

VENTURE CAPITAL along with good engineering in the selection of promising mining prospects, created the mushroom growth and brought a new major industry into being. That was what unlocked nature's vaults and brought to light the prospects which later became producing mines.

Today, we have lost that combination. There is no VENTURE MONEY, consequently, nature's vaults remain locked.

Lumber

BY LUIS J. REYES

Philippine Representative, Penrod, Jurden & Clark Company

LAST month we reported the passage in Congress of H. B. No. 2816 and H. B. No. 2818, the former setting aside P400,000 for taking an inventory of our forest resources, the latter amending Section 1833 of the Revised Administrative Code concerning licenses for cutting timber for mining purposes. Both bills were vetoed by President Quirino. In the opinion of the writer, H. B. No. 2816 was a wise piece of legislation that would have enabled the Government to develop a more comprehensive system of timber administration with the aim of protecting future timber supply. H. B. No. 2818 was intended to clarify certain provisions of the Revised Administrative Code. As it is, mining companies are privileged to cut timber from public forests free of charge even after development work has ended and production started, a privilege not enjoyed by any other industry, not even by the lumber companies, which pay for all timber used in their operations from the time licenses are issued to them.

Exports for the month of May amounted to 3,114,857 bd. ft., as compared to 2,540,725 bd. ft. for the previous month. Most of these exports, as usual, consisted of Philippine mahogany (tanguile and red and white lauan) of which 59% was sawn lumber, the rest round veneer logs. The May exports included some 250,000 bd. ft. of dao. The United States took about 70% of our exports, the rest went to South Africa, Canada, Hongkong, China, Japan, Formosa, Netherlands East Indies, and Belgium.

Prices ranged from about \$100 to \$130 for the Common grades, f.o.b. Philippine ports, up to \$140 to \$170 for FAS and CLEARS. These prices are the lowest since liberation and seem to have reached a point when local producers will no longer consider it profitable to cut lumber for export. The quality of export stock is much higher than that sold in the local markets, and not only is export stock given an allowance of 1/8 of an inch for every inch of thickness, but it must also be 60 days dry before shipment is allowed. The records of mills cutting for export show that only from 25% to 35% of their production is of the grade suitable for export. In spite of the low prices, however, the demand in the United States continues sluggish. Importers continue to be cautious and, lately, reports have been received from the United States to the effect that a shipment of Philippine mahogany was sold at \$40 below the current market price, to the consternation of all Philippine exporters! However, most producers anticipate a bigger demand and believe that the present condition is the result of the general business recession.

Philippine producers realize the need of greater and more vigorous efforts to re-introduce woods in the United States market. Among the measures to

be taken is the placing of more advertising in lumber and trade journals. As a preliminary move, two of the older and larger associations have amalgamated and have adopted the name, Philippine Lumber Producers' Association, the members of which are responsible for about 85% of all lumber produced in the Philippines. The new Board of Directors of the Association are Antonio de las Alas, President; H. C. Pope, First Vice-President; Carlos Fernandez, Second Vice-President; A. W. Robertson and Tomas Morato, Directors, and Luis J. Reyes and Manuel Diaz, alternates.

IN the local market, wholesale prices were reported at P137 to P140 per M for white lauan and apitong, and P150 to P160 for tanguile and red lauans. At these prices, only those mills advantageously located and efficiently managed can hope to make a margin of profit. Some producers operating under less advantageous circumstances find it impossible to compete in Manila and other bigger markets and prefer to send their product to smaller centers of population.

Reports coming from Korea state that the price quoted by the winning bidder in a tender under SCAP for about 4,000 cubic meters of red and white lauans was \$71.00 c.i.f., Fusan, Korea. This is \$3.50 higher than the price of the logs sold to Japan earlier this year.

On June 9, 1949, President Quirino issued Executive Order No. 221, lifting the ban on exports. This means that anybody may now export timber anywhere, the only requirement being that the quality and grade must be certified by the Government through the Bureau of Forestry. In other words, all timber exported from the Philippines must be under a Certificate of Inspection of the Bureau of Forestry.

Copra and Coconut Oil

BY MANUEL IGUAL

General Manager, El Dorado Trading Company, Inc.

AND KENNETH B. DAY

President, Philippine Refining Company, Inc.

May 16 to June 15, 1949

WE left the last period with buyers gradually backing away from copra at \$175 c.i.f.P.C. and \$170 f.o.b., all for nearby shipment. Sellers were offering sparingly at about \$5 higher, but were playing safe anticipating light supplies in June. The feeling among sellers was that until the heavier crops of July there might be a tight position for prompt deliveries, thus maintaining or improving prices.

Unfortunately, however, demand for oil and consequently for copra slacked off alarmingly. While prices maintained fair levels until nearly the end of May, copra was unable to stand the pressure of increasing surpluses of domestic oils and fats in the United States plus prospects for bumper crops this year, and the record of the first half of June is one of steady decline to the point where by June 15 copra could not be sold for better than \$140 c.i.f.P.C. with sellers as usual asking \$5 more. In spite of the fact that supplies actually were light, there was nothing to hold the market up, for European buyers were not interested in Philippine copra, and European business was chiefly confined to speculators covering in earlier commitments.