

alleged inequalities in the Trade Act. It appears therefore that the primary objective of the Philippine Delegation is the negotiation with the United States of a modified agreement on trade and related matters which will provide the framework for a program of industrialization of the Philippines. It is assumed that the agricultural economy which has become the most viable economy in the Far East will be maintained and that the objective is to add to this an industrial economy to alleviate unemployment and to raise the standard of living.

Each of the provisions of the Trade Agreement thought to be subject to modification has therefore been considered by the [Chamber] Board in its relation to the maintenance of the existing economic advantages of the Philippines as well as in its relation to a program of industrialization.

Finally, we believe that wherever possible the provisions of a revised Trade Act should be of a mutual and reciprocal nature, as only in this way can an enduring relationship be established.

At a meeting on October 13, 1954, our Board decided that its views should be restated on the proposed changes as follows:

(1) *Tariff Preferences.* (Article I)

The maintenance of tariff preferences is considered essential to the continued prosperity of the agricultural export economy of the Philippines and should not be abandoned. The Board suggests consideration of a change to a system of straight tariff preferences which would permit the Philippines to impose whatever duties it feels are necessary to increase governmental revenues and to protect infant industries. Under the suggested system Philippine products would enjoy a tariff preference which would assure a continued market in the United States and American products would have a tariff preference in competing in the Philippines with products of other foreign countries but would not compete with local Philippine products. The Board realizes that this must be accomplished in a manner not in conflict with G.A.T.T.

(2) *Commodity Quotas and their Allocations.* (Articles II and III)

We recommend that the commodity quotas and their allocation, as provided for in Articles II and III of the Philippine Trade Act of 1946, be retained without modification.

(3) *Exchange Rates and Controls.* (Article V)

The Board feels that the maintenance of the 2 to 1 ratio of the peso to the dollar has been a very stabilizing influence in the economic development of the country, and will remain so for the future. Any devaluation of the peso would produce unfortunate results in the economy of the Philippines. However, we offer no objection to the elimination of the currency stabilization clause, realizing that the argument for its removal is based on infringement of sovereignty, and recognizing that the Philippine Government is a member of the International Monetary Fund. The Board recognized the splendid accomplishments of Governor Cuaderno of the Central Bank and his associates in maintaining the stability of the Philippine peso. We suggest that the elimination of the currency stabilization clause be accompanied by the strongest possible declaration of the Central Bank that the existing ratio will be maintained.

(4) *National Treatment for Americans in the Development of Philippine Natural Resources.* (Article VII)

The Board feels most emphatically that the parity clause should be retained.

A legal study conducted for this Chamber demonstrates that many substantial American business enterprises now engaged in the Philippines in the activities covered by the parity clause could not continue to do business if it is terminated. A very substantial investment of American capital playing an important role in Philippine economy has been made under the terms established by the 1946 Act and a withdrawal or a substantial diminution of these rights would be a breach of faith and would have a catastrophic effect upon the economy of the Philippines. The present legislative situation in the Philippines presents almost insurmountable obstacles to the participation of foreign capital in any program of industrialization except in the fields covered by the parity clause. Termination of that clause, in addition to damaging the confidence of foreign investors in the stability of any program to invite foreign capital would also destroy the only existing legal basis for the participation of American capital in a program of industrialization.

As we have stated above, to the greatest extent possible a revised Trade Act should be mutual and reciprocal. Even with Article VII of the Trade Act of 1946, existing Philippine laws do not provide treatment equal to that which Philippine nationals receive in the United States under the laws of most of the several States. Therefore, a continuation of Article VII or a broadening of its scope is strongly urged.

(5) *Non-discrimination and Termination.* (Article X)

We believe that the provision for suspension and termination should be included in the agreement but that such provisions should be equally available to both parties.

(6) *Immigration.*

We believe that Filipinos should be permitted to enter the United States for the conduct of business without restriction as to number. Such action has already been taken by the United States in Public Law No. 419 of June 18, 1954. Similar rights of entry for Americans into the Philippines is essential to the continued conduct of business of existing American enterprises in the Philippines and is a basic requisite in any program of industrialization which seeks to induce new American capital. We feel that the Philippines should enact legislation similar to Public Law No. 419. We wish to emphasize that our concern is for a "treaty merchants" status and not immigration which might involve change in citizenship.

Yours very truly,

W. E. MURRAY
President

ATTEST: The foregoing statements are to the best of my knowledge true and correct.

W. E. MURRAY, President

Investments by Nationality and Nature of Business, 1945-1953*

PREPARED BY THE RESEARCH AND PUBLICATIONS DIVISION
DEPARTMENT OF COMMERCE AND INDUSTRY

Nationality	Corporate Investments		Partnership Investments	
	No.	Subscribed	Paid-up	Capital
AGRICULTURE				
Filipino	394	₱18,309,458	₱ 9,747,320	123 ₱ 7,252,693
Chinese	2	185,600	46,450	21 1,241,233
American	13	1,673,400	1,159,309	— 3,500
Others	4	142,000	32,375	5 273,693
Totals	413	20,310,458	10,985,454	149 8,771,119
COMMERCE				
Filipino	3,098	160,539,241	84,008,342	854 34,522,818
Chinese	193	30,727,450	13,344,921	1,400 87,511,060
American	177	12,782,744	7,418,862	50 1,532,629
Others	61	5,146,590	2,632,742	184 11,217,146
Totals	3,529	209,196,025	107,484,867	2,488 134,783,653
CONSTRUCTION				
Filipino	131	14,151,200	5,532,230	65 2,274,764
Chinese	2	260,000	65,000	6 284,000
American	11	810,405	322,905	6 153,300
Others	1	50,000	12,500	5 137,250
Totals	145	15,271,605	5,932,635	82 2,849,314
ELECTRICITY				
Filipino	56	3,553,953	2,683,324	15 433,440
Chinese	2	228,000	134,500	— —
American	1	20,000	20,000	— —
Others	—	—	—	— —
Totals	59	3,801,953	2,837,824	15 433,440

MANUFACTURING					
Filipino	677	86,937,169	48,023,800	338	11,835,365
Chinese	158	28,587,160	9,958,720	526	29,028,208
American	56	3,970,329	1,826,349	18	1,477,000
Others	31	7,222,547	3,892,497	23	572,358
Totals	922	126,717,205	63,701,366	905	42,912,931
MINING					
Filipino	91	5,758,515	4,074,524	28	354,730
Chinese	1	45,750	25,902	—	30,000
American	18	728,780	568,835	4	55,500
Others	1	20,010	20,010	1	43,500
Totals	111	6,580,055	4,689,271	33	483,730
SERVICES					
Filipino	725	23,262,903	10,851,189	327	5,529,600
Chinese	20	1,477,570	807,795	130	2,943,986
American	39	1,634,991	802,140	26	7,476,321
Others	6	68,325	33,500	31	564,202
Totals	790	26,443,789	12,494,624	514	16,514,109
TRANSPORTATION					
Filipino	255	21,245,854	9,462,932	52	2,390,810
Chinese	3	322,000	82,000	2	30,500
American	26	1,790,602	1,191,306	1	45,000
Others	2	76,000	30,500	3	148,456
Totals	286	23,434,456	10,766,738	58	2,614,766

* From a mimeographed publication, dated June 22, 1954. Figures based on reports of the Securities and Exchange Commission. Table condensed by the Journal Editor.