Exports for November this year, as compared with exports for November last year, were as follows:—

	1949		*1948*	
Alcohol	59	tons	13	tons
Coconut, Desiccated	7,192	"	7,459	"
Coconut Oil	4,643	"	4,551	"
Concentrates, copper	2,766	"	—	
" gold	429	"	108	"
" lead	90	"	—	
Copra	50,991	"	54,696	"
Copra cake, meal	5,853	"	5,472	"
Embroideries	167	"	124	"
Empty containers	341	"	295	"
Fish, salted	45	"	—	
Foods, canned	28	"	—	
Furniture, rattan	593	"	863	"
Glycerine	160	"	—	
Gums, copal	35	"	59	"
Hemp	33,574	bales	41,425	bales
Household goods	323	tons	58	tons
Junk, metal	471	"	37,017	"
Logs	838,799	bft.	1.724,464	bft.
Lumber	1.470,662	bft.	1.412,291	bft.
Plywood	11,345	sq.ft.	—	
Ores, chrome	6,589	tons	23,800	tons
" iron	17,934	"	—	
" manganese	1,041	"	—	
Pineapples, canned	1,099	"	—	
Rattan, palasan	158	"	44	tons
Rice	2,953	"	—	
Rope	227	"	117	"
Rubber	100	"	128	"
Shells	44	"	60	"
Skins	72	"	130	"
Tobacco	1,637	"	29	"
Vegetable oil products	31	"	379	"
Transit cargo	24	"	2,082	"
Merchandise, general	2,949	"	17,390	"

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Air Transportation

By H. E. Umber

Station Operations Manager
Pan-American Airways, Manila

THE periodic controversy between the Civil Aeronautics Administration of the Philippines and the National Airports Corporation, also a government entity, is currently being debated in the Manila newspapers. The difficulty arises over the overlapping nature of the responsibilities of each organization and the desire on the part of each to properly perform their functions for the advancement of the industry. That there is need for economy in all governmental departments of the Republic may be reason enough for the newly elected Congress to objectively survey the situation with a view toward arriving at a definite and lasting solution to the problems to the benefit of all concerned.

Another item to be objectively approached is that of tourism in the Philippines. A great many plans have been advanced on how to develop this important dollar earner for the Government. However, the first problem to overcome is the infinite detail which every tourist must undergo who desires to come, to see and to leave. With the natural wonders of the whole of the Philippines widely advertised by everyone interested in bringing tourists to the Islands and with the development of accommodation to take care of them when they get here, it still remains for the Government to make it reasonably effortless for the traveler to come in and get out of the country. It would appear that there are too many other countries in the world which have taken advantage of their opportunities in this respect for Mr. Average Tourist to seriously consider the Philippines as attractive for a visit until such time as he can come here with as little or less effort than it takes to visit other countries of the world which are soliciting his business.

Gold

By Chas. A. Mitke

Consulting Mining Engineer

A CRISIS, which was virtually a man-made crisis, was created in the Philippines early in December, 1949, when the Central Bank imposed a ruling, requiring all importers to put up 80% cash advances with all orders. This was rapidly followed by a drastic upward revision of the import control quota-cuts, many of them up to 90%. Fear, engendered by these restrictions, caused a flight of capital from the country at the rate of $2,000,000 daily. To check this loss, exchange controls—Central Bank Circular No. 20—were abruptly imposed, this necessitating a waiver of the guarantee in Sec. 342 ("Currency Stabilization") of the Philippine Trade Act, that "the value of the Philippine peso in relation to United States dollars shall not be changed, the convertibility of pesos into dollars shall not be suspended, and no restrictions shall be imposed on the transfer of funds from the Philippines to the United States, except by agreement with the President of the United States".

The new rulings also affected the gold mining industry. Since production was resumed, the mines have been selling their gold locally, within the Philippines, at prices sufficiently above $35 an ounce to enable them to operate and even to consider expansion.

The ruling of the Central Bank, however, makes it virtually impossible for the mines to sell gold to any purchaser other than the Central Bank, which will pay only ₱70 or ₱35 an ounce.

The order concerning gold is published elsewhere in this issue of the *Journal*.

Naturally, no private purchaser would engage in dealings in gold under such conditions.

Recent statements of members of the International Monetary Fund as well as officials of the United States Government, are to the effect that the local selling of gold does not violate any agreement or ruling of the Monetary Fund so long as the former customary export and import controls over gold continue to be exercised. For that reason, the officials of the gold mines feel that the local practice during the past four years should be continued.

The Bank ruling, coming as it did just before pay-day, caused considerable embarrassment. The companies had the gold to sell which would have furnished the necessary pay-roll funds had they been free to dispose of it. The offer of the Central Bank to lend the money at 3%, with the gold as guarantee, was refused as it offered no solution.

The gold-mining companies have protested to officials of the Government against the ruling of the Central Bank, stating that this would serve to discourage transactions in gold and virtually kill the industry by forcing the producers out of business.

They also pointed out that closing of the mines would deprive over 100,000 persons of their means of livelihood or support. In addition, the Government would stand to lose around ₱3,000,000 annually, in the form of the direct and indirect taxes which accrue from the industry.

Already there are rumors that several mining companies have notified their employees that if this ruling continues in effect, the cost of production will be greater than the income and the force will reluctantly have to be discharged.

The gold-mining industry is just getting on its feet, the production amounting to only 18% of its former production,—only ₱18,000,000 annually instead of ₱100,000,000. The official price of gold—$35 an ounce—is exactly the same as pre-war, but the cost of labor has doubled and the cost of supplies has trebled. If compelled to sell their gold at the pre-war price of $35 an ounce, half of the gold producers would have to close down, and the remainder would merely last as long as their high-grade ore holds out.

The Philippines has, for some years, been buying more than it sells, but the deficit was made up by payments from the War Damage Commission, Rehabilitation funds, Surplus property, and loans from America. Such payments, however, are gradually coming to an end and unless something is done to conserve dollar resources, the situation in a few years will be critical.

This is not an industrialized nation, and even under the most favorable conditions, a chain of factories cannot be erected overnight to cushion the shock. Industrialization takes time and much capital. The country's big assets are the natural resources and these inhere primarily in agriculture and mining. It was these two natural resources, the surface and sub-surface products, which made the Philippines prosperous up to the end of 1941.

Mining before the war was the No. 2 industry, and in 1942, promised even to exceed the sugar industry in importance. Today, battered and war-torn, it is struggling for existence. If given a helping hand, it may eventually pull the Republic out of the morass in which it is floundering, but if restrictions such as that recently imposed on gold continue to threaten, it will die an untimely death, and with it will die the hope of the Nation.

The lifting of the restrictions on the sale of gold would have the same effect as that experienced in Hongkong where a similar condition was created some months ago. When restrictions were imposed on the sale of gold, the Hongkong dollar fell and the price of gold soared. The moment the restrictions were lifted, the Hongkong dollar returned to normal and the fear of inflation was removed.

Lumber

By Luis J. Reyes

Philippine Representative, Penrod, Jurden & Clark Company

DURING the month of November, there were shipped abroad 4,048,058 board feet, of which two-thirds consisted of sawn lumber and the remainder round logs. This amount is a little less than that exported in October. The United States took 51% of our total export, the Far Eastern countries 25%, and the rest went to Hawaii, Canada and South Africa.

Lumber companies have been operating at their maximum capacity because of the shortage of lumber in Manila, the low prices of lumber during the second and third quarters of the year having caused the closing of several small mills or the diversion of their production to other centers. Manila was almost wholly supplied by the bigger mills. The shortage of supply has caused prices to go up and, at present, common Manila grades of tangile, apitong, and lauan are wholesaling at about ₱190, ₱180, and ₱170 respectively. At these prices, lumber producers make a fair margin of profit, but many believe the prices will last only for about the first quarter of 1950. As soon as the small producers resume operations and begin to ship their lumber to Manila, prices will again drop to critical levels.

Many producers are looking forward to the resumption of the log trade with Japan and, we understand, that the tender to be held early next January will be the last one to be held by SCAP; thereafter, Japanese companies will be authorized to import logs as they did before the War. Small to medium-size loggers favor dealing with individual importers, because these generally send their ships to the Philippines and buy lumber delivered "free alongside ship" (FAS). There is no necessity for producers to bother with financing and negotiating papers through the banks, as is generally done at present.

The present Import Control, which limits the importation of certain construction materials, may slow down the demand for lumber, but, up to this writing, lumbermen have not complained of any adverse effect. We know, however, that some branches of the local wood industries, such as those of veneer and plywood, will be favored by the control. Imported plywoods, it is reported, which were selling between ₱6 and ₱7 a sheet, now cost between ₱9 and ₱10. As far as plywood is concerned, the 5 mills in operation in the Philippines are in a position to supply all the requirements of the country.

Copra and Coconut Oil

By Manuel Igual

Executive Vice-President, El Dorado Oil Works

and

Kenneth B. Day

President, Philippine Refining Co., Inc.

THIS report covers the period November 16 to December 15.

The slow but steady upward trend which prevailed during the previous four weeks was finally checked, and, while on November 16 sellers were asking $190 per short ton c.i.f. Pacific Coast, with moderate buying-interest at $185, the last half of November continued without exceeding the aforementioned levels, there being only an occasional trade at those and in-between prices. During the period from the 1st to the 15th of December, copra crushers on the Pacific Coast evinced less interest. The majority showed no inclination to operate until after the turn of the year, with the result that the market gradually eased off; by the 15th of December buyers' ideas centered at around $170, with small business recorded at $172.50.

Trade with other than United States destinations for the period under review was negligible. There were several inquiries, but apparently in most cases, particularly during the latter half of November, buyers found it to their advantage to draw supplies from other than Philippine sources since they considered local price levels entirely too high. As the market receded during December, more interest was shown by foreign buyers and occasional small sales were recorded to European destinations. However, just before the middle of December, a shipload of copra was sold to Japan at approximately $200 c.i.f., long ton.

At the close of this period, we find most American crushers showing very little buying-interest, mainly because oil consumers are showing no inclination to buy oil in quantity even at the equivalent of closing copra-levels, doubtless anticipating ability to buy at lower prices. Our feeling is that copra at the levels of $170 to $172.50 is rather on the low side, despite avowed curtailed oil consumption. With prospects of diminished supplies, and European levels at around £78 c.i.f. (officially equivalent to $218.40, long ton), and with indications that copra supplies from the Sterling Area are insufficient to meet European requirements, there is a possibility that despite the much talked-of scarcity of Dollars in Europe, occasional demand may develop now and then; and should these sources start drawing any appreciable amount of copra from the Philippines, we are inclined to think, despite the statement that coconut-oil stocks in the hands of United States consumers are ample, that at these levels there is more chance for the market to advance than to decline. This conclusion is, of course, mainly based on an anticipation of a seasonal decrease in Philippine copra production, which is indicated from all primary sources, particularly after the turn of the year.

INSOFAR as the coconut-oil market is concerned, generally speaking, starting with an asking price of 14-1/4¢ f.o.b. tank-cars, Pacific Coast, on November 15, the market seemed to follow a one-way course which was steadily downward, so, while the decline was very gradual, on December