BD Special Report





# MALZINA E2700 DIESEL

The great-going machine for your transport business



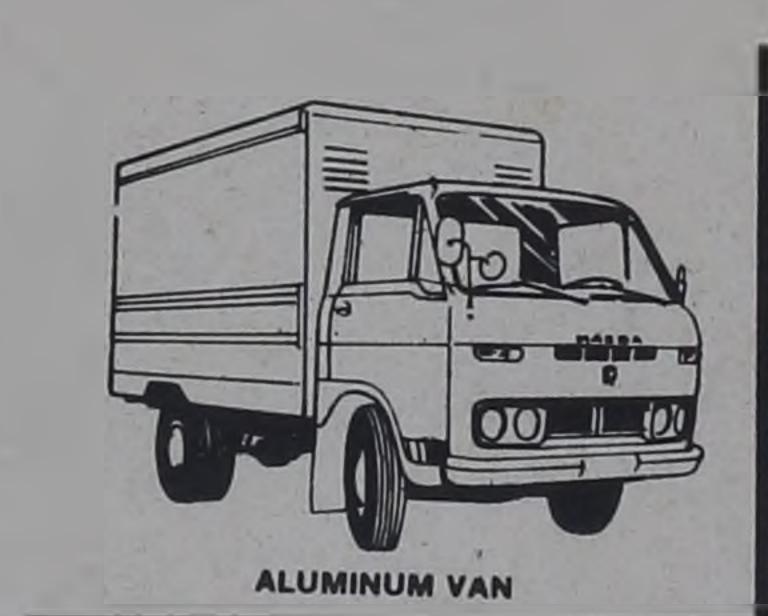
45-PASSENGER BUS

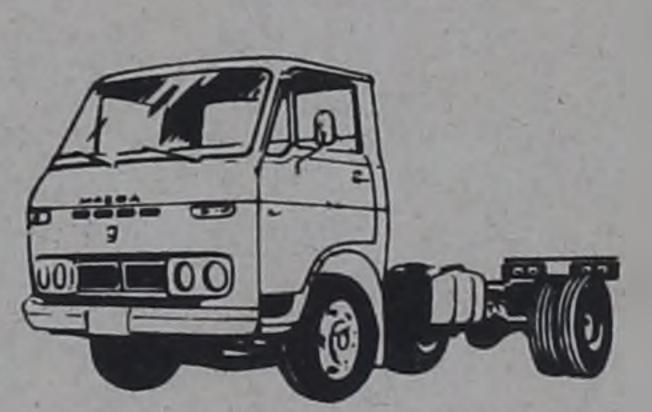
MAZDA E2700 diesel. One great-going machine you should'nt do without in your transport business. For greater returns of your investment and long, long service in your operation.

Keep your operation great-going all the time with the MAZDA E2700 45-passenger bus. Or get yourself a MAZDA E2700 chassis with cowl or with cab for any special body design and purpose you desire. Of course, you can also avail yourself of the MAZDA E2700 as Aluminum Van, Dropside or flatform for various services.

You can rely on any one unit of MAZDA E2700 even when the going gets rough. Because it's built tough for heavy payload and powerful performance at great economy in maintenance.

#### 4-CYLINDER, OHV DIESEL ENGINE

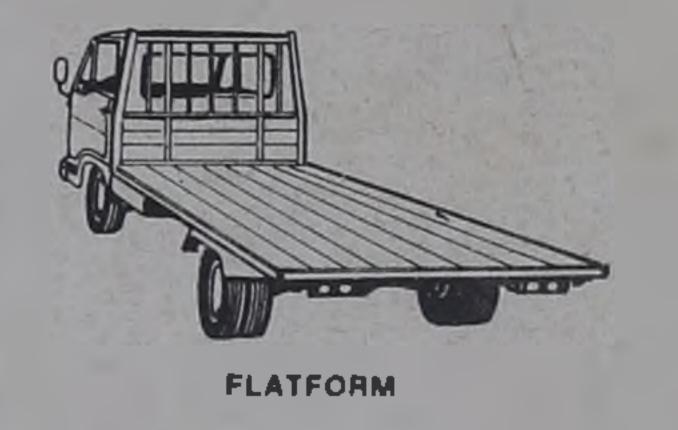




CHASSIS W/ CA



DROPSIDE



fme

Manufactured by: TOYO KOGYO LTD , JAPAN Assembled and Distributed by:

#### FRANCISCO MOTORS CORPORATION

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#### SPECIAL REPORT

## DIU EUS GNP growth but at slower rate of 5.1%

of the Philippine's Gross in 1974 over the equi-National Preduct (sum valent period in 1973. total of goods and services) in 1975.

that GNP growth rate at the National Economic 1967 prices for 1975 Development Authority will be at 5.1 per cent (NEDA), Business Day over the value of goods Research forecasts that and services produced by the sum total of goods the economy during cal- and services produced by, rat; manufactu ing, r

Utilizing past data on the national income ac-Business Day projects counts as reported by dar year 1974. This is the economy in 1975

Worldwide economic lower than the in- may reach P42,742 mildifficulties will force a crement of 5.8 per cent lion at 1967 prices. This slump in the growth rate posted by the economy is higher by 5.1 per cent over the GNP output of P40,655 million in 1974.

By sector

Projected growth levels for the different sectors of the economy are: agriculture, 6.4 per cent; mining and quarrying, -52.7 per (Continued in page 4) NET DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN (At 1967 prices in million pesos) Calendar Year 1975\* AGRICULTURE FISHERY & FORESTRY (6.4%) P 8,112 SERVICES (6.0%)P 7,140 MANUFACTURING (5.7%) P5,379 COMMERCE (3.5%) TRANSPORTATION, COMMUNICATION STORAGE & UTILITIES (5.4%) P1,459 CONSTRUCTION (14.5%) MINING & QUARRYING (52.7%) NET DOMESTIC PRODUCT P33,901

GNP P4:

#### OVER A CENTURY OF BANKING



Founded in 1851, Bank of the Philippine Islands was established with a capital of P400,000. Today, Bank of P.I. was the first to meet the required minimum capital base of P100 million.

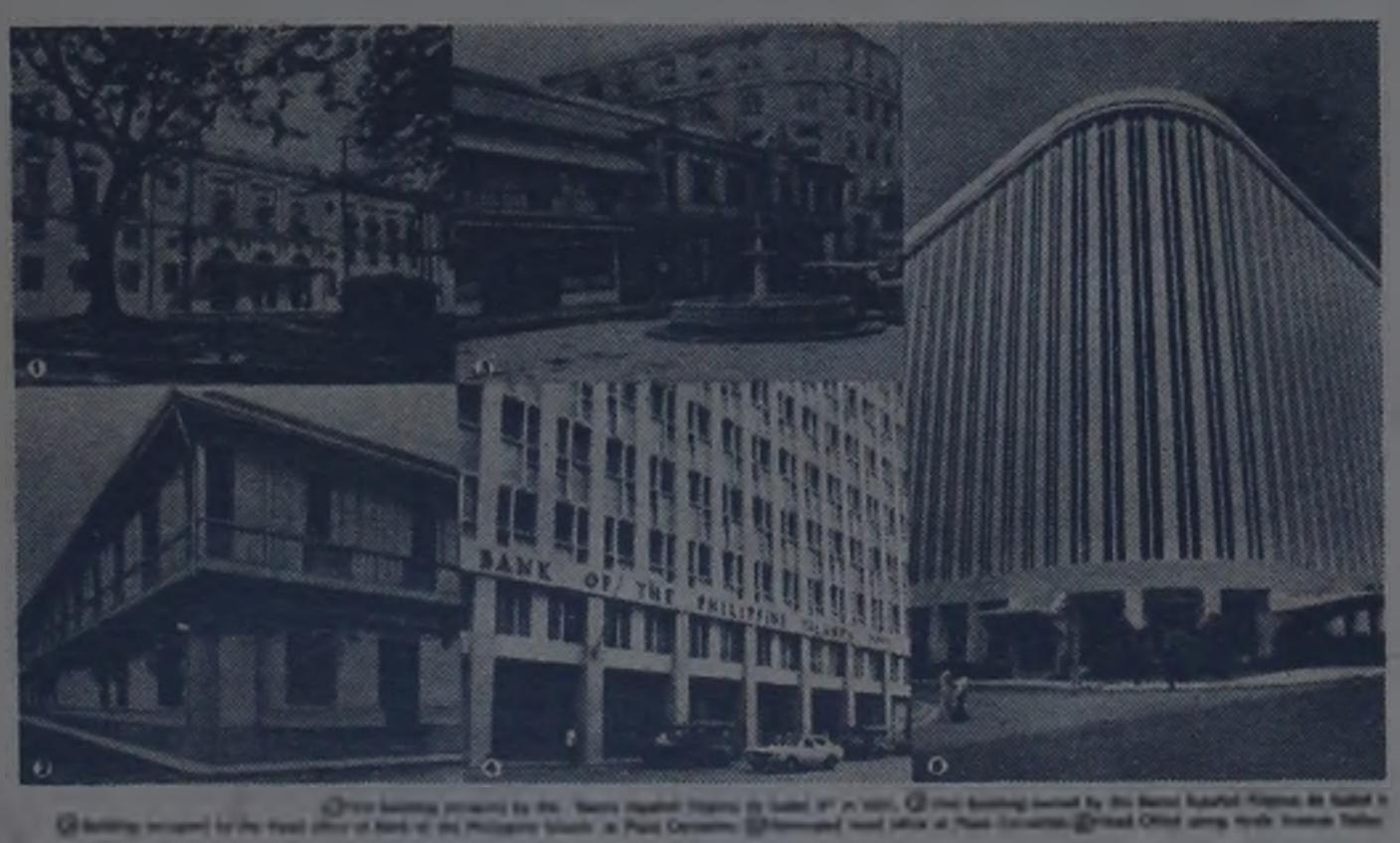
The history of its services is the history of its progress. It financed the initial development and subsequent expansion of export crops (like sugar, copra, tobacco and abaca), inter-

island trade and early manufacturing ventures; while assisting the Insular Government by financing public works projects. As a depository of government funds, and having sole authority to issue currency notes, it provided the financial base for trade expansion, extending its branches to Iloilo, Cebu and Zamboanga.

In order to survive three foreign administrations, two revolutions, two world wars, the economic recession of the 20's and the Great Depression of the 30's, which all took its toll on our country's economy, the bank had to continue to devise innovative services. The rest is history.

Today, 124 years later, Bank of the Philippine Islands, with a geographical and financial strength that complemented a restructuring of management specialization to include foreign trade and support for small to medium size enterprises, continues to play an elemental role in the country's economic scene.







BANK OF THE PHILIPPINE ISLANDS FOUNDED 1851

IPAGPATULOY ANG KAUNEARAN, MAG-IMPOK SA BANGKO

MEMBER: PDIC



\* 3: PROJECTIONS

There's an aspect of Filipino life which has inspired us through our 22 years in banking.

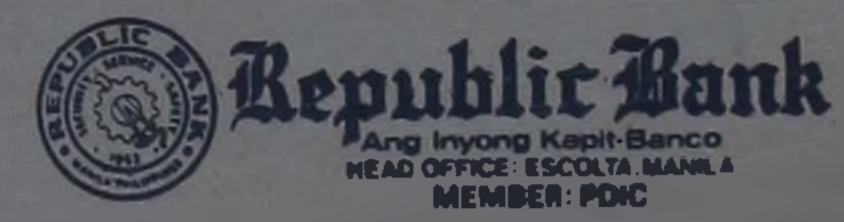
It's the spirit of the barangay. And it means cooperation, doing what's best for others and being neighborly in every way.

That's why we pioneered private branch banking in the early 50's, to be of service to as many communities as possible. We called our branches Kapit-Bancos to reflect the kind of friendly service we give.

And as the Philippine neighborhood grew bigger, and its financial needs increased, we offered as many commercial services as possible for our clients.

Today, the barangay spirit lives on at Republic Bank. We are happy to be among those helping promote a healthy economic climate for the new Filipino. Inspired further by the renewed sense of direction of our country, we will continue to do what's best for the financial security of all our friends.

And we'll do it with many, many more years of barangay banking.



Ipagpatuloy ang Kaunlaran. Mag-impok sa Banko.

Construction, as in previous years, will be a major growth area; agricuture will remain the biggest contributor to the net domestic product.



L.S. Sarmiento & Co., Inc.

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per cent; construction, 14.5 per cent; transportation, communication, storage and utilservices, 6 per cent. culture and services.

These projections are based on the premise last quarter of 1975. highest sector increment. Consequently, if the expected recovery does not come about, then the GNP growth rate for the year would be lower.

Deteriorating demand for the country's major export products, as well as a decline in their values combine with an increasing balance of payments deficits to place the economy in a bind. There is further threat of another increase in the prices of crude oil by about 10-35 per cent come October.

On the other hand, the government's policy of expanding production levels and its continued emphasis on the generation of more economic activities to counteract the growth slowdown in some sectors will go a long way in sustaining the economy's growth throughout the rest of the year.

Construction

As in previous years, construction will once ities, 5-4 per cent; com- again be a major growth merce, 3.5 per cent; and area together with agri-

BD projections place the growth of the consthat there will be a sig-truction sector at 14.5 nificant economic re- per cent in real terms as covery, especially in ex- compared to last year's ternal trade, during the P1,064 million, for the

> Acceleration in both government and private construction will lift the sector's contribution to the net domestic product from 1974's 3.3 per cent to about 3.6 per cent in 1975.

The government's public works program for the four-year period ending fiscal year 1979 is allocated P38.78 billion. For FY 1976, total allocations amount to P7.93 billion; for FY 1977, P8.77 billion; for FY 1978, P9.25 billion; and for FY 1979, P11.8 billion.

The infrastructure program has a total funding of about P23.26 billion or \$2.07 billion on foreign exchange (P7.50 to US\$1.00)

Agriculture

Projected net value added of the combi



GROSS NATIONAL PRODUCT, NATIONAL INCOME AND NET DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN: CY 1970 - 1975\*

	(At 1967 prices in million pesos)										
								Growth Ra	ites (%)		
Industry/Item	1975*	1974	1973	1972	1971	1970	1970-'71	1971-'72	1972 73	1973 '74	1974 '75"
1. Agriculture fishery and forestry	10,246	9,626	9,306	8,948	8,934	a,962	(0.3)	0.2	4.0	3.4	6.4
2. Mining & quarrying	347	- 734	730	686	650	558	16.5	5.5	6.4	0.5	(52.7)
3. Manufacturing	7,140	6,755	6,527	5,828	5,497	5,108	7.6	6.0	12.0	3.5	5.7
4. Construction	1,218	1,064	925	1,014	771	689	11.9	31.5	(8.8)	15.0	14.5
5. Transportation Communication											
Storage and Utilities	1,459	1,384	1,298	1,217	1,154	1,063	8.6	5.5	6.6	6.6	5.4
6. Commerce	5,379	5,197	4,972	4,594	4,357	4,149	5.0	5.4	8.2	4.5	3.5
7. Services	8,112	7,653	7,145	6,735	6,424	6,196	3.7	4.8	6.1	7.1	6.0
NET DOMESTIC PRODUCT											
at factor cost	33,901	32,413	30,903	29,022	27,787	26.725	4.0	4.4	6.5	4.9	4.5
8. Net Factor income from abroad	115	66	(200)	(382)	(310)	(480)	35.4	(23.2)	47.6	143.0	33.72
NET NATIONAL PRODUCT or											
NATIONAL INCOME	34,016	32,499	30,703	28,640	27,477	26,245	4.7	4.2	7.2	5.8	4.6
9. Indirect raxes net of subsidies	3,787	3,617	3,367	2,974	3,057	2,697	13.3	( 2.7)	13.2)	7.4	4.7
10. Capital consumption allowance	4,937	4,539	4,345	3,999	3,656	3,247	12.5	9.4	8.6	4.5	8.8
GROSS NATIONAL PRODUCT	42,742	40,655	38,414	35,613	34,190	32.191	6.2	4.2	7.9	5.8	5.1

\* BD projections Source: NEDA

growth of 6.4 per cent quarrying. over 1974's P9,626 million.

Agriculture will maintain its position as the biggest contributor to the net domestic product.

From a share of 29.7 per cent to the total net domestic product, agriculture is projected to increase its share to about 30.2 per cent in 1975.

Agriculture's performance will come about as a result of government's intensified technical and financial assistance in the production of palay, corn, sugarcane, bananas and even abaca.

Phase V of Masagana 99 which was launched last May will involve more than P1 billion worth of clean production loans under the supervised credit scheme. This program will mean a total 88 million cavans of palay assuming that the program yields 80 cavans per hectare.

Contributing further to the growth of the sector is the fertilizer subsidy which would entail an estimated amount of P350 million and is aimed at reducing fertilizer prices by 25 per cent.

Mining

Most severely affected by depressed world demand and lower export 3.5 per cent. Total value value for its products is the mining sector.

This is most pronounced in the case of copper. The country's increments, hand in major trading partners early this year an- will be the sector's nounced cutbacks in prime movers. Increased their purchases of the infrastructure activities

forestry sector is at thirds of the net value P10,246 million, a added in mining and

> The first semester of 1975 saw the export value of copper concentrate declining by \$141.3 million, or 59 per cent, from export value of \$237.7 million during the same period last year.

Net value added of the mining sector is projected to decline by 52.7 per cent. The sector's total produce worth P734 in 1974 will nosedive to an approximate P347 million this year

Last year the mining sector posted a meager 0.5 per cent increment over 1978, a breath away from a negative

> Transportation, Communications

The transportation, communication, storage and utilities sector is projected to expand to P1,459 million in 1975. This reflects a growth of 5.4 per cent from the 1974 level of P1,384.

The increased pace of investment in the communication and utility areas will be mainly responsible for this growth. However, the anticipated increase in fuel prices during the later part of the year will hit this sector more adversely than the rest.

Commerce

Commerce is projected to improve on its performance last year by added of the sector may hit P5,379 million in 1975.

Retail and wholesale hand with tourism gains product which alone will further push the

agriculture, fishery and contributes about two- business turnover of the the growth of the real real estate subsector, contributing further to the growth of the commerce sector. However, rising costs of land devel-

estate subsector.

Services

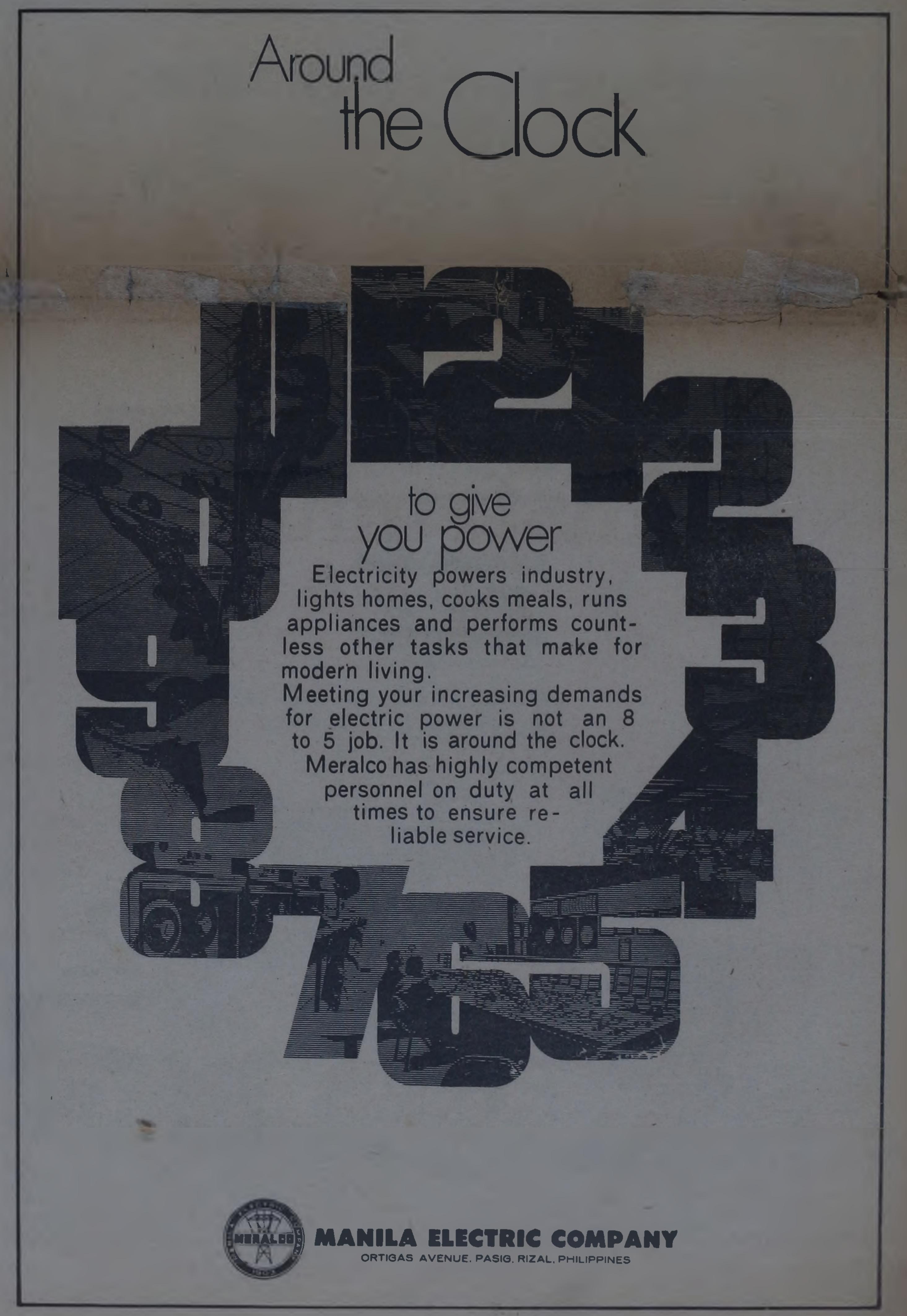
opment will also affect services is projected to ism industry will in turn throughout the country.

1975, an improvement services sector. of six per cent from last year's P7,653 million.

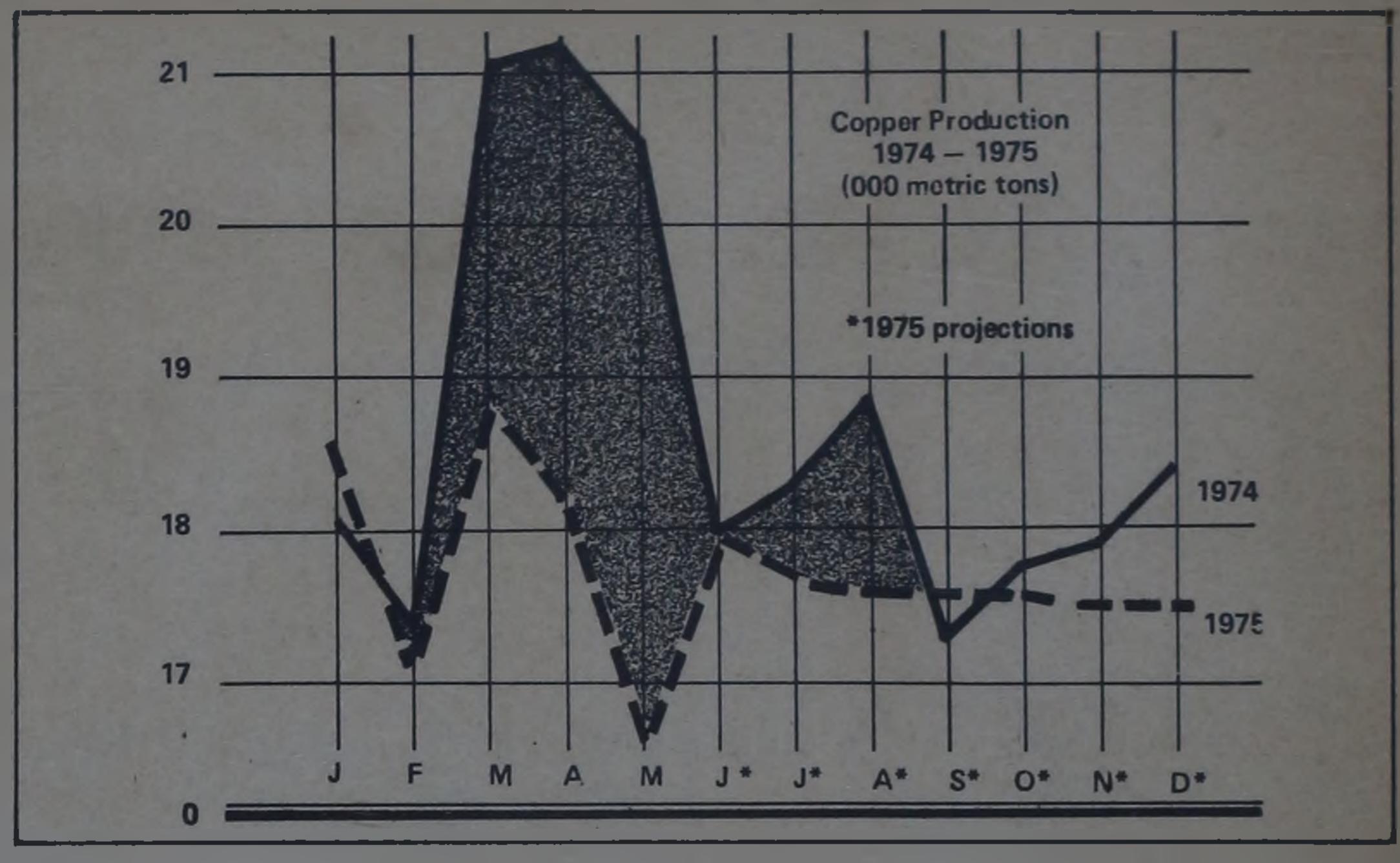
The expanding re-Net value added in quirements of the tour- increase in hotel projects

hit P8,112 million in push the growth of the

A major indication of this complementary growth in services is the



		MINERAL PRODUCT 974 — 1975	TION	
Period	Metallic Mineral Production	C o s Volume	pper Value	Gold Volume
	(P000)	(metric tons)	(P000)	(kg.)
1974				40.000
Total	3,597,815	225,485	2,793,714	16,682
January	285,703	18, 159	228,371	1,409
February	285,644	17,411	225,408	1,249
March	394,925	21,117	313,653	1,689
April	453,147	21,221	371,845	1,761
May	417,896	20,687	340,167	1,643
Ju ne	333,157	17,999	272,354	1,352
July	296,458	18,388	232,903	1,414
August	269,634	18,914	207,855	1,338
September	216,097	17,304	158,305	1,178
October	212,824	17,805	151,416	1,212
November	214,851	17,928	148,148	1,194
December	217,475	18,482	143,290	1,243
1975				
Total	2,208,993	213,391	1,088,879	14,010
January	207,725	18,693	129,869	1,310
February	202,622	17,238	124,577	1,193
March	233,195	18,887	138,603	1,321
April	222,767	18,287	135,582	1,258
May	204,435	16,538	119,458	1,179
June *	184,606	18,004	93,138	1,161
July *	177,273	17,724	83,082	1,143
August *	169,940	17,684	73,026	1,125
September *	162,607	17,644	62,970	1,107
October *	155,274	17,604	52,914	1,089
November *	147,941	17,564	42,858	1,071
December *	140,608	17,524	32,803	1,053
Source: Bureau of	Mines			



		METAL PRODUC JANUARY - N 1975 - 1974	AAY	
	Unit	1975	1974	% increase/Decrease
Copper	MT	B9,643	98,595	( 9.1)
Gold	kg	6,292.9	7,460	(15.6)
Silver	kg	19,386	23,894	(18.9)
Platinum	kg	9	16	(43.7)
Zinc	MT	5, 186.94	2,818	84.1
Nickel (metal)	MT	1,998	162	1,133
Iron ore	DMT	577,701	786,855	(26.6)

We just don't do a little here...a little there. We do things on-the-spot. Amytime. Anvings.

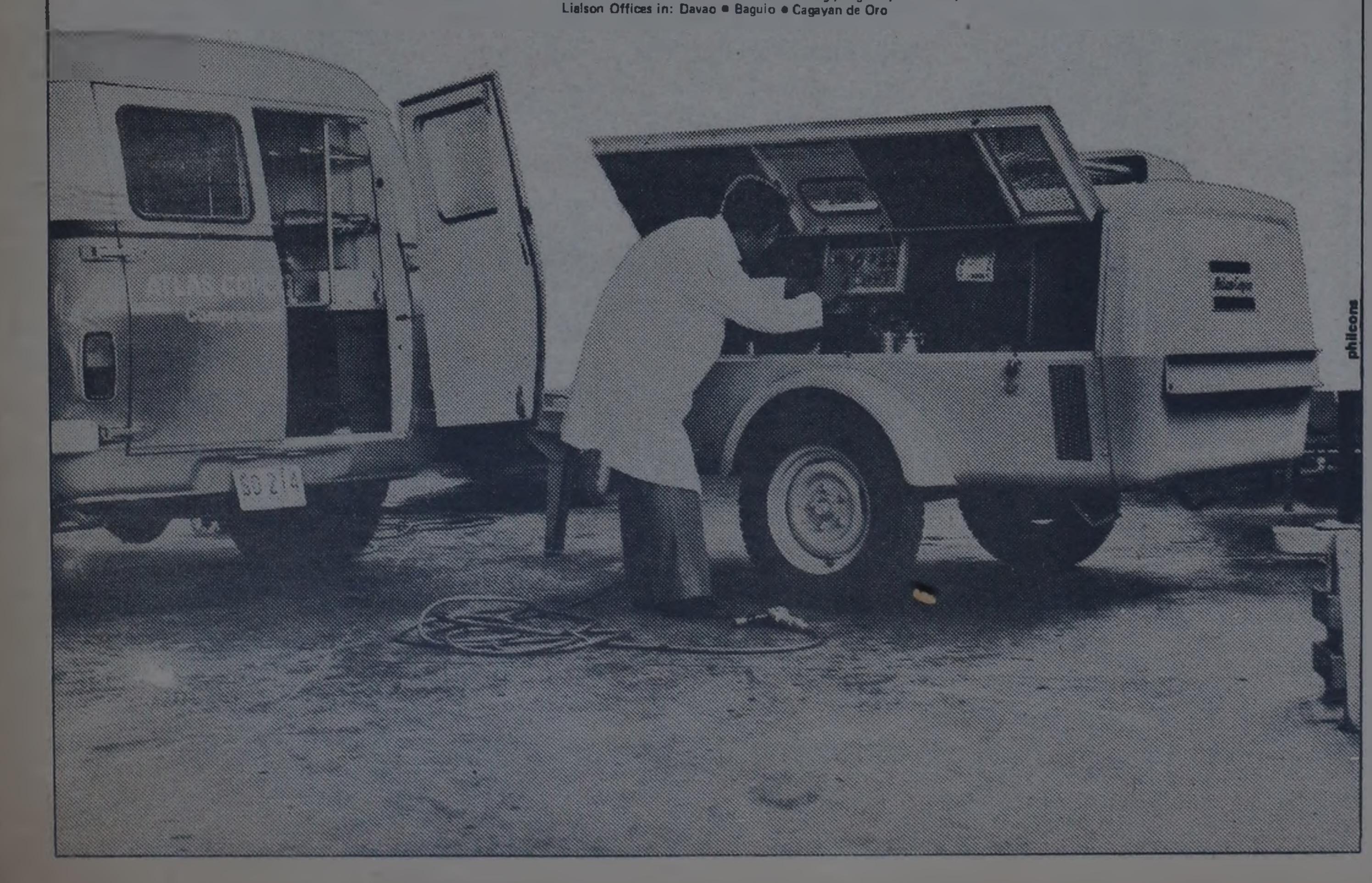
> This is our kind of service. Before and after the sale. Systematic. Long-term. Putting a lot of meaning in preventive maintenance. That's because you buy performance in our products. And we see to it that you get it.



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2293 P. Tamo Ext., Makati, Rizal . Tels. 88-19-66 . 88-37-03 . 87-32-30 Branch Office: Rm. 201 Franco-Moras Bldg., Highway Mandaue, Cebu





With current world cop- nounced. In 1974, some 52.7 per cent.

its actual contribution of 57.15 per cent.

world copper prices, which drop of 43.70 per cent. production as of January year. creased production costs.

less than the actual produc- pound in New York. metric tons in 1974.

last year's level of 98.6 thou- age of \$0.587. sand metric tons.

Value

Value-wise, the declining pattern is even more pro- 1975, warehouse stocks in

per prices slashed to almost 98.6 thousand metric tons of one-half of the 1974 values, copper produced in the first and local preduction for the five months fetched a first five months falling short price of P2.79 million. This of usual levels by nine per year's January to May outcent, the contribution to the put of 89.6 thousand metric Gross National Preduct this tons was valued at only year of the mining industry P1.09 million. This means is projected to decline by that in 1974 the average price of one metric ton of Business Day Research copper was P28,345. At preprojects this share at P347 sent the same quantity is million (at 1967 prices), a worth only P12,147, indicat-52.7 per cent reduction from ing a drastic price cut of

P734 million in 1974, which, World copper prices for in turn, was a mere .5 per the first eight months of cent increase over the P730 1975 have averaged \$0.57 per million contribution in 1973. pound compared with the Aside from depressed 1974 average of \$1.04, a

caused cutbacks in produc- The lowest monthly avertion, (Consolidated Mines age so far was at \$0.52 a completely stopped copper pound posted in January this

this year), mining companies As of July, copper prices have been groaning under in- have been showing signs of recovery. Quotations have At yearend, total produc- inched up to \$0.59 per tion of copper is estimated pound from the January figto be 213 thousand metric ures. Last month copper tons, or some 5.36 per cent, prices averaged \$0.60 per

tion of 225.5 thousand The August, 1975 price level is only 22.25 per cent Statistics culled from the (the lowest percentage drop) Bureau of Mines show that lower than the 1974 August in the first five months of price of \$0.77 per pound. 1975, copper production of And the August average is a 89.6 thousand metric tons is 2.38 per cent improvement a drop of nine per cent from over the month before aver-

#### Supply level

But as of September 1,

# Setbacks in copper production and prices will diminish the mining sector's share in the GNP

the London Metal Exchange had reached 378,300 metric tons.

LME stocks have been continuously rising for the past six months. In the last week of August alone, 14,500 metric tons — the second-largest rise in the market's history — were added and more are expected.

Current stocks of 378 thousand tons are more than double the March stock level when the rise began "in earnest," and seven times the tonnage in store a year ago.

Zambia, one of the world's major producers of copper (650,000 tons produced in 1974) has serious transport problems and delays in shipment. This has triggered speculations on a price increase. However, LME's warehouse stocks situation is enough to douse old water on such hopes

#### New markets

Cutbacks in copper imports by Japan have also dampened copper production considerably, but new markets have also been tapped with some success.

For instance, Philex Mining Corporation sold 4,000 tons of copper concentrates to China at \$0.598 a pound last August 27. The company is set to ship another 4,000 tons sometime this month.

Philex said its copper sales to China are expected to make up for their loss in revenue resulting from the 15 per cent unilateral cutbacks on Japanese copper requirements.

#### Lower earnings

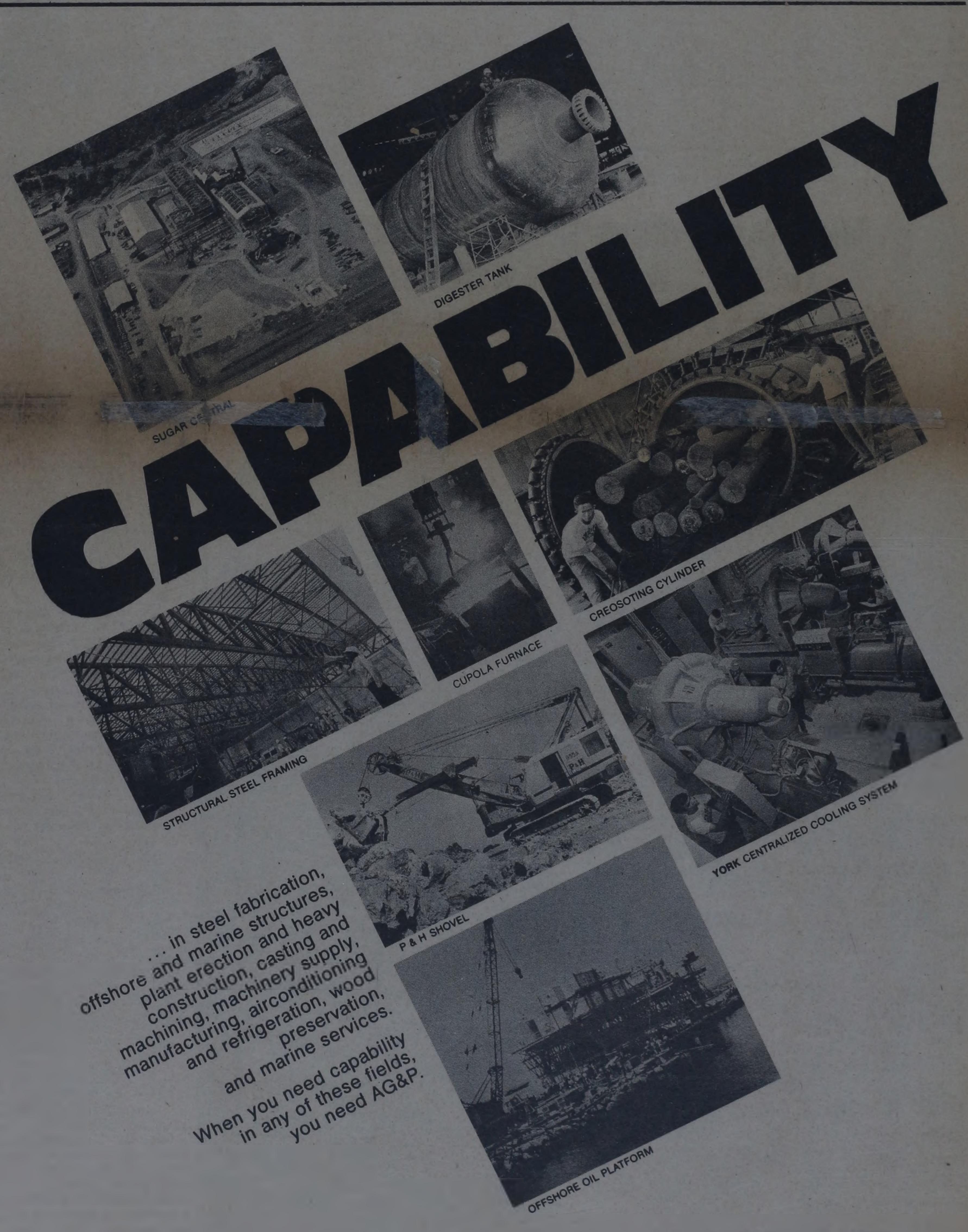
Mid-semester earnings of five mining companies have been reported to have dropped drastically from their 1974 levels. Atlas, Philex, Lepanto, Marinduque, and Marcopper have reported sales decreases by an average of 35.01 per cent. Likewise, their incomes were severely slashed by an average 75.86 per cent and earnings per share dropped by another 79 per cent.

The factors responsible for the mining sector's weak performance in the first semester will be the same factors responsible for the year's decrease in its GNP contribution.

#### Production cost

Another factor is the higher cost of production. Lepanto Consolidated spent P157.88 million or 67.02 per cent more than the 1974 first semester expenses of P94.53 million. Lepanto's

(Continued on page 8)



#### ATLANTIC, GULF & PACIFIC CO. OF MANILA, INC. Executive Offices: 131 Avala Avenue, Makati, Bizal, Tel. No., 89-10-61

Executive Offices: 131 Ayala Avenue, Makati, Rizal. Tel. No. 89-10-61 San Francisco Office: Hongkong Bank Building, 160 Sansome Street Branches: Bacolod-Davao



#### The IMF decision to sell one-sixth of its gold holdings have sent gold prices on an expected nosedive.

copper production dropped by 29 per cent, gold by 33 per cent, silver by 28 per cent, and lime by three per cent.

Production cutbacks were forced on Lepanto by the high level of concentrate inventory resulting from ASARCO's (American Smelting & Refining) low smelting rate for Lepanto.

Marcopper Mining spent some 16.66 per cent more than its 1974 operational cost during the first semester this year, although its total production and exports of copper concentrates were 36 per cent lower than last year.

Atlas Consolidated increased its operating expenses by 11.35 per cent from P309.35 million in 1974 to P344.47 million this year.

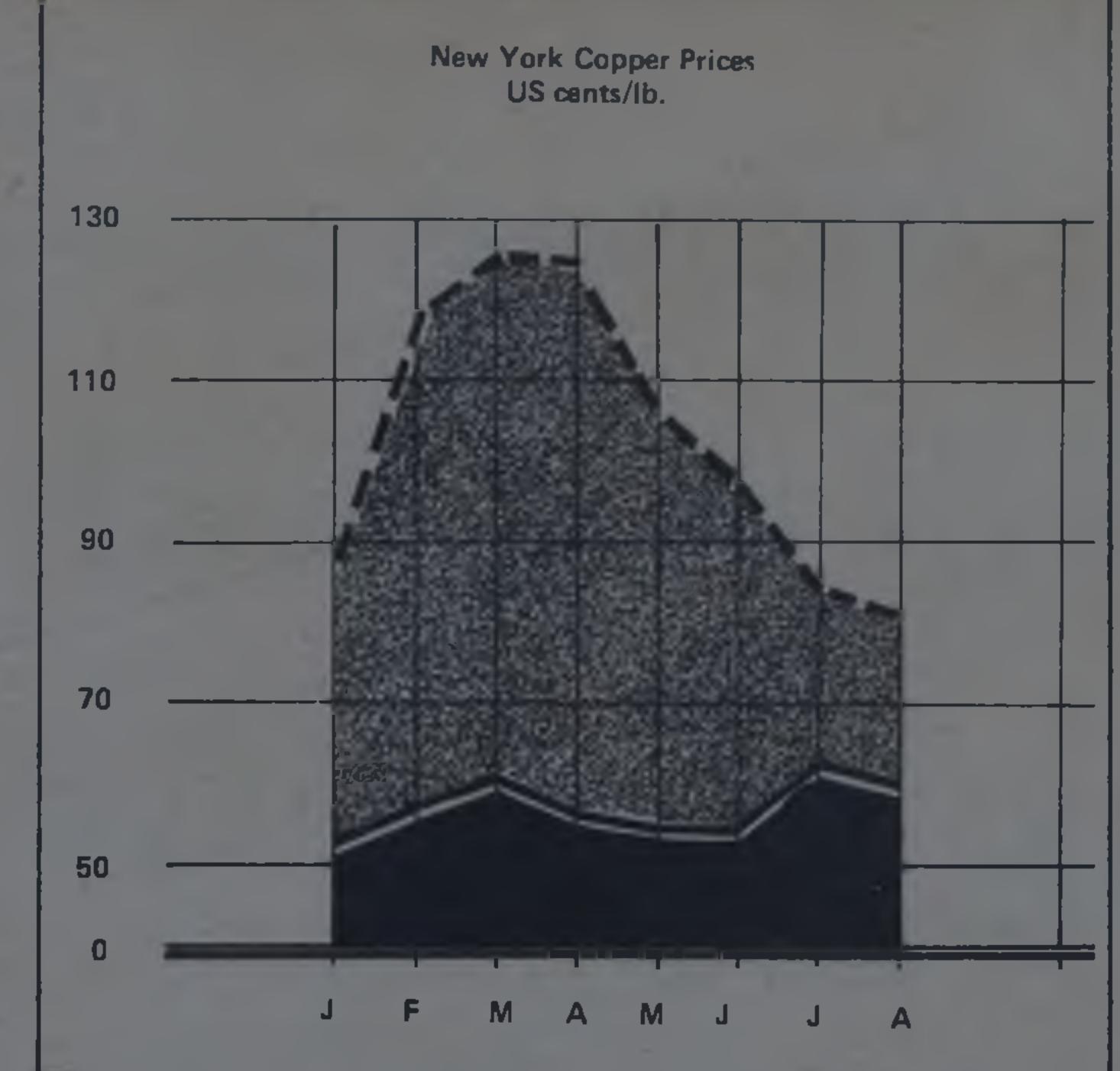
Burdened by such a situation the mining industry pins its hope on the possible increase in the price of copper.

#### Export performance

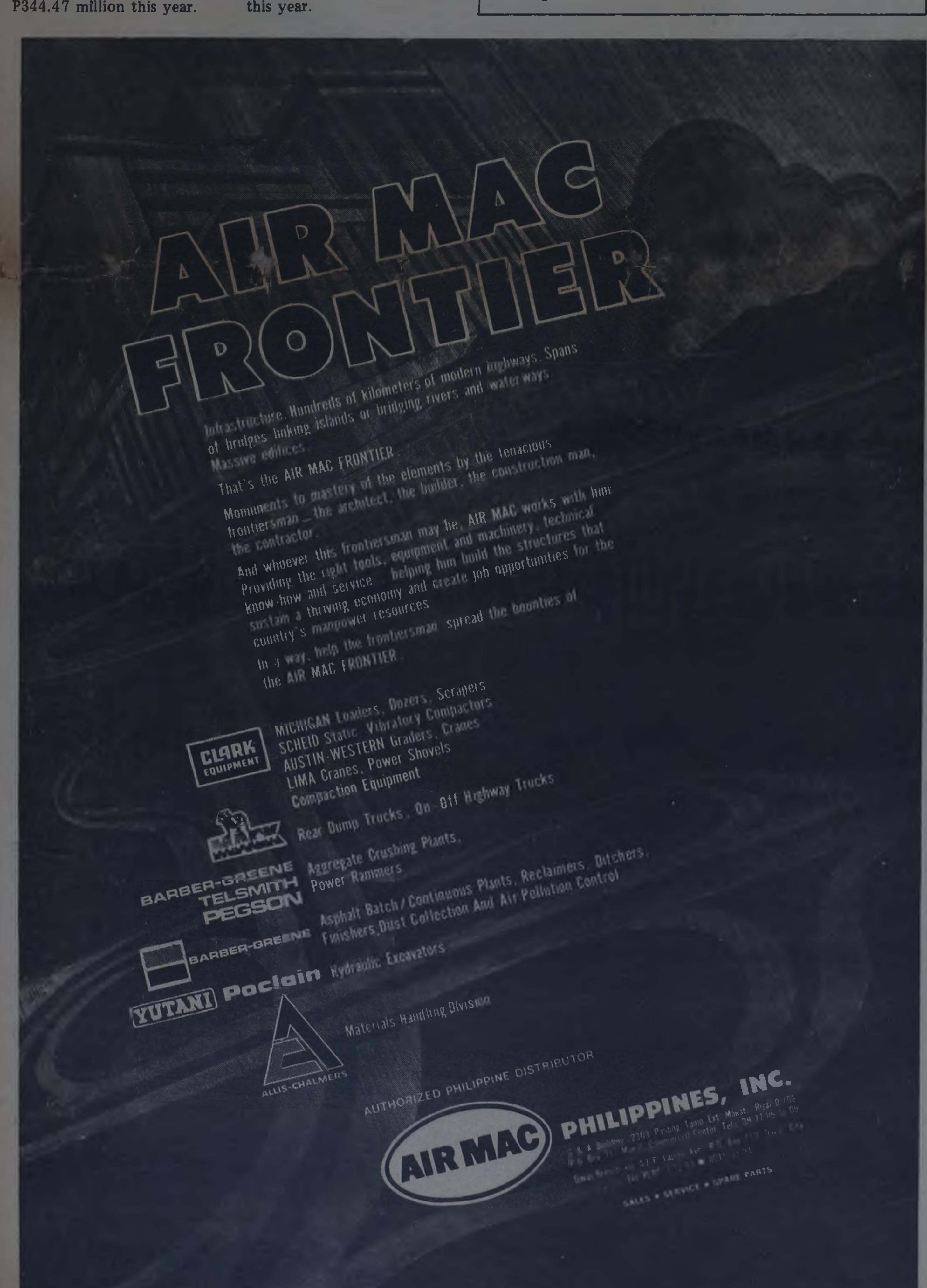
Mining exports in the first semester were worth only \$96.4 million. This is 59.44 cent lower than last year's six-month value of \$237.7 million.

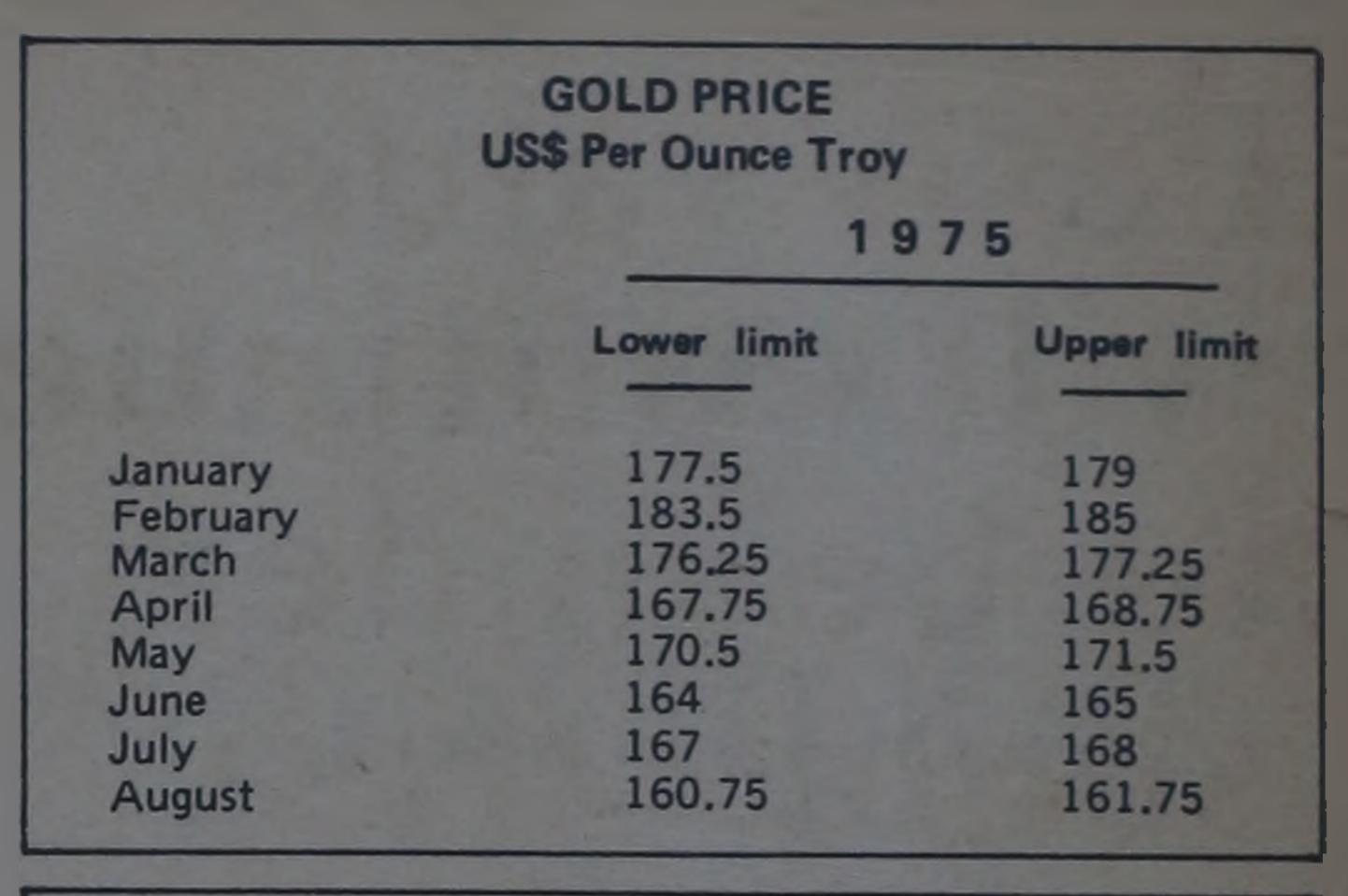
BD Research projects total export earnings from copper this year at only \$142.6 million, or 67.73 per cent less than total receipts of \$393.2 million in 1974.

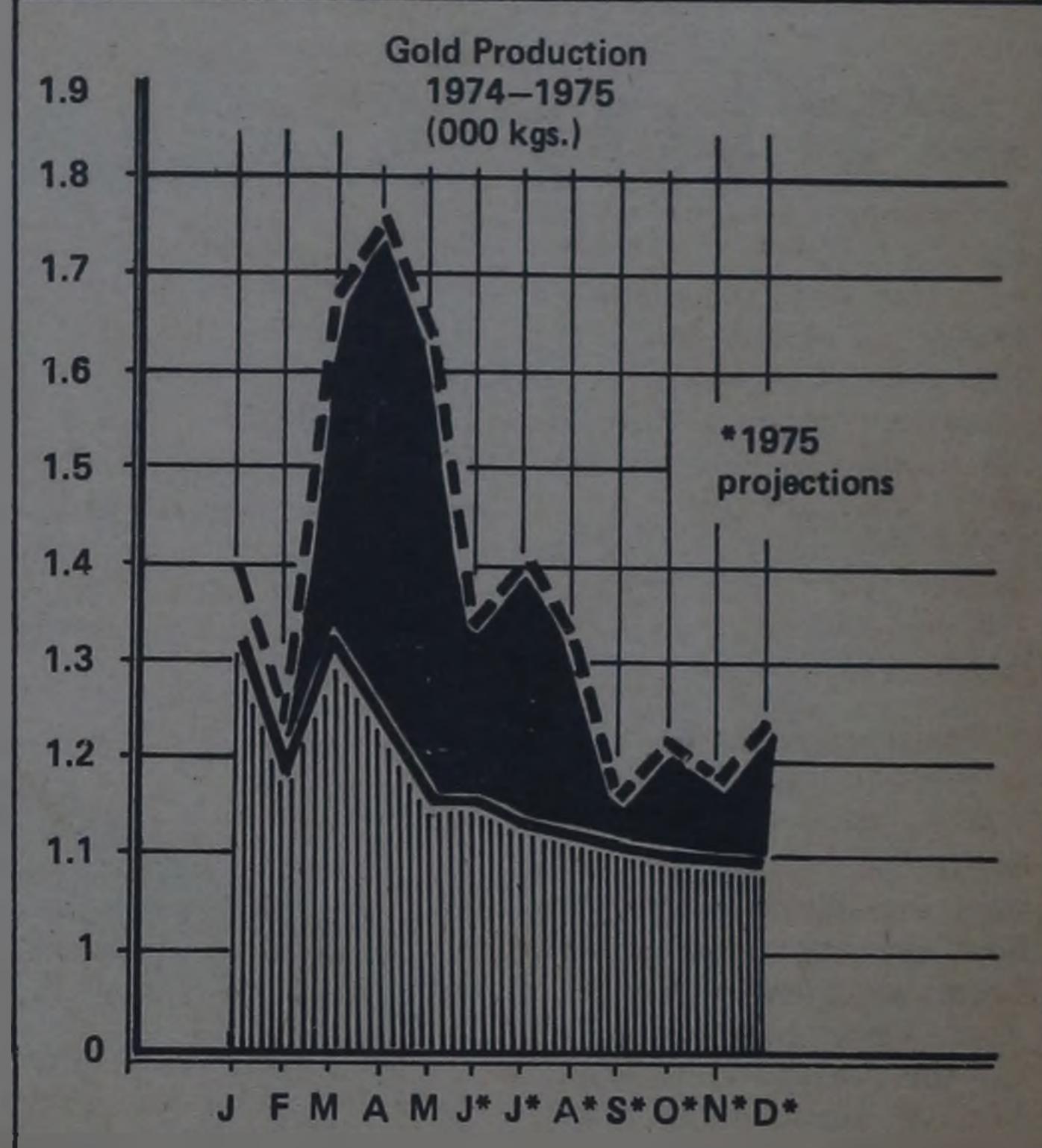
Should demand for copper remain at depressed levels, its share in the total export pie will consequently decline from 14.4 per cent in 1974 to only 6.1 per cent



	NEW YORK COPPER PRICES  US cents/lb.					
	<u>1975</u>	<u>1974</u>	% Increase Decrease			
January February March April May June July August	51.70 57.40 60.70 56.80 54.50 54.30 58.70 60.10	27.10 119.10 126.50 125.00 108.00 99.00 86.20 77.30	40.64 51.80 52.02 56.34 49.54 45.15 31.90 22.25			
Average:	56.78	103.52	43.70			







Gold

World market prices of gold have fluctuated from February's peak of \$185 per ounce to last month's quoted average of \$161 per ounce.

Despite expectations generated by the December 1974 bullion price on the The high of \$198.25 an Metal Exchange collapsed ounce for the yellow metal, its lowest point of \$148.71 = all excitement for gold died an ounce last September 3. down when the expected "gold rush" by Americans failed to reach even fever pitch. By law Americans were allowed to buy and sell gold once again on the market as of end of December. Since 1944 they were barred from doing so.

World prices for gold average \$172 an ounce in the last eight months of 1975. But last month the price dropped to \$160 per ounce.

The sharp decline followed reports from Washington that the International Monetary Fund had decided to sell one-sixth of its gold of 150 million ounces. Profits are to go to poor developing countries; the IMF is to return another one-sixth to donor countries.

However, London Metal Exchange traders are of the opinion that although the compromise between the Americans and the Europeans on bullion within the of 1,935 kilos worth P75.1 monetary system seem to rule out new impetus for gold in the near future, national and international monetary authorities are to see to it that gold prices do not sink below the present market price of \$150 per ounce.

The official IMF price is year. \$42.22 per ounce.

Another reason is the reluctance of some European countries to return to a system of fixed exchange rates as part of the proposed reform of the world monetary system. What these countries want instead is the strengthening of the International Monetary Fund rules on floating of currencies.

change from day to day as dictated by supply and demand. Fixed parities or fixed exchange rates refer to the pegging of one or more currencies to the value of gold or to one particular currency with a fixed value. Only slight variations are allowed

Because of this, the

Nevertheless, gold prices this year are higher by 14.32 per cent over the 1974 levels. One kilo of the yellow metal averaged P8,872 in 1974; this year one kilo is valued at P3,872, or P500

#### Gold production

It seems then that local gold producers have "guarded optimism" as to the prospects of gold this year.

Gold output so far in the first five months reflect restraints on production.

Gold production has gone down by 15.6 per cent from last year's level. From January to May, 1974 gold production reached 7,460 kilos valued at P251.6 million. This year gold mined was only 6,292.9 kilos worth P243.7 million.

Benguet Consolidated, the country's premier gold producer, had a total output million. Philex mined 1,780 kilos of gold worth P67.6 million.

For the whole of 1975, total gold production is estimated at 14,010 kilos, a decrease of 16.02 per cent from the actual gold production of 16,682 kilos last

#### Other metals

Production of silver, platinum and iron ore also declined in the first five months this year compared with last year: silver by 18.9 per cent, platinum by 43.7 per cent, and iron ore by 26.6 per cent.

Only zinc and nickel production posted increases, Floating currencies are zinc by 84.1 per cent and those whose relative values nickel by 1,133 per cent.

## Peso value will continue to be under ight stress

Prices of commodities in 975 will continue to be reltively higher than in 1974.

Business Day projections or 1975 indicate that the consumer price index for the Philippines (1965= 100), the barometer that measures the movement of prices based on the basket of goods and services, will average out at 291.8 index points. The inflation rate is projected at 7.3 per cent this year. Last year it was 39.8 per cent.

Prices of goods from January to June 1975 recorded an average monthly decline of 0.4 per cent. The only increment in the price level was registered in May. From 288.5 index points in April, prices pushed the CPI for the Philippines to a new high of 289.2 index points (1965=100), indicating an increment of 0.2 per cent. Paritly responsible for the positive growth in the CPI (Ph ilippines) was the increase in prices of oil products and sugar effective last May 16.

To reduce the impact of price increase on sugar oil products, the Prest issued in May Letter of ructions No. 280 allowprice discounts on oil reducts to jeepney operors; fishing operators using below three gross tons; and rice and corn haulers duly registered with the National Grains Authority as of May 15. This move, extended recently to end of September, softened the pressure on prices, and resulted in a slight decline of the CPI in June.

Lower food prices

prices during the first six months of 1975. Starting the year at 329.3 index points (1965=100), the CPI Philippines for food dropped to 315.7 in June, a decline by 4.0 per cent. In July, the CPI for food was at a higher 316.0 index points.

On an annual basis, food prices in June posted an increment of 3.5 per cent, still comparatively much lower than the 50.6 per cent upswing in food prices last June 1974 over June 1973.

wide food shortage, government planners are giving full attention to the expansion of the country's food supply. Credit support from the Philippine National Bank, rural banks and the Agricultural Credit Administration continued to push the Masagana 99 rice production program now in its fifth phase. Phase V involves some P1 billion worth of loans to farmers under the supervised credit scheme. This pected to benefit so provinces with a constant

**290, I** 

Food prices mainly toned down the movement of

With the present world-

area of 1.1 million hectares. Total rice production is projected at 88 million cavans of rice (based on conservative estimate of 80 cavans per hectare).

(Con	unue	ea i	on	pag	e I	C
				_		

#### PURCHASING POWER OF THE PESO IN THE PHILIPPINES (1985 - P1.00)

	1973	1974	1975
	.5141	.3678	.3425°
January	.5917	.4049	.3394
February	.5882	.4000	.3432
March	.5780	.3894	.3455
April	.5656	.3848	.3466
May	.5473	.3786	.3458
June	.5339	.3672	.3467
July	.5141	.3662	.3423
August	.4826	.3504	.3416*
Sep tember	.4600	.3514	.3409*
October	.4693	.3529	.3402*
November	.4596	.3481	.3396*
December	.4434	.3435	.3388

Source: CB \* projections

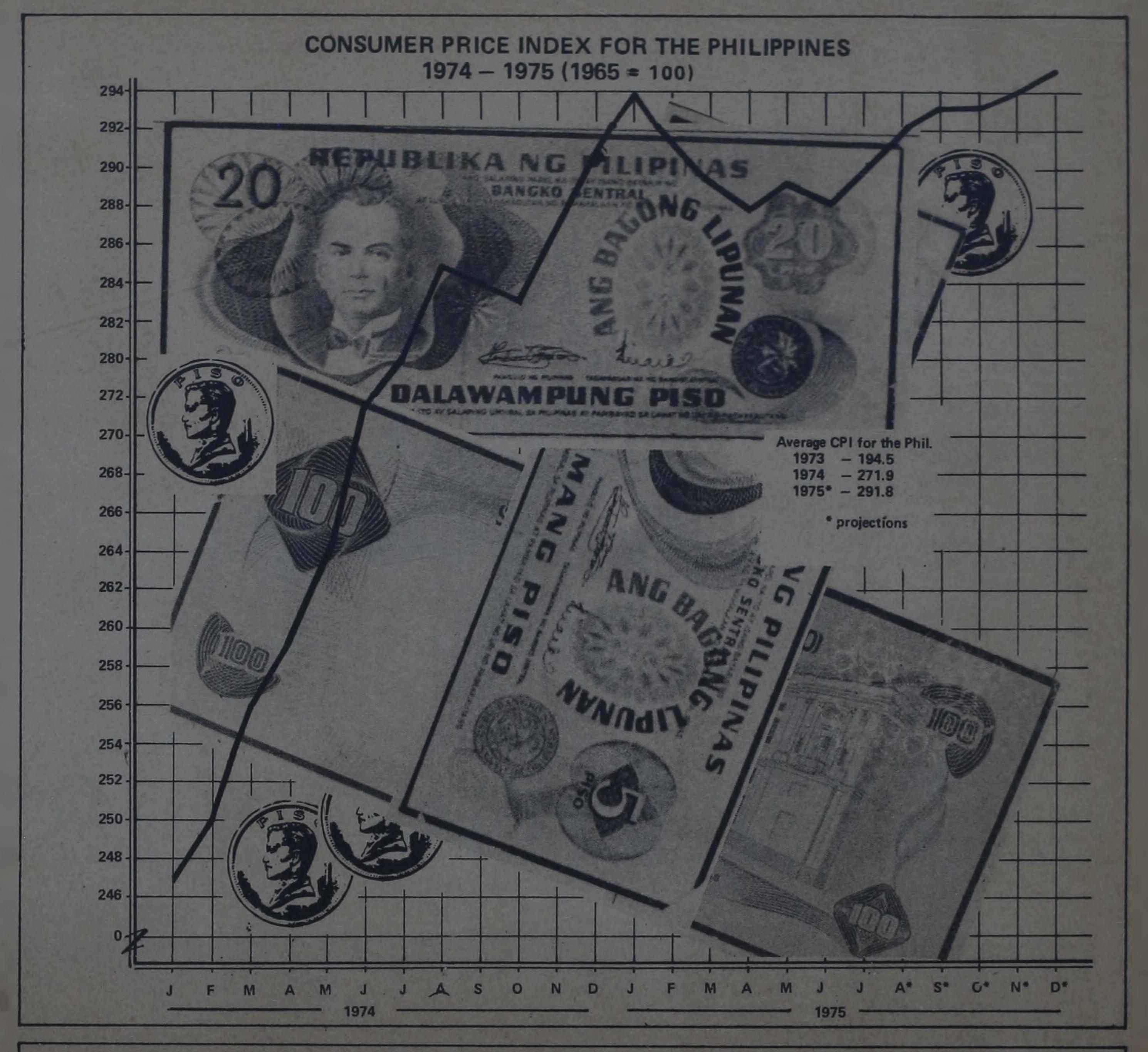
#### CONSUMER PRICE INDEX FOR THE PHILIPPINES

(1965 m 100)

	1973	1974	1975
	194.5	271.9	291.8
January	169.0	247.0	294.6
February	170.0	250.2	291,4
March	173.0	256.8	289.4
April	176.8	259.9	288.5
May	182.7	264.1	289.2
June	187.3	272.3	288.4
July	194.5	280.7	290.5
August	207.2	285.4	292.7
Sept.	217.4	284.6	293.3
October	213,1	283.4	293.9
November	217.6	287.3	294.5
December	225.5	291.1	205.1

Source: CB August-December 1975 are projections

440.0



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Intensified activity in all production areas is expected to hold prices within reasonable limits

A further boost to rice production is the 25 per cent slash in fertilizer prices for food crops and 10 per cent for export crops as well as strict government control on fertilizer distribution.

Credit assistance

Credit assistance to the food producing sector has been provided by Presidential Decree No. 717

which requires all banks to make available at least 25 per cent of their loanable funds to agriculture. Of the 25 per cent, 10 per cent is to be loaned out to land reform beneficiaries while the remaining 15 per cent may be made available for agricultural credit in general.

Roots, vegetalbes and fruits posted the biggest decline of 23.9 per cent

from the January index level of 420.1 (1965=100) to 319.6 index points in July.

Fish came second with a seven per cent decline from 369.1 index points in January to 342.3 in July.

For the same period, cereals and eggs likewise posted price decreases — by 0.9 and 5.9 per cent respectively.

Dairy products and mis-

cellaneous food items, however, registered an uptrend at 14.3 and 2.2 per cent respectively.

The price index level for clothing posted an increase of only 2.4 per cent from January level of 366.1 index points to 375.1 in July. During the same period last year, clothing expanded by 15.4 per cent. The decline in demand for garments abroad have forced local garment manufacturers to sell on the domestic market. This partly explains the slow growth c clothing prices in the fir. seven months of 1975. Th prices are expected to r main depressed for the r mainder of the year.

The housing index grew at 1.7 per cent, from 148.7 index points in January to 150.4 in July.

Impressive declines in price growth levels were also recorded by fuel, light and water. From a growth of 39.3 per cent during the January to July 1974 period, the increase this year was lower by 2.1 per cent. Moderate increases in price levels are forecast for the rest of the year, although the expected move of the ganization of Oil Exporting Countries (OPEC) to increase crude oil prices in the later part of the year would once again throw all favors projections awry.

Peso value

With prices of goods increasing at a slower pace than that of last year, the purchasing power of the peso this year will decline also at a slackened pace.

Based on the 1965 rate, the Philippine peso this year is projected by Business Day, Research to average out at Po.3425. This reflects a decline of 6.9 per cent from last year's average purchasing power of Po.3678.

Although a further decline in the value of the peso is expected this year, the decline is projected to be at a lower 6.9 per cent compared to last year's 28.4 per cent. From P0.3394 in January, 1975, the peso's value may contract to P0.3388 in December.

The government's all out campaign to stimulate intensified activity in all production areas is expected to hold down prices of prime commodities to reasonable levels, and moderate the decline of the peso's purchasing power.

Rigid enforcement of the price ceilings on essential consumer commodities will further aid in the steady erosion of the inflation rate. These price ceilings are reviewed periodically for possible revisions based on the price changes in raw materials imports.

For instance, the ceilings for filled and reconstituted milk and domestic sugar were lowered this year, after it was determined that there were justifying reasons for doing so.

The purchasing power of the peso can be further affected by tax exemptions and subsidies extended to the private sector. With such government assistance, manufacturing firms especially are able to control if not altogether deflate operational costs and price their products to the purchasing capabilities of the bigger number of consumers.

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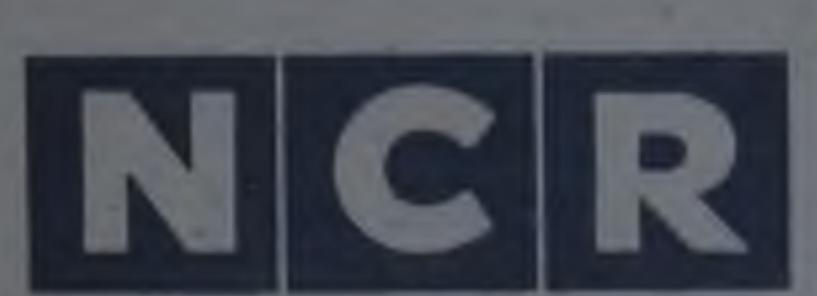
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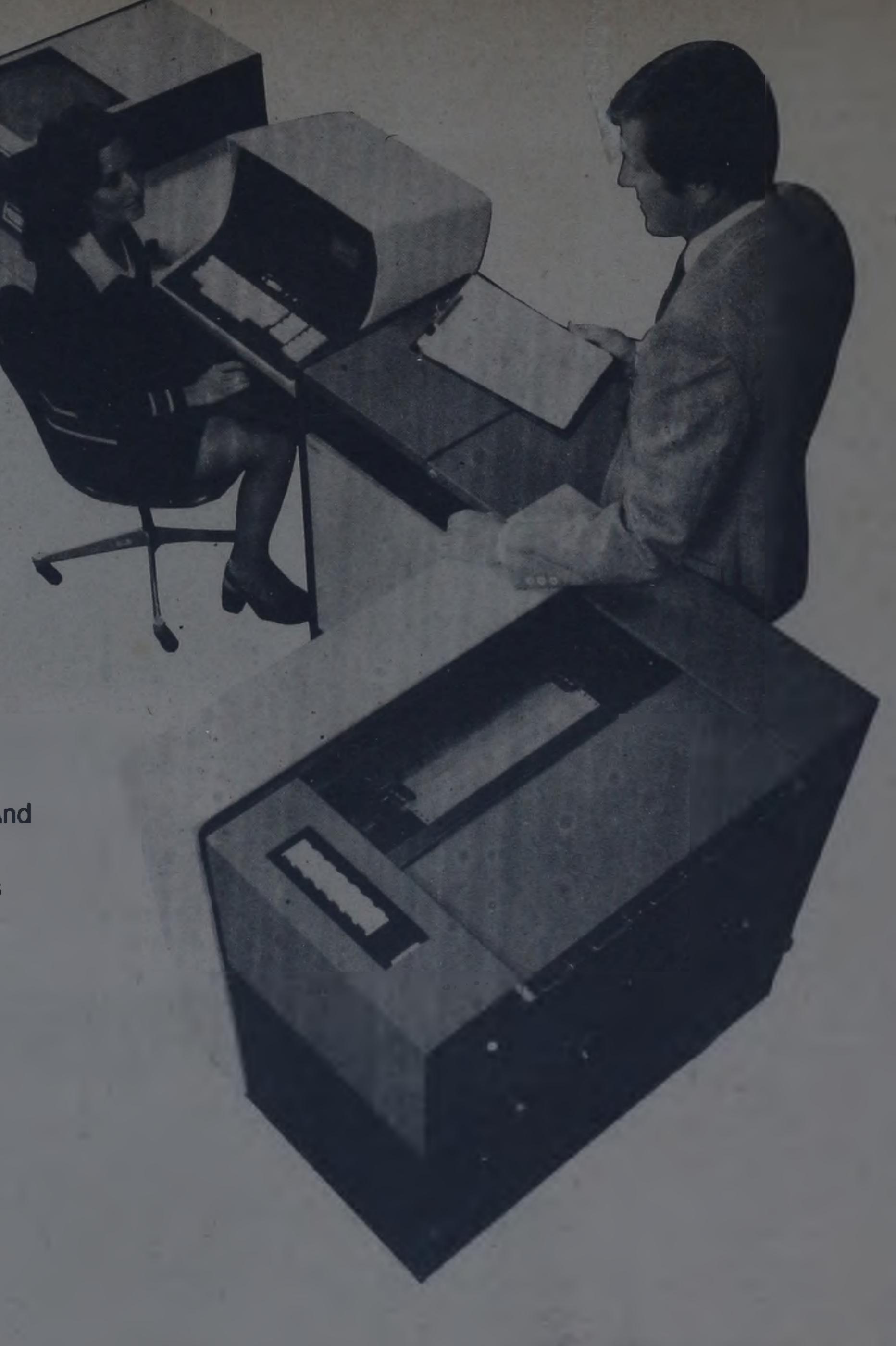
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#### UNDER CLOSE CB SUPERVISION

## Year may end profitably for financial sector

cial institutions on the whole.

The banks are projected to register considerable growth this year as a result of the capital build-up program designed to increase aggregate resources of the commercial banking system.

Likewise, monetary reforms placing the financial system under the direct supervision of the Central Bank may contribute significantly to the redirection of credit to priority areas.

Monetary policies during the first six months of 1975 were aimed at providing the required financial support to food production and export oriented industries and other

Monetary measures geared commercial banks amounted to dampen inflation without to more than \$50 million. curtailing the momentum of The foreign equity comthe economy may still assure ponent was 64 per cent a profitable year for finan- American, 16 per cent Cana- P6,748 million. dian, 14 per cent Japanese and six per cent British.

> There are four local branches of foreign banks in the country, two of which are American and the two others British.

Among investment houses, which are permitted by law to accept foreign equity participation up to 49 per cent of the voting stock, a number of foreign institutions have made equity placements. These aggregate investments are worth about \$20 million, and are divided into 50 per cent American, 23 per cent Japanese, 7.5 per cent British, 2.5 per cent other nationalities.

For the whole year, the entire financial system is estimated to expand its resources to about P80 billion.

According to Secretary of Finance Cesar Virata, the program for increased bank capitalization will be completed by the end of September. This is intended to raise the capitalization of the commercial banking system to more than P3 billion, an amount adequate enough to support levels of credit needed for targeted business growth.

expected before the end of areas. Although CBCIs are allowed the rediscounting of

government banks, with the year. The guidelines about P8,411 million, spe- allow investments of comcialized government non- mercial banks, savings banks bank entities contributing and development banks in the capitalization of allied credit stream. This time lag year. Rediscounted loans not business undertakings like warehousing, storage, leasing, safety deposit broxes and companies engaged in the management of mutual funds.

#### Optimism

Most bankers predict that 1975 might be more profitable than last year. Money market rates were at relatively lower levels during the first half of 1975 allowing bigger spreads and increased lendings during the period.

The government's issuance Moreover, an increase in of Central Bank Certificates new equity investment out- of Indebtedness is intended lets for commercial, savings to siphon funds from urban German and 16.5 per cent and development banks is centers and into the rural

results in a temporary credit tightness.

As of August 1975, the Central Bank reported that CBCI Series A-3, worth P200 million, had already been sold out. The sale brings the total gross sales of CBCIs to P5.5 billion.

In the early part of the year, some tightness in credit was also felt as most banks adjusted their lending portfolios to comply with the 25 per cent agricultural loan requirement.

This was, however, relieved by Presidential Decree No. 717 which liberalized the definition of allowable

Also, the Central Bank

used to boost food pro- agricultural loans under the duction and small industries, supervised credit up to 100 some time is required before per cent at an interest rate they ultimately enter the of only one per cent per under supervised credit are entitled to a loan value of not more than 80 per cent at an interest rate of five per cent per year.

> More credit is expected to flow into the economic mainstream this year. Domestic credits of the monetary system are projected to expand at a moderate growth rate of 17 per cent. From a level of P30,919.8 million in December, 1974, domestic credits of the Central Bank and the commercial banking system are projected to reach P36,198 million by the end of the year. In 1974 the growth rate was 36 per cent.

> > (Continued on page 13)

#### DOMESTIC CREDITS OF CENTRAL BANK AND THE COMMERCIAL BANKING SYSTEM

	Million pesos)	
	1974	1975
January	22,291.1	31,065.1
February	22,575.9	32,206.7
March	23,653.4	32,425.2
April	24,401.9	32,459.3
May	25, 120.2	32,566.8
June	26,226.1	33,471.6
July	28,087.7	33,858.7*
August	28,820.8	34,438.6*
September	29,287.5	34,878.5*
October	29,687.1	35,318,4*
November	30,037.4	35,758.3*
December	30,919.8	36,198.2*
Source: CB		
• projections 1975		

economic activities so that they could fit into the coun- likewise realized the need try's over-all development for inviting foreign partners goals.

Thrift banks were given access to the credit facilities of the Central Bank and rediscounting facilities for rural banks were liberalized. In the first semester of 1975, the Central Bank also restated the policy of roping off the Greater Manila area from quasi-banking activities by branches, extension offices and/or agencies of nonbank financial intermediaries. It also issued additional guidelines governing interbank call loan activities of commercial banks.

Amendments to the nies was enforced. Central Bank charter and the General Banking Act were promulgated to put the financial system in order. Consolidation and mergers of banks were encouraged.

induced Banks to diffuse their ownership by requiring a minimum P100 million capitalization for commercial banks. By end of September this year, which is the deadline for this CB requirement, it is expected that all commercial banks would have complied. As of June 30, already 15 commercial banks had raised their capitalization; and three more banks were working at it, either through consolidation on by accepting foreign equity.

#### Foreign equity

To attract foreign capital, commercial banks were allowed to bring in a maximum of 40 per cent of their equity from foreign sources. As of the first semester of the year, aggregate equity investments of nine reporting

Financing companies have to expand their equity base and permit themselves to be competitive in terms of service offerred and technical know-how. The Philippine Financing Company Act allows financing firms 40 per cent foreign equity. At present six financing companies have foreign equity purely from US sources.

Insurance companies were also required to increase their capitalization to at least P2 million. No new insurance firms have been issued licenses since the requirement to increase the capital base of existing com-

Domestic reinsurance is being encouraged especially for domestic risk to save on foreign exchange. As of March 1975, total resources of the insurance system amounted to P3,446 million, an increase of three per cent from the December 1974 level of P3,346 million. For 1975, total resources of the insurance system are expected to reach a level of P3,500 million. An increase in the total premiums earned by insurance companies is also anticiputed because of the compulsory motor vehicle liability insurance which has been introduced as a social legislation under the new insurance code.

#### Total resources

As of March 1975 total resources of the financial system amounted to P78,041 million with the bulk of P49,298, or 63 per cent accounted for by the banking system. The non-bank sector accounted for P13,584 million, or 17 per cent. The rest was accounted for by the

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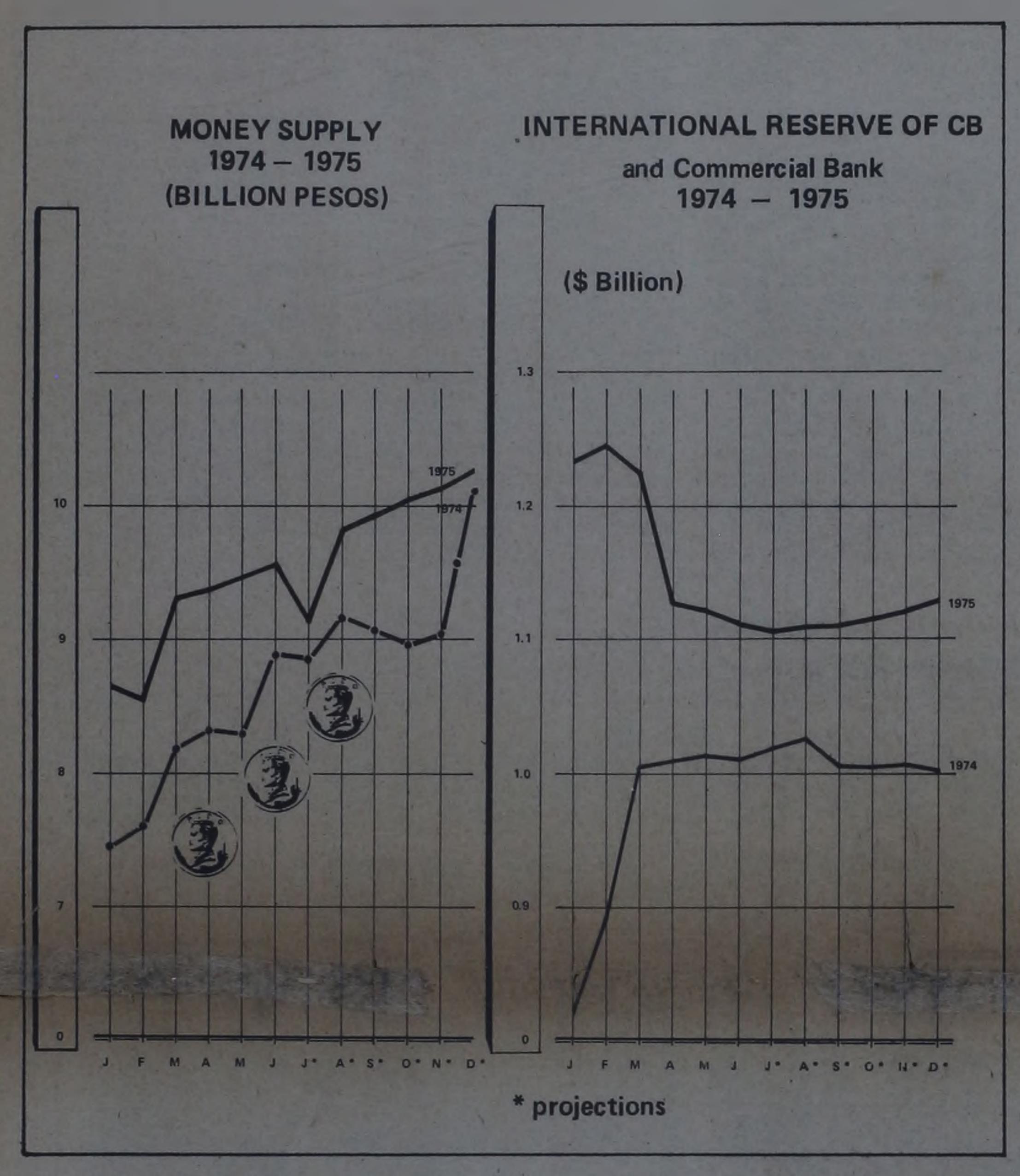
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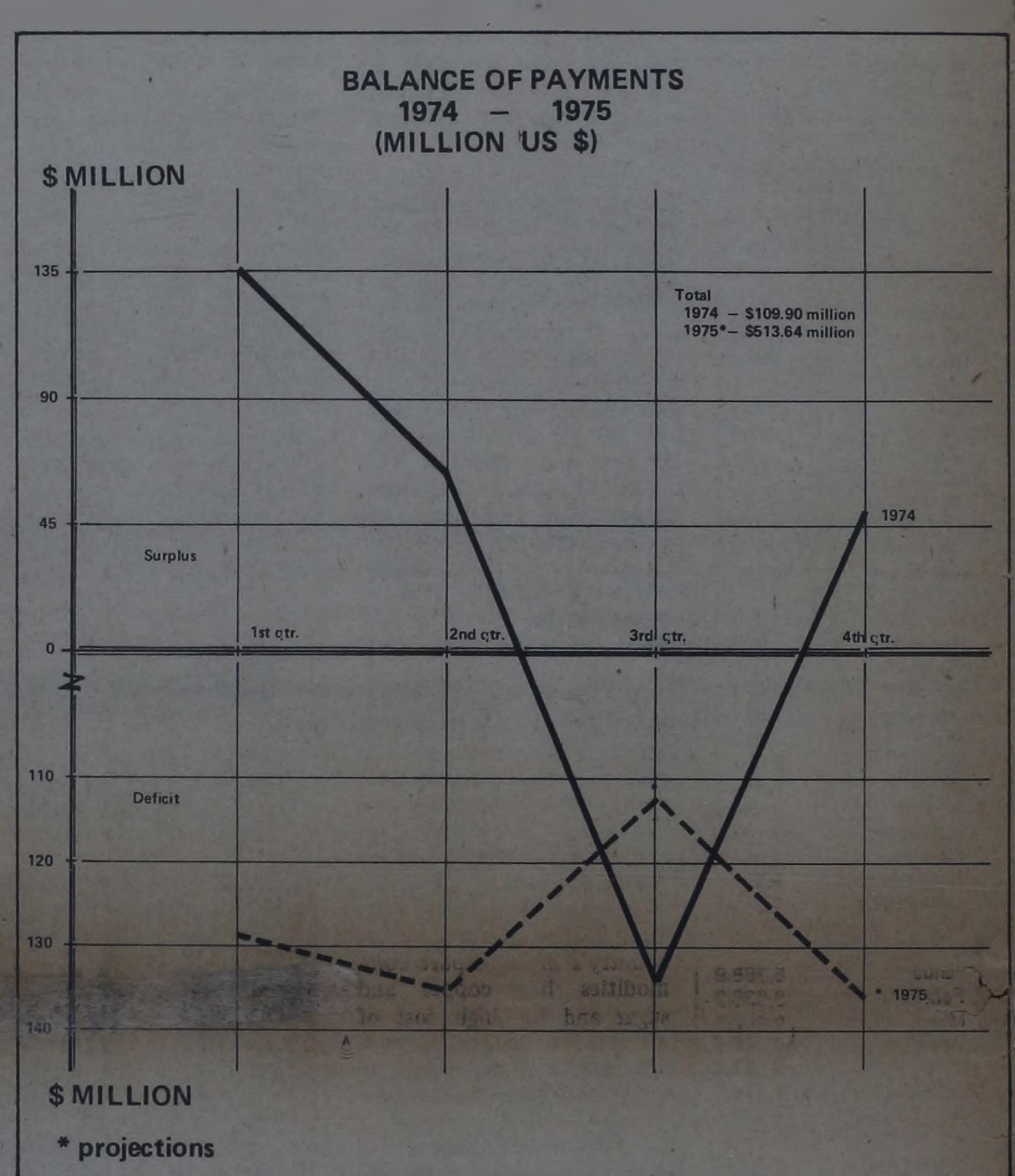
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 Davao City The major growth area will be the commercial banking system as a result of the capital build-up rule aimed at increasing the sector's resources.





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513.64

#### BALANCE OF PAYMENTS 1974 - 1975 (Million US \$)

2nd quarter	63. <b>26</b>
3rd quarter	134.58
4th quarter	46.1 <del>a</del>
Total	109.90
1975	
1st quarter	128.69
2nd quarter	135.25
3rd quarter *	113,85

 Projections Source: CB

Total

4th quarter \*

1974

1st quarter

#### MONEY SUPPLY 1973 — 1975 (million pesos)

1973	
January	6,488.1
February	6,633.0
March	7,115.5
April	7,115.3
May	6,918.3
Ju ne	7,100.7
July	7,121.5
August	7,11.1.2
September	7,405.1
October	7,203.0
November	7,258.0
December	8,152.5
1974	
January	7,524.8
February	7,766.9
March	<b>a,297.6</b>
April	8,471.8
May	<b>8,447.8</b>
June	8,958.7
July	8,923.2
August	9,244.8
September	9,149.0
October	2,994.5
November	9,107.4
December	10,220.1
1075	
1975	700.0
January	8,788.9
February	8,636.2
March	9,348.1
April May	9,499.6
June	9,527.6
bules to the	2,606.9

\* Projections Source: CB

1973

July

August \*

September \*

October \*

November \*

December \*

#### INTERNATIONAL RESERVE (Million US Dollars)

9,238.2

9,886.5

9,974.6

10,062.7

10,150.8

10,238.9

January	327.31
February	400.49
March	462.37
April	517.27
May	600,25
June	648.66
July	680.36
August	748.77
September	752,46
October	749.97
November	797.52
December	875,96
1974	
January	921,30
February	999, 13
March	1,013.74
April	1,100.46
May	1,192.72
June	1,188.95
July	1,194,89
August	1.205,58
September	1,147.68
October	1,121.01
November	1,179.45
December	1,165.48
1975	
January	1,250,79
February	1,294.03

1,223.99

1,178.76

1,161.12

1,129.52

1,192.57

1,193.27

1,193.97

1,194.67

1,195.37

1,196.07

Source: CB \* Projections

March

April

May

June

July \*

August \*

September \*

November \*

December \*

October \*

(Continued from page 11)

A major factor that could expand domestic credits is a projected 19 per cent rise in the credits of the commercial banking system -P31,033.9 million by December 1975 as compared to the actual December 1974 level of P26,178 million. This will comprise 87 per cent of domestic credits extended by the monetary system while the rest will be comprised of years. credits of the Central Bank.

Domestic credits of the Central Bank are similarly expected to amount to P5,164.3 million by the end of the year, nine per cent higher than the December 1974 total of P4,741.8 million.

The growth in the domestic credits of the monetary system is somewhat below the increasing demands of business which needs more funds to operate at the same level as last year. The substantial increase in credits will be partly deflated by projected inflation rate of 7.3 per cent for 1975.

Money supply

the end of 1975, money supply is expected to increase to P10,238.9 million, .19 per cent higher than the end-1974 level of P10,220 and 16 per cent more than the June 1975 level of P8,788.9 million.

Mainly responsible for the moderate expansion of the money supply is the net surplus in external transactions and increased transactions of the Central Bank and the commercial banking system during the year.

The downtrend in the world prices of some of the country's major expert commedities like copper and sugar and the high cost of oil and raw material imports are expected to result in lower foreign exchange revenues in 1975.

International reserves of the Central Bank and the forreign exchange holdings of commercial banks are estimated to reach \$1,196 million by the end of 1975. This is a 2.7 per cent increment from the 1974 yearend level of \$1,165 million and will exceed the June 1975 level by about 5.9 per cent.

The movement of international reserves during the first quarter of 1975 was generally uphill with the peak level posted at \$1,294.03 million in February. By April, however, the international reserves executed a turnalmut and reversed the trend. It was only in June that the reserves started to inch back to \$1,192 million. The reserves are estimated to climb up on a moderate scale until the end of the year.

Money market

Short-term money market rates are expected to move further upwards towards the end of the year as demand for money usually shoots upwards in December.

As of the first week of September, a tight money situation triggered off by the Central Bank's issuance of P200 million worth of CBCIs and the speculation that oil remittances may carry on for three weeks sent rates spiralling to abnormal heights.

These are expected to even go higher as the CB's rediscounting windows face demands of the Christmas import season.

The stock market

The stock market is expected to react negatively to the new government policy imposing — from January 1, 1976 — a graduated tax on

capital gains in addition to the one-fourth of one per cent tax on stock transactions.

The new policy, which was announced during the last week of August, stunned the stock market which had enjoyed tax-less capital gains in the last five years. This sent prices falling sharply. Some shares recorded their lowest levels yet in two

There is still some confusion on the interpretation of the presidential decree.

Falling prices were further aggravated by gloomy prospects for copper and gold on the world market and the possibility of another oil increase by next month.

To a certain extent, the new capital gains tax is hoped to be acceptable to investors. This tax will be treated as a separate form of

taxation and will not be lumped with either corporate or individual income tax returns.

Balance of payments

The external sector in 1975 is projected to encounter a total deficit of about \$514.7 million.

The estimated deficit, in the balance of payments position of the Philippines in 1975 is a reversal of the \$109.9 million surplus achieved by the country in

ternal transactions for 1975 performance. will be the dramatic decline trade deficit of \$876 million deficit of \$428.8 million. is projected for the year

The main drawback in ex- cent compared to last year's

Central Bank figures show in the balance of trade as a that in the first six months result of the shortfalls in of 1975, current transactions world demand for and prices recorded an outflow of of leading Philippine export \$119.1 million. This was a products notably, logs and result of the inability of the lumber, copper ore and con- non-merchandise trade incentrates, coconut oil and flow of P309.7 million to other coconut products. A offset the merchandise trade

Although there was a with total exports declining long-term capital inflow of by 14.9 per cent and total \$21 million during the first (Continued on page 14)

FUTAL LUAI	IS GRANTED TO	in million p		H — BANKIN	GSYSIEM
	Commercial Banks	Rural Banks	Development Banks	Savings Banks	Total
1970	2,194.5	496.6	64.8	1.4	2,757.3
1971	2,513.5	609.6	61.4	.4	3,184.9
1972	2,551.2	708.5	_100.0	1.8	3,361.5
1973	2,827.9	976.8	100.1	.5	3,965.3
1974	3,261.2	1,669.5	255.6	3,0	5,189.3 =
1975* • Projected	3,404.0	1,706.1	301.6	3.7	5,415.4

imports growing by 2.6 per

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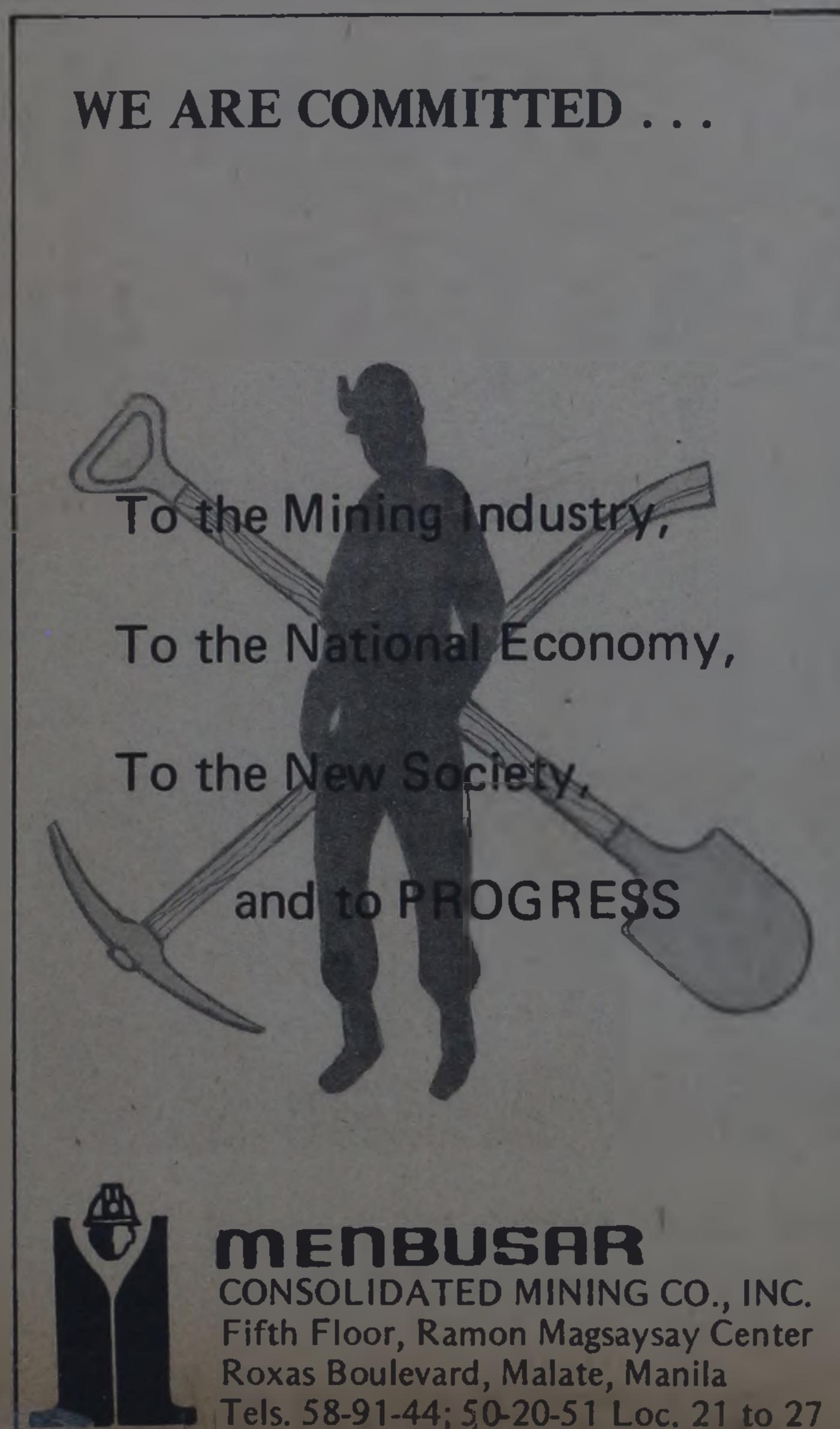
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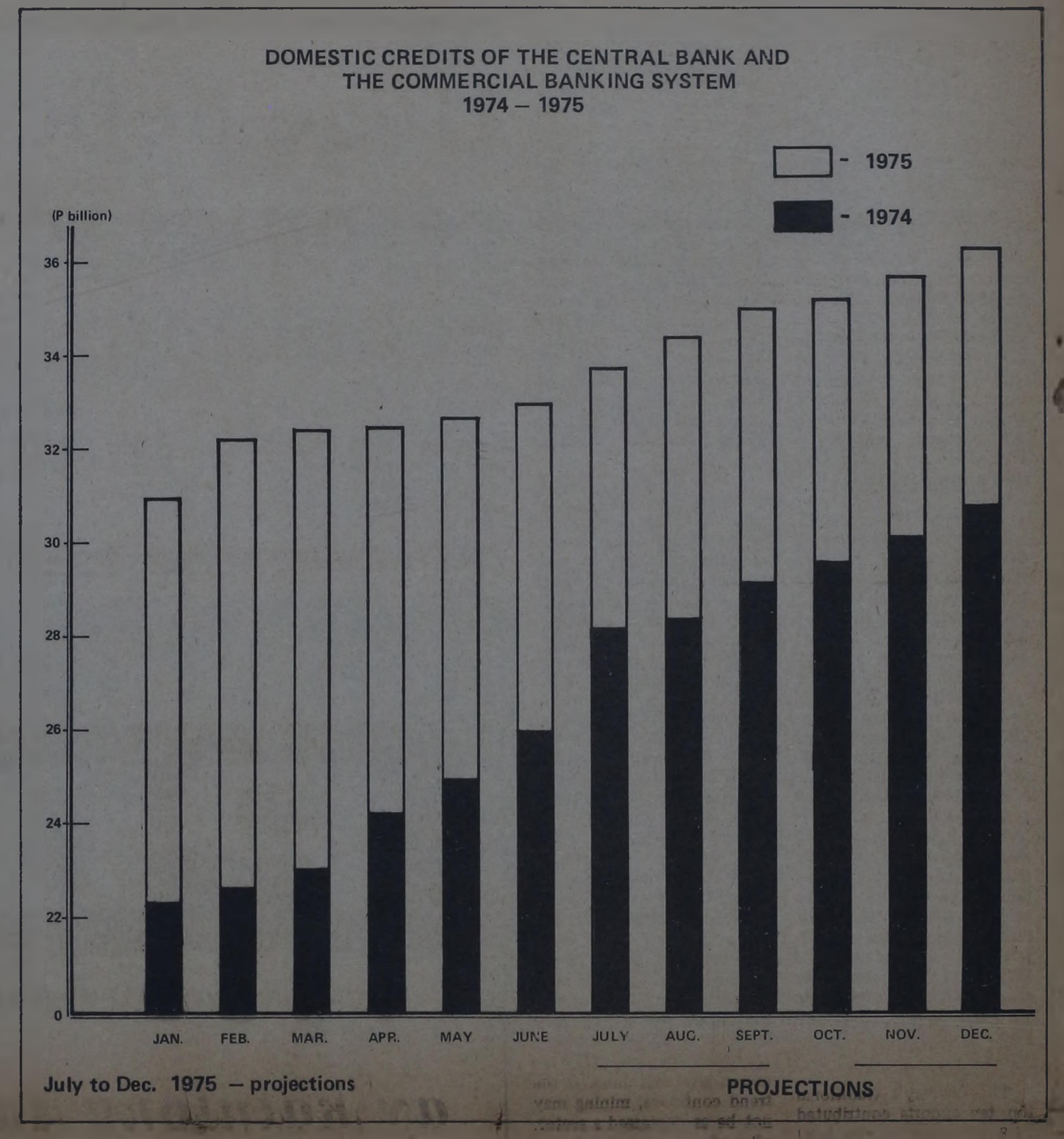
short-term capital outflow of the external sector during same period. the same period to \$264.5 million.

period from January to June P7.50 in August.

(Continued from page 13) 1975 reached \$228.3 milsix months of 1975, the lion, representing an increase of 99 per cent from the \$173 million further pulled \$114.5 net borrowings of down the overall deficit in the Central Bank for the

The foreign exchange rate during the first semester of In expectation of the pro- 1975 averaged at P7.033 per jected decline in trade, US dollar. However, the the Central Bank's net com- foreign exchange rate started pensatory borrowings for the to climb in July levelling at





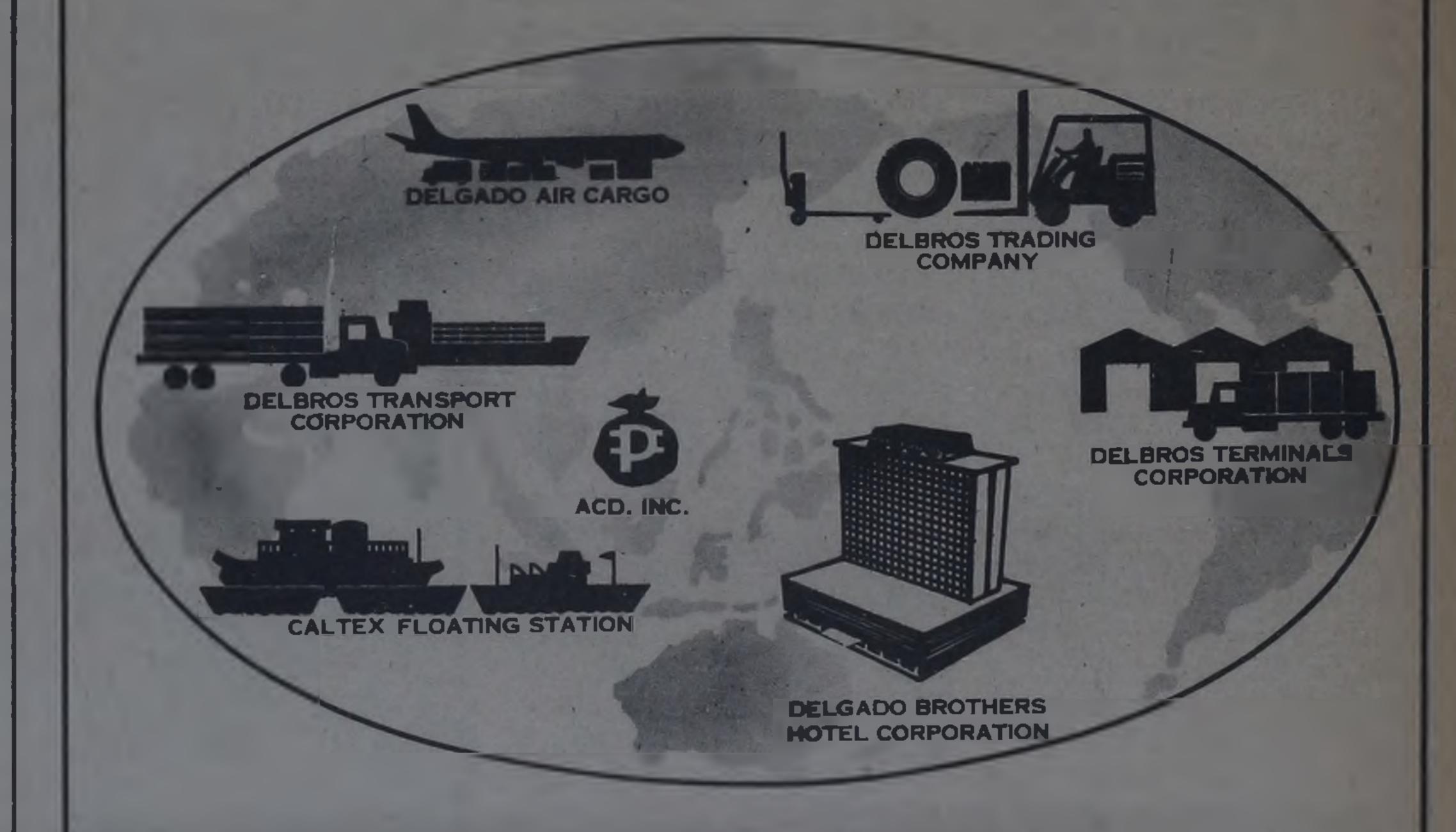


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- 14. LAND BANK OF THE PHILIPPINES
- 15. MANUFACTURERS BANK and TRUST COMPANY
- 16. MERCHANTS BANKING CORPORATION of the Philippines
- 17. METROPOLITAN BANK and TRUST COMPANY
- 18. PACIFIC BANKING CORPORATION
- 19. PHILIPPINE BANK OF COMMUNICATIONS
- 20. PHILIPPINE BANKING CORPORATION
- 21. PHILIPPINE COMMERCIAL and INDUSTRIAL BANK
- 22. PHILIPPINE NATIONAL BANK
- 23. PHILIPPINE TRUST COMPANY
- 24. PHILIPPINE VETERANS BANK
- 25. PRODUCERS BANK OF THE PHILIPPINES
- 26. PROGRESSIVE COMMERCIAL BANK
- 27. PRUDENTIAL BANK
- 28. RIZAL COMMERCIAL BANKING CORPORATION
- 29. SECURITY BANK and TRUST COMPANY
- 30. THE CHARTERED BANK
- 31. THE CONSOLIDATED BANK and TRUST CORPORATION
- 32. THE HONGKONG and SHANGHAI BANKING CORPORATION
- 33. THE MANILA BANKING CORPORATION
- 34. THE PHILIPPINE BANK OF COMMERCE
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ners of the Philippines.

#### Trade

As a result of the slump in demand for the country's traditional export products, total trade earnings for 1975 are projected to reach \$2,318.8 million, less by receipts of \$2,725.0 million.

The first semester export performance was lower by 12.1 per cent compared to million in 1974 to a prothe same period in 1974. January's export level was at a low \$174.2 million. Trade peaked to \$234.2 million in March, but a downswing started the following month until a record of \$158.9 million was prosted in June.

Total exports for the remaining six months are projected to be about \$1,127.8 million, 17.6 per cent lower than the export revenue in the equivalent period last year.

#### Top exports

The country's traditional top ten exports contributed 74.8 per cent to the total export earnings of \$1,191.3 million in the first semester of 1975.

Declining earnings of logs and lumber, copper ore and concentrates, and coconut oil are expected to continue in the remaining months of the year although a recovery is possible as the economies of the country's major trading partners start to pick up as predicted towards the final quarter.

#### Sugar

Projections of Business Day Research indicate that in spite of the erratic price movements of sugar, this top-earning commodity will contribute some \$893.7 million, or 38.5 per cent, of the total expected earnings during the year. This assures sugar the number one position in the list of the country's top foreign exchange earners for 1975.

While last year's spot price for sugar in New York traced an upward pattern and even exceeded 65 cents per pound at one time, the 1975 price trend was more erratic, bobbing up and down and finally settling at a low 17.10 cents per pound last August 29.

A rise in the price of raw sugar may be possible during the later part of the year as Brazil's production for the 1975/1976 export season is expected to decline as a result of the bad weather in that country. Prices may likewise be affected favorably by the recent report of frost damage to Argentina's crop and drought conditions affecting Europe's sugar beet crop.

To fill the gap left with the lass of the United States as the top market for sugar the search for more sugar markets is going on.

Barring unforeseen cir- Romania recently informed cumstances, Philippine trade the Philippines of its desire in 1975 is projected to suf- to purchase 50,000 tons of this huge setback is the de- January 1476. Also, the Philclining demand for Philippine ippine International Trading export products as a result Corp. has scheduled export-

Drastic declines in its foreign exchange earnings, this year will dislodge copper concentrates from its usual second-place position among the country's top ten exports and rank it a notch or two lower.

14.9 per cent than last year's The export value of copper concentrates will likely decline by 63.7 per cent as earnings moved from \$393.2 jected \$142 million in 1975.

As demand for copper remains at low levels, copper's share of the country's total exports is projected to decline from 14.4 per cent last year to 6.1 per cent this year.

However, uptrends in copper prices have lately sparked optimistic hopes in the mining sector. Spot prices of copper are currently around the \$0.60 per pound level which is 13.06 per cent higher than the \$0.5307 per pound level last June. If the trend continues, mining may not be as depressed a sector, after all.

#### Coconut oil

Coconut oil is projected to take over as second highest dollar earner in 1975. Like most of the other export commodities, crude coconut oil is likewise projected to have less export earnings — by 58.9 per cent than last year's \$380.7 million. The estimated coconut oil export receipts of \$156.4 for 1975 is 6.7 per cent of the total projected export earnings of the country for 1975.

#### Logs and lumber

Low world demand and the phasing out of the exportation of logs and lumber by January 1976 has contributed immensely to the low export revenues of this commodity area. The projected foreign exchange receipts of \$148.3 million from logs and lumber in 1975 is a drop of 39.8 per cent from the previous year's tally of \$246.4 million.

#### Сорга

While copra exports are projected to increase in volume, depressed prices, however, will deplete earnings for 1975. Export prices of copra are expected to average at 16 to 17 cents per pound during the year.

Total copra earnings for 1975 are projected at \$137.6 million, which indicates only a slight decline of 1.6 per cent from actual earnings of \$139.8 million in 1974.

#### Imports

Increased production, import restrictions and import substitutions coupled with the expected economic upturn in the Philippines' traditional export markets will necessarily dampen imports this year. For calendar

(Continued on page 16)

Huge deficit in trade earnings seen unless fer a deficit of \$876.0 million. Mainly responsible for from September 1975 to

Company 1476 Also the Phil of the general slowdown in the economic activities of almost all the trading partners of the Philippines.

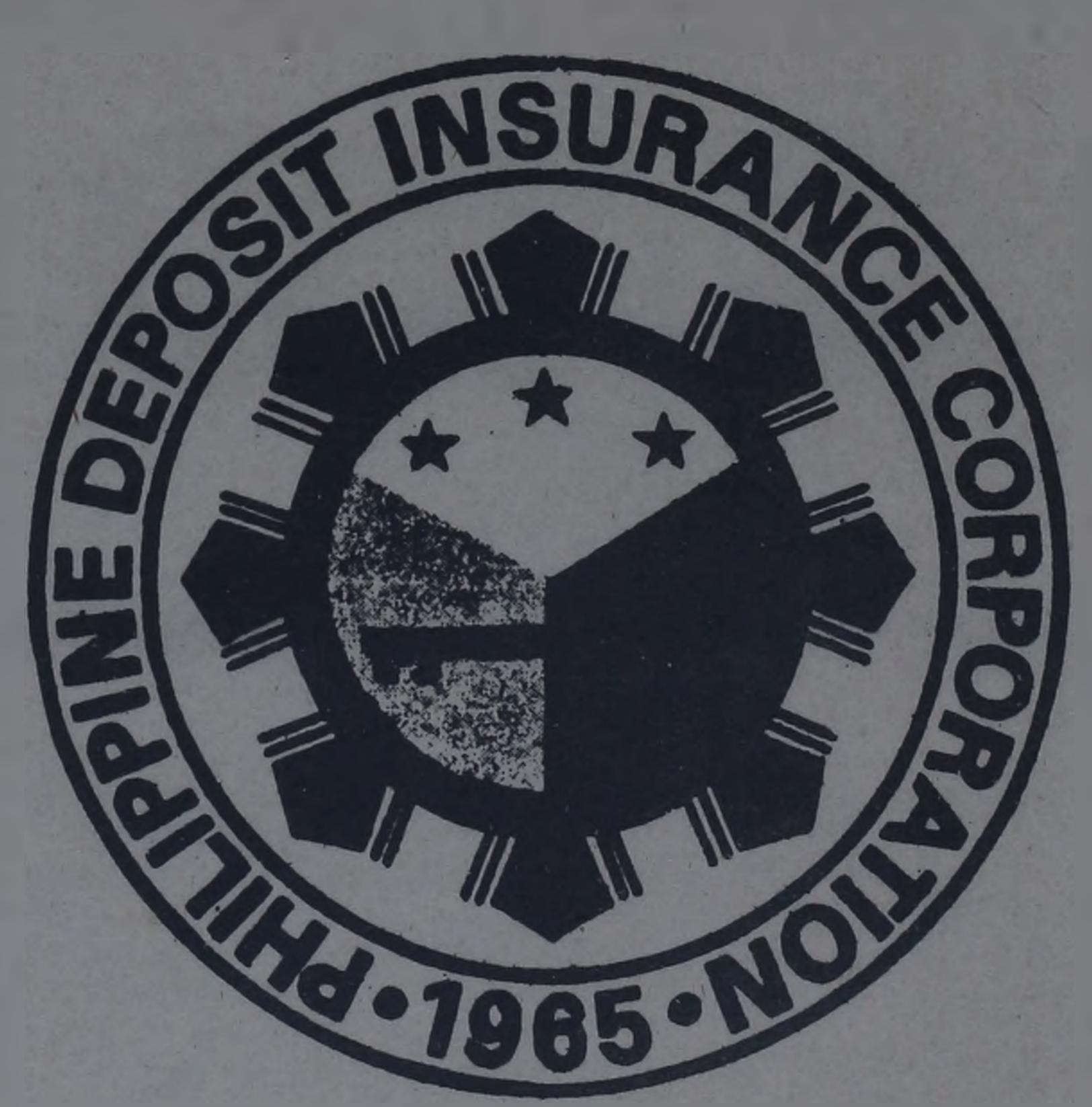
Copper concentrates

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WORKING WITH YOUR BANKS FOR THE NATION'S PROGRESS

The performance of the country's traditional export products will depend on whether or not the OPEC will raise crude prices next month

#### PHILIPPINE TRADE WITH COMMUNIST COUNTRIES **JANUARY TO JUNE 1975** (F.O.B. Value)

<u>F</u>	P Exports to Communist	RP Imports from	Trade
Country	Countries	Communist Countries	Balance
USSR	\$8,177,617	\$ 46,850	\$ 8,130,767
People's Republic of Chi	na 6,382,203	27,253,304	- 20,871,101
Yugoslavia	50,942	4,726,794	<b>- 4,675,852</b>
Poland	48,229	11,873	36,356
Romania	14,583	4,597,922	<b>- 4,583,339</b>
North Korea		1,148,066	<b>- 1,148,066</b>
Czechoslovakia		506,614	<b>506,614</b>
Hungrary		61,169	61,169
TOTAL	\$14,673,574	\$38,352,592	\$23,679,018

Source: NCSO

year 1975, imports dollar outflows for imports are projected to go up by only 2.6 per cent to \$3,194.8 mil-

Importations so far in the first half of 1975 grew by 14.9 per cent compared to the same period last year.

The single biggest factor which would determine actual disbursements for imports is the possible increase next month of crude oil prices. Since the biggest importations are of mineral fuels, lubricants and related products, an increase in oil prices will definitely push importations to high levels.

However, if there are no oil price hikes during the second half of 1975, lower increments and possibly even record declines in monthly import values can be expect-

Mineral fuels, lubricants and related materials are projected to account for 24.5 per cent of the total projected import payments for 1975, assuming that there is no oil price increase. However, if the October increase in the price of OPEC oil port disbusements of \$783.5

million for 1975 will surely move upwards.

#### Non-electric machineries

Continuing efforts to increase food production, and construction activities blueprinted for the rest of the year will influence the demand for non-electric machineries such that importation of this item in 1975 may increase by 48 per cent from last year's \$423.3 million to a projected \$627.1 million.

On the other hand, a decline in local demand for base metals may reduce import payments for this commodity to \$106.3 million, or about 64 per cent from last year's tally of \$295.7 mil-

#### Trading partners

As in the past years, the major destination of Philippine exports this year are: Japan, the United States, the Netherlands, the United Kingdom, West Germany, Iran/ Persia, Morocco, Singapore, Hong Kong, and the Re- China. public of Korea.

materializes, projected im- \$537.7 million of RP ex- half of 1975 resulted in a ports, went to Japan in the first six months of 1975. Of total exports to that country, sugar made up about 53.4 per cent; logs, about 10.2 per cent; and ores of non-ferrous metals, 18.3 per cent.

> The United States bought \$270.9 million worth of commodities from the Philip-1975, with sugar comprising

Philippines' major trading partners are: Japan; the United states: Saudi Arabia, North Korea (\$1.1 million). West Germany; the United A much bigger volume of Kingdom Kuwait, Australia, trade with communist coun-Canada; the Republic of Korea; and France.

At present, the government is focusing its attention on the communist countries. In the first six months of

1975 the Philippines rang up a deficit of \$23.7 million in its trade with communist countries. Total exports stood at \$14.7 million while imports amounted to \$38.4 million. China, the top trading partner of the Philippines among the mmunist bloc, accounted for 71 per cent of Philippine importation and absorbed 44 per cent of total Philippine exports.

Crude and partly refined petroleum products formed the bulk of Chinese exports to the Philippines during the first semester of 1975. This amounted to \$15.1 million and makes up 56 per cent of total Chinese exports of \$27.3 million to the Philippines, Rice expertations of \$11.5 million and dairy products of \$75,451 made up the rest.

Vegetable oils formed the bulk of Philippine exports to the Republic of China in the first half of 1975. This amounted to \$4.4 million, or 68 per cent, of total Philippine exports to People's

On the other hand, trade Some 45.13 per cent, or with Russia during the first trade surplus of \$8.1 million dollars for the Philippines. Exports during this period amounted to \$8.2 million against Russian imports of only \$46,850.

The Philippines also registered a surplus of \$36,356 in its trade with Poland for the same period. Trade deficits suffered by the Philippines pines in the first half of in addition to that of People's China, were with: 19.6 per cent of the total. Yugoslavia (\$4.7 million), On the import side, the Romania (\$4.5 million), Czechoslovakia (\$506,614), Hungary (\$61,169) and

> tries can be expected for the rest of the year considering the government's increased efforts to forge closer trade ties with the communist/ socialist bloc.

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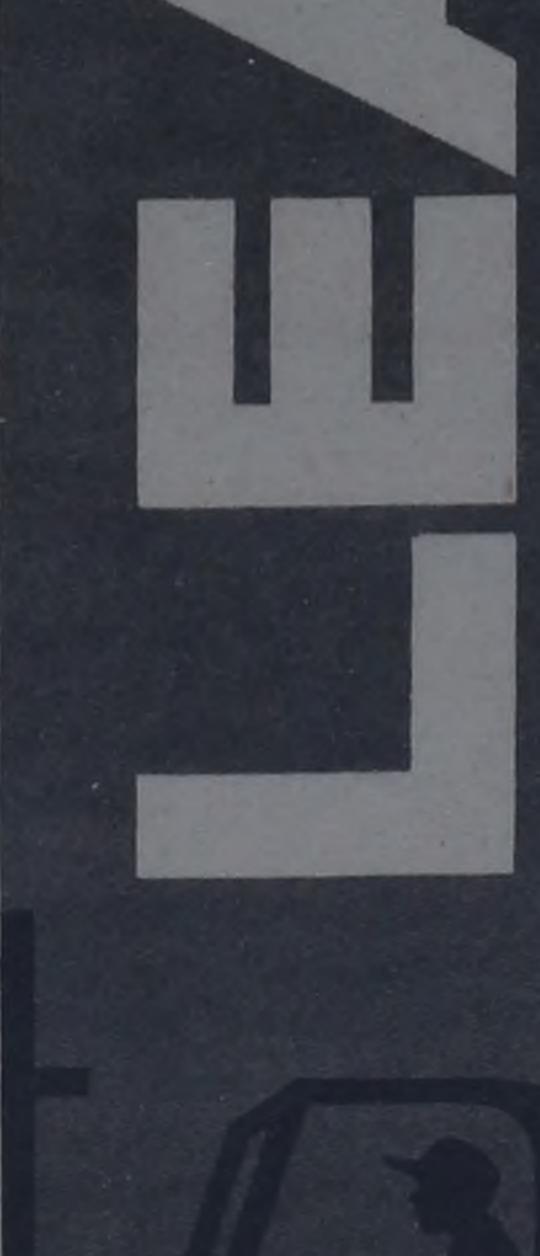
CORPORATION

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#### EXTERNAL TRADE 1973 — 1975 (F.O.B. value in million U.S. dollars)

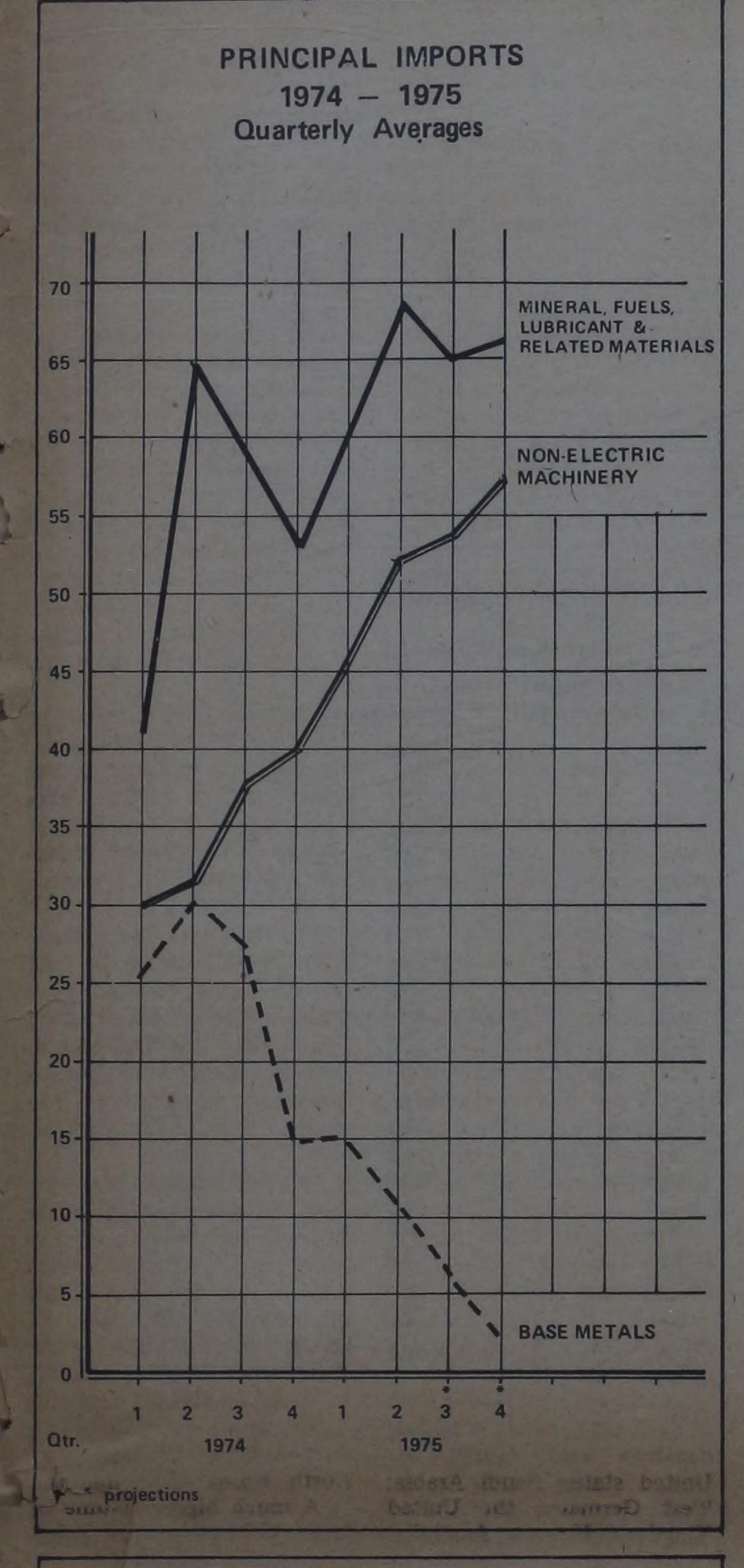
			Balance o
	Imports	Exports	Trade
1973	1,596.6	1,886.3	289.7
	84.9	93.6	8.7
January	94.2	125.2	31.0
February March	108.8	162.0	53.2
	112.3	168.6	56.3
April May	120.2	159.9	39.7
June	144.1	172.3	28.2
July	138.6	179.8	41.2
August	160.9	167.0	6.1
September	151.2	135.1	( 16.1)
October	158.2	177.0	18.8
November	158.6	157.5	( 1,1)
December	164.5	139.2	( 25.3)
1974	3,114.9	2,725.0	(389.9)
January	193.7	173.2	( 20.5)
February	204.7	218.4	13.7
March	225.5	210.4	( 15.1)
April	274.5	250.2	( 24.3)
May	290.9	275.2	( 15.7)
June	251.0	228.3	( 22.7)
July	338.8	215.9	(122.9)
August	306.5	206.2	(100.3)
September	256.2	209.6	( 46.6)
October	277.2	257.5	( 19.7)
November	286.0	231.1	( 54.9)
December	209.9	249.0	39.1
1975	3,194.8	2,318.8	(876.0)
January	307.4	174.2	(133.2)
February	230.0	189.0	( 41.0)
March	265.7	234.2	( 31.5)
April	290.7	222.7	( 68.0)
May	285.4	212.3	(73.1)
June	275.4	158.9	(116.5)
July *	262.1	194.6	(67.5)
August *	260, 1	191.9	( 68.2)
September *	257.8	189.3	(68.5)
October *	255.6	186.6	( 69.0)
November	253.4	183.9	( 69.5)
December *	251.2	181.2	( 70.0)

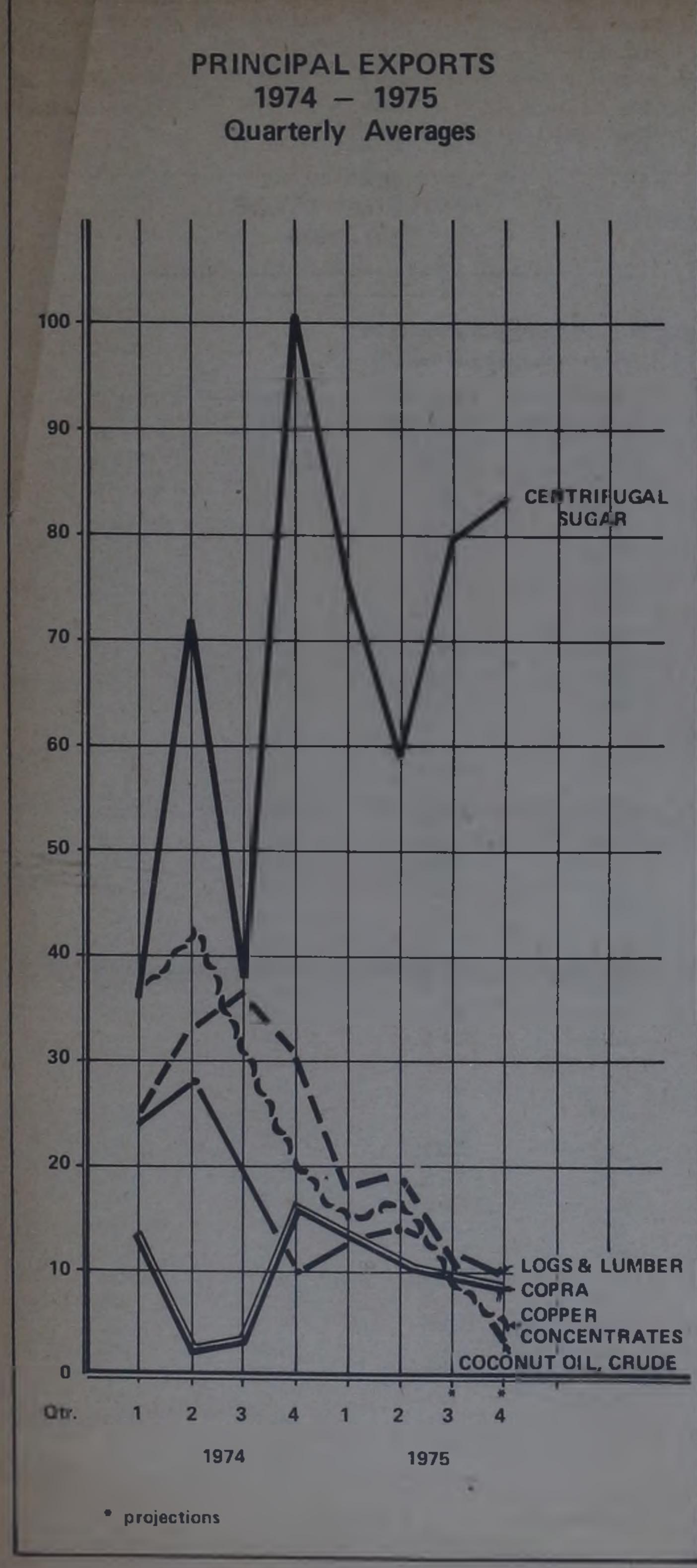
Source: NCSO projections

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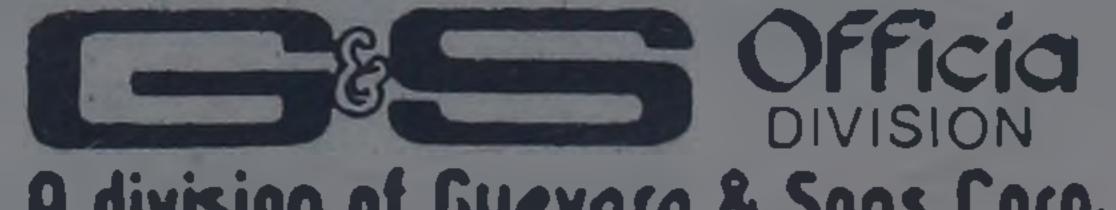
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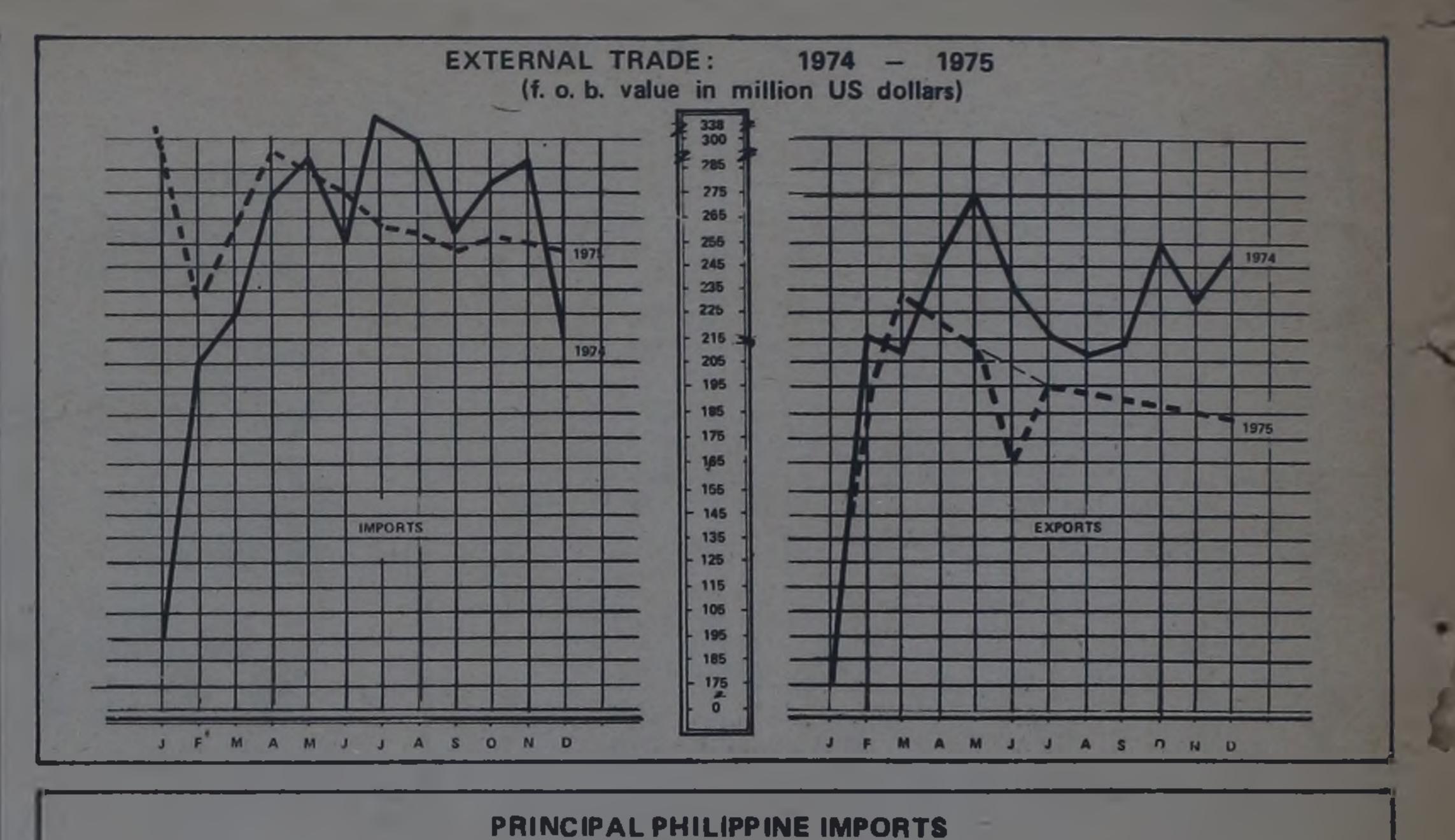
And tomorrow, the search will continue. Discoveries will go on. The commitment stays. To nurture robust, well-fed Filipinos. To share in the building of a self-sufficient Philippines. And make the dream of a rich life come true.

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MARKCOM

Source; NCSO



	1973 — 1975 (f. o. b. value in million		
	Mineral Fuels, Lubricant and Related Materials	Machinery other than Electric	Elase Metals
1973	187.6	296.0	150.4
January	12.2	19.6	4.9
February	11.6	21.1	5.6
March	11.2	25.6	9.9
April	17.8	19.6	12.3
May	16.1	24.4	10.1
June	14.5	24.9	12.1
July	15.0	23.1	11.1
August	19.4	29.4	17.6
September	16.7	32.9	16.0
October	15.7	23.3	18.8
November	17.5	24.7	16,4
December	19.7	27.3	15.7
1974	. 653.4	423.3	295.7
January	24.6	31.8	24.8
February	48.4	29.8	22.a
March	50.8	29.8	29.8
April	72.9	26.5	36.7
May	68.6	38.7	31.3
June	5.1.0	30.4	27.9
July	64.3	45.3	35.7
August	67.3	39.2	23.6
September	45.3	31.2	24.1
October	59.5	45.1	18.0
November	70.8	39.6	14.4
December	29.6	35.9	12.7
1975	783.5	627.1	106.3
January	82.9	48.0	12,8
February	41.6	40.4	23.6
March	57.5	49.2	10.6
April	69.0	52,3	12.6
May	76.2	54.0	9.9
June	60.8	50.6	11.6
July	64.5	52.5	7.7
August	65.0	53.7	6.3
September	65.6	54.8	4.9
October	66.2	56.0	3.5
November	66.8	57.2	2.1
December	67.4	58.4	0.7

		PINE EXPORTS (lion US dollars)
ifugal	Copper	Coconut

Source: NCSO

	Centrifugal Sugar	Copper	Cocomut Oll, Crude	Logs and	Copra
1973	274.7	275.2	151.1	339.0	165.a
Janu ary	1 21.3	12.2	6.8	14.8	5.8
February	27.6	13.5	6.2	22.1	13.3
March	33.7	24.5	9.2	37.8	9.2
April	35.3	23.4	8.0	40.6	12.7
May	31.5	20.3	5.4	32.9	16.7
June	37.4	23.3	12.1	29.8	11.7
July	29.2	29.9	14.2	28.2	17.3
August	16.6	23.2	18.6	34.7	12.3
September	6.6	26.6	5.7	25.0	12.9
October	3.4	33.0	30.8	26.7	22.8
November	14.4	12.1	21.0	26.5	20.0
December	17.7	24.2	13.0	19.6	11.1
1974	737.4	393.2	380.7	246.4	139.8
January	19.8	34.8	22.1	25.3	7.6
February	38.5	39.4	32.2	21.5	23.1
March	51.2	36.1	18.9	27.8	12.7
April	49.6	50.6	43.7	30.3	2.1
May	99.7	43.3	25.3	27.1	1.6
June	67.5	34.5	32.0	23.9	2.6 10.4
July	21.2	39.4	<b>43.6</b>	22.1 21.2	17.7
August	31.4	23.5 31.9	43.1 24.4	14.5	9.0
September October	58.3 97.5	20.5	40.5	12.2	18.6
November	80.5	23.9	33.9	9.3	18.9
December	122.2	16.4	21.1	11,1	15.5
1975	893.7	142.6	156.4	148.3	137.6
	49.6	13.3	19.2	14.6	18.3
January February	78. 1	12.8	19.3	11.7	8.6
March	98.9	21.5	17.1	14.0	15.5
April	73.6	18.1	21.2	15.0	20.7
May	72.0	16.9	21.1	15.1	10.5
June	33.7	13.8	17.4	13.7	2.8
July	77.8	11.2	12.1	11.7	10.9
August	79.2	9.8	10.0	11.3	10.6
September	80.6	8.4	7.9	10.9	10.3
October	82.0	7.0	5.2	10.5	10.0
November	83.4	5.6	3.7	10.1	9.7
December	84.8	4.2	1.6	9.7	9.4
July to Dec	c. 1975 are projections				
	~~~				

## Construction growth will be the most impressive of all sectors

will provide the much needed push for the country's economic growth in 1975.

Projections of Business Day Research place the growth of the construction sector at 14.5 per cent (1967 prices). Although slightly lower than the 1974 expansion of 15 per cent, construction growth in 1975 will still be the most impressive of all the sectors of the economy.

Aggregate value of goods and services to be produced by the construction sector this year is estimated at . P1,218 million (at 1967) prices), representing an increment of P154 million from the level of P1,064 million registered last year.

Forecasts on the performance of the sector in 1975 are heavily dependent on the assumption that there will be no marked increase in the prices of oil and oil-based products during the remaining months of the year.

#### Infrastructure

A big boost to construction activities during the year

The construction sector is the increased government funding of its infrastructure program.

The government's public works program for the fouryear period ending with FY 1979 has a budget of P38.78 billion. Infrastructure has a total funding of P23.26 billion in level currency and P2.07 billion in foreign exchange.

Capital investment requirements of the infrastructure program in FY 1976 amounts to P8,009.7 million (\$1 = 7.50), peso requirement is P5,603.8 million that of foreign exchange, \$320.786 million.

Of the total infrastructure investment requirements of FY 1976, transportation and telecommunication are the main beneficiaries with 30 per cent or P2,435 million. Allocations are: P1,819 million for highways; P168 million for airports and airways; P245.9 million for portworks; P161 million for railways; and P40 million for telecommunications.

Next biggest is power and electrification with an allocation of P2,074 billion.

Power has P1,654 million and rural electrification, P420 million.

Total investment requirements of water resources for FY 1976 amount to about P1,963 while social infrastructure has a programmed cash requirement of P735.9 million. P800 million are earmarked for miscellaneous and other special projects.

#### Roads

To accelerate the economic growth and thereby improve the living conditions in the rural areas, the Department of Public Works scheduled the release of P60 million starting last August. This amount is appropriated for the construction and improvement of farm-tomarket or barangay or feeder roads in the rural areas. These roads will facilitate the transfer of farm produce from the production areas to the market centers.

The prominence of economic activities in the construction sector can be seen from the fact that while almost all industry areas resorted to employment cut-

(Continued to page 20)

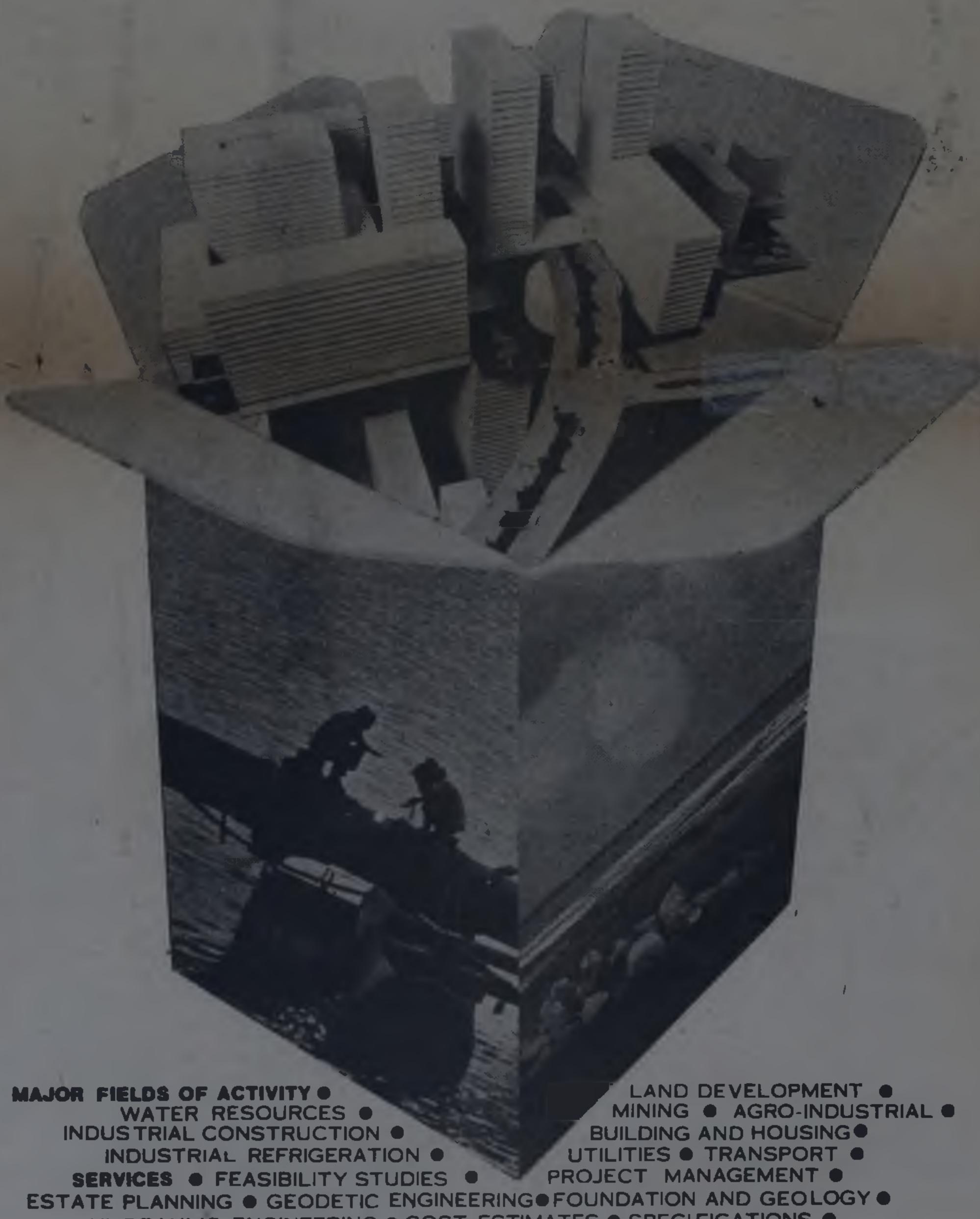
#### ANNUAL INFRASTRUCTURE PROGRAM, FY 1976 CAST INVESTMENT REQUIREMENT (In thousands)

#### ANNUAL REQUIREMENT

A. Transportation & Telecom P2,436,486 2,029,565 54,124  Highways 1,819,295 1,551,935 36,648 Airports & Airwaya 168,449 145,949 3,000 Portworks 245,929 201,417 5,935 Railways 161,612 93,804 9,041 Telecommunications 40,200 36,450 500  B. Water Resources 1,963,366 1,265,484 93,061 Irrigation 1,094,822 712,630 50,969 Water Supply & Sewerage 283,396 145,711 18,358 Flood Control & Drainage 585,148 407,143 23,734  C. Power & Electrification 2,074,750 873,803 160,153 Power 1,854,628 678,981 130,363 Rural Electrification 420,122 196,622 29,800  D. Social Infrastructure 735,941 729,633 841 School Buildings 377,707 377,707 - National Buildings 92,648 92,648 - Hospital & Sanitaria 101,899 - Shore Protection 5,070 5,070 - R H U 37,616 31,309 841 E D P I T A F 21,000 21,000 - Other P. W. Projects 100,000 100,000	Category	Total in (\$ = P7.50) (2 & 3)	Local Currency P ( 2)	Foreign Exchange \$ (3)
Aliports & Airwaya 168,449 145,949 3,000 Portworks 246,929 201,417 5,935 Railways 161,612 93,804 9,041 Telecommunications 40,200 36,450 500  B. Water Resources 1,963,366 1,265,484 93,061 Irrigation 1,094,822 712,630 50,969 Water Supply & Sewerage 283,396 145,711 18,358 Flood Control & Drainage 585,148 407,143 23,734  C. Power & Electrification 2,074,750 873,803 160,153 Power 1,854,628 676,981 130,353 Rural Electrification 420,122 196,622 29,800  D. Social Infrastructure 735,941 729,633 841 School Buildings 377,707 377,707 National Buildings 92,648 92,648 — Hospital & Sanitaria 101,899 101,899 Shore Protection 5,070 5,070 — R H U 37,616 31,309 841 E D P I T A F 21,000 21,000 — Other P, W, Projects 100,000 100,000		P2,435,485	2,029,555	54,124
Irrigation       1,094,822       712,630       50,959         Water Supply & Sewerage       283,396       145,711       18,358         Flood Control & Drainage       585,148       407,143       23,734         C. Power & Electrification       2,074,750       873,803       160,153         Power Power       1,654,628       676,981       130,353         Rural Electrification       420,122       196,622       29,800         D. Social infrastructure       735,941       729,633       841         School Buildings       377,707       377,707       -         National Buildings       92,648       -         Hospital & Sanitaria       101,899       101,899       -         Shore Protection       5,070       5,070       -         R H U       37,618       31,309       841         E D P I T A F       21,000       21,000       -         Other P. W. Projects       100,000       100,000       -	Airports & Airways Portworks Railways	168,449 245,929 161,612	145,949 201,417 93,804	3,000 5,935 9,041
Water Supply & Sewerage         283,396         145,711         18,358           Flood Control & Drainage         585,148         407,143         23,734           C. Power & Electrification         2,074,750         873,803         160,153           Power         1,654,628         676,981         130,353           Rural Electrification         420,122         196,622         29,800           D. Social Infrastructure         735,941         729,633         841           School Buildings         377,707         377,707         -           National Buildings         92,648         92,648         -           Hospital & Sanitaria         101,899         101,899         -           Shore Protection         5,070         5,070         -           R H U         37,616         31,309         841           E D P I T A F         21,000         21,000         -           Other P, W. Projects         100,000         100,000         -	B. Water Resources	1,963,366	1,265,484	93,061
Sewarage         283,396         145,711         18,358           Flood Control & Drainage         585,148         407,143         23,734           C. Power & Electrification Power Independent Power Protection         2,074,750         873,803         160,153           Power Power Protection Power Independent Power Power Independent		1,094,822	712,630	50,959
C. Power & Electrification 2,074,750 873,803 160,153 Power 1,654,628 676,981 130,353 Rural Electrification 420,122 196,622 29,800  D. Social Infrastructure 735,941 729,633 841  School Buildings 377,707 377,707 National Buildings 92,648 92,648 Hospital & Sanitaria 101,899 101,899 Shore Protection 5,070 5,070 R H U 37,616 31,309 841 E D P I T A F 21,000 21,000 Other P. W. Projects 100,000 100,000	Sewerage Flood Control &			
School Buildings       377,707       377,707       —         National Buildings       92,648       —       92,648       —         Hospital & Sanitaria       101,899       —       101,899       —         Shore Protection       5,070       5,070       —         R H U       37,616       31,309       841         E D P I T A F       21,000       21,000       —         Other P. W. Projects       100,000       100,000       —	C. Power & Electrification Power	2,074,750 1,654,628	873,603 676,981	160, 153 130, 353
National Buildings       92,648       92,648       -         Hospital & Sanitaria       101,899       101,899       -         Shore Protection       5,070       -       -         R H U       37,616       31,309       841         E D P I T A F       21,000       21,000       -         Other P. W. Projects       100,000       100,000       -	D. Social Infrastructure	735,941	729,633	841
Miles 9. Other Constal	National Buildings Hospital & Sanitaria Shore Protection R H U E D P I T A F	92,648 101,899 5,070 37,616 21,000	92,648 101,899 5,070 31,309 21,000	= 841
Projects 800, 1aa 705, 561 12, 617	Misc & Other Special	800 188	706 681	12 617
TOTAL P8,009,731 P5,603,836 \$320,786				

R H U - Rural Health Units EDPITAF - Education Project Implementation Task Force Source: NEDA

Like the sea. Reclaimed by man. Ecologically planned. Laid out to suit man's needs. This is the Manila Cavite Coastal Road & Reclamation Project. Sixteen hundred hectares of land. A monument to man's ambition. And his creativity. To live. Better. Soon . . . in 12 years.

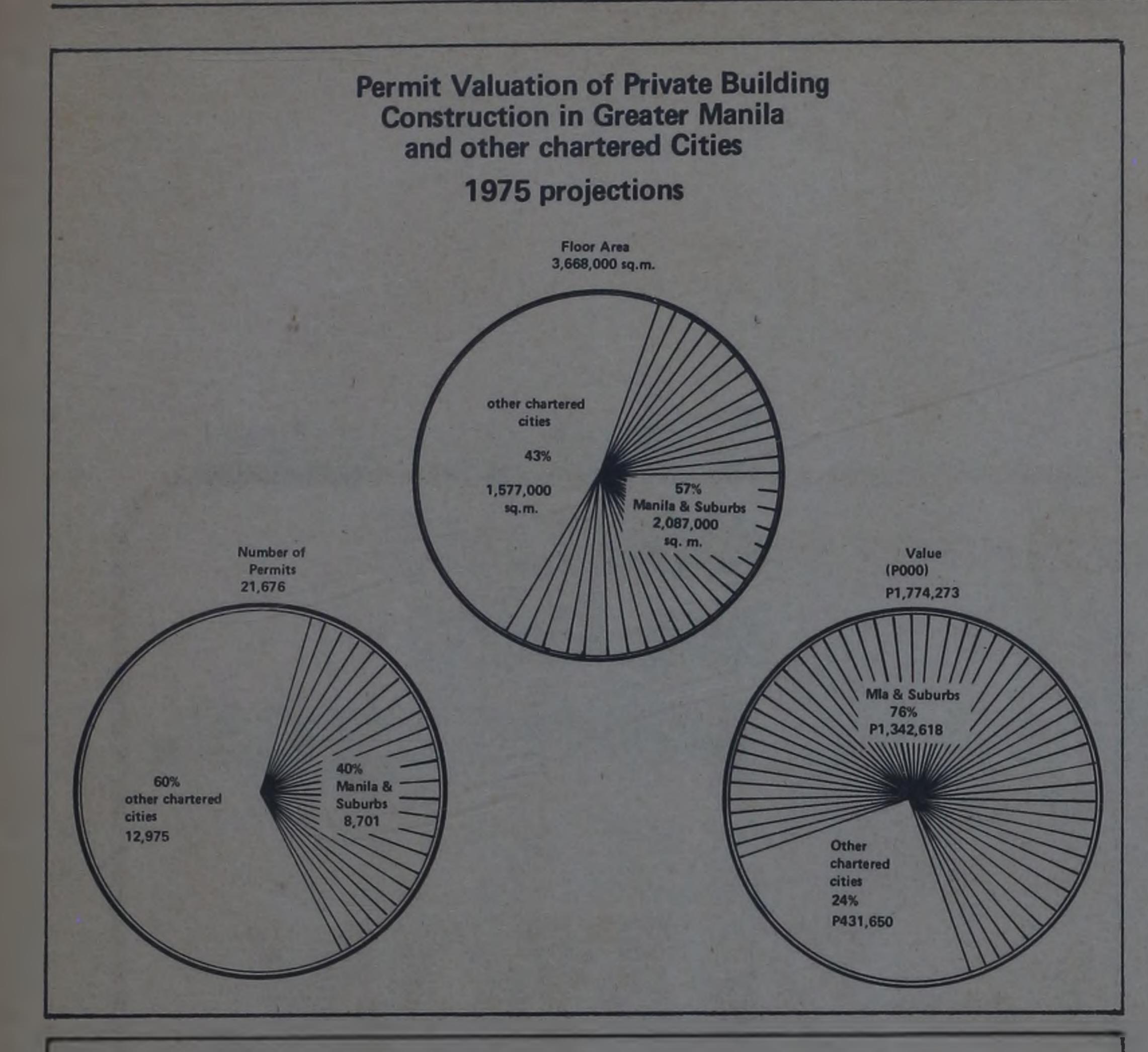


HYDRAULIC ENGINEERING . COST ESTIMATES . SPECIFICATIONS . EQUIPMENT LEASING . TIRE RECAPPING CONSTRUCTION . INDUSTRIAL AND PROCESS PLANTS . HIGHWAYS . MARINE . QUARRYING . BUILDING

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Wedeliver



#### FOUR-YEAR INFRASTRUCTURE PROGRAM FY 1976 - FY 1979 CAST INVESTMENT REQUIREMENT (in thousands)

	Total in P	Local	Foreign
	(\$1 = 7.50)	Currency	Exchange
	(2&3)	(2)	(3)
. Transport	P11,408,085	P8,975,445	\$324,352
<ol> <li>Highways</li> <li>Airports &amp; Airways</li> <li>Portworks</li> <li>Railways</li> </ol>	9,047,700 818,231 644,732 877,422	7,550,550 431,981 512,175 480,739	199,620 51,500 20,341 42,891
. Telecommunications	500,738	187,950	41,705
. Water Resources	E,875,870	6,071,380	373,932
<ol> <li>Irrigation</li> <li>Water Supp. &amp; Serv.</li> <li>Flood Control Drge.</li> </ol>	4,030,113 2,522,068 2,323,689	2,715,123 <sup>1</sup> 1,328,173 2,028,084	175,332 159,186 39,414
). Power & Electrification	13,609,256	4,045,549	1,275,161
1. Power 2. Rural Electrification	12,390,545 1,218,712	3,575,870 469,679	1,175,290 99,871
. Social Infrastructure	2,719,503	2,609,538	14,662
<ol> <li>School Buildings</li> <li>Nat'l Bldgs.</li> <li>Hosp. &amp; Sanitaria</li> <li>Shore Protection</li> <li>R H U</li> <li>EDPITAF</li> <li>Other P.W. Proj.</li> </ol>	1,215,043 475,012 343,368 30,200 263,635 22,245 370,000	1,215,043 475,012 343,365 30,200 171,715 4,200 370,000	12,256 2,406
. Misc. Projects	1,665,878	1,374,690	38,825
1. EPZA 2. PADAP 3. LLDA 4. Misc. Pre- Eng's Studies 5. Other De. Eng'g. Row 6. Tondo Roreshore 7. P. W. Cont' Price	625,718 179,160 41,000 200,000 320,000 50,000	436,845 91,845 26,000 200,000 320,000 50,000	25,183 11,642 2,000
Adjustment	200,000	250,000	

(Business Day used \$1 = P7.50)

backs in the first semester of 1975, 27 per cent more workers were employed in the construction sector compared to the second semester, 1974 levels, and eight per cent more compared to the period from January to June in 1974.

A factor which will further contribute to the growth of the sector is the projected hike in real estate sales this year. Real estate sales in Greater Manila will hit a record high of P49.3 million according to an estimate made by BF Homes, Inc.

The increasing demand

industry this year.

An added boost is the government's determination to pursue its low-cost housing program. About P500 million has been earmarked for this purpose. This amount is intended to provide shelter for some 1.2 million families within 1974 and 1977.

#### Increased investments

With the expansion in construction activity, an increased number of firms which will engage in construction is expected. The total number of new stock for housing by middle income corporations in this sector financing of construction earners and the Central during FY 1974-75 was 259, projects, especially in low-Bank's rediscounting priv- an increase of 72.7 per cent cost housing, will increase ilege of up to 40 per cent of over last year's total of 188 the tempo of activity in the housing mortgage papers to firms. Combined authorized sector. thrift institutions (savings capital of these new firms banks and savings and loans stood at more than P687.81 associations) are expected to million, registering an in-

give nuscle to the real estate crement of 178 per cent over last year's level. Similarly, actual paid-up capital stood at P47.29 million, recording an expansion of 172 per cent from last year's total.

More hotels, resort facilities and condominium firms during the year will likewise accelerate the growth of the construction sector. During FY 1974-75, 69 new firms in the hotel trade registered with the Securities and Exchange Commission. This is 91.7 per cent higher than last year's 33 new firms.

#### Financing

Recent moves to facilitate

The Social Security System provides housing loans for its members who ere regular employees in private enterprises. The SSS allows a member to borrow up to 90 per cent of the cost of the house. Amoritizations are spread out over a 25-year period.

To insure availability of more financing for housing . projects, the National Economic and Development Authority is currently at work on the development of the secondary mortgage market. Similarly, financial institutions may be required to allocate a certain portion of their portfolio holdings to real estate mortgage.

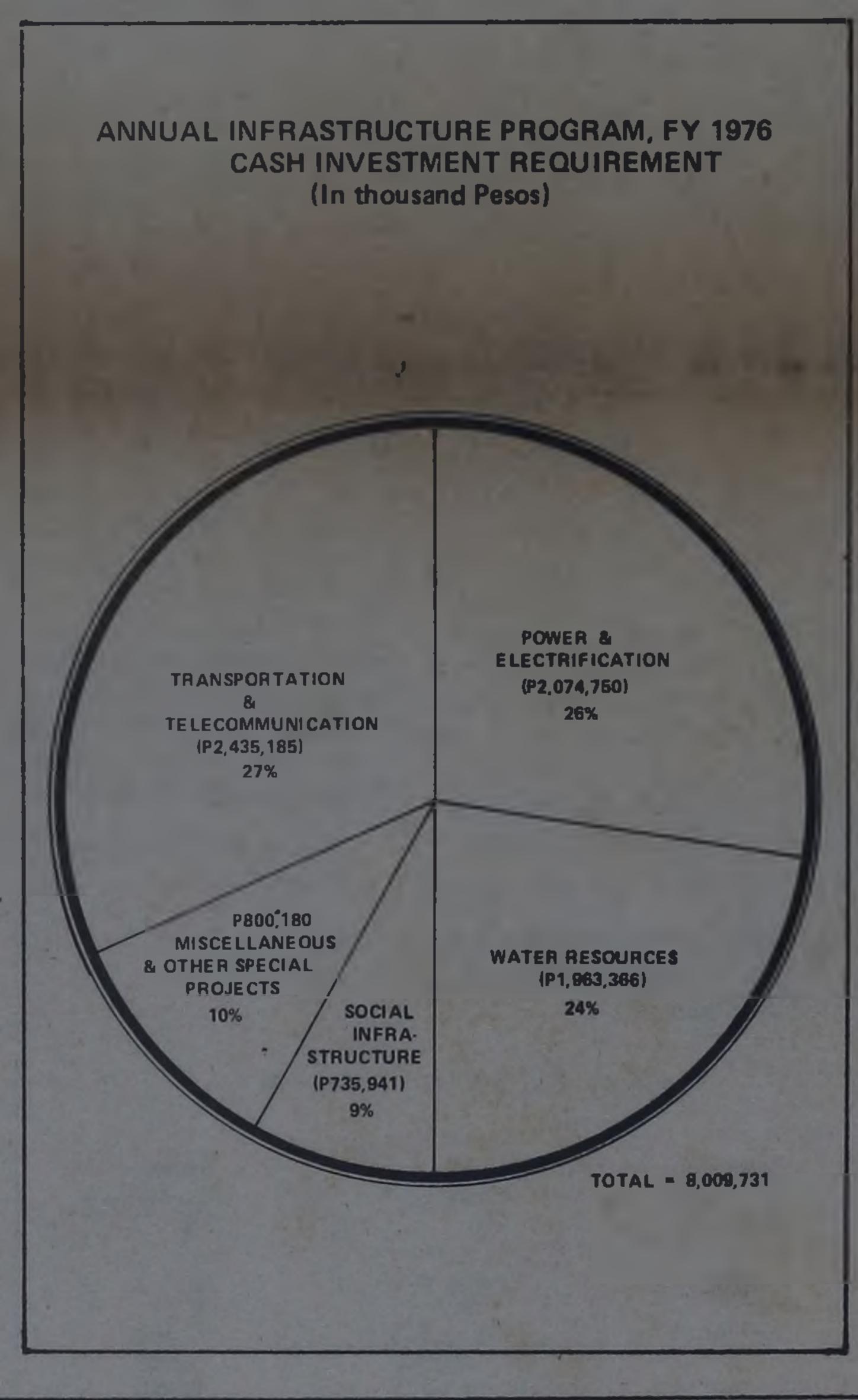
#### Private construction

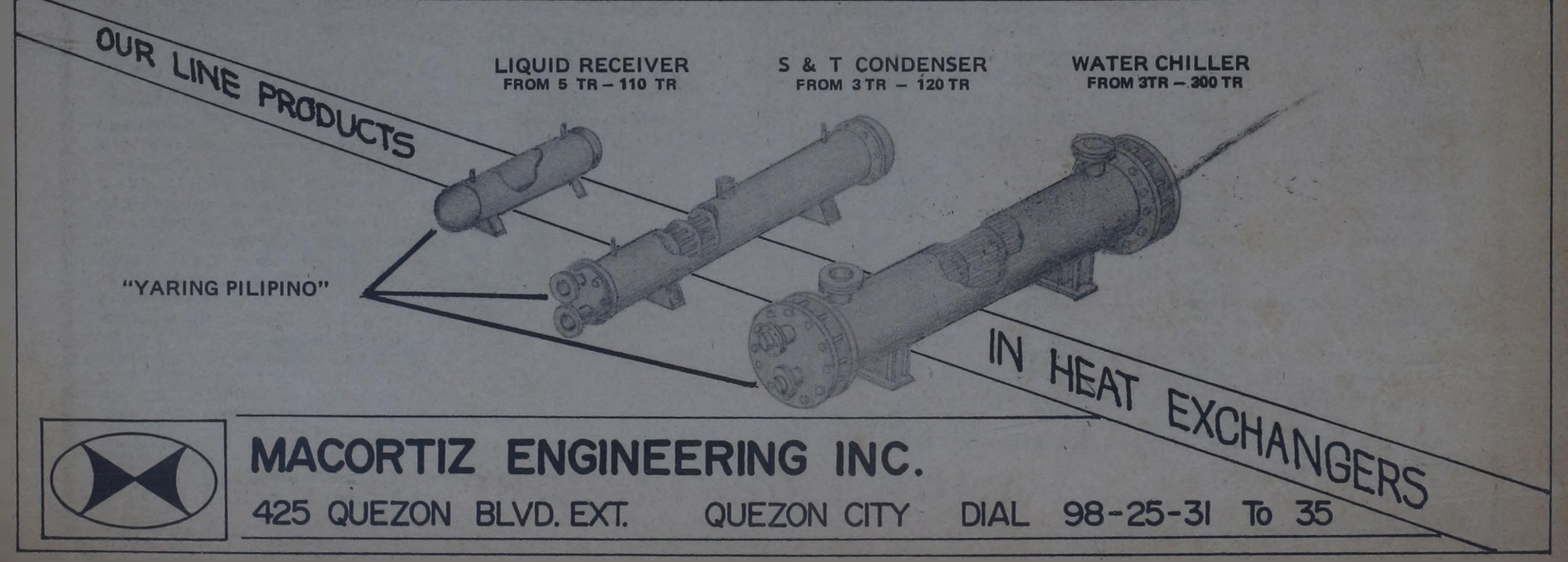
As government construction activities move at a faster pace, the private sector is expected to follow the same trend this year.

The number of private building permits in the Philippines for 1975 is projected to level at 21,676, about 30 per cent higher than last year. Similarly, floor area is estimated to expand by 48 per cent, reaching a total of 3,668,000 sq. meters in 1975.

As prices of construction materials and labor move

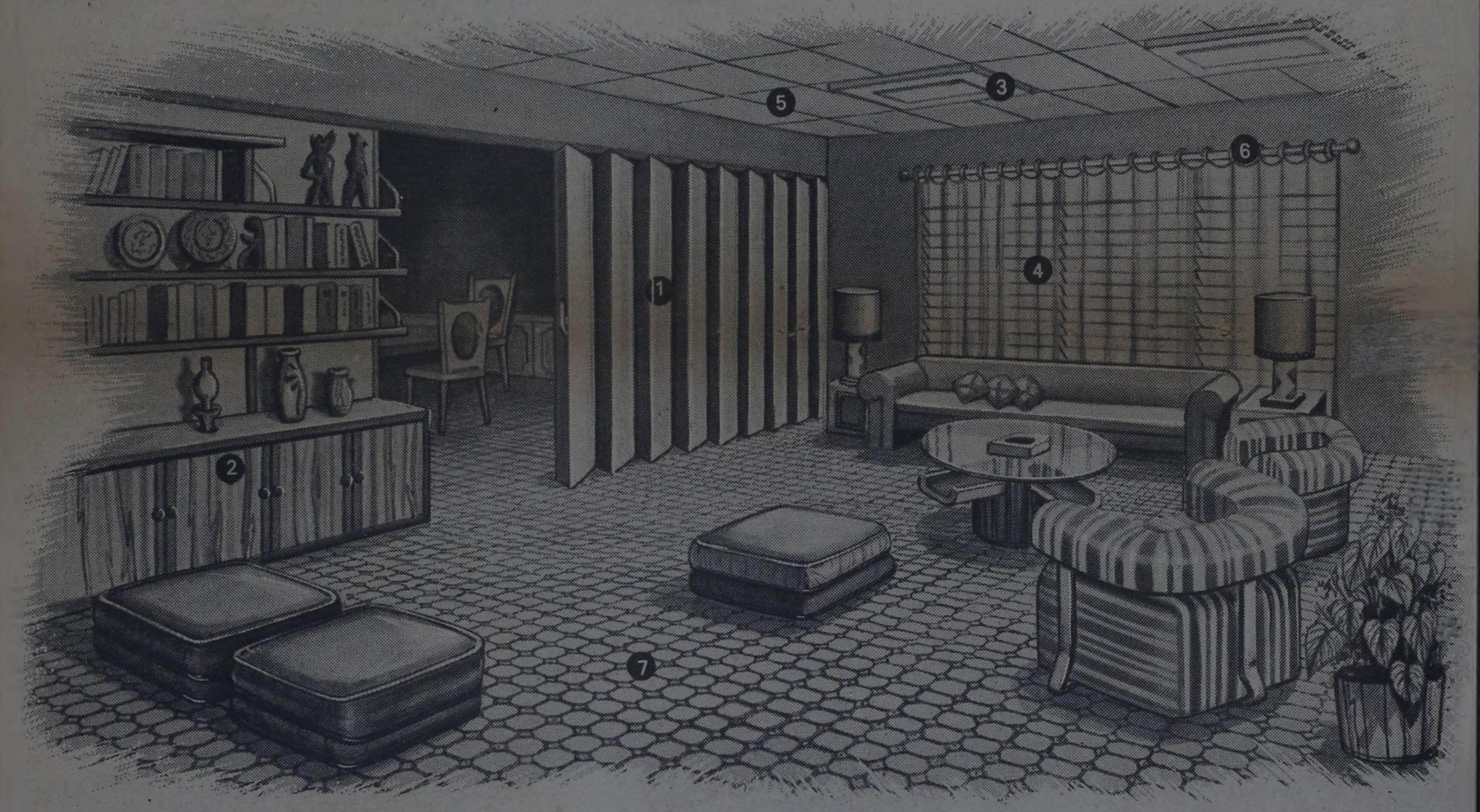
(Continued to page 22)





For those new things in your living room...

# come to an





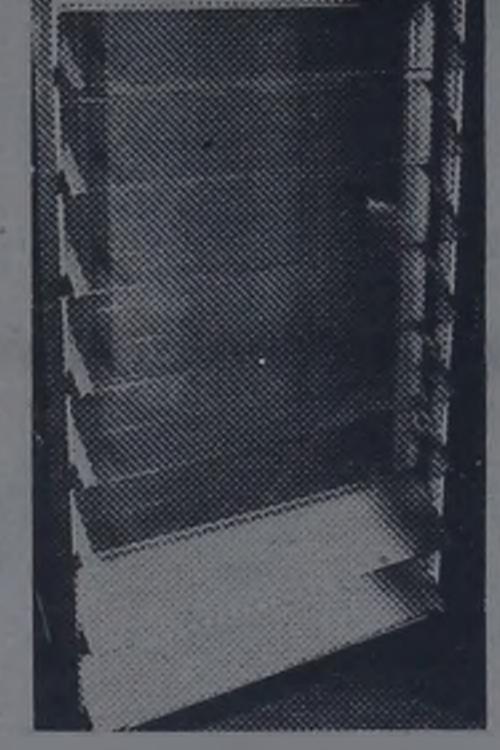
MODERNFOLD FOLDING DOOR



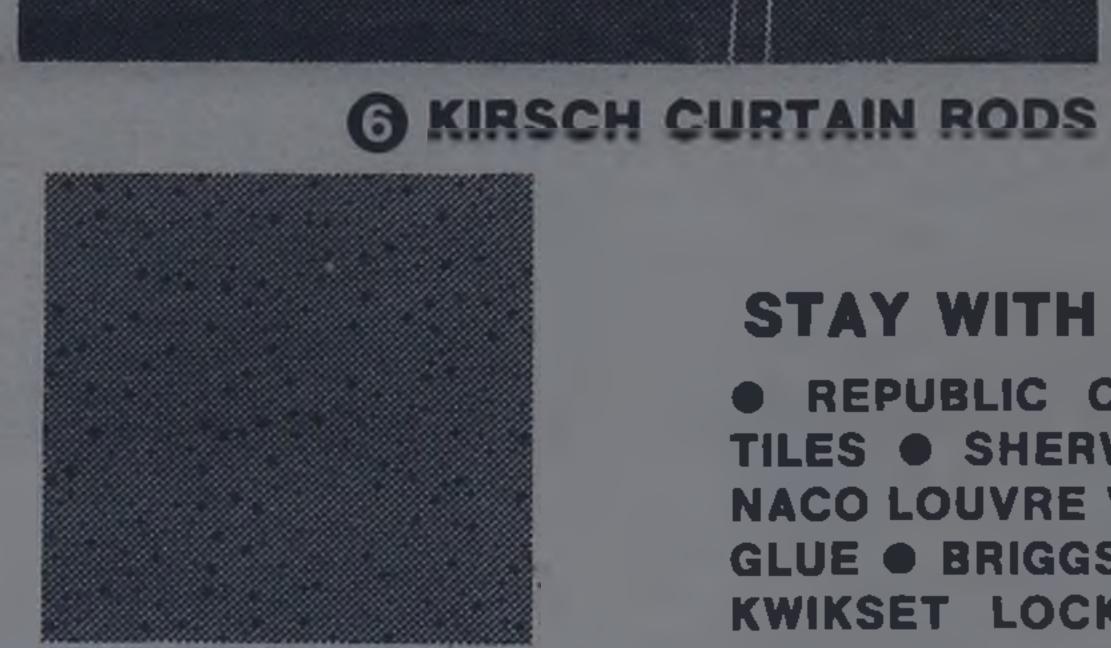
2 WALLFLEX MODULAR CABINETS



3 INTALOK DIFFUSER



4) NACO WINDOW LOUVER

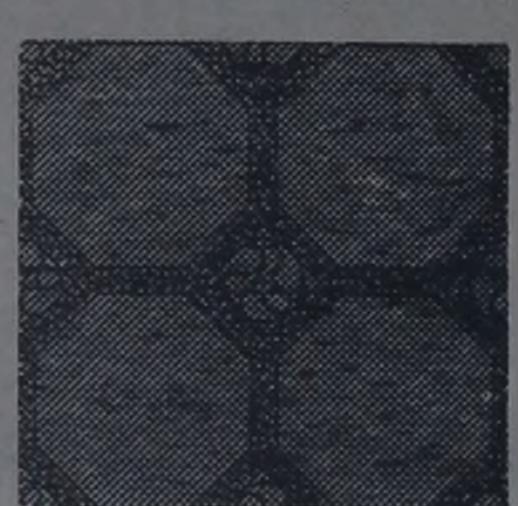




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upward as a result of the adjustment in fuel prices, total value of private building construction for 1975 may grow by 77 per cent from the previous year's value of P996.966 million, to reach P1,774 million in 1975.

The bulk of private building construction activity in the Philippines will be concentrated in Manila and suburbs as floor area and value of building constructions are estimated to amount to 2,087,000 sq. meters and P1,342.6 million respectively. Compared to last year, total floor area of buildings constructed in 1975 will expand by 52 per cent while value is projected to increase at a higher 94 per cent.

Other chartered cities are likewise expected to exhibit growth in private building construction. Total floor area is projected at 1,577,000 sq. meters while value is at P431.6 million, a growth of 43 per cent and 41 per cent respectively over last year.

#### Construction materials

The prices of construction materials will exert a very big influence on the performance of the construction sector this year. If no significant increase in the prices of construction materials ensue during the remaining months of the year, the growth of this sector is expected to be impressive.

However, any significant increase in the price of oil and oil products during the year is expected to affect the prices of construction materials and result in the slackening of the growth of the construction sector.

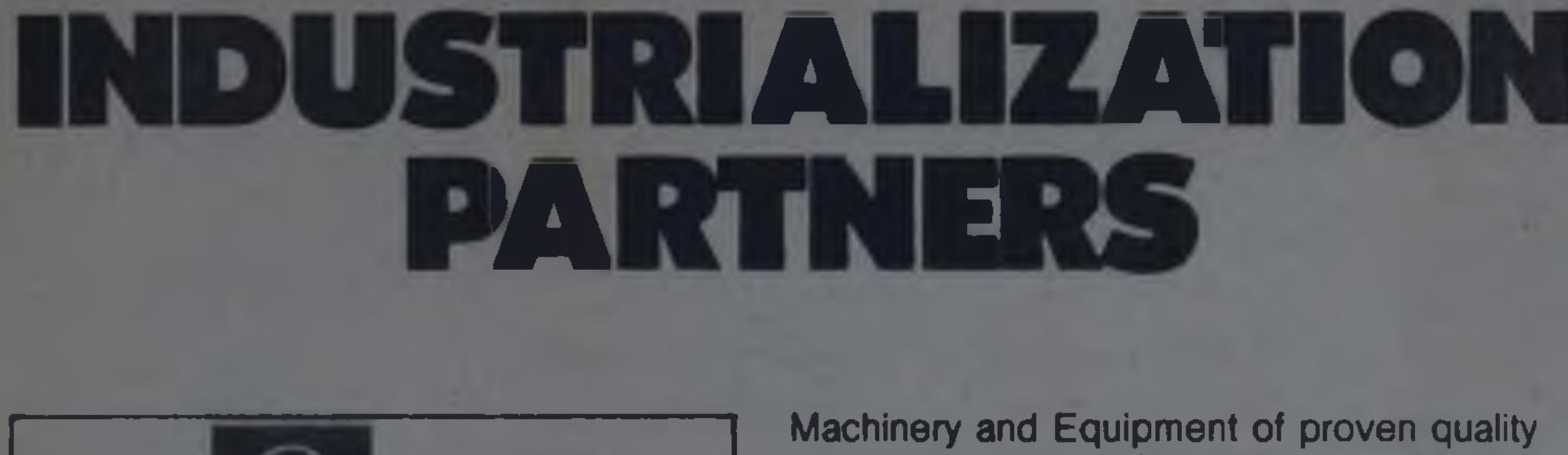
PERMIT VALUATION OF PRIVATE BUILDING CONSTRUCTION IN GREATER MANILA AND OTHER CHARTERED CITIES

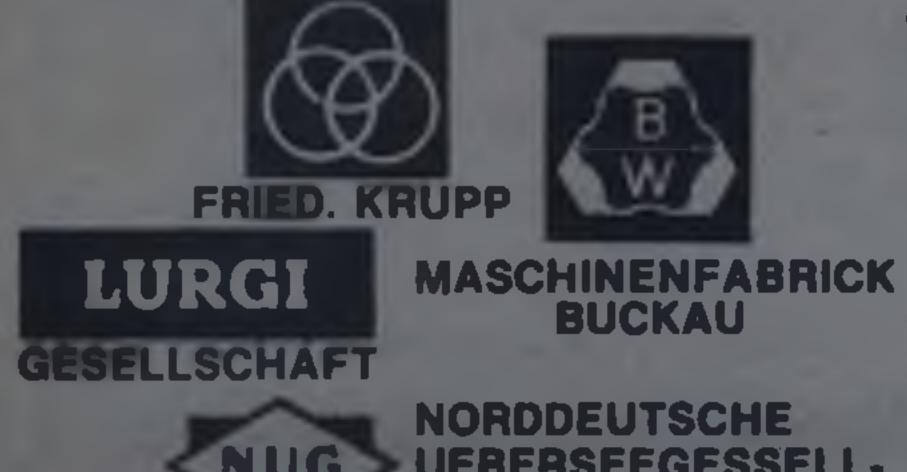
(Floor Area in Thousand Square Meters; Value in Thousand Pesos)
1973 — 1975

	То	tal, Philippi	nes	Mar	nila & Subu	urbs	Other	Chartered	Cities
	Number of Permit	Floor Area	Value	Number of Permit	Floor	Value	Number of Permit	Floor Area	Value
1973	20,668	2,655	609,450	8,338	1,470	395,317	12,330	1,069	194,130
January	2,088	207	42,126	773	112	27,532	1,315	95	14,594
February	1,898	258	54,080	829	175	41,103	1,069	83	12,976
March	2,121	305	70,125	998	211	54,673	1,123	93	15,452
April	1,699	214	41,863	696	120	26,985	1,003	93	14,878
May	1,928	246	64,799	841	156	46,868	1,087	88	17,951
June	1,781	194	41,516	705	110	28,030	1,076	83	13,486
July	1,482	152	33,257	, 547	73	19,675	935	78	13,581
August	1,552	180	57,749	635	102	23,682	917	78	14,067
September	1,611	228	52,886	584	122	26,936	1,027	106	25,950
October	1,811	307	59,282	702	203	39,029	1,109	104	20,233
November	1,505	182	42,923	595	93	27,235	910	89	15,687
December	1,192	182	48,844	433	103	33,569	759	79	15,275
									-0,-7
1974	16,645	2,477	996,966	6,667	1,370	690,369	9,978	<u>1,105</u>	306,597
January	1,718	219	61,581	603	101	32,432	1,115	11a	29,149
February	1,310	193	66,520	536	97	41,550	774	95	18,970
March	1,359	211	60,470	557	120	41,593	802	91	18,877
April	1,413	199	68,215	602	118	49,898	811	81	18,316
May	1,723	200	66,841	744	105	45,088	979	94	21,753
June	1,165	202	91,872	418	116	66,812	747	86	25,060
July	1,246	215	112,253	506	125	85,292	742	89	26,961
August	1,290	173	65,858	466	85	37,094	824	86	28,764
September	1,375	193	81,129	590	99	53,521	785	94	27,609
October	1,379	242	97,593	586	151	61,679	793	92	35,914
November	1,325	180	72,273	578	90	44,261	747	90	28,012
December	1,340	250	158,361	481	163	131,149	859	a7	27,212
1975	21,676	3,668	1,774,273	a,701	2,087	1,342,61a	12,975	1,577	431,650
January	1,683	356	255,573	650-	221	217,606	1,033	135	37,967
February	1,466	351	201,346	554	231	173,170	912	120	28,176
March	1,545	245	91,405	662	132	61,814	883	114	29,592
April	1,742	288	110,215	734	161	68,843	1,00a	127	41,372
May	1,840	260	101,842	845	144	66,861	995	116	34,981
June	1,778	236	104,358	606	112	71,080	1,172	124	33,276
July	1,822	303	143,544	730	171	107,424	1,092	131	36,119
August	1,868	310	146,762	748	175	110,004	1,120	135	36,757
September	1,914	31a	149,980	766	179	112,584	1,148	13ä	37,395
October	1,960	326	153,198	784	183	115,164	1,176	142	38,033
November	2,006	334	156,416	802	187	117,744	1,204	146	38,671
December	2,052	341	159,634	820	191	120,324	1,232	149	39,309

July to December 1975 are Business Day projections

Source: NCSO





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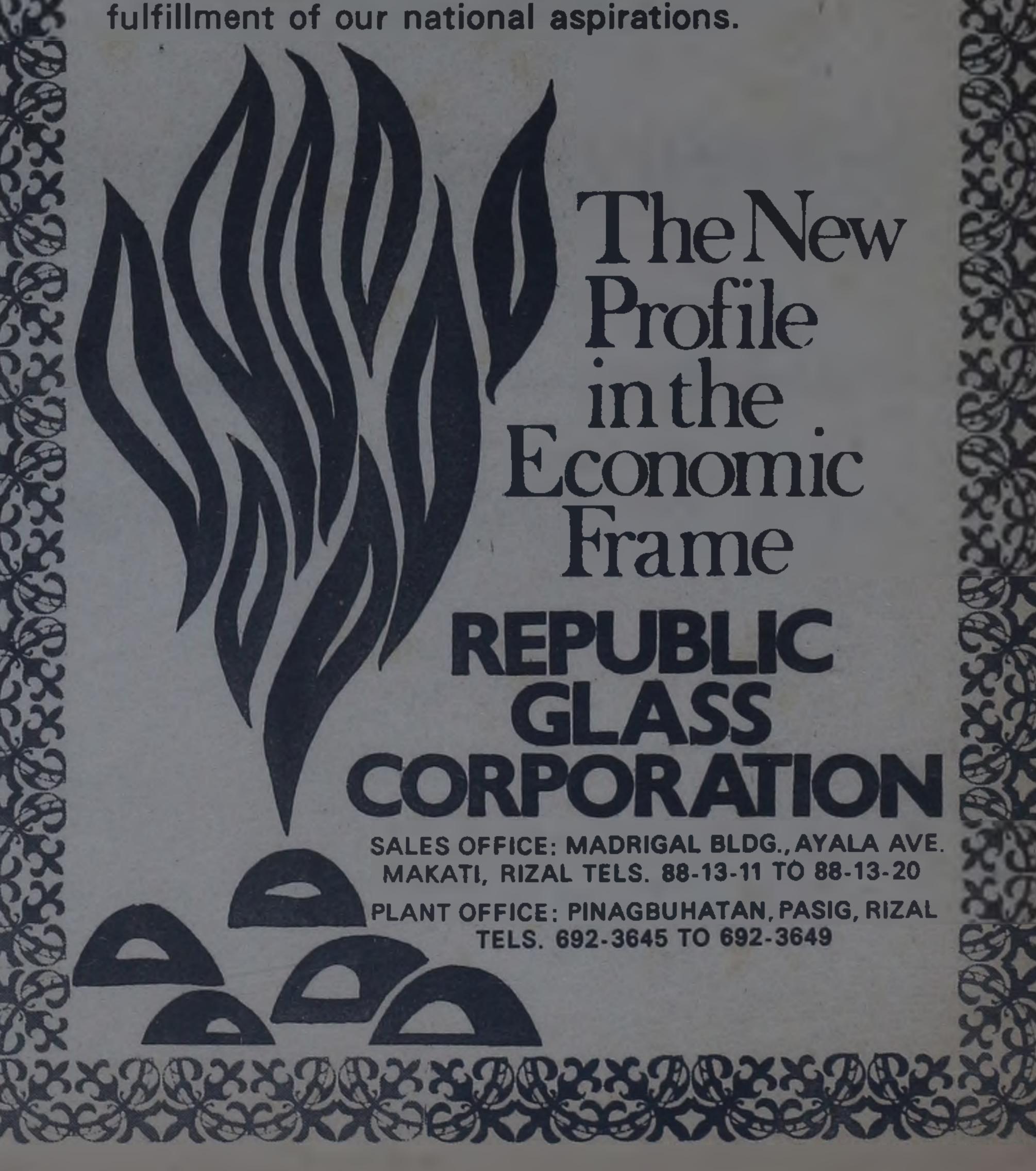
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A sculptured relief depicting Shamash delivering the Code to Hammurabi.

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#### BREAKDOWN OF AGRICULTURAL CREDIT GRANTED BY DBP AND PRIVATE DEVELOPMENT BANK (thousand pesos)

		Palay or		Livestock		
Period	TOTAL	Rice	Coconut	& Poultry	Sugar	Others
1974						
January	9,827	2,341	911	3,910	1,563	1,102
February	ā,007	1,363	952	3,593	372	1,727
March	6,615	1,405	959	2,783	675	793
April	12,140	2,303	1,507	5,310	1,157	1,863
May	19,498	8,130	1,569	6,455	1,297	2,047
June	20,726	7,239	4,226	4,461	1,331	3,469
July	11,238	3,430	1,171	3,583	1,305	1,749
August	22,019	B,232	2,879	5,368	2,297	3,243
September	14,096	4,181	2,580	3,638	1,052	2,645
October	21,505	10,204	2,117	5,521	1,134	2,529
November	46,014	8,602	2,031	8,498	1,741	25,142
Decamber	19,837	3,982	1,933	4,501	2,312	7,109
1975						
January	79,124	60,865	3,271	9,387	1,746	3,864
February	26,375 <b>50,3</b> 90	7,392 21,835	4,645 5,567	6,805 13,965	2,386 2,904	5,144 6,119
March April	130,933	8,305	6,243	110,224	1,683	4,478
May	47,205	28,235	4,232	8,377	1,583	4,781
* June	79,128	26,338	5,123	38,600	2,238	6,829
* July	<b>4,605</b>	28,047	5,368	41,920	2,302	6,968
* August	90,082	29,756	5,613	45,240	2,366	7,107
* September	95,559	31,465	5,858	48,560	2,430	7,246
October	101,036 106,513	33,174 34,883	6,103 6,348	51,880 55,200	2,494 2,558	7,385 7,524
* November * December	111,990	_	6,593	58,520	2,622	7,663

\* PROJECTIONS

## Government's stress on food production efforts has hiked agriculture's share in the net national product

To combat inflation, monetary and fiscal measures were centered on agricultural development, especially rice production. Hence, July and August, which are traditionally lean months (September included), have passed without any major food crisis this year. It is unlikely that the country will experience during September and remaining months of 1975. This was also true for 1974.

The main reason for such an optimistic outlook springs from the many forms of assistance the agricultural secavailability of funds for agricultural projects supported by the necessary inputs, cre-

dits and technical supervision have greatly improved the output of the agricultural sector.

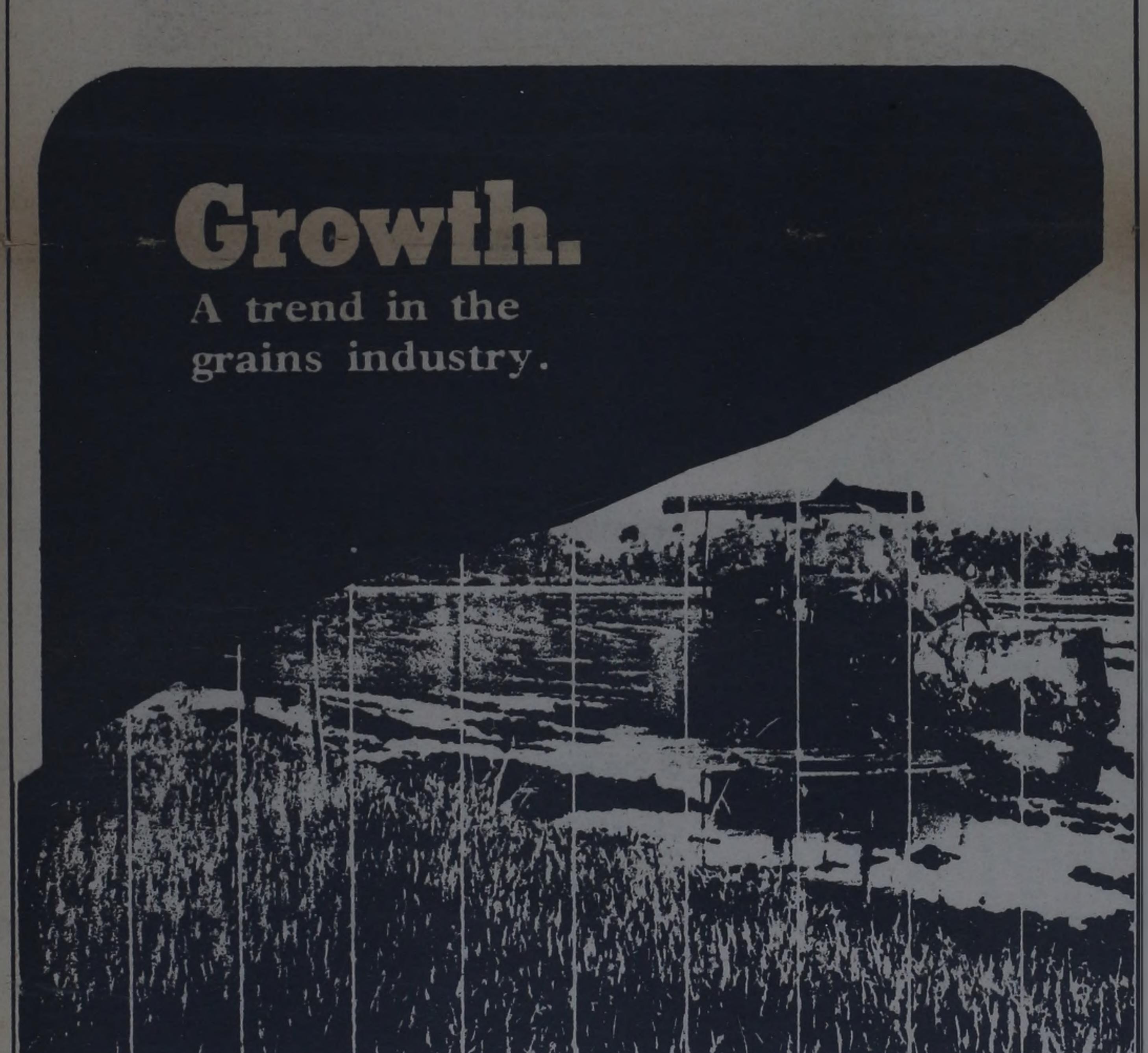
Figures from the Central Bank show that total loans granted to the agricultural sector by the banking system from 1970-1974 amounted to P18,458.3 million. On the other hand, total loans granted by the non-bank financial institutions for the same period amounted to P375.8 million. Of the total loans granted, commercial banks contributed the largest amounting to P13,348.3 million or 72 per cent with the tor has received from the rural banks contributing and corn production. For government. The greater P4,461 or 24 per cent; dev- 1974 alone, PNB had a total elopment banks P641.9 or 3 lending outlay of P6.27 bilper cent and savings banks lion for agri-business. It has P7.1 or .03 per cent.

hectares target for the same phase.

A sister project of the Masagana 99 rice production program is the "Masaganang Maisan" of which Phase II was started in January and ended in March this year. This program is said to have surpassed the 95,640 hectare target by 37 per cent or 35,640 hectares in the corn and feedgrain planting.

Total credit assistance for the Masaganang Maisan amounted to P37.14 million.

The PNB's tasks have been enlarged to include the massive financing for rice extended P500 million to



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NATIONAL GRAINS AUTHORITY The growth-oriented agency

## Loans Granted to the Agriculture Sector by the Banking System TOTAL COMMERCIAL OTHERS (Rural, Development & Savings Banks) 1975\* 1972 \* PROJECTION

1974. This is an increase of 285,117 hectares. P226.1 million.

Philippine National Bank loans alone amounted to P1,951.4 million in 1974, reflecting an increase of P1,050.2 or 115 per cent over 1973's figure of P901.2 million.

#### Masagana 99

In rice production, Masagana 99, Phase V, projects a total harvest of 88 million cavans, assuming a conservative yield of 80 cavans per hectare. This program involves more than P1 billion worth of production loans under the supervised credit scheme. Masagana 99, Phase V also aims to plant rice in 56 provinces with a total area of 1.1 million hectares. Under this program, about 700 thousand small farmers are expected to be the beneficiaries.

A review of Phase IV (Nov. 1974-Apr. 1975) of the Masagana 99 program reveals a total area of increase over the 580,000 major employers whose act-

As projected by Business 382,849 rice farmers under Day, total loans to be grant- the Masagana 99 program. ed by the banking system For white corn and feedfor 1975 will amount to grain, PNB extended P137.3 P5,415.4 million as com- million in production loans pared to P5,189.3 million in to finance crops planted to

#### G.O. 47

Varied measures have been undertaken by the government in its concern for food preduction. One is General Order No. 47 which requires all corporations, whether foreign or domestic, with more than 500 employees to either preduce or import rice for their employees at low prices set by the government.

As of July 23, there were 117 firms in actual rice production in compliance with the presidential order.

Another 132 firms as of July 2 had taken concrete steps towards compliance.

The 117 firms in actual rice production are expected to produce an approximate 3,228,160 bags of palay (one bag equals 50 kilos).

Studies are being conducted as to the possibility of broadening the coverage of the G.O. 47 to cover firms with at least 100 employees.

620,000 hectares utilized. San Miguel Corpor-This represents a 10 per cent ation, one of the country's

ivities range from mining, manufacturing, and the services, intends to go into agricultural preduction itself. It plans to open up agricultural areas for corn and rice cultivation which would produce enough supply for the 30,000 people it now employs.

Planters Products, Inc., on the other hand, Asia's biggest fertilizer firm, has joined hands with the government to increase food preduction. Planters will train special distributors for its fertilizers and agricultural chemicals. Letter of Instructions No. 178, eventually makes the end users of the fertilizers part owners of Planters.

#### Boosts

A great boost to food production was the reduction of fertilizer prices by 25 per cent. Before this subsidy, which amounts to P350 million, there was a 29 per cent decrease in the use of fertilizer due to high prices.

Another boost was P29 million which was released to the Department of Agriculture. Part of this amount will be used in the purchase of early-maturing seed varieties. Some will be spent for the department's rat extermination program, while the rest will be used to hire additional farm production technicians to augment the department's field force.

The Central Bank, on the other hand, in June released guidelines on how farmers can become part owners of rural banks they are borrowing from. These guidelines implement PD No. 584. This adds to the various incentives offered by government to hike production. In

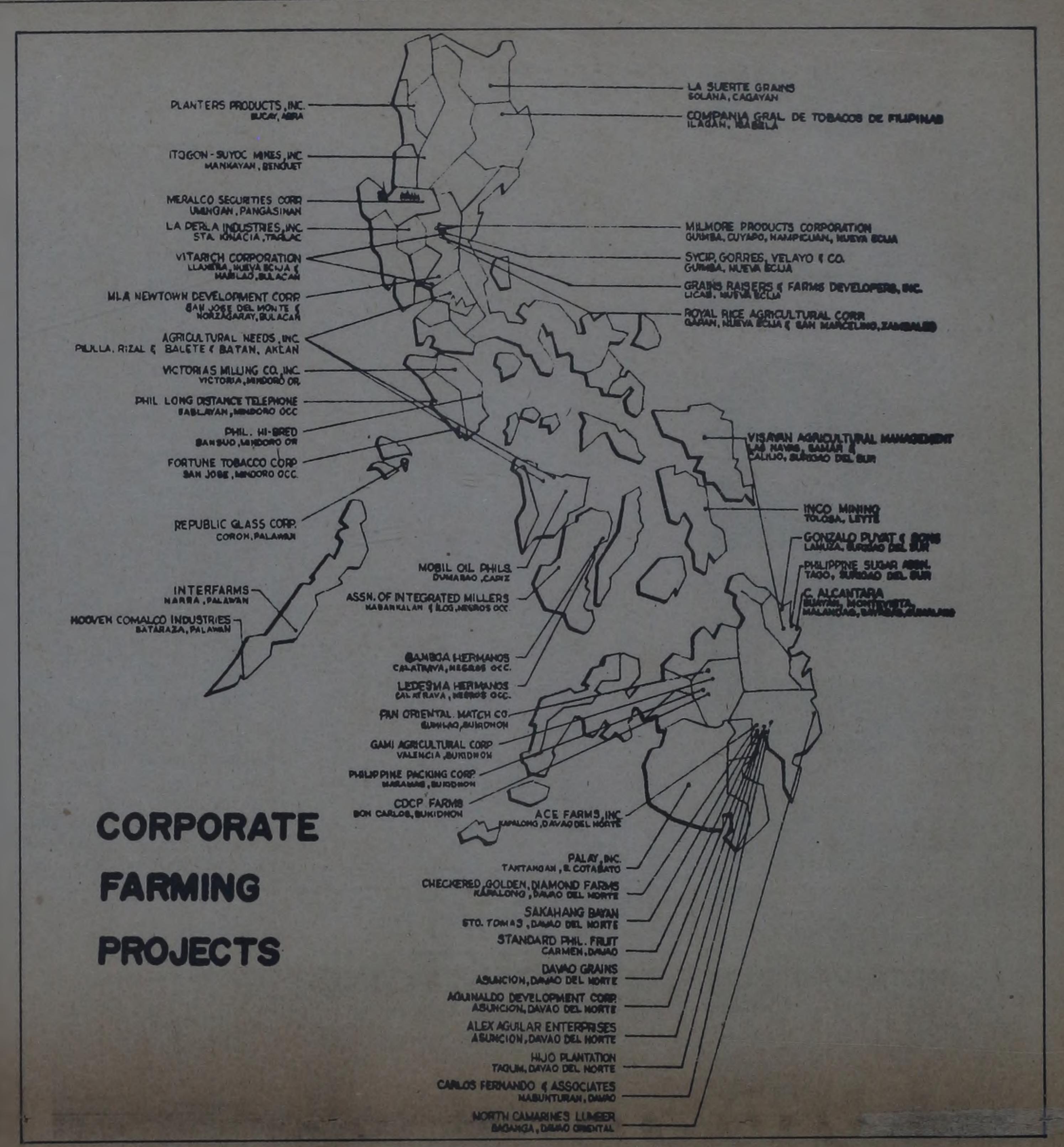
July, the DBP approved an emergency financing program of P50 million for the acquisition of tractors and farm machinery. The Land Bank also set aside P24 million for the same purpose, the LOI No. 298 provided for the allocation of P18.2 million from the calamity fund for the purchase of vaccines. To further help farmers meet obligations, the Land Bank has completed the implementing guidelines for LOI No. 273 which concerns liberalized payments for small landowners of tenanted rice and corn lands transferred to tenant-farmers.

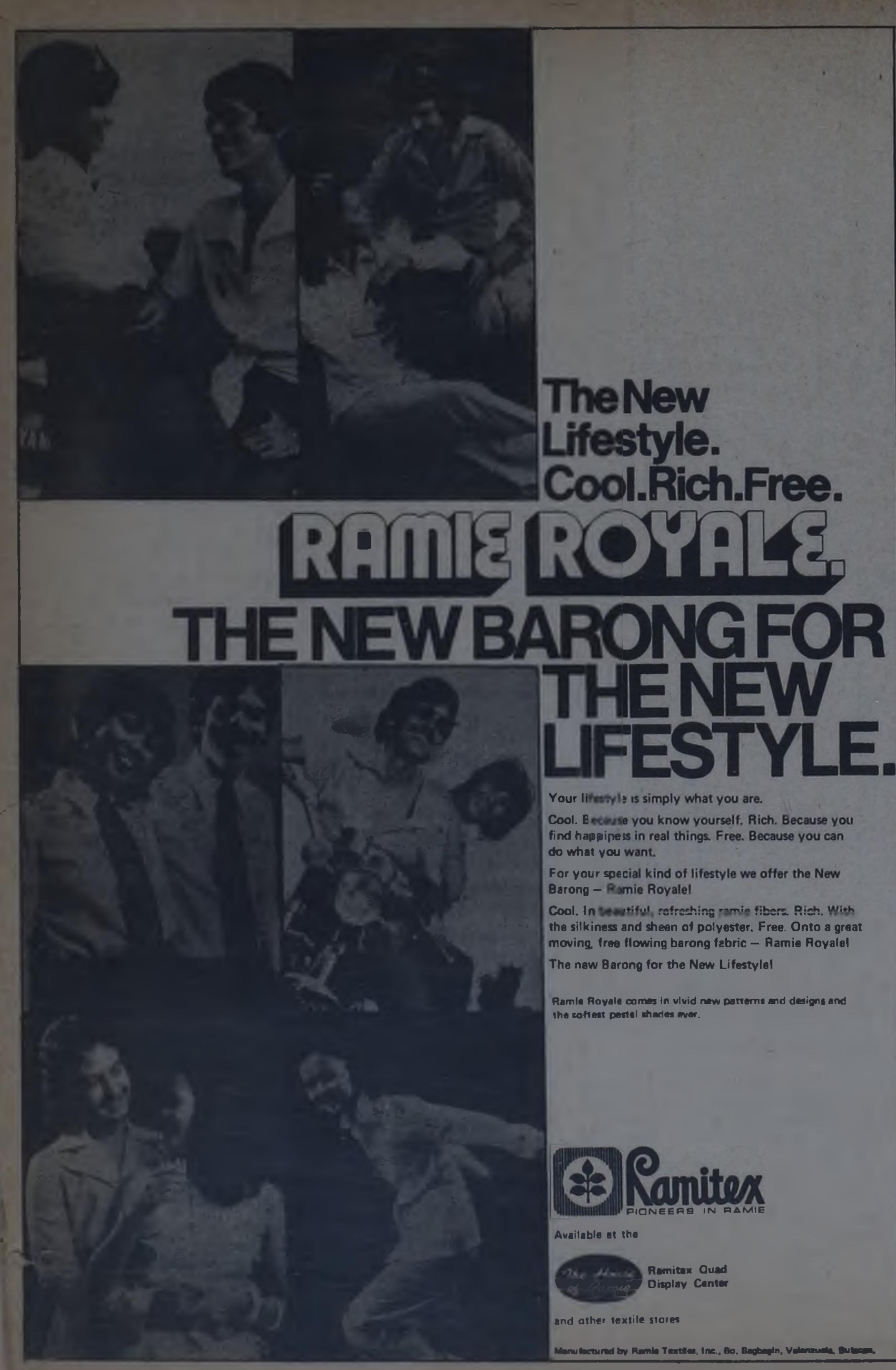
Masaganang Samahan, a Land Bank subsidiary, will assist farmer-beneficiaries to greatly increase their production capacity and thereby improve their incomes by making available to them vital agri-business services like the leasing of tractors, rice thresher and other agricultural machineries; provision of farm inputs; warehousing; rice milling; certified seed preducts and management and consultancy services.

Also, the abaca production in the country was given a boost such that the Fertilizer Industry Authority had been asked to include abaca as one of the priority commodities in allocating subsidized fertilizer. Furthermore, the Department of Agriculture is procuring new additional stripping machines for distribution to selected abaca farm associations.

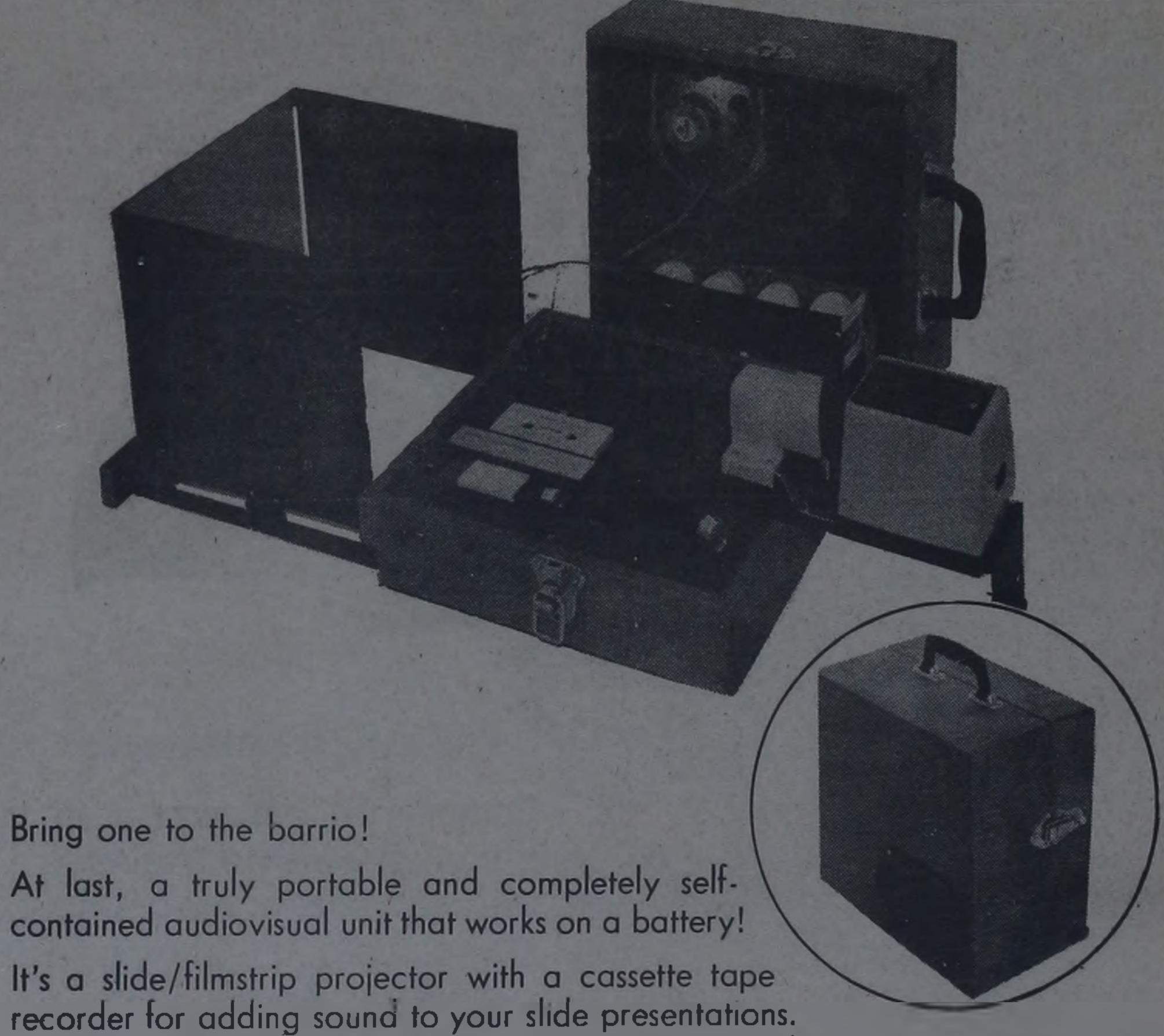
The Royal Savings and Loan Association also has initally set aside P3 million for backyard livestock fattening projects in three

(Continued on page 26)





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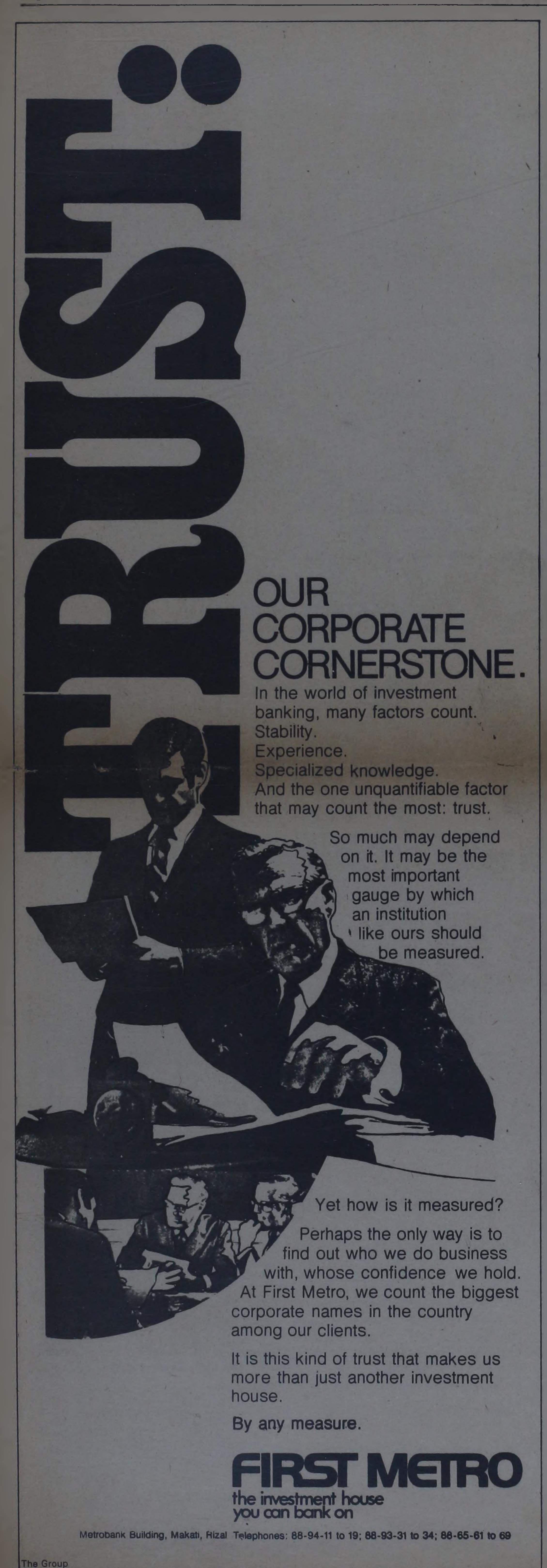
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(Continued from page 25) Southern Luzon provinces. Under this program, a borrower is entitled to a maximum of P3,000 loan payable from a year to three years.

#### Other sectors

Likewise, the agriculture secretary has been instructed by the President to create an inter-agency committee to look into the sugar industry and increase its productivity. The government has also launched a trade offensive to complement the effort.

Presidential Decree 791, issued last September 4, grants tax exemptions for five years on importations of machinery and spare parts used in sugar production.

Presidential Decree No. 788, which increased by P0.10 to P1.10 the "stabilization" fee collected for every picul of sugar produced in the country, reflects increasing government attention to the welfare of sugar farm workers. The collection will be used to see to it that labor laws relating to sugar workers are strictly enforced.

THOUSAND

The President likewise authorized the Philippine Virginia Tobacco Administration to undertake a joint project with the University of the Philippines (Los Banos) for the training of manpower and cooperative research.

The President has similarly directed the Central Bank, through the rural banks, to make available to ginia tobacco growers an initial amount of P20 million to help them increase their production.

Likewise, PD 389 or the Forestry Reform Cade of the Philippines, has been revised by PD 705. This gives ations and farms.

The Fisheries Decree of 1975, likewise, gives the ations point to more action Bureau of Fisheries and on the food production front Aquatic Resources complete for 1976.

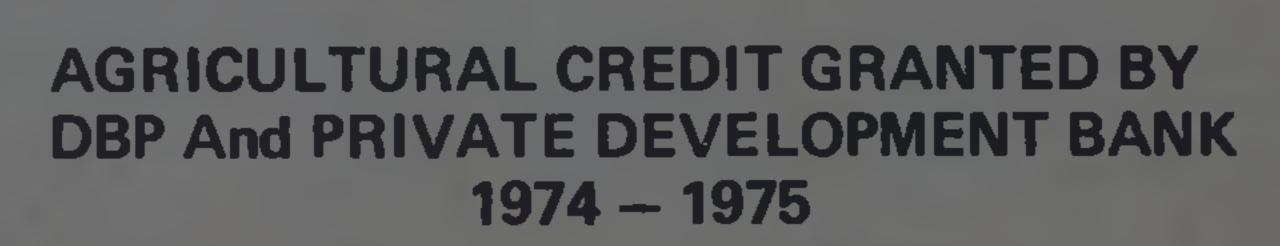
jurisdiction and sole responsibility in the management of all fisheries and aquatic resources throughout the country except in municipal waters.

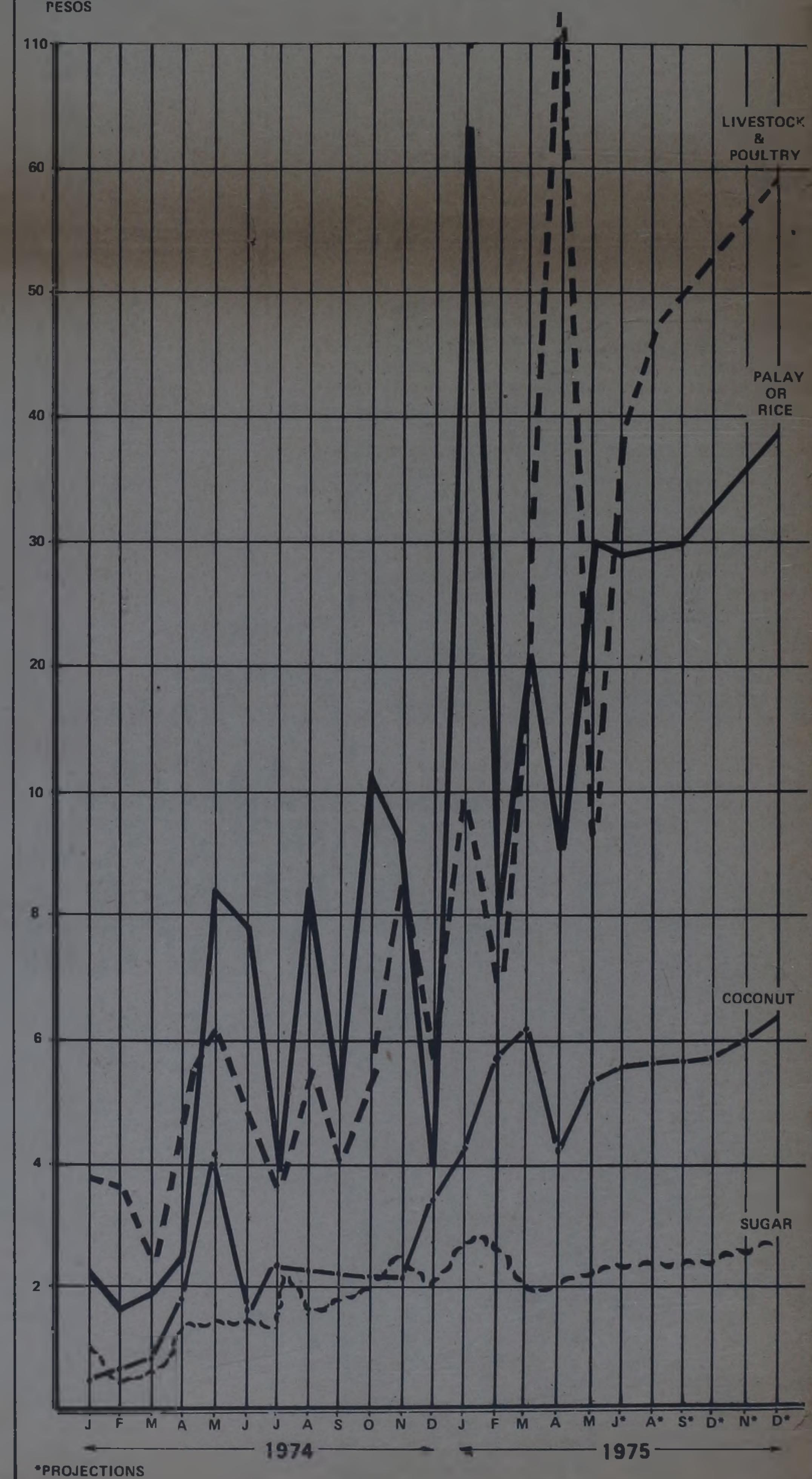
The President also appropriated P21 million to the Bureau, P1 million of which shall be operational expenses of the council for the current fiscal year and the balance to constitute a Fishery Loan and Guarantee Fund.

The government's intensified action regarding food production is clearly shown in the national budget for FY 1976.

A breakdown of the budcertain incentives to quali- get shows the Department of fied persons who will engage Agriculture getting an allotin industrial tree planting ment of P212.5 million for and farming. The Bureau of its various programs. Similar-Forest Development, as an ly, the Bureau of Animal Inadded incentive, will give dustry gets P63.5 million, free technical advice and as- the Bureau of Fisheries and sistance to persons who will Aquatic Resources P77.2 develop their private lands million, and the Bureau of into industrial free plant- Forestry total of P142.3 million.

Summing up, all indic-





The manufacturing sector will turn out a checkered performance: profit declines for majority of the firms will however be offset by gains in other areas to push growth rate up 5.7% over 1974 levels

The manufacturing sector in 1975 is projected to contribute a share of 21 per cent to the total Net Domestic Product at factor cost.

Although worldwide inflation and recession affecting most of the trading partners of the Philippines are expected to affect the performance of some subsectors of manufacturing, gains in other subsectors will however push the growth rate to 5.7 per cent over the 1974 level of P6,755 million.

#### PDCP survey

A recent survey conducted by the Private Development Corporation of the Philippines (PDCP) indicates positive growth in sales value for the manufacturing sector in 1975.

This, the survey notes, despite the accelerating prices of imported goods and raw materials, tightness in credit, fluctuations in exchange rates, the socialized pricing program of the government, decline in demand for Philippine products both on the domestic and international markets, and tax burdens.

Notwithstanding foreseen economic difficulties encountered by the manufacturing sector in the first half of 1975, 95 leading manufacturing firms in 20 different industries ended the semester creditably and even projects more positive sales figures in the remaining months of 1975. Growth in sales value over 1974 is projected to be 35 per cent higher on the average for 81 per cent of the reporting cent. firms, or 77 out of the 95.

Top gainer in terms of 1975 sales value so far is the sugar manufacturing sector with an impressive growth of 55 per cent, and of basic chemicals with a 52 per cent increment in sales over 1974 figures.

However, eighteen companies, or 19 per cent of the reporting firms, expect a decline in the value of sales

by an average of 12 per cent from 1974 values.

Projected to suffer major setbacks this year is the container sector which estimates drop in sales by about eight per cent.

#### Plans

To boost sales in 1975, 60 out of the 93 respondents have plans to launch a more intensified sales campaign this year.

With the expected growth in sales, 57 companies, or 61 per cent of total respondents, disclose possibilities of increased production by an average of 30 per cent. Of the manufacturing firms, the cement and basic chemicals industries are very optimistic

On the other hand, 33 companies,, or 35 per cent, expect a slump in production volume by about 18 per cent.

About 54 per cent of the responding firms project an improvement in capacity utilization by an average 20 per cent; about 36 per cent expect an 18 per cent decline; and seven per cent foresee no change from their present capacities.

Increase in earnings is seen at an average of 77 per cent by 50 firms. Those in the sugar milling industry particularly, project a possible profit hike of as high as 760 per cent. Half of the sugar group sees the increment in profits at a minimum rate of 400 per cent; the other half settle for an average of about 50 per cent.

#### Automotive sector

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Growth in the volume of sales has been projected for 1975 at an average 40 per cent with increase in profits ranging from six per cent to 700 per cent over 1974 levels.

Production volume is estimated to grow at an ave-

(Continued on page 28)



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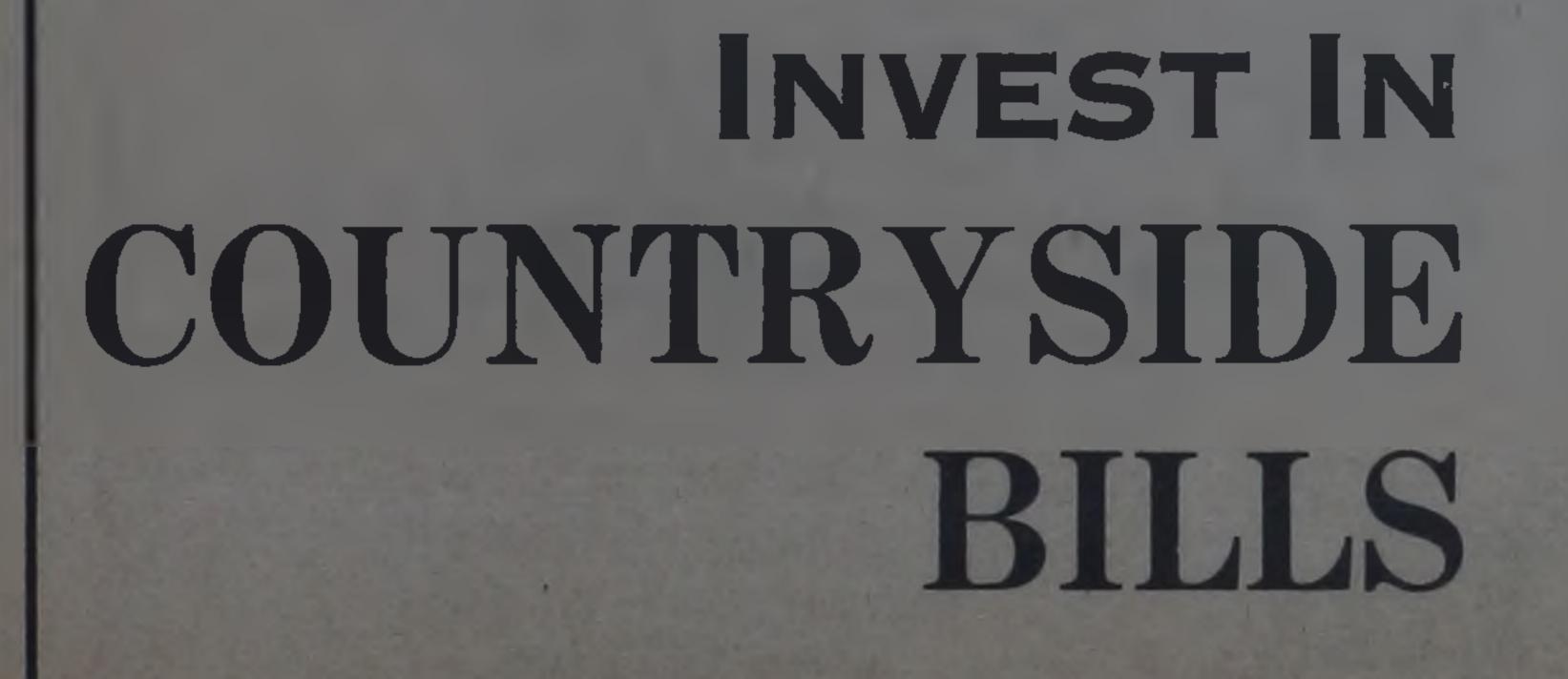
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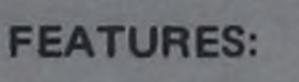


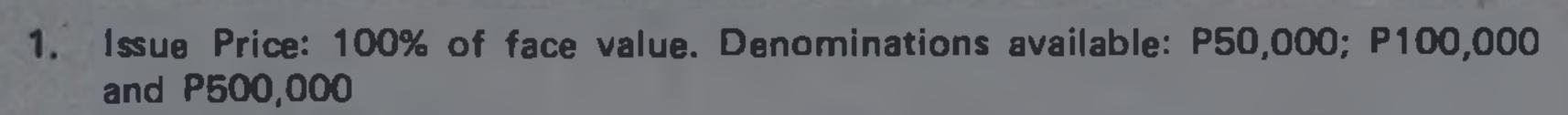
Optimism runs high in the sugar sector which has this early already posted an impressive growth of 55 per cent in sales value over the 1974 figures.

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rage of 50 per cent, and capacity utilization by 20 per cent. Inventory level increments will average at 65 per cent.

Half of the responding firms in the automotive industry reveal an increment of about five per cent in employment while the other half is estimated to register an average decline of ten per cent from last year's level.

A total amount of P21 million was allocated by half of the responding firms for new projects and modernization of facilities in 1975. This amount would be obtained from issuance of new equity, returns on operations, and borrowings. On the other hand, the remaining half has no plans for investment in 1975 either because of sharp rises in productions costs or because those whose mother firms are US-based are still awaiting receovery of the economy "back home." Profits expectations are high from firms in the beverage industry, with three-fifths anticipating an average increment of a modest ten per cent, and the rest, no less than 60 per cent.

On the other hand, about 36 per cent of the reporting firms anticipate a decline in profits by an average of 45 per cent. Adversely affected by the impact of recession are the petroleum and paper products sectors which project declines in earnings this year.

#### Inventories

On the inventory side, 51 per cent of the 85 respondents estimate a 36 per cent average hike in inventory volume this year. About 14 per cent expect inventory volume to remain at 1974 levels while the remaining 35 per cent project a decline of about 26 per cent.

About 62 per cent of 79 respondents plan to increase their work force by 1n average of 15 per cent. On the other hand 15 per cent project possible cutbacks in work force by an average of 15 per cent. The remaining 23 per cent opt for a status quo.

#### Investment

Additional inestments will continue to strengthen the manufacturing sector in 1975. Of total expected investments of over \$964 million and P604 million in the manufacturing sector, 40 per cent will come from operations, 31 per cent from long-term borrowings, 21 per cent from short-term for rowings, and eight per cent from additional equity.

Distribution of investment is scheduled as follows: first quarter, with 20 per cent; second quarter, 29 per cent; third quarter, 30 per cent; and fourth quarter, 21 per cent.

On the other hand, 43 companies will be unable to pour in additional investment for 1975. Reasons cited are lags in sales volume; uncertainty of future husiness performance; rising cost of production; decreasing competitiveness of the product; and inadequacy of present facilites.

market setbacks measures have been initiated, such as: cultivation of new markets; development of new preducts; slowdown in preduction activity; postponement of expansion plans; and decrease in work force.

#### Food Processing

In general 1975 could be a relatively good year for the food processing industry. An over-all increment in sales value by 16 per cent, and in volume by as much as 36 per cent, is projected by the industry.

However, like other branches of the manufacturing sector, the earning potential of the industry is expected to lose muscle slightly in the profit picture.

Investment-wise, majority of the food manufacturing firms believe that it would be impractical to invest at present in view of the rather steep rise in production costs and the current uncertainty in business conditions.

Problems that have been bugging the industry like price upswings of imported commodities and raw materials and the tightness of credit remain the principal

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Firms engaged in beverage manufacture predict that 1975 profits will exceed the year-before performance.

sources of concern — which is true for the other industries as well.

#### Textiles

In terms of total sales revenues, the 1975 business year in the textile industry is expected to register a five per cent downtrend based. There is general complaint about a significant increase in prices of raw materials, credit tightness, and rise in operating costs which can be passed on to the enduser only on a limited scale.

Despite a projected increase in production, the industry believes that profits would be depressed four-fold

Employment on the other hand will increase by an average of seven per cent for the year 1975.

#### Wood

For the wood industry, 1975 will not be recorded as a particularly successful year. Worldwide competition which started to bug the industry as early as 1970, the current global economic recession, price hikes and credit tightness, and the impending exports phase-out by January 1976 all point to a distressing year for this sector.

Inventory levels are still uncomfortably high according to one industry official. Other problems include too great dependence on a very few foreign markets for exports, a cramped domestic market, exorbitant freight rates, and the Muslim conflict in the South.

According to Benjamin
Sanvictores, vice-president
for plywood and veneer of
the Philippine Lumber and
Plywood Manufacturer's
Association, the industry
today is more distressed than
at yearend 1974. He adds
that many wood processing
plants have stopped operations since 1974, among
them six PLPMA members.

His short range view of the industry is that its situation is not too promising. However, long term prospects "are rather bright."

#### Household appliances

The situation in the household appliance industry (Continued on page 30)

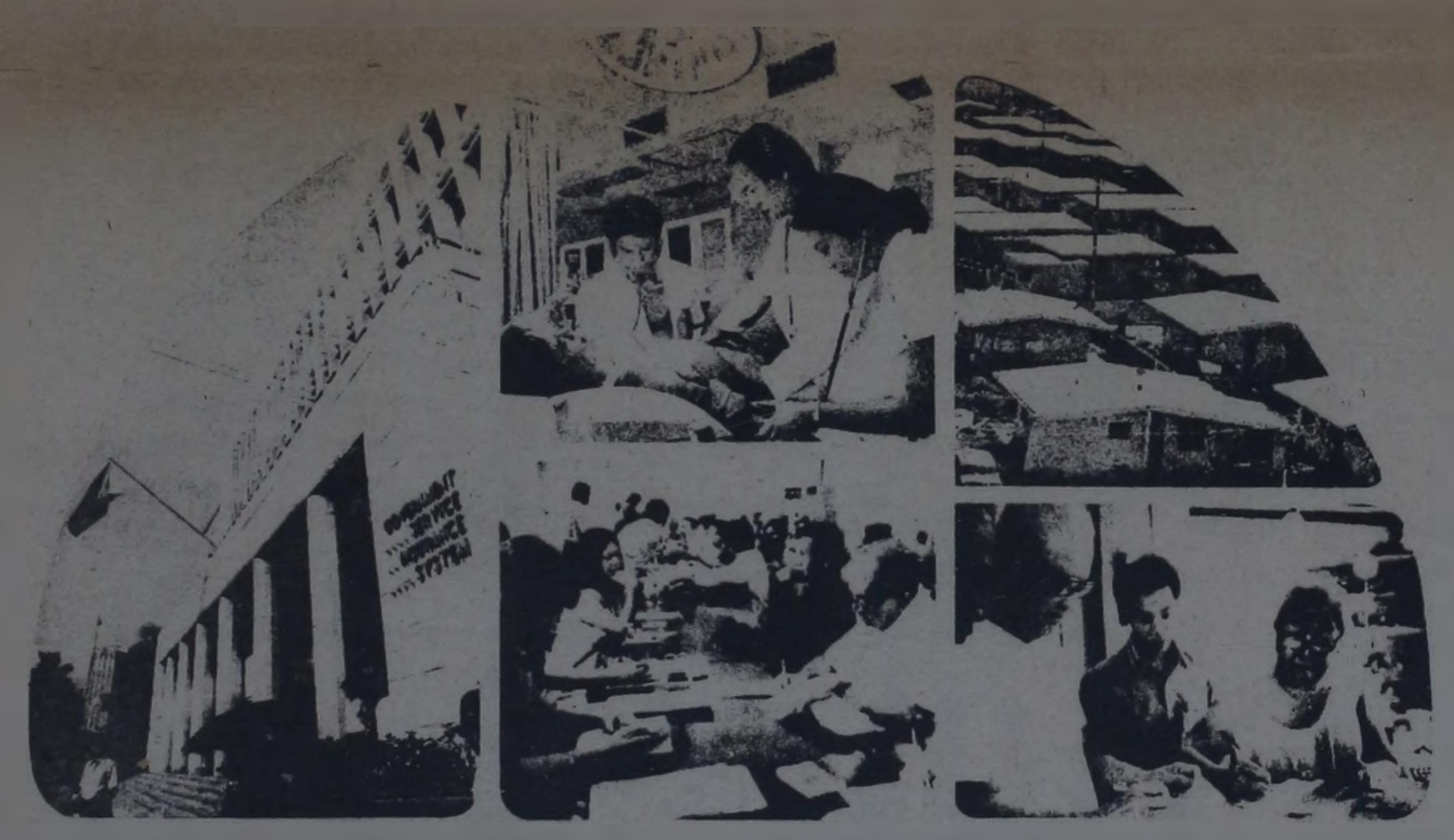






Countrywide electrification projects and redistribution of credit to the rural areas have boosted sales of household appliances and the trend is expected to continue accelerating until the Christmas season when it peaks.

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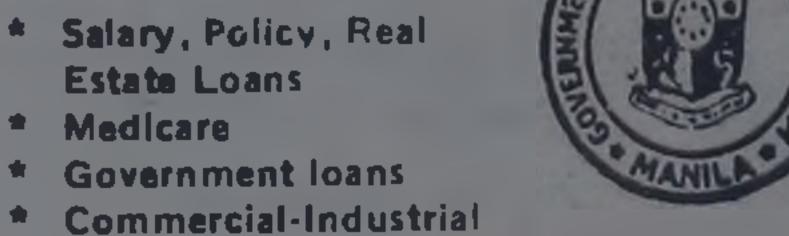
Responding with equal fervor, the GSIS has assisted more than 100,000 homebuilders all over the country since it embarked in providing homes for state workers. Medicare benefits have been extended not only to members and their beneficiaries but to all government retirees. Aside from insuring thousands of valuable government properties, the GSIS has established an important position in the international insurance community through its international non-life insurance and reinsurance operations. Workmen's compensation for the government sector is now administered by the GSIS. The monthly pensions of government retirees were recently increased, and are now subject to periodic adjustment to the over-all cost of living. And the GSIS has been faithful to its original basic goal: to pay life and retirement insurance and disability benefits to members when they fall due.

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comparatively better than firms. that of last year. There seems to be a steady increase in demand for both electrical and gas-operated appliances pand by an average of nine because of the rural electrification program of the government and the rechannelling of credit to the rural areas.

The industry looks forward to an increase in sales value by a minimum of ten per cent and a maximum of 131per cent. This range in sales value is backed up by sales volume increases ranging from a low of eight per cent to a maximum of 89 per cent.

At the same time, profits is expected to go up by a minimum of ten per cent.

#### Flour milling

The flour milling industry forecasts a decline in production volume by an average of 11 per cent accompanied by an average reduction in capacity utilization by eight per cent. Because of the slashdown in production volume, it is also projected that sales volumes would consequently go down.

Also, profits are expected to dwindle down to low levels. The high costs of preduction and the recession in most of the developed countries supplying the Philippines with wheat and other raw materials are cited as the causes of the possible slowdown in profit margins.

industry is nevertheless optimistic on the whole and even foresees economic recovery by the end of 1975.

#### Beverages

An average growth of 20 per cent in sales value over 1974 is forecast by all the respondent firms in the beverage industry. Similarly, all companies predict that profits for 1975 will exceed last year's figures. Three-fifths of the firms estimate profits to rise by ten per cent. Doubled profits are expected by

for 1975 is anticipated to be two-fifths of the responding

Volume of sales, prod uction, and capacity utilization are estimated to exper cent, 14 per cent, and 11 per cent respectively.

An expected increase in production volumes in 1975 will be accompanied by an average expansion of six per cent in the sector's work force over 1974 levels.

#### Cement

The cement industry sees 1975 as a favorable year with sales volume and value expanding by 35 per cent over last year's figures.

Profit expectations of the responding firms in the cement industry vary. Three-sevenths of the responding firms project 1975 profits to be as much as that recorded in 1974. Two-sevenths see a possible profit decline by an average 22 per cent, while one-seventh estimate profits to increase by 10 per cent. Other firms believe that 1975 operations will just break even.

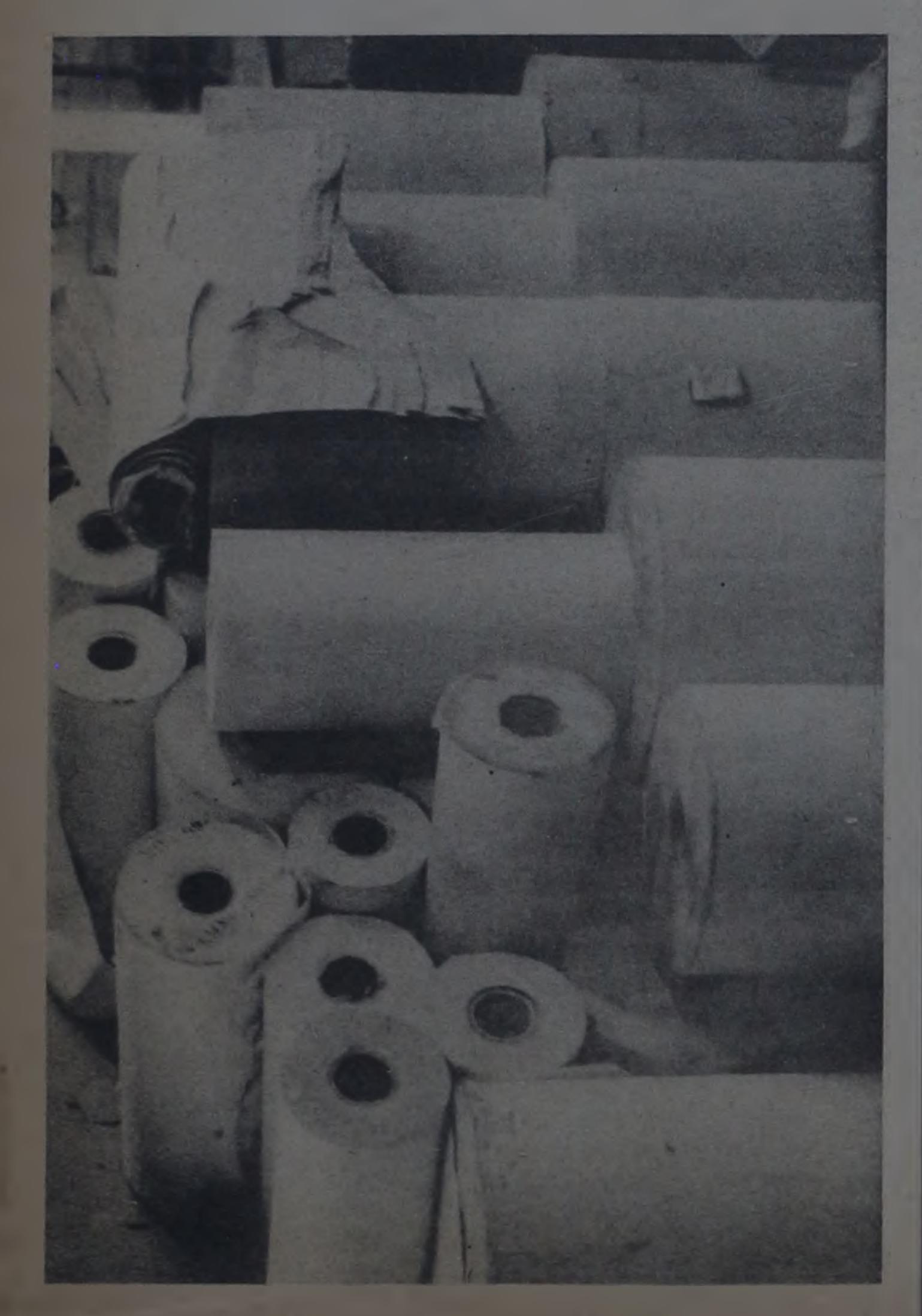
No change in inventory levels is seen by threesevenths of the surveyed firms. On the other hand, two-sevenths project bigger inventory levels ranging from two per cent to 61 per cent. The rest of the companies reveal a projected average decline of 26 per cent.

Further investments this year will be discouraged by lags in sales, high production costs and current excess capacities. However, one firm has programmed additional investments of around \$431 thousand and about P3.1 million to finance its P3.1 million to finance its blueprinted projects.

#### Construction materials

An average rise of about 55 per cent in peso sales for 1975 is projected by fourfifths of responding firms while the rest expect a drop

In contrast,
the petroleum
and paper sectors
will continue
experiencing
depressed conditions.



of about 25 per cent.

Three-fifths, of the firms predict an average expansion in sales volume of 58 per cent over last year's levels with the remaining firms projecting a possible decline ranging eight per cent and 80 per cent.

About four-fifths expect an average rise of 57 per cent while the rest anticipate a slump of 50 per cent from the 1974 production levels.

Capacity utilization of three-fifths of the firms will average at an increment of 88 per cent. However, cuts ranging from two per cent and 60 per cent in capacity utilization are predicted by two-fifths of the respondents.

The profit picture for this sector will not be bad at all. Three-fifths of the responding firms project an average improvement of 119 per cent over 1974. Other firms point to a possible drop of 40 per cent in profits.

Inventory levels of three-fourths of the responding firms are expected to increase by 39 per cent with only one-fourth of the firms projecting an inventory cutback of 60 per cent.

Employment levels of three-fouths of the surveyed firms are projected to increase by about 25 per cent. The remaining companies foresee a decline by about 50 per cent.

Investment estimates are placed at \$500 thousand and P10.3 million in 1975.

Container other than paper

Although sales volumes of the firms representing this sector are projected to drop by about 18 per cent, values will go the opposite direction, increasing by an average of eight per cent over the 1974 levels. Accumulated inventories from 1974 output will force a decline in production levels by an average of 23 per cent. Capacity utilization will likewise decline by a loss of five per cent to a high of 49 per cent.

Profits for half of the firms might be lower by 10 per cent; the other half expect to incur losses in 1975. As a result, inventory may go down by 53 per cent, and work force may similarly drop by five per cent.

Drugs and pharmaceuticals

Peso sales of drug and pharmaceutical companies are expected to rise by an average of 23 per cent and sales vvolume by an average of 13 per cent over last year. Preduction volume will likewise be up by 11 per cent.

Earnings are anticipated to rise by an average of 25 per cent; work force by seven per cent. Inventory for 1975 will be 24 per cent higher than last year. Capacity utilization of firms is anticipated to improve by about 11 per cent.

Reinvested earnings amounting to an estimated \$250,000 and P2.4 million would be utilized to finance new investment operations particularly in the field of research.

Basic industrial chemicals

Basic chemical industries see 1975 as a "much better

(Continued on page 32)



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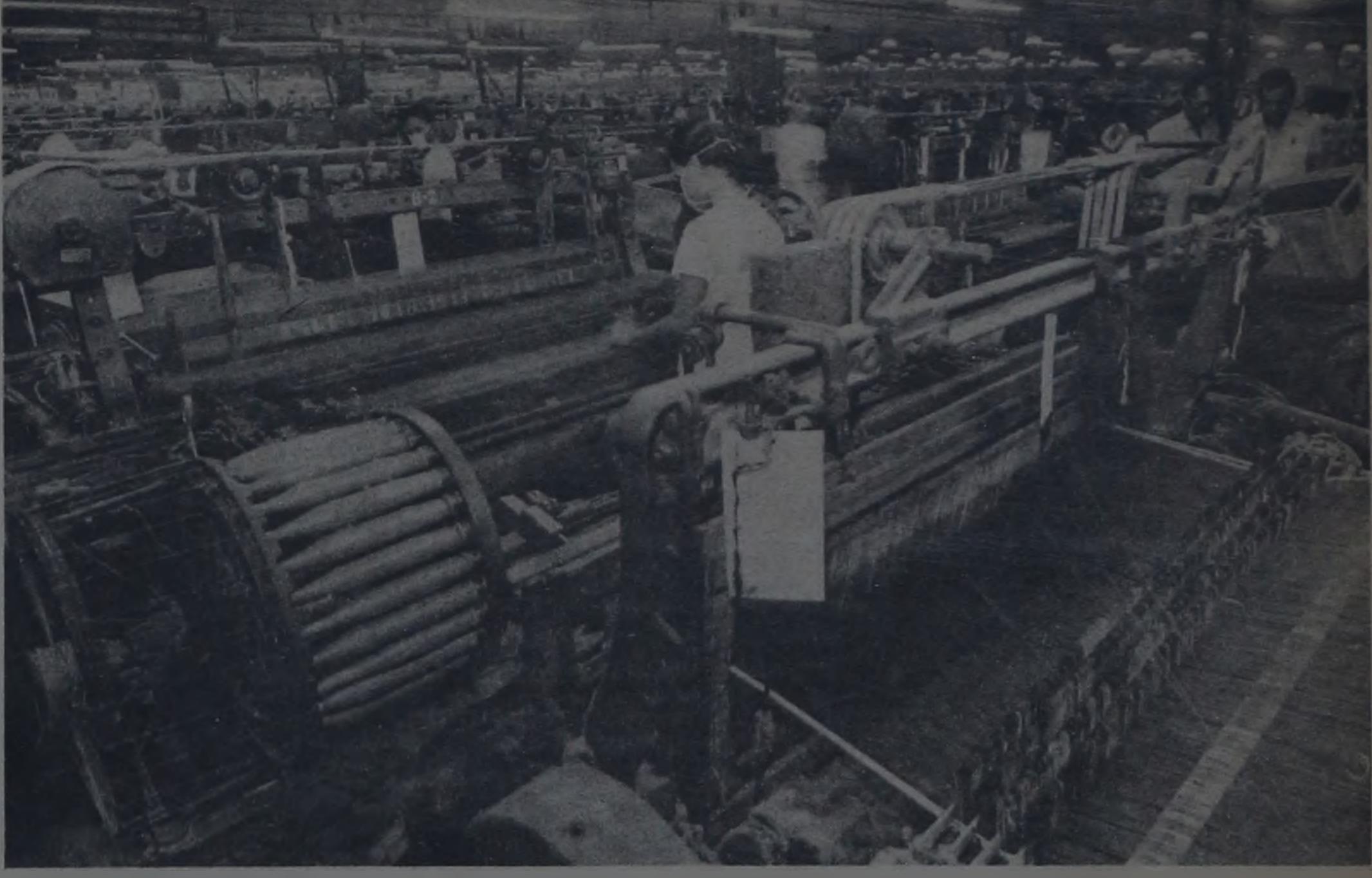
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#### GROSS SALES AND/OR RECEIPTS INDEX BY INDUSTRY DIVISION 1973 — 1975

Period	All Items	Manufacturing	Electricity Gas & H <sub>2</sub> 0	Commerce	Transport Storage & Communication	Services
1973						
January	271.5	334.7	288.8	264.5	140.7	143.0
February	296.3	374.4	289.0	265.9	171.4	150.1
March	312.5	390.0	312.4	283.1	180.1	184.9
April	283.7	356.0	300.6	259.4	151.0	171.4
May	342.0	437.4	311.2	326.7	142.5	188.1
June	341.6	454.1	335.5	294.4	142.7	199.2
July	332.2	422.0	325.3	313.5	154.6	176.9
August	368.7	486.5	320.3	337.5	146.9	175.1
September	348.6	459.7	312.5	321.1	129.4	182.8
October	372.0	493.6	319.5	323.9	154.4 160.4	220.9 194.5
November	364.5	472.9	318.5	334.2	154.8	244.4
December	371.6	462.6	319.5	366.a	19-0.12	244.4
4074						
1974						
January	433.5	580.1	419.4	385.5	168.5	197.5
February	454.3	610.1	552.1	406.7	167.=	179.0
March	500.7	635.6	587.1	489.5	193.5	274.5
April	488.9	658.1	657.0	440.3	161.6	205.4
May	568.4	734.3	838.9	561.5	182.5	245.8
June	529.5	655.2	<b>589.7</b>	567.5	171.3	281.2
July	497.7	621.6	730.8	513.0	174.8 175.6	244.1 240.2
August	458.7 455.6	555.7 536.6	791.8	<b>485</b> .6 <b>477</b> .7	241.3	235.0
September	465.6 475.2	<b>536.6 583.7</b>	629.3 657.2	<b>477.7 478.1</b>	201.2	286.8
October November	475.2 464.0	583.9	697.7	445.5	199.4	251.1
December	477.3	604.9	585.4	456.9	198.0	255.7
December	477.5	00 V.O	555.4	700.0		
1975						
January	519.1	701.7	729.3	449.1	195.4	214.3
February	512.2	684.3	781.8	450.0	198.1	215.4
March	505.5	752.2	806.8	501.8	217.9	245.5



Gloomy prospects are projected for the areas of textiles, cement and wood products.





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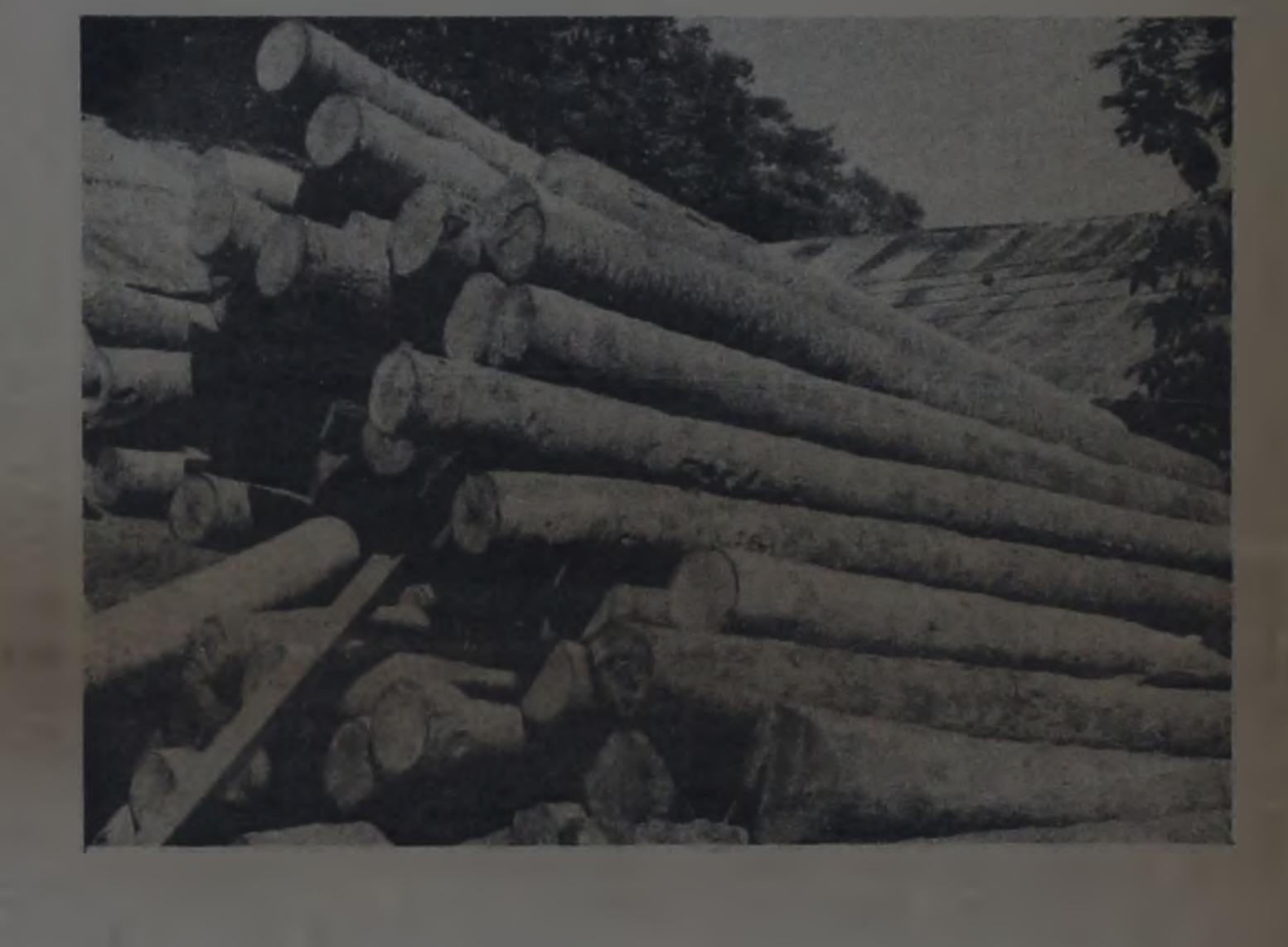
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(Continued from page 31)

year" for sales which are estimated to outgrow last year's figures by an average of 52 per cent for value and 1 13 per cent for volume.

Similarly, production for 1975 is projected to post an

fifths disclose an estimated levels. cutback in profits by an ave-

To cope with projected increases in production volumes, employment would have to be increased by an average of eight per cent from last year's employment

Following the same trend, change. inventory volumes are pre- While the majority project dicted by two-fifths of the an average growth in inventresponding firms to expand ory levels of about 17 per at an average of 46 per cent. cent, the rest predict a drop The remaining two-fifths of 10 per cent on the aveproject either no change in rage in 1975 from 1974 inventory, or a slump by 13 levels. per cent from 1974. One- With operational funds as

difficulties have discouraged for productive ventures.

half of the firms to plan additional investments, the other half project total additional capital of at least \$8 million and P53 million.

#### Batteries

An average increment of average increment of 12 per 22 per cent in sales value cent over last year. Capacity over 1974 is expected by utilization is expected to ex- two-thirds of the responding pand by an average of nine firms engaged in battery manper cent for majority of the ufacture. The other third see a decline of five per cent.

Earnings from operations Sales volume is expected of three-fifths of the resp- by two-thirds of those suronding firms in this sector veyed to rise by 12 per cent. are projected to expand by One-third anticipated a dean average of 67 per cent. cline of four percent in sales However, the remaining two-volume for 1975 from 1974

Two-thirds predict profits rage of 29 per cent. to rise at an average of 12 per cent; the remaining third fear a 20 per cent contraction.

Capacity utilization is projected by two-thirds to expand by nine per cent; the remaining third foresee no

fifth foresee an increment of the primary source of addmore than 200 per cent over itonal investments for 1975, last year's inventory volume. a total of \$8.2 million and While present economic \$58.1 million are earmarked

# VISITOR ARRIVALS 1974 - 197548 24 22 20.

\* BD projections



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## Despite disappointing tourist figures for the first six months an uptrend is projected towards the Yule season

Tourism in the immediate past two years has literally progressed by leaps and bounds — one month's recond being surpassed by the next and so on with almost monotonous regularity that it is a simple task to make projections of its future performance.

The astounding results of the Department of Tourism's Balikbayan and educational travel and tourism campaigns plus advance bookings should permit nothing else but equally favorable projections for the year.

Despite DOT statistics showing declining numbers of visitor arrivals in the first six months of the current year (with the exception of January and May), the optimism remains high.

The first semester total of tourist arrivals in 1975 compares favorably with the first semester of 1974. Also, the June total arrivals, while smallest of the first six months, was more than any monthly total achieved in the comparative 1974 period.

Christmas arrivals

More visitors are expected in the remaining half of 1975. Towards the Christmas season, BD Research projects about 282,000. In 1974, actual visitor arrivals for the same period totalled 258,755. This normally means a greater influx of tourists, particularly homecoming overseas Filipinos, or Balik bayans, starting at about October.

It was the large inflow of visitors during the last quarter of 1974 that was mainly responsible for that year's 69 per cent increase in visitor arrival over the 1973 figures. The trend in the 1974 first half almost duplicates this year's pattern. It was mostly downward also in the first semester of 1974.

#### VISITOR ARRIVALS 1973 to 1975

1973

242,811

January	12,213
February	13,179
March	14,414
	18,078
April	
May	15,843
June	18,534
July	19,031
August	19,798
September	19,708
October	24,618
November	26,436
December	40,959
1974	410,138
January	33,680
February	30,443
March	31,612
April	29,723
May	23,855
June	33,869
July	32,145
August	29,428
September	31,258
October	38,216
November	48,347
December	47,562
1975	541,161
January	47,091
February	54,516
March	44,571
April	38,021
June	35,576
July *	45,336
August *	46,028
September *	46,722
October *	47,416
November *	48,110
December *	<del>.</del>
December	48,794
Source: Dept. of	Tourism

Source: Dept. of Tourism \* projections

Barring any serious setbacks in the world's economies during the remaining months of this year, the last quarter of 1975 should therefore see a recovery similar to that staged during the same period last year.

Added to the approaching Christmas visitor rush is the expected recovery of a considerable portion of the world's economies towards the final quarter of this year. It was this predicted improvement that led Tourism Secretary Jose Aspiras to comment last July that "with the world economy expecting an upturn during the later part of this year, we can only expect a better performance till December." Note should be taken, however, of recent reports of an oil price hike that is rumored to be imposed by the oil preducing nations E: Oct-

This notwithstanding, the DOT estimated early this year that for the whole of 1975, 560,000 tourists will visit the country, 40 per cent more than the previous year's actual turnout.

#### Topnotchers

The Japanese, accoring to the DOT, will still lead the visitors list, this time contributing some 250,000 tourists. The Americans will move up from third overall in 1974 to second place this year with an estimated 85,000 visitors.

The number of Balikbayans for 1975 will be less than last year, ranging from figure is good enough for a trasts sharply with the actual total of 71,523 Balikbayans who visited the country last year when they placed second to Japanese in total arrivals.

Balikbayans also placed second behind the Japanese in this year's first half, but unlike the Japanese whose monthly trend has genrally been declining, that of the Balikbayan's was on the upswing. The actual number of returnees for this year's first six months stood at 35,431 over the 1974 total 27,345 visitors.

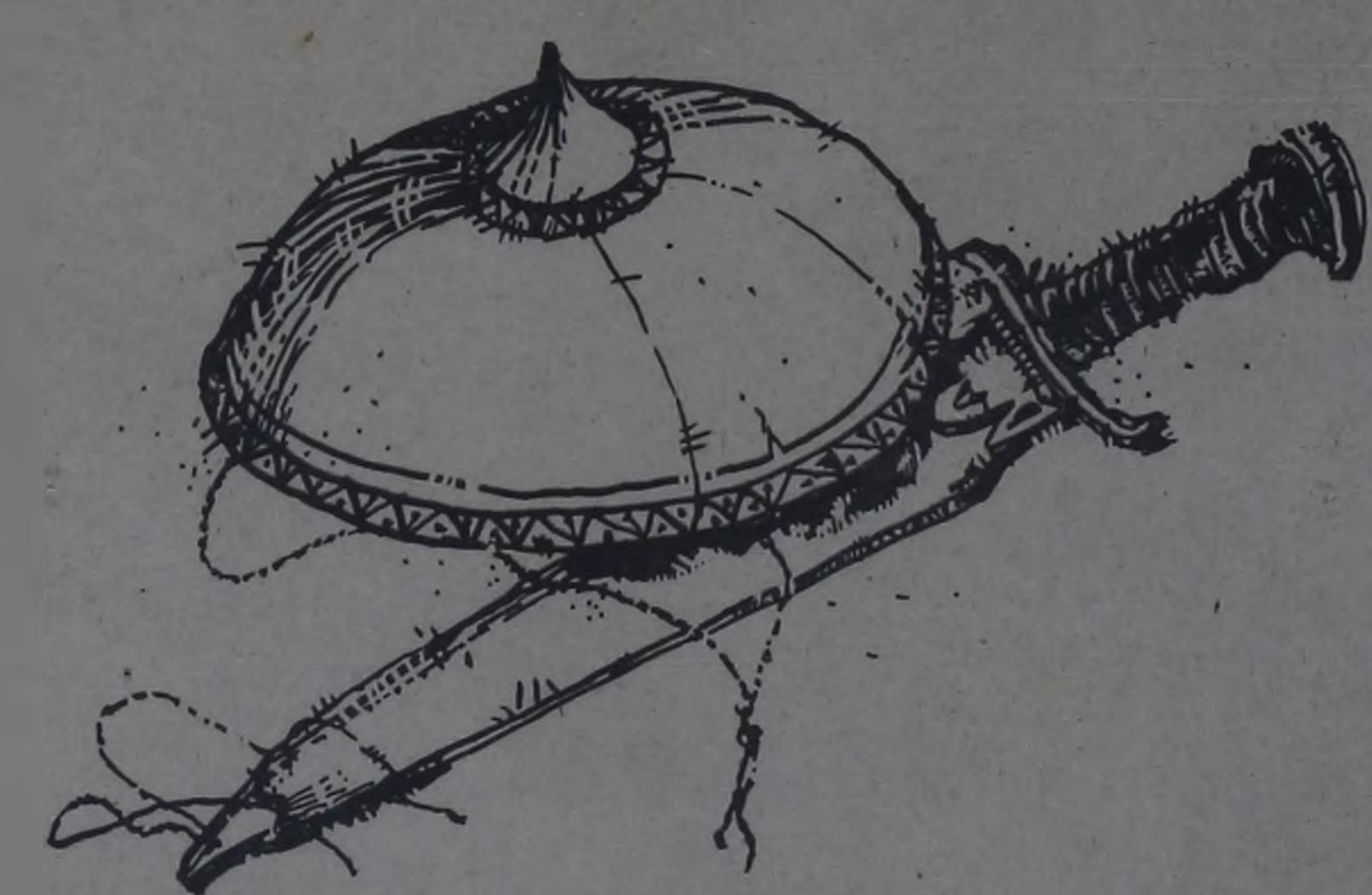
Although projections on visitor arrivals and receipts for 1975 are considerably larger than last year's, a factor that may throw these estinates out of gear are the Japanese Who visited the country during the first half of this year, have been continuously declining. In the first semester, for instance, Japanese ariv als numbered 115,353, or 45 per cent of the semester's total arrivals of 258,755. But the trend was erratic, mainly characterized by large decreases against minimal increases.

In June Japanese visitors totalled 10,985, off by 58 more Australian visitors than per cent from January's there were last year.

26,132 arrivals and down 17 per cent from the previous month's level. The June 66,000 to 70,000, but the figure, incidentally, was the lowest attained during this third place finish. This con- period. Considering its past downward course, the country may see a lesser number of visiting Japanese during the second half of this year. However, unconfirmed reports from the DOT indicate that the actual number of Japanese who visited the country in July was not much less than in June.

> Contrast In contrast to the Japanese pattern, the number of Balikbayans may increase during the second half along with the totals for the Americans and Australians who placed fourth overall during the 1975 first semester and fifth overall last

The number of Australians who visited the country so far this year is a great improvement over the equivalent period last year. For this year's first half, 18388 Australians visited the country most of them through package tours. This figure is 97 per cent more than the comparable 9,057 of last year. This first semester total is also equivalent to 91 per cent of the total number of Australians who visited during the whole of 1974. By yearend 1975, there might be three times



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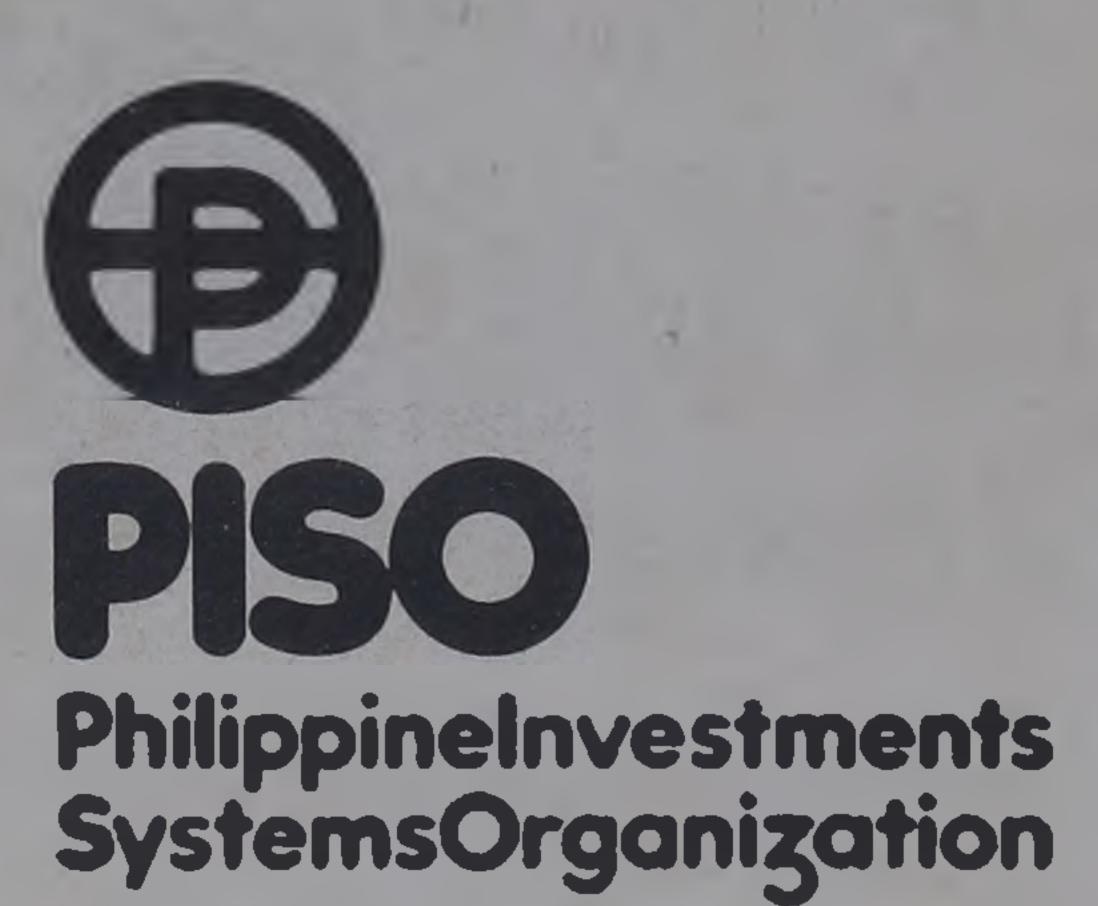
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