

Loggers' View of Log Export Commerce Here

For this paper setting forth Philippine loggers' views in contrast, in some respects, to the stand of the Philippines' important lumber industry expressed in interviews with Director Arthur F. Fischer of the forestry bureau, a number of men were interviewed to whom the overseas demand for our logs is very important—particularly the demand in Japan. Brief effort will be made to combine their views. They begin by saying that except for the overseas trade in logs, the domestic lumber market would be far more depressed than it now is. It would be called upon to take much larger quantities of logs. This would be far from lucky, because, they say, wholesale lumber prices in the islands are already too close to the cost of manufacture.

Of the mill run of lumber, 80% or 85% is not exported and comes on the domestic market.

Some loggers contended that logs exported could stand a wharfage tax of \$1 a ton, proposed either to check the commerce or bring the government more revenue from it. Others say that if the buyer bore the tax, all right; but that more probably buyers would shift the tax to the loggers, and reduce their gains from the business by that much. Some say the price of logs is so low that the tax would kill their business. They add, however, that buyers of logs not accommodated here would procure logs just the same, from Borneo and the Dutch East Indies. Their position, admittedly self-interested, is that it is better for the Philippines to sell timber in form of logs than to sell nothing by way of timber—to countries wanting logs.

They cite the plywood industry, not functioning here, which needs logs rather than boards. Such an industry exists in Japan, also in China and Australia; all markets buy Philippine logs, and the same industry in the United States begins wanting them. Nor did any logger talked with, agree in the opinion that Philippine logs are beyond danger of competition from logs got farther south in the tropics. One said it is true enough that southern timber is softer, but added that some markets for veneer woods prefer the softer timber, or at least don't discriminate in price against it. Reports seem reliable, too, of repeated efforts by Japanese timber interests to establish in Dutch Borneo—to date without success. But logs are shipped from 5 points in the Dutch East Indies to Japan. From British North Borneo, shipments of logs to Japan during the first half of this year had the invoice value of nearly a million pesos. The logger citing this fact from a formal trade report, connected it with the opinion that logging is not well established in Borneo.

Such is the consensus on this question among loggers.

Wealth of Nations...

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ing first place among Far Eastern markets. As a market for steel mill products the Philippines fell from 3rd place in 1932 to 6th place in 1933, when it was preceded by Canada and 4 Latin American countries.

"The Philippines, however, continued as the first oriental market for steel mill products, as well as for iron and steel advanced manufactures, taking considerably more than twice Japan's purchase of the former and nearly twice China's purchase of the latter.

"Of dairy products and cigarettes, the Philippines were second to Japan, while they ranked first in the Orient as an outlet for meat products." (They were 3rd in buying electrical goods, China and India being ahead of them.)

Spokesman for commerce department is C. K. Moser, No. 1 in the Far Eastern section of the regional information division of the depart-

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ment. He reminds America that the Philippines are an important source, and in some cases practically the only one, of American imports of coconut oil imports were from the islands, as they will be indefinitely, and 99% of all her abead imports. Under tariff protection, the Philippines have taken the desiccated coconut market in America away from Ceylon, selling America 97% of her desiccated coconut requirements; and the islands also sell America 98% of her imported cigars (by value, 92%); 75% of her saved cabinet woods; 42% of her sugar requirements, only 13% less than Cuba last year. A second of Mr. Moser's tables is reprinted with our summary because of its bird's-eye survey of essential economic factors here. His circular is a courtesy from the trade commissioner, C. Grant Isaacs. Copies sell at 10 cents each at the Department of Commerce, Washington.

Perhaps We Erred . . .

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competing with their own, all logs rejected by buyers for the export trade. This depresses an already sluggish market.

It is contended at the forestry bureau that the selected logs exported from the Philippines could readily make shift under a wharfage tax of \$1 a ton, which would be, as stated, P1 50 to P2 per cubic meter. (This is true, seems reasonable. Besides Japan and Australia, China is now buying Philippine logs and hints of increasing her use of them. This puts logs squarely before the government. The forestry bureau dismisses the suggestion that if Japan could not get Philippine logs at attractive prices she would get logs elsewhere, perhaps in Borneo, she would not buy Philippine lumber. Borneo has no lumber industry worth speaking of, the Philippines are the only part of Malaysia that has. Backbone of such an industry is a steady domestic market, and sparsely settled Borneo has no such market—can develop none.

Borneo's woods of species and varieties identical botanically with those of the Philippines, are softer and coarser than those of the Philippines: the Philippine product is preferred in the market. It is held that if logs could be got advantageously in Borneo, they would be got there now—Borneo's logging industry would already engage Japan's industry and capital. On the other hand, the trade here understands Bornean logs to be in every way inferior to Philippine logs, though they are cheaper. If therefore Philippine logs could be got at no

advantage over Philippine lumber, Philippine lumber would be taken even in Japan—as it once was taken.

Director Fischer of the forestry bureau contends that even if his proposed wharfage tax on exported logs caused loss of sales of logs abroad, not at once made up by greater sales of Philippine lumber, in the long run no harm would be done. The demand for Philippine lumber over the world is clearly reviving. The government could well let the timber stand uncut for 10 or even 15 years, while demands expanded and until overseas markets should be willing to be supplied with lumber instead of logs. At the same time, there is, of course, in the veneer industry, a legitimate demand for logs that sawn lumber will not supply. This demand, Director Fischer says, could always be supplied with Philippine logs; and such is their quality that the wharfage would be no burden on their ready sale. Less worthy is the demand of foreign mills, the mills of Japan, for Philippine logs to be sawn into lumber exported to the very markets where Philippine export lumber must be sold—markets effort in the Philippines has with difficulty and many setbacks got established.

The government must choose.

LUMBER REVIEW

By ARTHUR F. FISCHER
Director of Forestry



The fairly active demand of Philippine lumber and timber in foreign markets continued during July. There were 9,493,784 board feet of lumber and timber exported during the month as compared with 8,647,056 board feet for the corresponding period last year, or an increase of about 10%. Shipments to Japan consisted mostly of round logs, as usual. Inquiries and orders continued to be received from China and Australia and Philippine producers seem to be hopeful for increased demands in these markets in the near future. Much, however, will depend on how the first shipments by the individual companies getting the orders will be received in the said countries. The trade with South Africa remained comparatively active, which is a reflection of the favorable economic condi-