 1949 expenditures) the importer is unable to take advantage of seasonal or economic declines in the world markets on various commodities, and furthermore is unable to place orders sufficiently large to obtain the carload-prices which, oftentimes, are far lower than the less-than-carload prices, both from the viewpoint of the producers' established price lists and the inland freight rates.

Traders and importers are not the only ones directly affected by the controls. Many firms planning on entering into local manufacturing have ordered and received machinery for their operations, and now find extreme difficulty in obtaining foreign exchange for the raw materials needed, even though these imported raw materials constitute only a minor portion of their requirements.

The opinion has been expressed that the Philippine Government waited too long before beginning the control on dollars and that today the only remedy can come from the United States granting a sufficient loan to maintain the reserve necessary to carrying the country through this period of conversion to home production for domestic and export purposes, which some believe may require two or three years even under the most capable administration.

Commodities	January	January
	1950	1949
Automotive (Total)	1,367,319	2,186,856
Automobiles	492,490	379,324
Auto Accessories	18,102	25,261
" Parts	198,330	638,045
Bicycles	57,533	25,994
Trucks	25,843	63,147
Truck Chassis	183,927	554,494
Building Materials (Total)	5,506,300	21,490,781
Board, Fibre	169,524	922,447
Cement	458,868	15,635,899
Fixtures, Bathroom and Kitchen	443,682	286,750
Glass, Misc.	1,416,671	134,157
Plumbing, Misc.	629,026	741,150
Chemicals (Total)	13,536,941	13,401,301
Caustic Soda	2,606,879	605,757
Explosives (Total)	32,987	231,525
Firearms, NOS (Total)	12,706	22,318
Ammunition	15,175	37,513
Hardware (Total)	7,074,415	7,580,529
Household (Total)	1,655,063	2,595,186
Machinery (Total)	2,463,463	2,648,545
Metals (Total)	12,311,159	8,765,064
Petroleum Products (Total)	47,766,404	50,395,713
Radios (Total)	92,214	66,355
Rubber Goods (Total)	856,013	956,313

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Beverages, Misc. Alcoholic	40,829	54,387
Foodstuffs (Total kilos)	22,491,674	49,555,739
Foodstuffs, NOS (Total)	9,503	18,249
Foodstuffs, Fresh (Total)	104,243	295,383
Apples	32,572	56,006
Oranges	5,723	10,328
Onions	18,978	85,030
Potatoes	7,983	37,532
Foodstuffs, Dry Packaged (Total)	36,601	112,500
Foodstuffs, Canned (Total)	335,076	720,284
Sardines	42,592	148,700
Milk, Evaporated	156,651	152,704
Milk, Condensed	27,349	25,800
Foodstuffs, Bulk (Total)	422,265	848,138
Rice	—	—
Wheat Flour	358,343	752,403
Foodstuffs, Preserved (Total)	296	6,829
<b>Bottling, Misc. (Total)</b>	<b>1,865,224</b>	<b>4,658,266</b>
Unit — 404,508 (1949)		
Unit — 166,589 (1950)		
Cleaning and Laundry (Total)	620,074	476,788
Entertainment Equipment (Total)	12,755	9,181
Livestock — Bulbs — Seeds (Total)	744	103,558
Medical (Total)	842,247	649,907
Musical (Total)	116,867	154,254
Office Equipment (Total)	209,974	230,570
Office Supplies (Total)	46,160	109,949
Paper (Total)	6,657,171	5,854,433
Photographic (Total)	36,746	25,740
Sporting Goods (Total)	143,763	74,348
Stationery (Total)	407,280	475,332
Tobacco (Total)	1,072,271	1,701,412
<b>Chucheria (Total)</b>	<b>176,090</b>	<b>202,715</b>
<b>Clothing Apparel (Total)</b> (Including men's, women's and children's)	<b>417,712</b>	<b>882,403</b>
Cosmetics (Total)	207,704	460,765
Fabrics (Total)	1,048,897	987,291
Jewelry (Total)	37	33
Leather (Total)	224,099	230,384
Textiles (Total)	3,754,019	6,560,053
Twine (Total)	94,240	88,397
Toys (Total)	122,381	117,526
General Merchandise (Total)	713,057	523,054
Non-Commercial Shipments (Total)	45,469	60,133
Advertising Materials; Etc. (Total)	804,873	25,795

—Robot Statistics

## Automobiles and Trucks

By KARL E. GAY

Sales Representative, Ford Motor Company

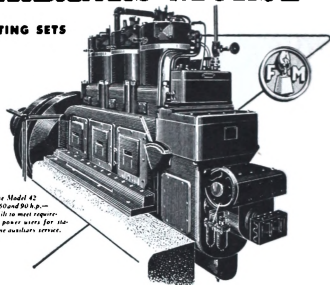
BECAUSE of conflicting interpretations of the regulations concerning the presentation of applications for import quotas on passenger automobiles and of additional information required by the Control Office subsequent to presentation, no import quotas for passenger cars have yet been issued, and, because of the latest action on the part of the Cabinet directing the budgeting of dollar expenditures for exports, it is extremely doubtful when or even if such quotas will be forthcoming.

As can be seen from the attached charts showing the accumulated sales for the year 1949, more trucks were sold than passenger cars, although the passenger-car percentage was very high in view of the import restrictions, but this is explained by a large inventory carryover from 1948.

Sales possibilities for the future are uncertain, at least until the present situation clarifies itself and production schedules can be scaled down to the level of the new regulations. As unit-volume drops, however, all dealers will be forced to turn to the service-side of their business in order to stay in business.

As unit-sales volume decreases, collections on outstanding notes receivable will increase without the corresponding re-utilization of funds thus obtained, and thus a trend will be seen toward a large cash position.

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