

# The Washington Trade Act Negotiations

TEXT of the notice issued September 28, 1954, regarding Hearings before the United States Delegation for Philippine Trade Negotiations to begin November 1, 1954:

## UNITED STATES DELEGATION FOR PHILIPPINE TRADE NEGOTIATIONS NOTICE OF PHILIPPINE TRADE NEGOTIATION HEARINGS

NOTICE is hereby given by the United States Delegation for Philippine Trade Negotiations of intention to conduct negotiations with the Republic of the Philippines for the purpose of revising, subject to the approval of the Congresses of the two countries, the Agreement on Trade and Related Matters entered into between the United States and the Philippines on July 4, 1946, pursuant to Public Law 371 of the 79th U. S. Congress ("Philippine Trade Act of 1946"). A continuation through December 31, 1955, of the reciprocal free trade provisions of the Agreement was recently approved by the two Congresses (Public Law 474 of the 83rd U. S. Congress) to permit time for the consultations and negotiations to which this notice refers.

The negotiations will cover all aspects of the 1946 Agreement and particularly the provisions regarding tariff preferences (Article I), commodity quotas and their allocation (Articles II and III), exchange rates and controls (Article V), national treatment for Americans in the development of Philippine natural resources (Article VII), and nondiscrimination and termination (Article X).

Any persons who have views or information which they wish to present to the Delegation with respect to possible modification of the 1946 Agreement in these or other respects are invited to do so in the public hearings which will be held before the Delegation beginning at 10:00 a.m., November 1, 1954. The Delegation will also receive information and views in writing. Presentations will be given equal consideration, whether written or oral. Anything which is confidential should be so labeled on the cover sheet and separated from non-confidential material.

Applicants for oral presentation, and the submission of written statements or briefs, must be made to the Delegation not later than 12:00 noon, October 22. All such communications should be addressed to "The Chairman, United States Delegation for Philippine Trade Negotiations, Department of State, Washington 25, D. C." Twelve copies of written statements, either typed, printed or duplicated, shall be submitted, of which one copy should be sworn to.

Only those persons will be heard who have presented written briefs or statements and filed applications to be heard by the closing date indicated in the preceding paragraph. The hearings will be held in the Hearing Room of the Tariff Commission at 7th and F Streets, N. W., Washington, D. C. Applicants for oral presentation will be advised regarding the time of their individual appearance. Statements made at the public hearings shall be under oath.

By direction of the Chairman of the United States Delegation for Philippine Trade Negotiations this 28th day of September, 1954.

F. PATRICK KELLY  
Executive Secretary  
United States Delegation for  
Philippine Trade Negotiations

## DEPARTMENT OF STATE FOR THE PRESS

October 26, 1954

No. 606

## UNITED STATES DELEGATION FOR PHILIPPINE TRADE NEGOTIATIONS NOTICE OF PHILIPPINE TRADE NEGOTIATION HEARINGS

THE United States Delegation for Philippine Trade Negotiations today issued the schedule of appearances at public hearings to be held beginning November 1, 1954, in the hearing room of the Tariff Commission, 7th and F Streets, N.W., Washington, D.C., with respect to possible modification of the 1946 Agreement on Trade and Related Matters between the two countries. Preliminary notice of these hearings was made on August 11, 1954 (Press Release No. 436), and formal notice was made on September 28, 1954 (Press Release No. 539).

Appearances at these hearings have been scheduled for all applicants who have submitted written statements or briefs and asked to be heard in accordance with the provisions of the formal notice.

The schedule of the hearings is as follows:

### Monday, November 1, 1954

- 10:00 International Tobacco Company, New York, N. Y.
- 10:30 Cordage Institute, New York, N. Y.
- 11:00 National Institute of Oilseed Products, Washington, D.C.
- 11:30 United States Cuban Sugar Council, Washington, D.C.
- 12:00 Writing Paper Manufacturers Association, New York, N.Y.
- 2:00 Millers' National Federation, Washington, D.C.
- 2:30 National Milk Producers Federation, Washington, D.C.
- 3:00 General Foods Corporation, White Plains, New York
- 3:30 Tanners' Council of America, Inc., New York, N. Y.
- 4:00 Handkerchief Industry Assn., Inc., New York, N. Y.

No hearings on Tuesday, November 2, 1954

### Wednesday, November 3, 1954

- 10:00 Tobacco Associates Inc., Washington, D.C.
- 10:30 National Cigar Leaf Tobacco Association, Washington, D.C.
- 11:00 Insular Lumber Company, Philadelphia, Pennsylvania
- 11:30 Laidlaw Brothers, Chicago, Illinois
- 12:00 American President Lines, Washington, D.C.
- 2:30 California Packing Corporation, San Francisco, California
- 3:00 Embroidery Industry of the Philippines: Feltman Brothers, Inc., New York, N. Y.—Alfred Leon Inc., and Tiny Tots

Written statements or briefs have been submitted by a number of others who have not asked to be heard.

## Statement of the Philippine American Chamber of Commerce, Inc. (New York)

THE PHILIPPINE AMERICAN CHAMBER OF COMMERCE  
INCORPORATED  
50 Broad Street  
New York 4, N.Y.

October 19, 1954

The Chairman  
United States Delegation for Philippine Trade Negotiations  
Department of State  
Washington 25, D. C.

Sir:

THE Philippine American Chamber of Commerce is a non-profit organization incorporated in 1920 in the State of New York. The purpose of this organization is to foster and promote trade, commerce, mutual welfare, and other business relations between the United States and the Philippines, and their respective peoples, and to serve those persons and organizations having financial, trade, business, and professional interests in either or both countries. As of October 1, 1954, the Chamber membership consisted of 121 individuals and business firms, as per the list attached, all of whom have substantial investments or trade interests in and with the Philippines.

The Chamber appreciates the opportunity of making its views known to the American Delegation that is now considering possible revisions to the Philippine Trade Act of 1946.

Before stating our position on what appear to be the specific points at issue, we would like to state what we believe to be certain overall fundamental considerations. These are:

(a) The trade and economic relationships between the United States and the Philippines should be considered with reference to the close political associations that have existed between the two countries for such a long time, and the close ties of friendship which we hope will continue to exist indefinitely.

(b) The basis of Philippine-American economic relationships from the end of World War II until July 4, 1954, has been the Philippine Trade Act of 1946 and its associated executive agreements. During that period the Philippines has made a most impressive recovery from the devastation brought about by the war and is presently enjoying a far higher level of prosperity and standard of living than are its neighbors. While the achievements of the Republic of the Philippines are due in large measure to the ability and resourcefulness of its peoples, we submit that the Philippine Trade Act was also a most important factor in this progress.

The Report of the [Philippine] Panel of Experts on the Need for Revision of the Executive Agreement under the Provisions of the Philippine Trade Act of 1946 states that the basic reason for the desired revision is the program of industrialization in which the Philippines is presently engaged. The Report says, in part:

"It is obvious that if we are to expand employment to a level which will put to use our available labor force, there must be a radical shift in the pattern of the economy from the present agricultural raw-material export economy to one which emphasizes industrial development for the home market."

The Report maintains that some protection must be afforded for [the Philippines'] infant industries against competition from similar products produced in the United States. The Panel also refers to certain

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
<b>AGRICULTURE</b>				
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
<b>COMMERCE</b>				
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
<b>CONSTRUCTION</b>				
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
<b>ELECTRICITY</b>				
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

<b>MANUFACTURING</b>					
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
<b>MINING</b>					
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	6,500,055	4,689,271	33	483,730
<b>SERVICES</b>					
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
<b>TRANSPORTATION</b>					
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.