

How is War Affecting Japanese Exports to the Philippines?

Contrary to popular opinion on the subject, Japanese exports to the Philippines not only have not fallen off materially as compared with the year 1937, but in fact show a marked increase in many lines.

These increases, however, are largely from the middle of this year through the end of August, the latest complete figures at hand; but this two-month period shows a vigorous spurt in Japanese exports to the Philippines.

Decreases, where they have occurred, have been in much smaller percentages than is popularly supposed.

For example, the total imports of Japanese goods into the Philippines during the first 8 months of 1937, were P20,799,915; and during the corresponding period of 1938, they were P19,756,231—a difference of only P1,045,684. (Imports from the U. S. for the first 8 months of 1937 were P80,913,197, but for 1938 were P129,093,584 for the same period of 8 months—or a gain for the U. S. of P38,180,387. That is a very substantial gain for the U. S., but it was not made at the expense of Japan, according to Bureau of Customs figures.)

If Japanese imports into the Philippines continue to pour in at the rate maintained for the last two of those 8 months, Japanese figures for the year 1938 may show a substantial gain over those for 1937. This in spite of war, of boycotts, and aught else.

Take textiles. For the first nine months of 1937, imports of textiles from the U. S. amounted to P7,389,191; while for the same period of this year, they amount to P16,292,918, or more than double the 1937 figure. That is an amazing increase, and one would naturally jump to the conclusion that Japanese importations must have been cut proportionately during this year. But that is not true.

Japanese importations for the first nine months of 1937 amounted to P5,455,495, while for the corresponding period of 1938, they were P4,781,667—or a loss of only P673,828 as compared with a U. S. gain for the same period of P8,903,727. In other words, less than one-tenth part of U. S. textile gains have been

at the expense of Japan, as shown by import figures. The table below, taken from Bureau of Customs reports, shows the story in more detail:

JAPANESE SHIPPING

Do you imagine that Japanese shipping in Philippine waters has fallen off since the Sino-Japanese war started? Wrong. Actual figures are as follows:

Incoming Japanese Shipping		
Year	Vessels	Tonnage
1936	202	718,830
1937	211	679,424
1938	262	924,434

All figures are from Bureau of Customs records, and are for the first 8 months of each year, for purposes of comparison, since only the first 8 months of 1938 are available at this writing.

In other fields, the U. S. has gained in very appreciable quantities over 1937 figures — but again, not at the expense of Japan.

Is Japanese-Philippine Trade Falling Off? Are Japanese Goods Coming into the Philippines in Lesser Amounts Since the Sino-Japanese Conflict Began? Or the Reverse?

In glass and glassware, U. S. figures were P4,666,527 in 1938 as compared with P3,975,021 in 1937; whereas Japanese figures were practically identical for the two periods — P624,626 in 1937, and P626,906 in 1938.

In knitted goods, the U. S. gained slightly, P371,930 in 1938 as compared with P356,644 in 1937; while Japan lost, P1,718,730 worth of knitted goods business in 1938, against P2,220,588 worth in 1937. But the U. S. did not pick up that loss of Japan's, for the U. S. gain was only about P15,000, whereas the Japanese loss in that line was more than half-a-million pesos.

Another significant figure is in machinery of all types, from a one-lung pump motor to a 500 h.p. diesel engine. U. S. figures nearly doubled in 1938 as against 1937 — P12,437,446 in the first 8 months of 1938, against P6,980,629 for the corresponding period of 1937. But the Japanese, while they have never had

TEXTILE IMPORTS INTO THE PHILIPPINES

	from United States		from Japan	
	1937	1938 (first 9 months)	1937	1938 (first 9 months)
Unbleached cotton cloth	P 420,891	1,447,290	P 383,780	169,660
Bleached cotton cloth . .	2,267,764	4,282,625	1,084,170	914,344
Dyed or woven with dyed yarns	4,191,070	7,468,619	2,705,828	2,050,863
Printed cloth	509,466	3,094,384	1,281,717	1,646,800
	P7,389,191	16,292,918	P5,455,495	4,781,667

Iron and steel products are an example. U. S. exports of these products to the P. I. in the first 8 months of 1937 were P16,673,499, while in the first 8 months of 1938, they were P26,497,693—a gain of nearly P10,000,000 in 8 months. But that gain must be accounted for by other factors, because Japanese figures are: 1937, P1,808,302; 1938, P1,571,285 — a loss by Japan of only a quarter-of-a-million pesos, against a U. S. gain of P10,000,000.

Porcelain and dishes are another interesting item. In this field, both U. S. and Japan figures increased in 1938 as compared with 1937; the U. S., from P10,515 in 1937 to P21,133 in 1938; while the Japanese figures gained from P268,330 in 1937, to P319,660 in 1938.

anything like U. S. figures in this category, nearly doubled their record, too, P456,315 for the 1938 period, compared with P240,850 for the 1937 period.

From these statistics, the conclusion must be drawn that the Japanese have not yet been seriously damaged in their export business to the P. I., by admittedly adverse conditions created by their war with China. This is not to say that they may not be damaged in future, as their own production of exportable goods becomes more curtailed in favor of war materials, and as the Chinese boycott may become tighter and more effective here. There is evidence to this effect; but one of the reasons why Japanese trade to the P. I. has not suffered more than

it has to date, is the looseness of the so-called boycott. It is still possible to buy plenty of Japanese-made goods in local Chinese stores. As time goes on, and stocks dwindle, this situation may change. But the establishment of more and more Japanese shops, and Indian shops, and Filipino stores, all of them stocking Japanese merchandise, may at the same time tend to take up the slack created by a stringent Chinese boycott, assuming that a really effective boycott on the part of the business-minded Chinese is a possibility.

What, then, accounts for the very considerable increase in U. S. export business to the Philippines, which the figures show is *not* business taken away from the Japanese?

We must look to various contributing factors for the answer.

One of these is the upset situation in Europe, with principal nations there vying with each other for armaments supremacy, and consequently sacrificing their export trade to do it. This is largely true of Germany, Italy, England, France, and more lately of the smaller countries, such as Czechoslovakia. The Japanese situation contributes, but only slightly.

Another factor is undoubtedly an increase in the Philippine trend to-

ward industrialization, led by various projects of the National Development Company. Examples of this are textile factories, canning factories, expansion of the cement industry, sugar refining, and so on; with still more development along these lines as a definite governmental program for the immediate future. This program leads to increase in the present demand for machinery, for example; although some observers hold the view that in the long run it must lead to serious curtailment of American exports to the Philippines once the industrialization program has been substantially realized.

In other words, a sale of textile weaving machines now may mean fewer sales of U. S.-made textiles or machines in the future, when specified textiles in sufficient quantities shall be woven here.

The United States is now in a position to take advantage, so far as her exports to the Philippines are concerned, of conditions in Europe and Asia, and of increased local consumption along certain lines, notably machinery. Japan is not in a position to take advantage of these conditions, but she is holding her own in exports to the Philippines, which in itself is remarkable. Such gains as the United States has made this

year, and they are considerable in total, have not, therefore, been made to the cost of Japan. The United States gained a total of P38,180,387 in the first 8 months of 1938, but in that time Japan lost only P1,045,684 of her 1937 business, and she bids fair to make up this loss by the end of the year.

Mining in the . . .

(Continued from page 38)

ka, with the sole exception of California. It entered the world chrome markets and established itself favorably in spite of the high cost of delivery of chrome ore in this country. It is estimated that during the current year, the Philippines will produce P60,000,000 worth of gold and I believe this record will be easily attained. The American mining industry may therefore be proud of its child and certainly, it is a child of the American industry in every sense of the word. The industry was started by American capital and American initiative. Up to four years ago, there was still practically no Philippine capital invested in mining. The industry has been developed entirely by American engineers and geologists and the products of the industry have been sold almost entirely in this country. Let me tell you that you have in the Philippines a very healthy offspring that is a real credit to you.

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