

producers would have to close down, and the remainder would merely last as long as their high-grade ore holds out.

The Philippines has, for some years, been buying more than it sells, but the deficit was made up by payments from the War Damage Commission, Rehabilitation funds, Surplus property, and loans from America. Such payments, however, are gradually coming to an end and unless something is done to conserve dollar resources, the situation in a few years will be critical.

This is not an industrialized nation, and even under the most favorable conditions, a chain of factories cannot be erected overnight to cushion the shock. Industrialization takes time and much capital. The country's big assets are the natural resources and these inhere primarily in agriculture and mining. It was these two natural resources, the surface and sub-surface products, which made the Philippines prosperous up to the end of 1941.

Mining before the war was the No. 2 industry, and in 1942, promised even to exceed the sugar industry in importance. Today, battered and war-torn, it is struggling for existence. If given a helping hand, it may eventually pull the Republic out of the morass in which it is floundering, but if restrictions such as that recently imposed on gold continue to threaten, it will die an untimely death, and with it will die the hope of the Nation.

The lifting of the restrictions on the sale of gold would have the same effect as that experienced in Hongkong where a similar condition was created some months ago. When restrictions were imposed on the sale of gold, the Hongkong dollar fell and the price of gold soared. The moment the restrictions were lifted, the Hongkong dollar returned to normal and the fear of inflation was removed.

Lumber

By LUIS J. REYES

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DURING the month of November, there were shipped abroad 4,048,058 board feet, of which two-thirds consisted of sawn lumber and the remainder round logs. This amount is a little less than that exported in October. The United States took 51% of our total export, the Far Eastern countries 25%, and the rest went to Hawaii, Canada and South Africa.

Lumber companies have been operating at their maximum capacity because of the shortage of lumber in Manila, the low prices of lumber during the second and third quarters of the year having caused the closing of several small mills or the diversion of their production to other centers. Manila was almost wholly supplied by the bigger mills. The shortage of supply has caused prices to go up and, at present, common Manila grades of tangile, apitong, and lauan are wholesaling at about ₱190, ₱180, and ₱170 respectively. At these prices, lumber producers make a fair margin of profit, but many believe the prices will last only for about the first quarter of 1950. As soon as the small producers resume operations and begin to ship their lumber to Manila, prices will again drop to critical levels.

Many producers are looking forward to the resumption of the log trade with Japan and, we understand, that the tender to be held early next January will be the last one to be held by SCAP; thereafter, Japanese companies will be authorized to import logs as they did before the War. Small to medium-size loggers favor dealing with individual importers, because these generally send their ships to the Philippines and buy lumber delivered "free alongside ship" (FAS). There is no necessity for producers to bother with financing and negotiating papers through the banks, as is generally done at present.

The present Import Control, which limits the importation of certain construction materials, may slow down the

demand for lumber, but, up to this writing, lumbermen have not complained of any adverse effect. We know, however, that some branches of the local wood industries, such as those of veneer and plywood, will be favored by the control. Imported plywoods, it is reported, which were selling between ₱6 and ₱7 a sheet, now cost between ₱9 and ₱10. As far as plywood is concerned, the 5 mills in operation in the Philippines are in a position to supply all the requirements of the country.

Copra and Coconut Oil

By MANUEL IGUAL

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THIS report covers the period November 16 to December 15.

The slow but steady upward trend which prevailed during the previous four weeks was finally checked, and, while on November 16 sellers were asking \$190 per short ton c.i.f. Pacific Coast, with moderate buying-interest at \$185, the last half of November continued without exceeding the aforementioned levels, there being only an occasional trade at those and in-between prices. During the period from the 1st to the 15th of December, copra crushers on the Pacific Coast evinced less interest. The majority showed no inclination to operate until after the turn of the year, with the result that the market gradually eased off; by the 15th of December buyers' ideas centered at around \$170, with small business recorded at \$172.50.

Trade with other than United States destinations for the period under review was negligible. There were several inquiries, but apparently in most cases, particularly during the latter half of November, buyers found it to their advantage to draw supplies from other than Philippine sources since they considered local price levels entirely too high. As the market receded during December, more interest was shown by foreign buyers and occasional small sales were recorded to European destinations. However, just before the middle of December, a shipload of copra was sold to Japan at approximately \$200 c.i.f., long ton.

At the close of this period, we find most American crushers showing very little buying-interest, mainly because oil consumers are showing no inclination to buy oil in quantity even at the equivalent of closing copra-levels, doubtless anticipating ability to buy at lower prices. Our feeling is that copra at the levels of \$170 to \$172.50 is rather on the low side, despite avowed curtailed oil consumption. With prospects of diminished supplies, and European levels at around £78 c.i.f. (officially equivalent to \$218.40, long ton), and with indications that copra supplies from the Sterling Area are insufficient to meet European requirements, there is a possibility that despite the much talked-of scarcity of Dollars in Europe, occasional demand may develop now and then; and should these sources start drawing any appreciable amount of copra from the Philippines, we are inclined to think, despite the statement that coconut-oil stocks in the hands of United States consumers are ample, that at these levels there is more chance for the market to advance than to decline. This conclusion is, of course, mainly based on an anticipation of a seasonal decrease in Philippine copra production, which is indicated from all primary sources, particularly after the turn of the year.

INSOFA as the coconut-oil market is concerned, generally speaking, starting with an asking price of 14-1/4¢ f.o.b. tank-cars, Pacific Coast, on November 15, the market seemed to follow a one-way course which was steadily downward, so, while the decline was very gradual, on December