

SUMMARY OF EXPORTS DURING AUGUST, 1954, ARRANGED BY COUNTRIES OF DESTINATION IN THE ORDER OF VOLUME OF SHIPMENTS TO EACH COUNTRY

| Countries of Destination | Lumber (Bd.Ft.) | Logs (Bd.Ft.) | Total (Bd.Ft.) |
|--------------------------|------------------|-------------------|-------------------|
| Japan | — | 22,293,508 | 22,293,508 |
| Korea | — | 6,114,488 | 6,114,488 |
| United States | 3,322,317 | 1,639,107 | 4,961,424 |
| Formosa | — | 3,297,200 | 3,297,200 |
| Okinawa | 710,000 | — | 710,000 |
| Africa | 636,719 | — | 636,719 |
| Hawaii | 273,511 | — | 273,511 |
| Hongkong | 247,400 | — | 247,400 |
| Belgium | 71,143 | — | 71,143 |
| Great Britain | 34,486 | — | 34,486 |
| Canada | 16,714 | — | 16,714 |
| Guam | 6,418 | — | 6,418 |
| Totals | 5,318,708 | 33,344,303 | 38,663,011 |

Trend of Exports to:

| | This Month | | Month Ago | | Year Ago | |
|--------------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|
| | Lumber (Bd.Ft.) | Logs (Bd.Ft.) | Lumber (Bd.Ft.) | Logs (Bd.Ft.) | Lumber (Bd.Ft.) | Logs (Bd.Ft.) |
| Japan | — | 22,293,508 | — | 40,324,261 | — | 47,427,295 |
| United States and Canada | 3,339,031 | 1,639,107 | 4,671,311 | 3,199,961 | 3,484,992 | 3,170,875 |
| Other countries | 1,979,677 | 9,411,688 | 1,654,332 | 10,827,444 | 832,224 | 338,058 |
| Total | 5,318,708 | 33,344,303 | 6,325,633 | 53,351,666 | 4,317,216 | 50,936,228 |

Arrivals of logs and lumber in Manila during the month under review, August, 1954, aggregating 9,534,962 bd. ft., decreased by 3,495,538 bd. ft., as compared to arrivals during the previous month of 13,030,500 bd. ft.

Prices of lumber in the local wholesale lumber market suffered another decrease during the month under review, August, 1954. Prices of white lauan, apitong, and red lauan decreased to P125-P140, P130-P140, and P150-P165 per 1000 bd. ft., respectively, compared with the prices of P140-P155, P150-P160, and P175-P195, the month before.

MEMORANDUM FOR
Senator Gil J. Puyat
MEMORANDUM OF THE PHILIPPINE LUMBER PRODUCERS' ASSOCIATION, INC. ON THE PROPOSED REVISION OF THE BELL TRADE ACT

August 11, 1954

1. THE tariff duties imposed on the importation of Lumber and Lumber Products into the United States are contained in (1) Section 3424 of the Internal Revenue Code, as found in Title 26 of the U. S. Code Annotated and (2) Paragraph 412 of the Tariff Act of 1930 as amended by the various reciprocal trade agreements.

2. Section 3424 of the Internal Revenue Code provides as follows:
"Lumber, rough, or planed or dressed on one or more sides, except flooring made of maple (except Japanese maple), birch and beech, \$3 per thousand feet, board measure; but the tax on the articles described in this section shall apply only with respect to the importation of such articles. The tax imposed by this sub-section shall not apply to lumber of Northern white pine (*pinus strobus*) Norway pine (*pinus resinosa*), and Western white spruce."

The \$3 rate per 1,000 bd. ft., however, has been reduced by the General Agreement on Tariffs and Trade to 75¢ per 1,000 bd. ft. on grandilla, mahogany, rosewood, and satinwood lumber not further manufactured than sawed and to \$1.50 per 1,000 bd. ft. on such lumber which has been further manufactured than sawed. The tax on certain other species of lumber have also been reduced, but the maximum reduction is to 75¢ per 1,000 bd. ft.

3. The Tariff Act of 1930, Paragraph 412, establishes various ad valorem rates on different manufactures of wood, and these rates have been lately amended by the various reciprocal trade agreements. The rates differ according to specific articles, for instance:

| | |
|---|--------------|
| Doors and Thresholds | 20% adv. |
| Furniture parts | 16-2/3% adv. |
| Box Shooks | 20% adv. |
| Crates, cases, etc., not for complete, closed box | 3-3/4% adv. |
| box | 16-2/3% adv. |

Furthermore, the rates have been adjusted by successive trade agreements. For instance, in the original Tariff Act of 1930, furniture wholly or partially finished and parts thereof were levied 40% ad valorem tax. By successive trade agreements, this rate has been reduced to 20% on chairs, to 12-1/2% on other furniture, and to 20% on parts of furniture.

4. As can be seen, Timber and Lumber are subject to the specific tax provided for in the U. S. Internal Revenue Code, but the Code makes the tax applicable only with respect to the importation of such articles. Also, certain specific kinds of lumber such as Norway pine, Western white spruce, and Northern white pine have been declared exempt from this tax. Other species of timber, including mahogany, have had the tax reduced from \$3 to 75¢ per 1,000 bd. ft. We recommend that efforts be made to have Philippine Mahogany and other

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species of Philippine timber included in the tax-exempt group, or, should this fail, that they be included with mahogany and other timber species paying the reduced specific tax of 75¢ per 1,000 bd. ft.

5. As regards the tax contained in the Tariff Act of 1930 on manufactures of wood, the problem is slightly more complicated. The criterion used to distinguish timber and lumber, on one side, and manufactures of wood, on another side, is whether the article involved is to be used for only one purpose or to be made into only one product. For instance, sawn lumber, either rough or planed, and either green or air-dried or kiln-dried, is free of the ad valorem tax, but when the lumber is manufactured into paneling and a shipment is all of one specified length, it is no longer considered as lumber because it can only be used for one purpose. Likewise, when Bed Rails and Thresholds and Door Jambes are shipped in one specific length, they again become subject to the ad valorem tax.

6. The problem, then, is how to include manufactures of Philippine wood in the tax-free list of the Tariff Act. Otherwise, the result will be that our exports to the United States will be definitely limited to raw timber in the form of logs or sawn lumber, not further manufactured than planed. This development would be unfortunate, because the present trend is precisely to have more manufacturing done in the Philippines in view of: (1) the advantage in wage-rates between United States and Philippine labor, and (2) the gradual but steady improvement of our Philippine sawmills toward producing lumber specially processed to suit the demands of the United States market. Through careful study of the requirements of the American consumers, Philippine sawmills can be expected to ship their lumber in an increasing percentage of semi-finished articles. This would have the great advantage of eliminating the unnecessary cost of freight on the waste component which necessarily accompanies lumber when shipped rough. Only thus can we hope to augment the value of our exports while at the same time increasing the opportunities for employment in the Philippines.

7. Our recommendations, therefore, are as follows:

A. Philippine Mahogany and other species of Philippine timber should be exempt from the specific tax imposed by the U. S. Internal Revenue. If this is not possible, Philippine timber should at least be classified together with mahogany, against which it competes, and should therefore be subject only to the reduced rate of 75¢ per 1,000 bd. ft.

B. Manufactures of Philippine woods should be exempt of the tariff duties provided by the Tariff Act of 1930. In particular we are interested in such manufactures as the following: Bed Rails, Thresholds, Door Jambes, Paneling, Box Shooks, and Box-Car Decking. The fore-

going articles are the principal manufactures which can be expected to enter our export trade to the United States, and if specifically exempt or the rates of them reduced, our trade would be safely protected.

8. Finally, it might be well to mention that the Philippine lumber industry has patiently and steadfastly maintained for the last forty years an organized and persistent campaign to create an active demand in the United States market for Philippine Mahogany. This has involved a heavy expenditure to establish the trade name of "Philippine Mahogany" and to obtain trade acceptance and consumer preference for our lumber. This effort is still being continued in cooperation with the group of United States importers organized as the "Philippine Mahogany Association, Inc." It is only lately that the detrimental effects of the stoppage of supplies during the Japanese occupation has been successfully overcome, and United States consumers have again shown their ready preference for Philippine timber. The imposition of United States tariffs or excise taxes at this time would greatly increase the marketing problems of Philippine producers and might tend to nullify the good work which had been done in the past years.

It is regretted that this memorandum could not possibly be submitted sooner than requested in your letter of July 27, 1954, but it is nonetheless hoped that the proposals herein embodied will merit their inclusion in the revision of the Bell Trade Act.

Respectfully submitted,

(Sgd.) A. DE LAS ALAS
President

MEMORANDUM FOR
Senator Gil J. Puyat

ADDENDUM NO. 1 TO THE MEMORANDUM OF THE PHILIPPINE LUMBER PRODUCERS' ASSOCIATION ON THE PROPOSED REVISION OF THE BELL TRADE ACT

THIS is an addendum to our Memorandum dated August 11, 1954, for the purpose of amplifying our views regarding manufactures of wood.

1. In paragraph 3 of our memorandum, we stated that the United States tariff establishes various rates on different manufactures of wood, and in paragraph 7-B, we submitted our recommendation that either all manufactures of Philippine wood be exempt from the tariff duties or that specific manufactures such as: Bed Rails, Thresholds, Door Jambes, Paneling, Box Shooks, and Box-Car Decking be exempt.

2. Our recommendation for the exemption of specific articles made of Philippine wood was based on the fact that at present the above-listed articles are the only ones which enter the Philippines-United States foreign trade. However, upon re-examination, we are now of

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