

Business Day

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Rural bankers alarmed over palay underpricing

'Farmers unable to pay loans'

Rural bankers have expressed alarm over the reported activities of traders who underprice palay sold to them by the farmers. Eugenio S. Perez, Jr., president of the Rural Bankers Association of the Philippines, said that in Panay island, palay is selling at half the P1.40 per kilo buying

price of the National Grains Authority. These depressed prices have so shrunk the income of farmers that they are unable to pay their loans. Perez said that with the increase in the target area of the new phase of Masagana-99, the prices would go down further. He suggested that the government enforce a floor price for palay and make the National Grains Authority buy more its present share of 18% of the total rice production of the country. Page 8

Higher oil bill, slower growth of nontraditional exports

Trade deficit now seen at \$1.78B

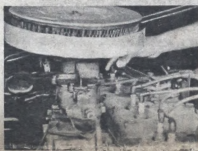
The country's trade deficit may hit \$1,784 million this year, a rise of 15.8% over 1979, according to a report from the Ministry of Trade. The report added that export receipts may grow by only 31%, a slower rate than last year's 34%, while imports would grow by 27%. The ministry attributed the decline in

growth to the projected slower performance of non-traditional exports - 30% this year (to \$2,769 million) as against 42% in 1979. Oil bill increases were likewise expected to swell the trade gap, according to the ministry. Page 8

MM jeepney men now want higher fares PSC to raise price ceilings in provinces

Metro Manila jeepney operators and drivers, crumpling under the pressure of high fuel prices, have asked the Board of Transportation to increase their fares. The Buklod Mangagawa sa Sasaysan, headed by Celestino P. Clavito, is asking for an increase in the basic fare from of 60 centavos to 70 centavos for the first five kilometers. It is also asking for a half-centavo raise in the per kilometer rate, from 11.5 to 16.5 centavos per kilometer.

The Price Stabilization Council (PSC) will adjust the price ceilings for essential commodities in the provinces shortly. The PSC said the adjustments will be raised depending on the cost of transport from Manila, where most of the commodities come from. The prices of rice, corn, sugar, milk, cooking oil and school supplies will thus vary according to the nearness of the place to Manila. Only the prices of canned fish have not yet been computed, the PSC said. Page 8



LATEBREAKERS

• Loan from Germany

A loan agreement of DM33 million (P139 million) between the Federal Democratic Republic of Germany and the Philippine government will be signed this morning at the Ministry of Foreign Affairs. MFA officials said. The loan will be allocated to the following government projects: Imelda Settlement Project in Southern Leyte; Dagat-dagatan Resettlement Project; procurement of special equipment for the National Cartographic and Photogrammetric Center; and procurement of two container cranes for the Manila International Port.

• No oil strike

The oil reserve expected to be within the Batas 1 structure in offshore northwest Palawan has "migrated" and Philippines Cities Service, Inc. (PCSI) has decided to temporarily plug the widest oil well, the Ministry of Energy announced yesterday. Based on a series of drill stem tests (DST) and visual examinations of core samples gathered from the well's borehole, PCSI concluded that the oil once trapped within the Batas 1 structure is no longer there and that the initial oil shows were merely "residuals."

• Senegal buying RP rice

Senegal wants to import Philippine rice and other products, and has proposed negotiation of a bilateral trade agreement. A government buying mission from the West African nation arrived Wednesday afternoon for rounds of talks with local officials from Aug. 28 to 31. Headed by Director Amador Moustapha Tall of the Senegalese Ministry of Commerce, the six-man mission visited Thailand before coming to the Philippines. Trade consultations with Philippine government officials are going on.

PCMP firms urged to buy more parts made locally

The Consolidated Automotive Parts Producers Association Inc. (CAPPA) has proposed that the car firms participating in the Progressive Car Manufacturing Program (PCMP) be required to acquire some 40 parts and components from local suppliers. CAPPA said some of these parts are already being used by PCMP participants. Under the present guidelines, PCMP participants are required to source locally only two items - tires and batteries. Page 8

The Stock Market

Trading on mines provided the only excitement at the exchanges yesterday but the issues lost steam at the homefront. Activity in the oil sector was light. None of the issues posted gains while losers gave up small points. Combined peso turnover at P8.8 million dropped by almost 30% from Wednesday's P12.1 million. Page 16

Corporate Developments

• BPI-Comtrust merger nearly covered by capital gains tax

The Bataasang Pambansa committee on finance yesterday debated on whether the exemption from the capital gains tax for banks merging or consolidating in order to obtain a license for universal banking, would be made effective upon approval of the relevant Cabinet bill. A timing like that would penalize banks that have already merged. It was a close shave for the Bank of the Philippine Islands which recently acquired the Commercial Bank and Trust Co. Fortunately for BPI, its merger is not yet consummated. Page 7

• Tanduy eyes export to offset slump in sales on local market

Tanduy Distillery, Inc., suffering a slump in sales, is aiming for a share of the United States rum market. It will ship an initial 2,000 cases next month to Texas and California, from where it hopes to expand to other states. Page 7

• Delta Motor's Mini-Cruiser, Tamaraw to be sold in Egypt

Delta Motor Corp. reported signing an agreement in principle for the assembly and distribution of its Delta Mini-Cruiser and Tamaraw in Egypt. At least 3,000 units worth a total of \$15 million are in the order. Page 7



Sugar workers hold convention

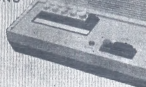
Sugar mill and plantation workers start a two-day national union convention tomorrow in Bacolod City. Besides putting 560,000 plantation workers and 30,000 mill workers together under one union, convention organizers said they will also discuss ways to force the government to lift their employees' exemption from the various wage decrees. Page 8

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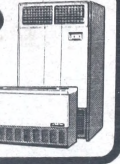
INSIDE SECTION II

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MORATORIUM: The US General Accounting Office urges a moratorium on foreign acquisitions of US banks with assets of \$100 million or more. Page 9
TRADE DEFICIT: The US trade deficit dropped in July to \$1.85 billion from June's \$2.28 billion, mainly because of a 17% drop in oil imports. Page 9
UK UNEMPLOYMENT: The total of unemployed in Britain this month

topped 2 million for the first time since World War II. Page 9
OIL STOCKPILE: Japan plans to increase its oil stockpile to 30 million liters. Page 10
MONETARY MOVEMENTS: Gold closed higher at \$634 an ounce in London, firm in Hong Kong at \$627. The US dollar was little changed in New York but down in London and Tokyo. Page 10
COMMODITY FUTURES: Prices of selected commodity futures closed mixed. Page 11

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