

were 25,027 bales—up 9,941 bales from November and up 9,091 bales from December, 1948.

Total pressings for 1949 were 513,720 bales or 63,744 bales less than in 1948 and 273,045 bales less than in 1947. The decline in balings in 1949 from balings in 1948 results from a decrease of 81,708 bales in the pressings of Non-Davao hemp as against an increase of 17,964 bales in the pressings of Davao hemp.

## Tobacco

By LUIS A. PUJALTE

Secretary-Treasurer, Manila Tobacco Association

THE local tobacco industry is again coming to life with the expansion of the manufacture of Virginia-type cigarettes. Capital appears eager to go into this promising field and new factories are already opening. It is important, however, that all those who enter it give careful attention to the quality of the cigarettes they will put out. So far, the main effort has been concentrated on producing low-priced products, when a medium- and high-quality Virginia-type cigarette would have been as profitable and perhaps more so.

I said in my previous article that the tobacco industry had been greatly neglected by the Government, and one form of this neglect is the apparent indifference of the authorities to the need of stamping out the illicit manufacture of tobacco products. This illicit manufacture was negligible before the war, but became an industry during the Japanese occupation and has since persisted. It constitutes a great detriment to bonafide manufacturers not only because of the big tax-differential they have to overcome in competing with the illicit manufacturers but because in many cases even their brands are imitated. It is estimated that the Government has annually been

losing around ₱3,000,000 in tax revenue on this account, and unless something is done about the matter, the loss will become much greater because the import control is naturally resulting in increased activity on the part of these illicit as well as the legitimate manufacturers.

A few weeks ago, manufacturers were asked to attend a hearing at the Department of Finance on a proposal to increase the specific tax on cigarettes in order to help meet the decrease in revenue from imported cigarettes. The local manufacturers voiced their old grievance as to the rampant illicit manufacture and pointed out that though they were not in principle opposed to a just and equitable increase in this tax, if this were resorted to without first eradicating the illicit manufacture, it would make this even more profitable than it is now. The higher tax-rate might well result in the total ruin of legitimate manufacturers and bring about still greater government revenue losses instead of an increase in revenue.

The Government should take decisive action in this matter of suppressing the illicit manufacture, in its own direct interest as well as in the interest of law-abiding and tax-paying industrialists and thousands of workers. At present, only the illicit manufacturer, like the "boot-legger" of prohibition times, stands to gain by any hasty move of the Government in raising the tax-rate.

NOTE:—Malabon and Caloocan, both very near Manila, are said to be the main centers of the illicit cigarette manufacture.

## Imports

By LOUIS S. KRAEMER

Vice-President, Mercantile, Inc.

THE New York *Journal of Commerce* on January 19, 1950, carried an article on Philippine Import Control which, in part, ran as follows:

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