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Rural bankers alarmed over palay underpricing

'Farmers unable to pay loans'

Rural bankers have expressed alarm over the reported activities of traders who underprice palay sold to them by the farmers. Eugenio S. Perez, Jr., president of the Rural Bankers Association of the Philippines, said that in Panay island, palay is selling at half the P1.40 per kilo buying

price of the National Grains Authority. These depressed prices have so shrunk the income of farmers that they are unable to pay their loans. Perez said that with the increase in the target area of the new phase of Masagana-99, the prices would go down further. He suggested that the government enforce a floor price for palay and make the National Grains Authority buy more its present share of 18% of the total rice production of the country. Page 8

Higher oil bill, slower growth of nontraditional exports

Trade deficit now seen at \$1.78B

The country's trade deficit may hit \$1,784 million this year, a rise of 15.8% over 1979, according to a report from the Ministry of Trade. The report added that export receipts may grow by only 31%, a slower rate than last year's 34%, while imports would grow by 27%. The ministry attributed the decline in

growth to the projected slower performance of non-traditional exports - 30% this year (to \$2,769 million) as against 42% in 1979. Oil bill increases were likewise expected to swell the trade gap, according to the ministry. Page 8

MM jeepney men now want higher fares PSC to raise price ceilings in provinces

Metro Manila jeepney operators and drivers, crumpling under the pressure of high fuel prices, have asked the Board of Transportation to increase their fares. The Buklod Mangagawa sa Sasaysan, headed by Celestino P. Clavito, is asking for an increase in the basic fare from 60 centavos to 70 centavos for the first five kilometers. It is also asking for a half-centavo raise in the per kilometer rate, from 11.5 to 16.5 centavos per kilometer.

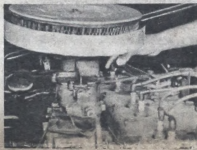
The Price Stabilization Council (PSC) will adjust the price ceilings for essential commodities in the provinces shortly. The PSC said the adjustments will be raised depending on the cost of transport from Manila, where most of the commodities come from. The prices of rice, corn, sugar, milk, cooking oil and school supplies will thus vary according to the nearness of the place to Manila. Only the prices of canned fish have not yet been computed, the PSC said. Page 8

LATEBREAKERS

• **Loan from Germany**
A loan agreement of DM33 million (P139 million) between the Federal Democratic Republic of Germany and the Philippine government will be signed this morning at the Ministry of Foreign Affairs. MFA officials said. The loan will be allocated to the following government projects: Imelda Settlement Project in Southern Leyte; Dagat-dagatan Resettlement Project; procurement of special equipment for the National Cartographic and Photogrammetric Center; and procurement of two container cranes for the Manila International Port.

• **No oil strike**
The oil reserve expected to be within the Batas 1 structure in offshore northwest Palawan has "migrated" and Philippines Cities Service, Inc. (PCSI) has decided to temporarily plug the widest oil well, the Ministry of Energy announced yesterday. Based on a series of drill stem tests (DST) and visual examinations of core samples gathered from the well's borehole, PCSI concluded that the oil once trapped within the Batas 1 structure is no longer there and that the initial oil shows were merely "residuals."

• **Senegal buying RP rice**
Senegal wants to import Philippine rice and other products, and has proposed negotiation of a bilateral trade agreement. A government buying mission from the West African nation arrived Wednesday afternoon for rounds of talks with local officials from Aug. 28 to 31. Headed by Director Amador Moustapha Tall of the Senegalese Ministry of Commerce, the six-man mission visited Thailand before coming to the Philippines. Trade consultations with Philippine government officials are going on.



PCMP firms urged to buy more parts made locally

The Consolidated Automotive Parts Producers Association Inc. (CAPPA) has proposed that the car firms participating in the Progressive Car Manufacturing Program (PCMP) be required to acquire some 40 parts and components from local suppliers. CAPPA said some of these parts are already being used by PCMP participants. Under the present guidelines, PCMP participants are required to source locally only two items - tires and batteries. Page 8

The Stock Market

Trading on mines provided the only excitement at the exchanges yesterday but the issues lost steam at the home stretch. Activity in the oil sector was light. None of the issues posted gains while losers gave up small points. Combined peso turnover at P8.8 million dropped by almost 30% from Wednesday's P12.1 million. Page 16

Corporate Developments

• BPI-Comtrust merger nearly covered by capital gains tax

The Bataasang Pambansa committee on finance yesterday debated on whether the exemption from the capital gains tax for banks merging or consolidating in order to obtain a license for universal banking, would be made effective upon approval of the relevant Cabinet bill. A timing like that would penalize banks that have already merged. It was a close shave for the Bank of the Philippine Islands which recently acquired the Commercial Bank and Trust Co. Fortunately for BPI, its merger is not yet consummated. Page 7

• Tanduy eyes export to offset slump in sales on local market

Tanduy Distillery, Inc., suffering a slump in sales, is aiming for a share of the United States rum market. It will ship an initial 2,000 cases next month to Texas and California, from where it hopes to expand to other states. Page 7

• Delta Motor's Mini-Cruiser, Tamaraw to be sold in Egypt

Delta Motor Corp. reported signing an agreement in principle for the assembly and distribution of its Delta Mini-Cruiser and Tamaraw in Egypt. At least 3,000 units worth a total of \$15 million are in the order. Page 7



Sugar workers hold convention

Sugar mill and plantation workers start a two-day national union convention tomorrow in Bacolod City. Besides putting 560,000 plantation workers and 30,000 mill workers together under one union, convention organizers said they will also discuss ways to force the government to lift their employees' exemption from the various wage decrees. Page 8

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INSIDE SECTION II

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MORATORIUM: The US General Accounting Office urges a moratorium on foreign acquisitions of US banks with assets of \$100 million or more. Page 9

TRADE DEFICIT: The US trade deficit dropped in July to \$1.85 billion from June's \$2.28 billion, mainly because of a 17% drop in oil imports. Page 9

UK UNEMPLOYMENT: The total of unemployed in Britain this month topped 2 million for the first time since World War II. Page 9

OIL STOCKPILE: Japan plans to increase its oil stockpile to 30 million liters. Page 10

MONETARY MOVEMENTS: Gold closed higher at \$634 an ounce in London, firm in Hong Kong at \$627. The US dollar was little changed in New York but down in London and Tokyo. Page 10

COMMODITY FUTURES: Prices of selected commodity futures closed mixed. Page 11

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Rural bankers alarmed over pay underpricing

By JUANITO G. VICENCIO, Jr.
Reporter

Rural bankers have expressed alarm over the reported activities of some pay traders and dealers who underprice the pay sold to them by thousands of farmers.

Speaking for the rural bankers, Eugenio S. Perez, Jr., president of the Rural Bankers Association of the Philippines (RBAP), yesterday said the most depressed pay prices are now in Panay Island where the staple is sold by farmers for as low as P0.70 per kilo, half of the government support price for pay of P1.40 per kilo.

Perez said a substantial portion of the farmers' harvest are channeled to local traders who, because of the abundance of the commodity, can dictate their own prices. He also said farmers are forced to dispose of their produce at minimal or losing prices because of the lack of available markets and fear of sudden weather changes that could destroy their harvest.

SQUEEZE. The depressed buying prices of pay have so shrunk the income of the farmers that they are unable to pay their loans.

Perez warned that if the situation is not given immediate attention, the government's rice production program to bring pay production to self-sufficiency will become costly and suffer serious setbacks.

In view of these problems, Perez suggested a two-pronged formula: the establishment of a floor price for pay to be enforced among grains traders and for the National

Grains Authority to raise further its allocation for the procurement of pay to stabilize its price.

A floor price for pay, he said, will protect the rice farmers and NGA's increased buying capability would help tip the scale in favor of the farmers.

According to the RBAP president, a survey conducted late last year by the National Food and Agricultural Council showed that 25% or 50% of those participating in the government's Maangana-99 rice production program were encountering serious problems in marketing and pricing their produce.

With the increase in the target area to be planted this year under Phase 14 of the program, Perez expressed fear that pay prices could go down further.

BUYING PROGRAM. He likewise stressed the need further to expand NGA's pay buying program to find ways of increasing the agency's capability to absorb whatever is produced by the farmers.

At present, he said, NGA purchases only about 18% of the total national harvest at the government support price of P1.40 per kilo. The rest of the harvest goes to private traders and dealers.

He said RBAP will soon come up with a formal recommendation to President Marcos on these problems of the farmers.

Nontraditional exports' growth slower Trade deficit now seen at \$178B

By RIGOBERTO D. TIGLAO

The country's trade deficit for 1980 is projected to reach at least \$1,784 million, or 18.8% more than last year, according to a report by the Ministry of Trade's planning service.

This is despite favorable world market prices for most of the major export products, with the exception of coconut products. Expected increases in oil bills will further swell the trade deficit.

The Central Bank has reported that as of July this year, the trade deficit stood at \$938 million — 53% of the trade ministry report's projected trade deficit of \$1,800 million. The Central Bank's current figures show a monthly trade deficit of \$134 million as against the ministry's projected monthly deficit of \$149 million.

The trade ministry report projected that export receipts will increase by 31% to \$6,046 million in 1980 — a growth rate of 6.2% from last year's 34%. On the other hand, imports will grow by 27% to \$7,830 million.

The slowdown in export growth is attributed to the anticipated decline in the rate of growth of non-traditional exports, projected at 30% this year as against 42% in 1979. Value of non-traditional exports is estimated to reach \$2,769 million.

In comparison, traditional exports are projected to grow by 30%, slightly higher than last year's growth rate of 29%. Traditional exports are expected to earn \$3,232 million this year.

the same in 1980, with traditional exports totaling 53% of export receipts as against nontraditional's 46%. Nontraditional manufactures will slightly increase to 34% of exports, while nontraditional un-manufactured exports will decline to 12%.

The study observed that sugar products would boost traditional exports, increasing 216% to \$752 million. This was attributed to a favorable rise in world sugar prices as well as to the increase in anticipated volume when the International Sugar Agreement (ISA) quota is temporarily lifted as world prices reach the \$0.22/lb. level.

In contrast, the study predicted an unfavorable year for coconut exports, whose value will decrease slightly to \$602 million despite an increase in volume, due to a 14% decline in world prices. The decline in prices was attributed to the over-supply of gettable oils in the world market as a result of the recently imposed US embargo on the USSR.

FOREST PRODUCTS. On the other hand, favorable world market conditions were expected to increase forest products exports by 8% this year to \$521 million. The bulk of this increase will be due to timber exports whose value is expected to reach \$274 million, with an expected smaller volume of plywood and veneer exports, the study noted. Improved market prices will raise timber exports to \$162 million. Despite higher prices, log exports will increase by 40% to \$81 million as a result of a continued government drive to contain log exports.

Next to sugar, mineral products will post the highest growth rate of 42%, increasing in value from \$566 million to \$804 million. Growth rates were estimated at 27% for gold, 25% for chrome ore, 25% for copper, and 9% for chrome ores.

Combined value of all non-traditional manufactures was projected to increase by 32% to \$2,393 million. In non-traditional manufactures, electrical machinery and parts, machinery and transport equipment, chemicals, and furnishings were each estimated to have a growth rate of 36%.

Combined value of non-traditional unmanufactured products, on the other hand, was projected to increase by 25% to \$730 million. The highest growth rate will be for nickel with a 50% growth, bananas with 30%, rice with 28%, and iron ore agglomerates with 20%.

OTHER EXPORTS. Projections for the other major exports were:

- * An \$88-million increase in canned pineapple shipments due to growing demand and better prices;
- * Light \$26-million increase in abaca fiber exports as a result of favorable world prices, although the government has undertaken a drive to discourage exports of the raw material; and
- * A \$20-million increase in the value of unmanufactured tobacco exports.

Sugar workers hold confab

The two-day national unification conference of trade unions in the sugar industry will start tomorrow in Bacolod City, with labor leaders expected to press the government to enforce previous wage adjustments for sugar workers.

Depressed wages in the sugar industry have become a potent issue among mill and plantation workers. Sugar workers want higher wages particularly because of the booming price of sugar in the world market.

Labor leaders are insisting that the government lift the wage freeze exemptions given to planters and millers when sugar's world market price was low. With such exemptions, they said, wages of sugar workers have lagged behind those earned by workers in other industries, they said.

The convention seeks to unify an estimated 550,000 plantation workers and 30,000 mill workers in the country, in accordance with the "one-union, one industry" concept in the Labor Code.

Labor leaders intend to use the convention as a forum to discuss plans on how to force the government to lift wage exemptions it granted to sugar employers.

To date, employers are exempt-

ed from giving the P60 monthly emergency allowance provided under Presidential Decree No. 1123, the P60 allowance under PD No. 1614, and the P30 allowance under PD No. 1634.

ADD'L. BENEFITS. Another likely subject to be discussed is the request for the government to grant additional economic and social benefits to sugar workers to enable them to cope with the high cost of living.

Sugar workers' unions, in fact, have been planning to launch a nationwide strike particularly if the Philippine Sugar Commission (PhilSugar) fails to raise to P110 per picul sugar's effective composite price (its buying based on the average of the prices for reserve, domestic and export sugar) it pays to planters and millers. The increase, from the present P105 per picul, will allow employers to satisfy the requirement of wage decrease from which they have been exempted.

The government has declared that for the 1979-1980 crop year, the effective composite (buying) price of sugar will be P110 per picul.

COMPOSITION. The study noted that the composition of Philippine exports will remain "substantially

Prov'l price ceilings to rise

The Price Stabilization Council (PSC) announced yesterday that the price ceilings of essential commodities in the provinces would be adjusted shortly.

The PSC said the adjustments were computed corresponding to the cost of transporting the goods from Manila, where most of the commodities originate.

As such, commodities under the control law such as rice, corn, sugar, milk, cooking oil and school supplies will vary in prices according to the distance travelled.

For instance, the PSC said, the price ceilings in Isabela, Cagayan province will be higher than those in Bulacan, Rizal and Laguna. Similar adjustments will be applied to the prices in Misamis, Visayas and the Bicol region.

Most of the prices of these essential commodities have already been computed except for canned fish which is still awaiting the go-along from the Ministry of

The First Lady Mrs. Imelda Romualdez Marcos yesterday expanded the government's "Palayan program to bring down prices of foods."

It is now time to expand the program to "gain ng bayan" to make the country self-sufficient in foods and bring down their prices, said Mrs. Marcos, who is also human settlements minister, during the third national awards ceremony of the Palayan ng Bayan at the Heroes Hall in Malacanang.

The First Lady awarded cash prizes and plaques to the winning provinces.

Agriculture. These adjustments are due for release to local price stabilization councils in the cities, provinces and municipalities.

These regulations apply to retail outlets not only in the provinces but also in Metro Manila where they were adjusted last Aug. 12, 1980.

The PSC also noted that prices of pork, chicken and eggs are much lower in the provinces than in Metro Manila. This explains why these commodities were not included in the new price adjustment "table deals" under Philippine News Agency.

MM jeepney men see fares hike

Metro Manila jeepney operators and drivers, resolving earlier that they would not seek fare increases, have crumpled under the weight of the recent hike in gasoline prices and firm stand of the Board of Transportation (BOT) to relegate them to secondary routes.

The United ng Manggagawa sa Saksayan, headed by Ceferrino F. Ginete, yesterday formally filed with the BOT a petition for an increase in the fare from P0.10 to P0.70 in the basic fare and P0.05 (from P0.115 to P0.165) for each succeeding five kilometers.

Car firms asked to buy more RP-made parts

The Consolidated Automotive Parts Producers Association, Inc. (CAPPA) has proposed that the car firms participating in the progressive car manufacturing program (PCMP) be required to acquire some 40 parts and components from local suppliers.

Under existing regulations, PCMP participants are required to source locally only tires and batteries. However, CAPPA contends that local manufacturers of automotive parts and components are capable of supplying certain components included in CKD (completely knocked down) packages being imported by car assemblers.

Among the parts and components recommended by CAPPA are mufflers, exhaust and tail pipe radiators, brake drums, discs for disc brakes, alternators, starters, leaf and coil springs for the suspension system, rubber suspension bumpers, fuel nose, axle shafts, propeller shafts and wiper motor.

TODAY

- Cocktail buffet of the Philippines North America Conference, for the outgoing chairman E. Beach and incoming chairman Joseph Panelli, Jr.; 8:30 p.m. to 8:30 p.m. at the Philippine Plaza Hotel.
- Cocktail reception of Comarrat Philippines; 7 p.m. at the Makati Sports Club.
- Presentation of Leyland double deckers; 8 p.m. at the Manila Hotel.
- Launching of the Manila-Coronel (Cebu)-Puerto Azul circle route by the Sea Express Service and Puerto Azul; 9 a.m. at the Cultural Center terminal.

TOMORROW

- Start of the two-day national conference of sugar workers; at the Bacolod City Art Center.
- Inauguration of the V.V. Soliven International shopping mall along EDSA; 4:30 p.m.

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NO OPEN BOTTLES

SEC presses bid to take over farmers' association

The Securities and Exchange Commission will shortly appeal to the Supreme Court to reconsider its injunction order which stopped SEC from taking over the management of farmers' association in Batangas.

The court last week stopped an SEC management committee from managing the Samahan ng Manggagawa sa Kanlungan Batangas as well as the Batangas farmers' association in Batangas.

The order also halted the election of Samakaba's officers, which the committee scheduled for tomorrow. Complaints reached the SEC early this year that Samakaba officers were getting into the bank of the association. Some members were reportedly disgruntled with the officers and de-

clined to solicit proxy votes for the selection of another group.

The SEC came in when a schism between the two factions endangered the income of the 1,600 members, a ranking SEC official said.

SEC POSITION. The official said the SEC will try to convince the High Court that the injunction order is ultimately, since preparations for the elections have been made.

The SEC took over the association to prevent possible "malicious changes" in the records while the investigation is ongoing, he said. The money officially involved amounts to only a few thousands, but "under-the-table deals" were reportedly reaching millions, he added.