

Hudson	44	1.28			44	68
Studebaker	87	2.53	26	.85	113	1.74
Vauxhall	7	.21			7	.11
Fiat			9	.29	9	.14
White			6	.19	6	.09
Crosley	3	.09			3	.04
Bedford			2	.06	2	.03
Diamond T			7	.22	7	.11
Federal			2	.06	2	.03
Renault	1	.03			1	.01
Total	3,431		3,050			6,481

Food Products

By C. G. HERDMAN

Director, Trading Division, Marsman & Co., Inc.

THE major item of interest concerning food products during February was the ratification of the International Wheat Agreement by the Senate of the Philippines, the signing of that agreement by the President, and the advices received from the United States that the agreement had been made effective in Washington as of February 27. Up to the present time, the necessary executive order has not been issued to implement the I.W.A. and to assign the control of the flour imports which will be necessary under the agreement. No definite information is available as to how or to whom flour import quotas will be allotted. The most equitable form would seem to be to have the flour imports handled in a manner similar to that of items included under the Import Control; it is strongly recommended that quotas be allotted to importers of historical record during the calendar year 1949, in direct ratio to the quantities imported during that year by each individual indenter, reserving say 20% of the total quantity for assignment to new dealers or importers, as is done under the general Import Control.

It is to be noted that the quantity of imports under the I.W.A. during any one crop-year, August 1 up to the following July 31, is limited to 196,000 metric tons of wheat, which is equivalent to an average monthly importation of approximately 518,000 bags of wheat flour of 50 pounds each. It is evident that this quantity is far from sufficient to satisfy the present requirements of the Philippines. Importations during the year 1949 averaged over 700,000 bags monthly, all of which may be said to have entered into consumption as there was no material surplus in local stocks during the first two months of this year. In fact, flour stocks during February have been on the short side, and it is probable that a definite shortage will soon be felt unless arrangements are immediately made to permit prompt imports under I.W.A. The consumption requirements of the country during the present year should actually be greater than last year for the reason that imports of all bakery products, including soda crackers, biscuits, cookies, cakes, etc., have been restricted by 80% under the Import Control, and to fill the demand for these products, particularly soda crackers, very considerable quantities of flour will be used in local factories for their manufacture. It is evident that the minimum consumption of flour will be well over 600,000 bags monthly, although the average import permits under I.W.A. will be only about 518,000 bags. Fortunately this limit under I.W.A. will not apply during the present crop-year. Under the terms of the agreement, the Philippines is at liberty to import between now and the end of July, 1950, the full amount of flour corresponding to the annual quota of 196,000 metric tons of wheat, which is well over 6,000,000 bags, 50 pounds each. As there are only five months remaining in the crop-year, this means that the Philippines will be permitted to import monthly between now and July any quantity up to about 1,200,000 bags monthly, should such imports be desired. The country is under no compulsion to take the full amount of the wheat or wheat flour provided for under

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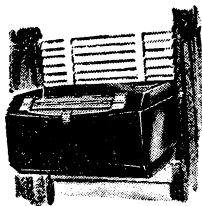


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I.W.A., as the basic price of wheat on which present quotations of flour under I.W.A. are made, is the ceiling-price; namely, \$1.80 per bushel of wheat. Under the agreement, importing countries are not required to take the full amount of flour specified unless the exporting countries are delivering wheat or flour on the basis of the floor-price on the agreement which at present is \$1.50 per bushel. There seems to be no immediate prospect of flour being offered at anywhere near the floor-price.

I.W.A. further provides that importing countries desiring to change their annual quota may make application to the Council prior to the end of the crop-year, July 31, each year under the agreement. Thus, the Philippines

is at liberty, if it is ascertained that the quantity presently indicated will be insufficient to cover consumption-needs, to apply to the Council before July 31 this year for an increased allotment for the coming crop-year. Such application would be referred by the Council to the wheat-exporting countries whose approval would be necessary before such increase could be made effective. World conditions existing at present with regard to wheat, indicate that there should be no difficulty in securing such approval if an increase is requested.

It is the opinion in some quarters that increased production of rice in the Philippines will be sufficient to supplant flour-consumption to a considerable degree in the near future. A study of the facts in this case, however, indicates that rice production for the coming year may show a slight increase over previous production, and subsequent years may show still further increases, but there is absolutely no indication that during the life of I.W.A., which has three years to run after July, 1950, there will be anywhere near sufficient rice to cover the present demand in the Philippines and that very considerable quantities will have to be imported annually even though rice consumption is supplemented as it has in the past year by over 700,000 bags monthly of wheat flour. Wheat flour is at present being sold, delivered in the Philippines, at a price approximately 50% only of the same weight of rice. There can be no doubt that pound for pound flour represents greater food value than does rice, and in the effort to conserve dollar exchange, which is at present necessary, it would certainly seem desirable for the welfare of the country that if any curtailment is to be made in imports of these badly needed basic foods, that the restriction in imports should be applied against rice rather than against flour.

Ratification of the International Wheat Agreement by the Philippines represents a very material saving in dollars to this country. Quotations of wheat flour under I.W.A. show present saving in cost on imports from the United States will be approximately P1.20 per 50-pound bag and the reduction on imports from Canada and Australia apparently will be in the neighborhood of P.50 per bag. This saving in price, of course, represents a subsidy which is directly or indirectly paid by the government of the exporting country to the millers exporting the flour to the Philippines.

EFFECTS of the import controls are now being felt in the local market. A serious shortage has developed in many items of canned fruits, canned vegetables, canned meats, etc., which is reflected in higher prices to consumers. Canned fish stocks as yet are ample, but it is believed a serious shortage will develop in the Philippines during the coming months. The fishing season on the Pacific Coast is over. Fishing will not be resumed until the second half of July or later. Stocks there available for purchase and import are very small.

Extreme delay on the part of the Import Control Board in granting import quotas is accentuating the shortage of supplies locally on controlled commodities. The present Import Control went into effect as of December 1 last. Up to the end of February, only a score or so of importing entities have been able to secure import-quota allotments for the current year. Several hundred other importers have had their applications for quota allotments filed for a considerable period of time, but have been unable to secure action on the applications.

There is a marked shortage in local stocks of imported fresh fruits. Apples and oranges, even though controlled, are supposed to be permitted to enter in quantities up to those imported during 1948. Delay in granting import-quota allotments has practically stopped the importation of fresh fruits, and retail prices in the local market have more than doubled.

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Evaporated milk, an uncontrolled item, is still plentiful in this market, although prices have advanced somewhat apparently in sympathy with the general advance in prices of other foodstuffs. Difficulty in securing exchange permits to cover further importations, indicates a possible shortage in this essential commodity within a few weeks' time.

Particularly noticeable are the extremely small stocks to be found in Manila of frozen goods such as fresh meats, etc.

Judging from reports appearing in Manila newspapers, it seems probable that restrictions on imports of foodstuffs may be relaxed in the near future, and such action would be highly desirable as otherwise there is going to be a tremendous shortage of essential foodstuffs, and living costs will be still further increased. The advance in prices of locally produced foodstuffs during recent weeks has been particularly noticeable.

Textiles

Ey L. W. WIRTH

General Manager, Neuss, Hesslein Co., Inc.

IN the February issue of the *Journal* we pointed out that the Philippines is not over-supplied with cotton and rayon textile fabrics, as post-war imports only averaged about 134,000,000 square yards yearly, as against pre-war imports of 160,000,000 square yards.

Based on the percentage cuts in Executive Order No. 295, importations during 1950 of cotton and rayon fabrics will be reduced to approximately 36,000,000 square yards, or roughly 22% of the yearly pre-war average.

In Circular No. 19 of December 10, the Import Control Board announced that for articles previously uncontrolled, quotas would be issued for the period from December 1, 1949, to December 31, 1950. Many importers had substantial quantities (of previously uncontrolled fabrics) on order prior to December 1 and were hopeful of obtaining their quotas in December on the basis of Circular No. 19 to enable shipments to come forward. However, there has been much delay in the issuance of these quotas; only late in February the Import Control Office started to give out new quotas for the January/April portion of importers' quotas, and up to March 3 very few licenses have been granted.

This means that for the period of January to April approximately 12,000,000 yards will be licensed, or less than one yard per person and that means that before very long our population of 19,000,000 will be short of textile fabrics. This will result in a growing inflation at the expense of the laboring classes particularly, and for that reason alone it is essential to bring in this type of consumer goods in more substantial quantities in keeping with the needs of the people.

Due to the delay in issuing the licenses for 1950, arrivals during February were much less than normal replacement requirements, and it is expected there will be fewer goods arriving during March and April with the result that prices will further advance. As a matter of fact, local selling prices as of November 30 (when new import controls were put into effect) have since advanced an average of approximately 25%.

Reports from the Textile Industry of New York indicate that more than 90% of the mills' production of the most important staple items for the second quarter, i.e. April, May, and June, have been contracted for and that there has been a hardening price-tendency for July to December delivery, particularly in certain fabrics used for making low-priced shirts and dresses.

This hardening of prices in the United States due to the mills' production being sold up so far in advance, fur-

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