

A Sensible View of American-Philippine Trade

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The inauguration of the Commonwealth of the Philippines on November 15, 1935, opened the last chapter of the American-Philippine political relations. This chapter gives the Filipino people an autonomous government which is their stepping stone to complete independence and contains the finishing touches on America's work which (to quote Former Governor-General Frank Murphy) "consummated an achievement without parallel in the annals of colonial administration."

But the United States could not have achieved so much in a generation in the Philippines without the Islands' rich natural resources which the American government developed indirectly by establishing free trade between the possession and the mother country—and now that the American sovereignty over the islands is drawing to a close and the unrestricted entry of Philippine goods into the United States is ended as provided in the Tydings-McDuffie act, it may be timely and of interest to review the past, see the present and look into the future of the American-Philippine trade relations which proved a blessing to the Philippines and a benefit to the United States.

The most natural and enduring trade should be between regions of dissimilar climates and particularly between tropical and temperate countries. Countries having the same climate produce the same crops. Tropical and temperate countries produce different crops, thus trade in agricultural products between these countries is natural. Tropical countries have too little commercial coal and iron to support a great manufacturing industry, but with their favorable climate for agricultural pursuits they produce almost an unlimited amount of raw materials they exchange for the manufactured goods from the north. It seems reasonable to expect that as the countries in the north temperate zone eliminate the difference in their economic development, they will turn more and more to the tropics for their markets and sources of raw materials.

Thus, it seems natural to find a flourishing trade between the United States, a temperate country, and the Philippines, a tropical country, even before the American occupation of the Islands. Available figures show that from 1890 to 1894 the United States ranked fourth among countries exporting to the Philippines.

Calendar Years 1890-1894

Rank	Countries of Origin	Annual Average Value of Imports	Percentage of Total Philippine Imports
1st	United Kingdom	\$4,772,108	30
2nd	Spain	3,849,618	24
3rd	Germany	639,895	4
4th	United States	485,164	3
5th	France	263,429	2

The phenomenal development, however, of the United States-Philippine commerce after the American occupation of Manila on August 13, 1898, is due to the tariff protection each receives in the market of the other.

The United States-Philippine trade compared with Philippine trade with other countries from 1890 to 1901 is as follows:

Year	Total P. I. Trade Value	P. I. Trade with U. S. Value	Per Cent of Total P. I. Trade
1899	\$34,039,568	\$5,288,341	16
1900	47,854,152	5,114,049	11
1901	54,665,824	8,080,547	15

To give further encouragement to American-Philippine commerce the tariff of 1902 was passed giving Philippine products entering the United States a 25% preferential duty and eliminating Philippine export duties on merchandise shipped to the United States only. With a slight amendment brought about by the tariff act of 1905 and 1906, the principal provisions of the tariff of 1902 remained until 1909 when the inhibition in the Treaty of Paris with regard to equality of treatment between Spanish and American goods was lifted.

The United States-Philippine trade compared with Philippine trade with other countries from 1902 to 1909 is as follows:

Year	Total P. I. Trade Value	P. I. Trade with U. S. Value	Per Cent of Total P. I. Trade
1902	\$62,014,070	\$15,634,122	25
1903	66,208,130	16,908,526	25
1904	58,727,231	16,753,788	28
1905	63,505,324	20,430,353	32
1906	59,046,660	16,347,175	27
1907	63,551,677	15,396,925	24
1908	61,787,192	15,552,591	25
1909	66,008,756	21,171,344	32

The Tariff of 1909 provides that all American products except rice may enter the Islands duty free and likewise Philippine products except rice may enter the United States duty free. This free entry provision, however, did not apply equally on all Philippine products. Besides rice which had to pay full duty, sugar in excess of 300,000 tons, wrapper and filler tobacco in excess of 1,000,000 lbs. and cigars in excess of 150,000,000 pieces were to pay regular duty upon entering the American Market. These restrictions were nominal. The Philippine export duties on goods shipped to foreign countries were continued, somewhat reduced.



Part of Manila, monument to America's endeavor in the Philippines. Pier 7 in the background is the longest covered pier in the world.

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The tariff of 1909 was in vogue until 1913 when unlimited free trade in both directions was established.

The United States-Philippines trade compared with Philippine trade with other countries from 1910 to 1913 is as follows:

Year	Total P. I. Trade Value	P. I. Trade with U.S. Value	P. I. Trade Per Cent of Total
1910...	\$90,347,824	\$37,310,267	41
1911...	92,861,534	39,029,614	42
1912...	116,591,201	47,191,017	40
1913...	101,085,742	43,110,279	42

Since the removal of trade obstacles in 1913, the United States-Philippine trade has grown very rapidly and the unlimited flow of Philippine products into the American market continued until 1934 when the Philippine sugar export quota under the Jones-Costigan act was set at 906,416 long tons.

The United States-Philippine trade compared with Philippine trade with other countries from 1914 to 1933 is as follows:

Year	Total P. I. Trade Value	P. I. Trade with U.S. Value	Per Cent of Total P. I. Trade
1914.....	897,278,324	\$37,310,267	38
1915.....	103,125,187	50,034,280	48
1916.....	115,433,720	58,510,805	51
1917.....	161,401,337	100,855,006	62
1918.....	233,793,693	147,971,529	63
1919.....	231,756,878	132,144,106	57
1920.....	300,562,138	197,506,040	65
1921.....	203,953,896	124,496,808	61

1922.....	175,780,942	111,849,926	63
1923.....	208,232,747	135,399,558	65
1924.....	213,333,557	157,712,505	65
1925.....	268,610,038	178,342,524	66
1926.....	256,183,311	171,578,837	67
1927.....	271,423,556	187,516,547	69
1928.....	289,711,144	199,443,913	69
1929.....	311,607,117	217,058,431	70
1930.....	256,260,081	183,525,089	72
1931.....	203,150,792	145,362,079	72
1932.....	174,733,165	133,945,616	77
1933.....	180,451,814	134,853,433	75


The 1924-1933 annual average imports of the Philippines from the United States and other countries are as follows:

Country	Value	Per Cent of Total P. I. Imports
United States.....	\$68,436,149	61%
All other countries.....	43,869,689	39%
Total.....	112,105,838	100%

The 1924-1933 annual average exports of the Philippines to the United States and other countries are as follows:

Country	Value	Per Cent of Total P. I. Exports
United States.....	\$102,567,702	77%
All other countries.....	30,925,298	23%
Total.....	133,493,000	100%

It is evident then that the Americans are the best customers of the Filipinos who in turn consume predominantly American products. Thus the United States-Philippines free trade relations are mutually beneficial to both countries.



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