

that exist, not only on this island, but on many others, to produce corn and rice on a large scale through mechanized farming. One of them mentioned that there was room for half a dozen large corporations or organizations in this one island alone, each farming around 100,000 acres. What they said about this particular island, is true of many others, they reiterated, especially Mindanao.

Rice and corn are annual crops and do not require years to grow. With tractors and other machines, large acreages can rapidly be cultivated and planted. In a matter of several months, the crops are ready for harvesting.

Where there is plenty of food, there is contentment, and the cost of living is low. A low cost of living has its beneficial effect, not only on mining, but on all other activities.

As stated before, this could be done very quickly with big corporations, large acreages, and many tractors. One season would change the entire picture, but it must be done on a large scale to be effective. The corporation, so far, is the only instrument that has been found capable of doing this type of job in a hurry.

A plentiful supply of corn and rice would do more to bring the cost of living back to pre-war levels than anything else. This would naturally reduce the large number of dollars now going out for the purchase of the immense quantities of rice necessary to make up the 40% deficit.

**G**OVERNMENT officials and business men recognize that in order to increase exports, and to the wealth of the nation, mining, once the No. 2 industry, must be brought back to its pre-war status. The country needs more producing mines, but lack of venture capital, and the high cost of living, have acted as deterrents so far, preventing the opening up of many promising prospects.

In 1934, venture capital invested in mining resulted in the development of a number of meritorious exposures, which eventually became the *mines of today*. This brought about a mining boom in the Philippines in the midst of a world-wide depression. The same thing could happen again if venture capital were available.

At the present time the general public has no venture capital for mining, but if the Philippine Government, through one of its various agencies, could see its way to allocate merely P1,000,000 of venture capital, for the proving up of — say, twenty meritorious prospects — there is no question but that a number of them would, eventually, become the *mines of tomorrow*, and offer opportunities for investors to make money. One or two good finds would serve to prime the market and result in the loosening up of private funds for use in an intensified search for, and development of, other mines, and with a lower cost of living, brought about by a reduction in the price of rice, mining would once more be on its way to resume its position as a leading, if not the leading industry of the Philippines.

## Lumber

BY LUIS J. REYES

*Philippine Representative, Penrod, Jurden & Clark Company*

**T**HE total lumber export for the month of July amounted to 3,505,004 bd. ft., of which 2,245,371 bd. ft. were logs and 1,259,633 bd. ft., sawn lumber. Half of this amount went to the United States, 40% to Japan, and the rest to four other countries. Importers of Philippine mahogany (lauan and tangle) in the United States still think that our prices should come down in order to meet the stiff competition offered by African and Mexican mahoganyes.

The Philippine Mahogany Import Association in the United States, held its Annual Convention recently at Colorado Springs. Though business has been poor during the past six months, there was optimism, and the delegates believed that Philippine mahogany will eventually recapture its lost market. A need was felt for more effective advertising, and, in this connection, ways and means have been agreed upon. The Philippine Lumber Producers Association also has had under consideration for some time a possible levy on all exports for advertising. With these two organizations thus working hand in hand, Philippine woods face a brighter prospect in the United States market.

Manila wholesale prices have gone down from P10 to P15 per 1000 bd. ft. as compared with the previous month. Prices in Manila are reported as follows: P125 to P130 per 1000 for white lauan, P135 for apitong, and P140 to P150 for tangle and red lauan. These prices are lowest since liberation and seems to be due to the general business recession and, to a certain extent, the rainy weather. More mills in the provinces have suspended operation.

In Japan, prices of Philippine logs have likewise gone down, with some companies quoting \$58.50 c.i.f., but there were some transactions on a barter basis in which the price quoted was \$57 c.i.f. It has been reported that Japan is beginning to take an increasingly large volume of Borneo lauan logs, which are quoted at a lower price than the Philippine logs. It is claimed, however, that Borneo shipments are composed of several species of "lauans" some of them sinkers,\* and that the shipments are not as well prepared for export as Philippine logs. Even before the war, Japan tried Borneo and Sumatra logs, but eventually turned to the Philippines for most of the logs to supply their mills.

\* Editor's Note—Logs which sink when thrown overboard at point of destination and which may therefore be lost unless loaded into barges, this entailing higher transportation costs.

## Copra and Coconut Oil

BY MANUEL IGUAL

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AND KENNETH B. DAY

*President, Philippine Refining Company, Inc.*

*July 16 to August 15, 1949*

**I**N the very height of the copra season and in spite of the fact that coconut oil is very much out of line with competing oils and fats and particularly with tallow, instead of the gradually declining prices we anticipated, we have seen a steady copra market throughout the period under review, with a sharp upward surge at the close.

Three circumstances have contributed to this situation. The first is a very definite shortage of copra and coconut oil in the United States for immediate and prompt delivery. This has been explained by European correspondents as follows:

"Early this year, all the 'pipelines' were filled and consumers, retailers, and wholesalers were all well stocked. It is hardly surprising that with prospects of large new crops ahead there was a general tendency to reduce stock without replacing. Subsequent events point to the fact that by early summer the 'pipelines' were empty. Persistent premiums for spot and early delivery bear this out. There was, however, still insufficient confidence in the future to encourage buy-

ing more than day-to-day requirements and it needed a new feature to induce retailers and wholesalers to restock. Obviously only the possibility of higher prices would induce them to buy, in anticipation of improved demand from the householder.

The second factor is that the American Government has provided this reason by deciding to give price support to cottonseed oil in the face of an expected bumper crop. This proposal served to strengthen all domestic oils and fats, which promptly advanced several cents a pound. The consequent demand created by this decision does not necessarily represent increased consumption, but rather an all around refilling of the "pipelines".

Furthermore, it has been persistently felt that while coconut oil was overpriced, domestic oil and fat surpluses have been more than discounted in American markets, and, frankly, these commodities were underpriced. This situation, together with certain inflationary trend-indications from Washington and combined with the probability of an upswing in consumer demand, contributed to stronger markets and higher prices, in which, rather unexpectedly, coconut oil held its relative position.

The third factor, which bears on the first two, is the disappointing production of copra this year in the Philippines. All reports indicate that coconut trees in general are full bearing. If the nuts were made into copra, supplies should be heavy. But the Philippine producer this year is in a more independent position than ever before due to the high prices he has enjoyed for the past two years, and unless prices are attractive, his tendency is to neglect copra-making until prices suit him. This has resulted in less copra for sale in primary markets than was expected, and consequently buyers, who had been counting on heavy purchases at this time of the year, are disappointed.

We entered the period under review with copra buyers desultory at \$160 c.i.f. and \$150 f.o.b., sellers ideas being \$5 higher. For a few days the market eased off but without substantial business, although every so often there were temporary reactions to cover immediate requirements of individual buyers. Shortly after the first of August, however, the market commenced to advance and reached a point by the 15th when buyers were perfectly willing to pay better than \$170 c.i.f. with sellers holding off for up to \$180. Practically all of this demand was for immediate or very prompt shipment, thus accentuating the Coast position where immediate supplies were all but exhausted. During this period a good deal of business was transacted on the advance, and there was reason to suppose that more business would be available if prices continued favorable.

Very little European business was done, for few European buyers have any U.S. dollars available nor will they have until new ECA allocations. When this time comes, there will be some European demand, but the demand may be restricted because these dollars will probably be earmarked primarily for purchase of domestic oils and fats. However, undoubtedly, some business is to be anticipated within the next month, which may well serve to keep strength in the market.

During this period, coconut oil, which was going begging at 14 cents a lb. f.o.b. P.C. on July 15 gradually advanced particularly for spot delivery until tanker sales were registered at as high as 16 cents a lb., with offerings very light. Bulk oil from the Philippines, which had been selling as low as 13 cents for September arrival, jumped to 15 cents for Sept-

ember and 14½ cents for October, with the greater part of Philippine supplies already sold. Most Philippine crushers participated in considerable business during the period, but the bright dealers were those who withheld part of their sales, and took advantage of spot premiums at near arrival dates.

It should be noted that during this period cottonseed oil and soybean oil advanced nearly 4 cents a lb. and tallow 7 cents to the highest levels since early in the year. While new crops are right around the corner, there is a definite squeeze for the August/early September position.

As usual, local markets followed export trends closely, copra prices ranging from P27 to P31 and perhaps higher in Manila and approximately the same in Cebu. Desiccators, who have been laying off the market for two months, once more resumed buying, probably largely for the American Christmas trade.

Copra exports for July totaled only 44,114 tons, as contrasted with 38,013 in 1948, distributed as follows:

*United States*

Pacific Coast .....	23,159	long tons
Atlantic Coast .....	2,551	" "
Gulf Coast .....	6,499	" "
Canada .....	1,500	" "
Europe .....	9,663	" "
Africa .....	538	" "
Equador .....	204	" "
Total .....	44,114	" "

These figures are somewhat misleading because actually 5,000 to 6,000 tons of copra was loaded in vessels in July which did not sail until the first days of August.

Coconut oil exports were on the increase and totaled 9,472 tons for July, as contrasted with 2,800 tons for July, 1948, distributed as follows:

*United States*

Pacific Coast .....	2,002	long tons
Atlantic Coast .....	7,307	" "
Europe .....	163	" "
Total .....	9,472	" "

Adding copra and the copra-equivalent of coconut oil together, we get a figure of between 55,000 and 60,000 tons of copra as such. Indications point to approximately the same volume in August, particularly if prices maintain their present trend.

American markets for copra meal and expeller cake were on the easy side, declining to about \$51 to \$52 c.i.f. Pacific Coast per short ton. The European markets remained steady at \$34 to \$35 f.o.b.

Early in August, the Philippines-European Freight Conference reduced the basic rate on copra meal to Europe by S20/6, equivalent to a little over \$4, which should be of help in encouraging additional sales of meal to Europe.

Copra shippers have been negotiating for two months for a substantial decrease in copra freight rates to the United States. At the present writing, it appears possible that no reduction will be granted at this time, which may force copra shippers to charter their own space; in a market such as this

they can easily do that at substantially under Conference rates.

WE have persistently stated that anything can happen in copra and coconut oil markets, and usually it is the unexpected which comes up. Two months ago, everything pointed to lower copra and oil prices during the remainder of the year. Today the picture is changed and it may be that we have seen our low prices for the year in July, and that the markets may hold steady for the rest of 1949. Undeniably, there is a great deal of speculation going on, and so many false reports and rumors are current that there is no real certainty of anything. At the same time, signs do point to a steadier situation during the coming months than had been thought possible. This does not preclude drops in price, which are to be expected, nor does it rule out an entire change in the overall picture at any time due to government action or to foreseeable circumstances. But it does indicate that the practically unanimous opinion of the trade of a few months ago, has once again been upset and that, for the moment at least, copra and coconut oil prices are likely to maintain higher levels than anyone had expected. The unjustified spread between coconut oil and domestic fats and oils remains unchanged, however, and as long as this persists, coconut oil will be used only where essential and in minimum quantities. This invites eventual adjustment, possibly later this year, when the "pipelines" are again full, and production and consumption are more nearly stabilized.

## Dessicated Coconut

HOWARD R. HICK

President and General Manager  
Peter Paul Philippine Corporation

THIS report covers the period July 15 to August 15, 1949.

Generally the industry continued at reduced capacity. The Peter Paul Philippine Corporation was shut down due to high inventory in the United States and Blue Bar remained shut down in Luzon.

The copra market firmed up during this period but generally the desiccators were able to bring coconuts down to lower than copra-value due to less activity in the Luzon area. At the close of the period the desiccators experienced a little difficulty getting nuts due to the fact that while they were shut down, nut supplies had been diverted to copra and to bring nuts back to the desiccators it was necessary to campaign and even pay a little more than the copra-equivalent to re-establish connections again.

Philippine copra and nut prices have well reflected world-values, and after four months of such a trend it can be said that copra and nut prices are normal and no longer so easily affected by local conditions as up until four months ago.

Labor-management problems were at a minimum and generally labor seemed to be settled as far as management was concerned. The Franklin Baker Company labor problem is an inter-union problem at bottom and does not directly affect the management.

The shipping statistics for the month of July are as follows:

Shippers	Pounds
Franklin Baker Company	4,409,340
Blue Bar Coconut Co.	584,130
Peter Paul Philippine Corporation	0
Red V Coconut Products, Ltd.	2,167,300
Sun-Ripe Coconut Products, Inc.	883,000
Standard Coconut Corporation	396,500
Co-operative Coconut Products	252,000
Tabacalera	642,000
Coconut Products, Inc.	543,850
Luzon Desiccated Coconut Corp.	227,200
Universal Trading Company	0
	<b>10,105,320 pounds</b>

## Sugar

By S. JAMIESON

Alternate Secretary-Treasurer  
Philippine Sugar Association

THIS review covers the period July 16 to August 15. Following the very severe decline recorded in our last report, markets generally steadied, closing distinctly firm.

Before the end of July, it became apparent that production for the month would be materially smaller than for the previous month, and exporters withdrew their offers on the New York market or only offered very sparingly. This policy steadied consuming markets, and buyers who had watched the decline came in only to find that there was little available. Prices recovered sharply with a minimum amount of business being recorded.

In the Philippines, the market developed a firm tendency as soon as the improvement in consuming markets began, and at present local dealers are holding off expecting higher prices.

Philippine provincial quotations, August 15:

	Per Picul Basis Loose
Davao I . . . . .	₱55.00 — Up ₱2.50 per picul since July 15.
Davao J . . . . .	54.00 — Up 2.50 " " " " "
Davao G . . . . .	47.50 — Up 3.00 " " " " "
Non-Davao I . . . . .	50.00 — Up 3.00 " " " " "
Non-Davao G . . . . .	36.00 — Up 1.00 " " " " "
Non-Davao K . . . . .	24.00 — Unchanged.

New York quotations, August 15:

	Per Lb. c.i.f. New York
Davao I . . . . .	26¼¢ — Up 1¢ per lb. since July 15.
Davao J . . . . .	25¾ — Up ¾ " " " " "
Davao G . . . . .	23% — Up 1½ " " " " "
Non-Davao I . . . . .	24¼ — Up ¼ " " " " "
Non-Davao G . . . . .	18 — Down ¾¢ " " " " "
Non-Davao K . . . . .	14¼ — Up ½¢ " " " " "

Production for July, 1949, was only 35,625 bales — a decrease of 10,222 bales from June, 1949. Non-Davao balings totaled 19,203 bales — down 5,364 bales from June. Davao balings were 16,422 bales — down 4,858 bales from June. Exports for July amounted to 29,816 bales. Production for the first