

be rendered by a legal counselor, advertising agent, policeman, or social welfare agency. Further, staff limitations and other operating conditions often preclude individual service to the extent that it might, or should ideally, be rendered.

Frequently, the type of situation prevails in which for one reason or another the Embassy cannot feasibly assist an individual person adequately in regard to a complaint but could, if such cases are reported in detail, rather than by hearsay, undertake representations or other action to correct general conditions which brought about the situation or, at least, report the situation adequately to the proper authorities of the United States. In such instances, the individuals concerned are performing a public service, as well as assisting the Embassy in carrying out its functions, by reporting the matter; and I urge all Americans to do so regardless of the limitations which may be known to exist in such instances.

It is my intention to see that existing instructions on these matters are carried out to the fullest extent feasible. This can only be done with the cooperation, help, and understanding of the local American community. It is, therefore, my wish to clear up any misunderstandings which may exist.

I shall greatly appreciate your assistance in this matter.

Sincerely yours,

(Sgd.) R. A. SPRUANCE

Two recent studies by the same author, Dr. Charles O. Houston, Jr., Director of Graduate Studies, University of Manila, one entitled "Rice in the Philippine Economy—1934-1950" and the other, "The Philippine Coconut Industry—1934-1950", are well worth the attention of specialists as well as the general reader. The first appeared in the *University of Manila Journal of East Asiatic Studies*, Vol. III, No. 1 (October, 1953), and runs to 72 pages and the same article in a separate reprint, recently issued, runs to 86 pages. The paper on the coconut industry was published in the *Philippine Geographical Journal*, Vol. I, Nos. 2 and 3 (combined) for the second and third quarter of 1953, and runs to 30 pages.

Both are excellent examples of what a diligent reading of existing literature and especially of the periodical press over a long period of years, can turn up and how valuable all this can be, if properly evaluated and correlated, both for the guidance of government policy and of business management.

## Business Prospects for 1954

By CORNELIO BALMAGEDA  
*Secretary of Commerce and Industry*

**A** HEALTHY outlook in our domestic production of basic crops, especially rice and sugar, at the end of 1953 and a steady whittling down of the gap between exports and imports, as the foreign demand for major export products keeps gaining and the local manufacture of articles of consumption formerly derived from imports continues to increase, make the business prospects for 1954 distinctly favorable. Barring any unforeseen developments in the international situation which would alter the present favorable trend in our foreign trade, 1954 may even see for the first time in the post-war years a balanced Philippine import and export trade.

The gap between the value of Philippine imports and exports this year is placed at approximately ₱42,000,000, the lowest since 1950, as compared with an import balance of ₱147,000,000 in 1952. The cessation of hostilities in Korea and the start of Korean rehabilitation open a new and increased demand for Philippine lumber and timber and allied products. At the same time, a bigger demand for major export products of the country in other foreign markets is also expected.

It is significant to note that the monthly overseas commerce showed favorable balances in three successive months during the first half of 1953 and again in three successive months in the latter half, so that at the end of October there was a favorable merchandise balance of nearly ₱2,000,000. Heavy arrivals of goods in November and December, however, wiped out the meager export balance of the previous months. The smaller import balance for this year may signify a moderate export excess in the coming year.

Some uneasiness has been caused in local industrial circles by talk of the removal of the present controls which have afforded needed protection to various new industries, but there is an undercurrent of faith and confidence that the new industries will not be abandoned and that continued impetus and encouragement to the industrial development of the country will be given under the incoming Administration. This will bring about a greater industrial output and will further reduce unnecessary imports.

Among other important developments in 1953 upon which to build a hopeful view for the ensuing year, may be mentioned the following:

1. Agricultural production for domestic consumption and for export continued to increase. The total combined production of certain selected commodities like palay, corn, sugar, etc. is estimated at 20,166,700 metric tons for the last crop-year, as against only 17,523,740 metric tons the previous year.

2. Production of gold as well as base metals likewise showed remarkable gains.

3. Average retail prices in Manila showed a downward trend. The cost of living of a wage earner's family also declined.

4. Wholesale prices of selected commodities showed mixed trends, but the prices of such export products as copra, coconut oil, desiccated coconut, lumber, leaf tobacco, iron ore, and chrome ore were higher than those of last year.

5. The international reserves were maintained at a higher level.

6. Investments made by corporations and partnerships registered with the Securities and Exchange Commission showed also marked increases from those of last year.

**Foreign Trade.** The overseas trade of the Philippines in 1953 is estimated to reach ₱1,635,000,000, as compared with ₱1,557,036,275 in 1952, or an increase of about 5%. Preliminary figures show that exports are valued at ₱796,374,000, an increase of about 13% over last year's figure which amounted to ₱704,812,410. Imports, which amounted to ₱838,412,000, are slightly lower than the 1952 imports, which were valued at ₱852,223,856.

As in the previous years, the United States, having absorbed about 68.5% of the total exports for the first 10 months, or ₱461,397,690, as against 66.5% for the corresponding period of 1952, was the best market for Philippine products. Likewise, the bulk of the imports was supplied by the United States which was credited with ₱521,897,084 or 77.7% of the total imports, compared with ₱531,431,966 or 71.2% in 1952.

Notwithstanding an increase of 17% in our exports to the United States and a decline of nearly 2% in imports, still there was an unfavorable balance of ₱60,499,394 in our trade with that country.

Japan maintained its position as the second best customer by importing ₱79,951,690 worth of goods, an increase of 29% over the corresponding value in 1952. The value of imports from Japan, however, declined to ₱30,001,370 from ₱32,558,026 last year.

Other countries which registered marked increases in their imports from the Philippines include the Netherlands with ₱24,276,675, or nearly double the corresponding value in 1952; Venezuela with ₱8,723,235, a gain of 155%, and Denmark with ₱9,061,763, a gain of 42%. Exports to the following countries declined: Canada, Switzerland, Belgium, Great Britain, and Indonesia. The import trade was featured by sharp declines in our purchases from Indonesia, Canada, Great Britain, and Thailand, while notable increases were noted in our dealings with the Netherlands and Hongkong.

Available data from January to October this year showed that copra was ahead of sugar as the premier export item, with a value of ₱187,000,000, while that of sugar was ₱170,000,000. Abaca ranked third with ₱64,000,000. Logs, lumber, and timber jumped to fourth position with a value of ₱52,000,000, registering the biggest increase of 89%. Base metals and concentrates, coconut oil, desiccated coconut, canned pineapples, embroideries, and tobacco were the six other leading exports. Despite the higher prices which prevailed this year over those of last year, exports of abaca and coconut oil were the only two items that declined. The eight other principal exports registered gains.

Cotton and manufactures with a value of ₱83,000,000 led all other imports. Iron and steel manufactures valued at ₱51,200,000 ranked second, followed by mineral oils with ₱50,800,000, and automobiles and parts with ₱49,900,000. The other leading import items include machinery, excluding agricultural and electrical; rayon manufactures; dairy products; grains and preparations thereof; chemicals, drugs, dyes, and medicines; and paper manufactures. A significant feature of the import trade was the marked increase in capital goods like iron and steel manufactures, including machinery.

**Production.** Agricultural and industrial production was further accelerated in 1953. This was effected by the various efforts and projects undertaken by the Government aimed at increasing agricultural production and self-sufficiency.

The inauguration of the Maria Cristina hydro-electric plant in Lanao and the operation of the fertilizer plant may give impetus to the creation of more industries and greater agricultural production.

New industries have been set up to further increase the industrial projects which were established in the previous years.

Production of commodities for home consumption continued to increase in 1953. The rice harvest was the highest so far and nearly sufficient to meet the total needs of the country. The sugar output also increased considerably and would have been adequate to fill the export quota in the United States as well as the domestic quota, had it not been for the typhoons that devastated the sugar plantations and the occurrence of drought in other places. Fish production during the last fiscal year amounted to 368 metric tons as compared with only 323.7 metric tons during the corresponding period of last year. Coconut production reached 3,080,000 metric tons as against only 2,800,000 metric tons the previous year. Abaca fiber totaled 118,700 metric tons, an increase of 4,110 metric tons over the preceding year. Leaf tobacco, corn, beans, and vegetables registered negligible decreases.

Production of cigarettes, cigars, desiccated coconut, beer, soft drinks, plywood, and edible oil made notable increases, while coconut oil, cordage, cement, lumber, and timber showed meager declines.

Notwithstanding many handicaps, production of gold and base metals increased considerably. Data are not available for this year but figures for the last fiscal year show that there were 490,520 ounces of gold produced, with an aggregate value of ₱50,965,028, while base metal production was valued at ₱63,342,642. In the fiscal year ending in 1952, only 423,269 ounces, valued at ₱43,596,707, were produced, while base metals totalled ₱53,342,642.

**Investment.** Indicative of the confidence of capital in the future, the number of corporations registered by the Securities and Exchange Commission increased. From January to November there were 537 corporations with an authorized capital of ₱216,025,725 and a paid-up capital of ₱18,678,214, as compared with only 395 corporations with an authorized capital of ₱146,647,600 and ₱31,199,582 paid up. In partnerships, however, there were only 662 with a capital of ₱27,446,164, as against 724 and a capital of ₱30,616,244 in 1952.

In the field of manufacturing alone there were 106 corporations with a paid-up capital of more than ₱8,000,000 and 160 partnerships with a capital of more than ₱7,000,000. In the corresponding period of 1952 there were only 102 corporations with a paid-up capital of ₱6,989,235 and 181 partnerships with a capital of ₱8,521,006.24.

**Domestic Trade.** Although there were minor fluctuations in the retail price index of 150 essential commodities in Manila, a downward trend prevailed during the year. The drop of the index slightly increased the purchasing-power of the Philippine pesos from ₱0.4285 last year to ₱0.4348 this year. The average price index for the 11 months of this year was 229.98 compared with 234.90 for the same period of 1952.

“THIS step is the creation of a healthier and freer system of trade and payments within the free world—a system in which our allies can earn their own way and our own economy can continue to flourish. The free world can no longer afford the kinds of arbitrary restraints on trade that have continued ever since the war. On this problem I shall submit to the Congress detailed recommendations, after our Joint Commission on Foreign Economic Policy has made its report.”

“IN South Asia, profound changes are taking place in free nations which are demonstrating their ability to progress through democratic methods. They provided an inspiring contrast to the dictatorial methods and backward course of events in communist China. In these continuing efforts, the free peoples of South Asia can be assured of the support of the United States.”—From President Eisenhower's “State of the Union” Message to Congress (January 7, 1954).