

## SUGAR CONFAB A FRUITFUL ONE

### Important Resolutions Taken Up by Delegates

About two hundred delegates representing all the leading sugar interests in the Philippines attended the third annual convention of the Philippine Sugar Association which was held in Manila from October 5 to October 9, this year. The different phases of the sugar industry in the Philippines were discussed, including the problems of labor, cultivation, fertilizers, machinery and implements, production, transportation, accounting and finance. High Government officials pledged their support and cooperation with the sugar men.

#### Resolutions

Five important resolutions affecting the sugar industry were considered during the convention. These resolutions recommended, respectively: (1) the leasing by the Government to the Philippine Sugar Association of the sugar experimental station at La Carlota, Negros Occidental; (2) the lifting of the ban on the importation of draft animals; (3) that the expenses incurred yearly for fertilizer be shared between the centrals and the planters; (4) the establishment of hospitals in the centrals; (5) the creation of a "Central Recruiting Agency" to contract laborers for the centrals.

One of the important features of the convention was the assurance made by the president of the association that the amount loaned by the Philippine National Bank to the sugar centrals would be paid back in the course of a few years. High Government officials showed special interest in the problems of the sugar industry. Several prominent business firms in Manila gave the sugar men a field demonstration of implements and machinery for sugar cultivation.

#### New Officers

The convention closed with the election of the officers and trustees of the association for 1926, as follows:

Rafael R. Alunan, president; J. J. Eliaalde, first vice-president; L. Weinsheimer, second vice-president; Damian de Urmeneta, third vice-president; R. Repton Hind, fourth vice-president; Geo. H. Fairchild, secretary-treasurer; Stewart Jamieson, assistant secretary-treasurer.

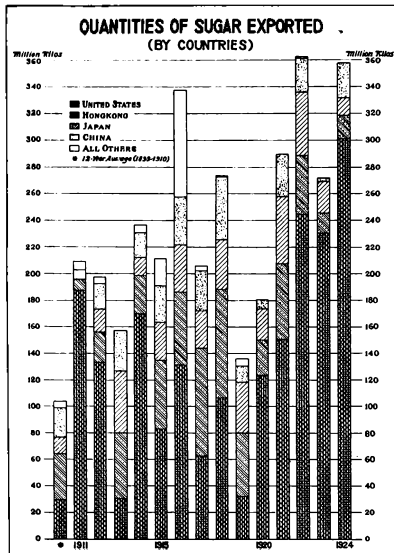
Trustees: F. R. Kaufmann for La Carlota Sugar Central; L. Weinsheimer for Pampanga Sugar Mills and Calamba Sugar Estate, W. H. Babbitt for Hawaiian-Philippine Co., Joe Gomes for Masao Sugar Central Co., Fermin

## GROWTH OF THE PHILIPPINE SUGAR INDUSTRY

By JOSE M. FERRER

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The sugar industry of the Philippines dates back probably hundreds of years. Early writers on the country mentioned from time to time the existence of the industry here. When Magellan discovered the Islands in 1521,



Alvarez for Binalagan Estate, Inc.; Nicolas A. Lizares for Talina-Silay Milling Co.; Rafael R. Alunan for Racold-Murcia Milling Co.; Damian de Urmeneta for Central Asucarera de Bas; Emilio Montilla for Isabela Sugar Company; G. G. Gordon for Mindoro Sugar Company; Carmelo Litarraga for Kabankalan Sugar Co.; R. Repton Hind for Luzon Sugar Company; John Dumas for Factors, Administrators, Planters, and Fabrications.

he found the industry flourishing on a small scale. The Chinese probably played an important part in the early development of the industry. The crude implements and methods employed, which were typically Chinese, bear out this belief. It is possible that at least some of the first sugar

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## MANILA RECEIVES LESS SHIPMENTS

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The declines in receipts are particularly noticeable in hemp and sugar, the former decreasing by more than seven and one-half million kilos and the latter by over six and one-half million kilos. The decrease in copra receipts amounted to nearly one and one-half million kilos.

### More Lumber

Of the other leading Philippine staples for which data on shipments received have been secured, lumber showed an increase of more than 700,000 board feet over last year, while tobacco leaf also showed a slight increase of over 18,000 kilos.

### Hemp

During the first nine months of 1925, a total quantity of 67,720,871 kilos of Manila hemp was received in Manila from different ports. Last year's receipts for the same period amounted to 75,431,001 kilos. The biggest shipments for this year were those in February, August, and September which amounted to 8,225,162, 8,732,891, and 8,255,764 kilos, respectively. The smallest receipt was for the month of June when only 5,467,154 kilos were shipped to Manila, as compared with 9,374,844 during the month of June, 1925.

### Sugar Receipts

Sugar receipts decreased from 37,419,936 kilos for the first nine months of 1925 to 30,849,681 for the same period this year. Like last year, the heaviest shipments of sugar were received in Manila during the month of March, the receipts for that month amounting to 9,161,459 kilos.

### Copra

The total receipts of copra in Manila by water from January to September, inclusive of this year, reached 35,738,107 kilos, as compared with 37,145,099 for the same period last year. The biggest shipments of copra were received in January, August, and September. Lumber receipts increased from 36,817,792 for the first nine months of 1924 to 37,569,465 for the same period this year. The monthly receipts of lumber in Manila from the provinces since January have been almost even, the quantities varying from three to five million board feet each month. Tobacco leaf received in Manila for

## SPAIN ACCORDS PRIVILEGE TO P. I. PRODUCTS

### Islands' Exports Placed on A Par with Those of the United States

#### ROYAL DECREE ISSUED

Diplomatic Negotiations Bring  
Favorable Action from  
Madrid

As a result of recent negotiations between the Department of State of the United States and the Spanish Ministry of State, products of the Philippine Islands will now receive the same favorable treatment that Spain accords to the products of the United States. A Royal Order was recently promulgated and published in the "Gaceta de Madrid" directing that second column, instead of first column, customs rates be applied to all Philippine products, thus giving them a more favorable treatment than has heretofore been applied on their importation into Spain.

#### Former Ruling

Under the commercial agreement of 1906 between the United States and Spain, all products of the former imported into Spain should pay import duties under the second column of the Spanish tariff. The agreement was also deemed to include the territories and possessions of the United States, but the Director of Customs in Spain refused to extend the privilege to Philippine exports to Spain contending that the Philippines has created its own tariff by the Act of the Philippine Commission of August 5, 1909, and is no longer American customs territory. Under this ruling, Philippine exports to Spain were subjected to the first column import duties.

The Compañía General de Tabacos de Filipinas requested Hon. Alexander P. Moore, the American ambassador in Madrid, to obtain a proper classification under the Spanish customs tariff of copra imported from the Philippines. After

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the same period amounted to 14,170,790 kilos this year, as compared with 14,152,594 last year.

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cane varieties were introduced here from China.

### Early Stage of Development

The sugar industry was probably originally carried on in the provinces of Luzon around Manila, especially in Pampanga, but as it prospered, it was gradually extended to other provinces. With the increase in production and the appearance of demand for the local product in foreign markets, it was not long before the beginnings of Philippine sugar export trade were laid. The first authentic record of our sugar exportation was made in 1795 when some 134,000 kilos of Philippine sugar were shipped to the United States. From that time, the industry progressed slowly, but steadily, until about the middle of the nineteenth century, when it received a strong impetus from abroad. As a result of an increased European demand for sugar, occasioned mainly by the Crimean War, the export trade grew, and interest in the industry was greatly stimulated, so much so that sugar plantations soon flourished in many islands, especially in the Visayas where Negroes, by virtue of its special adaptability to the industry, was eventually to become the center of sugar production in this country.

### Latter Half of the 19th Century

A glance at the statistics would show that the latter years of the Spanish régime in the Philippines witnessed an unprecedented development of the sugar industry in this country. In fact, sugar, during that period, was the largest and most important export of the Islands. In the year 1854, the sugar exports from the Philippines amounted to over 47 million kilos, constituting 33 per cent of the total exports. Thereafter, until the closing years of the 19th century, the sugar export trade increased steadily in importance. In 1873, sugar comprised 58 per cent of the total exports, a percentage record for sugar never equaled up to the present time. It was not until twenty years later, however, in 1893, when the highest mark of sugar exportation during the Spanish administration was reached, approximately 17 million pesos worth of sugar being exported in that year. In 1895, more than 341 million kilos of sugar were exported, a quantity which

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## MARKETING PHILIPPINE TOBACCO

Philippine tobacco is marketed in two forms: Leaf tobacco and the finished products. Most of it is exported to foreign markets.

### Local Market

A small part of the leaf tobacco produced is retailed in the town markets to local consumers. The great bulk of it is disposed of in the following manner: The small producer sells his product to the "comprador rural" or local buyer, who is usually an agent or sub-agent of some provincial merchant or exporter. The provincial merchant, after accumulating a sufficient stock, either avails himself of the services of a broker to sell his tobacco in Manila, or else disposes of it himself directly to the manufacturer. Sometimes the manufacturer stations his own buyer at the producing region, thus dispensing with the local and provincial middlemen to the benefit of the producer and himself. After converting the leaf tobacco into cigars, cigarettes, and other finished products, the manufacturer sells his products to the local wholesalers or exporters. Some are also sold to local retailers who sell the products in turn to the consumer.

### Foreign Market

**Leaf tobacco.**—Most of the leaf tobacco exported goes to Spain and France. The tobacco merchants in those countries have their own agents in the Philippines, thus making exportation in big quantities to those markets possible. Leaf tobacco sent to the United States is very negligible, if any, and passes through a longer route. The leaf exporter gets his stock from the provincial merchant, the local wholesale dealer in leaf tobacco, or the broker. He ships the product to the United States where, through his own agent (if he has any) or through a broker, it is sold to the manufacturer. From the manufacturer, the tobacco products then pass to the consumer through practically the same process as in the Philippines.

**Cigars and Cigarettes.**—The exporter of cigars and cigarettes and the other finished products may be the manufacturer himself or someone exclusively engaged in the export business. In the latter case, the exporter gets his stock from the manufacturer. He ships the product to the United

States to an agent who may or may not be under his employ, or directly to some wholesaler who may be his regular customer. The American wholesaler sells the products to the retailer or maintains a chain of stores where he sells at retail.

### Packing for Export

Internal Revenue Regulations No. 17 requires, among other things, that leaf tobacco for the local trade should be packed in standard bales, in cases or in casks or hogsheds. It is the usual practice of the tobacco dealers, however, to pack leaf tobacco in bales of 60 or 116 kilos. When tobacco is packed in bales, it is required that the wrapper should be of *huri* or *saja* (outer covering of banana trunk) matting, so woven that it could be marked permanently and legibly. Leaf tobacco for export is packed in bales containing varying quantities of the product according to the convenience of the exporter. Bales sent to the United States or other foreign countries are further covered with a second wrapper of suitable material. The bales must be securely bound with strong, suitable binder. Compact, standard bales or export packages of leaf tobacco are made by means of a mechanical press installed in the warehouses of packers.

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consultation with the Washington authorities, Ambassador Moore asked the Minister of State at Madrid to accord to the commerce of the Philippine Islands the same treatment which it accords to the commerce of the United States.

### Ambassador's Letter

"Your Excellency is doubtless aware," wrote the American ambassador, "that the Philippine Islands accord to Spanish products the same treatment that they accord to products of other foreign countries. Furthermore, it will not have escaped the attention of Your Excellency that the United States accords to products of the Spanish possessions the same treatment they accord to the products of Spain and other foreign countries. Accordingly I venture to

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is just a little less than the record exportations for 1922 and 1924, but valued only less than 12 million pesos. As a whole, the remarkable development of the sugar industry during the period compares favorably with that of recent years.

### Period of Depression

During the period from 1896 to 1904, various causes conspired to retard the industry greatly. Foremost among these was the political unrest towards the end of the last century, which culminated in the revolution against Spain in 1896. The subsequent troubles and disturbances occasioned by the Spanish-American War, and the American occupation of the Islands caused great losses to business and industry. Then the rinderpest and cholera epidemics which broke out in the wake of the wars further aggravated the situation. Figures show that, as a result of these unfavorable conditions, exportation of sugar during this period fell considerably in amount. Whereas the sugar exports from 1887 to 1895 averaged 212,300 tons, that from 1896 to 1904 averaged only 121,985 tons, a decrease of nearly 60 per cent.

### Muscovado Sugar

Previous to this period, muscovado was the kind of cane sugar that was produced throughout the world. Before the close of the nineteenth century, however, there arose a demand for a better grade of raw sugar, this demand being occasioned by the development to a high degree of the

suggest that the products of the Philippine Islands should receive, as a matter of comity and consistency in commercial relations, the same favorable treatment that Spain now accords to the products of the United States."

To this the Spanish Ministry of State replied that, as a result of the examination made by competent authorities, a Royal Order was drawn up on July 3 of this year and published in the "Gaceta de Madrid" on the 5th directing that second column customs rates be applied to Philippine products, which constitute more favorable treatment than has heretofore been applied on their importation into Spain.

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ish régime. However, the passage of the Payne-Aldrich Bill in 1909, which provided for the free entry into the United States markets of up to 300,000 tons of Philippine sugars, and, a little later, in 1913, the passage of the Underwood bill which removed entirely the limit to the free entry of Philippine sugars into the United States markets, stimulated the local sugar industry to such a degree that soon it was enjoying unprecedented prosperity.

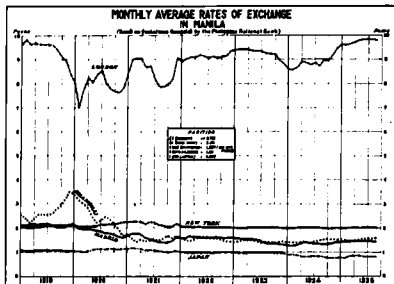
### Sugar Centrals

Partly as a result of the passage of the Payne-Aldrich Bill, but mainly due to the world demand for higher grades of raw sugar, the first two sugar centrals were established in 1910. These were in Mindoro and Pangasinan. Since that time, the Philippine sugar industry has improved by leaps and bounds. Centrifugal sugar has gradually taken its present position as the largest sugar product of the country; sugar exportations have increased considerably while other centrals have sprung up in many parts of the islands, particularly in Negros Occidental. At present, there are 31 sugar centrals in the islands with a daily capacity in case of about 27,000 tons.

### The Industry during the Last Fifteen Years

Since 1910, the local sugar industry has had an unprecedented development. The installation of sugar centrals and improved machinery in many parts of the islands has accelerated production and increased exportation to a great degree. From 152,639 tons in 1910, the Philippine sugar production rose to 479,988 tons in 1924, an increase of more than 300 per cent. From 121,471 tons valued at ₱14,400,000 in 1910, the Philippine sugar exports rose to 357,830 tons valued at ₱83,700,000 in 1924. However, there are other causes that affected the industry in the Philippines. The outbreak of the World War, which reduced the sugar output of Europe and shifted the sources of supply to smaller sugar-producing countries, was a great stimulus to the local industry. In 1916, 337,490 tons of sugar valued at ₱87,100,000 were exported, an increase of about three times the 1910 figures. During the next three or four years although production

## FOREIGN EXCHANGE QUOTATIONS



### SELLING RATES

(COMPILED BY THE PHILIPPINE NATIONAL BANK)

	October 1	October 8	October 15
T. T. New York	96% premium	100% premium	100% premium
O'D New York	100% premium	100% premium	100% premium
T. T. London	9 1/2-9 1/2	9 1/2-9 1/2	9 1/2-9 1/2
O'D London	9 1/2-9 1/2	9 1/2-9 1/2	9 1/2-9 1/2
T. T. Amsterdam	120 1/2	121	121 1/2
T. T. Berne	264 1/2	264 1/2	264 1/2
T. T. Milan	11 5/8	11 5/8	12 0/8
T. T. Paris	1030	1030	1030
T. T. Madrid	146	146 1/2	146 3/4
T. T. Singapore	115	115	114 3/4
T. T. Japan	83 1/2	83 1/2	82 3/4
T. T. Shanghai	63 1/2	63 1/2	63 1/2
T. T. Hongkong	119 1/2	120	120
T. T. India	134 1/2	134 1/2	134 1/2
T. T. Java	121 1/2	122	122 1/2

steadily increased being interrupted only by unfavorable weather conditions, and prices rose higher, smaller quantities of sugar were exported, due to the lack of tonnage and the high freight rates, occasioned by the War. After the complete cessation of hostilities, however, the greater demand for sugar abroad brought about still higher prices, and in 1920, the Philippines shipped 180,340 tons of sugar valued at ₱99,200,000, a record value for sugar in the entire history of the industry in the country. In 1921, the production of sugar broke all records, 534,734 tons being produced in that year. The year 1922 set the highest mark in quantity exportation, 362,071 tons being shipped in that year, but valued only at ₱51,100,000. In 1924, 357,830 tons valued at ₱83,700,000 were exported from the Philippines, the figures being slightly lower than the records established in previous years.

The exportation of sugar by classes in that year, was as follows: Centrifugal sugar, 296,242 tons, valued ₱73,500,000; raw sugar, 57,057 tons, valued ₱8,800,000; refined sugar, 4,531 tons, valued ₱1,400,000.

### Future of the Industry

It will be seen from the foregoing how remarkable has been the development of the sugar industry in the Philippines during recent years. Present tendencies of the industry point to a still greater progress in the future. Considering the fact that the Philippines is endowed with the natural facilities that make for a great sugar-producing country, such as its geographical location, vast fertile lands and sufficient supply of labor,—facilities which so far have but partly been taken advantage of, there ought to be no reason why this country should not become one of the foremost producers of sugar in the world.