

species of Philippine timber included in the tax-exempt group, or, should this fail, that they be included with mahogany and other timber species paying the reduced specific tax of 75¢ per 1,000 b. ft.

5. As regards the tax contained in the Tariff Act of 1930 on manufactures of wood, the problem is slightly more complicated. The criterion used to distinguish timber and lumber, on one side, and manufactures of wood, on another side, is whether the article involved is to be used for only one purpose or to be made into only one product. For instance, sawn lumber, either rough or planed, and either green or air-dried or kiln-dried, is free of the ad valorem tax, but when the lumber is manufactured into paneling and a shipment is all of one specified length, it is no longer considered as lumber because it can only be used for one purpose. Likewise, when Bed Rails and Thresholds and Door Jambes are shipped in one specific length, they again become subject to the ad valorem tax.

6. The problem, then, is how to include manufactures of Philippine wood in the tax-free list of the Tariff Act. Otherwise, the result will be that our exports to the United States will be definitely limited to raw timber in the form of logs or sawn lumber, not further manufactured than planed. This development would be unfortunate, because the present trend is precisely to have more manufacturing done in the Philippines in view of: (1) the advantage in wage-rates between United States and Philippine labor, and (2) the gradual but steady improvement of our Philippine sawmills toward producing lumber specially processed to suit the demands of the United States market. Through careful study of the requirements of the American consumers, Philippine sawmills can be expected to ship their lumber in an increasing percentage of semi-finished articles. This would have the great advantage of eliminating the unnecessary cost of freight on the waste component which necessarily accompanies lumber when shipped rough. Only thus can we hope to augment the value of our exports while at the same time increasing the opportunities for employment in the Philippines.

7. Our recommendations, therefore, are as follows:

A. Philippine Mahogany and other species of Philippine timber should be exempt from the specific tax imposed by the U. S. Internal Revenue. If this is not possible, Philippine timber should at least be classified together with mahogany, against which it competes, and should therefore be subject only to the reduced rate of 75¢ per 1,000 b. ft.

B. Manufactures of Philippine woods should be exempt of the tariff duties provided by the Tariff Act of 1930. In particular we are interested in such manufactures as the following: Bed Rails, Thresholds, Door Jambes, Paneling, Box Shooks, and Box-Car Decking. The fore-

going articles are the principal manufactures which can be expected to enter our export trade to the United States, and if specifically exempt or the rates of them reduced, our trade would be safely protected.

8. Finally, it might be well to mention that the Philippine lumber industry has patiently and steadfastly maintained for the last forty years an organized and persistent campaign to create an active demand in the United States market for Philippine Mahogany. This has involved a heavy expenditure to establish the trade name of "Philippine Mahogany" and to obtain trade acceptance and consumer preference for our lumber. This effort is still being continued in cooperation with the group of United States importers organized as the "Philippine Mahogany Association, Inc." It is only lately that the detrimental effects of the stoppage of supplies during the Japanese occupation has been successfully overcome, and United States consumers have again shown their ready preference for Philippine timber. The imposition of United States tariffs or excise taxes at this time would greatly increase the marketing problems of Philippine producers and might tend to nullify the good work which had been done in the past years.

It is regretted that this memorandum could not possibly be submitted sooner than requested in your letter of July 27, 1954, but it is nonetheless hoped that the proposals herein embodied will merit their inclusion in the revision of the Bell Trade Act.

Respectfully submitted,

(Sgd.) A. DE LAS ALAS  
President

MEMORANDUM FOR  
Senator Gil J. Puyat

ADDENDUM NO. 1 TO THE MEMORANDUM OF THE PHILIPPINE LUMBER PRODUCERS' ASSOCIATION ON THE PROPOSED REVISION OF THE BELL TRADE ACT

THIS is an addendum to our Memorandum dated August 11, 1954, for the purpose of amplifying our views regarding manufactures of wood.

1. In paragraph 3 of our memorandum, we stated that the United States tariff establishes various rates on different manufactures of wood, and in paragraph 7-B, we submitted our recommendation that either all manufactures of Philippine wood be exempt from the tariff duties or that specific manufactures such as: Bed Rails, Thresholds, Door Jambes, Paneling, Box Shooks, and Box-Car Decking be exempt.

2. Our recommendation for the exemption of specific articles made of Philippine wood was based on the fact that at present the aboves-listed articles are the only ones which enter the Philippines-United States foreign trade. However, upon re-examination, we are now of

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MEMBER — PHILIPPINE LUMBER PRODUCERS' ASSOCIATION, INC.



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the opinion that it would be highly advisable if the exemption from tariff duties were to cover a broader description of manufactures of wood. The reason is that it is quite possible that in the years to come there will be opportunities to manufacture some other articles for which a demand might be created in the United States but which might not be effectively marketed if tariff duties were levied upon them. We would, therefore, recommend that the tax exemption be worded in a more general description; such as for instance:

"... manufactures of wood, whether or not dedicated to specific use, provided that such manufactures are disassembled parts or pieces, which do not represent a separate and/or complete manufactured article."

3. Also, it would be well to remember that there is an important potential field for exporting to the United States veneer and or plywood manufactured in the Philippines out of Philippine woods. At present Japan is exporting to the United States large quantities of veneer and plywood, using Philippine woods as raw material, and we believe that in the course of time Philippine veneer- and plywood-plants will be improved and many of the unfavorable economic factors affecting the present situation will be corrected so as to permit the Philippine raw material to be processed in the Philippines. The manufactured articles might then be exported directly to the United States and in that eventuality, it would be well if Philippine exports of veneer and or plywood were not subject to tariff duties.

Manila, August 24, 1954.

Respectfully submitted,  
(Sgd.) A. DE LAS ALAS  
President

## Copra and Coconut Oil

By WILLIAM S. RICE, JR.

Copra Buyer, Philippine Manufacturing Company

THE September market was generally steady, and the overall tendency of prices was upward for the first month since January.

The immediate cause of rising prices seems to have been European shorts, covering. Their activity was abetted by lack of expected Indonesian copra offerings in Europe and rumors of actual Indonesian sales direct to China. Also, there was evidence that Philippine production had passed its annual peak and could be expected to decrease

gradually for the remainder of the year.

On the other hand, various other factors moderated the effect of the firmness arising out of European buying-interest. American stocks of copra and coconut oil were above normal for this season of the year, and afloat shipments of copra and coconut oil continued to press American markets. Therefore American buyers did not display much active interest. Even though off slightly, Philippine production continued at high levels, and local sellers had good quantities of copra available for immediate delivery.

### Copra and Coconut Oil Prices

	High	Low	Close
<b>Copra:</b>			
West Coast, c.i.f. per short ton	\$162 50	\$152 50	\$162 50
Europe, c.i.f. per long ton, Sept.-Oct.	\$182 50	\$173 00	
Europe, c.i.f. per long ton, Oct.-Nov.	\$183 00	\$174 00	\$182 50
Manila, fresh, 30-day delivery, rescada basis, per 100 kilos, at bodegas	₱28 50	₱27 00	₱28 50
<b>Coconut Oil:</b>			
West Coast, c.i.f. per pound, 60-day	11-3.4¢	11-1.8¢	11-5.8¢
East Coast, c.i.f. per pound, 60-day	12-1/4	11-1/2	11-7/8

**Copra Cake and Meal Prices.** The anticipated price improvement did not develop. Large shipments of Fiji Island cake to the American West Coast were credited with depressing that market. Prices had declined \$5 at month-end to about \$56 per short ton c.&f. West Coast. The immediate prospects for better prices are not very good because large quantities of October and November production are reported to be unsold.

Following recent active buying, European buyers appear satisfied for the moment and display little buying interest now.

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