

Annual Report of the President

American Chamber of Commerce of the Philippines

TO THE MEMBERS
AMERICAN CHAMBER OF COMMERCE OF THE PHILIPPINES

Sirs:

TO put it succinctly, I believe that I may say that the Chamber has had a good year in that it has been more than usually active and in that it has been successful, in some degree, in its activities. Our officers, directors, and committeemen, aided by the office staff, have faithfully, diligently, and effectively discharged their responsibilities.

We have at present 100 active members and 74 associate members. During the year we lost two active members, but seven came in, of which three represented membership transfers. Fifteen associate members dropped out, but ten new associate members came in.*

After a thorough consideration of the matter by the Board, it was decided, to reduce the active membership fee from ₱1,000 to ₱250, effective September 1. We trust this meets with your approval. The outgoing officers and directors hope that the action will lead to an increase in our active membership.

During the year the Board elected the United States Ambassador to honorary membership in the Chamber, which membership he accepted. The Board also invited him to attend, if he should so desire, the Board meetings or to send some member of his staff, like the trade attache. After that, we sent the Embassy the agenda of all board meetings and Mr. Patten D. Allen, the first secretary, attended most of them.

The Chamber during the year twice suffered serious loss, first, in the sudden death last March of the Executive Vice President, Mr. Leon Rosenthal, and, second, in the death in May of one of the directors, Mr. A. H. Barrett. Mrs. Marie Willimont was appointed to the position left vacant by Mr. Rosenthal. Another lamentable death was that of Mr. H. W. Titus, editor of the "Port of Manila" column in the Journal.

The Chamber is indebted to Messrs. Ross, Selph, Carrascoso & Janda for the reconstruction of our corporate records destroyed during the war. A certificate to this effect was subsequently issued by the Securities and Exchange Commission. Claims for the Chamber's pre-war bank deposits, amounting to approximately ₱30,000, are still pending.

Since August, 1947, the Chamber has had its temporary offices here on the fifth floor of the Insular

* The seven underlisted firms were elected to active membership during the year:

Williams Equipment Company, Ltd.
Bunge Far East Agencies, Inc.
Colgate-Palmolive-Pest Company
Philippine Engineering Corporation
W. A. Chittick & Company, Inc.
Pampanga Sugar Mills
Philippine Packing Corporation

Ten new associate members were taken in during the year as follows:

A. C. Davis	Fred McN. Butler
G. S. Burton	Tom O. Gaston
R. F. Baker	C. C. Crawford
Louis G. Wagner	John D. Hardie
John R. Cooney	Harry Avlrom

Life Building. During the past year we were kindly offered space in the reconstructed building, across the river, of the Chamber of Commerce of the Philippines, but on the basis of the limited area available and the price, the offer was declined. Next month the Chamber offices will be transferred to the fourth floor of El Hogar Filipino Building, around the corner, where we shall have some 190 square meters at our disposal instead of the 150 here. The rental per square meter is the same. The Board having queried the membership by mail, some 70% of the active members voted in favor of installing both a bar and a coffee-counter in the new quarters. I hope, personally, that you will reconsider your vote as to the bar. Most of us, I am sure, do not favor drinking hard liquor during the middle of the day; licenses, fees, and up-keep would run into money, and we would probably incur a deficit.

FOLLOWING the annual meeting held early last year, the Board held twelve regular meetings and a number of special meetings, — among the latter, one was to discuss the third-quarter imports, at the request of PRATRA; another was held in connection with the coming of the businessmen's delegation from the United States Pacific Coast to the regional trade conference sponsored by the Chamber of Commerce of the Philippines; still another was to consider the Chamber's transfer to the Hogar Filipino Building; and the last was a meeting on import control.

A number of more generally attended meetings of members were held on the Chamber premises during the year. One, held in February, concerned the licensing of American flour exports to the Philippines; another, held in July, was called to discuss labor problems and the advisability of organizing an "employers' association," on which the decision was in the negative; and the last, held only a few weeks ago and very well attended, concerned the recently instituted import control.

Among the more social occasions, was a luncheon given in February at the Manila Hotel by the Board of the Chamber of Commerce of the Philippines to the Board of our Chamber, in return for a luncheon given by your President to the Philippine Chamber Board the preceding November. Your President also gave a luncheon at the Manila Hotel in June in honor of Secretaries Cuaderno, Mapa, and Abello, Mr. Jose Yulo, and a number of other prominent Filipinos.

Due to the circumstances and to the crowded schedules of the delegation of United States businessmen to the regional trade conference already mentioned and held here in July under the auspices of the Chamber of Commerce of the Philippines, we were not able formally to entertain these men, as we wanted to do, but means of individual friendly social contacts were found nevertheless.

AT the regular meetings of the Board, many matters other than routine were dealt with, among them the following:

(1) A joint petition with the Philippine Chamber of Commerce addressed to the President with re-

ference to the lifting of the Moratorium, and, later, protests against certain provisions of the bill on the subject which became law.

(2) Representations made and letters addressed to the United States Embassy in connection with the congestion at the piers and the release or partial release of Pier 5 by the United States Army.

(3) Representations made and letters addressed to the Embassy and the U. S. State Department with reference to changes in the export license policy in Washington, "new importers," etc.

(4) Various actions with reference to a number of bills introduced in the Congress of the Philippines, including those affecting the professions of mining and chemical engineering, new taxes on liquors and cigarettes, "luxury" taxes in general, and import control, the high fees for the inspection of imported fruits, etc.

(5) In connection with import control, and on the invitation of Secretary of Commerce Balmaceda, the Board appointed a committee composed of Messrs. D. O. Gunn, N. Most, and R. J. Newton, to meet with the Import Control Board in the discussion of the control provisions of the Act which was finally passed and of the presidential executive order which implemented it. Mr. Gunn had also previously been nominated by our Board, on invitation of the Government, to advise in connection with the revision of ceiling prices.

I was absent from the Philippines during the period of the import control hearings, but I wish to say that our committee did all that could reasonably have been expected of it under the circumstances and that it well deserves our thanks. I do not believe that anything could have been done by us to avert import control, and I am certain that the Chamber, through this committee and through criticism frankly and forcefully expressed in a number of editorials in our press organ, the Journal, did much to temper the provisions, though many of these are still most onerous. We have continued to press our objections strongly.

With respect to labor problems, a special committee was appointed headed by Mr. F. L. Worcester, which sent out a questionnaire to the members on the basis of which a bulletin was put out in mimeographed form for restricted circulation showing the minimum and maximum salaries and wages paid in different categories of employment, special privileges accorded, such as vacation and sick leave, medical and dental care, hospitalization, accident and group insurance, retirement pay, holiday, over-time, and night-shift pay, etc., and the type and extent of unionization in the various business and industrial establishments represented in the Chamber.

This committee, through the Chamber, has also taken steps toward the engagement of a man who will make a digest of all the post-war decisions of the Court of Industrial Relations and thereafter regularly supply the Chamber with a digest of current decisions.

Another important Chamber survey, handled by Mrs. Willimont, and published for restricted circulation in mimeographed form, was that of the present, still very high cost of living of Americans and foreigners in Manila.

We are at present planning still another survey, at the suggestion of Commissioner Waring, of the total American post-war business and industrial investments and the total annual American business expenditures in the Philippines.

Much of this survey work has fallen on Mrs. Willimont, who has rendered outstanding service in

this as well as in her regular capacity as Executive Vice-President.

Most recently we have received a valuable report by Mr. C. H. Hirst, Chairman of our Civic Affairs Committee, on the proposed establishment of a Community Chest organization here. Our members should indicate to the incoming Board of Directors what they think of this matter.

WHILE in the United States during the latter part of 1948, I was impressed by the high appreciation shown by businessmen there of our Chamber publications, both our mimeographed Bulletins, of which we put out 543 during the year, and our monthly Journal. However, I recommend to the incoming Board that it consider whether or not it is necessary to continue to send out excerpts from the "Special Business News" dispatches of the Associated Press, as I am personally of the opinion that the local press now gives adequate coverage.

I found the Journal on the desks of practically every business executive interested in business with the Philippines. They were outspoken in their praise of both the regular monthly contributors to "The Business View" pages and the editor, Mr. Hartendorp. The editorials, especially, have helped to clarify, abroad as well as here, a number of important issues. I may say that though they are always trenchant, they are so obviously imbued with a concern for the best interests of the country that they have always been well received and have frequently been reprinted in full in some of the local newspapers.

The editor has stuck to his belief that the Journal, though strictly an organ of the Chamber and therefore appealing to only a somewhat limited class, should require no direct subsidy from the Chamber. I am glad to say that the advertising in the Journal has been fairly good for the past six months, but it could be better. I urge all our members to continue and to increase their support of the Journal through the advertising columns. It is our own organ and is serving us with intelligence and distinction.

DURING the year we have had the pleasure of working jointly with the Philippine Chamber of Commerce on a number of matters. I feel that such cooperation could well be increased if the mutuality of the interests of all business organizations are more clearly understood here.

We have continued the closest relations with the Philippine American Chamber of Commerce in New York and a number of other important United States business organizations. The New York Chamber has been especially cooperative and we are under continuing obligation to Colonel Daye for assistance in many important matters. We have also received great help from Mr. M. D. Thompson, Chairman of the Philippine Committee of the Foreign Trade Council. His advice has always been of the greatest value to our Board.

THERE is no gainsaying that American business in the Philippines has had its set-backs during the year, but where necessary we have put up a good fight and have been able to make our influence felt both for the good of the country, I firmly believe, as well as in self-interest.

There are those among us who would have us take a stronger stand in some matters affecting our position here, and there are others who think we have gone quite far enough, if not too far, in frank opposition to certain tendencies. But frankness is an Ameri-

can quality and a commendable one, especially desirable and necessary, I think, here and now.

We must think of ourselves not as constituting a chamber of commerce alone, but a group of Americans who, for the most part, have been closely identified

with the building up of the modern Philippines and who continue to hold both a moral and material interest in Philippine development and progress. We can be of greatest service to this country only by stoutly upholding the American view and the American way of life.

American Capital in the Philippines

THE somewhat disparaging remark that "no American individual or firm has invested as much as P200,000 in any local industry since Parity", made by Mr. J. Amado Araneta, a leading Filipino sugar industrialist, led to a significant exchange of facts and opinions during the past month between him and another Philippine business man, Mr. Gerald Wilkinson, President of Theo. H. Davies & Co., Far East, Ltd. and a number of other companies.

The background of this exchange is the controversy initiated by sugarcane planters in connection with the ownership of the sugar export quota, the whole of which some planters now claim for themselves, and certain statements reportedly made by Mr. Ildelfonso Coscolluela, President of the Federation of Sugarcane Planters, to the effect that the planters would bring the matter to court, and his incidental proposal that the Government, through a bond issue, advance the funds that would be necessary to enable the planters to buy the centrals, Mr. Coscolluela also adding that the planters were going ahead with their plans to seek the aid of foreign capital "to build their own centrals".

It was this latter statement which led Mr. Araneta to discount the prospects of American investments in the sugar industry.

Mr. Wilkinson challenged Mr. Araneta's statement and brought out the fact that his own Company has since 1945 invested, on behalf of American investors and institutions, over P10,000,000 in the factory, railroad, and dock of the Hawaiian-Philippine Company at Silay, and P2,700,000 in the factory, railroad, and dock of the San Carlos Milling Company, both in Occidental Negros, and P1,200,000 in the Asturias Sugar Central in Capiz.

As regards the planters' proposals, Mr. Wilkinson stated, in a letter to the *Chronicle*:

"We have noted in various countries that the interests of production and employment are at times beset and obscured by political cross-currents, and as guests in a friendly land we are qualified, neither by right nor by inclination, to political expression. But as men of goodwill who love the Philippines, and have expressed our faith in its future in tangible form, we would urge every section of the sugar industry to look outward and onward, not inward, for the betterment of its lot.

"For centrals, improved factory and handling processes; for planters, research and improvement of yields through new cane varieties, can bring to this Republic gains that can infinitely outweigh the maximum concessions that any central might gouge from its planters, or any planters from a mill, and the vital interests of labor are inseparable from the prosperity of both.

"Unity may require patience and understanding. But it can build a great industry. Disunity can bring nothing but paralysis and the impoverishment of all."

Mr. Araneta's reply to this was that he is not against the coming of foreign capital:

"I am 100 percent for it. I urge it to come and enjoy the full benefits of a potentially rich country, the cooperation of an industrious and hardworking people, and have the satisfaction of having helped in building the future economy of the Philippines."

However, he pointed out,—wrongly as it proved, that the funds invested in the Theo. H. Davies enterprises—

"... your 14 million pesos, if anything, was purely rehabilitation money used to protect, and if possible resuscitate, pre-war investments. Similar capital has indeed come in, to help put back into operation mines, lumber mills, sugar centrals, and other old Philippine industries. That money was bound to come in as a matter of economic necessity, not on behalf of the country but to salvage pre-war investments.

"I repeat and I insist that neither you nor anybody else can point out a major American or other foreign investment in new industries in this country since liberation. About the only notable exception is Glo-Co [toilet preparations], but even that firm had begun local investments before the war. So, strictly speaking, it's not a newcomer to the field."

Mr. Araneta added that he was under the impression, also, that the Davies Company was a British and not an American firm.

Mr. Araneta's letter received wide publicity in the daily press. Mr. Wilkinson replied in detail privately to Mr. Araneta, but feels that anything in the nature of a public controversy between interests of identical aims within the industry would be beneficial to no one. At our request, however, he has released the following extracts from his reply to Mr. Araneta of December 23:

"Of the P14,000,000 of capital that has been committed to Hawaiian-Philippine, San Carlos, and Asturias sugar centrals since the war, approximately P10,000,000 came from American entities which had no pre-war interest by loan or investment in these three companies, and whose motives therefore were totally divorced from the protection of salvage and the resuscitation of assets to which you now refer. This was genuine new American finance coming into the Philippines, as new and as beneficial to the economy of the country as would be capital entering an unproven industry."

Mr. Wilkinson went on:

"If, by modification of previous statements, you should wish to exclude sugar from this discussion, I would like to quote another industry in the Philippines, also under our management and therefore the only other one on which I am qualified to speak with detailed knowledge, in which more than double the limit of P200,000 to which you referred, has been invested by new American capital since the war: the Hume Pipe and Asbestos Company, incorporated in July, 1946. Of the P750,000 of new cash remitted into this Company during the last six months of 1946, nearly P500,000 was of American origin, and in saying this I am excluding our own investment in the Hume Pipe and Asbestos Company since there is British as well as American ownership in Davies & Company."

BY way of comment, we of the American Chamber of Commerce Journal believe that Mr. Araneta in his second statement, if modified to refer only to American investments in new post-war industries