

Building Construction

By JUAN J. CARLOS

President, United Construction Co., Inc.

DURING the month of August, the Office of the City Engineer approved building permits for construction work amounting to ₱2,138,790. For the same period in 1953, the volume of work authorized amounted to ₱2,980,460, in comparison with ₱2,838,540 in 1952 and ₱3,109,275 in 1951.

Some of the big projects that were started during the month under review were:

A 3-story mausoleum in the Chinese Cemetery for the family of Yu Ting, costing ₱240,000;

On Pamanga Street, Rizal Avenue Extension, a commercial building for Florencio Reyes & Co., estimated at ₱125,000;

A school building on Nagtahan, San Miguel, for the Grace Christ High School, costing ₱80,000;

A commercial building for Siy Cheng on Santo Cristo Street, Binondo, estimated at ₱80,000.

During the period under review large shipments of Portland cement continued to arrive from Japan and Belgium, resulting in an oversupply of the material in the local market. Ready stocks of imported cements are being offered for sale at ₱3.30 against Rizal Cement, locally produced, at ₱3.50 plus ₱.10 for delivery. Unlike other materials, cement can not be stored for any great length of time, and it is feared that a big part of the supply will harden.

There is a lull in the market due to the rainy season and, in a way, to the talk of war. Importers who can not hold their stock for a long time are quoting reinforcing steel bars at ₱300 to ₱310 a ton. Galvanized-iron roofing sheets are offered at ₱5.80 per sheet of gauge 26, 8 feet long.

Port of Manila

By W. S. HURST

Executive Officer, Luzon Brokerage Company

SEPTEMBER saw a new high for deliveries from the South Harbor piers, with over 95,000 tons of general cargo being received and delivered to importers. This showed a 15,000-ton increase over deliveries for the month of August. No congestion was experienced at any time.

Fire of undetermined origin hit that part of the Customs Building where goods are stored preparatory to their being auctioned off to the public. There have been many rumors that the fire was intentional, to cover losses, but nothing concrete has been established. To date it remains just another fire of unknown origin.

President Magsaysay recently made two surprise visits to the Bureau of Customs to personally look into matters pertaining to this Bureau. We feel that this interest on his part will further help to increase the efficiency of the Bureau.

The recent onion importation case is still being investigated, but no final result has been disclosed.

Outside of the above mentioned items, everything is quiet and normal along the waterfront.

Arrastre Service, Manila

(Port Terminal Services)

By FRANCISCO DELGADO

General Manager, Delgado Brothers, Inc.

OVER 99,000 tons of general cargo were delivered over the piers for the month of September, topping the previous month by approximately 9,000 tons. These figures do not include some 28,000 tons delivered at shipside.

Notwithstanding the heavy tonnage handled during the month under review, there was no marked interrup-

tion in the smooth flow of shipment throughout the Port. Pilferage, too, was under control and is being kept to the lowest possible minimum.

Additional new Clark forklifts of the latest models arrived recently to bolster the cargo-handling equipment at the piers. Highly mechanized port operation is making up for deficiency in tonnage-space by speedy and increased cargo output.

In anticipation of influx of heavy tonnage during the coming Christmas and New Year season and to forestall the possibility of congestion, the Arrastre authorities have signified willingness to offer deliveries free of over-time charges during Sundays and holidays. Port and shipping officials are adopting remedial measures in such matters as proper vessel berthing, expeditious processing of entry permits, advance submission of vessels' hatch lists for pre-planning of shed stowage, advance information covering following day's delivery for effective cargo location, preparation of necessary men and equipment for expeditious deliveries, etc.

Although the Port of Manila is not properly equipped with an adequate passenger pier, Port officials are exerting all efforts to make the reception of tourists and incoming passengers as pleasant as possible.

TONNAGE HANDLED IN THE PORT OF MANILA

Month	Dockside	Shipside	Bulk
January, 1954	103,878	23,192.18	44,402
February	82,853	26,547.24	41,105
March	100,161	17,124.15	101,596
April	110,764	26,423.19	86,971
May	115,203	33,824.17	97,825
June	105,589	18,578.15	69,818
July	79,671	28,374.26	96,407
August	81,199	21,621.17	69,418
September	99,744	28,828.01	69,417

Ocean Shipping and Exports

By E. H. BOSCH

Secretary-Manager

Associated Steamship Lines

TOTAL exports during the month of August this year showed a decrease of 52,099 tons over exports during August of last year.

The reduction is due mainly to a decrease in centrifugal and raw sugar exports.

One hundred forty-four vessels lifted 445,006 tons of exports during the month, as against 498,105 tons lifted by 155 vessels during the same month last year.

Exports during August, 1954, as compared with exports during August, 1953, were as follows:

Commodity	1954	1953
Beer	202 tons	89 tons
Cigars and cigarettes	29 "	21 "
Coconut, desiccated	5,674 "	6,177 "
Coconut oil	6,495 "	4,931 "
Concentrates containing copper, gold, silver, lead, and zinc	395 "	537 "
Copra	81,317 "	55,519 "
Copra cake/meal	5,660 "	4,824 "
Embroideries	409 "	428 "
Empty cylinders	162 "	188 "
Fish, salted	17 "	— "
Fruits, fresh, mangoes	15 "	11 "
Furniture, rattan	396 "	572 "
Glycerine	300 "	— "
Gums, copal	177 "	91 "
Hemp	52,576 bales	72,635 bales
Hemp, copra	122 tons	— "
Household goods and personal effects	473 "	395 tons
Kapok	11 "	— "
Logs	45,077,025 bdf.	53,288,364 bdf.
Lumber, sawn	4,934,484 "	4,498,125 "
Molasses	10,730 tons	15,161 tons
Nuts, peanuts	45 "	— "

Ores, chrome	43,352	44,631
Ores, iron	134,115	121,216
Ores, manganese	2,520	2,928
Pineapples, canned	3,324	10,980
Plywood and plywood products	85	—
Ducts	85	—
Rattan, round (palasan)	228	251
Rope	295	521
Shells, shell waste	101	61
Skins, hides	16	84
Sugar, cent./raw	45,003	95,253
Sugar, refined	449	—
Tanning extract (cutch)	105	—
Tobacco	168	1,697
Vegetable oil	94	70
Transit cargo	692	386
Merchandise, general	744	954

THE contention of the Philippine Lumber Producers Association repeatedly printed in the newspapers and local periodicals that the loss of the United States market to Philippine lumber products is due mainly to high freight rates between the Philippines and the United States is absolutely without foundation, and in spite of the steamship lines (Associated Steamship Lines) having asked the Philippine Lumber Producers Association, Mr. De las Alas, and various other members of that Association to prove their case, they have been unable and unwilling to do so. They have continued, however, to preach this doctrine.

The simple fact of the matter is that, as far as Philippine lumber products taken together are concerned, there has been no loss of markets in the United States. As a comparison, the total log and lumber export from the Philippines in the first half of 1953 was 36,509,669 b.d.f.t. In the first half of 1954 it was 36,752,625 b.d.f.t. It is true that the exports of lumber have dropped about 900,000 b.d.f.t. but the exports of logs from the Philippines have made up for this. It is also true that this market has not expanded very much but this cannot be blamed on the freight rate but more, we feel, on the lack of imagination on the part of the lumber producers who create their own competition in the United States by shipping their logs to Japan where much of it is manufactured into lumber. With a combination of favorable production factors within Japan, this lumber is able to compete in the United States with the Philippine producers' own lumber despite approximately a 37 advantage in freight rate in favor of Philippine producers.

It is obvious that the answer to the ills of the lumber producers is not in their own ranks, but in none of our articles or press releases have they suggested any measures to be taken by their own Association to correct their measures. One basic correction that should be made is to reduce the amount of logs going to Japan to that required by Japan's domestic use. The lumber producers deny this solution, stating that it will be ruinous to the lumber industry. Why, they have not said, but merely brushed this off with the statement that they have come to this conclusion but do not have time to explain it. It is obvious that most of the lumber producers have the fallacious idea that by reducing freight rates they will then be able to compete against lumber in the United States made from their own logs shipped from the Philippines to Japan, but do not seem to see that such a reduction in freight rates to the United States would very likely create another reduction in freight rate on logs from the Philippines to Japan, so that the Japanese can compete further with the Philippine producers' new competitive price in the United States. The only one being hurt by this process is the transportation owner who, for some reason or other, the lumber producers seem to think can go on forever at a loss.

The final test of whether or not the steamship lines can reduce the freight rates can be posed in the following question:

If the lumber rates could be reduced and lumber carried at a profit from the Philippines to the United States and as a result of this reduction, as the lumber people try to tell us, shipments of lumber to the United States will increase a great deal because of the advantageous competitive position this would put them in, would it not behoove the steamship lines to make this reduction? The steamship owner can see this, but since lumber is being carried at a loss at present, any reduction would make a greater loss, and to increase the amount being shipped would not change this loss to a gain but would only multiply the loss.

The lumber produced in Japan, which is competing with Philippine lumber in the United States markets, is made from Philippine logs. These logs must pay a freight rate of about \$19 per 1000 b.d.f.t. to be shipped from here to Japan. Since this freight does not include stevedoring, the buyer in Japan must pay about \$1.25 per 1000 b.d.f.t. to discharge these logs. This is to say that the transportation owner on the ship's side after discharge to the lumber mill. This is an additional amount, although we do not have the figure. Taking into account wastage in sawing logs into lumber, which has been estimated at, conservatively, 20%, this makes the freight on the basis of lumber from these logs \$25.30 per 1000 b.d.f.t. just to get it to Japan. The freight from Japan to the West Coast is variously quoted at from \$20 to \$22. Taking the lower of the two, we get a total combined freight on the lumber from the Philippines to Japan and Japan to the West Coast of the United States comes to \$45.30. As opposed to this, the freight direct

on lumber from the Philippines to the West Coast of the United States is \$38.50. In spite of this obvious comparison, the lumber producers claim that they are being discriminated against in the matter of freight rates. Instead of this, they are being given an advantage of \$6.80 per 1000 b.d.f.t. over their Japanese competitors.

What happens to this \$38.50 which the lumber people think is too high? The cost of discharging lumber at Los Angeles and sorting it to the satisfaction of the United States lumber importers at all expenses up to the time of delivery and entry of the vessel's cargo is estimated to cost \$26.70. Add to this the incidental small expenses incurred in the Philippines, not including stevedoring (stevedoring in the Philippines is done by the shipper) which add up to about 50 cents per 1000 b.d.f.t., we get a net to the vessel of \$11.30 per 1000 b.d.f.t. When it is considered that lumber averages about 2 tons weight per 1000 b.d.f.t., this is a revenue of \$5.65 per weight-ton which must cover the operation of an expensive, modern cargo liner from the Philippines to the West Coast of the United States, a voyage requiring a minimum of 17 to 18 days on the average, plus loading and discharge time and steaming time around the Philippines. If a ship should fill up with *nothing else* but lumber at this net freight, the total revenue for the ship for a 30-day trip which includes loading, transit time, and discharge, would be \$18,645. This is based on about 3,300,000 b.d.f.t. which would be the capacity of an average cargo liner. The expenses for this 30-day trip, however, would be, for the very minimum, \$45,000, meaning a loss of over \$26,000. This figure is based on \$1500 a day operating cost, which is the very minimum on a foreign flag vessel. American vessels range from \$2200 to \$2250 a day, and even Philippine flag vessels are about \$2000 a day, which would increase the loss enormously.

One asks then why are lower freight rates being charged from Japan to the United States—lower, in fact, than the cost of discharging. The reason for this is that, as sometimes happens, when a trade route has too many ships, some lines feel that they are going to steal a march on others by quoting less than agreed Conference rates. As a result of this, other lines must compete, and a downward spiral is begun, known as a freight war. This is not only so in ocean freight rates, but occurs in almost any trade at one time or another. Steamship lines in this case carry lumber from Japan to the United States at a loss merely in order to keep their position in the trade. Not all lines will do this, however, and from Japan to the United States there are several lines which will not carry lumber because it is a losing business. The freight rates on lumber, even now, have increased somewhat from their lowest point, and indications are that they will continue to increase until a level is reached at which a normal operating profit can be made.

It is very significant that no line has tried to cut rates on lumber from the Philippines to the West Coast of the United States and the only reason for this is that those who may have had the inclination have seen the losses they would suffer by doing so in Japan. There has been one point, not that significant, at the start of the War there has been an increase of \$9 per 1000 b.d.f.t. on freight charges for lumber to the United States. No mention is ever made, however, of the reduction of \$8 made in October of 1949. The record of rate changes in lumber to the Pacific Coast since 1947 are as shown below:

Date	Lumber to Pacific Coast
April 1, 1947	\$35.00
May 25, 1947	41.50
May 25, 1948	41.50
October 11, 1949	33.50
April 22, 1951	40.50
February 1, 1952	42.50
May 15, 1952	42.50
May 15, 1953	37.50

It will be noted that the present freight rates are only \$4 higher than at the lowest point since the war began.

This present freight rate represents an increase of only 37% over the freight rate operative in 1941, which increase is probably one of the smallest in any commodity over those 13 years, rendered all the more surprising when it is taken into consideration that the cost of building ships is up 200% since before the war and cost of fuel, stores, and operating has increased in approximately the same amount. The price of lumber on the other hand has increased 230% over that period! Therefore, when all is considered, it is clear that the Lumber Producers Association's accusation that the Steamship Lines are charging exorbitantly for their services, is completely without foundation.

Freight Car Loadings

By JOSE B. LIBUNAO

Traffic Manager, Manila Railroad Company

LOADINGS of revenue freight during the month of August, 1954, totaled 2,424 cars. This was an increase of 125, or 5.44%, over the loadings during August, 1954, of 2,299 cars. A slight increase in carloadings of cement, copra, iron and steel products, of about 293 cars was offset by decreased carloadings of lumber, logs, and merchandise in less than carload lots of about 391 cars, resulting in an aggregate decline in tonnage for the month.

*See this Journal for July, 1954, "Lumber" column.