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CENTRAL BANK *of the* PHILIPPINES



Eighth Annual Report *1956*

BANGKO SENTRAL NG PILIPINAS



BSPBK0009486

CACHO HERMANOS, INC.

MANILA

1957

JAN 31 1974

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RESPONSIBILITIES AND OBJECTIVES OF THE CENTRAL BANK

"It shall be the responsibility of the Central Bank of the Philippines to administer the monetary and banking system of the Republic.

"It shall be the duty of the Central Bank to use the powers granted to it under this Act to achieve the following objectives:

"(a) To maintain monetary stability in the Philippines;

"(b) To preserve the international value of the peso and the convertibility of the peso into other freely convertible currencies; and

"(c) To promote a rising level of production, employment and real income in the Philippines."—*Section 2, Article I, Republic Act No. 265.*

Central Bank of the Philippines

MANILA

OFFICE OF THE GOVERNOR

March 31, 1957

President Carlos P. Garcia
Malacañang, Manila

Dear Mr. President:

Pursuant to the provision of Section 37 of Republic Act 265 and the instructions of the Monetary Board, I have the honor to submit herewith the Eighth Annual Report (1956) of the Central Bank of the Philippines.

Very respectfully,



M. CUADERNO, Sr.
Governor

Central Bank of the Philippines

MANILA

OFFICE OF THE GOVERNOR

March 31, 1957

The Honorable
The President of the Senate
Congress of the Philippines
Manila

Sir:

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Very respectfully,



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Central Bank of the Philippines

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March 31, 1957

The Honorable
The Speaker of the House of
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Congress of the Philippines
Manila

Sir:

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Very respectfully,



M. CUADERNO, Sr.
Governor

CENTRAL BANK OF THE PHILIPPINES

THE MONETARY BOARD
MEMBERS

HON. JAIME HERNANDEZ, Presiding Officer
Secretary of Finance

HON. M. CUADERNO, SR.
Governor, Central Bank of the Philippines

HON. ARSENIO J. JISON
President, Philippine National Bank

HON. EDUARDO Z. ROMUALDEZ
*Chairman, Board of Governors
Rehabilitation Finance Corporation*

HON. VICENTE G. SINCO

HON. AMANDO M. DALISAY

HON. JAIME C. VELASQUEZ

PRINCIPAL OFFICERS

HON. M. CUADERNO, SR.
Governor

HON. ANDRES V. CASTILLO
Deputy Governor

SPECIAL ASSISTANT TO THE
GOVERNOR

Gregorio S. Licaros, *In-charge,
Import Department*

SPECIAL ASSISTANT TO THE
GOVERNOR

Nicanor Tomas

SPECIAL ASSISTANT TO THE
GOVERNOR

R. Marino Corpus, *In-charge,
Export Department*

DEPARTMENT OF ECONOMIC RESEARCH

Fanny C. Garcia, *Director*

DEPARTMENT OF SUPERVISION AND
EXAMINATION

Jose Ignacio, *Superintendent of Banks*

SECURITIES MARKET DEPARTMENT

Juan Cañizares, *Director*

LOANS AND CREDITS DEPARTMENT

Augusto F. Espiritu, *Director*

FOREIGN EXCHANGE DEPARTMENT

Gonzalo Rialp, *Director*

EXCHANGE CONTROL DEPARTMENT

Gonzalo Rialp, *Acting Director*

EXECUTIVE ASSISTANT TO THE DEPUTY
GOVERNOR

Mario P. Marcos

CASH DEPARTMENT

Delfin E. Silverio, *Cashier*

ACCOUNTING DEPARTMENT

Jose Carmona, *Chief Accountant*

AUDITING DEPARTMENT

Ismael Mathay, *Auditor*

LEGAL DEPARTMENT

Natalio M. Balboa, *Legal Counsel*

FISCAL AGENCY DEPARTMENT

Felix Lazo, *Director*

ASSISTANT TO THE MONETARY BOARD

Amado R. Briñas, *Acting Director*
Department of Personnel and
Administrative Services

TECHNICAL ASSISTANT TO THE DEPUTY
GOVERNOR

Virginia Yaptinchay

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SOURCES AND SYMBOLS

SOURCES.—Statistics are derived mainly from government bureaus and offices through direct communication with the entities concerned and from published statistical reports and bulletins.

Data on money and banking are derived from the reports of the former Bureau of Banking, Combined Statement of Resources and Liabilities of Other Banks¹ and other information supplied by other departments of the Central Bank.

UNITS.—The word “thousand” is used to mean 10 hundred units; “million”, 1,000 thousand units; and “billion”, 1,000 million units.

In consonance with the recent practice of the United Nations, all index numbers are published, whenever possible, with a postwar year as base period. Gregorian calendar years and months are used. Data for fiscal years and crop years ending June 30 are properly noted whenever used. Owing to the rounding of numbers, totals do not always tally with their component parts.

Per cent change refers to the relative increase or decrease in the data for one period over the preceding.

SYMBOLS.—The following symbols are used to convey the information in each case.

Symbol	Information
—	Nil or zero
p	(Set up as a superior index) Preliminary
r	(Set up as a superior index) Revised
e	(Set up as a superior index) Estimate
n.e.s.	Not elsewhere specified

¹ Consisting of commercial banks and savings banks.

PART I

GENERAL REVIEW AND RECOMMENDATIONS

GENERAL REVIEW

The notable expansion in practically all areas of the Philippine economy in 1956 seems to have been the combined result of the fiscal, monetary and foreign exchange policies adopted since 1953 to strengthen and broaden the base of economic activity and of boom conditions in industrial countries which purchase Philippine products. The higher rate of government spending for development, continued budgetary deficits and credit expansion in the private sector coupled with the need to tighten import controls and conserve foreign exchange, resulted in greatly hiked aggregate demand and inflationary tendencies. Adding to these tendencies were the inflationary pressures abroad which affected the economy by way of the foreign trade sector in terms of higher prices paid for imports, increased export earnings and falling terms of trade. These inflationary trends, however, were kept under control by the strong showing of the productive sector of the economy, the steady inflow of essential imports and the increased savings of the population as a result of the policies followed previously and currently. These include the planning of the fiscal resources and the programming of their allocations, the marked emphasis in public spending for development purposes, particularly on social overhead projects to stimulate private productive enterprises, the selective control of exchange for imports of producers' goods and of essential consumer items, a permitted running down of the international reserve in the previous two years at a time of recession in the export trade to strengthen the nation's productive capacity, the deliberate encouragement given to private investment by easy credit and tax incentives, and the increased availability of banking facilities to a larger sector of the population.

The results of 1956 underlined the general efficacy of the measures implemented. The increased capacity to produce led to a significant rise in almost all lines of production, especially in dollar-saving and dollar-earning industries. The over-all consumer price increase within the year was held down to less than 5 per cent. The conscious direction given to economic activities by strategic government policies and exchange controls, therefore, enabled the economy to absorb the impact of substantial development financing, increased tariff rates, and higher world prices without the dislocations associated with the distortions of an export-import economy. Underlying the economic achievement was the maintenance of political stability and social progress.

Reflecting the expansive trend in the economy was the general price increase in magnitudes considered moderate rather than disruptive of economic growth. The yearly averages of prices showed an almost uniform increase of 3.5 per cent in consumer, retail and wholesale prices in 1956 over 1955. The increases varied from 2 per cent for domestic products to between 9 and 14 per cent for imported goods. However, the price trend within the year, on a December 1955-to-December 1956 basis, showed a sharper rate of climb than that of the averages.

This relative price stability enabled workingmen to improve both their money and real wages. On the basis of reports submitted by 102 cooperating establishments located in Manila and suburbs, real wage rates of unskilled workers moved ahead by 1.9 per cent over last year. Their monthly earnings also registered a 1.4 per cent gain.

The main factors which accounted for the boost in the supply side of the economy were substantial increases in mining and manufacturing production, provision of more facilities and services to the public and the unloading of the previous years' high trade inventories. The total volume of farm, forest, mineral and manufacturing production was higher by 8.6 per cent than that of 1955. In response to the boom in industrial activities abroad and the liberal foreign exchange allocations for equipment, over-all mining production went up by 13.8 per cent in 1956 over the preceding year's level. The increase was primarily due to the 54.4 per cent expansion in copper for the Japanese market and the 18.5 per cent improvement in chromite for both the U.S. and Japanese markets.

The index for manufacturing production rose by 12.1 per cent over 1955, paced by textiles, durable manufactures and manufactured foods. Encouraging this upward advance were tax-exemption privileges, liberal dollar allocations for legitimate needs, easy financing facilities and the protection given by controls. In 1956 alone, 136 manufacturing concerns qualified as new and necessary industries bringing the total to 719 firms engaged in new and essential industries.

The over-all agricultural index gained by 7.1 per cent and reflected the increased output of food and export crops. The area under cultivation for food crops rose 2.9 per cent, and the index for food crop production went up 7.2 per cent under the impact of increases in almost all major food categories in agriculture, especially meat and poultry products, shelled corn, root crops, and fish. Assisting the increase in food items were increases in irrigable area, in road mileage built and improved, and in financing facilities. Special financing programs for meat and dairy products and fish production were extended by the Rehabilitation Finance Corporation and the Philippine National Bank.

This expansion in over-all production is reflected in the gross national product and national income. Gross national product reached ₱9.4 billion or 8.3 per cent over 1955, compared to 6.3 per cent increase in 1955 over 1954. The national income at ₱8.3 billion rose by 9.3 per cent, compared to the previous year's rate of 6.7 per cent.

There were other indications of a rising availability of goods and services. Power production by the Manila Electric Company at the end of 1956 was 916.7 million KWH, 17.1 per cent above the end of the previous year, a gain of almost half of 1953 output, and about double the 1949 level. New construction activity in Manila and suburbs and in other chartered cities went up by ₱23 million or 23.7 per cent. Total permit valuation of building construction in Manila rose in value by 26 per cent, mainly due to a six-fold expansion in the value of industrial construction. Philippine Air Lines in its domestic and international operations carried 22.1 per cent more passengers, 6.4 per cent more cargo, and 5.6 per cent more air mail. The Manila Railroad Company¹ carried 11.8 per cent more passengers, though it handled 5.8 per cent less freight and express tonnage, possibly due to greater competition from road transport. The number of motor vehicles registered went up 14,355 or 11.6 per cent. The book value of trade inventories went down as stocks were unloaded into the economy due to reductions in import arrivals.

The over-all gross sales index for 1,174 business establishments also gained from 107.0 in 1955 to 118.4 in 1956. In the mining and quarrying sector, sales of crude petroleum and natural gas rose noticeably by 41.2 per cent, and in stone quarrying by 38.4 per cent. In the manufacturing sector, the most notable rise was made in the sales of paper and its products which recorded an increase of 59.5 per cent.

Underwriting these concrete gains were the coordinated fiscal, monetary and foreign exchange measures. The total actual expenditures of the government for fiscal year 1956 at ₱1,082.0 million were 19.2 per cent higher than those for fiscal year 1955 due to heavier outlays for economic development. Total expenditures for economic development since fiscal year 1953 have reached ₱1,216.6 million, having risen from ₱151 million in 1953 to ₱467 million in fiscal year 1956. The actual capital expenditure component of the government outlays in fiscal year 1956 at ₱386.8 million or 36 per cent of the total enabled the government to make an estimated contribution of ₱329.4 million to the net capital formation of the country.

Of the total government expenditures, 70.8 per cent were financed by government receipts from taxes and other earnings, 8.6 per cent by treasury notes and 20.6 per cent by bond issues.

The public debt outstanding as of the end of 1956 went up by ₱208.8 million or 15.7 per cent above the level of ₱1,326.7 million at the end

of 1955. The composition of the public debt improved, with 65 per cent for development purposes and 35 per cent for budgetary, compared to a 63-37 ratio in 1955. There was also a fall in the foreign-held public debt from 13 per cent to 11 per cent of the total.

Implementing the Government's development policy, the banking system and other selected financial institutions intensified and expanded their lending operations. Following a liberal credit policy, the Central Bank supported heavily government securities and extended substantial loans and advances to Other Banks. Domestic security holdings of the Central Bank rose sharply from ₱396.5 million at the end of 1955 to ₱451.1 million at the end of 1956. At a low rediscount rate of $11\frac{1}{2}$ per cent, the amount of Central Bank advances to Other Banks rose from ₱140.9 million in 1955 to ₱446.7 million in 1956 or equal to about 36 per cent of the claims which Other Banks have on the private sector. In addition, the Central Bank made available to the commercial banks special credit lines from U.S. banks in the amount of ₱35.9 million.

In response to the policy of the Central Bank, Other Banks have expanded their credits to the private sector and have purchased substantial amounts of government securities. The amount of securities held by Other Banks increased from ₱229.4 million at the end of 1955 to ₱343.7 million at the end of 1956. Purchases by the banking system of Government securities made it possible for the Government to finance a number of development projects. Domestic credits outstanding of commercial and savings banks totalled almost ₱1.6 billion, an increase of ₱260 million or 19.5 per cent over the level at the end of the previous year. The growth of loans granted for commercial, consumption and industrial purposes ranged from 32 per cent to 52 per cent, whereas agricultural, public utility and real estate credits improved at a relatively slower pace ranging from 10 to 25 per cent. Excess reserves of commercial and savings banks went up by ₱21 million or 40.6 per cent.

Selected financial institutions including the Rehabilitation Finance Corporation, the Agricultural Credit and Cooperative Financing Administration, the Government Service Insurance System, and rural banks granted loans to the extent of ₱263.4 million in 1956, an expansion of ₱66.1 million or 33.5 per cent over the previous year. Among the biggest recipients of these loans were agriculture (31 per cent), industry (15 per cent) and real estate (23 per cent). A growing percentage share of credits granted for industrial purposes was shown in the distribution pattern of these loans. While in 1955 industrial loans consisted of only 9.5 per cent or ₱18.6 million of the total, in 1956 they comprised about 15 per cent or ₱39.2 million.

Additional credit facilities were established in areas outside of Manila during the year consisting of 2 branches and 2 agencies of commer-

cial banks, 11 postal stations of the Postal Savings Bank, 37 rural banks, 2 branches of the Rehabilitation Finance Corporation and 97 Facomas of the Agricultural Credit and Cooperative Financing Administration.

As a deliberate policy in the light of recessionary conditions and the need to speed development, the international reserve was allowed to go down from \$306 million in 1952 to \$209 million in 1955 to ensure a constant greater inflow of capital goods and essential consumers' imports. In 1956 the substantial increase in local production and the high inventories of the previous years, coupled with an improved application of controls, enabled the country to reduce its trade deficit from \$147 million the previous year to \$55 million resulting in a favorable balance of payments position at the end of 1956. The international reserve rose from \$209 million to \$225 million.

The total allocations for imports were \$549.82 million in 1956 compared to \$565.83 million in 1955. The cut of 7.5 per cent in import allocations was effected by reducing further non-essential imports. On the other hand, foreign exchange allocations to producers increased from \$312 million to \$334 million, and the list of decontrolled commodities was expanded to include three new commodity groups.

The reduction in the import trade was accompanied by an improvement in the composition of its commodity pattern in such a way as to promote both economic development and welfare. Classified as to essentiality, there were increases in value of 10.7 per cent in essential producer goods and of 19.3 per cent in decontrolled items, and decreases in all other categories. Essential producer goods alone accounted for 60.7 per cent of total imports, and decontrolled items for 13.9 per cent; together with highly essential and essential consumer goods, the essential component of the import trade rose to 79.5 per cent or about four-fifths of total imports, a proportion that would probably have been slightly higher but for barter imports which were predominantly non-essential goods. Classified as to end-use, there was an increase of 20 per cent in capital goods, and decreases of 8.7 per cent and 21.9 per cent in raw materials and consumer goods, respectively. The proportion of total imports accounted for by capital goods and raw materials reached a record high of 76.8 per cent, while conversely consumer goods touched a low of 23.2 per cent.

Geographically, there was also an improvement in the import pattern, with import preference shifting from North America and the Middle East, both of which bore the brunt of the cut in imports, to the rest of the world, particularly Europe, Japan and Indonesia, which registered both absolute and relative increases. Despite a substantial 15.6 per cent cut, however, imports from the United States still accounted for just under three-fifths of the total.

Export shipments¹ at \$451 million, 12.6 per cent over 1955, reached an all-time high. The gain was due to an increase of 11.1 per cent in volume and 1.8 per cent in price. Almost all the major export commodity groups experienced substantial increases with the possible exception of sugar, which was not given an additional allocation in the increased consumption requirements of the American market. The export quantum was more than double the average for 1948-1949. Exports were responsible for the second consecutive year of record levels of total trade, which at \$958 million was 1.5 per cent over the previous peak reached in 1955. The major part of the increase in exports was due to heavy increases in purchases by Northwestern Europe (copra and abaca) of 32.8 per cent and by Japan (logs, base metals and abaca) of 31.9 per cent. Exports to the United States increased by only 1 per cent, a disappointing rise in view of the high level of her economic activity.

The increase in exports partly stemmed from a rise in industrial activity and demand in the highly industrialized countries. The country was in a position to meet the demand because of the rapidly expanding mineral and logging industries. The main sources for the incremental demand for Philippine exports further diversified their geographic pattern, and the percentage share accounted for by the United States fell significantly to the lowest level in 40 years, though it was still over one-half of the export trade.

With invisible disbursements showing no change over the preceding year, invisible receipts registered a slight fall due to a decrease of \$13.7 million or 10.6 per cent in U. S. government expenditures, which was largely counterbalanced by an \$11.13 million rise (including a drawing of \$5 million from the International Monetary Fund) in miscellaneous invisible receipts. The surplus in receipts from invisibles and gold over payments for invisibles more than sufficed to cover the much-reduced trade gap.

Immediately reflecting the impact of the expanded fiscal, credit and foreign exchange operations was the upward movement in money supply. There was an increase of ₱163 million or 12.2 per cent at the end of 1956 over the level at the end of 1955. The total money supply reached ₱1,499 million, a new record. Sparked by development financing and private credit operations, internal sources generated two-thirds of the new money. The improvement in international reserve gave rise to a third of the new generated money. Much of the monetary increase did not directly enter the income stream but was diverted to various reservoirs of passive purchasing power. These were shown by the growth noted in national government balances, bank deposits and sales of government securities. Time and savings deposits continued to grow at a

¹ F.O.B. values based on custom entries.

more accelerated rate. A growth of ₱82.6 million was experienced in time and savings deposits of Other Banks as compared to ₱52.3 million rise in 1955, or 17.2 per cent compared to 12.2 per cent. Moreover, the expanding monetary sector allowed the economy to absorb larger increases in money supply than was feasible a few years ago.

In spite of the gains scored by the economy in the year under review, there remained certain abiding problems that had to be fully solved like unemployment, low productivity and balance of payments disequilibrium. Unemployment remained a problem with the current unemployment rate at 12.5 per cent of the labor force.

Controls and all their attendant administrative difficulties continue to be part of the economic life. The country's aggregate capacity for external payment is insufficient to finance imports and servicing of foreign capital. The country has yet to increase production with greater diversity at a pace faster than the rapid population growth if any headway is to be made in the permanent solution to these problems.

Although the country can take satisfaction in the relative success achieved in maintaining stability while financing large scale development through the use of national credit, there is compelling need to consolidate and intensify further these gains in the immediate years ahead. Considering the upward trends in the demand sector of the economy, the inflationary tendencies abroad and the fact that the accumulated effects of the additions to the money supply by development spending may be greatest in 1957 and 1958, the country faces greater difficulties in its vital task of economic development.

RECOMMENDATIONS

In order to minimize the economic risks associated with intensified development financing in the immediate years ahead certain basic policies and measures should be reiterated and carried out with more vigor.

1. Close Adherence to Budgets of Strategic Scarce Resources

To carry through any large scale national development without running the danger of shortages requires careful budgeting of scarce resources. This has been done by the Budget Commission with reference to the five-year program of public investment. In coordination with this program the Central Bank has also formulated a five-year foreign exchange budget designed to meet the most important requirements for foreign exchange of both private and public investments. Such budgets should be carefully assessed periodically in the light of changing conditions. As much as possible, close adherence to the budgets should be done to insure that available funds are earmarked for the most productive and urgent projects which will bring the greatest social and economic returns at the lowest costs.

2. Implementation of the National Economic System of Industrial Priorities

As a guide in the allocation of the strategic scarce resources such as foreign exchange, credit and public funds, the National Economic Council has formulated a system of industrial priorities. As of date, there are still some technical aspects in its application that have to be worked out in order to ensure its uniform implementation. If the intensified national program is to make possible the maximum utilization of human and natural resources, this system of industrial priorities should be implemented as soon and as uniformly as possible. This system of priorities will ensure that the projects selected for implementation will be those that will generate the highest measure of social benefit.

3. Re-examination of Revenue Structure and Tax Policies

To avoid the economic risks associated with massive development financing, a vigorous and progressive tax policy should be adopted. The tax revenues should at least be adequate to cover not only the normal expenditures of the Government but also all social and economic overhead services. National credit should be used to finance only those investments that contribute to the country's capital formation. But before any new sources of tax revenues can be recommended a re-examination of our present revenue structure and tax policies is necessary. This has

been recognized and emphasized in the last budget message of the President and has also been recommended in previous Central Bank annual reports. The creation of a joint Legislative-Executive Commission is recommended in the last budget message to undertake an authoritative study of the need for, and sources of, additional revenue for accelerated national development.

4. Integration of Japanese Reparations

The utilization of the reparations goods and services from Japan should be properly directed in order to facilitate the economic development of the country. In other words, these reparations payments should be integrated in the allocation budgets of the country's scarce resources. Toward this end, the bill creating the Reparations Commission should be approved during the present session of Congress.

5. Domestic Processing of Local Raw Materials

The approach most likely to yield immediate results in augmenting the foreign exchange earnings and work opportunities of the country lies in more domestic processing of local raw materials whose production or extraction has already undergone some development. Generally these materials are marketed abroad. Processing of these materials for local manufacturing will emancipate the Philippines from being a mere raw-material exporting country. Efforts in this direction seems to be called for in the next few years, starting immediately.

6. A Re-examination of the Measures that Weaken the International Reserve

A re-examination of barter transactions under Republic Act No 1410 should be made. This was recommended in the last State of the Nation message. It stated that the general effects of such barter transactions have been found "to be inconsistent with the objectives of exchange and import controls and may endanger the stability of our currency. I, therefore, urge the Congress to give this matter its immediate consideration."

As of the end of 1956, the total dollars diverted away from the international reserve into the hands of barter traders reached \$23.2 million, the amount of actual export shipments under barter transactions. Of the total imports of \$12 million received through barter, about 60 per cent were non-essential goods which did not contribute to the development program.

7. Revision of Price Supports

Reiterating our recommendations in previous annual reports, price supports should be revised so as to exclude low-grade products or those of sub-standard quality. The need for this revision has been clearly

demonstrated by the price support given to tobacco under R.A. No. 1194. Only standard quality or high grade products should be eligible for support. To encourage the production of low-grade and sub-standard products is economically disastrous and self-defeating.

8. Revision of Educational Standards

A growing number of ill-trained white-collar job aspirants is a drag on economic progress. A more selective method of admission to academic courses should result in the turning out of fewer but more competent graduates for clerical and other jobs. Complementary to this should be increased opportunities for vocational education to service primary and secondary occupations with skilled or semi-skilled personnel.

PART II

INTERNATIONAL DEVELOPMENTS

Economic growth continued throughout the world during 1956, although the rate of progress varied widely among different countries. Leaders in the general economic expansion were the industrial economies of the United States, Western Germany, Canada and Japan. Other countries of Europe, Latin America and Asia achieved only moderate rates of growth, and in some cases, deteriorations were noted. Further import liberalization and measures to restore multilateral trade contributed towards an expansion of world trade.

These expansionary movements brought about inflationary pressures in many highly industrialized countries, spreading out in varying degrees to less developed nations of the globe. However, inflationary forces were partly counteracted by intensified monetary restrictions in the form of increases in discount rates, open market operations, credit ceilings and selective controls. A moderation in the rise of money supply was effected, but in some countries the expansion continued unabated. In the ECAFE region the predominance of import surpluses was a more important factor in the slowing down of the upsurge in the volume of money.

The United States led all countries in economic prosperity in 1956 with the gross national product reaching a peak of \$412 billion, \$22 billion greater than last year's level, in spite of a decline in automobile production and home construction. Because of higher prices, only about one-half of this increment represented a real gain. The foremost source of strength in the United States economy was the sustained expansion in new plants and facilities in nearly all branches of production, public utilities and trade. Other highlights were record levels of merchandise exports and imports, a record commodity export surplus, and a doubling of capital investments abroad. As a result of the stepped-up tempo of economic activity, civilian employment averaged an all-time high of 65 million, an increase of 1.8 million over 1955.

An important development in the U.S. economy which may have some repercussions on the rest of the world was a slow but steady up-trend in both wholesale and retail prices in response to heavier demand from the investment goods sector, rising labor costs, and advances in prices of some raw materials. Pressures on the financial markets were just as persistent as those on prices. The strong demand of business firms for funds brought about substantial additions to new corporate security issues and bank borrowings. The continuance of monetary and

fiscal restraints contributed to counteracting these inflationary tendencies, as did the budget surplus achieved by the Federal Government. The Federal Reserve Board raised the rediscount rate to 3 per cent, and rising interest rates featured credit operations throughout the American economy.

The blocking of the Suez Canal and the interruption of the flow of oil through the pipelines aggravated three trends already apparent in the European economy even before the start of the Middle East crisis. One was the slackening of the expansion of economic activity. Although economic growth in West Germany was still considerable, it was not as outstanding as that of the previous year. Higher production in France during the first six months was expected to be shortlived because of the shortage of oil. Italy, Belgium, the Netherlands and Finland also experienced a slower rise in production. In the United Kingdom, there were indications of financial troubles.

Europe also experienced the continuance of rising prices which started two years ago caused by rising investment expenditures, excessive consumer demand and spiralling wages. Inflationary pressures were strongest in France, Belgium, and the Netherlands, and evident in Finland, Italy, Switzerland and the United Kingdom. Discount rates were hiked to ease pressure on available resources.

Corollary to these two developments was the weakening of the balance of payments position of many European countries including France, the Netherlands and Finland arising from unfavorable trade balances, higher costs of freight and deteriorations in their Treasury positions. As an aftermath of the Suez crisis, the United Kingdom had to make a substantial drawing from the International Monetary Fund. On the other hand, West Germany and Switzerland especially, and also Italy and Norway improved their payments position largely due to expanded exports. Belgium strengthened her balance of payments during the first half but it suffered a deterioration during the second half because of decreased exports coupled with a gain in imports.

Notwithstanding the worsening conditions in a few countries, economic conditions in Latin America were generally more favorable than those which prevailed during the previous year. Brazil greatly improved her balance of payments brought about by a tremendous expansion of coffee exports. Although, Mexico had a slightly larger trade deficit, she maintained her high rate of production and attained self-sufficiency in her basic food needs. Bolivia suffered deteriorations in her balance of payments and international reserve positions, and experienced uncontrolled inflation. Exports for the region as a whole expanded, giving rise to a more favorable balance of trade. The biggest improvements in trade balances were achieved by Brazil, Chile, Paraguay, Uruguay,

Honduras and Ecuador. On the other hand, the trade balances of Cuba, Costa Rica, Nicaragua, El Salvador, Panama and Peru worsened. Cost of living indices remained relatively stable with the notable exception of Bolivia, and to a lesser extent, of Chile, Paraguay and Brazil.

Accelerated industrial production characterized the ECAFE region, particularly Japan. It outpaced agricultural production and rose at a faster rate than world production as a whole. The state of industrial development in the region is still in its early stage, however, considering the small industrial base and the fact that manufacturing is mostly confined to the processing of agricultural and mineral raw materials. The harvest of cereals and other food crops surpassed previous records although the improved yield occurred mainly in Ceylon, Taiwan, mainland China and Japan. Production of copra and jute exceeded that of last year; that of rubber and tea was about the same, while cotton and sugar production declined.

Foreign trade of the ECAFE countries increased with imports outstripping exports, and produced a trade deficit more than four times that of last year. However, the deficit did not reduce the exchange resources of the region by the same magnitude because of a substantial inflow of foreign grants and loans and the considerable gain made by Japan from invisibles. The loss in reserves was concentrated in India and Indonesia. Some countries, particularly Ceylon, India, Japan and Pakistan moved toward a relaxation of import controls and multilateral trade, with a view to encouraging the importation of capital goods necessary for economic development and of essential consumer goods to combat inflationary pressures.

Practically all countries, exclusive of Ceylon, Japan and Malaya experienced a persistent upward trend in prices due to lower per capita food production in some countries and to inflationary strains in other parts of the world.

PART III

DOMESTIC DEVELOPMENTS

ECONOMIC ACTIVITY

CHAPTER I

NATIONAL INCOME AND PRODUCT

Gross national product, which measures the nation's output of goods and services, exceeded all previous totals when it reached the ₱9,415 million mark by the end of 1956. This represented an expansion of ₱728 million or 8.4 per cent above the 1955 level and reflected the combined influence of both increased production (8.6 per cent) and slightly higher prices (3.5 per cent).

The national income figures gave evidence of a relative increase in the importance of secondary and tertiary activity. Income originating in agriculture, while increasing at a considerably faster rate than in the previous year, lost ground relatively from 43.6 per cent of national income in 1954 to 41.5 per cent in 1955 and 39.9 per cent in 1956. The major gainers were found in the non-agricultural lines. Within agriculture there was also a shift, with income originating from crops falling slightly in absolute terms, and somewhat more in relative terms, while forestry, livestock and fishing scored gains. Within the non-agricultural sector, relative advances were made by manufacturing, mining, and personal services, while construction and transportation maintained their relative shares and trade and other lines lost ground.

A. THE FLOW OF EXPENDITURES

The pattern of demand in 1956 featured gains in both investment and consumption. Personal consumption expenditures again accounted for over half the increase in total spending for goods and services.

Gross National Product by Type of Expenditure 1954-1956

(Million pesos)

Type of expenditure	1954 ^r	1955	1956 P	Per cent change	
				1954-55	1955-56
Private consumption expenditures....	6,960	7,501	7,930	7.8	5.7
Government current expenditures....	654	718	773	9.8	7.7
Gross domestic investment.....	719	789	851	9.7	7.9
Net export & investment income.....	-163	-321	-139	96.9	-56.7
Gross National Product.....	<u>8,170</u>	<u>8,687</u>	<u>9,415</u>	6.3	8.4

SOURCES OF BASIC DATA: Cooperating government agencies and private firms.

^r Revision due to changes in estimates of national income at factor cost and government current expenditures and investment.

1. Consumer Demand

Additional employment along with slight improvements in the earnings of salaried employees and wage earners during the year increased consumer purchasing power and made possible the continuation of the uptrend in personal consumption expenditures to ₱7,930 million or 5.7 per cent over 1955. In addition, the expansion in total consumer outlay for the year reflected continued population growth and somewhat higher prices.¹

2. Government Demand

Combined national and local government purchases of goods and services in the calendar year 1956 totaled ₱773 million, up by ₱55 million from 1955. The increased tempo in the construction and repair of public works and higher outlays for education accounted for the bulk of the advance in government current expenditures.

¹ The completion of the Philippine Statistical Survey of Household in May 1956 undertaken by the NEC and the survey of households in Manila conducted by the Statistical Center, U.P. in September 1956 made data on household expenditures available. It was, therefore, possible to make an independent estimate of household expenditures leaving only expenditures of non-profit institutions as the residual item, thus increasing the reliability of the estimates. It should be noted, however, that this current estimate of personal consumption expenditures appears consistent with those of prior years.

3. Domestic Investment Demand

Gross domestic investment amounted to ₱851 million in 1956. Expansion in durable equipment for the year was greater, especially in outlays for power-generating equipment and transportation. Residential construction activities, spurred by greater availability of credit, higher demand and easy building opportunities offered to home-builders were heavier than the year before. Increased consumer spending and the speed-up in business activity was further reflected in the ₱38.7 million decline in the over-all inventory accumulation in 1956.

Gross Domestic Investment in Durable Equipment 1954-1956

(Million pesos)

Type of equipment	1954	1955	1956 P	Per cent change	
				1954-55	1955-56
TOTAL VALUE.....	261.9	286.1	341.7	9.2	19.4
Agricultural Machinery & Imple- ments.....	22.3	31.0	33.5	39.0	8.1
Electrical Machinery & Appliances..	27.2	38.1	31.6	40.1	-17.1
Other Machinery.....	107.0	119.0	179.9	11.2	51.2
Vehicles.....	79.2	77.3	84.3	- 2.4	9.1
Other equipment.....	5.2	3.3	2.2	-36.5	-33.3
Miscellaneous metal manufactures...	21.0	17.4	10.2	-17.1	-41.4

SOURCE OF BASIC DATA: International Trade Section, Department of Economic Research,
Central Bank of the Philippines.

Change in inventories showed divergent movements. Accelerated production activities were reflected in the recovery made by the inventory in livestock and the substantial increase in mining. On the other hand, the decrease in the production of centrifugal sugar drew out approximately half of the existing sugar stocks. Higher productivity for the year likewise influenced inventories in manufacturing favorably. However, the rate of accumulation was lower than that of 1955 mainly because of the demand from wholesale and retail traders. A faster rate of sales turn-over accompanied by further restrictions on importation of consumer goods depleted inventories at the wholesale and retail level.

The contribution of the government to the growth of domestic investment recorded a slight expansion over the level of the previous year.

Gross Domestic Investment by Major Categories 1954-1956

(Million pesos)

Item	1954 ^r	1955	1956 P	Per cent change	
				1954-55	1955-56
Gross fixed investment.....	562.6	623.6	724.5	10.8	16.2
Durable equipment.....	261.9	286.1	341.7	9.2	19.4
Construction.....	300.7	337.5	382.8	12.2	13.4
Change in inventories.....	156.2	165.1	126.4		
Livestock.....	122.1	91.5	122.7		
Sugar.....	15.9	0.4	-14.7		
Mining.....	4.3	2.4	7.5		
Manufacturing.....	-4.3	44.7	14.8		
Trade.....	18.2	26.1	-3.9		
Total Gross Investment.....	718.8	788.7	850.9	9.7	7.9
Private.....	552.1	615.7	672.7	11.5	9.3
Government.....	166.7	173.0	178.2	3.8	3.0

SOURCES OF BASIC DATA: Cooperating government agencies and private firms.

^r Revision due to change in fiscal year data on investments in construction and government for 1955.

4. Foreign Demand

Net foreign investment, which is equal to the export balance of goods and services, amounted to minus ₱139 million in 1956, and was ₱182 million less unfavorable than 1955 levels. The great bulk of the improvement in the net balance was accounted for by merchandise trade, with improved export proceeds reinforcing the effect of reduced import payments.

B. THE FLOW OF INCOME

The 1956 national income, representing the aggregate earnings from current production, moved up to ₱8,335 million or 9.3 per cent above the 1955 level. However, using the consumer price index as a deflator, the change in real terms was only 5.7 per cent.

1. National Income by Industrial Origin¹

The majority of the industries registered relative and absolute gains in response to higher consumer and producer demands during the year under review.

¹ Income originating in each industry measures the earnings of the economic resources — both property and labor — utilized by it. Accordingly, estimates of national income by industrial origin provide a measure of the net contribution of each industrial segment of the economy to the total value, at factor cost, of the net national output.

National Income by Industrial Origin 1954-1956

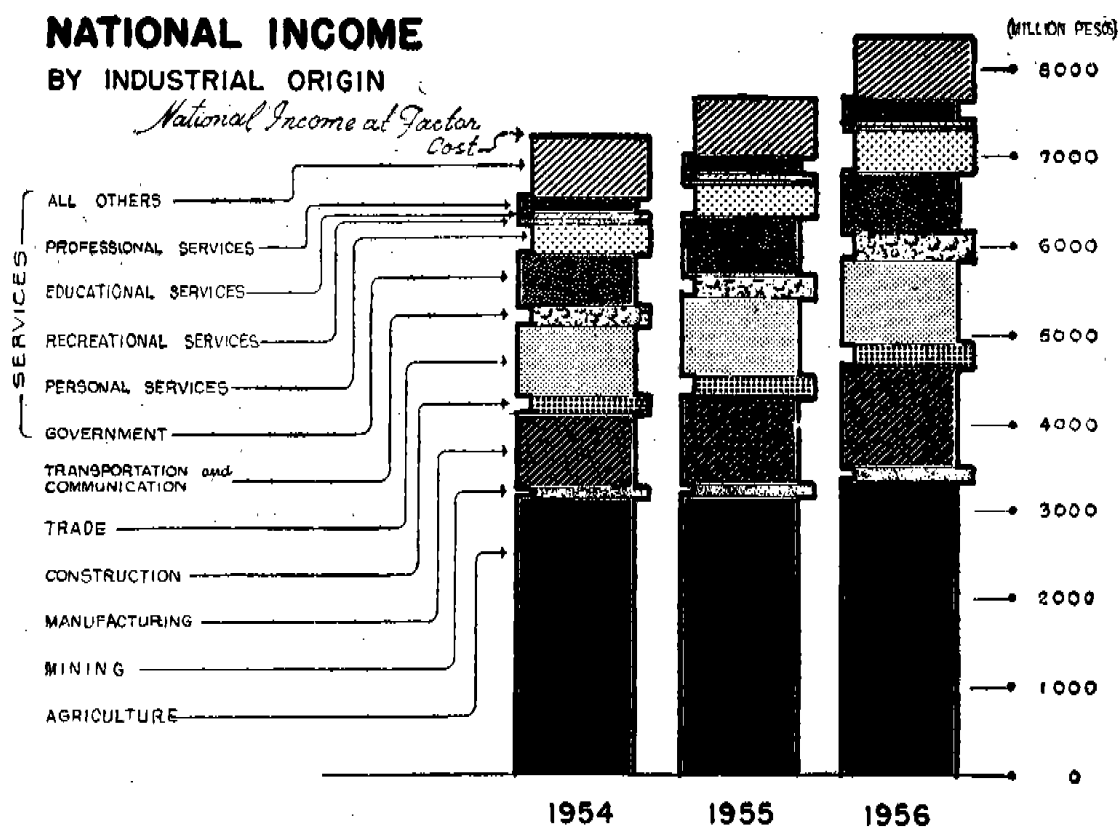
(Million pesos)

Item	1954 ^r	1955	1956 ^p	Absolute change		Per cent change	
				1954-55	1955-56	1954-55	1955-56
National Income at Factor Cost.....	7,145	7,624	8,335	479	711	6.7	9.3
Agriculture.....	3,118	3,161	3,322	43	161	1.4	5.1
Mining.....	105	121	141	16	20	15.2	16.5
Manufacturing.....	850	1,001	1,198	151	197	17.8	19.7
Construction.....	205	230	260	25	30	12.2	13.0
Trade.....	781	861	953	80	92	10.2	10.7
Transportation & communication ^a	235	250	286	15	36	6.4	14.4
Services.....	1,851	2,000	2,175	149	175	8.0	8.8
Government.....	574	648	700	74	52	12.9	8.0
Personal services.....	317	358	445	41	87	12.9	24.3
Recreational services.....	27	28	29	1	1	3.7	3.6
Educational services.....	91	85	77	-6	-8	-6.6	-9.4
Professional services.....	186	209	233	23	24	12.4	11.5
All Others.....	656	672	691	16	19	2.4	2.8

SOURCES OF BASIC DATA: Cooperating government agencies and private firms.

^a Inclusive of electricity and all other public utilities.

^r Revision due to changes in cost data in manufacturing



Increased government technical and financial aid to the rural areas, as well as increased consumption of agricultural products with the uptrend in consumer income and higher prices contributed to the rise in income originating in agriculture (crops, livestock, fishing and forestry). Higher demand for Philippine base metals increased income from mining in 1956.

Also affected by the increase in demand for commodities were manufacturing industries which reported the largest absolute and relative gains in income. Increased plant and equipment facilities, availability of raw materials, and further restrictions on the importation of goods locally manufactured aided in the upward trend in manufacturing. The bulk of the increase for the division as a whole was traceable to improvements made in the manufactures of chemicals, leather products and food.

The greater flow of income from construction, trade, and transportation & communication including public utilities further reflected the growth in the volume of business during 1956. The flow of income from government consisting of the compensation of local and national employees also continued its gradual expansion in 1956. Consumer spending for personal, recreational and professional services extended its uptrend from last year while income from educational services tapered off.

2. Personal Income

Total personal income—the current income received by persons from all sources, inclusive of transfers from the government—totaled ₱8,073 million in 1956. On a per capita basis the increase was from about ₱346 in 1955 to ₱371 in 1956 or 7.2 per cent.

Personal Income, 1954-1956

(Million pesos)

Item	1954 ^r	1955	1956 ^p	Per cent change	
				1954-55	1955-56
Compensation of employees.....	3,025	3,224	3,531	6.6	9.5
Entrepreneurial & property income of persons.....	3,850	4,103	4,494	6.6	9.5
Transfer payments.....	41	42	37	2.4	-11.9
Net donations from abroad.....	7	16	11	128.6	-31.2
TOTAL: PERSONAL INCOME..	6,923	7,385	8,073	6.7	9.3
Less: Direct taxes.....	154	185	192	20.1	3.8
Disposable personal income.....	6,769	7,200	7,881	6.4	9.5
Per capita disposable income ^a	313	326	351	4.2	7.7

SOURCES OF BASIC DATA: Cooperating government agencies and private firms.

^a In pesos only.

^r Revision due to changes in estimates of national income at factor cost.

Labor earnings constituted the major contribution to the increase in the national income in 1956. A large part of the advance came from employee compensation and entrepreneurial & property income of persons which registered both absolute and relative gains. Higher employment and higher wage rates were the chief factors in the growth of total employee earnings in all sectors of the economy. The rise in private payrolls stemmed primarily from manufacturing, commerce, and transport & transport equipment.

On the other hand, there was a slight dip in transfer payments caused by a ₱17 million decrease in "pensions and gratuities" during 1956 and net donations from abroad.

Disposable personal income—personal income less direct taxes—advanced by ₱681 million, reaching a new high in 1956 of ₱7,881 million. Per capita disposable income showed a rise of 7.7 per cent as a result of increases in income and a lighter tax burden.

Foreword

The revisions in the new series resulted mainly from adjustments made possible through the availability of improved data and further refinements of existing statistics, particularly with regard to cost of production figures. The sectors most affected by these changes were agriculture, mining and manufacturing. Manufacturing in particular benefited from the producers' reports submitted to the Import Department of the Central Bank which afforded a basis for the revision of cost estimates. These revisions necessitated changes in the actual estimates of income originating from manufacturing for the years from 1952 to 1956 and adjustments for years prior to 1952. Improved data and revisions in basic fiscal year figures resulted in changes in the over-all figures of some items or sectors, particularly in construction and government. Other private income likewise went through the process of revision as refined data for estimating the ratio of undistributed corporate profits to total corporate income became available.

THE NATIONAL ACCOUNTS

Total Available Means: Sources and Disposition, 1946-1956

(Amount in million pesos)

Period	Sources			Total Available Means	Disposition			
	Gross national product	Net borrowings from abroad	Net donations from abroad		Domestic consumption		Gross domestic investment	
					Private	Government	Private	Government
1946.....	4,640	105	52	4,797	4,053	360	371	13
1947.....	5,924	184	216	6,324	5,221	406	644	53
1948.....	6,168	-103	300	6,365	5,194	403	631	137
1949.....	6,136	137	437	6,710	5,594	450	468	198
1950.....	6,625	-378	331	6,578	5,533	476	381	188
1951.....	7,367	62	41	7,470	6,371	540	397	162
1952.....	7,519	40	72	7,631	6,479	600	391	161
1953.....	8,002	60	44	8,106	6,816	631	494	165
1954.....	8,170	111	52	8,333	6,960	654	552	167
1955.....	8,687	257	64	9,003	7,501	718	616	173
1956p.....	9,415	61	78	9,554	7,939	773	673	178

SOURCES OF BASIC DATA: Cooperating government agencies and private firms.

THE NATIONAL ACCOUNTS

1. National Income and Product Account, 1946-1956

(Million pesos)

Item	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956 P
(1) Compensation of employees (15).....	1,814	2,293	2,351	2,343	2,547	2,767	2,763	2,961	3,025	3,224	3,531
(a) Agricultural.....	563	685	668	646	701	780	786	843	873	885	930
(i) Cash.....	450	548	534	517	561	624	629	674	698	708	744
(ii) In kind.....	113	137	134	129	140	156	157	169	175	177	186
(b) Other.....	1,251	1,608	1,683	1,697	1,846	1,987	1,977	2,118	2,152	2,339	2,601
(2) Entrepreneurial & property income of persons (16).....	2,308	2,919	2,992	2,983	3,241	3,521	3,516	3,768	3,850	4,103	4,494
(a) Agricultural.....	1,447	1,761	1,718	1,662	1,804	2,007	2,020	2,166	2,245	2,276	2,392
(i) Cash.....	1,085	1,321	1,289	1,247	1,353	1,505	1,515	1,625	1,684	1,707	1,794
(ii) In kind.....	362	440	429	415	451	502	505	541	561	569	598
(b) Other.....	861	1,158	1,274	1,321	1,437	1,514	1,496	1,602	1,605	1,827	2,102
(3) Other private income (20).....	68	131	146	118	100	160	247	262	234	255	265
(4) Property income of government (26).....	12	21	22	20	34	39	28	24	36	42	45
(5) Total: NATIONAL INCOME AT FACTOR COST.....	4,202	5,364	5,511	5,464	5,922	6,487	6,554	7,015	7,145	7,624	8,335
(6) Depreciation (32).....	265	290	315	325	335	370	385	408	407	430	441
(7) Indirect taxes less subsidies (24).....	173	270	342	347	368	510	580	579	618	633	639
Total: GROSS NATIONAL PRODUCT AT MARKET PRICES.....	4,640	5,924	6,168	6,136	6,625	7,367	7,519	8,002	8,170	8,687	9,415

THE NATIONAL ACCOUNTS

1. National Income and Product Account, 1946-1956—(Concluded)

(Million pesos)

Item	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956 ^p
(8) Private consumption expenditures (12)...	4,053	5,221	5,194	5,594	5,533	6,371	6,479	6,816	6,960	7,501	7,930
(a) Household.....	..	..	..	..	..	..	..	..	5,359 ^a	5,776 ^a	6,134 ^a
(b) Non-profit institutions.....	..	..	..	..	..	..	..	..	1,601	1,725	1,796
(9) Government current expenditures (21)...	360	406	403	450	476	540	600	631	654	718	773
(10) Gross domestic investment (28).....	384	697	768	666	569	559	552	659	719	789	851
(a) Private.....	371	644	631	468	381	397	391	494	552	616	673
(b) Government.....	13	53	137	198	188	162	161	165	167	173	178
(11) Net exports & investment income (-35)...	-157	-400	-197	-574	47	-103	-112	-104	-163	-321	-139
Total: GROSS NATIONAL EXPEN- DITURE AT MARKET PRICES.....	4,640	5,924	6,168	6,136	6,625	7,367	7,519	8,002	8,170	8,687	9,415

SOURCES OF BASIC DATA: Cooperating government agencies and private firms.

^a Estimate based on the Philippine Statistical Survey of Households conducted in May, 1956 by the NEC and the Survey of Households in Manila conducted in September, 1956 by the Statistical Center, University of the Philippines.

THE NATIONAL ACCOUNTS

2. Private Appropriation Account, 1946-1956

(Million pesos)

Item	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956P
(12) Private consumption expenditures (8)	4,053	5,221	5,194	5,594	5,533	6,371	6,479	6,816	6,960	7,501	7,930
(13) Direct taxes (25)	24	46	66	75	99	142	157	141	154	185	192
(a) Personal	15	27	39	47	65	92	95	71	77	102	102
(b) Corporate	9	19	27	28	34	50	62	70	77	83	90
(14) Private saving (30)	114	136	473	160	581	-11	-58	75	43	-46	216
Total: PRIVATE OUTLAY	<u>4,191</u>	<u>5,403</u>	<u>5,733</u>	<u>5,829</u>	<u>6,213</u>	<u>6,502</u>	<u>6,578</u>	<u>7,032</u>	<u>7,157</u>	<u>7,640</u>	<u>8,338</u>
(15) Compensation of employees (1)	1,814	2,293	2,351	2,343	2,547	2,767	2,763	2,961	3,025	3,224	3,531
(16) Entrepreneurial & property income of persons (2)	2,308	2,919	2,992	2,983	3,241	3,521	3,516	3,768	3,850	4,103	4,494
(17) Transfer payments (22)	22	20	27	30	35	38	37	35	41	42	37
(18) Net donations from abroad (33b)	-21	40	217	355	290	16	15	6	7	16	11
(19) Total: PERSONAL INCOME	<u>4,123</u>	<u>5,272</u>	<u>5,587</u>	<u>5,711</u>	<u>6,113</u>	<u>6,342</u>	<u>6,331</u>	<u>6,770</u>	<u>6,923</u>	<u>7,385</u>	<u>8,073</u>
(20) Other private income (3)	68	131	146	118	100	160	247	262	234	255	265
Total: PRIVATE INCOME	<u>4,191</u>	<u>5,403</u>	<u>5,733</u>	<u>5,829</u>	<u>6,213</u>	<u>6,502</u>	<u>6,578</u>	<u>7,032</u>	<u>7,157</u>	<u>7,640</u>	<u>8,338</u>

SOURCES OF BASIC DATA: Cooperating government agencies and private firms.

THE NATIONAL ACCOUNTS

3. Government Appropriation Account, 1946-1956

(Million pesos)

Item	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956 P
(21) Government current expenditures (9)....	360	406	403	450	476	540	600	631	654	718	773
(22) Transfer payments (17).....	22	20	27	30	35	38	37	35	41	42	37
(23) Government saving (31).....	-100	87	83	44	31	138	185	116	158	148	133
Total	282	513	513	524	542	716	822	782	853	908	943
(24) Indirect taxes less subsidies (7).....	173	270	342	347	368	510	580	579	618	633	639
(25) Direct taxes (13).....	24	46	66	75	99	142	157	141	154	185	192
(26) Property income of government (4).....	12	21	22	20	34	39	28	24	36	42	45
(27) Net donations from abroad (33a).....	73	176	83	82	41	25	57	38	45	48	67
Total	282	513	513	524	542	716	822	782	853	908	943

SOURCES OF BASIC DATA: Cooperating government agencies and private firms.

THE NATIONAL ACCOUNTS

4. Combined Capital Account, 1946-1956

(Million pesos)

Item	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956P.
(28) Gross domestic investment (10).....	384	697	768	666	569	559	552	659	719	789	851
(29) Net lending abroad (-34).....	-105	-184	103	-137	378	-62	-40	-60	-111	-257	-61
Total.....	279	513	871	529	947	497	512	599	608	532	790
<hr/>											
(30) Private saving (14).....	114	136	473	160	581	-11	-58	75	43	-46	216
(31) Government saving (23).....	-100	87	83	44	31	138	185	116	158	148	133
(32) Depreciation (6).....	265	290	315	325	335	370	385	408	407	430	441
Total.....	279	513	871	529	947	497	512	599	608	532	790

SOURCES OF BASIC DATA: Cooperating government agencies and private firms.

THE NATIONAL ACCOUNTS

5. Rest of the World Account, 1946-1956

(Million pesos)

Item	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956 P
(33) Net donations to Philippines	52	216	300	437	331	41	72	44	52	64	78
(a) To government (27).....	73	176	83	82	41	25	57	38	45	48	67
(b) To private sector (18).....	-21	40	217	355	290	16	15	6	7	16	11
(34) Net lending to Philippines (-29).....	105	184	-103	137	-378	62	40	60	111	257	61
Total.....	157	400	197	574	-47	103	112	104	163	321	139
<hr/>											
(35) Net exports to and investment income from Philippines (-11)											
(a) Net exports of goods & services...	154	360	143	514	-77	55	55	-5	50	188	8
(b) Net investment income	3	40	54	60	30	48	57	109	113	133	131
Total	157	400	197	574	-47	103	112	104	163	321	139

SOURCES OF BASIC DATA: Cooperating government agencies and private firms.

THE NATIONAL ACCOUNTS

National Income by Industrial Origin, 1946-1956

(Million pesos)

Item	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956 ^P
Agriculture.....	2,010	2,446	2,386	2,308	2,505	2,787	2,806	3,009	3,118	3,161	3,322
Mining.....	3	16	25	40	55	79	98	107	105	121	141
Manufacturing.....	330	426	440	440	502	630	639	834	850	1,001	1,198
Construction.....	132	243	307	276	239	237	221	236	205	230	260
Trade.....	551	702	716	709	752	838	809	780	781	861	953
Transportation & communication ^a	150	191	195	193	205	228	242	242	235	250	286
Services.....	1,026	1,340	1,442	1,498	1,664	1,688	1,739	1,807	1,851	2,000	2,175
Government.....	185	252	321	377	386	431	487	544	574	648	700
Personal services.....	180	233	240	240	274	343	310	313	317	358	445
Recreational services.....	17	22	22	22	23	26	26	27	27	28	29
Educational services.....	b	b	115	b	b	103	106	98	91	85	77
Professional services.....	b	b	156	b	b	161	178	182	186	209	233
All others.....	644 ^c	833 ^c	588	859 ^c	981 ^c	624	632	643	656	672	691
National Income at Factor Cost.....	<u>4,202</u>	<u>5,364</u>	<u>5,511</u>	<u>5,464</u>	<u>5,922</u>	<u>6,487</u>	<u>6,554</u>	<u>7,015</u>	<u>7,145</u>	<u>7,624</u>	<u>8,335</u>

SOURCES OF BASIC DATA: Cooperating government agencies and private firms.

^a Inclusive of electricity and other public utilities.

^b No breakdown available.

^c Inclusive of professional and educational services for which no breakdown are available.

THE NATIONAL ACCOUNTS

Derivation of Private Income and National Income from Personal Income, 1946-1956

(Million pesos)

Item	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956 P
Personal Income.	4,123	5,272	5,587	5,711	6,113	6,342	6,331	6,770	6,923	7,385	8,073
Plus:											
Other private income.	68	131	146	118	100	160	247	262	234	255	265
Undistributed corporate profits.	59	112	119	90	66	110	185	192	157	172	175
Corporate profit taxes.	9	19	27	28	34	50	62	70	77	83	90
Equals: Private income.	4,191	5,403	5,733	5,829	6,213	6,502	6,578	7,032	7,157	7,640	8,338
Plus:											
Property income of government.	12	21	22	20	34	39	28	24	36	42	45
Less:											
Transfer payments by government.	22	20	27	30	35	38	37	35	41	42	37
Net donations from abroad.	- 21	40	217	355	290	16	15	6	7	16	11
Equals: National Income at Factor Cost.	4,202	5,364	5,511	5,464	5,922	6,487	6,554	7,015	7,145	7,624	8,335

SOURCES OF BASIC DATA: Cooperating government agencies and private firms.

THE NATIONAL ACCOUNTS

Income Originating in Agriculture by Category of Production, 1946-1956

(Million pesos)

Item	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956 P
Crops.....	1,087	1,272	1,337	1,284	1,425	1,574	1,549	1,596	1,618	1,618	1,616
Livestock.....	824	729	784	625	771	777	849	998	1,012	1,007	1,106
Farm marketings & direct consumption.....	713	576	680	570	703	727	796	913	890	915	983
Value of increase in livestock.....	111	153	104	55	68	50	53	85	122	92	123
Fishing.....	89	356	148	276	197	262	276	272	272	293	294
Forestry.....	65	156	181	186	179	249	209	224	300	329	306
Total, before depreciation.....	2,065	2,513	2,450	2,371	2,572	2,862	2,883	3,090	3,202	3,247	3,412
Less: Depreciation allowance.....	55	67	65	63	68	76	77	82	85	87	91
Equals: Total, after depreciation.....	2,010	2,446	2,385	2,308	2,504	2,786	2,806	3,008	3,117	3,160	3,321
Add: Agricultural export products, NES.....	a	a	1	a	1	1	a	1	1	1	1
Equals: Net Income Originating.....	2,010	2,446	2,386	2,308	2,505	2,787	2,806	3,009	3,118	3,161	3,322

SOURCES OF BASIC DATA: Cooperating government agencies and private firms.

a Less than P500,000.00.

THE NATIONAL ACCOUNTS

Gross Domestic Investment by Major Categories, 1946-1956

(Million pesos)

Item	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956 P
Gross fixed investment.....	258.3	530.6	644.8	599.0	484.4	491.1	485.8	559.3	562.6	623.6	724.5
Durable equipment.....	64.6	173.1	193.5	193.6	133.2	142.4	160.4	211.6	261.9	286.1	341.7
Construction.....	193.7	357.5	451.3	405.4	351.2	348.7	325.4	347.7	300.7	337.5	382.8
Change in inventories.....	125.9	166.8	123.4	66.5	84.4	68.0	66.0	99.7	156.2	165.1	126.4
Livestock.....	111.0	153.0	104.0	55.0	68.0	50.0	52.6	84.9	122.1	91.5	122.7
Sugar.....	3.0	- 1.0	5.0	- 2.0	2.0	2.0	- 1.2	4.6	15.9	0.4	- 14.7
Mining.....	- 0.3	- 1.0	- 1.9	- 2.8	- 4.1	- 7.2	- 9.0	- 0.5	4.3	2.4	7.5
Manufacturing.....	12.2	15.8	16.3	16.3	18.5	23.2	23.6	24.4	- 4.3	44.7	14.8
Trade.....	..	..	..	..	..	..	..	-13.7	18.2	26.1	- 3.9
Total Gross Investment.....	384.2	697.4	768.2	665.5	568.8	559.1	551.8	659.0	718.8	788.7	850.9
Private.....	370.7	644.5	631.1	467.9	381.0	397.5	391.0	494.5	552.1	615.7	672.7
Government.....	13.5	52.9	137.1	197.6	187.8	161.6	160.8	164.5	166.7	173.0	178.2

SOURCES OF BASIC DATA: Cooperating government agencies and private firms.

THE NATIONAL ACCOUNTS

Percentage Distribution of Private Non-Agricultural Income by Industrial Origin, 1946-1956

Item	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956 P
Private Non-Agricultural Industries.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Mining.....	.1	.6	.9	1.5	1.8	2.4	3.0	3.1	3.1	3.2	3.3
Manufacturing.....	16.4	16.0	15.7	15.8	16.6	19.3	19.6	24.1	24.6	26.2	27.8
Construction.....	6.6	9.1	10.9	9.9	7.9	7.2	6.8	6.8	5.9	6.0	6.0
Trade.....	27.5	26.3	25.5	25.5	24.8	25.6	24.8	22.5	22.6	22.6	22.1
Transportation & communication.....	7.5	7.2	7.0	7.0	6.8	7.0	7.4	7.0	6.8	6.5	6.6
Personal services.....	9.0	8.7	8.6	8.6	9.0	10.5	9.5	9.0	9.2	9.4	10.3
All others.....	32.9	32.1	31.4	31.7	33.1	28.0	28.9	27.5	27.8	26.1	23.9

SOURCES OF BASIC DATA: Cooperating government agencies and private firms.

THE NATIONAL ACCOUNTS

Gross Domestic Investment in Durable Equipment by Type, 1946-1956

(Million pesos)

Type of equipment	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956P
Total durable equipment	64.6	173.1	193.5	193.6	133.2	142.4	160.4	211.6	261.9	286.1	341.7
Machinery, except electrical & agricultural..	13.7	61.1	72.6	79.5	58.4	71.1	75.1	86.5	107.0	119.0	179.9
Office machines	2.0	5.8	6.2	5.2	3.1	2.2	4.9	3.2	6.2	6.8	6.8
Printing & bookbinding machines	1.1	3.2	5.2	3.9	2.9	1.9	3.1	2.8	4.3	5.6	6.7
Power generating equipment	2.4	9.6	11.5	15.9	12.2	10.5	8.9	20.4	17.9	18.7	26.3
Construction & conveying machines .....	.3	1.9	2.6	3.3	1.8	1.3	5.4	14.9	9.6	8.6	13.6
Other	7.9	40.6	47.1	51.2	38.4	55.2	52.8	45.2	69.0	79.3	126.5
Agricultural Machinery and Implements	3.8	13.7	8.8	18.2	15.7	18.0	16.4	21.2	22.3	31.0	33.5
Plows, cultivators & harrows .....	.2	4.4	1.6	3.8	3.0	3.4	1.4	1.3	1.5	1.8	1.5
Rice hullers and cleaners .....	.3	.8	.5	1.1	.6	.6	.2	.2	1.4	0.8	0.7
Rice threshers .....	.1	.4	.3	.9	.9	.4	.4	.3	0.2	0.4	0.4
Tractors .....	.8	2.9	3.0	7.2	6.0	8.8	10.3	13.4	17.4	24.4	29.8
Other	2.4	5.2	3.4	5.2	5.2	4.8	4.1	6.0	1.8	3.6	1.1
Electrical Machinery & Appliances	8.1	20.6	20.7	22.3	20.4	13.1	20.3	21.2	27.2	38.1	31.6
Wiring Fixtures	2.5	3.6	3.8	4.2	2.0	2.3	1.0	1.0	3.4	1.5	1.5
Transformers .....	.7	2.0	3.5	3.4	2.4	2.4	2.2	2.6	4.0	7.2	4.8
Dynamios and generators .....	.3	1.2	1.8	1.1	8.0	1.2	3.3	3.0	1.9	9.8	4.3
Meters .....	.1	.8	1.2	1.9	1.3	1.4	1.4	1.1	1.8	1.8	2.3
Air Conditioning equipments .....	.1	1.2	1.1	1.3	.5	1.0	1.0	.9	2.1	1.2	1.3
Motors .....	.3	.9	1.0	.9	.6	.9	2.4	1.4	1.6	2.6	3.0
Welding equipment .....	.4	1.0	.8	.9	.2	.1	.1	.6	0.5	0.7	0.7
Radio transmitters & related parts .....	.8	.9	.7	1.3	.4	.2	.3	4.0	2.6	1.2	4.1
Other	2.9	9.0	6.8	7.3	5.0	3.6	8.6	6.6	9.3	12.1	9.6

THE NATIONAL ACCOUNTS

Gross Domestic Investment in Durable Equipment by Type, 1946-1956—(Concluded)

(Million pesos)

Type of equipment	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956 P
Vehicles	25.9	49.4	64.4	45.8	18.6	20.5	29.2	60.3	79.2	77.3	84.3
Trucks	16.0	27.9	32.3	21.2	10.5	13.2	19.9	23.5	61.4	46.5	41.4
Automobiles for business use	6.8	17.0	24.2	16.8	3.6	3.0	2.7	3.7	5.5	16.0	16.2
Airplanes	1.2	.6	3.3	3.9	1.7	2.3	3.7	3.6	5.5	5.9	13.1
Wagons and trailers .....	.3	.4	.3	.3	.1	.1	.4	.3	1.1	2.5	0.6
Railroad equipment .....	..	..	..	..	..	..	..	..	3.4	5.8	11.7
Ships and boats .....	..	..	..	..	..	..	..	..	1.1	0.5	1.2
Other	1.6	3.5	4.3	3.6	2.7	1.9	2.5	29.2	1.2	0.1	0.1
Miscellaneous Metal Manufactures	6.2	17.5	17.4	18.2	12.4	9.0	10.3	14.2	21.0	17.4	10.2
Tools	2.0	4.1	5.4	4.9	2.9	4.0	2.8	4.4	5.9	5.1	1.7
Scientific & laboratory equipment	1.3	3.6	2.9	3.5	2.2	.6	3.3	5.0	6.4	5.8	4.6
Meters, non-electrical .....	.5	1.4	2.0	1.5	.4	.2	.4	.3	0.7	1.1	0.5
Filing cabinets .....	.3	2.5	1.2	1.6	.6	.2	.6	.3	0.2	0.2	..
Office furnitures .....	.4	1.0	.8	.6	.6	.5	.5	1.4	1.0	1.0	0.1
Tackles and pulleys .....	.1	.3	.5	.4	.2	.3	.2	.2	0.2	..	0.2
Other	1.6	4.6	4.6	5.7	5.5	3.2	2.5	2.6	6.6	4.2	3.1
Other Equipment	6.9	10.8	9.6	9.6	7.7	10.7	9.1	8.2	5.2	3.3	2.2

SOURCE OF BASIC DATA: International Trade Section, Department of Economic Research, Central Bank of the Philippines.

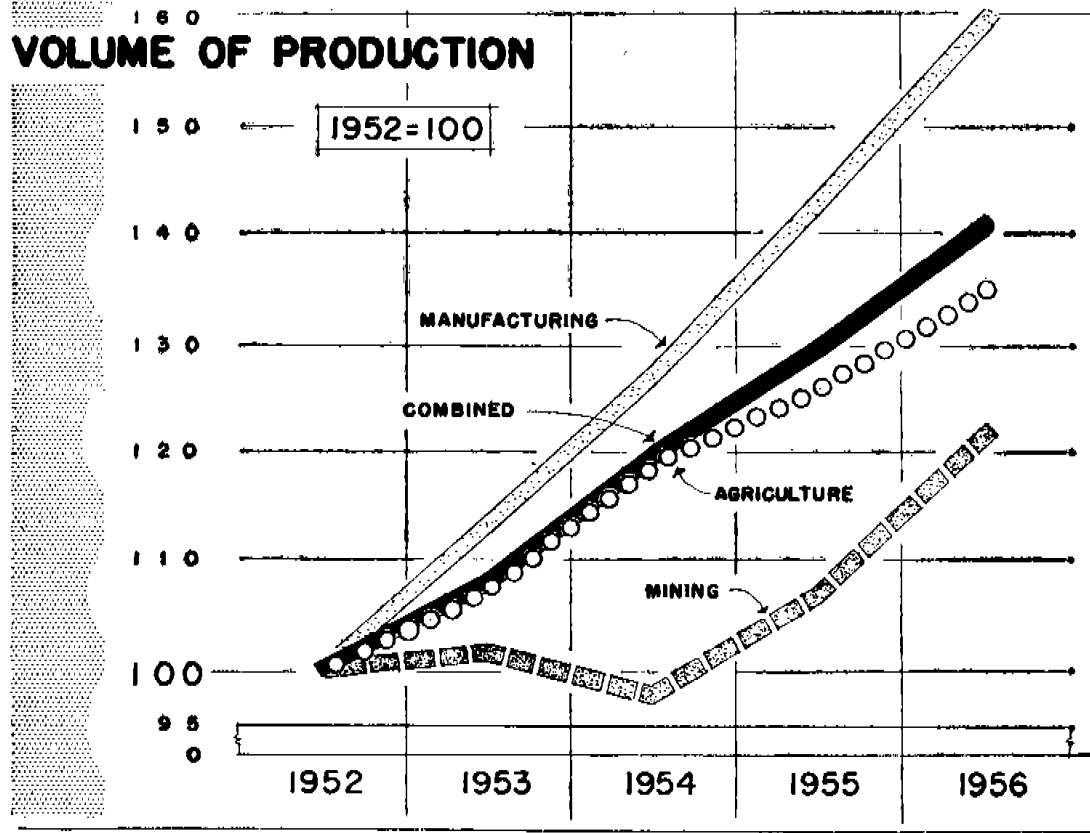
CHAPTER II

PRODUCTION

Production for the year 1956 made progress as the over-all index of the physical volume of production moved up from 129.7 to 140.8 (1952=100), an increase of 8.6 per cent over 1955. Efforts of the government to direct the country's resources toward productive channels showed visible results with the agricultural index improving from 126.0 to 134.9, the mining index from 106.8 to 121.5 and manufacturing activities from 142.8 to 160.1.

Highlights in the agricultural food crop sector were found in the expansion of the production of corn, meat and poultry products. In the export sector, the greatest percentage gains were recorded in the production of coconut oil, tobacco leaf and timber. The big increases in the production of copper and chromite were the major influences in the expansion of the mining sector. The manufacturing index was in the main buoyed up by construction activities in the economy.

INDEX OF THE PHYSICAL VOLUME OF PRODUCTION



A. AGRICULTURAL PRODUCTION

The progress achieved in the production of agricultural crops for the year 1956 was mainly the outcome of various measures taken during previous periods to promote agricultural production. The rural improvement program which directed increased government technical and financial aid to the rural areas included instruction in methods and techniques for more efficient production, construction of irrigation systems, artesian wells, and roads, distribution of fertilizers and the like. On the financing side, the Rehabilitation Finance Corporation and the Philippine National Bank continued to extend increased credit facilities. The growth of rural banks which spread out into more rural areas serviced a greater portion of the credit needs of the small farmers.

The over-all agricultural index gained by 7.1 per cent and reflected the increased output of food and export crops which rose by 7.2 and 7.1 per cent, respectively. However, the retail price index for foodstuffs which rose by 4.1 per cent reflected the outstripping of supply by demand for food items.

1. Food Products

Production of food crops other than coffee and cacao and unshelled peanuts, which reported the same quantity output, were all above the previous year's level.

In the production of staples, rice showed a modest growth of 2.2 per cent. Corn, on the other hand, recovered from the slack in production during 1955 and registered a 10.3 per cent increase primarily due to the expansion of corn acreage in previous periods.

In spite of a modest increase in production, fruits and vegetables constituted the main pressures to the rise in the retail price index for foodstuffs, displaying marked advances of 15.6 and 18.7 per cent, respectively. The sharp rise in the vegetable price index during the second half of the year could be mainly accounted for by the expulsion of the Chinese truck farmers in Baguio and by the operation of Republic Act No. 1296 which prohibits the importation of onions, garlic, potatoes and cabbage.

The special financing program for the promotion of self-sufficiency in meat and poultry products which the Rehabilitation Finance Corporation started during the first half of 1955 began to reflect favorable results by 1956 with these items showing a 19.1 per cent increase in production. Likewise, extensive development of fish production under the special Government financial program led to a 3.0 per cent improvement over the previous year's level.

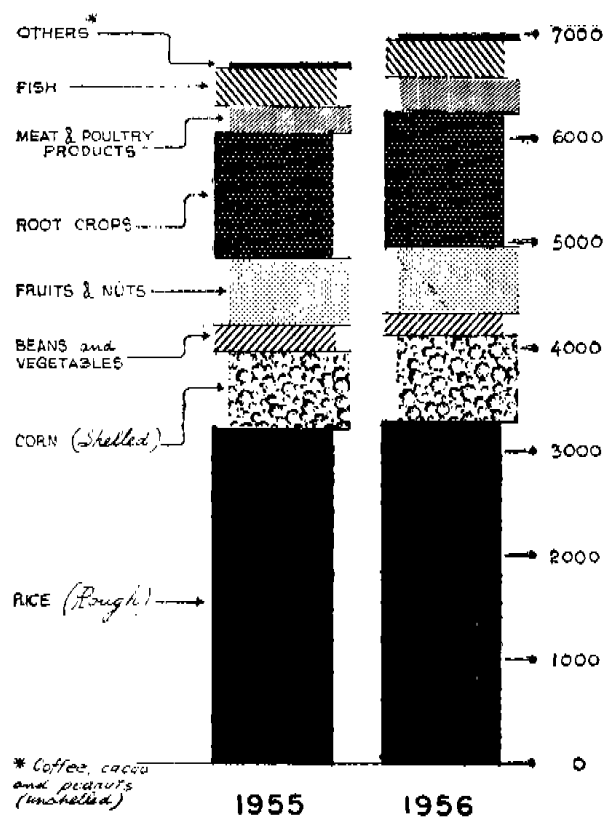
Production of Food Crops Crop-Years 1955-1956

(Thousand metric tons)

Product	1956 P	1955	Per cent change
Rice (rough).....	3,273	3,203	2.2
Corn (shelled).....	849	770	10.3
Beans and vegetables.....	227	223	1.8
Coffee and cacao.....	9	9	—
Fruits and nuts.....	648	626	3.5
Peanuts (unshelled).....	18	18	—
Root crops.....	1,260	1,200	5.0
Meat and poultry products ^a	336	282	19.1
Fish ^a	374	363	3.0

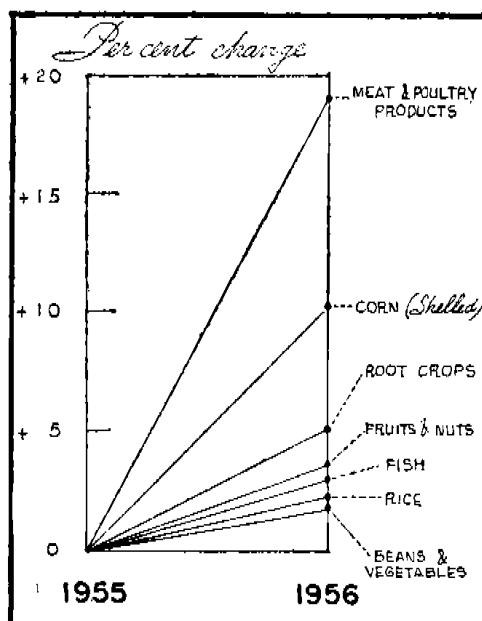
SOURCES OF BASIC DATA: Department of Agriculture and Natural Resources
Bureau of Animal Industry
Bureau of Fisheries

^a Calendar year figure.



PRODUCTION OF FOOD CROPS

Thousand metric tons



2. Major Export Crops

The volume index of the production of export crops in 1956 registered an improvement of 7.1 per cent which was reflected in increased volume of export shipments. The coconut industry easily led the list of export crops with the substantial gains made in the

production of coconut products, particularly coconut oil which advanced by 33.6 per cent. The pattern of production of coconut products during the period indicated tendencies toward increased processing of coconut to semi-processed coconut products in the form of oil, meal or cake and desiccated coconut. The experimental introduction of the Hiller machine by the Philcoa for the production of coconut oil and flour directly from fresh coconut meat may prove to be of significant benefit to the industrial future of the coconut industry.

Government aid and support for the development of the tobacco industry stimulated the 26.7 per cent increase in the production of leaf tobacco. Likewise, government assistance extended to the abaca industry encouraged a 14.3 per cent growth in the production of unmanufactured abaca and another 14.3 per cent increase in cordage. Reduction of cost and improvement of quality, which are among the main objectives of the Abaca Corporation, should help accelerate abaca production.

The trend toward relatively more raw material output and less domestic processing in the production of logs and lumber, which has been the result of the heavy demand for logs from the Japanese woodworking industry over the past few years, was further accelerated by the additional inducements of barter transactions. Production of logs increased by 15.4 per cent in 1956 over 1955, compared to the 7.7 per cent rate of increase in 1955 over 1954, and the 1956 level was 81.8 per cent above 1949. Lumber on the other hand experienced an unbroken fall from 1949 to mid-1956; a recovery in the latter part of the year in response to domestic growth pushed it to just below the 1954 level, but this was still 18.2 per cent below 1949. The proportion of timber output that has been exported has shown an uninterrupted rise, whereas the proportion of lumber output for export in 1956 was below that for most years since 1952.

Percentage of Production Exported, 1949-1956

Year	Logs	Lumber
1949	1.97	4.44
1950	6.65	13.54
1951	15.66	11.65
1952	21.47	18.06
1953	34.43	15.23
1954	35.42	14.02
1955	39.43	20.86
1956	42.43	14.74

SOURCES OF BASIC DATA: Bureau of Customs
Bureau of Forestry

The sugar industry displayed some downward movements during the year. There was a decrease in production of centrifugal sugar of 11.2 per cent. Estimates of muscovado production showed stable output. The decline in production of centrifugal sugar may be attributed in part to a curtailment of production in view of the

existence of appreciable surpluses of sugar in stock. In addition, dull market prospects for sugar, before the Suez Canal crisis sent sugar prices spiralling, seem to have influenced production.

Production of Major Export Products

Crop - Years 1955-1956

(Thousand metric tons)

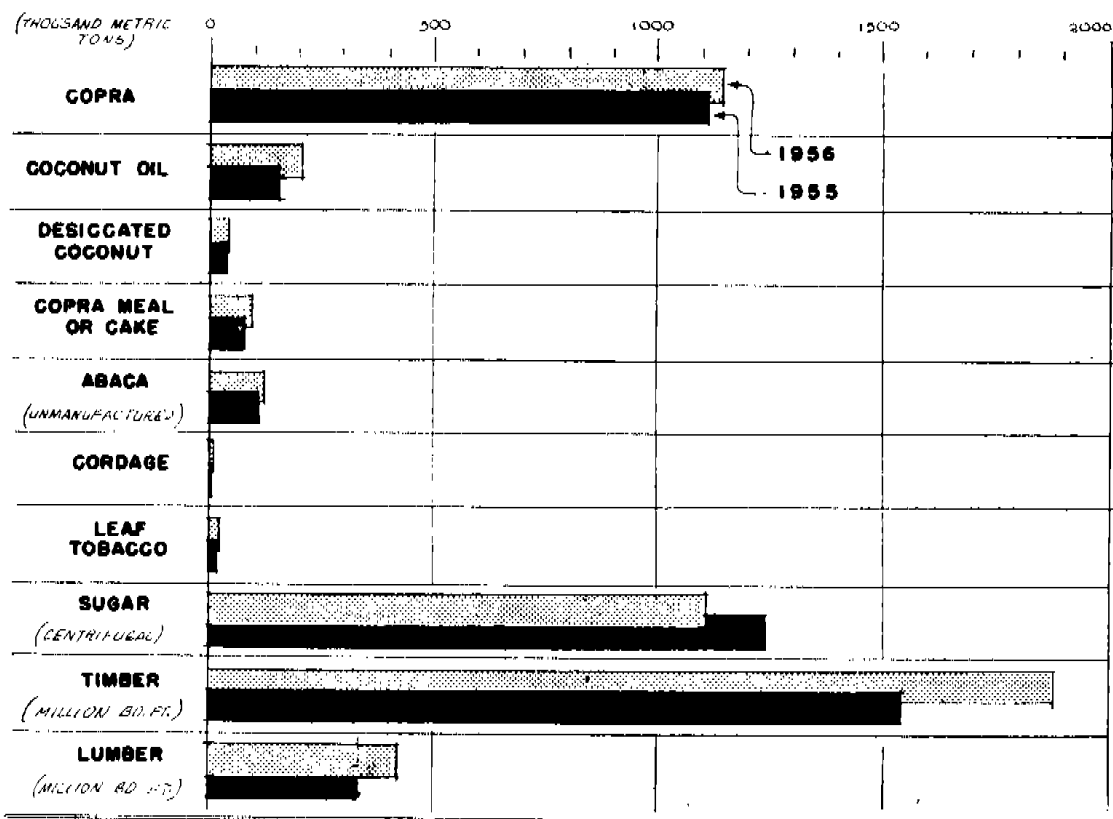
Product	1956 P	1955	Per cent change
Copra	1,140	1,103	3.4
Coconut oil ^a	203	152	33.6
Desiccated coconut	42	40	5.0
Copra meal or cake	95	85	11.8
Abaca unmanufactured	120	105	14.3
Cordage ^b	8	7	14.3
Tobacco, leaf	38	30	26.7
Sugar, centrifugal	1,105	1,244	-11.2
Timber (Million bd. ft.) ^a	1,919	1,663	15.4
Lumber (Million bd. ft.) ^a	417	338	23.3

SOURCES OF BASIC DATA: Department of Agriculture and Natural Resources
Bureau of Forestry
Sugar Quota Office
Philippine Coconut Administration
International Trade Section, Department of Economic Research,
Central Bank of the Philippines.

^a Calendar year figures.

^b Estimated (calendar year) on the basis of the export-production ratio furnished by the Manila Cordage Company.

PRODUCTION OF MAJOR EXPORT PRODUCTS 1955-1956 CROP YEARS



3. Production of Selected Crops by Regions

The substantial increase in agricultural production manifested itself differently in various regions in the period between crop years 1949 and 1956. Major food crops increased in most regions except the Ilocos provinces, while cash crops, with the exception of coconut products, tended to concentrate in certain areas which specialized in their culture. Thus, abaca production tended to polarize at the northern and southern ends of the abaca belt (Bicol and Davao), while the intervening area (Samar-Leyte) lost ground. Following a long-established pattern, over 85 per cent of sugar production in both 1949 and 1956 was accounted for by two areas, the Western Visayas and West Central Luzon. The great impetus to the growing of Virginia leaf tobacco, first under the stimulus of import restrictions and private business activity in the early 1950's, and since 1954 due to government price supports, brought into being what was practically a new line of production centered in the Ilocos region. This advance was not entirely a gain to the country as a whole, for it occurred at the expense of rice, corn, and native leaf tobacco culture in that region, retarding the over-all national rate of growth of the first two, and actually diminishing the output of the third.

a. Palay

All regions in the Philippines, with the exception of the Ilocos region, have accounted for a fairly stable percentage of the country's total palay output, which increased from 2,491,290 metric tons in 1949 to 3,236,596 metric tons in 1956 or an improvement of about 29.9 per cent. Of the latter total, West Central Luzon contributed about 15.3 per cent and the Western Visayas about 16 per cent.

Among the palay producing regions of the Philippines, West Central Luzon (Bataan, Pampanga, Pangasinan, Tarlac, Zambales) and the Western Visayas (Antique, Capiz, Iloilo, Negros, Romblon, Marinduque, Mindoro, Palawan) reported the largest production of this cereal during the period from crop year 1949 to crop year 1956. During this period, total production of the two regions jumped from 913,162 metric tons in 1949 to 1,020,774 metric tons or an increase of about 11.8 per cent. Total output in the Ilocos region, on the other hand, dropped from 147,567 metric tons to 111,980 metric tons or a decrease of about 24 per cent.

b. Corn

Production of corn went up from 534,067 metric tons in crop year 1949 to 849,205 metric tons in 1956, a 59 per cent increase. The 1956 total output of the leading region, the Eastern Visayas (Bohol, Cebu, Leyte, Masbate, Samar), which was 251,816 metric

tons or about 29.6 per cent of the total output for the whole country, was 68,892 metric tons higher than in 1949, an increase of about 37.6 per cent over the seven-year period which was primarily due to improved methods of production and the application of fertilizers. The volume of production in the Ilocos region, on the other hand, dropped from 10,750 metric tons in 1949 to 8,917 metric tons in 1956 or a reduction of about 20 per cent. This decrease may be attributed primarily to the shifting of some corn areas, particularly starting 1954, to the production of Virginia leaf tobacco and garlic.

The major part of corn production is accounted for by the Visayas and Mindanao, with Cebu province as the largest producer and the largest consumer of this staple food. The demand for corn, both for direct consumption and as an industrial raw material, increased considerably during the past seven years. The expansion of the production of corn products in this province has caused a shortage of the cereal for direct consumption so that importation of the staple food from other regions has become necessary.

c. Abaca

Production of abaca has been concentrated in some areas in the Bicol region, the Eastern Visayas, and Mindanao which are favored with volcanic or alluvial soil as well as an almost even distribution of rainfall, factors favoring the growth of abaca. Abaca output in crop year 1956 at 120,300 metric tons was 61.5 per cent above the 1949 total of 74,512 metric tons.

Southern and Western Mindanao together accounted for about 47 per cent of the total production of abaca in the Philippines during the seven-year period from 1949 to 1956; Davao alone accounted for 39.4 per cent. Southern Luzon, particularly Albay, Sorsogon, Camarines Sur and Catanduanes provinces, followed with about 24.5 per cent of the total abaca output in the Philippines. In the Visayan Islands, Leyte and Samar are the two biggest producers of this crop, while the other areas in this region normally turn out less than 500 metric tons a year.

The Bicol region and Mindanao registered increases of 65.9 per cent and 87.7 per cent respectively in output during the seven-year period, but the Eastern Visayas reported a 4.2 per cent decrease. This seemed to indicate a trend toward regional specialization.

d. Coconut Products

The total number of coconuts gathered in 1956 was about 65 per cent more than in 1949. During this seven-year period, Southeastern Luzon led in the production of this crop with the Eastern Visayas, particularly Samar and Leyte, following behind.

With the exception of desiccated coconut whose production has been rather stable during this period, other coconut products like copra and home-made oil registered sizable increases. In response to increased demand in foreign markets, the output of copra was hiked from 698,000 metric tons in 1949 to 1,140,000 metric tons in 1956 or an increase of about 63 per cent.

Home-made oil is produced in all regions of the Philippines because of the simple manufacturing processes involved and the variety of its uses. The growing demand for coconut oil by local firms manufacturing cooking oil, shortening, and cosmetics coupled with the 61.5 per cent increase (from 65,000 metric tons in 1954 to 109,000 metric tons in 1956) in exportation of this product contributed substantially to the 24.3 per cent expansion in local production of coconut oil.

e. Sugar

Negros Occidental has dominated the production of centrifugal sugar in the Philippines from 1949 to 1956, accounting for about 61.4 per cent of the total output during the seven-year period. Pampanga and Tarlac were credited with 13.6 per cent of the total output, and Negros Oriental, Batangas, and Laguna with 5.5 per cent, 5.4 per cent and 3.5 per cent, respectively.

Muscovado and panocha are produced in all regions although comparatively on a much more limited scale than centrifugal sugar. These products are prepared mainly for domestic consumption, although records show that from about 2,000 metric tons to about 15,000 metric tons are exported each year.

The regions producing molasses are Ilocos Sur, Central and Southern Luzon, and the Visayas. More than three-quarters of the total yearly production of molasses is sent to foreign markets, especially with the advent of "barter," forcing domestic alcohol distilleries to cut production far below the industry's capacity.

f. Leaf Tobacco

Leaf tobacco, both native and Virginia, is grown most extensively in Cagayan and Isabela provinces, La Union, Pangasinan, Cebu, and Negros Oriental.

In the past seven years, particularly from 1954 to 1956, greater emphasis was given to the production of Virginia leaf tobacco. From a total of 846 metric tons in 1954, production of Virginia leaf tobacco went up to 19,738 metric tons in 1956, an increase of more than 22 times. Total volume of output of native leaf tobacco, on the other hand, dropped from 26,654 metric tons in 1954 to 18,620

metric tons in 1956, a decrease of 8,034 metric tons or about 30 per cent. The decline in native leaf tobacco output was due to a 9 per cent decrease (from 43,490 hectares in 1954 to 39,770 hectares in 1956) in area planted to the crop and a 7 per cent decrease in the productivity of land.

The substantial increase in output of Virginia leaf tobacco was due to a 650 per cent increase (from 4,710 hectares in 1954 to 35,330 hectares in 1956) in area planted to Virginia leaf tobacco and a 212 per cent increase in the productivity of land.

Like La Union, the major Virginia leaf producer, Ilocos Sur, Ilocos Norte, and Pangasinan have increased production by expanding the area planted to Virginia leaf tobacco.

B. INDUSTRIAL PRODUCTION

Major efforts continued to be directed toward industrial growth and existing incentives basic to accelerated industrialization were intensified. Tax exemption privileges, dollar aid under the IDC-ICA arrangements, import bans and other similar encouragements were continued. The banking system increased total loans, discounts and overdrafts granted to industry by 31.9 per cent. The flow of capital goods and raw materials increased from 72.5 per cent of total importations in 1955 to 76.8 per cent during 1956. All these provided a broader base for industry to grow on and sparked the 12.1 per cent increase in manufacturing activities.¹

1. Non-durable Manufactures

The index for non-durable manufactures registered an increase of 5.1 per cent. While the majority of manufactures showed improvements, a number of them, even while reflecting appreciable increases, did not maintain the higher percentage rate of growth achieved during the 1954-1955 period. Principal among these were manufactures of cocoa, chocolate, coffee and sugar confectionery, chemicals and leather products (except footwear). Actual decreases from the production levels of 1955 were shown in manufactures of meat, miscellaneous food preparations, wine, tobacco, footwear and wearing apparel, pulp paper and paper board, and rubber. These declines, however, were offset mainly by increases in manufactures of fruits and vegetables, fish products, shortening and distilled spirits.

¹ Analysis in this section is based on the index of physical volume of production in manufacturing with 1952 = 100, which differs from the table of manufacturing productions (see appendix) in that the latter covers activities of firms established after 1952.

While production of meat and poultry products increased by 19.1 per cent and importation of meat and dairy products by 5.6 and 3.7 per cent, respectively, manufactures concerned with the slaughtering, preparation and preserving of meat declined by 11.1 per cent. Dairy products on the other hand, rose by 6.9 per cent which may to some extent reflect greater concentration on the improvement of dairy products.

Processed fruits and vegetables registered an upward gain of 38.2 per cent. The increase in the production of beans and vegetables and fruits and nuts of 1.8 and 3.5 per cent, respectively, may have been absorbed in manufactures in an attempt to anticipate shortages in the supply of imported processed fruits and vegetables resulting from previous import restriction policies, since the volume of importation of similar goods for 1956 was curtailed by 24.3 per cent. Possibly, manufacturing activities also drew from the supply of fresh fruits and vegetables previously used for immediate consumption explaining the sizable price increases. The same trend but on a larger scale was observed in the processing of fish products. Manufactures made a tremendous gain of 74.7 per cent and very likely absorbed most of the 3.0 per cent increase in fish production. However, in spite of the local deficiency created by the 15.8 per cent decrease in importation, the retail price of fish went up by only 2.8 per cent. The increase in the manufacture of shortening influenced the 2.2 per cent decline in the retail price of processed fats and oils.

The manufacture of distilled spirits advanced by 52.7 per cent. The increase in the production of leaf tobacco of 26.7 per cent was not as yet reflected in the manufacturing sector due to the required curing period. There was a decrease in the importation of leaf tobacco (except wrappers) which cut the supply of raw material for tobacco manufactures and possibly effected the 4.3 per cent decline in the manufacture of tobacco products. This in turn, led to a 9.8 per cent rise in retail prices of cigars and cigarettes.

It was observed that the reduction of wearing apparel manufactures of 35.9 per cent and the decrease in importation of clothing of 73.0 per cent, brought retail prices for wearing apparel up by 11.6 per cent. While manufactures of wearing apparel lost ground principally because of the cut in importation of textile yarn and fabrics of 30.1 per cent, the manufactures of textiles gained by 42.1 per cent, in part explained by the 66.9 per cent increase in importa-

tions of textile fiber used for textile manufacture. The manufacture of rubber products decreased by 11.8 per cent but may be expected to recover with the processing of the greater volume of crude rubber imported during the period.

2. Durable Manufactures

The main spur to the 12.1 per cent increase in the manufacturing index was the 25.2 per cent improvement in durable manufactures. In comparison, the rate of increase between 1954 and 1955 for the latter was only 11.5 per cent. The principal influence came from heightened construction activity in both the public and private sectors. Clay and cement products made a tremendous gain of 83.7 per cent while metal products (except machinery) increased by 23.7 per cent. Complementary to construction activities, furniture and fixtures and wood and cork manufactures moved upwards by 28.6 and 33.0 per cent, respectively.

Index of Physical Volume of Production in Manufacturing 1955-1956

(1952=100)

Item	1956 P	1955	Per cent change
Manufactures.....	160.1	142.8	12.1
Non-durable manufactures.....	140.3	133.5	5.1
Manufactured food products, except beverages..	153.7	133.2	15.4
Slaughtering, preparation & preserving of meat.....	203.2	228.5	-11.1
Dairy products.....	140.9	131.8	6.9
Processed fruits & vegetables.....	103.8	75.1	38.2
Processed fish products.....	198.8	113.8	74.7
Bakery products.....	122.0	111.5	9.4
Cocoa, coffee, & sugar confectionery.....	187.0	160.7	16.4
Shortening.....	106.5	93.8	13.5
Edible oil.....	135.4	117.2	15.5
Miscellaneous food preparation.....	193.4	206.3	-6.3
Beverages.....	113.1	108.7	4.0
Distilled spirits.....	166.8	109.2	52.7
Wine.....	97.9	118.4	-17.3
Beer.....	119.2	113.1	5.4
Soft drinks.....	109.1	103.8	5.1
Tobacco products.....	167.1	174.6	-4.3

**Index of Physical Volume of Production in
Manufacturing, 1955-1956—(Concluded)**

(1952 = 100)

Item	1956 P	1955	Per cent change
Textiles ^a	107.4	75.6	42.1
Footwear & wearing apparel.....	91.1	127.6	-28.6
Leather & wooden shoes.....	96.9	109.1	-11.2
Wearing apparel.....	88.0	137.3	-35.9
Paper products.....	173.2	171.3	1.1
Pulp paper & paper board.....	103.3	123.1	-16.1
Manufactured articles out of paper & paper board.....	198.3	188.7	5.1
Leather products, except footwear.....	319.7	315.0	1.5
Rubber products ^b	91.2	103.4	-11.8
Chemicals ^c	148.8	136.7	8.9
Durable manufactures.....	205.6	164.2	25.2
Wood & cork manufactures, except furniture & fixtures.....	321.7	241.8	33.0
Furniture and fixtures.....	129.9	101.0	28.6
Stone, clay, cement & glass products.....	118.1	109.1	8.2
Clay & cement products.....	158.9	86.5	83.7
Glass products.....	110.1	117.2	-6.1
Cement.....	120.8	114.8	5.2
Limestone.....	38.7	48.4	-20.0
Metal products, except machinery.....	291.9	236.0	23.7
Electrical appliances.....	177.4	148.4	19.5

SOURCES OF BASIC DATA: Cooperating government agencies and private firms.

^a Includes floor coverings.

^b Includes rubber shoes.

^c Includes fertilizers.

C. MINING

Mining activities which, at the country's present stage of economic development, are to a large extent influenced by international economic activities, responded to the boom in industrial activities abroad. Business expansion of the economies of the United States and Japan, particularly, induced high demand for Philippine base metals.

Production of gold and base metals during 1956 went up by 13.8 per cent over the preceding year's level, with the increase

supported primarily by the 54.4 per cent expansion in copper for the Japanese market and the 18.5 per cent improvement in chromite which was absorbed mostly by the United States and, to a lesser extent by Japan. Iron maintained the level of last year with a slight half per cent improvement. The three major base metals all attained record levels. However, the minor base metals manganese and lead suffered declines of 62.9 and 7.7 per cent, respectively. Production of quicksilver, which showed a low absolute volume in the base metals group in 1955, advanced rapidly by 374.8 per cent during 1956. Zinc came up with its first reported output since 1953 during the year.

Gold production suffered a decline of 3.1 per cent while silver went up by 7.8 per cent.

The non-metallics group, as in the case of base metals, reflected mixed trends with coals showing the greatest gains and rock asphalt and salt slackening from 1955 levels of production.

Mining Production, 1955-1956

Item	Unit	Quantity		Per cent change
		1956	1955	
Gold	F. Ounces	406,163	419,112	- 3.1
Silver.....	" "	541,168	502,069	7.8
Base metals—				
Chromite	M. tons	709,055	598,117	18.5
Manganese.....	" "	4,414	11,912	-62.9
Copper.....	" "	26,963	17,461	54.4
Lead.....	" "	2,140	2,318	- 7.7
Iron.....	" "	1,440,232	1,432,712	.5
Zinc.....	" "	950	—	—
Quicksilver.....	Flks.	3,015	635	374.8
Non-metallics				
Coal.....	M. tons	151,708	130,243	16.5
Rock asphalt.....	" "	682	3,250	-79.0
Sand and gravel.....	Cu. m.	1,271,646	1,213,124	4.8
Salt.....	Cavanes	1,271,994	1,599,928	-20.5
Silica.....	M. tons	31,560	30,575	3.2

SOURCE OF BASIC DATA: Bureau of Mines

D. CONSTRUCTION

Total new construction activities rose by 23.7 per cent as greater availability of credit, higher demand and easy building opportunities offered to home-builders resulted in brisker construction activities in Manila, its suburbs and in the chartered cities. The GSIS afforded residential loans at low interest rates to its members while private building contractors had convenient arrangements for the financing of new buildings.

Total permit valuation of building construction in Manila rose in number by 16.5 per cent and in value by 26.0 per cent. Residential construction rose value-wise by 22.9 per cent, non-residential by 23.8 per cent and additions, alterations and repairs by 37.4 per cent. The main stimulant to the upward movement came from the industrial sector which registered tremendous construction increases of 185.1 and 495.3 per cent in number and value, respectively. Real estate sales and mortgages activities were at higher levels in the suburbs as sales registered a 16.3 per cent upward movement and mortgages an increase of 15.0 per cent. On the other hand, real estate sales in Manila declined by 16.7 per cent.

***Permit Valuation of Building Construction, by Type
of Construction in the City of Manila
1955-1956***

(Value in pesos)

Type	1956		1955		Per cent change	
	Number	Value	Number	Value	Number	Value
TOTAL	5,123	58,383,449	4,399	46,340,365	16.5	26.0
Residential	1,139	19,152,000	985	15,577,000	15.6	22.9
Non-residential	562	27,579,850	425	22,283,050	32.2	23.8
Commercial	237	16,950,600	179	12,039,200	32.4	40.8
Industrial	134	8,857,400	47	1,487,800	185.1	495.3
Others ^a	191	1,771,850	199	8,756,050	-4.0	-79.8
Addition, alteration and repair	3,422	11,651,599	2,989	8,480,315	14.5	37.4

SOURCE OF BASIC DATA: Department of Engineering and Public Works, City Engineer's Office, Manila.

^a Includes sheds, hospitals, garages, schools, churches and other buildings not classified elsewhere.

E. PUBLIC UTILITIES

1. Electric Power

The growing industrial and household consumer demand for electricity drew forth higher production of electric power in Manila which, moreover, was offered at lower rates. By the end of December, 1956, production was 916,717,184 k.w.h., up by 17.1 per cent over the level at the end of 1955.

2. Transportation

Movements in the transportation sector reflected the higher tempo of business activity in the country. The number of motor vehicles registered during 1956 increased to 138,053 as compared to 123,698 in 1955 or an increase of 11.6 per cent over the preceding period.

Compared to the corresponding period last year, the Philippine Air Lines reported increased activity in both its international and domestic flights. By the end of 1956, the total number of passengers carried increased by 22.1 per cent, volume of cargo flown by 6.4 per cent and airmail carried by 5.6 per cent.

As of October, 1956, the number of passengers carried by the Manila Railroad Company increased by 11.8 per cent and gross receipts from passenger service by 20.4 per cent. On the other hand, gross receipts from freight and express handled declined by 2.2 per cent due to a decrease of 5.8 per cent in net tonnage handled. Total gross receipts increased by 8.3 per cent.

The flow of foreign trade was at higher levels. The number of outgoing vessels in Manila rose by 4.0 per cent during 1956 with a corresponding net tonnage increase of 5.0 per cent. Inward shipping movement in Manila showed a decline of 1.4 per cent in number and a decrease in net tonnage of 2.0 per cent.

Actual Area Under Cultivation for Principal Crops, 1940; 1951-1956

(Thousand hectares)

Crop	1940	1951	1952	1953	1954	1955	1956 P
Total.....	5,173 ^r	5,261 ^r	5,667	6,063	6,140	6,439	6,609
Food products.....	3,528	3,733	4,142	4,524	4,584	4,895	5,037
Rice (rough).....	2,080	2,252	2,466	2,655	2,645 ^b	2,656 ^b	2,743 ^b
Corn (shelled).....	913	953	1,070	1,101	1,120	1,394	1,434
Beans and vegetables.....	109	76	107	151	161	166	169
Coffee (dry beans).....	7	10	12	15	17	19	20
Cacao (dry beans).....	5	4	6	7	7	7	6
Fruit and nuts ^a	235	248	269	333	364	378	382
Root crops.....	178	189	211	260	268	273	280
Other food crops.....	1	0.6	0.6	2	2	2	2
Export products.....	1,645	1,528	1,525	1,539	1,556	1,544	1,572
Abaca.....	292	305	275	272	239	217	217
Tobacco.....	58	51	46	39	48	53	75
Sugar cane.....	230	169	201	225	265	268	271
Coconut.....	1,051	987	989	990	997	990	992
Kapok.....	3	3	3	3	3	3	3
Maguey.....	8	7	4	4	4	3	3
Ramie.....	0.4	0.4	0.4	0.7	1	3	3
Rubber.....	3	5	5	5	5	5	5
Other export crops ^c	-	0.8	0.8	0.8	1	2	3

SOURCE OF BASIC DATA: Department of Agriculture and Natural Resources

^a Inclusive of peanuts.

^b Area harvested only.

^c Cotton area.

^r Revised. Figures of the Bureau of the Census and Statistics were replaced by those of the Department of Agriculture and Natural Resources.

Production of Selected Commodities, 1940; 1951-1956

(Thousand metric tons)

Commodity	1940	1951 ^r	1952	1953	1954	1955	1956 ^p
Food products							
Rice (rough).....	2,363	2,616	2,830	3,144	3,182	3,203	3,273
Corn (shelled).....	572	603	762	710	780	770	849
Beans and vegetables.....	116	115	168	208	216	223	227
Coffee (dry beans).....	2	5	5	6	6	7	7
Cacao (dry beans).....	0.5	0.8	1	1	1	2	2
Fruits and nuts.....	372	392	424	556	600	626	648
Peanuts (unshelled).....	7	16	15	17	18	18	18
Root crops.....	615	699	732	1,135	1,180	1,200	1,260
Meat and poultry products ^a	237	233	248	263	279	282	336
Fish ^a	170	296	313	306	344	363	374
Other food crops.....	2	1	1	4	5	5	5
Export products							
Abaca.....	172	130	115	119	106	105	120
Tobacco.....	32	30	27	22	28	30	38
Coconut products -							
Copra.....	739	1,072	954	856	942	1,103	1,140
Desiccated coconut.....	41	66	52	61	44	40	42
Coconut oil.....	213 ^b	136	145	141	147	152 ^a	203 ^a
Copra meal or cake.....	-	75	81	74	78	85	95
Sugar cane products -							
Sugar, centrifugal.....	947	848	976	1,028	1,301	1,244	1,105
Muscovado and panocha.....	50	37	40	58	51	91 ^c	91 ^c
Kapok.....	3	1	2	2	3	3	3
Magney.....	7	3	1	1	1	0.2	0.2
Ramie.....	0.9	-	0.1	0.1	1	2	1
Rubber.....	0.9	2	2	2	1	1	2
Other export crops ^d	119	196	259	236	238	242	250

SOURCES OF BASIC DATA: Department of Agriculture & Natural Resources
 Bureau of Fisheries
 Sugar Quota Office
 Philippine Economic Survey Mission Report
 Philippine Coconut Administration

^a Calendar year figure.

^b 1937 figure.

^c Estimate of the Sugar Quota Office.

^d Includes cotton and molasses.

^r Revised. Figures of the Bureau of the Census and Statistics were replaced by those of the Department of Agriculture and Natural Resources.

Centrifugal Sugar Production by District, 1946-1956

(Production in metric tons)

Crop year	Total		Luzon district		Visayan district	
	No. of centrals	Production	No. of centrals	Production	No. of centrals	Production
1946.....	5	11,715	5	11,715	..	..
1947.....	17	76,755	9	38,542	8	38,213
1948.....	23	361,162	10	77,602	13	283,560
1949.....	28	661,826	11	119,287	17	542,539
1950.....	28	621,119	11	117,257	17	503,862
1951.....	27	848,399	10	167,744	17	660,655
1952.....	27	976,487	10	273,961	17	702,526
1953.....	25	1,028,447	9	259,763	16	768,684
1954.....	25	1,301,158	9	344,980	16	956,178
1955.....	25	1,244,119	9	350,781	16	893,338
1956.....	25	1,105,388	9	313,360	16	792,028

SOURCE OF BASIC DATA: Sugar Quota Office.

Manufacturing Production*, 1953-1956

(Pesos)

Item	1953	1954	1955	1956 P
T O T A L.....	783,727,336	817,795,703	1,114,684,823	1,313,640,218
Non-Durable Manufactures.....	699,335,100	710,923,908	953,979,869	1,110,930,534
Food Manufacturing, Except Beverages.....	136,705,152	138,488,621	159,353,337	185,211,724
Slaughtering, Preparation and Preserving of Meat.....	662,110	1,176,414	2,051,570	2,100,480
Bacon and ham.....	254,691	348,284	810,836	832,688
Sausages.....	407,419	815,297	1,092,561	1,034,848
Meat preparations, canned.....	-	12,833	148,170	232,944
Manufacture of Dairy Products.....	5,583,132	7,373,466	7,948,589	9,338,832
Milk, preserved in bottles.....	625,187	627,156	952,431	1,365,292
Miscellaneous dairy products.....	4,957,945	6,746,310	6,996,158	7,973,540
Canning and Preserving of Fruits and Vegetables.....	25,724,390	13,249,825	17,037,849	24,683,264
Fruits, preserved, whole.....	17,110,217	7,428,199	10,405,949	13,609,781
Fruit jam and jellies.....	208,601	102,967	138,608	168,132
Fruit juices.....	7,174,184	4,270,918	3,311,650	7,934,323
Vegetables, preserved and preparations.....	262,224	222,308	843,217	734,624
Vegetable extract.....	969,164	1,225,433	2,338,425	2,186,404
Canning and Preserving of Fish and Other Sea Foods.....	451,572	515,365	1,230,392	1,312,956
Fish, dried, smoked and salted.....	329,421	72,488	173,645	177,340
Miscellaneous fish preparations.....	122,151	442,877	1,056,747	1,135,616

Manufacturing Production^a, 1953-1956—Continued

(Pesos)

Item	1953	1954	1955	1956 P
Manufacture of Cocoa, Coffee, Tea and Sugar Confectionery.....	9,209,551	10,931,145	18,328,217	19,551,296
Cocoa powder.....	812,994	372,495	307,242	130,888
Coffee, ground.....	4,182,914	7,055,474	10,832,675	13,280,852
Tea.....	17,391	3,203	5,691	—
Sugar confectionery.....	4,196,252	3,499,973	7,182,609	6,139,556
Manufacture of Miscellaneous Food Preparations.....	95,074,397	105,242,406	112,756,720	128,224,896
Bakery products.....	27,196,286	26,714,233	27,754,438	34,648,120
Dried grains.....	174,382	181,375	175,736	269,032
Copra meal.....	5,909,103	6,629,503	7,790,423	9,779,160
Desiccated coconut.....	22,302,346	21,342,693	18,828,365	22,297,224
Poultry feed.....	1,869,231	4,706,491	7,813,797	12,380,628
Margarine.....	3,205,166	2,567,507	3,535,085	3,877,016
Shortening and lard.....	22,644,146	22,153,113	24,299,003	24,986,448
Edible oil.....	7,573,152	10,215,029	10,781,214	13,427,616
Noodle manufactures.....	1,158,004	1,084,385	1,247,801	1,112,532
Food seasoning and spices.....	1,147,195	1,302,213	1,307,257	1,368,864
Miscellaneous food preparations, n.e.s.	1,895,386	8,345,864	9,223,601	4,078,256
Beverages.....	124,900,624	125,929,895	129,884,669	140,535,344
Distilled alcoholic beverages.....	5,561,143	4,034,098	13,092,286	17,211,616
Wines.....	3,093,494	3,199,625	4,911,284	4,207,204
Beer.....	43,207,944	46,458,733	45,065,051	47,646,652
Soft drinks.....	73,038,043	72,237,439	66,816,048	71,469,872
Tobacco Manufactures.....	167,301,554	152,136,642	187,527,788	196,335,188
Cigars.....	5,090,770	3,402,205	3,738,344	3,597,408
Cigarettes, local tobacco.....	34,029,123	15,205,977	16,312,014	16,128,656
Cigarettes, Virginia tobacco.....	127,740,832	131,993,778	158,641,719	164,627,964
Other tobacco manufactures.....	440,829	1,534,682	8,835,711	11,981,160

Manufacturing Production^a, 1953-1956—Continued

(Pesos)

Item	1953	1954	1955	1956 ^b
Manufacture of Textiles.....	56,334,990	42,363,683	68,794,275	91,561,044
Spinning, Weaving and Finishing of Textiles.....	42,394,840	29,438,546	53,864,929	74,281,652
Textile yarns and cotton piece goods.....	19,174,765	12,285,142	14,562,646	31,233,124
Thread.....	44,892	53,634	4,405,695	4,976,232
Knitted fabrics.....	10,766,190	8,972,953	26,679,566	24,805,184
Hosiery.....	128,456	128,658	2,059,943	3,994,804
Jute bags and sacks.....	12,280,537	7,998,159	6,157,079	9,272,308
Cordage, Rope, Twine and Floor Coverings.....	13,940,150	12,925,137	14,929,346	17,279,392
Rope and twine.....	13,043,068	11,879,222	13,111,474	15,087,048
Fishing nets.....	30,766	221,811	1,301,552	1,543,860
Floor coverings.....	866,316	824,104	516,320	648,484
Manufacture of Footwear, other Wearing Apparel and Made-up Textile Goods.....	50,394,525	54,992,101	58,366,906	51,498,012
House Footwear, Leather Shoes and Wooden Shoes.....	14,054,570	12,680,185	13,308,513	14,894,412
House Footwear, leather.....	358,740	259,282	373,473	829,844
Shoes, leather.....	13,569,714	12,332,451	12,859,187	14,010,420
Wooden shoes.....	126,116	88,452	75,853	54,148
Manufacture of Wearing Apparel, Except Footwear.....	35,548,339	40,168,715	42,798,588	33,220,564
Outwear, knitted.....	3,659,810	5,434,492	4,860,274	3,285,820
Outwear, not knitted.....	25,636,797	27,791,130	27,291,452	20,052,124
Underwear, knitted.....	1,099,327	2,523,035	2,467,095	2,411,664
Underwear, not knitted.....	1,955,617	1,676,200	1,428,972	596,424
Other wearing apparel, n.e.s.....	3,196,788	2,743,858	6,750,795	6,874,532

Manufacturing Production^a, 1953-1956—Continued

(Pesos)

Item	1953	1954	1955	1956 P
Manufacture of Made-up Textile Goods.....	791,616	2,143,201	2,259,805	3,383,036
House furnishings and coverlets.....	405,485	588,034	557,990	425,676
Textile bags and sacks for packing.....	—	—	11,421	15,144
Miscellaneous made-up textile goods.....	386,131	1,555,167	1,690,394	2,942,216
Manufacture of Paper and Paper Products.....	25,534,623	26,777,601	34,529,332	45,723,792
Paper manufacture.....	5,511,349	5,110,582	5,507,496	4,670,240
Wallboard paper.....	1,717,058	2,163,188	3,296,398	4,107,104
Manufactured articles of paper.....	2,913,362	3,686,307	5,555,159	6,567,624
Cartons and cardboard.....	6,250,869	5,214,501	6,805,456	8,853,644
Other articles of paper and paper board.....	9,141,985	10,603,023	13,364,823	21,525,180
Printing, Publishing and Allied Industries.....	7,152,039	6,048,653	7,667,914	10,784,668
Pamphlets and magazines.....	4,627,363	3,395,421	4,967,343	5,312,968
Newspapers and other printed matter.....	2,524,676	2,653,232	2,700,571	5,471,700
Manufacture of Leather and Leather Products.....	1,420,576	2,541,492	3,124,908	4,475,308
Tannery products.....	1,306,641	1,958,708	2,370,501	3,197,104
Leather products, except footwear.....	113,935	582,784	754,407	1,278,204
Manufacture of Rubber Products.....	7,274,035	12,460,345	12,869,089	16,056,870
Rubber boots and shoes.....	6,536,139	6,084,372	9,750,755	9,696,776
Tire manufacture.....	—	107,495	40,460	3,087,966
Tubes.....	—	—	—	38,620
Rubber balls.....	136,362	143,736	226,272	387,040
Other articles of rubber, n.e.s.....	601,584	6,124,742	2,851,602	2,846,468
Manufacture of Chemicals and Chemical Products.....	122,316,932	128,058,299	187,889,622	233,014,608
Basic industrial chemicals.....	4,939,254	3,949,228	20,686,265	14,596,156

Manufacturing Production^a, 1953-1956—Continued

(Pesos)

Item	1953	1954	1955	1956 ^D
Vegetable oils and fats.....	66,584,763	69,131,385	69,928,801	83,652,880
Medicinal and pharmaceutical preparations.....	5,629,385	6,838,950	24,099,455	28,197,908
Paints, pigments, varnishes and lacquers.....	2,930,691	2,554,559	6,184,336	16,058,012
Perfumery, cosmetics and other toilet preparations.....	2,020,953	1,789,729	5,497,537	8,498,128
Polishes.....	695,838	768,066	842,825	2,553,116
Soap and other washing and cleansing compound.....	25,983,616	27,923,300	39,358,928	52,756,068
Matches.....	8,990,595	9,396,258	11,630,791	11,695,068
Candles.....	1,534,254	1,170,600	2,003,420	4,370,148
Plastic materials.....	1,777,573	2,482,640	4,750,068	6,171,864
Miscellaneous chemical products, n.e.s.	1,230,010	2,053,584	2,907,196	4,465,260
Manufacture of Miscellaneous Products of Petroleum and Coal.....	—	21,126,576	103,972,029	135,733,976
Fuel and oil.....	—	21,126,576	103,972,029	135,733,976
Durable Manufactures.....	84,392,236	106,871,795	160,704,954	202,709,684
Manufacture of Wood and Cork, Except Furniture and Fixtures.....	7,382,718	14,997,591	16,807,047	20,634,912
Charcoal.....	76,220	22,813	—	—
Firewood.....	307,793	199,007	16,284	13,008
Piles and poles.....	550,321	836,102	988,020	603,072
Creosoted lumber.....	127,100	595,943	692,256	1,193,928
Plywood and veneer.....	5,106,808	10,103,412	9,326,315	11,108,632
Doors.....	78,170	123,038	193,458	195,948
Windows.....	379,941	792,054	617,869	1,308,852
Cork manufactures.....	125,695	1,703,032	4,609,901	5,506,664
Other articles of wood.....	630,670	622,185	362,944	754,808

Manufacturing Production^a, 1953-1956—Continued

(Pesos)

Item	1953	1954	1955	1956 ^b
Manufacture of Furniture and Fixtures.....	5,886,803	8,097,552	7,494,967	8,816,760
Metal furniture and fixtures.....	1,704,819	1,395,094	4,085,409	5,927,044
Rattan furniture fixtures.....	698,221	2,338,984	564,432	344,840
Wood furniture and fixtures.....	3,483,763	4,363,474	2,845,126	2,544,876
Manufacture of Non-Metallic Mineral Products, Except Products of Petroleum and Coal.....	26,339,036	26,028,000	20,200,247	24,530,508
Structural Clay Products.....	1,628,763	2,152,710	2,079,571	3,346,764
Bricks and tiles.....	949,977	907,542	1,104,783	1,877,916
Pipes, cement concrete.....	678,786	1,245,168	974,788	1,468,848
Glass and Glass Products.....	20,449,226	17,593,198	14,319,972	14,432,896
Plate and sheet glass.....	801,366	490,154	535,100	542,736
Mirrors.....	1,135,706	2,124,510	351,320	743,500
Glass jars and containers.....	17,789,687	14,739,009	13,178,719	12,997,564
Other articles with glasses.....	722,467	239,525	254,833	149,096
Non-Metallic Mineral Products, n.e.s.	4,261,047	6,282,092	3,800,704	6,750,848
Concrete and stone products.....	2,143,396	4,789,395	2,492,429	4,720,984
Asbestos products.....	2,086,350	1,485,154	1,250,884	2,002,084
Pottery products.....	31,301	7,543	57,391	27,780
Basic Metal Products.....	3,230,187	3,516,692	8,854,727	15,997,320
Cast iron pipes.....	304,071	203,757	1,433,992	1,537,868
Cast iron pipe fittings.....	134,738	64,923	821,513	987,964
Steel bars, rods, plates, etc.	2,791,378	3,248,012	5,655,701	12,326,132
Lead products.....	—	—	943,521	1,145,356

Manufacturing Production^a, 1953-1956—Continued

(Pesos)

Item	1953	1954	1955	1956 P
Manufacture of Metal Products, Except Machinery and Transport Equipment.....	15,176,650	15,760,258	35,123,751	48,133,692
Hand tools, including agricultural tools.....	160,937	168,203	323,165	489,628
Household utensils and kitchen wares.....	546,078	1,051,173	5,833,241	3,563,896
Metal containers for storage.....	1,164,307	1,632,123	6,381,768	9,652,468
Fabricated wires.....	934,724	760,997	1,053,566	1,369,368
Nails, bolts, nuts, washers, etc.....	7,647,598	8,977,932	9,362,183	11,578,216
Kitchen sinks.....	369,771	141,396	615,030	516,448
Lighting fixtures.....	2,099,056	422,925	561,069	517,632
Slide fasteners (Zippers).....	1,073,600	1,240,914	4,621,439	4,846,140
Miscellaneous metal products, n.e.s.....	1,180,579	1,364,590	6,372,290	15,599,896
Manufacture of Machinery, Except Electrical Machinery.....	321,699	378,850	297,543	347,780
Abaca stripping machines and parts.....	24,434	25,255	13,271	26,384
Ramie decorticating machines and parts.....	—	19,300	5,100	3,600
Rice mills, rice hullers and parts.....	297,265	334,295	279,172	317,796
Manufacture of Electrical Machinery, Apparatus, Appliances and Supplies..	4,870,562	6,307,062	14,634,420	21,181,336
Air conditioner.....	—	—	2,058,852	3,019,380
Amplifiers.....	101,357	107,968	318,783	336,136
Electric water heaters.....	21,334	28,282	66,957	46,512
Electric stoves.....	310,480	211,973	350,496	419,612
Light bulbs and fluorescent tubes.....	1,277,449	1,616,741	3,629,731	3,650,832
Radios.....	273,205	397,623	655,392	1,335,572
Refrigerators and freezers.....	728,514	804,340	2,722,929	2,463,268
Transformers.....	30,671	90,608	236,629	348,356
Storage batteries and dry cells.....	1,583,733	1,747,303	2,777,856	6,783,644
Storage battery plates.....	432,087	531,494	621,545	1,192,980
Miscellaneous electrical apparatus, appliances and supplies.....	111,732	770,730	966,970	1,003,876
Television sets.....	—	—	228,280	581,168

Manufacturing Production^a, 1953-1956—Continued

(Pesos)

Item	1953	1954	1955	1956 P
Manufacture of Transport Equipment.....	14,393,866	23,993,387	44,309,568	50,299,272
Ambulance.....	—	—	—	—
Automobiles.....	1,580,100	2,395,800	15,946,792	15,042,624
Commercial bus with body.....	—	—	—	—
Jeeps.....	—	196,200	872,544	1,090,876
Station Wagon.....	—	—	132,492	512,024
Scooters.....	—	—	14,410	283,300
Scooter truck.....	—	—	26,400	699,368
Scooter, others.....	—	—	—	—
Tractors.....	—	—	—	1,455,068
Trucks.....	12,594,196	21,112,615	26,951,193	30,523,000
Bicycles.....	219,570	266,825	276,135	535,652
Tricycles.....	—	1,980	44,678	39,116
Animal drawn vehicles.....	—	—	—	—
Hand drawn vehicles.....	—	19,967	44,924	118,244
Other transport equipment, n.e.s.	—	—	—	—
Miscellaneous Manufacturing Industries.....	6,790,715	7,792,403	12,982,684	12,718,104
Musical Instruments, Phonograph Records & Optical Goods.....	1,609,181	1,675,061	4,802,685	5,218,584
Pianos.....	1,480,904	1,503,600	3,316,405	3,165,564
Phonograph records.....	128,203	139,038	1,038,974	1,336,784
Other musical instruments.....	74	32,423	7,600	—
Optical goods.....	—	—	439,706	716,236
Manufacturing Industries, n.e.s.	5,181,534	6,117,342	8,179,999	7,499,520
Buttons.....	1,194,970	1,658,827	1,918,658	1,678,144
Ice.....	3,455,767	3,702,345	4,560,099	4,312,963
Kapok.....	68,508	275,643	95,208	55,300
Lampshades.....	10,502	61,670	40,584	29,116

Manufacturing Production^a, 1953-1956—(Concluded)

(Pesos)

Item	1953	1954	1955	1956 ^P
Pencils.....	222,345	232,728	849,922	976,140
Shellcraft and novelties.....	21,720	43,415	6,970	—
Toys.....	—	—	103,902	16,892
Typewriter and adding machine ribbon.....	—	—	51,077	127,860
Manufacturing industries, others, n.e.s.	207,722	142,714	553,579	303,100

SOURCES OF BASIC DATA: Cooperating government agencies and private firms.

^a Reported production of 949 firms for years 1953 and 1954; for 1955 and 1956, reports over 1,029 and 1,064 firms respectively.

CHAPTER III

EMPLOYMENT AND WAGES

A. INTRODUCTION

The Philippine Statistical Survey of Households, initiated as a joint undertaking by various government agencies having primary responsibility for and specific interest in various fields of statistical inquiry, was conducted in May, 1956. The main purpose of the survey was to provide reliable up-to-date statistical information on population, manpower supply and demand, and other economic activities.

The survey revealed that the labor force numbered approximately 9.5 million. The total number employed stood at 8.3 million, an increase of 2 million or 31.7 per cent over the October, 1948 census figure. The total number unemployed was 1,182,450 which, although showing an absolute increase of 78,564 or 7.1 per cent over 1948, represented a relative decrease from 14.9 per cent of the labor force in 1948 to 12.5 per cent in 1956.

The percentage unemployed to total workers previously or presently employed was only 5.5 per cent or 459,550, but the addition of 723,000 new workers raised the unemployment rate to 12.5 per cent of the labor force. Leaving out the new workers, the greatest number of unemployed, and also the greatest percentage increase, occurred in tertiary occupations—a probable indication of an increase in white-collar aspirants unwarranted by the country's productive structure. Over half the unemployed in tertiary occupations were found in trade and public service. On the other hand, although the unemployment rate was low in primary occupations, it was there that disguised unemployment could be expected to be most widespread. Over half of the 805,350 who worked less than 20 hours a week were found in agricultural pursuits.

Agricultural employment at slightly over 5 million represented an increase of 548,000 or 12.2 per cent over 1948. However, its relative importance declined from 71 per cent of the total employed in 1948 to 60 per cent in 1956.

On the other hand, the relative increase in non-agricultural employment over the same period from 29 per cent of the total employed to almost 40 per cent revealed the growing importance of non-agricultural industries. Equally revealing was the absolute increase in employment in non-agricultural industries from 1.8

million in 1948 to 3.3 million in 1956, an 80 per cent rise in seven and a half years, or an average of a little over ten per cent a year.¹ Of the 3.3 million in non-agricultural industries, 1 million were in manufacturing, .8 million in commerce,² and the remainder in government, transportation, mining, domestic and other personal services, etc.

Changes in the composition of the labor force gave evidence of the shift toward greater diversification in the country's economic structure, although differences in the concepts used in the various benchmark years restrict the validity of inferences drawn from comparisons. Primary production accounted for 75.9 per cent of the labor force in 1939, 65.7 per cent in 1948, and 58.5 per cent in 1956. On the other hand, secondary production went from 9 per cent in 1939 down to 8.1 per cent in 1948, and then up to 14.8 per cent in 1956; and tertiary occupations went up from 14.7 per cent in 1939 to 17.1 per cent in 1948 and 23.0 per cent in 1956.

The Central Bank non-agricultural employment index, based on reports of 734 cooperating establishments in the Philippines employing some 185,000 workers, serves as an indicator of employment changes in certain firms already in existence during the base year (1949). As such, it complements on a continuing basis the findings of the Philippine Statistical Survey of Households on the labor force.

B. NON-AGRICULTURAL EMPLOYMENT

The employment index as computed from reports by 734 cooperating non-farm establishments to the Central Bank of the Philippines increased to 117.5 (1949=100) in 1956. This represented an addition of 5 and 8.3 per cent over 1955 and 1954, respectively. Paced by the expansion in construction and government, over-all employment more than offset the weakenings noted in the personal and recreational sectors.

Mainly as a direct result of increased activity, employment in construction went up by 27.6 per cent over the preceding year. Continued expansion in the development program hiked government employment by another 11.4 per cent.

¹ Only guarded inferences may be drawn from comparisons between the 1956 PESH figures and the 1948 census data due to the slightly different concepts of labor force used. For fuller details of the 1956 survey, see *The Philippine Statistical Survey of Households Bulletin*, May 1956, Series no. 1, vol. 1, "Labor Force" (Manila: Philippine Statistical Survey of Households—National Economic Council—Bureau of the Census and Statistics, January, 1957).

² Comparison of these figures with the corresponding figures for 1948 has not been possible for lack of accessible data at present. However, the available evidence points to a more than 100 per cent increase in employment in both manufacturing and commerce, since the total number of persons (employed and unemployed) in these occupations in 1948 were 452,803 and 340,386, respectively.

The mining and quarrying index went up by 13.7 per cent from 1954 to 1956, and by 8.1 per cent from 1955 to 1956. Primarily responsible for the additional employment were: crude petroleum & natural gas (283.3 per cent); chromite (30.4 per cent); coal mining (22.3 per cent); gold mining (8.4 per cent); and copper mining (6 per cent).

Banks and financial institutions expanded their personnel by 2.3 per cent. Concurrently, brisk wholesale and retail trading as well as increased insurance activity in the latter part of the year pushed employment in commerce 5 per cent above the previous year. Industries responsible for the slight improvement in manufacturing employment were those engaged in the production of transportation equipment, metal products, non-metallic mineral products and rubber products. Similarly, transportation & communication registered modest increments as a result of expanded operations of the Philippine Long Distance Telephone Company, the Luzon Stevedoring Company, the National Waterworks and Sewerage Authority and the Manila Railroad Company.

Decreases noted in personal and recreational services could be attributed to the strict enforcement of the minimum wage law and maintenance of better sanitation standards which forced a number of establishments offering these services to close in 1956. Business lags during the year likewise contributed to the drop in employment in these sectors.

***Per Cent Change in Employment in Reporting Non-Agricultural Establishments^a in the Philippines, by Industry Division
1955-1956***

(1949=100)

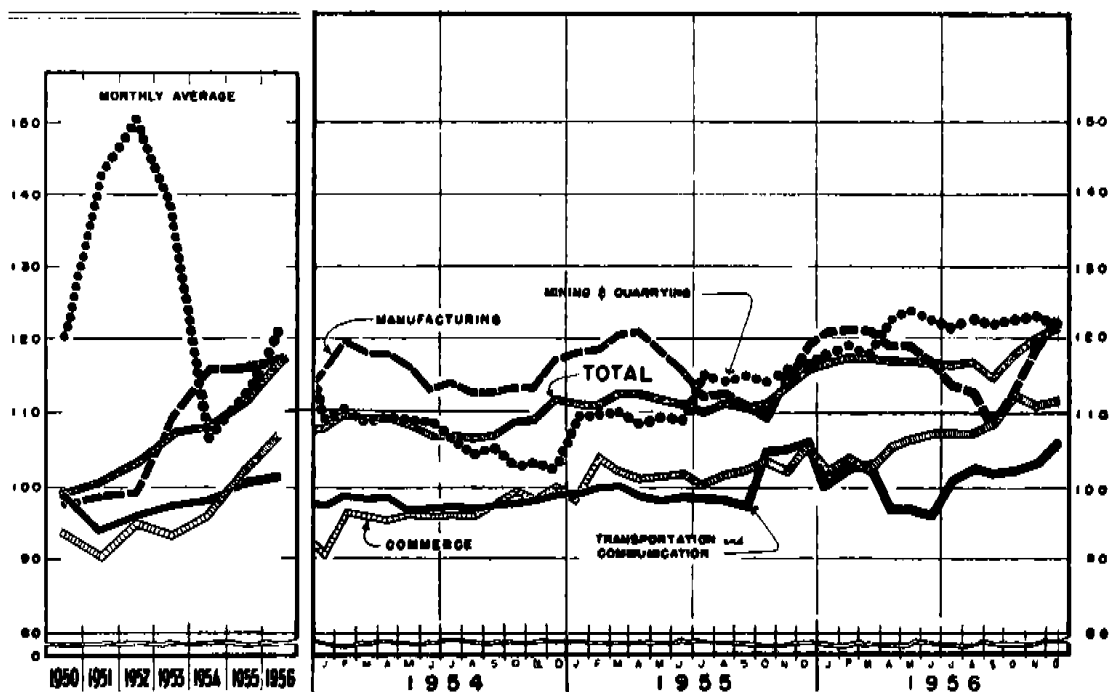
Industry division	Number of reporting establishments	Annual indices		Per cent change
		1956	1955	
TOTAL.....	734	117.5	111.9	5.0
Mining and quarrying	14	121.4	112.3	8.1
Manufacturing.....	302	117.1	116.0	0.9
Transportation and communication.....	68	101.2	100.5	0.7
Commerce.....	172	107.2	102.1	5.0
Construction.....	15	50.9	39.9	27.6
Personal service.....	54	69.5	73.3	- 5.2
Recreational service ^b	35	94.6	98.3	- 3.8
Government.....	74	146.1	131.1	11.4

^a Compiled directly from data furnished by 734 cooperating establishments in the Philippines.

^b Actors, actresses and other players in motion picture studios not included.

EMPLOYMENT INDEX IN REPORTING NON-AGRICULTURAL ESTABLISHMENTS BY INDUSTRY DIVISION

(1949 = 100)



*Department of Economic Research
Bureau of Statistics*

C. WAGE RATES

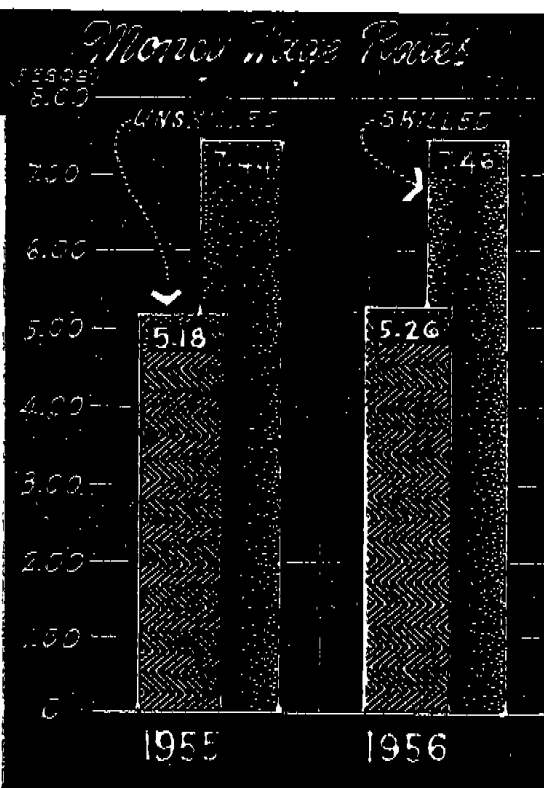
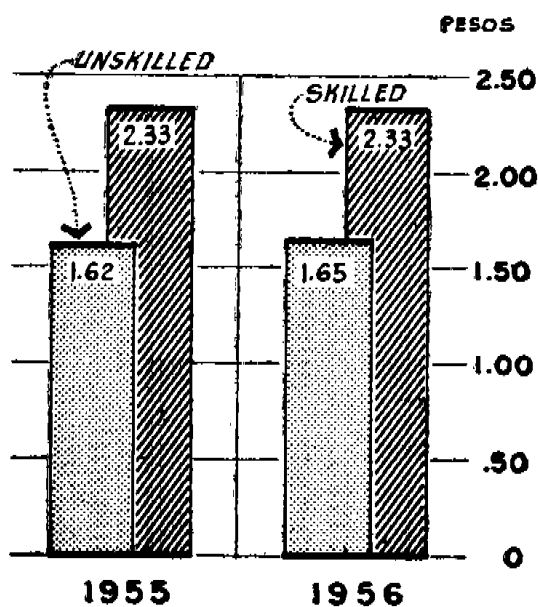
1. Non-Agricultural

On the basis of reports submitted by 102 cooperating establishments located in Manila and suburbs employing around 12,000 laborers, money wage rates of skilled and unskilled workers moved ahead slightly by .3 and 1.5 per cent over the previous year. A new high in daily wage rates for unskilled laborers was attained during the year at ₱5.36 in October. Compared to 1954, money wages of unskilled laborers gained 4.6 per cent.

In terms of real wage rates, unskilled workers gained 1.9 per cent over the preceding year. Compared to 1941, the increase was even more, real daily wages for the unskilled reaching a level of ₱1.65 or an increment of 33 per cent above 1941. Skilled workers' real wages on the other hand maintained the 1955 level of ₱2.33 or up by only 1.7 per cent compared to 1941.

**WAGE RATES OF
NON-AGRICULTURAL Laborers.
1955-1956**

Real Wage Rates



2. Agricultural

Due to a redistribution of statistical responsibilities among various statistical agencies, the Bureau of the Census and Statistics ceased collecting and compiling data on agricultural wage rates late in 1955. This function was assigned by the Office of Statistical Coordination and Standards to the Division of Agricultural Economics of the Department of Agriculture and Natural Resources, which henceforth is responsible for putting out statistics on agricultural wage rates. The wage rates for 1955 and 1956, therefore, are not directly comparable mainly because of differences in methodology, coverage of sample, and regional grouping.

Hereunder are tables of farm wage rates in the Philippines for 1955 and 1956 which were put out by the Bureau of the Census and Statistics and the Department of Agriculture and Natural Resources, respectively:

**Wage Rates^a of Agricultural Laborers in the Philippines,
by Region, 1955**

Region	Wage rates in pesos	Index (1941 = 100)
PHILIPPINES.....	2.15	383.9
Luzon: Ilocos, including Mountain Region.....	2.06	388.7
Luzon: Cagayan Valley, including Batanes.....	2.08	346.7
Central Luzon: including Zambales.....	2.53	377.6
Southern Luzon: including Marinduque and Mindoro.....	2.57	389.4
Southern Luzon: Bicol.....	1.84	353.8
East Visayas.....	1.92	518.9
West Visayas.....	1.93	410.6
Mindanao: including Sulu.....	2.26	376.7

SOURCE OF BASIC DATA: Bureau of the Census and Statistics. For earlier years, see table at end of chapter.

^a Wage rates are averages of daily money wage rates. Aside from this wage, agricultural laborers are furnished with two free meals.

**Wage Rates of Agricultural Laborers in the Philippines
by Class and by Region, 1956**

Region	Wage rates in pesos				
	Average ^a	Common hired laborers	Plowman	Planter	Harvester
PHILIPPINES.....	1.93	1.53	2.67	1.53	1.99
Ilocos, including Ilocos Norte, Ilocos Sur, La Union, Abra and Batanes.....	2.13	1.75	3.22	1.72	1.83
Cagayan Valley, including Cagayan, Isabela, Mountain Province and Nueva Vizcaya....	2.18	1.71	3.19	1.74	2.06
Central Luzon, including Pangasinan, Nueva Ecija, Tarlac, Pampanga, Bulacan, Bataan and Zambales.....	2.11	1.73	2.90	1.77	2.03
Southern Tagalog, including Rizal, Laguna, Quezon, Manila, Cavite, Batangas, Marin- duque, Mindoro Oriental, Mindoro Occidental and Palawan.....	2.51	1.90	3.16	2.05	2.91
Bicol, including Camarines Norte, Camarines Sur, Catanduanes, Albay, Sorsogon and Mas- bate.....	1.76	1.44	2.39	1.14	2.06
Eastern Visayas, including Samar, Leyte, Cebu and Bohol.....	1.47	1.04	2.48	1.02	1.33
Western Visayas, including Iloilo, Antique, Capiz, Aklan, Negros Occidental, Negros Oriental and Romblon.....	1.55	1.26	2.09	1.27	1.57
Northern and Eastern Mindanao, including Surigao, Agusan, Bukidnon, Misamis Oriental, Misamis Occidental, and Lanao.....	2.04	1.59	2.73	1.60	2.23
Southern and Western Mindanao, including Davao, Cotabato, Zamboanga del Sur, Zam- boanga del Norte, Basilan City and Sulu.....	2.03	1.57	2.71	1.52	2.30

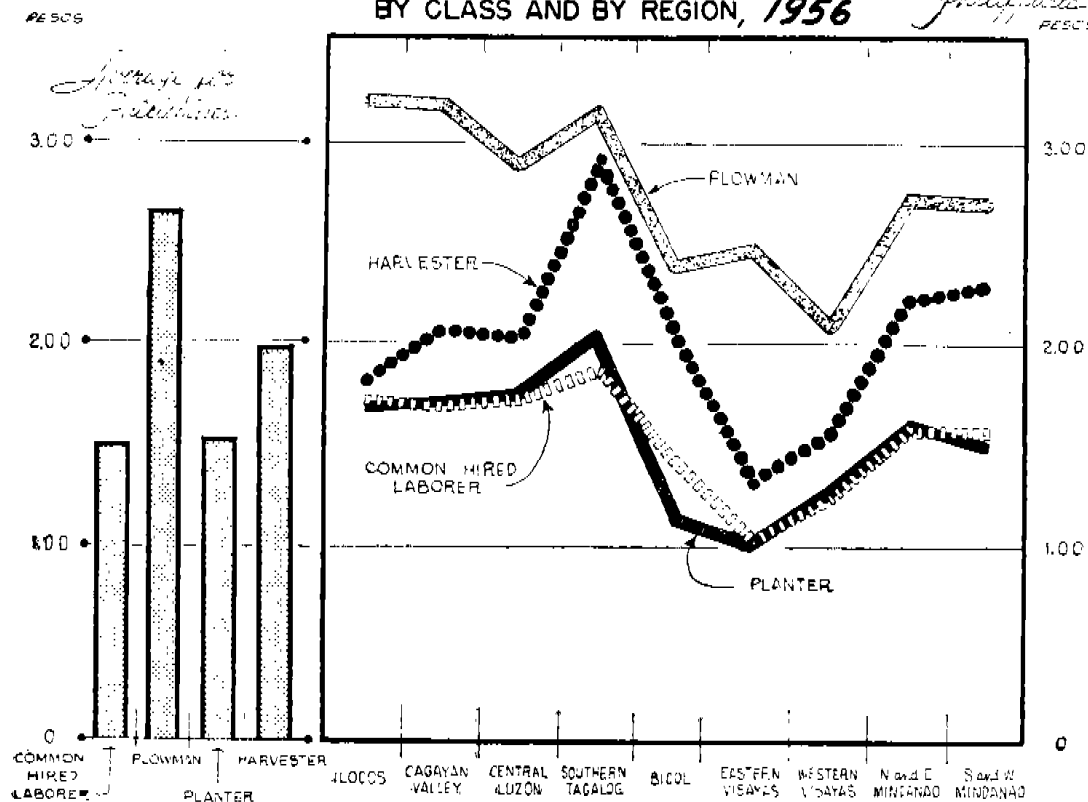
SOURCE OF BASIC DATA: Division of Agricultural Economics, Department of Agriculture and Natural Resources.

^a Arithmetic average of different farm wage rates. Aside from this wage, agricultural laborers are furnished two free meals.

WAGE RATES OF AGRICULTURAL LABORERS

BY CLASS AND BY REGION, 1956

in the Philippines



As previously mentioned, the ₱1.93 agricultural daily wage rate in 1956 did not necessarily signify a decline from the previous year as there was a difference in the methodology and the coverage of the two series. It is interesting to note, however, that both the 1955 and 1956 wage rates were below the minimum wage of ₱2.50¹ as prescribed by Republic Act No. 602, otherwise known as the Minimum Wage Law.

D. EARNINGS

Reports received from 787 non-agricultural cooperating establishments showed slight improvements in earnings for wage earners and salaried employees during the year.

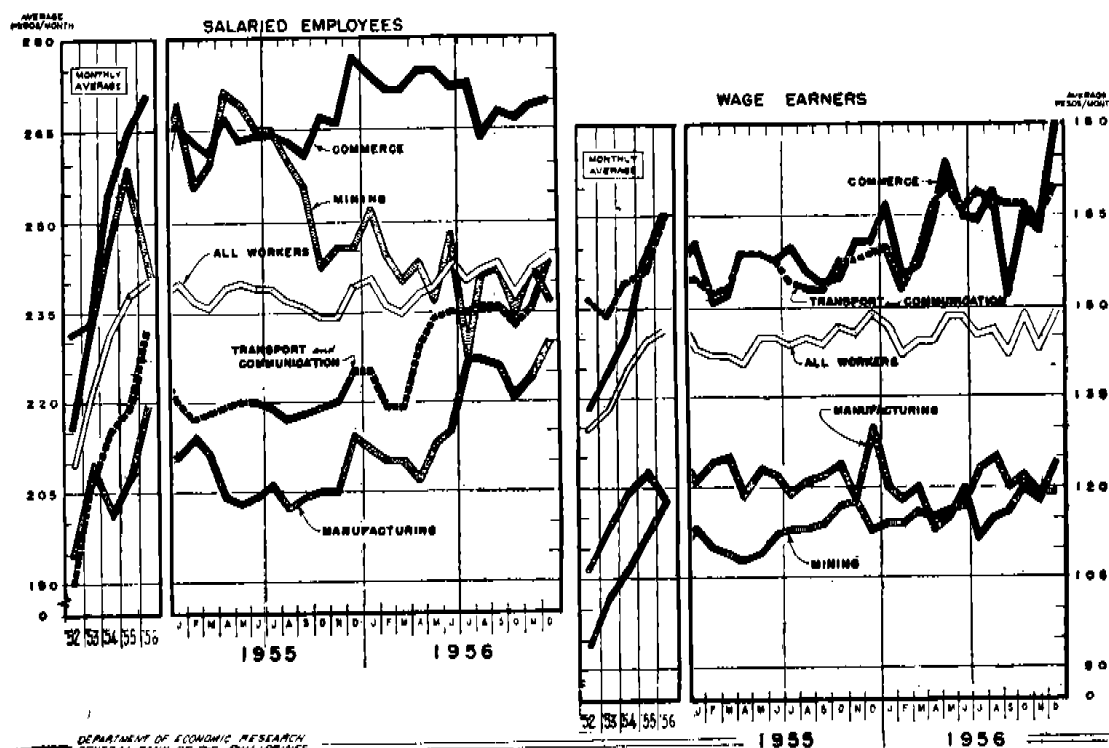
The monthly earnings of production workers registered a 1.4 per cent gain over the corresponding average last year. Over 1954, however, the advance was more than 4 per cent. Concurrently with the increase in employment resulting from their expanded activities,

¹ No allowances for board and lodging may under the law reduce this wage below ₱2.25 in cash.

mining, commerce, and transport & communication augmented the earnings of their employees. Average monthly earnings of ₱165 paid by commerce and transport & communication were the highest for the year. Industries primarily responsible for the increase were commerce (5.1 per cent); mining (5.4 per cent); and transport & communication (5.8 per cent). Although decreases were noted in manufacturing and in electricity, gas & heat, water & sanitary services, these were insufficient to alter the over-all wage earners' average monthly earnings.

Salaried employees improved their earnings slightly during the year, with an addition of .8 per cent. Increases in employees' monthly earnings were noted in manufacturing, commerce, and transport & communication. These were more than adequate to offset the weakening in the mining sector. Salaried workers in commerce continued to enjoy the highest monthly earnings averaging ₱271, a hike of 2.3 per cent over the preceding year and 6.7 per cent over 1954. Mining, although paying less this year, was able to maintain its position as the second best paying industry, with electricity, gas & heat, water & sanitary services following closely.

AVERAGE MONTHLY EARNINGS OF SALARIED EMPLOYEES AND WAGE EARNERS IN SELECTED NON-AGRICULTURAL INDUSTRIES BY INDUSTRY DIVISION



Wage Rates^a of Agricultural Laborers, by Region, 1941, 1947-1955

(Wage rates in pesos)

(1941 = 100)

Region	1941	1947		1948		1949		1950	
	Wage rate	Wage rate	Index	Wage rate	Index	Wage rate	Index	Wage rate	Index
PHILIPPINES	0.56	2.05	366.1	1.66	296.4	1.73	308.9	1.70	303.6
Luzon: Hocos, including Mountain Region.....	0.53	2.06	388.7	1.40	264.2	1.67	315.1	1.63	307.5
Luzon: Cagayan Valley, including Batanes.....	0.60	1.44	240.0	1.42	236.7	1.76	293.3	1.62	270.0
Central Luzon: including Zambales.....	0.67	3.00	447.8	2.35	350.7	2.04	304.5	2.10	313.4
Southern Luzon: including Marinduque and Mindoro.....	0.66	3.06	463.6	1.92	290.9	2.02	306.1	2.18	330.3
Southern Luzon: Bicol.....	0.52	2.05	394.2	1.42	273.1	1.51	290.4	1.43	275.0
East Visayan.....	0.37	1.49	402.7	1.25	337.8	1.27	343.2	1.41	381.1
West Visayan.....	0.47	1.38	293.6	1.13	240.4	1.37	291.5	1.27	270.2
Mindanao: including Sulu.....	0.60	1.80	300.0	1.76	293.3	1.86	310.0	1.77	295.0

Wage Rates^a of Agricultural Laborers, By Region, 1941, 1947-1955

(Wage rates in pesos)

(1941=100)

Region	1951		1952		1953		1954		1955	
	Wage rate	Index	Wage rate	Index	Wage rate	Index	Wage rate	Index	Wage rate	Index
PHILIPPINES.....	1.71	305.4	1.94	346.4	2.07	369.6	2.14	382.1	2.15	383.9
Luzon: Ilocos, including Mountain Region.....	1.80	339.6	2.11	398.1	2.08	392.5	2.04	384.9	2.06	388.7
Luzon: Cagayan Valley, including Batanes.....	1.54	256.7	2.27	378.3	2.10	350.0	2.07	345.0	2.08	346.7
Central Luzon: including Zambales.....	1.95	291.0	2.13	317.9	2.56	382.1	2.55	380.6	2.53	377.6
Southern Luzon: including Marinduque and Mindoro.....	2.16	327.3	2.45	371.2	2.55	386.4	2.61	395.5	2.57	389.4
Southern Luzon: Bicol.....	1.51	290.4	1.82	350.0	1.69	325.0	1.84	353.8	1.84	353.8
East Visayan.....	1.43	386.5	1.84	497.3	1.84	497.3	1.81	489.2	1.92	518.9
West Visayan.....	1.31	278.7	1.70	361.7	1.92	408.5	1.84	391.5	1.93	410.6
Mindanao: including Sulu.....	1.78	296.7	1.90	316.7	2.10	350.0	2.29	381.7	2.26	376.7

SOURCE OF BASIC DATA: Bureau of the Census and Statistics

^a Wage rates are averages of daily money wage rates. Aside from this wage, agricultural laborers are furnished with two free meals.

CHAPTER IV

GROSS SALES AND INVENTORIES

A. GROSS SALES

Following the expansionary trends during the year under review registered in all sectors of the economy, the volume of gross sales and receipts likewise recorded an increase. This was partially due to production at higher capacity, as well as the persistent rise in money supply which was largely influenced by government spending for economic development and the accelerated pace of private financing.

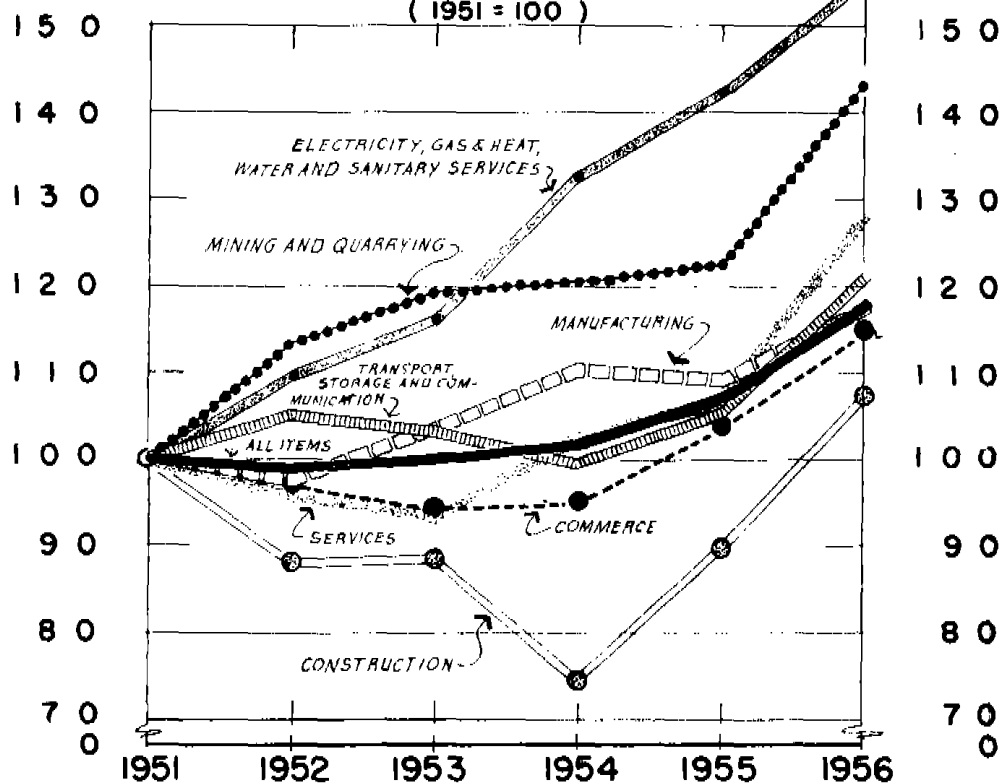
The over-all gross sales index (1951=100) for 1,174 business establishments advanced sharply from 107.0 in 1955 to 118.4 in 1956. During the first quarter of 1956, the volume of gross sales continued its ascent with an increase of 11.3 per cent over the corresponding period the year before. By the second quarter the volume of sales soared to new records, reaching an all-time high of 136.4 during the month of June. This was brought about by sharp increases in the transportation division. The pace eased slightly during the third quarter, but resumed its upward course in the latter part of the year. The reversal of the trend noted during the third quarter was offset by the price rise which reached a peak during this period, thereby effecting a corresponding increase in gross sales receipts.

The increase in sales was most pronounced in the construction and service divisions, which exceeded the 1955 level by 19.5 and 20.1 per cent, respectively. In the mining & quarrying sector, sales of crude petroleum & natural gas rose noticeably by 41.2 per cent, and a 38.4 per cent increase in stone quarrying was shown. This advance in stone quarrying was mainly sparked by construction activities. In the manufacturing sector, the most notable rise was made in the sales of paper & paper products which recorded an increase of 59.9 per cent. This was followed by gains made in the sales of leather products (except footwear) of 44.5 per cent. Sales of transportation equipment advanced by 25.5 per cent, and base metal industries by 25.1 per cent.

Gross sales activities in the commercial sector stepped up substantially, recording an 11.0 per cent increase, with the largest percentage rises in insurance and real estate of 49.0 and 23.2, respectively. The wholesale trade went ahead by 5.8 per cent, and a parallel rise in the retail trade of 6.7 per cent was registered.

GROSS SALES AND/OR RECEIPTS INDEX OF LEADING BUSINESS ESTABLISHMENTS, *By Industry Division*

(1951 = 100)



B. INVENTORIES

In 1956, the value of inventories as reported by 3,438 non-farm business establishments increased by 3.0 per cent over the previous year's level. However, this increase is small compared to the 11.0 per cent rise registered in 1955. Inventories during that period piled up considerably in anticipation of possible cuts in import allocations and also of the expected rise in prices and tariffs. This inventory expansion in 1955 and the speed-up in business activity during the past year, reflecting use of the accumulated stock and faster sales turn-over, accounted for the reduced rate of increase in 1956.

The mining sector took the lead with a 39.1 per cent increase over the preceding year. Total non-farm producers' inventories showed an advance of 5.4 per cent. On the other hand, trade ran counter to the upward trend by registering a 1.2 per cent drop with the wholesale sector showing a decline in nearly all items. Retail inventories, however, went up by 4.6 per cent as a result of a sharp rise in printing, publishing & allied products, registering an increase of 60.8 per cent.

**Gross Sales and/or Receipts of Leading Business Establishments
by Industry Division, 1955-1956**

(1951 = 100)

Industry division	No. of reporting firms	Gross Sales and/or Receipts		Per cent change
		1956	1955	
ALL ITEMS	1,174	118.4	107.0	10.7
MINING & QUARRYING	17	143.4	122.2	17.3
Metal mining	11	140.1	120.4	16.4
Crude petroleum & natural gas	1	1,179.8	835.3	41.2
Stone quarrying, clay & sand pits	5	73.1	52.8	38.4
MANUFACTURING	468	118.0	109.2	8.1
Food manufacturing industries (except beverages)	104	124.3	110.7	12.3
Beverage industries	28	104.7	109.9	- 4.7
Tobacco manufacture	13	151.9	133.3	14.0
Manufacture of textiles	8	80.3	65.0	23.5
Manufacture of wearing apparel & other made-up textile goods	15	170.6	232.9	- 26.8
Manufacture of footwear, except rubber footwear	13	124.6	117.4	6.1
Manufacture of made-up textile goods, except wearing apparel	14	67.1	56.7	18.3
Fishing net & braid manufacture	1	57.7	70.2	- 17.8
Manufacture of wood & cork, except manufacture of furniture	94	97.1	99.3	2.2
Manufacture of furniture & fixtures	24	126.6	109.1	16.0
Manufacture of paper & paper products	8	180.1	112.6	59.9
Printing, publishing & allied industries	26	130.7	130.6	0.1
Manufacture of leather products, except footwear	6	255.4	176.7	44.5
Manufacture of rubber products	9	107.7	94.7	13.7
Manufacture of chemicals & chemical products	23	132.2	116.4	13.6
Manufacture of non-metallic mineral products	15	128.6	128.4	1.7
Basic metal industries	14	147.0	117.5	25.1
Manufacture of metal products, except machinery transport equipment & ordnance	2	209.8	177.7	18.1
Manufacture of machinery, except electrical machinery	13	210.3	205.5	2.3
Manufacture of electrical machinery, apparatus, appliances & supplies	1	126.0	126.0	-
Manufacture of transportation equipment	5	104.5	83.3	25.5
Miscellaneous manufacturing industries	32	112.1	96.1	16.6

**Gross Sales and/or Receipts of Leading Business Establishments
by Industry Division, 1955-1956—(Concluded)**

(1951 = 100)

Industry division	No. of reporting firms	Gross Sales and/or Receipts		Per cent change
		1956	1955	
CONSTRUCTION	21	107.3	89.8	19.5
ELECTRICITY, GAS & HEAT, WATER & SANITARY SERVICES.....	21	155.3	142.5	9.0
Electricity, gas & steam.....	20	162.9	148.6	9.6
Water & sanitary services.....	1	117.5	112.4	4.5
COMMERCE.....	479	115.3	103.9	11.0
Wholesale trade.....	243	105.9	100.1	5.8
Retail trade.....	37	118.8	111.3	6.7
Finance.....	11	82.1	74.8	9.8
Insurance.....	50	207.8	139.5	49.0
Real estate.....	18	139.5	113.2	23.2
TRANSPORT, STORAGE & COMMUNICA- TION.....	75	120.9	105.8	14.3
Transport.....	67	117.7	103.9	13.3
Storage & warehousing.....	1	406.1	379.1	7.1
Communication.....	7	168.8	133.2	26.7
SERVICES.....	93	128.3	106.8	20.1
Government services.....	1	190.1	133.3	42.6
Recreation services.....	39	115.3	106.7	8.1
Personal services.....	53	101.9	81.1	25.6

**Per Cent Change in Inventories of Leading Non-Farm Business
Establishments^r Classified by Kind of Business, 1955-1956**

(Pesos)

Kind of business	Number of reporting establish- ments	Book value of inventories		Per cent change
		1956	1955	
TOTAL.....	3,438	631,773,492	613,406,949	3.0
Mining.....	24	26,571,849	19,095,850	39.1
Producer.....	1,303	288,476,160	273,710,218	5.4
Food except beverages.....	287	48,941,018	44,512,067	10.0
Beverage industries.....	30	30,233,715	35,323,887	- 14.4
Tobacco.....	28	46,450,289	41,540,233	11.8
Textiles.....	40	21,841,487	18,434,746	18.5
Footwear, other wearing apparel & made-up textile goods.....	486	26,052,813	26,624,971	- 2.1
Wood & cork, except furniture & fixtures.....	29	8,464,200	8,650,179	- 2.2
Furniture & fixtures.....	53	2,702,543	3,298,198	- 18.1
Paper & paper products.....	20	6,580,698	6,345,234	3.7
Printing, publishing & other allied in- dustries.....	45	6,812,822	7,050,421	- 3.4
Leather & leather products, except footwear.....	10	1,132,077	1,025,711	10.4
Rubber products.....	11	5,841,891	6,051,892	- 3.5
Chemicals & chemical products.....	85	28,357,654	26,344,903	7.6
Products of petroleum & coal.....	1	20,086,379	17,505,010	14.7
Non-metallic products, except products of petroleum & coal.....	32	6,886,706	5,548,873	24.1
Metal products, except machinery & transport equipment.....	57	11,000,861	8,916,243	23.4
Machinery, except electrical ma- chinery.....	4	1,407,653	1,275,395	10.4
Electrical machinery, apparatus, ap- pliances & supplies.....	14	4,220,935	3,114,392	35.5
Transport equipment.....	9	4,785,539	4,335,906	10.4
Miscellaneous.....	62	6,676,880	7,811,957	- 14.5
Trade.....	2,111	316,725,483	320,600,881	- 1.2
Wholesale.....	1,194	225,164,022	233,038,013	- 3.4
Food except beverages.....	149	19,346,336	24,476,610	- 21.0
Beverages.....	2	891,365	1,635,506	- 45.5
Tobacco.....	4	419,177	433,213	- 3.2
Textiles.....	217	12,515,980	16,665,752	- 24.9
Footwear, other wearing apparel & made-up textile goods.....	20	5,803,961	3,683,651	57.6

**Per Cent Change in Inventories of Leading Non-Farm Business
Establishments¹ Classified by Kind of Business,
1955-1956—(Concluded)**

(Pesos)

Kind of business	Number of reporting establishments	Book value of inventories		Per cent change
		1956	1955	
Paper & paper products	3	517,320	534,642	- 3.2
Printing & publishing	7	1,123,804	1,161,434	- 3.2
Rubber products	7	6,449,203	6,256,503	3.1
Chemicals & chemical products	38	6,519,306	9,549,298	- 31.7
Products of petroleum & coal	3	35,354,063	26,743,436	32.2
Non-metallic mineral products, except petroleum & coal	14	940,626	746,825	25.9
Metal products, except machinery & transport equipment	61	35,103,690	33,656,462	4.3
Machinery, except electrical machinery	43	17,194,948	21,033,575	- 18.3
Electrical machinery, apparatus, appliances & supplies	18	2,641,587	5,517,236	- 52.1
Transport equipment	19	12,346,465	15,145,320	- 18.5
Miscellaneous	589	67,996,191	65,798,520	3.3
Retail	917	91,561,461	87,562,868	4.6
Food except beverages	83	6,647,514	5,974,756	11.3
Textiles	125	4,717,678	5,127,911	- 8.0
Footwear, other wearing apparel & made-up textile goods	14	1,345,009	1,286,228	4.6
Printing, publishing & allied products	9	1,402,609	872,378	60.8
Chemicals & chemical products	37	8,271,447	8,091,809	2.2
Non-metallic products, except products of petroleum & coal	28	2,458,590	2,435,694	0.9
Metal products, except machinery & transport equipment	85	8,148,675	6,959,326	17.1
Machinery, except electrical machinery	4	832,036	795,674	4.6
Electrical machinery, apparatus, appliances & supplies	47	7,286,943	6,565,997	11.0
Transport equipment	103	14,790,761	12,353,429	19.7
Miscellaneous	382	35,660,199	37,099,666	- 3.9

¹ The coverage of the series was increased from 2,917 to 3,438 cooperating non-farm establishments in the Philippines.

CHAPTER V

THE BALANCE OF PAYMENTS

A. OVER-ALL POSITION

Reflecting the general tone of world-wide economic improvement and the results of earlier measures taken to strengthen the country's productive capacity, the balance of payments position of the Philippines was definitely less unfavorable than last year's. Current transactions showed a smaller deficit, \$30.6 million against \$128.5 million in 1955. The trade imbalance was narrowed down to \$126.8 million, with export proceeds reaching an all-time high coincident with reduced import payments as a result of additional restrictions imposed during the year to conserve the country's foreign exchange resources. In the capital sector, an increase of \$33.6 million was indicated in short-term capital movements which was however offset by long-term liabilities incurred during the year.

Balance of Payments, 1953-1956

(Million U. S. dollars)

Item	1953	1954	1955	1956 P
A. Current transactions^a				
Imports, c.i.f.	-528.8 ^b	-537.5	-607.3	-564.8
Exports, c.i.f.	386.1 ^b	392.3	389.7	438.0
Trade balance.....	-142.7	-145.2	-217.6	-126.8
U.S. Government expenditures.....	158.0	144.7	150.5	146.7
Invisible net.....	-45.5	-54.8	-61.4	-50.5
Total.....	-30.2	-55.3	-128.5 /	-30.6 /
B. Capital movements^a				
Short-term				
1. Private.....	3.6	-1.4	- .2	-10.4
2. Official.....	-3.0	24.1	33.2	-23.2
Total.....	.6	22.7	33.0 /	-33.6 /
Long-term				
1. Private.....	43.4	44.1	59.1	56.0
2. Official.....	10.4	-22.8	41.2	4.8
Total.....	53.8	21.3	100.3 /	60.8 /
C. Monetary gold movement.....	- .2	-	-6.1	-6.0
	54.2	44.0	127.2	21.2
D. Errors and omissions.....	-24.0	11.3	1.3	9.4

NOTE: Minus sign indicates debit; no sign, credit.

^a A debit entry indicates a payment, a credit indicates a receipt.

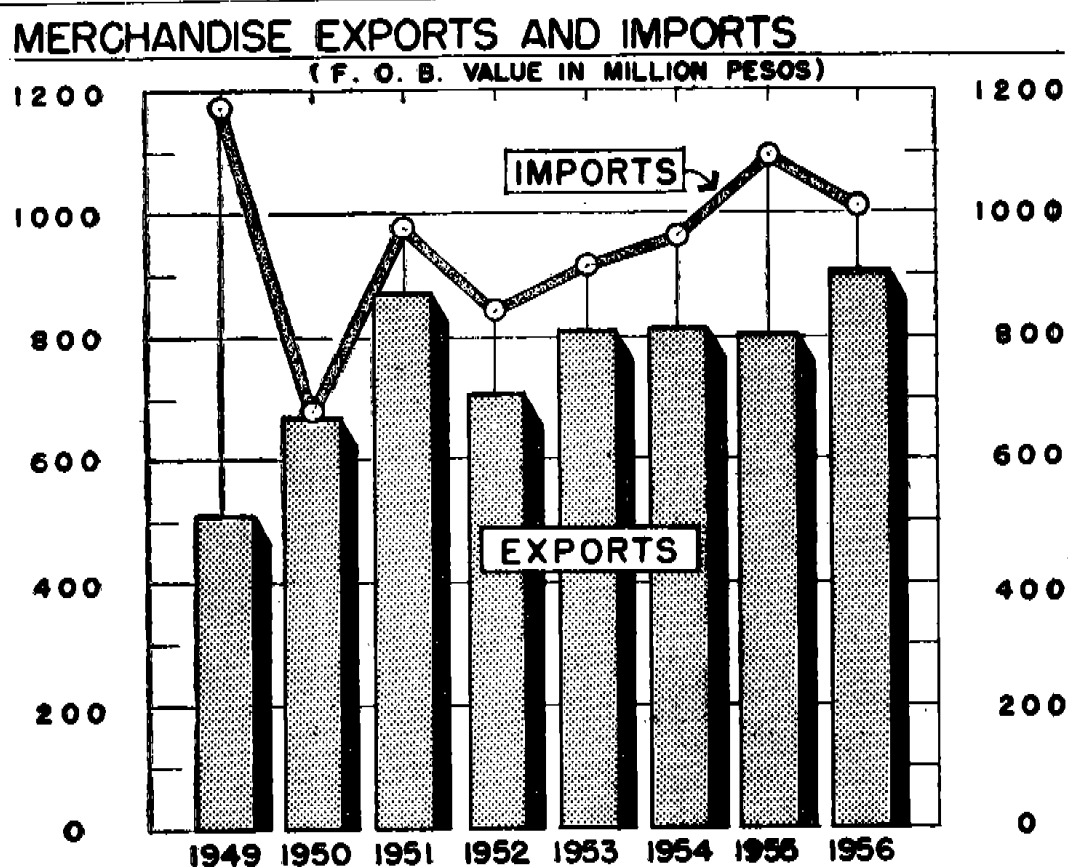
^b From the foreign exchange record.

^c A debit entry indicates an increase in net assets (e.g. foreign investments abroad, withdrawals of foreign investments) a credit entry indicates a decrease in net assets (e.g. foreign investments coming in, obligations increased).

B. MERCHANDISE TRADE¹

1. Over-all Trends

This year's import surplus amounted to ₱110.7 million compared to ₱293.9 million for the previous year, or a decrease of 62.3 per cent. Due to a general expansion of economic activity throughout the world and liberal dollar allocations for producers' goods in the slack times of 1954 and early 1955, there was a substantial growth in domestic production, and export shipments reached an all-time high of ₱902.2 million. This is the highest level ever recorded and represents an increase of 12.6 per cent over the previous year's figure. On the other hand, total imports aggregating ₱1,012.9 million were 7.5 per cent below the 1955 level. Despite this reduction, however, they still exceeded arrivals recorded for the other control years. Total trade, at ₱1,915 million, reached an all-time high.



¹ F.O.B. values based on customs manifest. For purposes of balance of payments statistics, the following adjustments are made:

1. For both exports and imports, insurance and freight and personal effects are added;
2. For exports, the value of re-exports is added, while gold concentrates are excluded;
3. For imports, the value of goods coming in on a rental/lease basis such as exposed and developed films, miners' lamps and I.B.M. machines are excluded.

2. Exports

While the over-all gain made by the export trade was substantial, its commodity pattern exhibited a tendency to concentrate more heavily than in the immediate past on raw materials or those subjected to only slight processing before export. This was specially true of the products of extractive industries (forestry and mining) which have risen with remarkable rapidity over the past few years in response to the requirements of Japanese industry. These products—minerals & metals, and logs & lumber—accounted for a somewhat greater share of total exports than in the past: 23 per cent in 1956 as against 20.5 per cent in 1955.

Regarded by commodity group, the main exports remained unchanged from the previous year, but minerals & metals replaced logs & lumber in third rank (below coconuts & coconut preparations and sugar & related products). These groups and tobacco & manufactures, attained post-war peaks, boosted by increases in leaf tobacco and scrap, stripped fillers & cigar ends; and in wood, bamboo, rattan, reeds & manufactures due to a rise in plywood and veneer.

The largest absolute increases were registered by coconuts & coconut preparations with ₱47 million; minerals & metals with ₱29.3 million; fibers & manufactures with ₱16.1 million; and logs & lumber with ₱14.6 million. These figures represented varying percentage gains: 36.2 for minerals & metals, 26.3 for fibers & manufactures, 17.5 for logs & lumber, and 15.4 for coconuts & coconut preparations.

The ten principal domestic exports remained the same as in 1955, but chromite ore displaced desiccated coconut from sixth place, and copper concentrates displaced canned pineapple from ninth. All the major exports made a good showing in 1956.

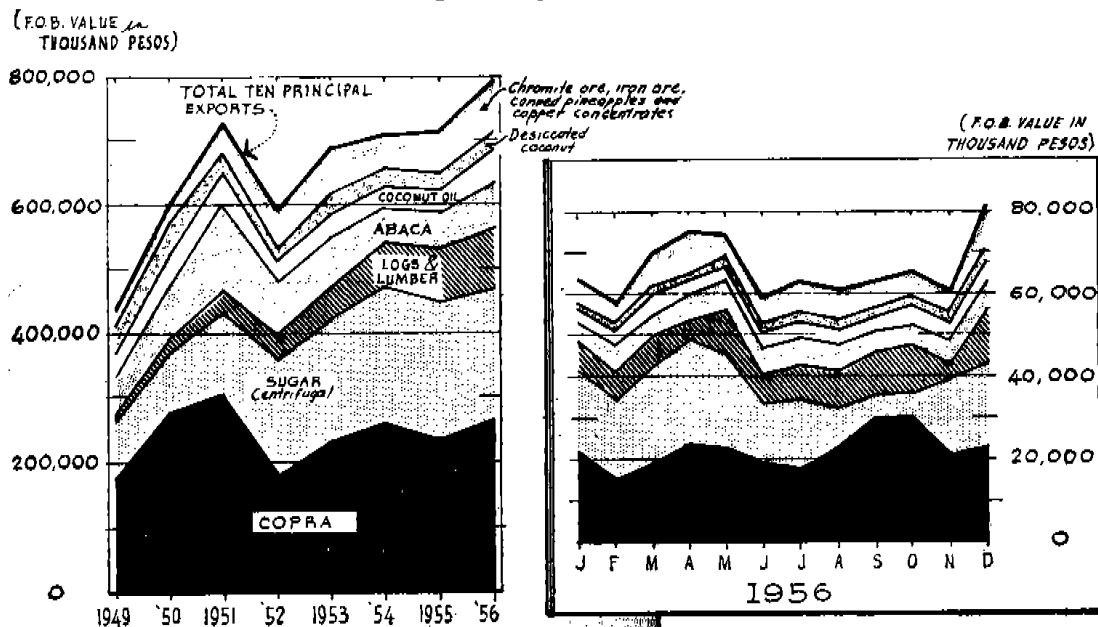
Ten Principal Exports, 1955-1956

(f.o.b. value in thousand pesos)

Item	1956		1955		Per cent change
	Quantity ¹	Value	Quantity ¹	Value	Value
TOTAL DOMESTIC EXPORTS	—	900,253	—	795,305	+13.2
TOTAL TEN PRINCIPAL EXPORTS	—	793,185	—	711,435	+11.5
1. Copra	966,303	268,201	804,838	237,361	+13.0
2. Sugar (centrifugal)	892,125	200,925	926,796	212,590	— 5.5
3. Logs & lumber	875,562	97,656	726,507	83,083	+17.5
4. Abaca (unmanufactured)	122,251	69,940	111,820	55,666	+25.6
5. Coconut oil	108,929	47,952	74,177	33,069	+45.0
6. Chromite ore	725,928	27,632	657,195	20,700	+33.5
7. Desiccated coconut	48,691	25,716	48,529	25,620	+ .4
8. Iron ore	1,475,719	22,907	1,271,113	20,602	+11.2
9. Copper concentrates	62,696	21,283	30,806	10,865	+95.8
10. Pineapple, canned	23,452	10,973	36,180	11,879	— 7.6

¹ Quantity in metric tons except logs & lumber which are in thousand board feet.

TEN PRINCIPAL EXPORTS



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The increases in export value of most of the principal exports were due to increases in quantity, since their average unit values showed decreases from the previous year. This was true of copra, with a 20.1 per cent quantity increase and a 5.8 per cent price decrease; coconut oil, with a 46.8 per cent quantity increase and a 1.4 per cent price decrease; iron ore, with a 16.1 per cent quantity increase and a 4.3 per cent price decrease; copper concentrates, with a 103.5 per cent quantity increase and a 3.8 per cent price decrease; and logs & lumber, with a 20.5 per cent quantity increase and a 2.5 per cent price decrease. A similar case was that of desiccated coconut, where in the absence of any price movement a fractional increase in quantity accounted for the slight rise in export value.

Somewhat different, however, was the case of unmanufactured abaca, which in response to the revitalization of world trade in hard fibers experienced a 14.4 per cent gain in unit value and a 9.3 per cent rise in quantity, resulting in a value increase of 25.6 per cent. Abaca cordage exports likewise experienced a favorable growth, with a quantity increase of 18.2 per cent and a unit value increase of 2.8 per cent, leading to a rise in value of 21.4 per cent. Chromite ore, with a 10.5 per cent quantity increase and a 20.8 per cent price rise increased value by 33.5 per cent.

The drop in the value of exports of canned pineapple was more apparent than real. Up to March, 1956 canned pineapple and pineapple juice were lumped together in the reports of the sole producing company. (The only separate entry for pineapple juice prior to this was an export of ₱401,507 by an equipment firm in 1955.) Beginning that month, however, the two were classified under distinct items. This accounts for the almost four-fold rise over 1955 in the commodity group "beverages, wines and liquors" within which pineapple juice is comprehended. Joining pineapple juice exports in 1956 valued at ₱8.3 million to those of canned pineapple and comparing this with figures for the previous year shows a substantial rise in 1956.

On the basis of export manifests filed, centrifugal sugar exports for 1956 declined slightly from 1955, as recorded in the table above. However, heavy shipments (amounting to 135,000 metric tons, according to the Sugar Quota Office) had been made in November and December, 1955 chargeable to the 1956 U.S. quota, as these shipments were scheduled for arrival in the United States after the turn of the year. Export negotiations for sugar also showed a rise in 1956 over 1955. There seems therefor to have been an upturn in the sugar trade in 1956. Helping this along were favorable price trends, especially after the Suez Canal crisis. There was a small price hike in the domestic wholesale price, and a rather substantial one in world prices.

With respect to other products of the sugar industry, the most noticeable movement was a 307 per cent increase in the value of raw muscovado exports from ₱660,543 to ₱2,689,886, and a 371 per cent increase in quantity from 3,226 metric tons to 15,190 metric tons in 1956 over 1955. It is believed, in the light of Sugar Quota Office estimates of stable muscovado production, that most of the increase represents "re-converted" muscovado, i.e., centrifugal sugar mixed with molasses, which reduces polarization below the point at which world quotas become operatives.

The bias towards raw material exports which has been strengthened by the influence of Japanese purchases and the operation of private "barter" is best illustrated by the trend and magnitude of log exports as compared to the magnitude of other principal wood exports, especially lumber. It will be noted that, whereas lumber exports fell below the previous year's and were at about 1950 levels, log exports were over twelve times 1950 levels and over 42 times 1949 levels. While plywood and veneer exports have in general shown a rising trend, they presently account for only a small portion of the trade in wood products.

Exports of Logs, Lumber, and Plywood & Veneer 1949-1956

(f.o.b. value in thousand pesos)

Year	Logs	Lumber	Plywood & Veneer
1949.....	1,961	4,559	78
1950.....	6,918	14,463	339
1951.....	23,191	11,343	122
1952.....	22,258	15,634	272
1953.....	45,956	11,918	5,221
1954.....	57,930	13,250	1,233
1955.....	66,952	16,130	3,687
1956.....	83,331	14,325	5,433

It should be mentioned in passing that the principal outlets for lumber, plywood and veneer are the dollar markets of the United States, while the principal market for logs is Japan, which processes Philippine logs into plywood for exportation to the United States.

Principal Markets for Philippine Wood Products, 1956

(Per cent distribution)

Country	Logs	Lumber	Plywood	Veneer
ALL COUNTRIES.....	100.0	100.0	100.0	100.0
United States.....	6.8	66.8	99.3	89.2
Japan.....	86.6	5.5	—	10.0
Union of South Africa.....	—	16.4	—	—
Korea.....	3.1	—	—	—
Others.....	3.5	11.3	0.7	0.8

3. Imports

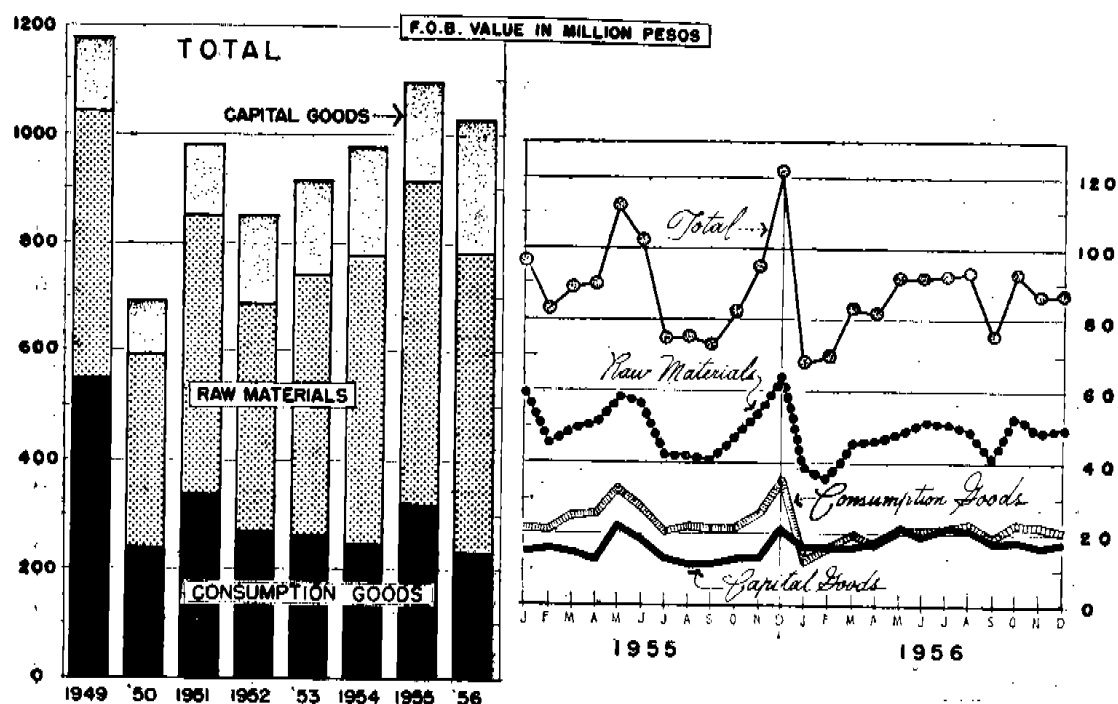
A balance between growth and welfare was struck in the import trade, with the importation of capital goods increasing by 20 per cent over 1955 while raw materials decreased by 8.7 per cent and consumption goods by 21.9 per cent. In terms of percentage distribution, capital goods rose from 16.8 per cent of total imports to 21.8 per cent in 1956 while consumption goods dropped from 27.5 per cent to 23.2 per cent. The combined percentage of capital goods and raw materials to total imports reached a record high of 76.8, surpassing the previous high of 75.1 per cent recorded in 1954, despite the progressive and substantial decontrol of essential consumer items since then.

Total Imports Classified as to End Use 1954-1956

(f.o.b. value in thousand pesos)

Item	1954	1955	1956	Per cent distribution	
				1955	1956
TOTAL	965,284	1,095,211	1,012,904	100.0	100.0
Capital goods.....	183,221	183,869	220,635	16.8	21.8
Raw materials.....	541,774	610,501	557,328	55.7	55.0
Consumption goods.....	240,289	300,841	234,941	27.5	23.2

TOTAL IMPORTS CLASSIFIED AS TO END USE



A substantial improvement was also recorded in the composition of imports classified as to essentiality. Total imports of de-controlled, highly essential, essential consumer and essential producer goods increased in value by 2.7 per cent from ₱789.6 million to ₱810.8 million. The relative improvement was even greater; from 72.1 per cent of total imports in 1955, they rose to 80 per cent in 1956. Essential producer goods alone rose from 48.2 per cent to 57.9 per cent.

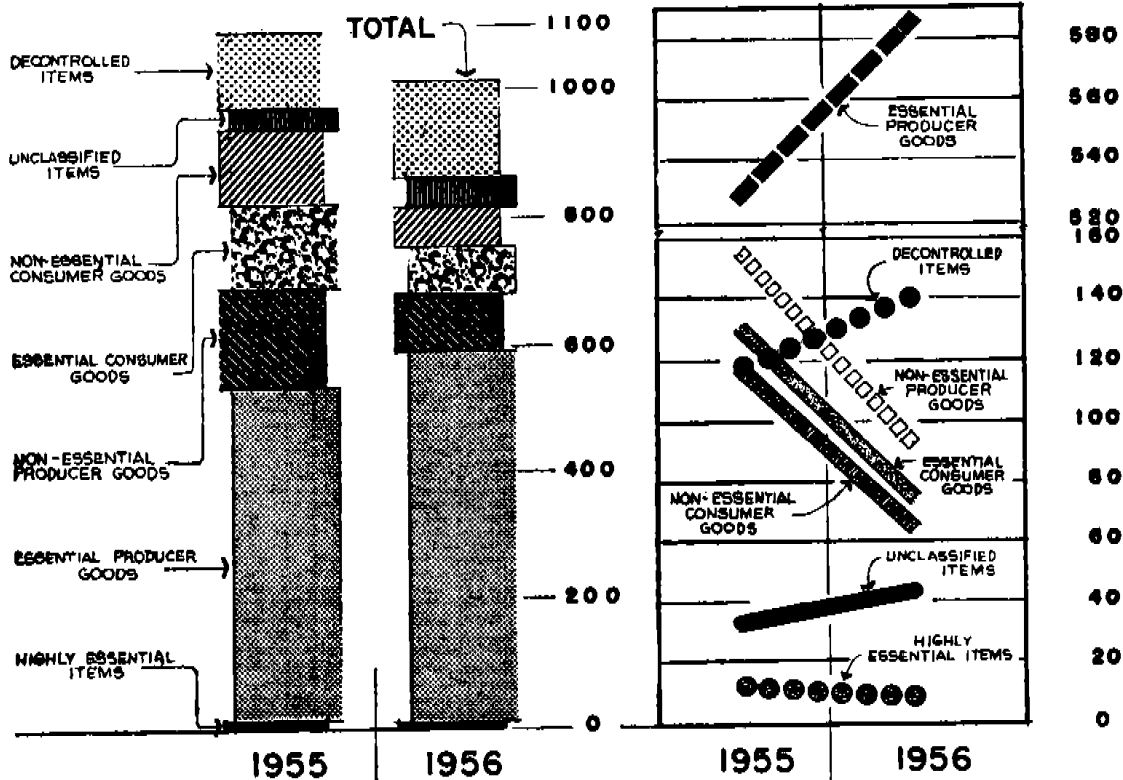
Total Imports by Category 1955-1956

(f.o.b. value in thousand pesos)

Item	1956	Per cent distribution	1955	Per cent distribution	Per cent change
TOTAL.....	1,012,904	100.0	1,095,211	100.0	- 7.5
Highly Essential.....	9,143	.9	12,788	1.2	-28.5
Essential Producer.....	586,102	57.9	528,505	48.2	+10.9
Non-essential Producer.....	93,884	9.3	154,332	14.1	-39.2
Essential Consumer.....	74,888	7.4	130,210	11.9	-42.5
Non-essential Consumer.....	64,387	6.3	117,356	10.7	-45.1
Unclassified Items.....	43,849	4.3	33,906	3.1	+29.3
Decontrolled Items.....	140,651	13.9	118,114	10.8	+19.1

TOTAL IMPORTS BY CATEGORY

F.O.B. VALUE IN MILLION PESOS



The ten principal imports remained unchanged for 1956. There were, however, slight changes in the order of importance, the most significant being the emergence of machinery as the principal imported commodity.

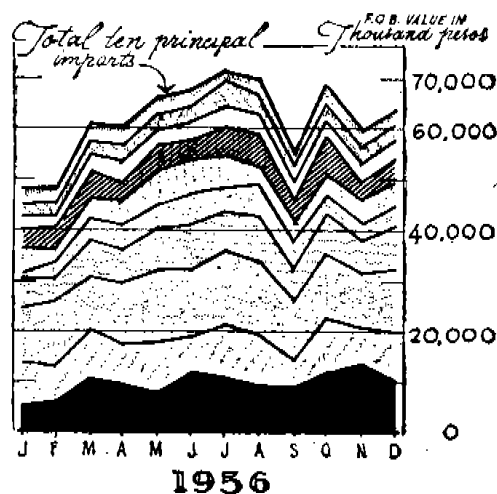
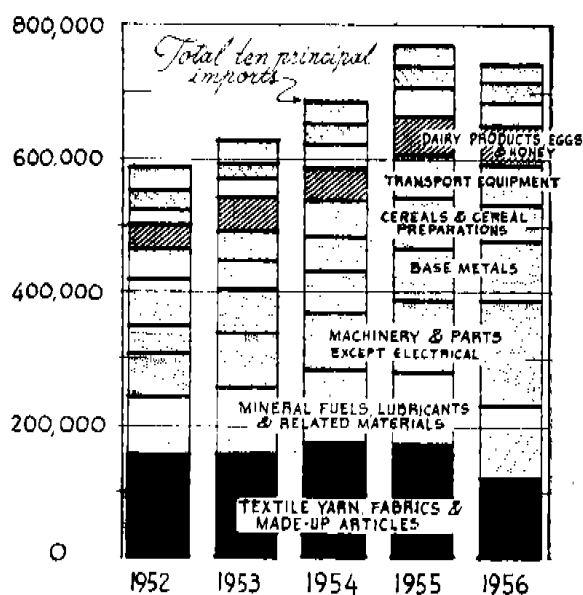
Ten Principal Imports 1955-1956

(f.o.b. value in thousand pesos)

Item	1956	1955
Total Imports.....	1,012,904	1,095,211
Total Ten Principal Imports.....	741,781	769,590
Machinery other than electric.....	154,362	104,347
Textile yarn, fabrics & made-up articles.....	119,215	170,641
Mineral fuels, lubricants & related materials.....	104,780	107,657
Base metals.....	88,786	77,082
Dairy products, eggs & honey.....	59,184	57,060
Transport equipment.....	58,047	60,499
Cereals & cereal preparations.....	52,322	73,830
Electric machinery, apparatus & appliances.....	39,150	43,857
Paper, paperboard & manufactures thereof.....	36,404	38,087
Manufactures of metals.....	29,531	36,530

TEN PRINCIPAL IMPORTS

(F.O.B. VALUE IN
THOUSAND PESOS)



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According to commodity grouping, 92.4 per cent of total importations were made up of the following: (a) manufactured goods, mostly used as raw materials for local production, 32.2 per cent; (b) machinery & transport equipment, 24.8 per cent; (c) food, 17.4 per cent; (d) mineral fuels, lubricants & related materials, 10.3 per cent; (e) chemicals, 7.7 per cent. Among these five principal commodity groups, only machinery & transport equipment increased in absolute amount as it expanded by 20.5 per cent. The other four principal commodity groups went down. Manufactured goods declined by 14.7 per cent in 1956; food by 13.8 per cent; chemicals, by 11.7 per cent; mineral fuels, lubricants & related materials, by 2.7 per cent.

4. Direction

The geographic distribution of Philippine foreign trade in 1956 was marked by a continuation of the trend towards greater diversification and lessened dependence on the United States noted in previous years. Unlike 1955, this was achieved with a substantial cut in imports of 15.6 per cent and despite a slight rise in exports of one per cent, which drove the Philippine import balance with the United States down to almost half what it was in 1955 and to its lowest figure since 1950. The United States remained the Philippines' most important trading partner with 56.6 per cent of its total trade, but this was the lowest percentage since 1916. Except for abaca which enjoyed a comparatively strong market in the United States, the relative share of American purchases of the principal Philippine export items declined. Likewise, there was a decline in the percentage of the principal imports into the Philippines supplied by the United States, except base metals, machinery other than electric and dairy products which showed relative increases.

The Western Hemisphere accounted for only a small portion of the significant rise in Philippine exports. The major factors behind that rise were greatly increased purchases of Philippine goods by Northwestern Europe, which increased 32.8 per cent over 1955 and raised its percentage participation in Philippine exports from 16.6 per cent to 19.6 per cent, and by Japan, which increased 31.9 per cent over 1955 and raised its percentage participation in Philippine exports from 15.2 per cent to 17.8 per cent. Exports to Northwestern Europe consisted chiefly of copra and, to a lesser extent, abaca. Exports to Japan were mainly logs, base metals and abaca. There was also a sizable percentage increase in exports to Hong Kong involving, however, much smaller absolute amounts.

On the import side, besides a diminution in the level of exports there was a shift in import preference away from North America and the Middle East and towards Europe and East Asia. The largest absolute increases were registered by Northwestern Europe,

whose sales to the Philippines rose 29.6 per cent over 1955 upping its share in total Philippine imports from 8.6 per cent to 12.1 per cent; Japan, whose sales rose 17.9 per cent upping its share from 7.9 per cent to 10.1 per cent; and Indonesia, whose sales rose 18.3 per cent upping its share from 3.5 per cent to 4.4 per cent. The main commodities imported from Northwestern Europe were machinery & transport equipment and base metals from Germany; textiles, machinery and base metals from the United Kingdom; and base metals and dairy products from the Benelux countries. Japan's major exports to the Philippines were textiles, base metals and machinery other than electric. Hong Kong also increased its sales of textiles to the Philippines, while Indonesia and Malaya and Singapore increased their sales of mineral fuels.

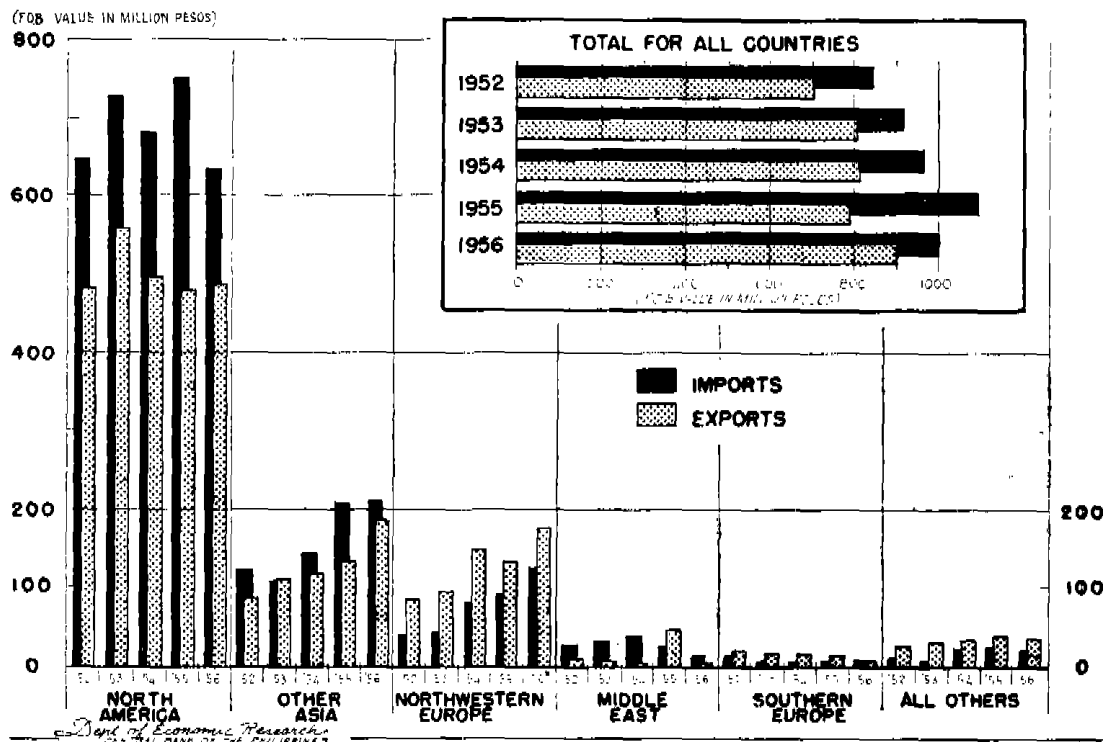
As an area, imports from the ECAFE countries increased by only 2.5 per cent from ₱201.7 million in 1955 to ₱206.7 million in 1956. In contrast, exports to the same region increased by 36.7 per cent from ₱133.9 million in 1955 to ₱183.1 million in 1956.

Direction of International Trade 1955-1956

(f.o.b. value in thousand pesos)

Trade with	Imports		Exports	
	1956	1955	1956	1955
TOTAL-ALL COUNTRIES.....	1,012,904	1,095,211	902,154	801,297
North America.....	633,249	748,405	485,810	480,120
United States.....	600,905	712,167	482,395	477,386
Other North American countries.....	32,344	36,238	3,415	2,734
Central America and Antilles.....	1,700	467	920	1,100
South America.....	7,747	5,187	30,325	28,336
Northwestern Europe.....	122,465	94,499	176,964	133,206
United Kingdom.....	30,579	25,557	13,785	10,702
Benelux countries.....	38,708	29,188	94,757	68,114
Other countries of Northwestern Europe.....	53,178	39,754	68,422	54,390
Southern Europe.....	7,398	4,759	11,254	11,330
Italy.....	2,891	2,497	3,611	6,568
Spain.....	1,165	1,307	4,837	4,172
Other countries of Southern Europe..	2,342	955	2,806	590
East Europe and USSR.....	267	27	—	—
Middle East.....	16,758	24,264	5,173	4,489
Other Asia.....	210,067	203,707	183,976	134,979
Japan.....	102,391	86,879	160,849	121,929
Indonesia.....	44,757	37,833	296	221
Other countries of Asia.....	62,919	78,995	22,831	12,829
Oceania.....	10,777	10,122	972	804
Other Africa.....	1,390	3,112	3,859	3,545
Miscellaneous.....	26	186	10	591
Other U.S. Insular Possessions.....	1,060	476	2,891	2,797

DIRECTION OF INTERNATIONAL TRADE



5. Terms of Trade

The terms of trade with all countries for 1956 were at their lowest during the last seven years except for the year 1952. The 5.9 per cent increase in import prices more than offset the 1.8 per cent improvement in export prices resulting in a deterioration in the terms of trade from 80.2 to 77.0. Among selected countries and regions, only the terms of trade with the United Kingdom registered an improvement, increasing by 18.7 per cent. This notable improvement was due primarily to the 16.3 per cent increase in the export price of abaca, which made up 75.8 per cent of total exports to the United Kingdom, while prices of imports from the same country declined by 1.5 per cent. Terms of trade with the United States remained relatively stable with import prices advancing by 3.7 per cent against the 2.9 per cent increase in export prices. Price increases in imported manufactured articles from Japan pushed up import prices by 13.3 per cent, far exceeding the 5.0 per cent improvement in export prices to that country, bringing about a 7.6 per cent decline in the terms of trade. The terms of trade with the Benelux area suffered the biggest fall, declining by 14.6 per cent. The 4.8 per cent fall in copra prices which comprised

85.9 per cent of total exports to the Benelux area caused over-all export prices to slip by 1.4 per cent while prices of machinery and equipment, and manufactured goods imported from the area stepped up import prices by 14.8 per cent.

Terms of Trade 1955-1956

(1948-1949=100)

Trading partner	1956			1955			Per cent change in net terms of trade
	Price index		Net terms of trade	Price index		Net terms of trade	
	Imports	Exports		Imports	Exports		
All countries.....	102.5	78.9	77.0	96.8	77.5	80.2	- 4.0
United States.....	118.2	84.3	71.3	114.0	81.9	71.9	- 0.8
Japan.....	108.5	80.1	73.8	95.8	76.3	79.9	- 7.6
United Kingdom.....	89.0	73.3	82.4	90.4	62.6	69.2	+19.1
Benelux.....	93.6	65.3	69.8	81.5	66.2	81.7	-14.6

6. Barter Transactions (Republic Act No. 1410)

Republic Act No. 1410, entitled **An Act to Prohibit the So-Called "No-Dollar" Imports Except Under Certain Conditions**, lapsed into law without the President's signature on September 10, 1955 but the major bulk of transactions was effected during 1956.

The law prescribed the categories of imports which might be imported without benefit of a foreign exchange allocation from the Central Bank. The main types were: (a) machinery and capital goods for dollar-saving and dollar-producing industries; (b) commodities imported for personal use, or brought from abroad by a returning resident, or gifts received from abroad through the post office, each within specified limits; (c) cloth imported on a consignment basis for embroidery and re-exportation; and (d) "commodities in exchange for goods exported by persons or firms making the importation on a straight barter basis when authorized by the Secretary of Commerce and Industry."

In order to implement the law, rules to govern transactions within its scope were issued on October 1, 1955. This set of rules limited barter transactions to producers and producers' associations or cooperatives. Exports allowed for barter were minor exports, the excess over the U.S. quota for goods covered by the trade agreement with the United States, the excess over a five-year average for other products and goods not salable for dollars due to grade, quality or "marginal production cost."

Revised rules for barter were drawn up by the Cabinet on July 11, 1956. No change was made for U.S. quota goods or goods not salable for dollars. However, the five-year average was done away with, and all major exports were allowed for barter up to fifteen per cent of their total export value. The limit defining minor exports was reduced. The composition of imports through barter was spelled out in somewhat more detail, and the NAMARCO was authorized to requisition up to twenty-five per cent of the imports. All barter transactions were to be covered by back-to-back letters of credit. Barter was prohibited with countries having no exchange controls and with free ports (except for the excess of U.S. quota goods).

Transactions under R.A. 1410 have tended to be dominated by "barter." As of December, 1956, total exports coursed through barter arrangements amounted to ₱54.18 million while imports were valued at ₱17.99 million, showing a lag of ₱36.19 million. Among the principal exports were logs and sawlogs which made up 45.28 per cent of total exports while copra comprised 12.72 per cent and sugar, 10.31 per cent. The greater portion of exports was directed to countries that have traditionally been Philippine markets. Japan dominated the straight barter trade as exports to that country amounted to 43.91 per cent of the total. Hong Kong was second with 31.32 per cent, Portugal third with 4.70 per cent, and the United States fourth with 4.68 per cent.

On the import side, 54.6 per cent of the total was made up of non-essential consumers' goods and 13.5 per cent of non-essential producers' goods. NAMARCO importations represented 22.2 per cent of total arrivals. The rest was divided between essential consumers and producers goods.

Outside of barter, other no-dollar imports in 1956 under Republic Act 1410 totalled \$17.8 million, 47.8 per cent of which represented embroideries. Importations of machinery and capital goods aggregated \$5.5 million and those for personal use, \$3.7 million. Importations under this arrangement for the previous year (October-December 1955) amounted to \$3.8 million, bringing the cumulative total up to December, 1956 to \$21.6 million.

Applications Filed Under R. A. 1410

Item	Oct. - Dec. 1955	Jan. - Dec. 1956	Total
TOTAL.....	\$ 3,849,566.92	\$ 17,784,690.31	\$ 21,634,257.23
Machinery & capital goods.....	75,556.70	5,466,091.03	5,541,647.73
Goods for personal use.....	2,324,287.61	3,760,405.34	6,084,792.95
Materials for embroidery.....	1,449,722.61	8,553,193.94	10,007,916.55

C. U.S. GOVERNMENT EXPENDITURES

The total inflow of funds through U.S. government expenditures declined by \$3.8 million from the \$150.5 million level of the preceding year. The principal change was a \$9.6 million drop in U.S. military expenditures which in 1955 had been significantly larger due to increased U.S. military payments abroad. U.S. Veterans Administration disbursements, likewise, fell off by \$5.2 million. These were, however, partially compensated for by gains in United States Operations Mission grants of \$11.2 million and \$1.7 million in expenditures of other U.S. Government agencies. Although U.S. government spending in the Philippines has shown a downward tendency, it constituted the second largest single source of foreign exchange, besides provision of goods and services in kind.

U.S. Government Expenditures, 1953-1956

(Million U.S. dollars)

Item	1953	1954	1955	1956 P
TOTAL.....	158.0	144.7	150.5	146.7
Military expenditures.....	50.5	49.7	51.8	42.2
Veterans administration.....	83.7	68.2	68.0	62.8
MSA/FOA/ICA/USOM.....	18.5	17.8	21.2	32.4
Veterans' Hospital Project Fund.....	.3	4.9	2.9	1.0
Other U.S. government agencies.....	5.0	4.1	6.6	8.3

D. INVISIBLES

Over the same period, invisible movements resulted in a net payment of \$50.5 million, a 17.6 per cent decrease from \$61.3 million in 1955. Largely responsible for this favorable trend was the \$11.2 million increase in miscellaneous receipts arising from increased remittances of Filipinos in Guam, Hawaii and the Pacific Coast to their families in the Philippines and from cancellations and refunds made during the year. The uptrend in foreign travel evident throughout the postwar period was reversed during the current year, with disbursements slightly less than the figure for the previous year due to additional restrictions imposed and reductions in allowances for educational purposes. Current earnings of non-residents totalled \$66.3 million for the year. Net investment income remitted abroad amounted to \$9.9 million against last year's

\$14.9 million. Other invisible payments included Philippine Government expenditures abroad of \$7.0 million, \$1.5 million of which represented interest payments on outstanding government obligations.

Invisible Movement, 1953-1956

(Million U.S. dollars)

Item	1953	1954	1955	1956 P
TOTAL.....	- 45.5	- 54.8	- 61.3	- 50.5
Monetary gold movement.....	16.8	14.6	14.7	14.2
Foreign travel.....	- 10.2	- 12.4	- 14.3	- 11.8
Insurance.....	- 3.4	- 5.4	- 4.9	- 5.8
Investment income.....	- 54.8	- 56.6	- 66.6	- 65.4
Government not included elsewhere.....	- 4.1	- 2.7	- 3.6	- 4.0
Donations.....	3.1	3.6	7.8	5.5
Miscellaneous.....	7.1	4.1	5.6	16.8

E. CAPITAL MOVEMENT

In the aggregate, capital movements registered a net inflow of \$21.2 million for the current year in contrast to \$127.2 million for the previous year. Long-term capital movements which were characterized by heavy official loans in 1955, resulted in a \$60.8 million inflow for this year. Loans from U.S. banks to Filipino producers through local commercial banks were \$11.7 million, compared to last year's \$41.3 million, due to the suspension of such loans pending the re-examination of the special arrangements between local and foreign banking institutions and the appraisal of signs of resurgent inflation. Increases in private long-term liabilities arose out of re-invested earnings of foreign investors of \$54.6 million.

In the official sector, short-term assets showed a rise of \$12.4 million due to increments in the Special Account of the Central Bank arising from the net utilization of loans from U.S. banks. Also, other foreign exchange assets of the Central Bank showed an increase of \$7.0 million, while those of other banking institutions rose by \$11.1 million, reflecting in the main the marked improvement in the current transactions.

TABLE I.—Balance of Payments Summary, 1956^a
A. Current Transactions
(Million U.S. dollars)

Item	Credit (Receipts)	Debit (Payments)	Net credit (+) or debit (-)
1. Merchandise (1.1 plus 1.2).....	437.72	508.72	- 71.00
1.1 Exports and imports (both f.o.b.).....	437.72	508.72	- 71.00
1.2 Other			
2. Non-monetary gold movement (net).....	14.22		+ 14.22
3. Foreign travel.....	1.56	13.39	- 11.83
4. Transportation (4.1 plus 4.2).....	.32	54.87	- 54.55
4.1 Gross freight .....	.32	54.87	- 54.55
4.2 Other.....			
5. Insurance.....	1.46	8.49	- 7.03
6. Investment income (6.1 through 6.3).....	6.38	71.81	- 65.43
6.1 Direct Investment.....		66.29	- 66.29
6.2 Other interest.....	2.68	1.48	+ 1.20
6.3 Other equity.....	3.70	4.04	- .34
7. Government, not included elsewhere (7.1 plus 7.2).....	114.80	5.55	+109.25
7.1 Military expenditures and surplus pro- perty.....	104.98		+104.98
7.2 Other.....	9.82	5.55	+ 4.27
8. Miscellaneous.....	42.60	25.79	+ 16.81
9. Donations (9.1 through 9.4).....	42.41	3.47	+ 38.94
9.1 Personal and institutional remittances.....	6.82	1.67	+ 5.15
9.2 Other private transfers.....	2.18	1.80	+ .38
9.3 Reparations.....			
9.4 Official grants.....	33.41		+ 33.41
10. Total current transactions (1 through 9).....	661.47	692.09	- 30.62
ERRORS AND OMISSIONS (16 minus 10)...			+ 9.43

TABLE I.—Balance of Payments Summary
B. Movement of Capital and Monetary Gold

Item	Net movement increasing (+) or decreasing (-)		
	Assets	Liabilities	Net assets
PRIVATE (excluding banking institutions)			
11. Long-term capital (11.1 through 11.6).....	— 1.45	+ 54.55	— 56.00
11.1 Direct investment.....	— 1.45	+ 54.55	— 56.00
11.2 Portfolio securities: bonds.....			
11.3 Portfolio securities: shares.....			
11.4 Amortization.....			
11.5 Other contractual repayments.....			
11.6 Other.....			
12. Short-term capital (12.1 plus 12.2).....	+ 6.95	— 3.40	+ 10.35
12.1 Currency, deposits, government obligations.....	+ 12.46		+ 12.46
12.2 Other.....	— 5.51	— 3.40	— 2.11
OFFICIAL AND BANKING INSTITUTIONS			
13. Long-term capital (13.1 through 13.6).....		+ 4.76	— 4.76
13.1 Official loans.....			
13.2 Bank loans.....		+ 11.70	— 11.70
13.3 Portfolio securities.....			
13.4 Amortization.....		— 6.94	+ 6.94
13.5 Other contractual repayments.....			
13.6 Other.....			
14. Short-term capital (14.1 through 14.4).....	+ 29.97	+ 6.77	+ 23.20
14.1 Payments and clearing agreements.....	— .87		— .87
14.2 Liabilities to IMF and IBRD.....		+ 5.00	— 5.00
14.3 Other liabilities to official and banking institutions.....	+ 12.42	+ 1.77	+ 10.65
14.4 Other.....	+ 18.42		+ 18.42
15. Monetary gold.....	+ 6.02		+ 6.02
16. Total movement of capital and monetary gold (11 through 15).....	+ 41.49	+ 62.68	— 21.19

NOTES TO TABLE I

The data represent preliminary estimates of the balance of payments of the Philippines for the year 1956. The primary sources of the basic data used are the exchange record and customs manifests supplemented with other pertinent data.

Current Transactions

1. Merchandise

Both exports (credit) and imports (debit) are f.o.b. and are based on customs manifests.

2. Non-monetary Gold Movement

The entry represents gold production of 406.2 thousand fine ounces during the year valued at the official rate of \$35 per fine ounce.

3. Foreign Travel

The credit figure represents purchases of dollars from incoming tourists, while the debit entry refers to sales of foreign exchange to residents for foreign travel, education, subsistence and other similar expenses abroad.

4. Transportation

The credit entry refers to freight on exports paid to domestic carriers while the debit entry refers to freight on imports paid to carriers of foreign registry; both figures come from customs manifests.

5. Insurance

The data cover insurance on merchandise per customs' manifests and receipts and payments of insurance premia per exchange record.

6. Investment Income

6.1 The entry refers to remittances of earnings, profits and dividends per exchange record plus estimated investment income accruing to foreign investors which has been reinvested in the Philippines.

6.2 The credit entry covers interest earned on time deposits of the Central Bank while the debit entry represents interest payments on outstanding government obligations.

6.3 The entries cover other investment remittances per exchange records.

7. *Government not included elsewhere*

7.1 The entry covers U. S. military expenditures in the Philippines.

7.2 The credit entry represents disbursements made in the Philippines by civilian agencies of the United States Government and other foreign governments while the debit entry refers to Philippine Government expenditures abroad other than amortization of government obligations and interest payments.

8. *Miscellaneous*

Both credit and debit entries are primarily based on the exchange record and cover remittances for services and miscellaneous items.

9. *Donations*

Private

The entries cover personal and institutional remittances including private transfers taken from exchange record and customs manifests.

Official

The entry refers to USOM grants for goods and services, withdrawals from the Veterans' Hospital Project Fund, the Philippine Special Program (JUSMAG) and the Philippine Special Account (Milk Fund).

MOVEMENT OF CAPITAL AND MONETARY GOLD

Private

11. *Long-term Capital*

11.1 Direct investment

Assets

The entry represents net repatriation of Philippine investment abroad per exchange records.

Liabilities

The entry refers to the net increase in foreign investment in the Philippines and is inclusive of estimated reinvested earnings.

12. *Short-term Capital*

12.1 This covers the net balances of exports over imports under straight barter arrangements and the Yen Escrow Account.

12.2 The entries represent receipts and payments in settlement of obligation arising from merchandise transactions per exchange records.

Official and Banking Institutions

13. Long-term Capital

13.2 The entry represents the amount of loans from U. S. banks utilized during the year net of repayments.

13.4 This entry covers installment payments of principal on outstanding government obligations.

14. Short-term Capital

Assets

14.1 The entry represents the decrease in the Open Account balance due from Japan under the Philippines-Japan Trade and Financial Agreements.

14.3 This entry covers the net increase in Special Accounts not covered by export bills.

14.4 The entry represents the increase in the foreign exchange holdings of the Central Bank and other banks and is inclusive of changes in the balances of the Fiscal Agency Fund and the Money Order Fund.

Liabilities

14.2 The entry covers the fund drawing from the I.M.F.

14.3 The increase in liabilities indicate the increase in foreign exchange liabilities of the banking system.

15. Monetary Gold

The entry refers to purchases of gold by the Central Bank out of current production.

INTERNATIONAL TRANSACTIONS¹ 1956^p

(Million U.S. dollars)

A. Goods and Services

Exports, f.o.b.	437.72
Imports, f.o.b.	—508.72
Trade balance.	— 71.00
Non-monetary gold movements.	14.22
Foreign travel.	— 11.83
Transportation & insurance.	— 61.58
Investment income.	— 65.43
Government not included elsewhere.	109.25
Other sources.	16.81
Total.	— 69.56

B. Private Donations and Capital Movements

Remittances.	5.53
Direct investments.	56.00
Bank liabilities to foreigners.	1.77
Loans from U.S. banks.	11.70
Short-term capital.	— 10.35
Drawings from I.M.F.	5.00
Total.	69.65

C. Special Official Financing

U.S. grants and credits.	33.41
Payments of U.S.-RFC loan.	— 6.00
NPC-Eximbank.	— .86
W. A. A.	— .08
	26.47

D. Net Errors and Omissions

	9.43
--	------

E. Surplus or Deficit

F. Compensatory Official Financing

Short-term Capital	
Monetary gold.	— 6.02
Short-term capital.	— 29.97
Total.	— 35.99

¹ No sign indicates credit, minus sign indicates debit.

(MILLION U.S. DOLLARS)

1/ Excluding monetary areas of European countries.
2/ Excluding sterling area.
3/ Excluding Mainland of China and monetary areas of European countries.

B. MOVEMENT OF CAPITAL AND MONETARY GOLD

(MILLION U.S. DOLLARS)

1/ Excluding monetary areas of European countries.
2/ Excluding sterling area.
3/ Excluding Mainland of China and monetary areas of European countries.
4/ Adjusted to exclude \$10 million which rightfully belong to unallocated.

CHAPTER VI

PRICES

Price levels in 1956 reversed the downward trend of prior years since 1951 and, on a yearly average basis, registered increases ranging from fractional to substantial and averaging about 3.5 per cent, as shown in the following table:

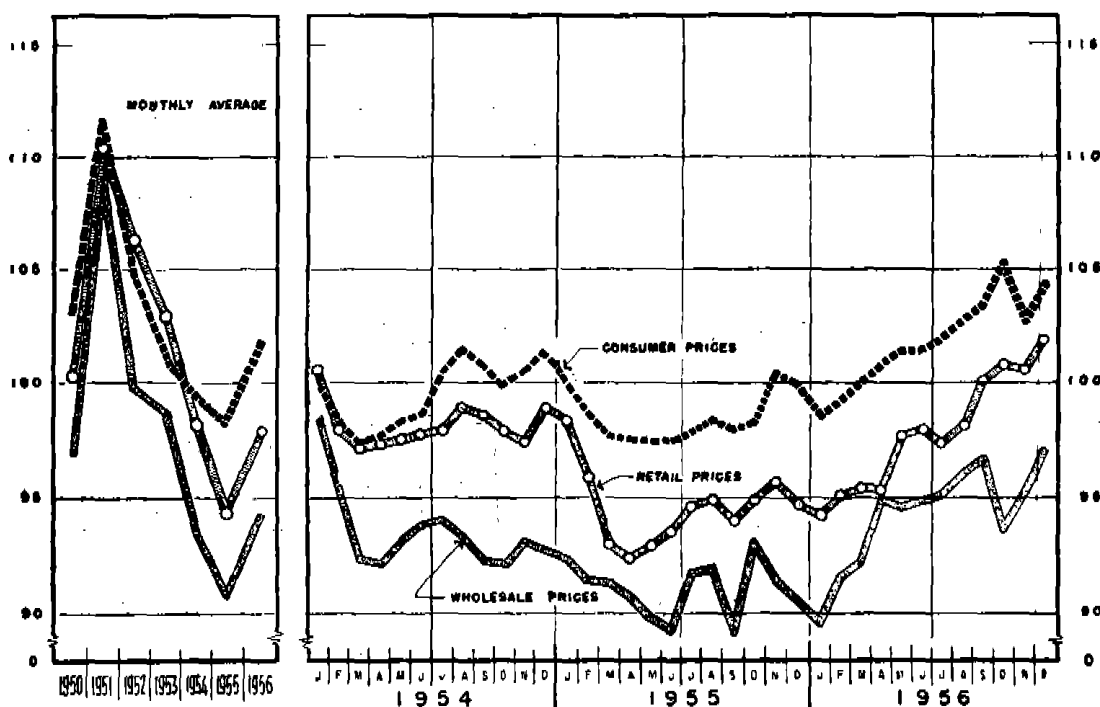
Changes in Price Indices in Manila 1952-1956

Price index (1949 = 100)	1952	1953	1954	1955	1956	Per cent change of 1956 over:			
						1952	1953	1954	1955
1. General wholesale									
price index.....	99.7	98.7	93.6	91.1	94.3	- 5.6	- 4.5	+ 0.7	+ 3.5
Domestic.....	93.3	93.5	88.2	86.3	88.0	- 5.7	- 5.9	- 0.2	+ 2.0
Home consumed....	94.6	92.8	88.1	86.9	88.8	- 6.1	- 4.3	+ 0.8	+ 2.2
Export	89.9	110.2	96.8	89.2	89.3	- 0.7	-19.0	- 7.7	+ 0.1
Imported.....	135.6	128.6	124.7	118.5	130.6	- 3.7	+ 1.6	+ 4.7	+10.2
2. Retail price									
index.....	106.3	102.9	98.2	94.6	98.0	- 7.8	- 4.8	- 0.2	+ 3.6
Domestic.....	101.0	97.1	91.5	87.8	89.6	-11.3	- 7.7	- 2.1	+ 2.1
Imported.....	127.5	126.2	126.8	122.7	134.1	+ 5.2	+ 6.3	+ 5.8	+ 9.3
3. Consumer price									
index.....	104.4	100.9	99.4	98.4	101.8	- 2.5	+ 0.9	+ 2.4	+ 3.5
Domestic.....	101.7	97.9	95.9	95.6	97.6	- 4.0	- 0.3	+ 1.8	+ 2.1
Imported.....	134.2	133.7	137.6	129.2	147.8	+10.1	+10.5	+ 7.4	+14.4
4. Stock price index.... (1952 = 100)	100.0	84.2	78.1	98.0	139.9	+39.9	+66.2	+79.1	+42.8

SOURCES OF BASIC DATA: Bureau of Commerce
Bureau of Fisheries
Bureau of Customs
Private firms
Public markets
Residential houses
Manila Stock Exchange

WHOLESALE, RETAIL AND CONSUMER PRICE INDICES FOR MANILA

(1949 = 100)



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Within the year, or on a December 1955-to-December 1956 basis, price levels showed a steeper upturn, since the figures were unaffected by the falling trend of early 1955. The wholesale price index went up by 7.2 per cent, the retail price index by 7.6 per cent, and the consumer price index by 4.5 per cent.

This upturn in the price movement, which started in the second half of 1955 and became more pronounced in 1956, may be attributed to adverse weather conditions, international developments and the resurgence of world-wide inflation, changes in the country's trade policy, the rapid expansion of credit, and budget deficits. The effects of these factors were partially counteracted by increases in domestic production and private savings, by the depletion of trade inventories, and by the further extension of selective decontrol of imports.

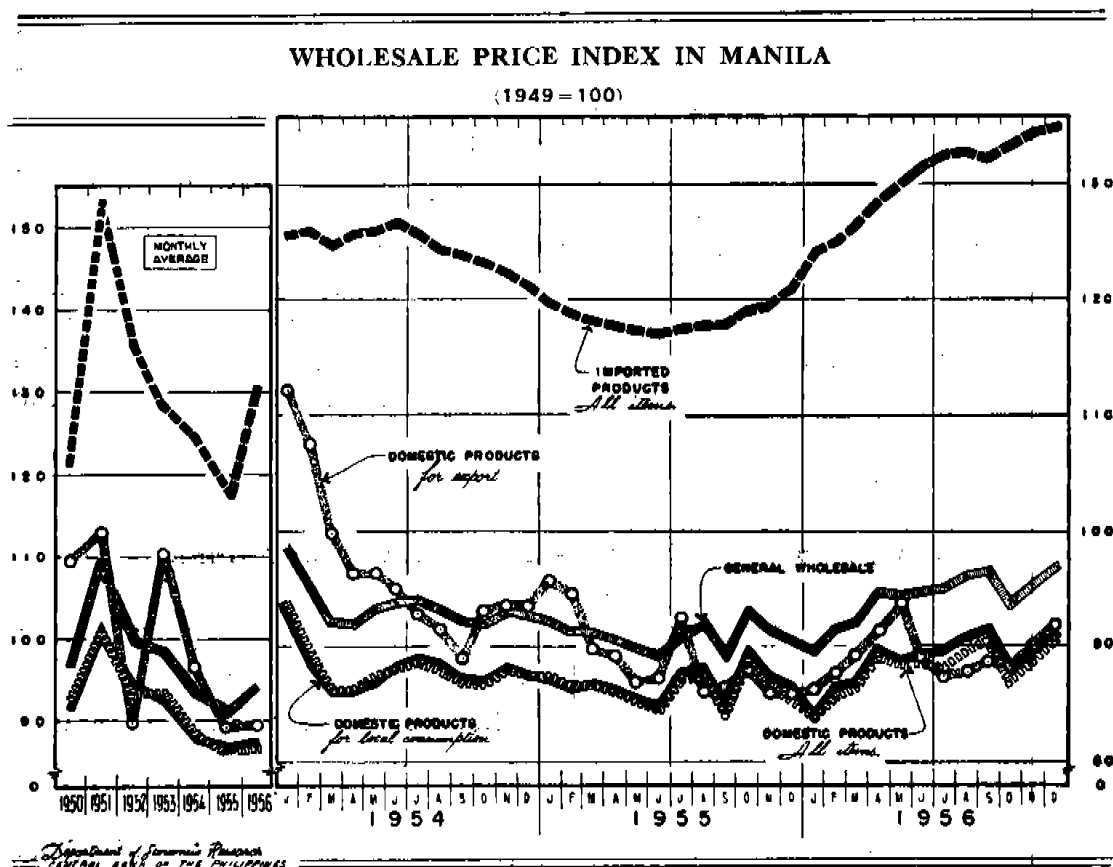
A. WHOLESALE PRICES

Average wholesale price advances during the year occurred largely in imported items and in domestic goods for home consumption. Late in 1955, signs of a price ascent were observed in im-

ported goods arising from anticipation of hiked tariff levies scheduled to take effect in January. At the beginning of 1956, however, the seasonal price declines in domestic food items pulled the over-all level down, notwithstanding price increases in imported goods. By February, the speculative activities which had seriously depleted the supply of some imported commodities in the open market penetrated even the domestic sector, pushing prices upward until April. From then on, prices remained practically steady through June. During the second semester, wholesale prices of imported and domestic items continued to rise on account of the abnormal floods and typhoons and world developments such as the Suez Canal blockage.

Changes in the Wholesale Price Indices in Manila
1952-1956

Item	1952	1953	1954	1955	1956	Per cent change of 1956 over:			
						1952	1953	1954	1955
Wholesale Price Indices (1949=100)									
1. All items.....	99.7	98.7	93.6	91.1	94.3	— 5.6	— 4.5	+ 0.7	+ 3.5
Food.....	95.4	89.5	86.4	84.8	86.7	— 9.1	— 3.1	+ 0.3	+ 2.2
Beverages & tobacco.	114.6	115.1	116.4	115.1	122.5	+ 6.9	+ 6.4	+ 5.2	+ 6.4
Crude materials....	90.5	111.5	97.8	94.1	98.0	+ 8.3	—12.1	+ 0.2	+ 4.1
Mineral fuels.....	113.4	108.5	105.0	103.4	103.6	— 8.6	— 4.5	— 1.3	+ 0.2
Chemicals.....	110.6	107.9	102.8	94.7	96.4	—12.8	—10.7	— 6.2	+ 1.8
Mftd. goods.....	124.6	114.4	109.8	105.0	114.0	— 8.5	— 0.3	+ 3.8	+ 8.6
Machinery & trans. equip.....	153.4	137.2	128.4	124.3	136.8	— 0.5	— 0.3	+ 6.5	+10.1
Miscellaneous.....	128.6	129.3	125.1	119.9	122.8	— 4.5	— 5.0	— 1.8	+ 2.4
2. Domestic.....	93.3	93.5	88.2	86.3	88.0	— 5.7	— 5.9	— 0.2	+ 2.0
Home consumption...	94.6	92.8	88.1	86.9	88.8	— 6.1	— 4.3	+ 0.8	+ 2.2
Agricultural.....	90.1	86.1	81.2	81.0	81.8	— 9.2	— 5.0	+ 0.7	+ 1.0
Non-agricultural....	99.3	100.4	96.2	93.6	96.8	— 2.5	— 3.6	+ 0.6	+ 3.4
Exports.....	89.9	110.2	96.8	89.2	89.3	— 0.7	—19.0	— 7.7	+ 0.1
Agricultural.....	80.5	107.7	89.3	80.5	80.5	—	—25.3	— 9.9	—
Non-agricultural....	101.4	113.3	106.0	99.8	100.1	— 1.3	—11.7	— 5.6	+ 0.3
3. Imported.....	135.6	128.6	124.7	118.5	130.6	— 3.7	+ 1.6	+ 4.7	+10.2
4. Home consumption (Imported & domestic).	100.9	98.1	93.9	91.9	95.4	— 5.5	— 2.8	+ 1.6	+ 3.8



Average wholesale prices of exports showed a fractional increase, particularly in the non-agricultural group. There was a steady improvement in prices in 1956, except for a sharp decline in the third quarter, which almost wiped out all the gains of the first semester. Compared with prices last year, appreciable increases were registered by logs and abaca (20 per cent); lumber and copra meal (more than 5 per cent), and leaf tobacco and sugar (about 1 per cent). Price declines for other major products ranged from 3 to 6 per cent.

On a December-to-December basis, agricultural products for local consumption led the advance with an increase of 13 per cent, while domestic non-agricultural products for local consumption fell by 3 per cent, resulting in a 5.2 per cent rise in the index of domestic products for local consumption. Since imported products for local consumption rose by 11.5 per cent, the home consumption wholesale price index rose by 7 per cent. Domestic agricultural products for export rose by 9.1 per cent and non-agricultural exports by 5.2 per cent, sending up the over-all wholesale export price index by 7.1 per cent, and the over-all domestic wholesale price index by 6 per cent.

B. RETAIL PRICES

Average retail prices of selected commodities in Manila for 1956 were 3.6 per cent higher than in 1955. The upward effects

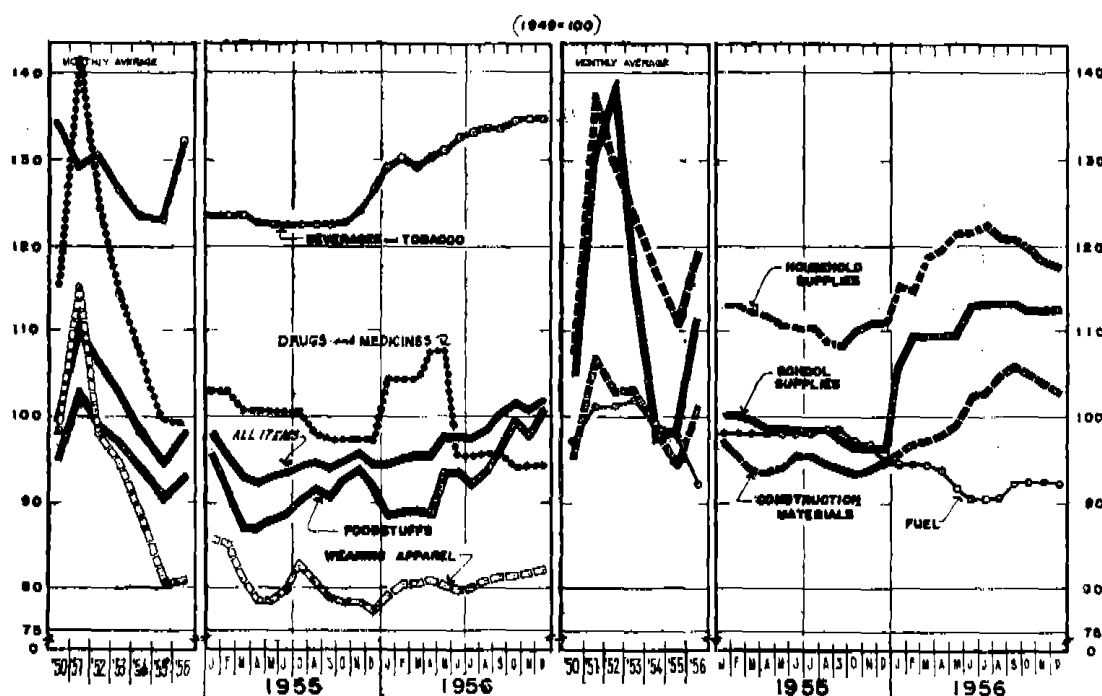
of external political events and internal economic developments during the year on the wholesale market seeped down to the retail level.

Average price increases of both imported and domestic items raised the group indices for food, wearing apparel, construction materials, school supplies, beverages & tobacco, and household supplies & equipment, which the declines recorded in drugs & medicines and fuel failed to offset.

Changes in the Retail Price Index of Selected Commodities in Manila, 1952-1956

Item	1952	1953	1954	1955	1956	Per cent change of 1956 over:			
						1952	1953	1954	1955
Retail Price Index (1949=100)									
All items.....	106.3	102.9	98.2	94.6	98.0	- 7.8	- 4.8	- 0.2	+ 3.6
Foodstuffs.....	99.1	97.3	94.0	90.7	93.5	- 5.7	- 3.9	- 0.5	+ 3.1
Wearing apparel.....	98.3	94.7	88.5	80.5	80.6	-18.0	-14.9	- 8.9	+ 0.1
Construction materials.....	103.0	103.2	98.9	94.7	101.2	- 1.7	- 1.9	+ 2.3	+ 6.9
Fuel.....	101.3	102.2	99.4	97.7	92.5	- 8.7	- 9.5	- 6.9	- 5.3
Drugs & medicines.....	124.3	114.1	107.5	99.7	99.3	-20.1	-13.0	- 7.6	- 0.4
School supplies.....	139.0	115.2	97.8	98.3	111.1	-20.1	- 3.6	+13.6	+13.0
Beverages & tobacco..	130.5	126.5	123.6	123.4	132.2	+ 1.3	+ 4.5	+ 7.0	+ 7.1
Household supplies & equipment.....	129.9	123.5	117.1	110.8	119.3	- 8.2	- 3.4	+ 1.9	+ 7.7

RETAIL PRICE INDEX OF SELECTED COMMODITIES IN MANILA



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Within the year (December-to-December), the 7.6 per cent rate of increase was about double that registered by the yearly average figures. School supplies led the rise with 16.5 per cent, followed by foodstuffs with 9.6 per cent, construction materials with 8.1 per cent, beverages & tobacco with 6.2 per cent, household supplies & equipment with 5.9 per cent, and wearing apparel with 5.8 per cent. Tariffs accounted for the rise in school supplies. Weather conditions, the expulsion of alien truck farm operators from Benguet, and the effects of the legislative ban on onions, garlic, potatoes and cabbage extensively affected the foodstuffs component, mitigated only by the continuation and extension of decontrol of essential imported food items. The rise in prices of construction materials was brought about by the increase in public works projects, which absorbed the major part of domestic cement production, and the simultaneous advance in private building activity.

C. CONSUMER PRICES

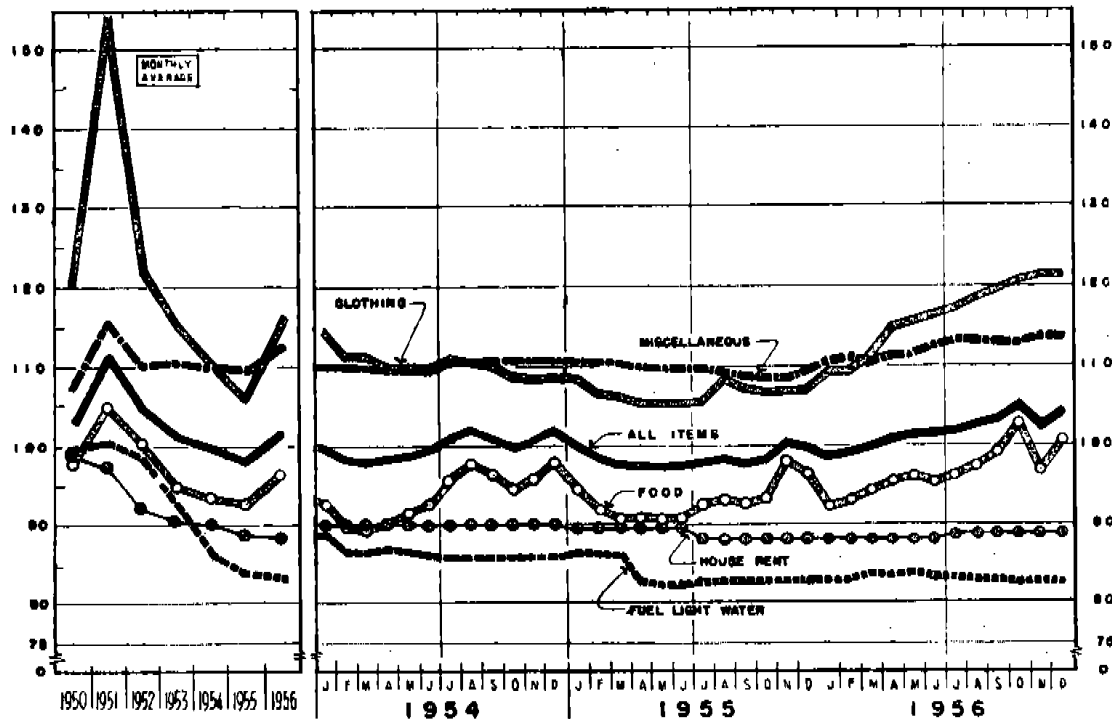
Retail prices of consumer items rose on the average by 3.5 per cent between 1955 and 1956. As shown in the following table, this movement reversed the continuous decline of a four-year period since 1951.

*Changes in the Consumer Price Index
in Manila, 1952-1956*

Item	1952	1953	1954	1955	1956	Per cent change of 1956 over:			
						1952	1953	1954	1955
Consumer Price Index (1949 = 100)									
All items.....	104.4	100.9	99.4	98.4	101.8	- 2.5	+ 0.9	+ 2.4	+ 3.5
Food.....	100.3	94.8	93.6	92.9	96.7	- 3.6	+ 2.0	+ 3.3	+ 4.1
Clothing.....	122.2	115.6	110.3	106.6	116.4	- 4.7	+ 0.7	+ 5.5	+ 9.2
House rent.....	92.1	90.4	90.0	88.9	88.6	- 3.8	- 2.0	- 1.6	- 0.3
Fuel-light-water.....	98.6	92.7	86.6	83.5	83.1	-15.7	-10.4	- 4.0	- 0.5
Miscellaneous.....	110.0	110.3	110.0	109.6	112.2	+ 2.0	+ 1.7	+ 2.0	+ 2.4

CONSUMER PRICE INDEX IN MANILA

(1949 = 100)



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Retail prices of food, clothing and miscellaneous consumer goods averaged relatively higher than in 1955, while service prices for rent and fuel, light and water dropped fractionally during the period. The over-all rise in the index was largely due to upward price adjustments of imported items. However, Namarco goods retailed at lower prices partly dampened the rise in the price level.

On a December-to-December basis, the commodity groups leading the price rise were the same as on a yearly average basis, but the increases were of greater magnitude, particularly in clothing. The stability of public utility and rent charges diminished the magnitude of the over-all rise.

D. STOCK PRICES

There was a break in the continuous decline of stock prices since 1953 when in the latter part of 1955 there were a reported discovery of uranium in the Philippine Iron properties, loose talk of devaluation, and a test drilling for oil was started by the Philippine Oil Company at Cagayan. A bull market at the start of 1956, pace-set by mines shares, sent the stock price index soaring to an all-time high in March. The failure of the oil test hole, the

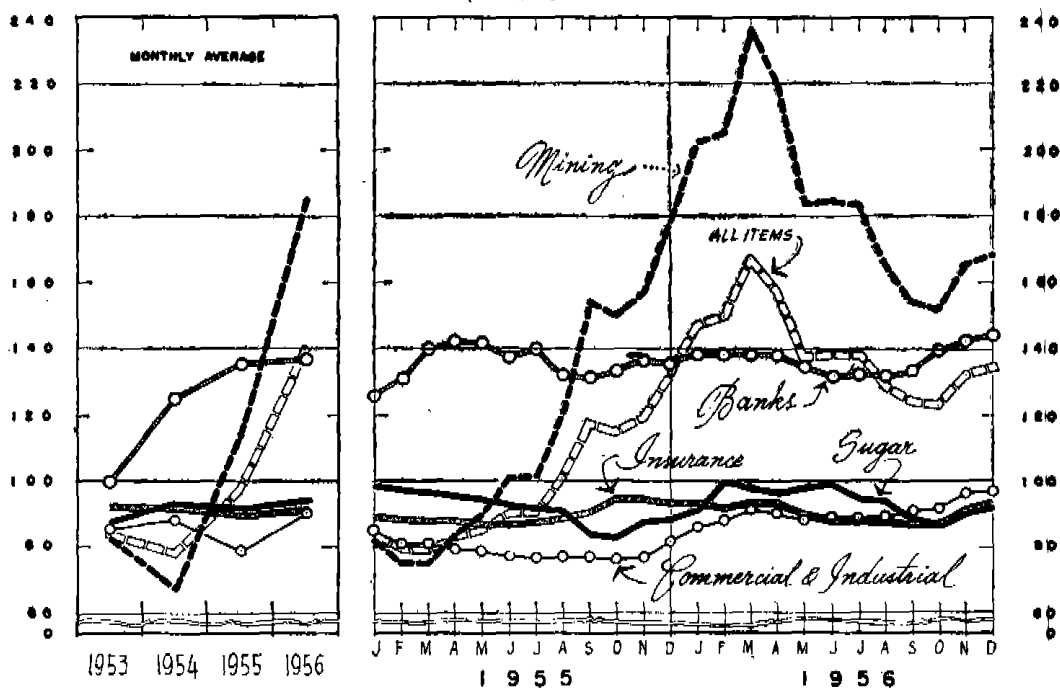
weakening of world copper quotations and the crises created by the Suez Canal crisis later in the year developed a relatively bearish market. From an average of approximately 9 million shares per month in 1952 and 1953, turnover jumped to an average of around 90 million and 80 million shares per month in 1955 and 1956, respectively. Though the volume of sales was a little bit lower in 1956 than in 1955, valuation reached a high of ₱257 million in 1956 compared to only ₱168 million in 1955, because of a much higher price level in 1956.

Changes in the Stock Price Index in Manila, 1952-1956

Item	1953	1954	1955	1956	Per cent change of 1956 over:					
					1952	1953	1954	1955		
Stock Price Index (1952=100)										
All establishments.....	84.2	78.1	98.0	139.9	+39.9	+	66.2	+	79.1	+42.8
Banks.....	100.0	124.7	135.6	137.0	+37.0	—	37.0	+	9.9	+ 1.0
Insurance.....	92.0	92.2	89.8	90.9	— 9.1	—	1.2	—	1.4	+ 1.2
Commercial & Industrial.....	84.8	88.4	79.3	90.7	— 9.3	+	7.0	+	2.6	+14.4
Mining.....	83.3	67.6	114.0	185.0	+85.0	+	122.1	+	173.7	+62.3
Sugar.....	87.2	92.4	91.5	94.2	— 5.8	+	8.0	+	1.9	+ 3.0

STOCK PRICE INDEX FOR MANILA

(1952 = 100)



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MONETARY AND FISCAL DEVELOPMENTS

CHAPTER VII

MONEY SUPPLY

A. MOVEMENT

The upward movement of money supply which started in mid-1955 continued throughout 1956 without regard to seasonal factors. Except for the month of May, when a slight (1.0 per cent) decrease was noted, the monthly expansion in the volume of money continued up to the end of the year, when an all-time record ₱1.5 billion was reached. This record volume was brought about (on the demand side) by brisk business activities and public investment expenditures, and (on the supply side) by the absorption of new government bond issues by the banking system, and by the increase in loanable funds of Other Banks.

Money Supply, 1955-1956

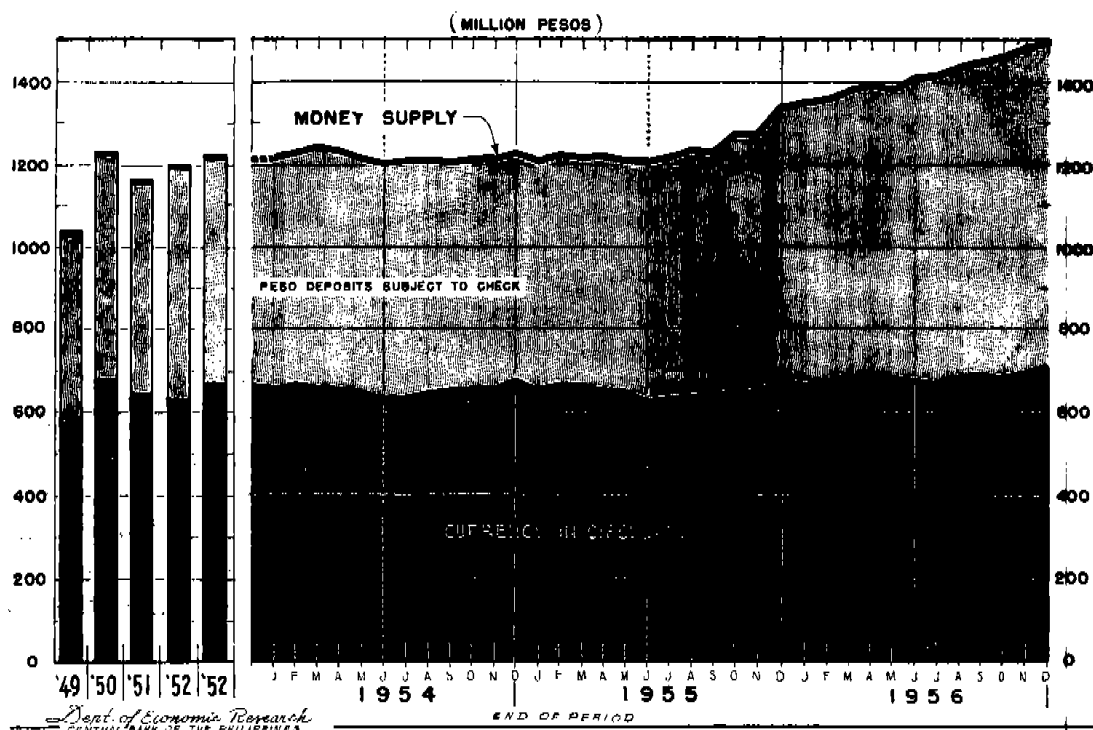
(Amount in million pesos)

End of Period	1956	1955	Seasonal ^a index
January.....	1,347.0	1,209.9	100.6
February.....	1,353.1	1,222.9	101.2
March.....	1,382.0	1,216.1	100.9
April.....	1,397.1	1,221.8	101.1
May.....	1,383.3	1,208.6	99.1
June.....	1,416.8	1,209.9	98.4
July.....	1,419.6	1,216.5	97.8
August.....	1,435.5	1,239.6	97.2
September.....	1,448.0	1,234.1	98.9
October.....	1,460.9	1,276.6	101.0
November.....	1,479.2	1,278.6	101.7
December ^b	1,499.2	1,336.2	102.1

^a Based on 13-month moving average, 1946-1954.

^b The corresponding amount in 1954 was ₱1,226.6 million.

MONEY SUPPLY AND ITS COMPOSITION



Compared to 1955 developments, movements of money supply during 1956 were a combination of similarities and contrasts: First, net expansion of money supply in 1955 was concentrated in the second semester, whereas expansion was more evenly distributed during 1956. Second, the volume of money expanded, but at different rates, during the two 12-month periods; consistent expansions in 1956 accumulated to a 12.2 per cent increase, 3.3 per cent greater than the total of 1955. Third, both years produced records in the volume of money; 1955 ended with money supply at the ₱1,336.2 million level, a record which was continuously improved upon monthly during 1956, with the twelve months' increments totalling a little more than ₱160 million. Fourth, month-to-month movements of money supply in 1955 established a fall-and-rise pattern which followed the seasonal demands more closely than did movements in 1956 which were predominantly upward.

B. COMPOSITION

The continuous upward movement of money supply was accompanied by a change in its composition. Demand deposits emerged as the major component of money supply in 1956. Last year's composition started with 55.2 per cent currency in circulation and 44.8

per cent demand deposits; at the close of 1955, money supply was evenly distributed between the two. The breakthrough was registered during the first month of 1956: 49.0 per cent currency in circulation and 51.0 per cent demand deposits. The redistribution continued to the year's end when money supply was constituted by 48.0 per cent currency in circulation and 52.0 per cent demand deposits. The last time demand deposits formed the major component (51 per cent) of money supply was in October-November, 1950.

Money Supply and its Components, 1955-1956

(Amount in million pesos)

Period	Total	Currency in circulation		Demand deposits	
		Amount	Per cent of total	Amount	Per cent of total
1955					
Beginning.....	1,226.6	676.6	55.2	550.0	44.8
Middle.....	1,209.9	624.1	51.6	585.8	48.4
End.....	1,336.2	670.4	50.2	665.8	49.8
1956					
End of January.....	1,347.0	660.7	49.0	686.3	51.0
Middle.....	1,416.8	675.0	47.6	741.8	52.4
End.....	1,499.2	718.9	48.0	780.3	52.0

The observed change in the composition of money supply seems to suggest two significant developments: first, the percentage increase in effective money supply—volume of money times velocity of money—was smaller than the increase in money supply (or volume of money). This is due to the lower velocity of demand deposits relative to that of currency in circulation primarily due to its lesser area of acceptability as an exchange medium. Secondly, the shift in composition is probably indicative of a growing banking system—a greater proportion of the population having recourse to the banking system as a source of financing and as a depository of funds. Taken in concert with increased economic activity, this may be taken as symptomatic of an accelerated economic growth and development.

1. Currency in Circulation

Monthly movements of currency in circulation were less uniform in direction than those of total money supply but the general trend during the year also sloped upwards. The resultant 7.2 per cent expansion of active cash brought the level to an 8-year record of ₱718.9 million at the year's end. This expansion reversed the slight contraction of active cash in 1955.

Factors that Influenced Changes^a in Currency in Circulation, 1956

(Million pesos)

Item	First quarter	Second quarter	Third quarter	Fourth quarter	Net effect
CENTRAL BANK OPERATIONS.	+ 11.8	- 4.4	+ 11.8	+ 47.2	+ 66.4
Foreign exchange transactions.	- 6.3	+ 28.9	+ 5.8	- 16.2	+ 12.2
Open market and credit operations. .	+ 30.1	+105.3	- 12.0	+ 38.5	+161.9
Deposit liabilities.	+ 5.0	-133.8	+ 19.6	+ 21.0	- 88.2
Other transactions.	- 17.0	- 4.8	- 1.6	+ 3.9	- 19.5
INACTIVE CASH HOLDINGS IN:	+ 7.4	- 10.2	+ 2.5	- 17.6	- 17.9
Other Bank's vaults.	+ 3.5	- 2.7	- 0.1	- 8.6	- 7.9
Treasury vaults.	+ 3.9	- 7.5	+ 2.6	- 9.0	- 10.0
CHANGES IN CURRENCY IN CIRCULATION.	+ 19.2	- 14.6	+ 14.3	+ 29.6	+ 48.5

^a Plus sign (+) indicates an increase, and minus sign (-) a decrease in currency in circulation.

The expansion of active cash by P48.5 million was wholly attributable to Central Bank operations. The biggest single expansionary factor was the increase in loans to commercial and rural banks amounting to P82.3 million. This was followed closely by increased purchases of government securities (by P54.6 million). In addition, the availment of special loans from U.S. banks increased by P24.9 million and Central Bank sales and purchases of foreign exchange netted some P12.2 million. These expansionary influences were partly offset by an increase in deposit liabilities (P88.2 million), other Central Bank transactions (P19.5 million) and an increase in inactive cash holdings in Other Banks' and Treasury vaults (P17.9 million).

2. Peso Demand Deposits

Aggregate peso demand deposits also increased during 1956. The year's 17.2 per cent expansion coupled with the 21.1 per cent rise of 1955 brought the level of these deposits to a new high—P780.3 million—at the end of 1956. The growth was mainly caused by the substantial expansion in unused overdraft lines and in business and individual deposits. Together, they constituted 83.7 per cent of the over-all increase. With only one exception, all other deposit items also showed increases. In addition to the expansion in the volume, the turnover rate increased from the 1955 average of 1.57 to 1.59 in 1956; the range of monthly velocities widened by 0.23 points.

Peso Demand Deposits
December 31, 1955-1956

(Amount in million pesos)

Item	Amount		Increase or decrease (-)	
	1956	1955	Amount	Per cent
TOTAL.....	780.3	665.8	114.5	17.2
Business individuals.....	351.4	305.0	46.4	15.2
Semi-government entities.....	101.2	85.5	15.7	18.4
City, provincial and municipal governments.....	81.5	88.0	- 6.5	- 7.4
U.S. government entities.....	43.7	35.8	7.9	22.1
Unused overdraft lines.....	187.5	138.1	49.4	35.8
Cashiers' and managers' checks.....	15.0	13.4	1.6	11.9

The combined increases in volume and velocity indicated that business and government activities were brisk during 1956. The increase in volume was made possible by the improved supply of banks' loanable funds.

Turnover Rate^a of Demand Deposits, 1955-1956

Item	1956	1955
High.....	1.85	1.72
Average.....	1.59	1.57
Low.....	1.33	1.43
Range.....	.52	.29

^a Ratio of total debits to average peso demand deposits.

C. FACTORS RESPONSIBLE FOR MONEY SUPPLY MOVEMENT

Expansion of money supply by ₱163.0 million during 1956 originated in both internal and external sources, in contrast to last year's expansionary elements which were confined to internal sources. Headed by development financing and business credit requirements, the internal economy generated two-thirds of the new money. The surplus in the country's foreign exchange transactions improved the international reserve and consequently gave rise to a third of the new generated money.

The private sector accounted for six-tenths of the ₱112.0 million in new money coming from internal sources. A net increase of 12.9 per cent in credit operations of Other Banks was the sole contributory factor to the expansion in the volume of money. This was partially reduced by a one-tenth increase in their savings, time and other deposits, and a one-fifth increase in their net miscellaneous accounts. The inter-action of these factors gave rise to ₱66.9 million in new money.

On the other hand, the public sector generated P45.1 million of the new money. The major factor was the government's new security issues, a substantial part of which was absorbed by the banking system. This was reinforced by slight increments in loans, discounts, overdrafts and acceptances of Other Banks, as well as the positive effect of changes in miscellaneous accounts of the Central Bank and the Philippine National Bank. The considerable P89.0 million increase in National Government balances, which arose from the lag between available finances and actual disbursements, along with a 124.4 per cent increase in savings and time deposits of government entities delayed the infusion of the total value of new issues into the supply of money.

Factors Responsible for Money Supply Movement
December 31, 1955-1956

(Million pesos)

Item	1955	1956	Increase or decrease (-)	Net effect on money supply ^a
I. MONEY OF INTERNAL ORIGIN				
A. Public Sector^b				
1. Credit Operations				
a. Gov't. securities held by Central Bank.....	451.1	396.5	54.6	+ 54.6
b. Gov't. securities held by Other Banks.....	342.1	225.9	116.2	+116.2
c. Other credits of Central Bank ^c	21.5	21.4	0.1	+ 0.1
d. Loans, discounts, overdrafts and customers' liability acceptances of Other Banks.....	13.1	8.8	4.3	+ 4.3
Less.				
2. National Government balances...	273.8	184.8	89.0	-117.0 ^d
3. Savings and time deposits.....	26.7	11.9	14.8	- 14.8
4. Net miscellaneous accounts of CB and PNB.....	2.9	(5.4)	8.3	+ 1.7 ^e
Total.....	524.4	461.3	63.1	+ 45.1
B. Private Sector				
1. Credit Operations				
a. Loans, discounts, overdrafts ^f and customers' liability acceptances...	1,240.4	1,097.0	143.4	+143.4
b. Corporate securities.....	1.6	3.5	- 1.9	- 1.9
Less.				
2. Savings, time and other deposits...	590.6	537.8	52.8	- 52.8
3. Net miscellaneous accounts of private banks.....	128.2	106.5	21.7	- 21.8 ^g
Total.....	523.2	456.2	67.0	+ 66.9
C. Total Public and Private Sectors...	1,047.6	917.5	130.1	+112.0

Factors Responsible for Money Supply Movement **December 31, 1955-1956—(Concluded)**

(Million pesos)

Item	1955	1956	Increase or decrease (-)	Net effect on money supply ^a
II. MONEY OF EXTERNAL ORIGIN				
A. International Reserve.....	449.4	418.4	31.0	+ 51.0 ^d
III. MONEY SUPPLY.....	1,499.2	1,336.2	163.0	+163.0

^a Plus sign (+) indicates an increase and minus sign (-) a decrease in money supply.

^b Consisting of the National Government, local governments and semi-government entities.

^c Excluding loans to rural banks which are included in the private sector.

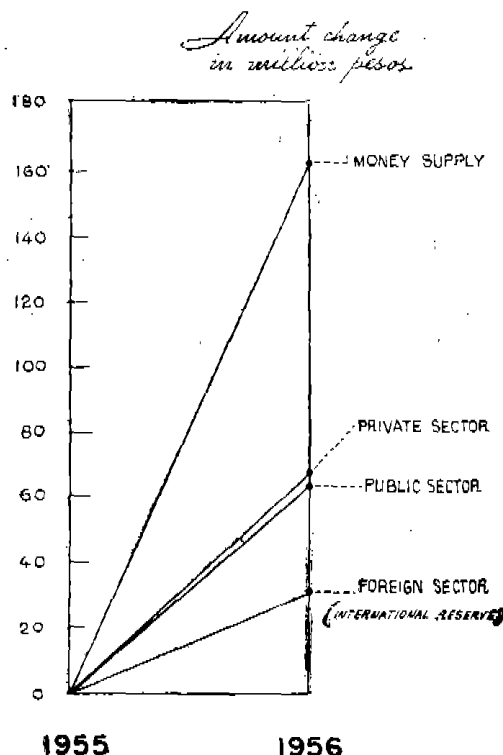
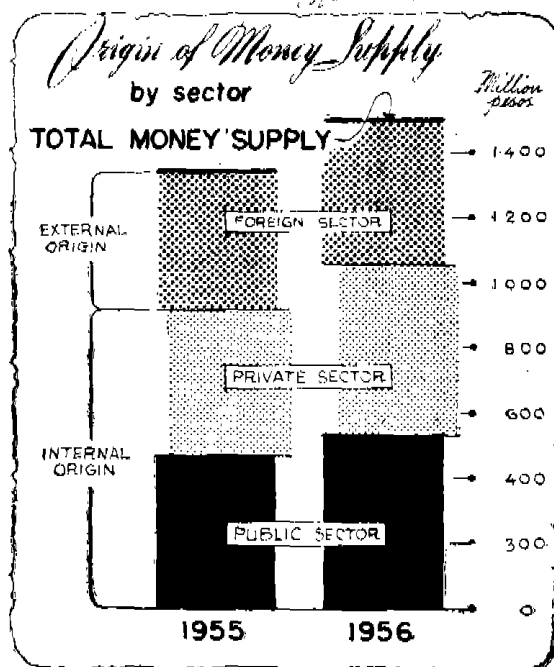
^d Fiscal operations actually exerted a negative effect of P117.0 million on money supply due to the inclusion of P28.0 million representing National Government expenditures abroad which did not generate money supply. Likewise, this amount (P28.0 million) together with the \$5.0 million (P10.0 million) purchased from the IMF which did not generate money supply was excluded from the international reserve; thus, money of external origin actually caused an expansion of P51.0 million in money supply. Net foreign receipts during the period amounted to \$16.5 million (P33.0 million) thereby reflecting a lag of P2.0 million in the international reserve.

^e Excluding the \$5.0 million (P10.0 million) deposits of the IMF with the Central Bank.

^f Including unused overdraft lines.

^g Including recording lag of P0.1 million.

Factors responsible for **MONEY SUPPLY** *Movement*



D. ACTIVE AND PASSIVE MONEY

During 1956, the quantitative increase in active money barely exceeded the expansion in the volume of passive money. However, the level of passive money was less than one half that of active money and, therefore, its rate of increase during the year was about two and a half times the rate of increase in active money: 28.7 per cent as against 12.2 per cent. The annual rates of increase of both active and passive money were higher than those of the preceding year when they were 8.9 per cent and 14.6 per cent, respectively.

Active and Passive Money December 31, 1954-1956

(Amount in million pesos)

Item	1954	1955	1956
ACTIVE MONEY			
Currency in circulation.....	676.6	670.4	718.9
Peso demand deposits.....	550.0	665.8	780.3
Total.....	<u>1,226.6</u>	<u>1,336.2</u>	<u>1,499.2</u>
PASSIVE MONEY			
Savings and time deposits of Other Banks ^a ...	427.2	479.5	562.1
Government securities ^b	53.5	71.3	147.0
Total.....	<u>430.7</u>	<u>550.8</u>	<u>709.1</u>
INDICES (1953=100)			
ACTIVE MONEY.....	100.2	109.2	122.5
PASSIVE MONEY.....	118.3	135.6	174.6

^a Consisting of commercial and savings banks.

^b Excluding government securities held by the Central Banks, Other Banks, Bonds Sinking Fund Industrial Guarantee and Loan Fund and Securities Stabilization Fund.

The increase in government securities by 106.2 per cent shared almost equally with the 17.2 per cent increment in savings and time deposits of Other Banks in the total ₱158.3 million increase in passive money. In contrast, government securities increased by 33.3 per cent and accounted for only one-fourth of the total ₱70.1 million increase in the preceding year, while time and savings deposits of Other Banks went up by only 12.2 per cent.

This upward movement of the level of passive money, by increasing the deposit base for the banking systems credit operations

was partially responsible for the ₱163.0 million increase in active money. While the increment in peso demand deposits more than fully accounted for the ₱109.6 million increase in active money during 1955, currency in circulation shared three-tenths of the ₱163.0 million increase experienced in 1956.

E. MONEY SUPPLY AND INTERNATIONAL RESERVE

Although the 1956 level of international reserves exhibited an over-all gain, the bigger expansion in volume of money and its components brought about a slight deterioration in its ratio to money supply and to currency issue. The ratio increased during the first-half when reserves increased at a generally faster rate than money supply and currency issue. However, the decrease in the ratio during the second half wiped out the increase, and resulted in a deterioration of 1.3 and 1.0 points, respectively, by the year's end.

Ratio of International Reserve to Money Supply and Currency Issue, 1955-1956

(Amount in million pesos)

End of period	International reserve	Money supply	Currency issue	Ratio (per cent) of international reserve to:	
				Money supply	Currency issue
1955	418.4	1,336.2	711.6	31.3	58.8
1955—January.....	436.8	1,347.0	695.8	32.4	62.8
February.....	435.4	1,353.1	711.8	32.2	61.2
March.....	442.6	1,382.0	723.3	32.0	61.2
April.....	464.6	1,397.1	727.4	33.3	63.9
May.....	465.3	1,383.3	732.8	33.6	63.5
June.....	467.6	1,416.8	719.0	33.0	65.0
July.....	468.7	1,419.6	712.9	33.0	65.7
August.....	462.8	1,435.5	720.7	32.2	64.2
September.....	475.3	1,448.0	730.8	32.8	65.0
October.....	468.3	1,460.9	732.1	32.1	64.0
November.....	456.2	1,479.2	746.4	30.8	61.1
December.....	449.4	1,499.2	778.0	30.0	57.8

The international reserve coverage of money supply of various selected countries is indicated below to place the ratio in perspective:

Ratio of International Reserve to Money Supply of Selected Countries as of June 30, 1956^a

(Amount in million U.S. dollars)

Country	International reserve	Money supply	Ratio (per cent)
Cuba.....	558.0	918.0	60.8
Netherlands.....	1,330.0	2,545.5	52.2
Germany, Federal Republic of.....	3,562.0	6,857.1	51.9
Mexico.....	424.0	841.9	50.4
Burma.....	141.6	288.1	49.1
Pakistan.....	390.0	981.3	39.7
India.....	1,806.0	4,596.9	39.3
Costa Rica.....	22.6	58.4	38.7
Japan.....	1,593.0	4,561.1	34.9
Philippines.....	233.8	708.4	33.0
Canada.....	1,912.0	5,840.0	32.7
Norway.....	236.1	1,306.6	18.1
United States.....	21,870.0	133,000.0	16.4
United Kingdom.....	2,385.0	15,260.0	15.6
Brazil.....	669.0	10,627.0	6.3
France.....	1,786.0	51,810.7	3.4

^a This date was chosen inasmuch as it represented the latest available data for some countries included in this table.

CHAPTER VIII

CREDIT AND BANKING DEVELOPMENTS

A. OVER-ALL CREDIT POLICY

manly
To accelerate economic development in 1956, the Central Bank continued to follow the liberal credit policy of the previous year in subscribing heavily to government securities and extending loans and advances to Other Banks. In response to this policy of the Central Bank, Other Banks expanded their credits to the private sector and purchased substantial amounts of government securities. The volume of government securities held by the Central Bank rose sharply from ₦396.5 million at the end of 1955 to ₦451.1 million at the end of 1956, and the amount held by Other Banks increased from ₦229.4 million at the end of 1955 to ₦343.7 million at the end of 1956. During this period the total amount of government securities sold was ₦491.8 million or 10.9 per cent higher than the sales in 1955. The net purchases of government securities by the banking system which increased by 27 per cent in 1956 made it possible to implement a number of government development projects.

The rediscount rate reduced to 1½ per cent in early 1954 and among the lowest in the world was maintained in order to facilitate bank borrowings and thereby augment domestic financing of private enterprises. The amount of Central Bank advances to Other Banks rose from ₦140.9 million in 1955 to ₦446.7 million in 1956 or equal to about 36 per cent of the claims which Other Banks have on the private sector. Likewise, accommodations to rural banks at ½ per cent expanded from ₦.056 million in 1955 to ₦2.9 million in 1956. About 81 per cent of the commercial banks' borrowings from the Central Bank were covered by government securities yielding 4 per cent which made it profitable for banks to borrow on these securities at 1½ per cent. Up to September 1956, the Central Bank also made available to the commercial banks special credit lines from United States banks with interest rates ranging from 1½ to 2½ per cent to finance short-term export credit and intermediate-term industrial needs. The total amount availed of by the commercial banks reached ₦35.9 million. After the upturn of prices in mid-1955 which continued to gather momentum in 1956, these credit accommodations were suspended by the Central Bank as an initial anti-inflationary measure. All such accommodations to banks enabled them to maintain liquid positions while expanding their credit operations.

During the same period, outstanding credit and investments of commercial and savings banks for the private sector rose by ₦139.3 million (12.7 per cent over 1955) to ₦1,239.8 million. About

44.7 per cent of loans, discounts, and overdrafts granted and renewed by these banks during 1956 were for financing exports and imports; 20.7 per cent for agriculture; and 13.2 per cent for industry. The inflationary implications of these credit operations were partly offset in the private sector by increased savings and time deposits. Furthermore, towards the end of the year, the reduction in the ratios of the capital accounts to risk assets of certain banks near the legal limitation of fifteen per cent induced a cautious attitude towards lending.

The over-all weighted average rate of interest charged by commercial banks decreased only slightly despite the low rediscount rates and the substantial borrowings from the Central Bank. However, the weighted interest rates of the Philippine National Bank, the biggest lender of agricultural and industrial loans, showed a more substantial reduction.

To support the economic development program of the government, several selected financing institutions including the Rehabilitation Finance Corporation, the Agricultural Credit and Cooperative Financing Administration, and the rural banks granted loans to the extent of ₱263.4 million in 1956. Of this total, 30.9 per cent was for agriculture; 14.9 per cent for industry; 27.9 per cent for consumption; 23.2 per cent for real estate; and 1.8 per cent for commercial loans; and 1.3 per cent for government and other loans. The expansion was primarily due to the increased extension of credit facilities to areas outside of Manila with assistance from the Central Bank. The ACCFA, with its Farmers' Cooperative Marketing Associations (FACOMAS) and the rural banks assumed an increasingly important role in agricultural financing. The number of rural banks rose from 38 at the end of 1955 to 75 at the close of 1956, and the number of FACOMAS from 319 at the end of 1955 to 416 at the end of 1956. The Rehabilitation Finance Corporation, the leading source of capital financing for sugar mills, forest products, cement, textiles, utilities, and other industrial developments, expanded its credit facilities by opening more branches, bringing its total to ten branches operating at the end of the year.

B. DOMESTIC CREDITS OF THE BANKING SYSTEM

Increasing at an average monthly rate of 1.5 per cent, domestic credits of the Central Bank and Other Banks steadily moved up from the starting total of ₱1,753.1 million to ₱2,069.8 million at the end of 1956, an increase of ₱316.7 million or 18.1 per cent. This increment was comparatively less than the expansion of 30.7 per cent during the previous year.

Of the total domestic credits outstanding at the end of 1956, private credits represented 60.0 per cent and the remainder, government accounts. Classified as to form of credits, 51.7 per cent were loans, discounts and overdrafts (including unused overdraft

lines); 38.4 per cent, securities; 8.8 per cent, customers' liability acceptances; and 1.1 per cent, other credits. The corresponding composition a year ago was 50.4 per cent, 35.7 per cent, 12.7 per cent and 1.2 per cent, respectively.

1. Central Bank Credit Operations

As reflected by the credit portfolio of the Central Bank on December 31, 1956, the support of the government securities market is the major element in its function of monetary management. Aside from its substantial purchases of government securities, 81 per cent of its advances to Other Banks were secured with government securities.

In 1956, purchases of government securities by the Central Bank for its portfolio totalled P257.3 million, or P15.8 million less than last year. The smaller purchase this year could be attributed to the greater absorption of government securities by Other Banks. The 1956 Central Bank purchases were, however, P42.0 million higher than total purchases from 1951 to 1954.

Loans granted to local governments and banks aggregated P450.3 million, an expansion of P248.8 million or 123.5 per cent over the previous year. As a result, the total credit portfolio of the Bank attained a new high of P568.2 million, up by P137.0 million or 31.8 per cent over the 1955 year-end balance.

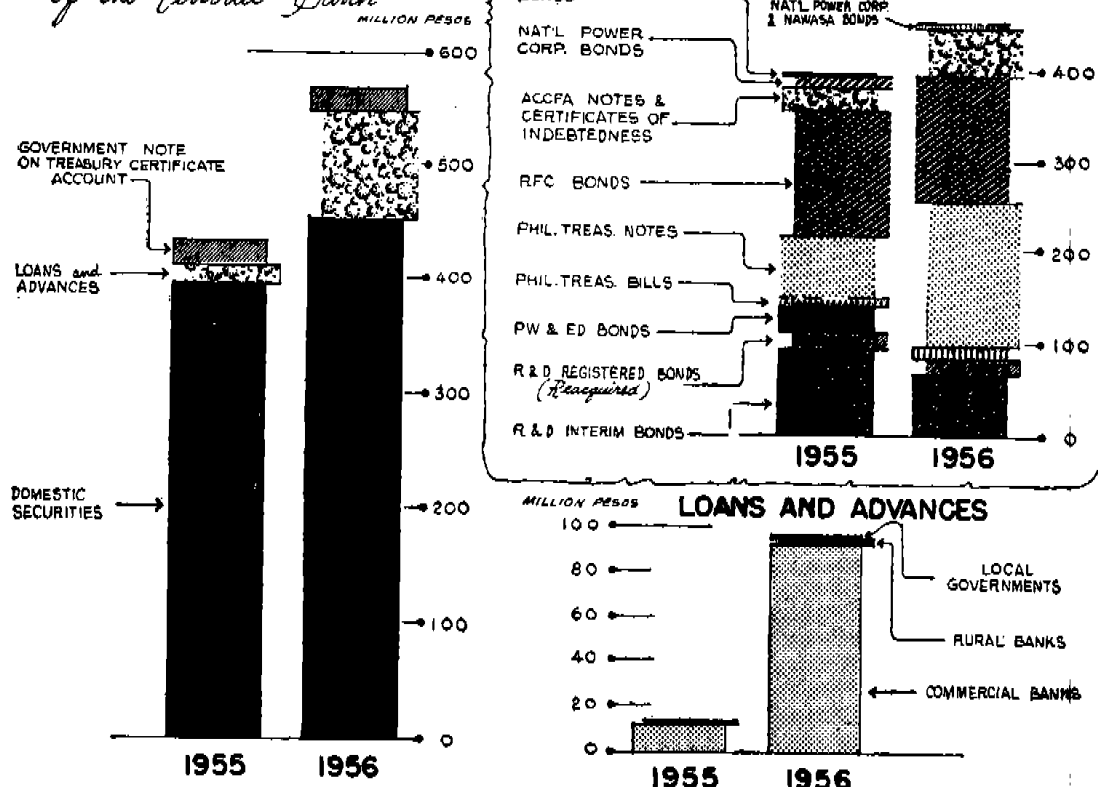
Credit Portfolio of the Central Bank, 1955-1956

(Million pesos)

Type of credit	Balance on December 31, 1955	Operations during 1956		Balance on December 31, 1956
		Securities purchased and loans granted	Securities sold and repayments received	
Total.....	431.2	707.6	570.6	568.2
Domestic Securities.....	396.5	257.3	202.7	451.1
R & D Interim Bonds.....	94.3	—	26.2	68.1
R & D Registered Bonds (reacquired).....	16.1	—	—	16.1
PW & ED Bonds.....	26.7	30.5	57.2	—
Phil. Treasury Bills.....	9.0	11.9	9.0	11.9
Phil. Treasury Notes.....	65.4	132.4	41.0	156.8
RFC Bonds.....	137.2	—	—	137.2
ACCFA Notes & Certificates of Indeb- tedness.....	25.9	64.5	35.4	55.0
National Power Corporation Bonds.....	19.6	10.0	28.6	1.0
NAWASA Bonds.....	2.0	8.0	5.0	5.0
National Planning Commission Bonds.....	0.2	—	0.2	—
Loans and Advances.....	13.4	450.3	367.9	95.8
Commercial banks.....	13.3	446.7	366.6	93.4
Rural banks.....	—	2.9	0.7	2.2
Local governments.....	0.1	0.7	0.6	0.2
Government Note on Treasury Certificate Account.....	21.3	—	—	21.3

CREDIT PORTFOLIO

of the Central Bank



a. Open Market Operations

Open market operations of the Central Bank were dictated primarily by the financing needs of the Government projects than by the monetary objectives of stabilization. However, when inflationary pressures strengthened towards the end of the year, purchases tapered off.

Total volume of transactions in government securities in 1956 amounted to ₱460.0 million of which ₱257.3 million represented purchases and ₱202.7 million, sales. This total was more by ₱49.1 million or 11.9 per cent than last year's transactions.

Sales of R & D Interim Bonds to private individuals totalled ₱2.0 million or twice as much as in the preceding year. Since August, the portfolio held none of the ₱252.2 million outstanding issues of the PW & ED Bonds, inasmuch as other investment groups absorbed all these bonds.

Net acquisitions of Treasury Bills and Notes amounted to ₱94.3 million or ₱19.9 million more than last year. Likewise, holdings of ACCFA Notes and Certificates of Indebtedness went up by ₱29.1 million as against the increase of ₱18.9 million in 1955.

b. Credit Operations

Central Bank loans extended to commercial banks in 1956 aggregated ₦446.7 million as against ₦140.9 million the preceding year, an expansion of ₦305.8 million or 217.0 per cent. These loans were heavy during the months of June and September following the months when excess reserves were at their lowest levels. Of the total loans granted to banks, ₦34.7 million were used exclusively to refinance papers covering export shipments and those arising from agricultural and industrial activities. No loans were extended to refinance importation of goods, unlike in 1955 when ₦15.5 million were granted for this purpose. The balance of ₦412.0 million or 92.2 per cent was utilized to enhance lending capacity. Collateral used by banks consisted mostly of government securities which covered 81.1 per cent of their total borrowings in 1956 as against 53.9 per cent in 1955. Rediscounting government securities yielding 4 per cent interest at Central Bank rates of $1\frac{1}{2}$ per cent provided an incentive for banks to use Central Bank accommodations.

Total loans granted to 44 rural banks during the period under review reached ₦2.9 million as against 2 rural banks that borrowed ₦56 thousand last year. Of these loans, 88.6 per cent were secured by agricultural paper and the remaining 11.4 per cent, commercial and industrial paper. Rural banks are charged a preferential rate of $\frac{1}{2}$ per cent on their loans from the Central Bank which is 1 per cent lower than the rate charged to commercial banks.

Three local governments received a total budgetary loan of ₦0.7 million from the Central Bank in 1956 to meet seasonal gaps between their revenues and expenditures. Repayments totalled ₦0.6 million; thus, at the close of 1956 there was an outstanding balance of ₦0.2 million. A uniform interest rate of 2 per cent was charged on this type of loan.

c. Special Loans from U.S. Banks

In 1956 eleven commercial banks availed of the special credit lines arranged by the Central Bank with United States banks in the amount of ₦35.9 million bringing their total outstanding as of the end of the year to ₦105.8 million. These loans were charged interest rates ranging from $1\frac{1}{8}$ to $2\frac{1}{2}$ per cent and were used largely by the domestic banks for the financing of exports, particularly sugar and for agricultural and industrial projects, such as the construction of hydroelectric plants and textile mills and the manufacture of net and twine, paper, plastics, plywood, paints and others. However, in September, 1956, when inflationary pressures were observed in certain sectors of the economy, the Central Bank suspended the availability of such credit lines to local banks.

2. Other Banks' Credits

Credits of Other Banks increased by 19.5 per cent from ₦1,335.2 million at the end of 1955 to ₦1,595.0 million at the end of this year. To support this expansion, banks relied heavily on Central Bank funds, borrowings from United States banks, and accumulations of savings and time deposits.

Domestic Credits of Other Banks As of December 31, 1955-1956

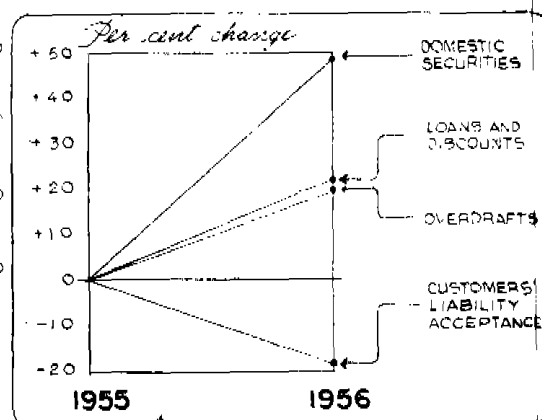
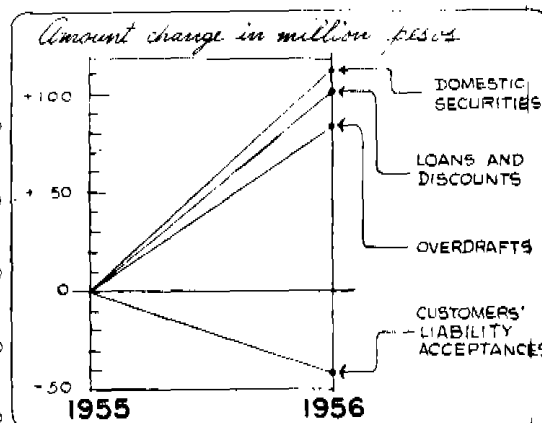
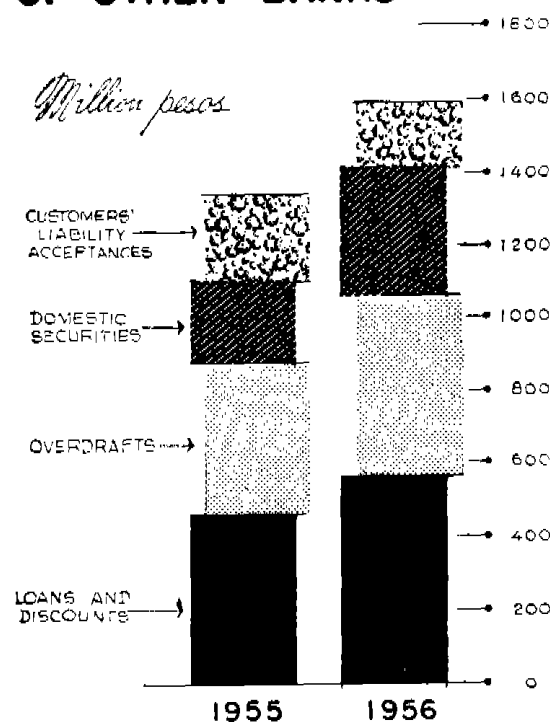
(Amount in million pesos)

Type of credit	1956	1955	Increase or decrease (-)	
			Amount	Per cent
Total.....	1,595.0	1,335.2	259.8	19.5
Loans and discounts.....	563.4	461.7	101.7	22.0
Overdrafts ^a	506.3	421.4	84.9	20.1
Domestic securities.....	343.7	229.4	114.3	49.8
Customers' liability acceptances.....	181.6	222.7	-41.1	-18.5

^a Including unused overdraft lines.

DOMESTIC CREDITS OF OTHER BANKS

Million pesos



Loans, discounts and overdrafts (including unused overdraft lines) which comprised 67.1 per cent of the total domestic credits of Other Banks, led the notable expansion, followed by domestic securities which represented 21.5 per cent of the total. On the other hand, customers' liability acceptances which increased by 48.2 per cent during 1955, went down by 18.5 per cent during the period considered on account of lower foreign exchange allocations for imports. Of the Other Banks' total credits, 77.7 per cent were for private businesses and individuals, while the Government accounted for the remaining 22.3 per cent.

a. Investment in Securities

Other Banks actively continued to support the market for government securities in 1956. They purchased ₱240.2 million or 83.1 per cent of the ₱289.1 million that were newly issued by the Central Bank for the account of the Government. These new issues consisted largely of PW & ED Bonds, Treasury Notes, ACCFA Notes and Certificates of Indebtedness, Treasury Bills, and National Power Corporation Bonds. Other Banks also purchased ₱126.0 million from the Central Bank's own credit portfolio. As in previous years they made no additional investments in privately issued securities. On the whole, purchases for the period aggregated ₱366.2 million as against their total sales of ₱251.9 million. Thus, security holdings of Other Banks rose to ₱343.7 million at the end of 1956, up by ₱114.3 million or 49.8 per cent over the previous year.

Domestic Security Holdings of Other Banks December 31, 1954-1956

(Amount in million pesos)

Type of security	Amount			Per cent distribution		
	1954	1955	1956	1954	1955	1956
Total.....	102.7	229.4	343.7	100.0	100.0	100.0
National Government.....	77.5	189.4	281.6	75.5	82.5	81.9
PW & ED Bonds.....	3.6	118.5	202.7	3.5	51.6	59.0
R & D Bonds.....	19.1	25.6	36.6	18.6	11.1	10.6
Certificates of Indebtedness.....	39.9	38.3	38.1	38.9	16.7	11.1
Treasury Bills & Notes.....	14.9	7.0	4.2	14.5	3.1	1.2
Semi-Government Entities.....	18.4	33.2	56.1	17.9	14.5	16.3
RFC Bonds.....	12.6	11.4	9.1	12.2	5.0	2.6
National Power Corp. Bonds.....	3.3	14.8	40.1	3.2	6.4	11.7
ACCFA Notes and Certificates of Indebtedness.....	—	2.5	2.5	—	1.1	0.7
NAWASA Bonds.....	—	2.0	1.9	—	0.9	0.6
MRR Co. Bonds.....	1.0	—	—	1.0	—	—
MWD Bonds.....	1.5	2.5	2.5	1.5	1.1	0.7
Local Governments.....	3.4	3.4	3.0	3.3	1.5	0.9
Private Issue.....	3.4	3.4	3.0	3.3	1.5	0.9

b. Loans, Discounts and Overdrafts

Total loans, discounts, and overdrafts granted and renewed during 1956 rose by ₱279.0 million. This represented an annual rate of expansion of 36.5 per cent as against 12.5 per cent the previous year.

The growth of loans for commercial, consumption and industrial purposes ranged from 31.9 to 51.7 per cent, whereas real estate, agricultural and public utility credits improved at a relatively slower pace ranging from 10.3 to 25.4 per cent.

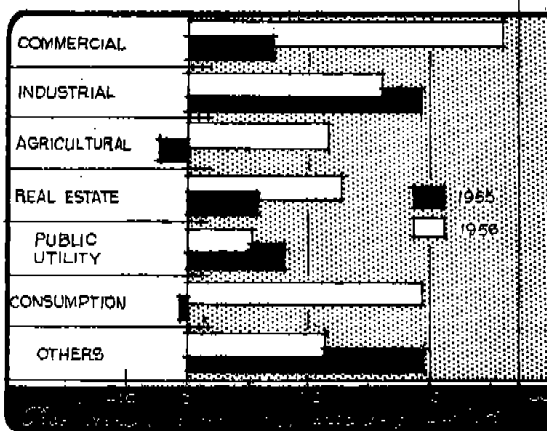
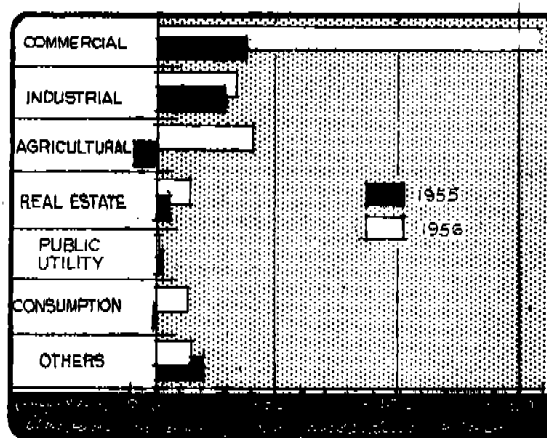
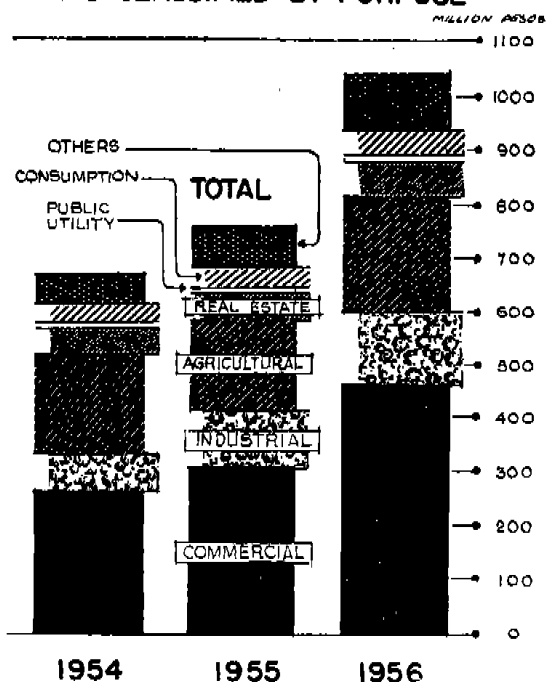
Loans, Discounts and Overdrafts Granted and Renewed by Other Banks Classified by Purpose, 1954-1956

(Amount in million pesos)

Purpose	1954	1955	1956	Change from preceding period			
				Amount		Per cent	
				1955	1956	1955	1956
Total	679.9	765.1	1,044.1	85.2	279.0	12.5	36.5
Commercial	270.3	307.7	466.7	37.4	159.0	13.8	51.7
Industrial	75.5	104.7	138.1	29.2	33.4	38.7	31.9
Agricultural	184.6	175.6	216.1	- 9.0	40.5	- 4.9	23.1
Real estate	50.8	56.4	70.7	5.6	14.3	11.0	25.4
Public utility	10.1	11.7	12.9	1.6	1.2	15.8	10.8
Consumption	35.6	35.2	48.9	- 0.4	13.7	- 1.1	38.9
Others	53.0	73.8	90.7	20.8	16.9	39.2	22.9

LOANS, DISCOUNTS AND OVERDRAFTS

GRANTED AND RENEWED BY OTHER
BANKS CLASSIFIED BY PURPOSE



Following the expansion of bank credits granted, total loans, discounts and overdrafts outstanding reached ₱882.5 million at the close of 1956, or 18.5 per cent higher than the year-ago balance. There was a slight shift in the pattern of distribution. While in previous years, agricultural loans composed the greater bulk of total loans outstanding, this year-end, commercial loans accounted

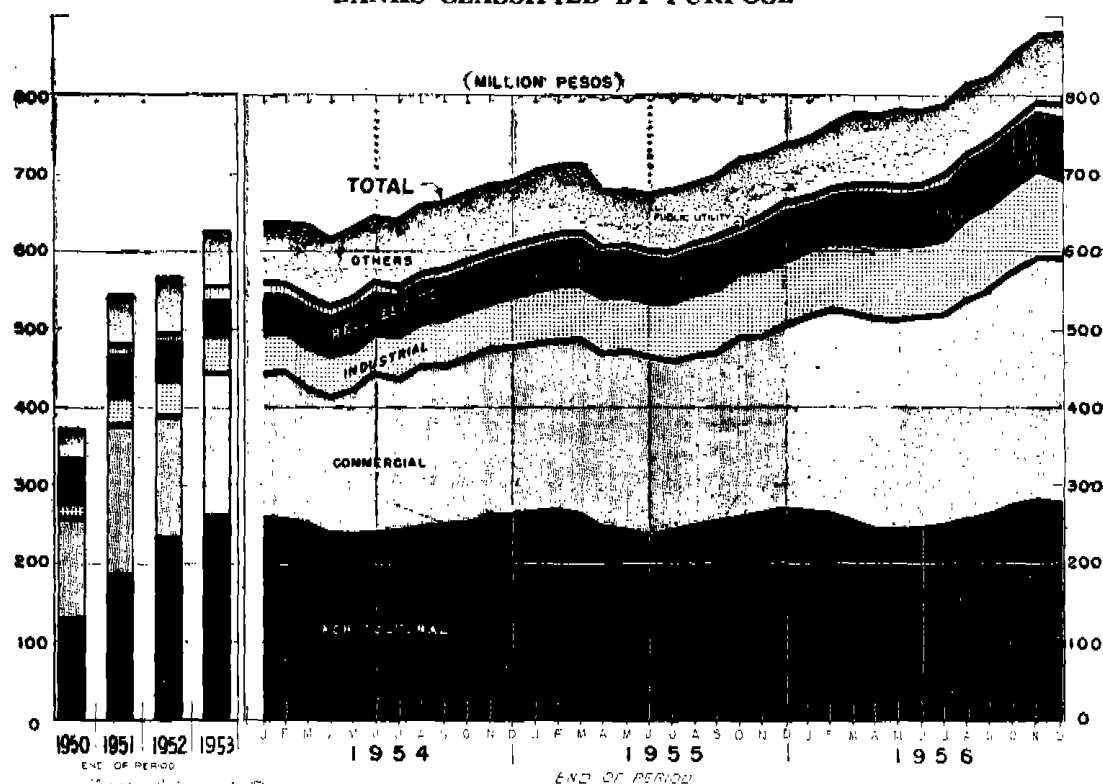
for the greater share. This was to be expected as more and more demand for agricultural financing was shifted by the commercial banks to such specialized financial agencies as the RFC, ACCFA and rural banks. Industrial and real estate loans as well as public utility and miscellaneous loans showed appreciable increases, but their percentage shares to the total outstanding revealed no marked changes from those of the preceding year.

**Outstanding Loans, Discounts and Overdrafts of Other Banks
Classified by Purpose December 31, 1954-1956**

(Amount in million pesos)

Purpose	Amount			Per cent distribution			Change from preceding period			
	1954	1955	1956	1954	1955	1956	Amount		Per cent	
							1955	1956	1955	1956
Total.....	695.3	745.0	882.5	100.0	100.0	100.0	49.7	137.5	7.1	18.5
Commercial..	215.5	236.3	316.2	31.0	31.7	35.8	20.8	79.9	9.6	33.8
Industrial...	66.2	81.9	105.3	9.5	11.0	11.9	15.7	23.4	23.7	28.6
Agricultural..	269.1	275.5	277.4	38.7	37.0	31.5	6.4	1.9	2.4	0.7
Real estate...	54.1	61.9	77.3	7.7	8.3	8.8	7.8	15.4	14.4	24.9
Public utility.	12.4	8.0	12.5	1.8	1.1	1.4	-4.4	4.5	-35.5	56.2
Government..	20.0	4.5	8.8	2.9	0.6	1.0	-15.5	4.3	-77.5	95.5
Consumption.	25.7	24.8	32.8	3.7	3.3	3.7	-0.9	8.0	-3.5	32.3
Others.....	32.3	52.1	52.2	4.7	7.0	5.9	19.8	0.1	61.3	0.2

**OUTSTANDING LOANS, DISCOUNTS AND OVERDRAFTS OF OTHER
BANKS CLASSIFIED BY PURPOSE**



(1) Security Requirements

Of the total loans, discounts and overdrafts outstanding of Other Banks (excluding PNB branches and agencies), ₱494.3 million or 77.1 per cent were secured and the balance of ₱146.8 million or 22.9 per cent were unsecured. This compared favorably with last year's ratio of 74.4 and 25.6 per cent, respectively. As in previous years, real estate remained the major collateral followed by merchandise, stocks & bonds, and plant & equipment.

(2) Interest Rates

In 1956, the weighted average rate of interest charged by banks stood at 6.34 per cent as against 6.38 per cent during the previous year.

The slight change in the interest rates charged by the banks despite the low rediscount rate of the Central Bank is indicative of the stickiness of Philippine market rates, the substantial demand for loanable funds and the limited amounts of financial assets available to serve as collateral for lending at low rates.

The lower rates of the Philippine National Bank, the recipient of the bulk of Central Bank accommodations and the biggest credit lender for agricultural and industrial purposes indicated the influence to some extent of the low rediscount rates. The weighted average interest rate of this bank was 5.91 per cent in 1956 as compared with 6.04 per cent the previous year.

Weighted Average Interest Rates on Outstanding Loans, Discounts and Overdrafts of Other Banks, 1955-1956

(In per cent)

Period	1956	1955 ^a
For the year.....	6.34	6.38
First quarter.....	6.35	6.33
Second quarter.....	6.34	6.38
Third quarter.....	6.36	6.40
Fourth quarter.....	6.32	6.39

^a Estimate.

c. Customers' Liability Acceptances

Outstanding customers' liability acceptances stood at ₱181.6 million, reflecting a decrease of 18.5 per cent from the previous year-end balance. This decline was largely the result of tighter restrictions on foreign exchange for imports.

Outstanding Customers' Liability Acceptances Classified as to Commodity December 31, 1955-1956

(Amount in million pesos)

Commodity	1956	1955	Increase or decrease (-)	
			Amount	Per cent
Total.....	181.6	222.7	-41.1	-18.5
Textiles.....	27.2	37.7	-10.5	-27.9
Machinery.....	19.2	19.8	- 0.6	- 3.0
Automobiles & spare parts.....	14.2	17.7	- 3.5	-19.8
Construction materials.....	12.2	11.0	1.2	10.9
Chemicals, drugs, dyes & medicine.....	9.9	12.4	- 2.5	-20.2
Dairy products.....	7.9	8.0	- 0.1	- 1.3
Grains & preparations.....	7.4	13.4	- 6.0	-44.8
Paper & manufactures.....	7.0	8.9	- 1.9	-21.3
Electrical appliances.....	5.8	5.1	0.7	13.7
Fertilizer.....	5.3	11.0	- 5.7	-51.8
Others.....	65.5	77.7	-12.2	-15.7

C. BANKING OPERATIONS AND STRUCTURE

Over-all banking operations during 1956 resulted in an 18.6 per cent expansion of aggregate assets as compared to the 17.8 per cent growth that occurred in 1955. This increase in total resources did not materially affect the percentage distribution of accounts in the consolidated balance sheets of banks.

Assets and Liabilities of Other Banks
December 31, 1954-1956

(Million pesos)

Item	1954	1955	1956	Change from pre- ceding period	
				1955	1956
Liquid Assets:					
Cash.....	32.9	33.9	41.8	1.0	7.9
Checks and other cash items.....	7.1	9.2	12.6	2.1	3.4
Due from banks.....	292.1	258.6	318.4	- 33.5	59.8
	<u>332.1</u>	<u>301.7</u>	<u>372.8</u>	<u>- 30.4</u>	<u>71.1</u>
Earning Assets:					
Loans and discounts.....	440.6	461.8	563.6	21.2	101.8
Overdrafts.....	254.7	283.5	318.9	28.8	35.4
Customers' liability acceptances and unmatured export bills.....	176.0	263.4	233.1	87.4	- 30.3
Investment in stocks, bonds and other securities.....	102.7	229.4	343.7	126.7	114.3
	<u>974.0</u>	<u>1,238.1</u>	<u>1,459.3</u>	<u>264.1</u>	<u>221.2</u>
Other Assets:					
Banking house, furniture and fixtures....	19.3	21.0	22.4	1.7	1.4
Other real and chattel property.....	2.9	3.4	2.8	0.5	- 0.6
Miscellaneous assets.....	10.8	12.9	13.7	2.1	0.8
	<u>33.0</u>	<u>37.3</u>	<u>38.9</u>	<u>4.3</u>	<u>1.6</u>
TOTAL ASSETS.....	<u>1,339.1</u>	<u>1,577.1</u>	<u>1,871.0</u>	<u>238.0</u>	<u>293.9</u>
Current Liabilities:					
Demand deposits.....	534.1	641.5	739.3	107.4	97.8
Savings deposits.....	354.5	382.9	460.0	28.4	77.1
Time deposits.....	72.7	96.6	102.1	23.9	5.5
Due to banks.....	55.9	51.1	52.2	- 4.8	1.1
Cashiers' & managers' checks.....	6.4	13.4	15.0	7.0	1.6
	<u>1,023.6</u>	<u>1,185.5</u>	<u>1,368.6</u>	<u>161.9</u>	<u>183.1</u>
Other Liabilities:					
Dividends payable.....	0.6	0.8	0.1	0.2	- 0.7
Bills payable.....	63.2	95.8	200.9	32.6	105.1
Guarantee accounts.....	65.0	73.8	59.3	8.8	- 14.5
Miscellaneous liabilities.....	42.9	59.9	59.3	17.0	- 0.6
	<u>171.7</u>	<u>230.3</u>	<u>319.6</u>	<u>58.6</u>	<u>89.3</u>
Net Worth:					
Capital stock paid in.....	44.5	70.5	76.2	26.0	5.7
Surplus.....	31.1	34.4	48.9	3.3	14.5
Reserves.....	59.2	45.8	44.2	- 13.4	- 1.6
Undivided Profits.....	9.0	10.6	13.5	1.6	2.9
	<u>143.8</u>	<u>161.3</u>	<u>182.8</u>	<u>17.5</u>	<u>21.5</u>
TOTAL LIABILITIES AND NET WORTH.....	<u>1,339.1</u>	<u>1,577.1</u>	<u>1,871.0</u>	<u>238.0</u>	<u>293.9</u>

1. Liquidity Position

The liquidity position of banks improved considerably during the year. The cash balance (cash in banks' vaults plus deposits with the Central Bank) stood at ₱214.2 million at the end of 1956, showing an increase of ₱43.8 million or 25.7 per cent over the previous year-end level. Liquid assets were up by 23.6 per cent and government security holdings by 51.4 per cent, while current liabilities rose by only 15.4 per cent.

2. Bank Reserves

Month-end balances of available reserves were consistently above the corresponding months of 1955. The percentage rise ranged from as low as 11.7 per cent in August to as high as 37.2 per cent in November. At the close of 1956, available reserves totalled ₱235.8 million, up by 25.2 per cent; required reserves, ₱163.1 million, up by 19.4 per cent; excess reserves, ₱72.7 million, up by 40.6 per cent; and potential reserves, ₱346.7 million, an increase of 31.1 per cent.

The level of reserves maintained by Other Banks seemed to indicate that a large portion of their credit expansion could have been financed from their own resources without recourse to the Central Bank accommodations. However, the deterrent to further expansion of credit towards the end of 1956 was the legal limitation of 15 per cent imposed on capital accounts to risk assets.

Factors Tending to Supply and Absorb Bank Reserves, 1955-1956

(Million pesos)

Item	Dec. 31, 1955	1956				Increase or decrease (-) during 1956
		March	June	Sept.	Dec.	
A. Factors Tending to Supply Reserves ^a						
1. Central Bank credits						
a. Gov't. securities.....	396.5	374.6	384.7	365.3	451.1	54.6
b. Loans & advances.....	13.4	52.0	142.2	140.8	95.8	82.4
c. Other credits.....	21.3	21.3	21.3	21.3	21.3	-
Sub-total.....	<u>431.2</u>	<u>447.9</u>	<u>548.2</u>	<u>527.4</u>	<u>568.2</u>	<u>137.0</u>
2. Central Bank loans to local banks for the account of U.S. Banks.....	80.9	94.4	99.2	108.1	105.8	24.9
3. Gold and foreign exchange assets.....	310.2	303.4	332.4	338.2	322.0	11.8
4. Eligible government securities and/or foreign balances utilized as part of available reserves ^b .	51.8	56.0	60.3	61.9	63.4	11.6
Total.....	<u>874.1</u>	<u>901.7</u>	<u>1,040.1</u>	<u>1,035.6</u>	<u>1,059.4</u>	<u>185.3</u>
B. Factors Tending to Absorb Reserves ^c						
5. Currency in circulation....	670.4	689.6	675.0	689.3	718.9	48.5
6. Inactive cash holdings ^d ...	41.2	33.8	44.0	41.5	59.1	17.9
7. National Gov't. operations	44.8	51.8	167.2	141.7	88.0	43.2
8. Local gov't. operations....	11.5	11.8	13.6	13.9	14.1	2.6
9. Net Central Bank accounts	(82.1)	(71.3)	(64.4)	(60.3)	(56.5)	25.6
Total.....	<u>685.8</u>	<u>715.7</u>	<u>835.4</u>	<u>826.1</u>	<u>823.6</u>	<u>137.8</u>
C. Available reserves (A-B).....	188.3	186.0	204.7	209.5	235.8	47.5
D. Required reserves.....	136.6	146.3	154.9	158.5	163.1	26.5
E. Excess reserves.....	51.7	39.7	49.8	51.0	72.7	21.0
F. Potential reserves ^f	264.4	291.2	319.6	352.1	346.7	82.3
G. Bank borrowings from the Central Bank ^g	13.3	50.9	141.1	139.0	93.4	80.1

^a Increases in these factors tend to increase bank reserves.

^b As provided in Section 100, R.A. 265 and Central Bank Circular No. 2.

^c Increases in these factors tend to decrease bank reserves.

^d Consisting of cash held in Treasury and other banks' vaults

^f Consisting of cash in banks' vaults, eligible foreign exchange, Philippine and U.S. securities not utilized as available reserves

^g Outstanding Central Bank loans to commercial banks.

3. Deposit Liabilities

Deposit balances of banks maintained an upward trend as the total steadily rose to ₱1,301.4 million at the close of 1956 and registered an expansion of 16.1 per cent as against 16.6 per cent the year before. While both demand and total savings & time deposits showed substantial gains, the rate of increase was greater in the latter than in the former, in contrast to the movement during 1955. Savings and time deposits expanded by 17.2 per cent this year, while demand deposits went up by 15.2 per cent. The corresponding increases recorded last year were 12.2 per cent and 20.1 per cent, respectively.

The volume and percentage growth in time and savings accounts of private entities and individuals which was more pronounced than in their current accounts reflected the greater liquidity in the private sector arising from the tighter control over private imports, the increasing availability of banking facilities to a wider area and accumulating blocked peso accounts.

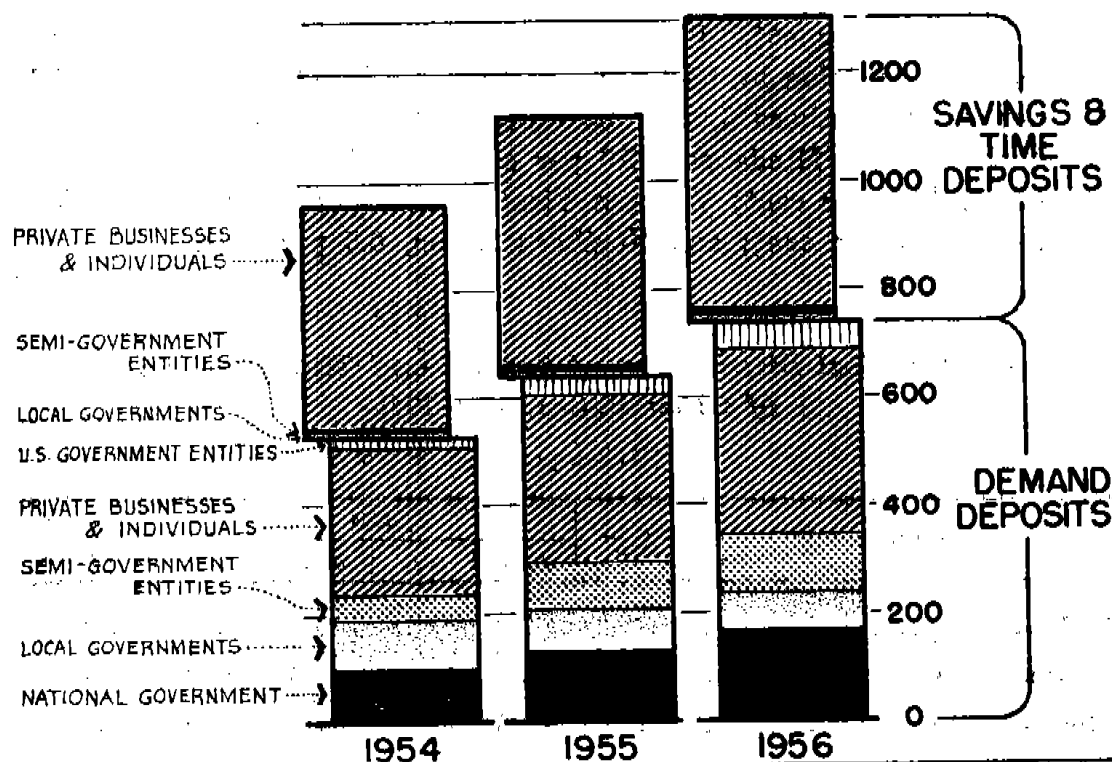
Deposit Liabilities of Other Banks *December 31, 1954-1956*

(Million pesos)

Item	1954	1955	1956	Change from preceding period	
				1955	1956
Total Deposit Liabilities.....	961.3	1,121.0	1,301.4	159.7	180.4
Demand Deposits.....	534.1	641.5	739.3	107.4	97.8
National Government.....	100.2	132.7	168.5	32.5	35.8
Local governments.....	87.4	76.5	67.3	-10.9	- 9.2
Semi-government entities.....	51.8	85.5	101.3	33.7	15.8
Private businesses & individuals....	272.3	308.0	354.3	35.7	46.3
U.S. Government entities.....	22.4	38.8	47.9	16.4	9.1
Savings & Time Deposits.....	427.2	479.5	562.1	52.3	82.6
Local governments.....	5.6	7.1	9.4	1.5	2.3
Semi-government entities.....	1.8	4.7	17.3	2.9	12.6
Private businesses & individuals....	419.8	467.7	535.4	47.9	67.7

DEPOSIT LIABILITIES OF OTHER BANKS 1954 - 1956

(MILLION PESOS)



An increased number of depositors accompanied the expansion of deposits. A total of 458,785 depositors was recorded at the end of 1956 or 19.3 per cent more than a year ago. The growth in number was registered in all types of deposits: demand, up by 10.7 per cent; savings, by 20.4 per cent; and time, by 17.3 per cent. The corresponding increases last year were 4.2 per cent, 15.4 per cent and 35.7 per cent, respectively.

At the close of this year, average sizes of deposits were ₱12,736 for demand, ₱907 for savings, and ₱41,120 for time deposits. On the whole, the average size of all deposits showed a decline from ₱2,381 last year to ₱2,336 this year.

Number of Depositors* December 31, 1954-1956

Type of deposit	1954	1955	1956	Change from preceding period	
				1955	1956
Total	336,850	384,529	458,785	47,679	74,256
Demand	40,756	42,461	46,986	1,705	4,525
Savings	294,534	339,951	400,316	45,417	69,365
Time	1,560	2,117	2,483	557	366

* Excluding those of PNB branches and agencies.

Classified by geographical location, savings and time deposits in all regions registered increases, with the Manila area where most of the banking facilities are located showing the biggest absolute improvement. Percentage-wise, however, Western Mindanao led the expansion by 65.2 per cent, followed by Central Luzon, 46.6 per cent; Southern Luzon, 35.3 per cent; Bicol Region, 20.9 per cent; Eastern Mindanao, 17.6 per cent; Manila, Quezon and Pasay cities, 17.1 per cent; Western Visayas, 17.0 per cent; Eastern Visayas, 1.2 per cent; and Northern Luzon, 0.5 per cent.

***Geographical Distribution of Savings and Time Deposits
of Other Banks, 1955-1956***

(Million pesos)

Location	Dec. 31, 1955	1956				Increase or decrease (-) during 1956
		March	June	Sept.	Dec.	
Total.....	479.5	505.7	509.2	539.0	562.1	82.6
Manila, Quezon and Pasay cities..	377.3	398.4	398.6	421.3	441.7	64.4
Northern Luzon.....	21.8	18.3	20.1	21.5	21.9	0.1
Central Luzon.....	14.6	19.4	20.1	21.9	21.4	6.8
Southern Luzon.....	8.5	10.6	10.6	11.8	11.5	3.0
Bicol Region.....	4.3	4.4	4.6	4.6	5.2	0.9
Eastern Visayas.....	24.5	23.5	22.5	24.9	24.8	0.3
Western Visayas.....	17.1	17.5	19.0	18.4	20.0	2.9
Eastern Mindanao.....	6.8	7.2	6.8	7.9	8.0	1.2
Western Mindanao.....	4.6	6.4	6.9	6.7	7.6	3.0

4. Bank Earnings and Expenses

Operations of Other Banks during 1956 resulted in net earnings of ₱26.9 million, an increment of ₱4.1 million or 18.0 per cent over 1955. Net earnings represented 27.2 per cent of gross earnings in contrast to 25.2 per cent in 1955. The ratio of net earnings to average net worth of Other Banks¹ was 11.7 per cent, which compared favorably to 11.3 per cent for the previous year.

¹ Refers to domestic banks only.

Earnings and Expenses of Other Banks, 1954-1956

(Million pesos)

Item	1954	1955	1956	Change from preceding period	
				1955	1956
GROSS EARNINGS	71.0	90.5	98.8	19.5	8.3
Interest and discount on loans.....	43.2	48.0	56.3	4.8	8.3
Interest and dividends on investments.....	3.6	4.2	10.7	0.6	6.5
Interest on balances with other banks.....	0.6	0.7	0.7	0.1	—
Domestic exchange and collection charges...	1.0	1.6	2.6	0.6	1.0
Income on foreign exchange.....	8.1	8.1	8.3	—	0.2
Commissions.....	10.0	11.8	12.1	1.8	0.3
Trust department earnings.....	1.1	1.1	0.9	—	— 0.2
Profits on assets sold or exchanged.....	0.1	10.7	1.0	10.6	— 9.7
Recoveries on charged-off assets.....	0.5	1.2	2.5	0.7	1.3
Other earnings.....	2.8	3.1	3.7	0.3	0.6
EXPENSES	50.0	67.7	71.9	17.7	4.2
Salaries and wages.....	15.9	17.9	20.9	2.0	3.0
Interest on savings deposits.....	5.8	6.5	7.6	0.7	1.1
Interest on time certificates of deposits.....	1.7	2.3	3.4	0.6	1.1
Interest on demand deposits.....	0.1	—	—	— 0.1	—
Interest on deposits of other banks.....	0.2	0.2	0.3	—	0.1
Interest and discount on money borrowed...	0.5	0.5	1.6	—	1.1
Taxes.....	9.2	11.0	13.5	1.8	2.5
Insurance.....	0.4	0.6	0.9	0.2	0.3
Depreciation and losses on banking houses, furniture and fixtures.....	0.4	1.6	2.2	1.2	0.6
Losses and charge-offs on loans, discounts and other assets.....	1.0	12.0	3.4	11.0	— 8.6
Provisions for bad debts.....	2.4	2.6	3.1	0.2	0.5
Other expenses.....	12.4	12.5	15.0	0.1	2.5
NET EARNINGS	21.0	22.8	26.9	1.8	4.1

5. Growth of Banking Facilities

The expansion of banking facilities continued in 1956 specially in the provinces. There were established 2 branches and 2 agencies of commercial banks, 11 postal stations of the Postal Savings Bank, 37 rural banks and 2 branches of the Rehabilitation Finance Corporation.

**Number of Banking Institutions ^a
As of December 31, 1955-1956**

Geographical location	Total		Commercial banks		Savings banks		Rural banks		Postal Savings Bank		R. F. C.		Building and loan associations	
	1956	1955	1956	1955	1956	1955	1956	1955	1956	1955	1956	1955	1956	1955
TOTAL.....	1,471	1,433	126 ^b	140	39	39	75	38	1,205	1,194	19 ^c	20	7	7
Manila, Quezon City & Pasay City.....	62	63	31	31	16	16	-	4	10	10	1	1	4	4
Northern Luzon.....	212	207	13	15	1	1	6	-	183	183	4	3	-	-
Central Luzon.....	216	210	17	21	8	8	21	12	169	163	1	1	-	-
Southern Luzon.....	245	227	13	13	12	12	27	13	193	189	-	-	-	-
Bicol Region.....	99	93	5	7	1	1	3	-	87	87	3	3	-	-
Eastern Visayas.....	231	232	12	14	1	1	2	2	213	212	2	2	1	1
Western Visayas.....	204	200	15	17	-	-	9	4	178	177	2	2	-	-
Eastern Mindanao.....	106	105	6	7	-	-	4	2	94	92	1	3	1	1
Western Mindanao.....	95	92	13	14	-	-	3	1	73	71	5	5	1	1
New York, N. Y.	1	1	1	1	-	-	-	-	-	-	-	-	-	-

^a Including branches and agencies.

^b During 1956, 4 branches and agencies were established, while 18 agencies were closed.

^c During 1956, the number of branches increased by 2, while the number of agencies decreased by 3. The RFC agencies are merely offices of investigators and appraisers, and do not carry any book of accounts.

D. SELECTED FINANCIAL INSTITUTIONS

The selected financial institutions intensified their lending operations in 1956 in response to the investment activity of the private sector. Loans granted aggregated ₱263.4 million, an expansion of ₱66.1 million or 33.5 per cent over the previous year. The number of new loans likewise increased by 20.8 per cent to a total of 976,480.

A growing percentage share of credits granted for industrial purposes was observed in the distribution pattern of these loans. While in 1955 industrial loans consisted of only 9.5 per cent or ₱18.6 million of the total, this year they comprised 14.9 per cent amounting ₱39.2 million. This was partly in response to the growth in bond-financed government social overhead projects and partly to deliberate encouragement given to private enterprises by liberal foreign exchange allocations and by fiscal and tax incentives. Encouraging this investment activity was the availability of credit from the RFC which supplied about 98 per cent of total industrial loans at reduced interest rates. Agricultural loans granted experienced a setback in their ratio to total loans when their percentage share of 35.4 per cent in 1955 went down to 30.9 per cent the following year. Nonetheless, their value amounting to ₱81.3 million recorded an increment of ₱11.5 million or 16.5 per cent due to the establishment of more rural banks and FaCoMas coupled with the intensified agricultural financing of the RFC. Reflecting the same trend were consumption loans whose ratio sagged from 34.3 per cent to 27.9 per cent but whose value went up from ₱67.7 million to ₱73.5 million, gaining 8.5 per cent as the GSIS and pawnshops increased their lending operations for consumption purposes. Loans extended for real estate which consisted of 23.2 per cent of the total reached ₱61.2 million expanding by 88.6 per cent arising mainly from the increased lending activities of the GSIS. Commercial credits totalling ₱4.7 million which accounted for 1.8 per cent of the total also increased considerably gaining by 257.7 per cent. On the other hand, loans granted to the Government for self-liquidating projects valued at ₱2.5 million showed a decline of 62.2 per cent, and their ratio to total loans correspondingly contracted from 3.4 per cent to 0.9 per cent. Other loans amounting to ₱1.0 million which increased by 61.4 per cent made up for the balance.

The level of loans outstanding at the close of the year revealed a growth of 10.5 per cent as compared with the previous year. Real estate loans still occupy the top position followed by agricultural and industrial loans as shown hereunder.

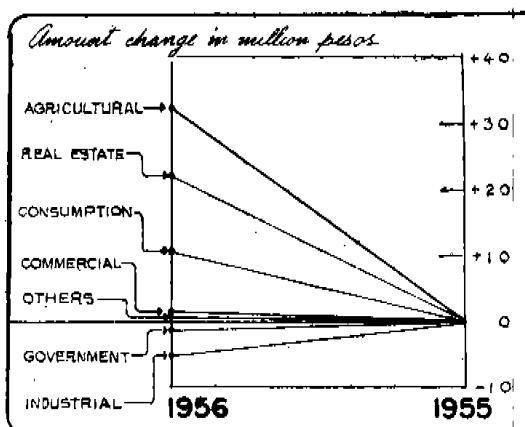
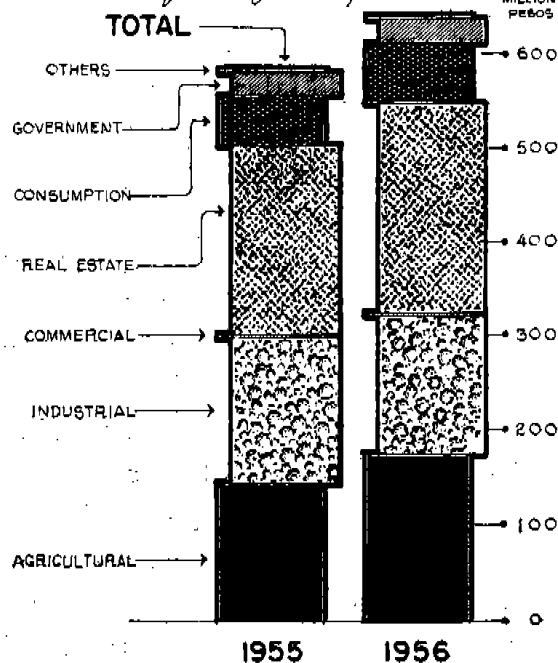
**Loans Outstanding of the Selected Financial Institutions,
Classified by Purpose
December 31, 1955-1956**

(Amount in thousand pesos)

Purpose	1956	1955	Increase or decrease (-)	
			Amount	Per cent
Total.....	641,841	581,028	60,813	10.5
Agricultural.....	175,695	143,687	32,008	22.3
Industrial.....	143,200	153,396	- 5,196	- 3.4
Commercial.....	2,012	559	1,453	259.9
Real estate.....	223,109	200,666	22,443	11.2
Consumption.....	65,323	54,523	10,800	19.8
Government.....	24,990	26,625	- 1,635	- 6.1
Others.....	2,512	1,572	940	59.8

**LOANS OUTSTANDING
OF SELECTED
FINANCIAL INSTITUTIONS**

Classified by Purpose



1. Rehabilitation Finance Corporation

In 1956, the RFC granted a total of ₱101.2 million to finance 7,344 loans for various purposes, showing an improvement of 37.5 per cent in the value and an accompanying increase of 10.7 per cent in the number of loans. Of these loans 24.9 per cent were for agricultural activities of which ₱10.1 million were utilized to finance the increased production of palay and other staple crops. Through its special financing plans, the RFC also released the sum of ₱6.5 million to accelerate the production of coffee, cacao, citrus, abaca, livestock, and fish. Continuous aid was likewise extended to industrial establishments which received 37.9 per cent of the total loans released during the year. Among the industries that benefited from the credit operations of the RFC were textiles, public utilities, cement and lumber.

Loans Granted by the Rehabilitation Finance Corporation Classified by Purpose, 1955-1956

(Amount in thousand pesos)

Purpose	1956	1955	Increase or decrease (-)	
			Amount	Per cent
Total.....	101,201	73,592	27,609	37.5
Agricultural.....	25,246	24,685	561	2.3
Industrial.....	38,304	18,456	19,848	107.5
Real estate.....	35,104	23,708	11,396	48.1
Government.....	2,547	6,743	- 4,196	- 62.2

Loans granted were geographically distributed as follows: Southern Luzon, 31.9 per cent (₱32.2 million); Manila, 23.0 per cent (₱23.3 million); Western Visayas, 12.7 per cent (₱12.8 million); Central Luzon, 10.5 per cent (₱10.7 million); Eastern Visayas, 7.6 per cent (₱7.7 million); Western Mindanao, 5.3 per cent (₱5.3 million); Eastern Mindanao, 3.5 per cent (₱3.5 million); Northern Luzon, 3.1 per cent (₱3.2 million); and the Bicol Region, 2.4 per cent (₱2.5 million).

The level of loans outstanding at the end of 1956 showed a slight increase over the balance the previous year.

**Loans Outstanding of the Rehabilitation Finance Corporation
Classified by Purpose
December 31, 1955-1956**

(Amount in thousand pesos)

Purpose	1956	1955	Increase or decrease (-)	
			Amount	Per cent
Total.....	459,422	456,170	3,272	0.7
Agricultural.....	104,595	95,870	8,725	9.1
Industrial.....	147,729	153,306	-5,577	- 3.6
Real estate.....	182,128	180,369	1,759	1.0
Government.....	24,990	26,625	-1,635	- 6.1

Besides its direct financing activities, the RFC made advances to the ACCFA for the purchase of Virginia leaf tobacco as authorized by Republic Act No. 1194. As of the close of the year, these advances totalled P29.0 million. It also subscribed to the capital stock of rural banks to augment their capital funds. The value of these subscriptions at the end of 1956 aggregated P5.1 million.

Total resources of the RFC as of December 31, 1956 reached P365.9 million as compared with P345.7 million a year ago, or an increase of 5.8 per cent. In addition, it administered 15 trust funds whose assets totalled P218.2 million.

2. Postal Savings Bank

The facilities of the Postal Savings Bank continued to grow with the opening of 11 new postal stations in 9 provinces during 1956. At the close of the year, there were altogether 1,204 postal stations as against 1,193 in 1955.

Savings deposits aggregating P24.9 million were received by the Postal Savings Bank during the year as against withdrawals of P22.4 million. At the close of the year there were 491,406 active accounts with an outstanding balance of P38.5 million as compared with 411,846 accounts valued at P35.8¹ million a year ago.

A large portion of these deposits was placed under a trust fund administered by the RFC which takes care of the investment

¹ Includes adjustments reported since the last annual report.

activities of the Bank. The status of said trust fund at the close of 1956 is shown in the table below:

***Postal Savings Bank Trust Fund Under the Administration of the
Rehabilitation Finance Corporation
December 31, 1955-1956***

(Amount in thousand pesos)

Item	1956	1955	Increase or decrease (-)	
			Amount	Per cent
Assets.....	43,034	40,407	2,627	6.5
Liabilities.....	1,074	1,006	68	6.8
Net worth.....	41,960	39,401	2,559	6.5

3. Rural Banks

During the year 37 new rural banks were opened, thereby virtually doubling the number of these institutions to a total of 75 at the close of 1956. These were geographically distributed as follows: Southern Luzon, 27; Central Luzon, 21; Western Visayas, 9; Northern Luzon, 6; Eastern Mindanao, 4; Western Mindanao, 3; Bicol Region, 3; and Eastern Visayas, 2.

Rural banks received financial assistance from the government in the form of RFC subscriptions to their capital stock. At the close of the year, these subscriptions amounted to P5.1 million compared to P2.6 million at the end of 1955 or an increase of 96.2 per cent. To augment their loanable funds, these banks made use of the rediscounting facilities offered by the Central Bank. At the end of the year, the liabilities on rediscounted notes amounted to P3.0 million.

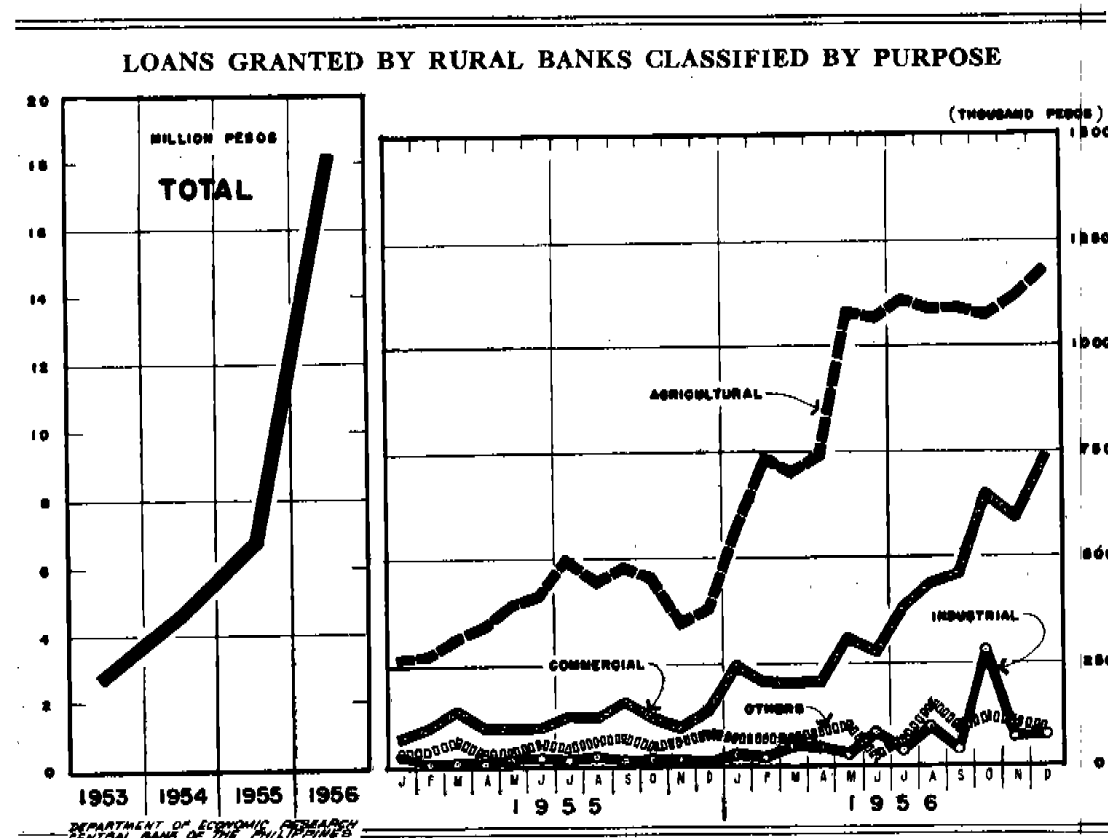
In 1956, an additional 22 rural banks were authorized to accept savings deposits bringing the total number to 38 at the close of the year. Savings deposits outstanding aggregated P2.1 million as against P0.7 million in 1955. Two rural banks started accepting demand deposits in 1956 at the end of which the total outstanding amounted to nearly P97 thousand.

As a result of the expansion in the credit facilities of rural banks, the value of their loans granted increased to almost three times that of 1955 and to more than six times that of 1953, the first full year of the rural bank program.

Loans Granted by Rural Banks Classified by Purpose, 1955-1956

(Amount in thousand pesos)

Purpose	1955	1956	Increase or decrease (-)	
			Amount	Per cent
Total.....	18,144	6,719	11,425	170.0
Agricultural.....	11,574	4,590	6,984	152.2
Commercial.....	4,686	1,310	3,376	257.7
Industrial.....	864	187	677	362.0
Others.....	1,020	632	388	61.4



At the end of 1956, loans outstanding of rural banks aggregated ₱15.4 million representing an increase of ₱8.9 million or 136.4 per cent over the level at the start of the year. The bulk of these credits was for agricultural purposes totalling ₱10.4 million, or 67.6 per cent of the total. Compared to the end of 1955, this amount revealed an expansion of ₱6.1 million or 145.7 per cent. Outstanding loans for commercial and industrial purposes likewise showed substantial increases, with the former reaching ₱2.0 million and the latter, ₱0.5 million.

The resources of rural banks at the end of the period under review aggregated ₱18.4 million as compared to ₱7.9 million at the start, recording an appreciable growth of 132.9 per cent. Similarly, liabilities went up from ₱2.1 million to ₱6.8 million or a rise of 223.8 per cent. The net worth showed a similar trend, reaching ₱11.6 million at the end of the year, or an increase of ₱5.8 million.

4. Building and Loan Associations

The 7 operating building and loan associations made little progress in 1956. Their number, as well as their operations, have remained practically stagnant since 1953 on account of the fact that financing of home and other building construction is available from other agencies at interest charges lower than those charged by these associations. Their combined assets amounting to ₱11.6 million registered an increase of only ₱55 thousand or 0.5 per cent compared with last year. Loans outstanding aggregating ₱8.4 million recorded an increase of only 1.2 per cent.

The bulk of loans outstanding of these associations was in real estate mortgages totalling ₱7.8 million, representing 67.4 per cent of the aggregate resources. This was 0.5 per cent higher than the total the previous year. Stock loans amounted to ₱620 thousand, an increase of 11.3 per cent. Bond holdings revealed a sizable expansion with the balance reaching ₱120 thousand, or a three-fold rise over the 1955 year-end figure.

Combined capital accounts amounted to ₱8.6 million, up by 4.1 per cent from ₱8.3 million at the close of the previous year. On the other hand, total liabilities contracted by 9.9 per cent with the balance levelling off at ₱3.0 million at the end of 1956.

5. Agricultural Credit and Cooperative Financing Administration

With the organization of 97 new FaCoMas during 1956, the number of these associations reached 416 at year's end. Membership rose from 188,038 to 241,783 farmers during the year. These member-farmers represented 10,631 barrios of 463 towns in 47 provinces. Correspondingly, the capitalization expanded appreciably from ₱3.0 million in 1955 to ₱5.2 million the following year, an increment of 73.3 per cent.

These marketing associations were distributed in the country as follows: Northern Luzon, 107; Central Luzon, 103; Western Visayas, 53; Southern Luzon, 48; Western Mindanao, 31; Eastern Visayas, 26; Bicol Region, 23; Eastern Mindanao, 22; and Manila, 3.

During the year, the ACCFA extended loans aggregating ₱44.5 million, 9.9 per cent over the 1955 figure. Of these, 22.5 per cent

or ₱10.0 million were loaned to FaCoMas for the construction of warehouses, ricemills and other facilities for the storage of farmers' produce. Crop loans amounting to ₱13.5 million and farm improvement loans totalling ₱6.1 million contracted by 18.6 and 13.6 per cent, respectively, compared with those granted the previous year. However, commodity loans showed an expansion of 52.9 per cent, with the total amount extended during the year reaching ₱11.7 million.

The 1956 year-end balances of these loans showed a marked rise over the level a year ago.

***Loans Outstanding of the Agricultural Credit and Cooperative
Financing Administration Classified by Purpose
December 31, 1955-1956***

(Amount in thousand pesos)

Type of loan	1956	1955	Increase or decrease (-)	
			Amount	Per cent
Total.....	60,682	43,518	17,164	39.4
Crop.....	22,556	19,094	3,462	18.1
Farm improvement.....	14,717	10,913	3,804	34.9
Commodity.....	3,947	2,778	1,169	42.1
Facility.....	16,059	8,421	7,638	90.7
Others.....	3,403	2,312	1,091	47.2

As the purchasing agency of the Government for all locally grown and produced Virginia leaf tobacco, the ACCFA purchased during the year 13.8 million kilograms of leaf tobacco worth ₱30.0 million.

6. Government Service Insurance System

Simultaneously with the granting of real estate loans directly to its members in the latter part of 1955, the GSIS also started extending credit for commercial and industrial purposes. This was mainly responsible for the 26.1 per cent growth in its investments, which rose from ₱187.0 million at the end of 1955 to ₱235.7 million a year after. Of the total investments outstanding, 41.5 per cent (₱97.9 million) were in government securities, 40.6 per cent (₱95.8 million) in different types of loans, 12.4 per cent (₱29.1 million) in a trust fund under the administration of the RFC, and

5.5 per cent (P12.9 million) in other investments including backpay certificates and the GSIS building. Holdings of government securities registered a rise of P17.8 million or 22.2 per cent while loans which included policy, salary, real estate, commercial and industrial credits recorded a substantial increment of P29.4 million or 44.3 per cent.

Similarly, loans granted by the GSIS during 1956 recorded remarkable gains as shown in the table hereunder:

***Loans Granted by the Government Service Insurance
System Classified by Purpose, 1955-1956***

(Amount in thousand pesos)

Type of loan	1956	1955	Increase or decrease (-)	
			Amount	Per cent
Total.....	73,415	55,006	18,409	33.5
Salary.....	36,690	36,053	637	1.8
Policy.....	10,671	10,236	435	4.2
Real estate.....	26,054	8,717	17,337	198.9

Total assets of the GSIS amounting to P254.1 million at the end of 1955 had increased by 15.7 per cent or P39.9 million a year later. Liabilities totalled P7.1 million while net worth aggregated P286.9 million.

7. Other Insurance Companies¹

At the end of the period under review, there were 102 insurance companies in operation of which 53 were domestic and the rest were foreign (22 American and 27 other foreign companies). Of the total number, 12 were life and 90 were non-life insurance companies.

Their various investments amounted to P185.7 million at the end of the period under review. These consisted of loans outstanding (40.5 per cent); bonds and other securities (32.4 per cent); and all other investments (27.1 per cent). The decline in loans outstanding and fixed deposits was more than offset by the increment in security holdings and other investments.

¹ Excluding GSIS.

Investments Outstanding of Other Insurance Companies
December 31, 1955-1956

(Amount in thousand pesos)

Item	1956	1955	Increase or decrease (-)	
			Amount	Per cent
Total.....	185,726	176,358	9,368	5.3
Loans.....	75,268	77,633	-2,365	-3.0
Bonds & other securities.....	60,087	55,391	4,696	8.5
Fixed deposits.....	9,928	11,123	-1,195	-10.7
Other investments.....	40,443	32,211	8,232	25.6

8. Pawnshops

The number of pawnshops operating in Manila and suburbs increased from 51 to 62 during the year. A total of 683,897 small loans valued at ₱26.2 million were granted by these pawnshops, showing an over-all increment of ₱4.8 million or 22.4 per cent in value and 14.6 per cent in number over those extended in 1955.

Loans outstanding at the end of 1956 aggregated ₱10.5 million, an increase of 24.5 per cent over the balance a year ago. Of this total outstanding, 80.0 per cent or ₱8.4 million were unmatured loans and the balance represented past due loans. The average size of these purely consumption credits was ₱38.30 in 1956 as against ₱36.44 the previous year.

CHAPTER IX

THE INTERNATIONAL RESERVE AND ITS MANAGEMENT

A. SUMMARY OF POLICIES ADOPTED

✓ Economic development and welfare within the limits of available resources continued to be the goals of the over-all management policies of the international reserve. Innovations on the operational level, primarily aimed at a more systematic programming of allocations, were also introduced. Towards this end, a quota revision project was initiated for purposes of effecting a more equitable distribution of foreign exchange between importers and producers. Restrictions on non-essential goods and services were intensified to meet the country's increasing needs for industrialization. New items were included in the Unclassified Category to give added incentives to local producers. On the other hand, to provide sufficient quantities of essential consumer goods, the Decontrolled list was expanded through the inclusion of three commodity groups.

✓ In the case of invisibles, new regulations on investment remittances and film rentals were approved. Both were aimed at correlating Central Bank policies with other government measures for economic development. To conserve much-needed foreign exchange, rules on travel, education and imported entertainment were made more restrictive.

✓ A total allocation for imports of \$549.82 million was made during the year compared to \$565.83 million for 1955, or a decrease of \$16.01 million. It is important to note, however, that allocations to producers increased from \$312.35 million to \$333.62 million. The over-all budget for invisibles was reduced from \$74.42 million to \$67.10 million.

✓ The budgeting of foreign exchange outlays, together with the substantial increase in export receipts made possible a slight improvement in the country's foreign exchange position.

B. THE INTERNATIONAL RESERVE

1. Movement

At the close of 1956, the international reserve exhibited a fairly improved position—\$15.48 million or 7.4 per cent above the trough registered in December, 1955.

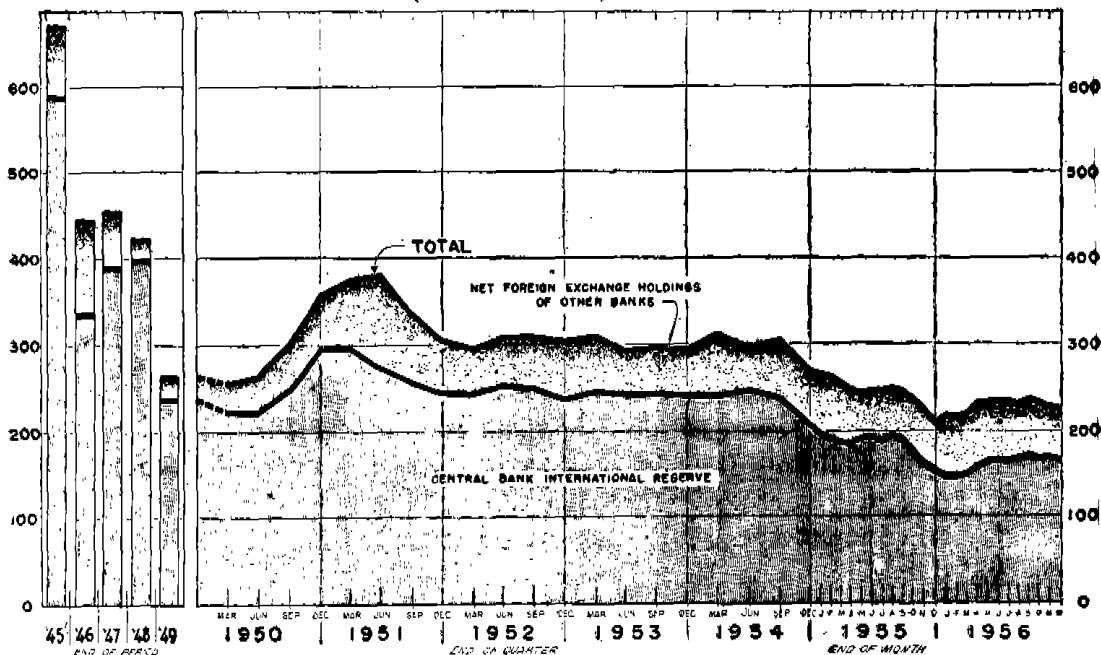
International Reserve 1949-1956

(Million U.S. dollars)

End of period	International reserve of the Central Bank	Net foreign exchange holding of other banks	Total
1949—December 8.....	225.76	24.86	250.62
December 31.....	230.70	29.39	260.09
1950.....	295.61	60.30	355.91
1951.....	244.42	59.45	303.87
1952.....	236.06	69.82	305.88
1953.....	240.38	55.60	295.98
1954.....	207.49	65.20	272.69
1955.....	154.91	54.30	209.21
1956.....	161.01	63.68	224.69

INTERNATIONAL RESERVE OF THE CENTRAL BANK AND FOREIGN EXCHANGE HOLDINGS OF OTHER BANKS

(MILLION U.S. DOLLARS)



Dept. of Economic Research
CENTRAL BANK OF THE PHILIPPINES

Except for temporary dips in February and August, there was a gradual build up through September. After a moderate recovery in March, the international reserve was further reinforced by a \$5.00 million drawing from the International Monetary Fund in April. A peak level of \$237.66 million was recorded in September, followed by a continued decline during the succeeding quarter.

2. Composition

Central Bank foreign exchange holdings expanded by \$6.10 million, mainly brought about by a net investment in United States Government securities amounting to \$9.93 million and an increase in gold holdings of \$6.02 million. On the other hand, there were net withdrawals of \$5.25 million in time deposits and \$3.05 million in demand deposits.

Net foreign exchange assets of commercial banks likewise increased by \$9.38 million or 17.3 per cent during the year.

For the second time since the inception of the Philippines-Japan Trade and Financial Agreements, total trade exceeded the \$100 million level. A favorable balance of \$33.97 million was experienced during the year with exports amounting to \$80.19 million against imports of \$46.22 million. Partial payments made by the Bank of Japan during the year aggregated \$34.84 million, leaving a balance due from Japan as of December 31, 1956 amounting to \$9.03 million.

C. EXCHANGE POLICIES

1. On Imports

Allocations for non-essential consumer goods were further reduced in order to maintain sufficient outlays for capital goods and essential consumer items, and to compensate for the anticipated foreign exchange diversion arising from "barter" under Republic Act 1410. On the whole the total foreign exchange allocated for imports (including actual foreign exchange utilization for decontrolled items) was \$16 million or 2.8 per cent lower than that of the preceding year.

Foreign Exchange Allocation for Imports, by Category 1955-1956

(Million U.S. dollars)

Category	1956	1955
Total.....	549.82	565.83
Highly essential items.....	1.00	1.74
Essential producer goods.....	291.37	253.04
Non-essential producer goods.....	42.25	59.31
Essential consumer items.....	31.38	31.95
Non-essential consumer items.....	21.17	48.30
Non-restricted quotas ^a	60.89	103.54
Unclassified items ^b	11.69	6.40
Decontrolled items ^c	90.07	61.45

^a Represents allocations for which no definite category was indicated.

^b As a general rule, no foreign exchange is allocated for commodities listed under the Unclassified Items category. The Monetary Board however, approves special, non-recurring grants to producers and importers to import certain "UI" goods like grey cloth, jute bags, cotton grey fabrics and onions and garlic, in order not to disrupt operations of producers and to combat price increases due to the insufficiency of supply to meet effective demand. Furthermore, the NAMARCO is designated by law as the sole importer of banned items like onions and garlic when supply shortages of these commodities threaten.

^c Letters of credit opened. Since no limit is placed on the importation of decontrolled items, no formal allocation is made for them.

Percentage-wise, allocations for Essential Producer items increased by 15 per cent while Decontrolled goods expanded by 47 per cent. In contrast, Non-Essential Consumer goods declined by 56 per cent, Non-Essential Producer goods by 29 per cent and Non-Restricted allocations by 41 per cent.

A review of policies adopted by the Monetary Board clearly explains how the foregoing pattern was made possible. On January 3, 1956, general reductions of 50 per cent for Non-Essential Consumer items and 20 per cent for Non-Restricted quotas were enforced. However, nationals whose aggregate individual quotas did not exceed \$15,000 a semester were exempted from these reductions. On June 29, 1956, a further cut of 15 per cent in Non-Restricted quotas was approved for the second semester.

To protect local producers, allocations for certain imports were either reduced or cancelled due to sufficient supply of locally produced goods which can be substituted for imported items. Commodities reclassified into the "Unclassified Items" category included, among others, vegetable soups; smoking tobacco; cotton and rayon blankets; underwear, slips, and nightgowns; labels, gummed or painted; bags and sacks for articles weighing less than 25 lbs.; fans, other than electric; and greeting cards.

Quota reductions were also effected for certain commodities. Allocation for venetian blind metalware was reduced by 40 per cent; tire manufacturing and repair materials, by 55 per cent; abrasive and emery paper and cloth, by 50 per cent; automobile tires or casings, by 25 per cent, and truck tires, by 35 per cent; and aluminum corrugated sheets, plainsheets, and foil, by 50 per cent.

The Central Bank decontrolled three groups of items considered essential for the health and welfare of the people, namely, food items, drugs & medicines, and biologicals & pharmaceuticals. This measure was adopted by the Bank not only to combat internal pressures for price increases, but also to broaden the area of decontrolled trade in line with the declared policy of the Government to ease controls as conditions may warrant.

Aside from the budgeting of limited foreign exchange, the processing system was also improved, thus facilitating action on backlog applications and on new cases. Foreign exchange allocations aggregating \$15.27 million were granted to 145 new producers and old producers who had no quota allocations. A quota revision project was initiated for the purpose of equitably distributing available foreign exchange among legitimate importers, thereby insuring maximum benefit and proper dollar utilization.

2. On Invisibles

On the whole, policies adopted during the year were more restrictive. The foreign exchange allocated for invisible items suf-

ferred a cut of \$7.32 million, representing a reduction of 9.8 per cent compared to last year's budget. Although there were slight increases in the allocations for insurance premia, education, maintenance & living expenses and services, these were more than offset by the decreases for all other purposes. The table below compares the 1956 budget for invisibles with that of 1955.

**Foreign Exchange Allocated for Invisibles
1955-1956**

(Million U.S. dollars)

Item	1956	1955
TOTAL.....	67.10	74.42
Regular Budget.....	52.38	57.82
Travel.....	4.46	7.72
Education.....	4.86	4.45
Maintenance & living expense.....	3.58	3.17
Investment remittances.....	15.50	21.30
Insurance premia.....	6.99	5.90
Services.....	13.76	11.46
Miscellaneous.....	3.23	3.66
Special Import Budget ^a	—	.16
Import Obligations, Pre-June, 1950 arrivals) PAL, Gas & Oil purchases abroad).....	—	.16
Expenditures authorized by the Monetary Board ^b	14.72	16.60

^a Included under invisibles as it falls under the jurisdiction of the Exchange Control Department.

^b Includes Philippine Government Expenditures other than for imports.

In order to effect savings in foreign exchange payments for invisibles and to improve the existing pattern of allocations, the following were approved:

On May 22, 1956, the policy on investment income remittances was revised by the Monetary Board. This new policy is correlated to a system of priorities to effect an optimum utilization of foreign exchange without prejudicing reasonable attractions to foreign investment. It allows remittances of investment income to non-residents from 25 per cent to 100 per cent of the foreign participation in the current net profits of foreign firms depending upon their priority levels as established by their net contribution to:

- a. national income and employment or the national income effect;
- b. the strengthening of the country's balance of payments position or the balance of payments effect; and
- c. the supply of basic needs of the economy or product essentiality.

Likewise, a new policy on allowable remittances of film rentals was adopted by the Monetary Board on July 31, 1956. It bases the allocation of each film exchange to its proportionate contribution to the economy in the form of domestically generated income. Remittances of producers' shares in film rentals are limited to a maximum of 25 per cent of the actual accruals for a given period, provided minimum sharing ratios of 45 — 55 between film exchanges and theatre operators, and 60 — 40 between foreign producers and film exchanges are complied with.

On June 12, 1956, the Monetary Board redefined its policy on the remittance in dollars abroad of the principal and interest on government bonds and securities representing obligations of the Philippine government which are held by non-resident foreign investors as follows:

- a. the principal and interest on R & D bonds and other kinds of government bonds and securities representing obligations of the Philippine Government, its political subdivisions or instrumentalities, being issued on their behalf by the Central Bank of the Philippines as agent, if bought with dollars or funds brought into the Philippines, may be paid in dollars and may be remittable abroad;
- b. if such securities are bought with pesos, the principal and interest thereon shall be paid in pesos only; and
- c. exceptions to the foregoing policy shall be permitted in the case of the principal of, and interest on, government securities previously sold to non-resident foreign investors under the provisions of the memorandum dated September 28, 1954 which allowed the remittance of the investment, including interest, in government securities, if the bonds were bought with pesos, whether or not from blocked accounts.

For purposes of limiting the country's disbursements for education abroad, effective March 8, 1956, foreign exchange applications are to be granted only to students taking graduate studies or highly technical courses, which are not offered in the Philippines. The following reduced rates were also set for the maintenance and living expenses of students abroad:

- a. \$250 monthly for those attending colleges and universities in the United States and Canada;
- b. \$150 monthly for those attending colleges and universities in Europe, Central and South America; and
- c. \$100 monthly for those attending colleges and universities in other countries.

It had been noted that a considerable amount of foreign exchange disbursements for medical treatment abroad were made annually. On March 12, 1956, the Monetary Board, with a view to restricting grants only to deserving cases, required all applications for foreign exchange for this purpose to be accompanied by a medical certificate from the V. Luna General Hospital.

To restrict travel for pleasure, new regulations were issued. Airline and shipping companies were notified in December to sell tickets for international travel only to residents who have been issued foreign exchange licenses for travel abroad. However, exemption certificates are issued subject to certain conditions. Travel companies issuing tickets to persons leaving for abroad without foreign exchange travel license or without the necessary exemption certificates shall not be authorized to remit the 72 per cent of such passage fares paid previously allowed.

A policy governing the remittance of home-leave salary of alien employees going abroad either for business, for vacation or both, was approved by the Monetary Board in its Resolution No. 291 on February 24, 1956. An alien employee who receives a monthly salary of more than \$500 may be permitted to remit as monthly home-leave salary, \$500 plus twenty per cent (20%) of the difference between \$500 and his base salary for a period of not more than five months. Whatever funds are availed of by him upon his departure are deductible from the total home-leave salary remittance allowable under the aforesaid arrangement. In addition, foreign employees are generally allowed to go on home-leave not oftener than once every three years except for certain justifiable purposes.

Remittances for visiting entertainers have been placed in the lowest priority group in the allocation of dollars. Contracts entered into between Philippine residents and foreign entertainers are subject to prior approval by the Central Bank. Unless such approval is obtained the Central Bank will not provide any foreign exchange nor authorize the purchase of international travel tickets in pesos.

For the purpose of facilitating the importation of machinery and equipment, the Central Bank authorized its agent banks to sell forward exchange to cover foreign exchange commitments to their clients for the purchase of machinery and equipment. Likewise, to attract foreign loans, the Monetary Board authorized the Bank to enter into forward exchange contracts with commercial banks to cover outstanding loans and / or credits granted by U.S. banks to them under arrangements approved by the Monetary Board. Similar arrangements were approved to cover repayments of short-term capital used exclusively to finance export shipments made available to local banks by their foreign correspondents.

CHAPTER X

GOVERNMENT FINANCE^a

A. SUMMARY

// A forward step in the improvement of the organization and facilities for fiscal management in 1956 was reflected in the presentation of a comprehensive fiscal plan for fiscal year 1957. For the first time in the history of Philippine budget preparation, an inclusive financial plan has been formulated by the Budget Commission in close collaboration with the Central Bank, the National Economic Council and the Department of Finance which presented the total expenditures of the government by program and purpose along with detailed measures for their financing.

The fiscal plan for fiscal year 1957 covered not only the general budget but also appropriations for public works, subscriptions to the capital stock of corporations and other investments and loans and obligations of the government to be financed from taxation or by public borrowing. Taking into account actual and prospective economic conditions, the government attempted to accelerate the rate of national development through public borrowing and provision of liberal credit to private enterprises within the limits of monetary stability.

The following discussion centers more on the operations during fiscal year 1956 as fiscal year 1957 is not yet over. Whenever comparable data are available, comparisons of fiscal years 1955, 1956 and 1957 are given. /

1. Expenditures

Total actual expenditures of the National Government, inclusive of the Fiduciary^a Fund and the borrowings undertaken by public corporations, for fiscal year 1956 at ₱1,082.1 million were 19.2 per cent higher than those for fiscal year 1955 and 10.1 per cent lower than those budgeted for fiscal year 1957. Taking into account the cost of provincial and local governments at ₱208.8 million in fiscal year 1956, the total estimated amount diverted from the gross national product for the government sector amounted to ₱1,290.9 million. This represented approximately 16.1 per cent

^a Fiscal year basis except the section on public debt which is on calendar period.

of the gross national product for 1956 or 2.0 per cent more than the share of the previous fiscal year and 1.0 per cent less than that estimated for fiscal year 1957. The actual capital expenditure component of fiscal year 1956 government outlays at ₱386.8 million or 36.0 per cent of the total enabled the government to make an estimated contribution of ₱329.4 million to the net capital formation of the country.

Expenditures for economic development, both capital and current, reached ₱467.0 million or 43.2 per cent of the total government outlay for fiscal year 1956. This percentage share was more or less maintained in the estimated outlays for fiscal year 1957 and compares favorably with the 36.5 per cent share of the previous fiscal year. Budgeted expenditures for social development accounted for 29.4 per cent of the fiscal year 1957 total, followed by defense, 15.4 per cent; general government, 6.8 per cent; and debt service, 5.3 per cent. Planned development expenditures rose by 41.0 per cent over the previous fiscal year, while social development expenditures increased by only 13.0 per cent. It was considered that only by accelerating domestic production could national income be increased sufficiently to permit a higher standard of education, health and social welfare.

2. Financing Measures

a. Over-all Sources

The financial resources made available for the operations of the government during the fiscal year 1956 amounted to ₱1,083.9 million of which 62.9 per cent came from tax revenues, 7.9 per cent from non-tax revenues and 29.2 from public borrowing. The respective percentages during the preceding fiscal years were 67.8, 12.4 and 18.8.

General fund receipts of ₱642.0 million during the current fiscal year registered an increase of ₱34.7 million over the ₱607.3 million in 1955. Net of interfund transfers, special and fiduciary funds amounted to ₱126.0 million, or a decrease of ₱6.7 million from the total of the preceding fiscal year of ₱132.7 million. The proceeds of the sales of government bonds exclusive of those issued by public corporations which accrued to the Bond Fund increased from ₱78.1 million in fiscal year 1955 to ₱155.1 million in fiscal year 1956.

Total public borrowings during 1956 amounted to ₱315.9 million as compared to ₱183.0 million in fiscal year 1955. The comparable estimate for fiscal year 1957 is ₱259.7 million. Borrowings under-

taken by public corporations moved up from ₱61.1 million in 1955 to ₱102.4 million in fiscal year 1956. Expansion in the support of agricultural products to increase production and improve their marketing necessitated additional borrowing by the ACCFA of ₱66.0 million during the current fiscal year. National Power Corporation bonds issued during fiscal year 1956 amounted to ₱23.4 million for the hydroelectric development of the country. The National Waterworks and Sewerage Authority and the Rehabilitation Finance Corporation likewise floated bonds amounting to ₱7.5 million and ₱5.5 million, respectively.

Total sources of capital outlay for economic development during the fiscal year 1956 amounted to ₱329.4 million, of which ₱247.0 million came from public borrowings. The remaining ₱82.4 million came from the General, Fiduciary and Special Funds of the National Government. Actual disbursements of capital outlay for economic development amounted to ₱272.7 million.

b. Government Funds

Consolidated receipts of the government from the four funds amounted to ₱1,055.0 million, an increase of ₱177.9 million over the preceding fiscal year. Ordinary receipts amounted to ₱801.8 million which sufficiently covered the current operating expenditures of ₱695.5 million. Increase in revenue from taxation of ₱57.1 million from the preceding fiscal year was largely responsible for the ₱74.5 million increment in the ordinary receipts of the government. The total realized ordinary receipts were, however, ₱31.1 million short of the expectations a year ago. Other receipts during the current fiscal year amounted to ₱253.2 million, up by ₱103.4 million from last year's figure. These receipts include the proceeds from sale of Treasury notes of ₱92.8 million and Public Works and Economic Development bonds of ₱155.1 million; of the latter, ₱120.6 million were actually disbursed.

B. GENERAL FUND

In fiscal year 1956, the deficit in the General Fund was ₱90.96 million as total revenues reached ₱643.39 million while expenditures aggregated ₱734.35 million.

Revenue collections were boosted by sizable import duties, income taxes and excise taxes on domestic products. The combined increases amounted to ₱80.10 million.

The total sum appropriated for education reached ₱211.41 million, an increment of ₱8.94 million over 1955, to cover increased teachers' salaries and to set up more schoolhouses.

Reconciliation of Consolidated Fiscal Operations Fiscal Years 1955-1957

(Million pesos)

Item	Fiscal Year 1954-1955			Fiscal Year 1955-1956			Fiscal Year 1956-1957 ^e		
	Government Proper	Fiduciary Fund and Public Corporations	Total	Government Proper	Fiduciary Fund and Public Corporations	Total	Government Proper	Fiduciary Fund and Public Corporations	Total
EXPENDITURE PURPOSES:									
General Government.....	89.6	4.6	94.2	93.5	(20.4)	73.1	94.3	(17.3)	77.0
National Defense.....	158.6	(10.4)	148.2	157.7	8.4	166.1	140.8	22.3	163.1
Economic Development.....	202.5	128.4	330.9	340.4	126.6	467.0	404.4	102.2	506.6
Social Development.....	281.8	(0.5)	281.3	311.7	6.3	318.0	350.2	0.1	350.3
Education.....	211.6	5.1	216.7	222.1	11.7	233.8	263.1	74.1	337.2
Health, Medical, Labor and Welfare.....	70.2	(5.6)	64.6	89.6	(5.4)	84.2	87.1	(74.0)	13.1
Debt Service.....	53.1	0.1	53.2	56.8	1.0	57.8	92.4	2.0	94.4
TOTAL.....	785.6	122.2	907.8	960.1	121.9	1,082.0	1,082.1	109.3	1,191.4
FINANCING:									
Tax Receipts.....	625.5	-	625.5	682.6	-	682.6	785.2	-	785.2
Non-Tax Revenue.....	114.5	-	114.5	85.4	-	85.4	158.1	-	158.1
Public Borrowings:									
Budgetary Loan from the Central Bank.....	60.0	-	60.0	-	-	-	-	-	-
Treasury Notes.....	-	-	-	92.9	-	92.9	10.0	-	10.0
Bond Issue.....	61.9	61.1	123.0	120.6	102.4	223.0	161.2	88.5	249.7
TOTAL.....	861.9	61.1	923.0	981.5	102.4	1,083.9	1,114.5	88.5	1,203.0

NOTE: Negative figures are the results of lack of complete concordance between the Budget Commission and the General Auditing Office on items composing each major classification.
Public Corporations do not include operating income and expense of such corporations and the operations of government financial institutions.

SOURCES OF BASIC DATA: Budget Commission
General Auditing Office

A comparative result of operations of the General Fund is shown below:

*Comparative Statement of Revenue and Expenditures of the
National Government General Fund Fiscal
Years 1955-1956*

(Pesos)

Item	1956	1955	Increase or decrease (-)
REVENUE: a			
Revenue from Taxation.....	592,481,349	546,968,205	45,513,144
Import duties and taxes.....	190,502,996)	((
Excise taxes on domestic products..	119,056,021)	(297,215,145	(70,654,581
Foreign exchange tax.....	58,310,659)	((
Other business taxes and fees.....	76,276,655	165,041,426	-88,764,771
Income taxes.....	137,371,427	127,922,371	9,449,056
Miscellaneous taxes.....	13,306,252	12,401,231	905,021
Adjustment of income of prior years (refunds for illegally collected taxes or fees).....	(2,342,661)	-	- 2,342,661
Apportionment of internal revenue to local governments, Comm. Act No. 466, as amended by Comm. Act No. 586.....	-	-55,611,968	55,611,968
Earnings and Other Credits.....	47,148,886	56,835,915	- 9,687,029
Fines and penalties, internal revenue taxes.....	-	2,896,471	- 2,896,471 ^b
Apportionment of internal revenue to local governments, Comm. Act No. 466, as amended by Comm. Act No. 586.....	-	- 178,674	178,674
Service income.....	35,354,382	31,113,289	4,241,093
Sales of public domain.....	46,478	1,509	44,969
Operating income of commercial and industrial units.....	148,176	3,734	144,442
Interest income.....	2,296	-	2,296
Sales of fixed assets.....	81,761	68,023	13,738
Other incomes.....	11,692,183	22,931,563	-11,239,380
Refund of prior years income....	(176,390)	-	- 176,390
Repayment of Advances.....	3,240,138	3,171,196	68,942
Repayment of advances for interest and annuity on Metropolitan Water District and local govern- ment bonds.....	1,218,006	3,171,196	- 1,953,190
Repayment of advances on interest and annuity on bonds, Rep. Act No. 1000.....	2,022,132	-	2,022,132
Total Revenue.....	642,870,375	606,975,317	35,895,058
TRANSFERS AND REVERSIONS FROM THE VARIOUS SPECIAL AND OTHER FUNDS.....	519,990	379,103	140,887
Total Revenue, Transfers and Reversions.....	643,390,365	607,354,420	36,035,945

**Comparative Statement of Revenue and Expenditures of the
National Government General Fund Fiscal
Years 1955-1956**

(Pesos)

Item	1956	1955	Increase or decrease (-)
EXPENDITURES:			
Education.....	211,412,294	202,476,601	8,935,693
Defense and Maintenance of Law and Order.....	147,887,363	150,705,520	- 2,818,157
Economic Development.....	152,802,469	102,583,468	50,219,001
Conservation and development of natural resources.....	13,086,245	10,547,542	2,538,703
Development of commerce.....	21,209,305	15,520,685	5,688,620
Development of plant industry.....	27,539,086	15,474,232	12,064,854
Development of animal industry.....	1,893,305	1,891,736	1,569
Development of mineral resources...	988,643	909,039	79,604
Postal and communication service...	20,897,757	19,370,589	1,527,168
Geological, economic and scientific investigation and research.....	2,735,419	2,918,863	- 183,444
Investments.....	30,971,242	15,432,249	15,538,993
PHILCUSA Counterpart Fund.....	33,481,467	20,518,533	12,962,934
Social Welfare.....	74,917,711	68,878,211	6,039,500
Charity and social service.....	3,987,633	2,999,820	987,813
Social and economic improvement of laborers and employees.....	4,088,879	1,439,501	2,649,378
Correction of offenders.....	3,356,915	1,106,014	2,250,901
Pensions and gratuities.....	21,375,648	22,154,254	- 778,606
Public health and sanitation.....	42,108,586	41,178,622	929,964
Administration.....	79,237,183	80,571,576	- 1,334,393
Revenue collection service.....	9,388,730	8,975,448	413,282
Custody of public funds.....	671,075	622,029	49,046
Protection of life and property from force majeure.....	1,053,503	1,452,929	- 399,426
Supervision of immigration.....	592,807	535,966	56,841
Supervision and regulation of public utilities.....	505,810	500,104	5,706
Meteorological and seismical ser- vice.....	669,294	604,828	64,466
Diplomatic service.....	5,950,954	4,872,398	1,078,556
Publicity.....	655,167	775,418	- 120,251
Legislation.....	8,553,386	8,187,662	365,724
Executive direction and control.....	42,037,367	45,119,230	- 3,081,863
Administration of justice.....	9,159,090	8,925,564	233,526
Public Debt.....	56,423,402	52,721,880	3,701,522
Total Expenditures.....	722,680,425	637,937,258	64,743,167
TRANSFERS OF APPROPRIATIONS TO THE SPECIAL AND OTHER FUNDS.....	11,672,348	7,526,630	4,145,718
Total Expenditures and Transfers.....	734,352,773	665,463,888	68,888,885
SURPLUS OR DEFICIT (-).....	- 90,962,408	- 58,109,468	32,852,940

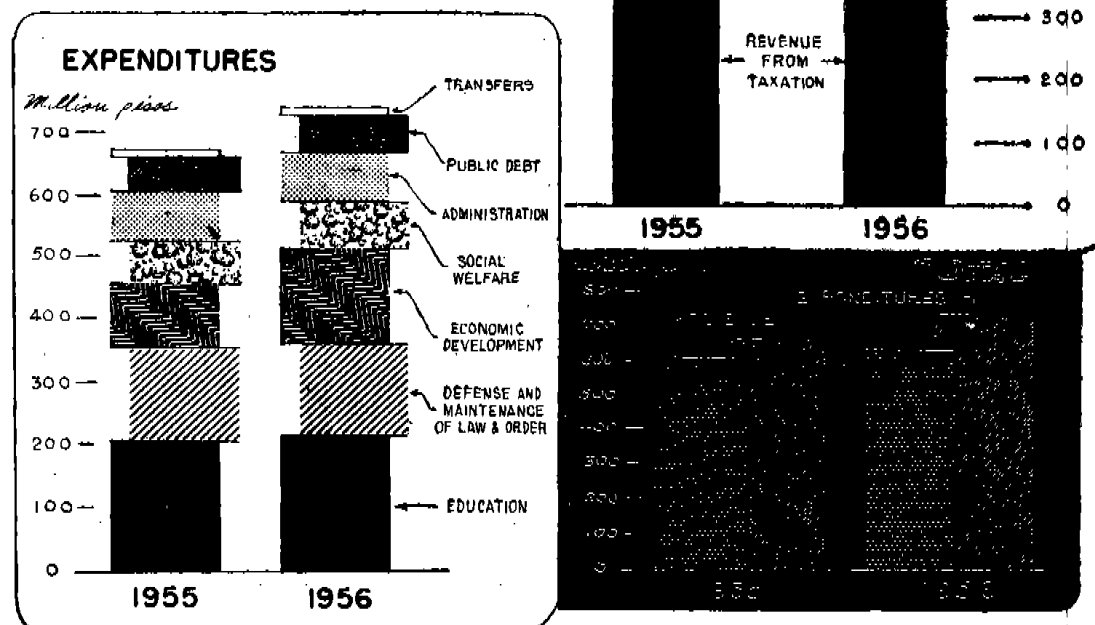
SOURCE OF BASIC DATA: General Auditing Office

^a Exclusive of borrowings.

^b This amount was shown separately in the trial balance of the Bureau of Internal Revenue — Income as of June 30, 1955. However, during the fiscal year 1955-1956, the account title "Fines and Forfeitures" was discarded and the income which used to be reported under this title was distributed among the various income account titles under "Revenue from Taxation."

REVENUE AND EXPENDITURES OF THE NATIONAL GOV'T.

General Fund
FISCAL YEARS ENDING JUNE 30



C. SPECIAL FUND

Operations of the Special Fund resulted in a surplus of ₱33.54 million for fiscal year 1956 compared to the ₱10.37 million surplus realized during the preceding fiscal year. Significant among the revenue contributors was service income which gained ₱23.33 million for the year.

Comparative Statement of Revenue and Expenditures of the National Government Special Fund, Fiscal Years 1955-1956 (Pesos)

Item	1956	1955	Increase or decrease (-)
REVENUE:			
Revenue from Taxation	76,610,700	76,824,210	- 213,510
Import duties and taxes.....	68,512,432	(51,254,465)	(19,013,305)
Excise taxes on domestic products..	1,755,338	()	()
Export charges and fees.....	6,094,145	4,737,017	1,357,128
Other business taxes and fees.....	1,247,420	20,832,728	-19,585,308
Adjustment of income of prior years (refunds for illegally collected taxes or fees).....	(998,635)	-	- 998,635

**Comparative Statement of Revenue and Expenditures
of the National Government
Special Fund, Fiscal Years 1955-1956**

(Pesos)

Item	1956	1955	Increase or decrease (-)
Earnings and Other Credits.....	62,467,615	36,979,416	25,488,199
Service Income.....	39,001,610	15,671,091	23,330,519
Sales of public domain.....	530,860	393,450	137,410
Operating income of commercial and industrial units.....	3,783,018	1,900,244	1,882,774
Interest income.....	1,613,483	1,588,580	24,903
Sales of fixed assets.....	85,264	78,760	6,504
Other income.....	17,499,139	17,347,291	151,848
Refund of prior years income.....	(45,759)	—	45,759
Repayment of Advances.....	134,467	274,166	— 139,699
Repayment of advances for the revision of real property assessments in the provinces and chartered cities, Republic Act No. 78.....	134,467	274,166	— 139,699
Total Revenue.....	139,212,783	114,077,793	25,134,990
APPROPRIATIONS RECEIVED FROM THE GENERAL AND OTHER FUNDS.....	11,646,413	7,524,396	4,122,017
Total Revenue and Transfers....	150,859,196	121,602,189	29,257,007
EXPENDITURES:			
Education.....	10,680,317	9,096,178	1,584,139
Defense and Maintenance of Law and Order.....	7,683,635	7,034,142	649,493
Economic Development.....	91,079,841	86,225,315	4,854,526
Conservation and development of natural resources.....	1,712,272	1,309,092	403,180
Development of commerce.....	33,976,795	32,075,867	1,900,928
Development of plant industry....	41,992,910	38,325,531	3,667,379
Development of animal industry...	903,024	880,949	22,075
Development of mineral resources...	229,198	263,272	— 34,074
Geological, economic and scientific investigation and research.....	595,671	476,786	118,885
Investment.....	—	13,934	— 13,934
Operation of commercial and industrial units.....	11,263,196	12,492,421	— 1,229,225
Postal and communication service...	406,775	387,463	19,312
Social Welfare.....	2,323,624	1,360,506	963,118
Charity and social service.....	679,554	179,953	499,601
Pensions and gratuities.....	—	9,263	— 9,263
Public health and sanitation.....	987,073	589,377	397,696
Social and economic improvement of laborers and employees.....	656,997	581,913	75,084

**Comparative Statement of Revenue and Expenditures
of the National Government
Special Fund, Fiscal Years 1955-1956**

(Pesos)

Item	1956	1955	Increase or decrease (-)
EXPENDITURES (Continued)—			
Administration.....	4,657,352	6,592,798	- 1,935,446
Revenue collection service.....	1,377,353	1,094,279	283,074
Protection of life and property from force majeure.....	818,650	707,632	111,018
Supervision and regulation of public utilities.....	65,352	64,609	743
Executive direction and control....	2,395,997	4,726,278	- 2,330,281
Public Debt.....	400,000	400,000	-
Total Expenditures.....	116,824,771	110,708,939	6,115,832
TRANSFERS.....	499,068	526,340	- 27,272
Total Expenditures and Transfers.....	117,323,839	111,235,279	6,088,560
SURPLUS OR DEFICIT (-).....	33,535,358	10,366,910	23,168,448

SOURCE OF BASIC DATA: General Auditing Office

D. BOND FUND

Proceeds from the sale of bonds which accrued to the Bond Fund rose from ₱78.1 million in fiscal year 1955 to ₱155.0 million this fiscal year.

Expenditures which increased by ₱103.7 million were mostly directed at stimulating private investments.

**Comparative Statement of Revenue and Expenditures of the
National Government
Bond Fund, Fiscal Years 1955-1956**

(Pesos)

Item	1956	1955	Increase or decrease (-)
REVENUE:			
Earnings and Other Credits:			
Service income.....	30	-	30
Operating income of commercial and industrial units.....	6,969	-	6,969
Other incomes.....	49,969	4,145	54,114
Refund of prior years income.....	(3,496)	-	3,496
Total Revenue.....	53,472	4,145	57,617

**Comparative Statement of Revenue and Expenditures of the
National Government
Bond Fund, Fiscal Years 1955-1956**

(Pesos)

Item	1956	1955	Increase or decrease (-)
TRANSFERS FROM THE BUREAU OF THE TREASURY MISCEL- LANEOUS-			
Fiduciary Fund.....	1,027,175	265,299	761,876
Total Revenue and Transfers.	1,080,647	261,154	819,493
EXPENDITURES:			
Maintenance of Law and Order.....	2,084,782	868,793	1,215,989
Economic Development.....	96,546,985	13,667,420	82,879,565
Development of commerce.....	11,107,383	3,662,157	7,445,226
Development of plant industry.....	32,575,428	5,972,127	26,603,301
Investments.....	52,864,174 ^b	4,033,136	48,831,038
Social Welfare.....	12,367,602	—	12,367,602
Public health and sanitation.....	12,367,602	—	12,367,602
Administration.....	9,631,152	2,436,503	7,194,649
Protection of life and property from force majeure.....	2,768,255	186,985	2,581,270
Executive direction and control.....	6,862,897	2,249,518	4,613,379
Total Expenditures.....	120,630,521	16,972,716	103,657,805
TRANSFERS — President's Committee on Schoolhouse Program.....			
	45,787	208	45,579
Total Expenditures and Transfers.....	120,676,308	16,972,924	103,703,384
SURPLUS OR DEFICIT (-).....	-119,595,661	-16,711,770	-102,883,891

SOURCE OF BASIC DATA: General Auditing Office

^a Although borrowings provide the major portion of the funds for the operation of this account, receipts from this source are not included above inasmuch as they already form part of the public debt statements appearing elsewhere in this report. In fiscal years 1956 and 1955 proceeds of sales of Public Works and Economic Development bonds which accrued to this Fund amounted to P155,098,092 and P78,077,785, respectively.

^b Includes the sum of P46 million paid during the previous fiscal year to the Philippine National Bank as implementation of the rehabilitation plan approved for the said bank by the Cabinet.

E. FIDUCIARY FUND¹

Fiscal operations in the Fiduciary Fund showed a surplus of ₱3.48 million during fiscal year 1956 which compares with the surplus of ₱4.04 million realized during the preceding fiscal year. Total revenues rose by ₱4.92 million to ₱24.43 million and over-all expenditures expanded to ₱20.95 million, up by ₱5.48 million. The results of operations of the Fiduciary Fund are shown in the following table:

*Comparative Statement of Revenue and Expenditures of the
National Government
Fiduciary Fund, Fiscal Years 1955-1956*

(Pesos)

Item	1956	1955	Increase or decrease (-)
REVENUE:			
Earnings and Other Credits.....	24,407,394	19,370,010	5,037,384
Operating and service income.....	22,000,583	11,033,413	10,967,170
Interest income.....	-	1,805,198	- 1,805,198
Other income.....	2,406,731	6,517,503	- 4,110,772
Sales of assets.....	80	13,896	- 13,816
Transfers.....	25,351	147,518	- 122,167
Total Revenue..	24,432,745 ^a	19,517,528	4,915,217
EXPENDITURES:			
Current Operating.....	17,519,997	12,237,650	5,282,347
Capital Outlays.....	3,434,902	3,237,558	197,344
Total Expenditures..	20,954,899	15,475,208	5,479,691
SURPLUS OR DEFICIT (-)	3,477,846	4,042,320	- 564,474

SOURCE OF BASIC DATA: Budget Commission

^a Exclusive of a ₱900,000.00 loan from the Rehabilitation Finance Corporation.

¹ This consists of funds held by the National Government for the account of its different offices and instrumentalities the disposition of which is not at the discretion of the National Government. These funds may originate from postal savings deposits, fidelity bonds lodged with the government to secure contractual obligations, donations of private individuals for civic purposes, appropriations from the General Fund to subsidize certain industries, and income of government entities whose operations do not require periodic authorizations from the Congress.

As this Fund originally constituted only an insignificant proportion of total government funds and because it does not form part of the normal government fiscal operations, this has not been included in the consolidation of the major funds of the government from the start.

F. CASH OPERATIONS OF THE NATIONAL GOVERNMENT

A cash deficit of ₱106.46 million was experienced during fiscal year 1956 in the operations of the National Government. Total cash receipts for the period amounted to ₱759.33 million, while aggregate cash expenditures reached ₱865.79 million. However, the ₱92.83 million Central Bank loan and the proceeds at ₱155.10 million from the sale of Public Works and Economic Development bonds effected a net increase of ₱141.47 million in the cash balance. The following table summarizes the cash operations.

Cash Operations of the National Government *Fiscal Years 1955-1956*

(Million pesos)

Item	1956	1955
Receipts.....	759.33	667.34
Disbursements.....	865.79	764.95
Surplus or Deficit (-).....	- 106.46	- 97.61
ADD: Borrowings		
Loan from the Central Bank of the Philippines.....	92.83	60.00
Sales of Public Works and Economic Development Bonds.....	155.10	78.08
Net increase in cash balance.....	141.47	40.47
Cash balance at the end.....	802.64 ^a	664.09 ^r

^a Inclusive of net surplus adjustments of ₱2.92 million.

Total cash resources of the government on June 30, 1956 were ₱802.64 million, with more than one-half pertaining to the General Fund. The cash holdings of all Funds showed improvements, with the Bond Fund reflecting a 57.0 per cent increment.

Total Cash Resources of the National Government *Fiscal Years 1955-1956*

(Million pesos)

Item	1956	1955	Increase or decrease (-)
AS TO FUND:			
General Fund.....	450.37	443.07	7.30
Special Fund.....	244.38	192.27	52.11
Bond Fund.....	107.89	28.75	79.14
Total.....	802.64	664.09	138.55
AS TO DEPOSITORY AND/OR HOLDER:			
Cash in Treasury Vaults and Depositories.....	224.64	137.42	87.22
Cash with Collecting Officers.....	44.37	58.82	- 14.45
Cash with Disbursing Officers.....	533.63	467.85	65.78
Total.....	802.64	664.09	138.55

Government liquidation of its obligations during fiscal year 1956 perceptibly slowed down as cash with disbursing officers and accounts payable increased by ₱65.78 million and ₱94.39 million, respectively. However, current operations of the government resulted in an operating surplus of ₱70.91 million as the net increase in the cash balance over-shadowed the increases in payables. The following table is a resumé of government current operations:

***Current Operations of the National Government Involving Cash
Fiscal Years 1955-1956***

(Million pesos)

Net Increase in Cash Balance.....			141.47
LESS:			
Accounts Payable, June 30, 1956.....	1,008.64		
Accounts Payable, June 30, 1955.....	914.25	94.39	
DEDUCT:			
Accounts Receivable, June 30, 1956.....	325.99		
Accounts Receivable, June 30, 1955.....	302.16	23.83	
Net Increase in Payables.....			70.56
OPERATING SURPLUS.....			<u>70.91</u>

G. PUBLIC DEBT

Mainly due to economic development expenditures, the public debt went up further by ₱208.78 million during the calendar year to ₱1,535.44 million on December 31, 1956. For the corresponding period a year ago, the public debt increased by ₱240.61 million. A more cautious programming of development projects in a period of pervasive price increases accounted for the slightly diminished public debt expansion during this year.

A quarterly analysis of the public debt movement reveals a steady rise during the year with the last quarter tapering off significantly. The second-quarter period exhibited the biggest rise with the issuance of ₱85.76 million of Treasury notes in June to cover public works and capital expenditures mainly. The first quarter rise of ₱66.93 million was largely effected by the flotation of Public Works and Economic Development bonds amounting to ₱61.95 million. The fourth quarter movement was largely characterized by the periodic payments of backpay obligations to pre-war government employees and installment payments on obligations arising from external origin. However, the December loan of ₱7.31 million from the Export-Import Bank out of the \$10.00 million credit line and the Rehabilitation Finance Corporation issues of ₱6.30 million bonds effected a slight rise of ₱0.17 million in the public debt.

Total government securities issued during the year amounted to ₱309.62 million and a total of ₱94.43 million was retired. Public Works and Economic Development bonds and Treasury notes accounted for the greater portion of the total issue. The biggest portion of the releases occurred during the first three quarters. The substantial cash balance of the bond fund slowed down the issuance of such securities during the remaining months.

Rural improvement continued to receive increasing attention as expanded facilities for irrigation, artesian wells, barrio and feeder roads, and marketing and storage were constructed. Total Public Works and Economic Development bonds devoted to rural improvement reached ₱46.85 million in one year. Issuance of ACCFA notes and certificates of indebtedness aggregated ₱54.50 million after redeeming ₱2.50 million. Expenditures from development bonds and government corporation securities amounting to ₱34.78 million were devoted to highways and portworks, power projects and communications facilities.

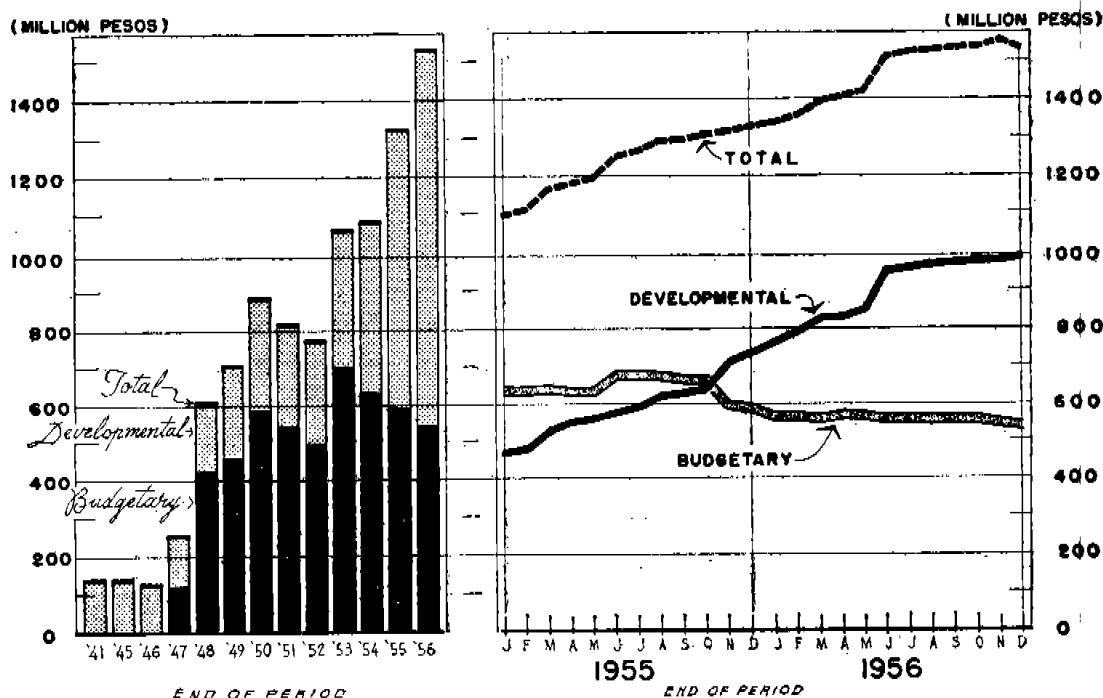
Total issues of Public Works and Economic Development bonds reached ₱89.44 million during the period under review. No new releases were made after September. Except for the month of April when ₱20.00 million representing the National Government's subscription to the capital stock of the Philippine National Bank were retired, an unbroken series of releases was made which averaged ₱7.50 million a month. Government corporation securities likewise showed an upward movement; bonds of the National Power Corporation and NAWASA amounted to ₱12.03 million and ₱3.50 million, respectively. Power projects, particularly Ambuklao, and the improvement of the water system of Manila and suburbs were responsible for the large increments. The retirement of ₱14.90 million of ACCFA notes and certificates of indebtedness during the year brought the net increase to ₱42.10 million. Financing of commodity loan operations and expanded marketing and distribution facilities dictated the demand for additional finances. The Treasury bills worth ₱15.00 million floated on April 23, 1956 were a refunding issue, while the Treasury notes worth ₱85.76 million issued in June were used to cover the capital expenditures of the government. Total Treasury notes issued during the year amounted to ₱91.30 million.

The marked activity in economic development boosted the growth of developmental debt by ₱259.53 million to ₱996.42 million, or 65.0 per cent of the total outstanding. Significant increases were recorded in Public Works and Economic Development bonds (₱89.44 million), Treasury notes (₱91.30 million), and government corporation securities (₱72.27 million). Development projects received the major

releases of Public Works and Economic Development bonds. Net additional ACCFA notes and certificates of indebtedness amounting to ₱42.10 million were floated to improve efficiency in the marketing and distribution of farmers' produce and to finance commodity loan operations. NAWASA bonds in the amount of ₱3.50 million were utilized to improve the water system of Manila and suburbs. The greater portion of the ₱12.03 million growth in National Power Corporation obligations was to rush the completion of the Ambuklao hydroelectric project. Diverse financing projects of the Rehabilitation Finance Corporation increased its outstanding bonds by ₱16.35 million.

Except for the month of April when ₱15.00 million worth of Treasury bills were issued to refund the issue of same amount redeemed on January 6, 1956, budgetary debt obligations consistently followed a downward movement. The steady decline in budgetary obligations was caused by the periodic payments of backpay obligations to pre-war government employees and the installment payment on loans from foreign lending agencies. The year-end level stood at ₱539.02 million, ₱50.75 million less than the comparable amount a year ago.

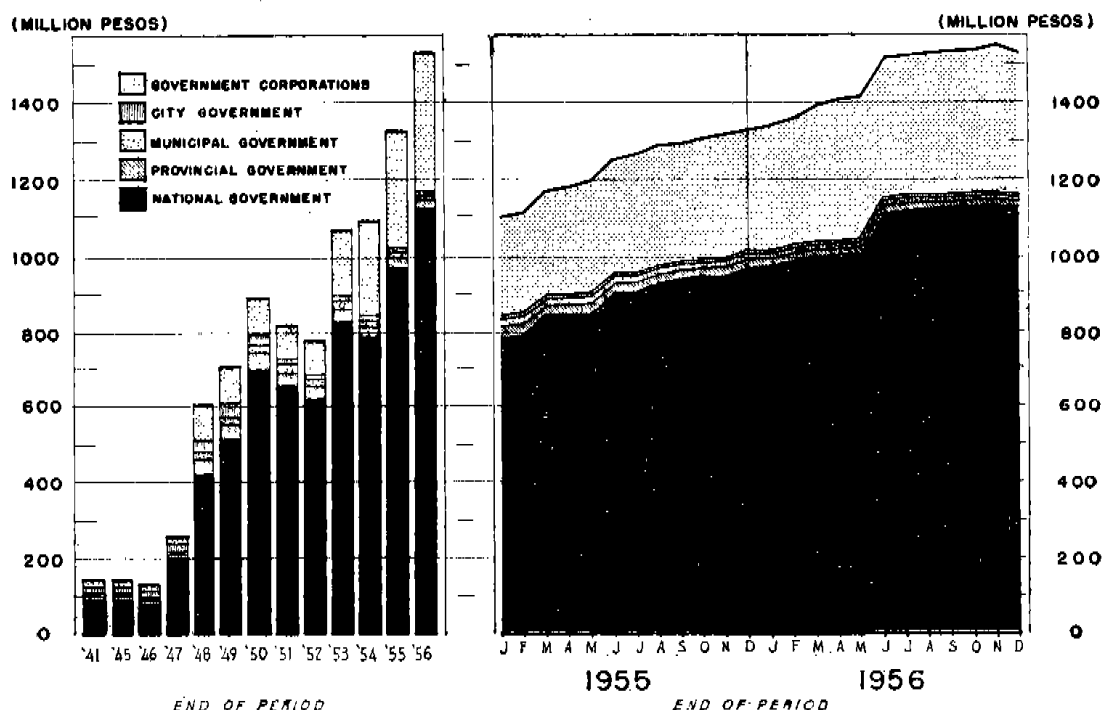
PUBLIC DEBT OUTSTANDING CLASSIFIED BY
PURPOSE OF ISSUE



The continued prosecution of development projects caused an upward movement in both bonded and non-bonded indebtedness. Flotation of development bonds and government corporation securities pushed up bonded obligations by 20.0 per cent during the period to ₱721.98 million. At the same time, non-bonded indebtedness rose by ₱88.09 million, or 12.0 per cent, from the previous year's level of ₱725.37 million. Increases in the issuance of Treasury notes and the expanded credit accommodation given to the ACCFA more than offset the decreases recorded as a result of the partial redemption of backpay obligations and repayment of installments on foreign debts.

Of the aggregate debt, 89.0 per cent was of domestic origin as compared to 87.0 per cent for the corresponding period a year ago. Except for the ₱7.31 million foreign obligation entered into on July 24, 1956 under a \$10 million credit line, the new obligations incurred were of domestic origin and were largely absorbed by the National Government. Of the ₱208.78 million rise in public debt, the National Government was responsible for ₱147.29 million, or 70.0 per cent, as municipal and city governments liquidated some of their loans. National government outstanding obligations reached ₱1,116.74 million as of the close of December.

PUBLIC DEBT OUTSTANDING CLASSIFIED BY LEVELS
OF GOVERNMENT



DEPARTMENT OF ECONOMIC RESEARCH
CENTRAL BANK OF THE PHILIPPINES

Classified by periods of maturity, long-term debt continued to predominate. Long-term obligations absorbed 82.0 per cent of the total outstanding. However, the shift in maturity pattern of backpay obligations from long-term to middle-term brought the current share of the latter to 15.0 per cent as compared to 3.0 per cent for the same period a year ago. Short-term debt continued to rise as government corporation obligations in this category rose by ₱10.83 million in one year.

Increase in Public Debt **1956**

(Million pesos)

Public Debt Outstanding, 1956.....		1,535.44
Public Debt Outstanding, 1955.....		1,326.66
Net Increase.....		<u>208.78</u>
Securities Issued.....		<u>309.62</u>
Public works and Economic Development Bonds.....	109.94	
National Power Corporation Bonds.....	12.03	
National Waterworks and Sewerage Authority Bonds....	3.50	
ACCFA Securities.....	57.00	
Treasury Notes.....	91.30	
Treasury Bills.....	15.00	
Rehabilitation Finance Corporation Bonds.....	20.85	
Securities Redeemed.....		94.43
Public Works and Economic Development Bonds.....	20.50	
Treasury Bills.....	15.00	
ACCFA Securities.....	14.90	
Rehabilitation Finance Corporation Bonds.....	4.50	
National Planning Commission Development Bonds.....	0.63	
Backpay Certificates to Pre-war Government Employees..	38.90	
Net Increase in Government Securities.....		215.19
Debts Paid.....		13.87
U. S. Reconstruction Finance Corporation.....	12.00	
U. S. General Service Administration.....	0.16	
Export-Import Bank.....	1.71	
Increase in Public Debt.....		201.32
Debts Incurred.....		7.46
Loan from the Export-Import Bank.....	7.31	
Leyte Loan from the Central Bank.....	0.15	
Net Increase in Public Debt.....		<u>208.78</u>

CHAPTER XI

THE CENTRAL BANK AS FISCAL AGENT AND BANKER OF THE GOVERNMENT

As fiscal agent and banker of the Government, the Central Bank is entrusted with the sale of government securities, servicing of public debt, fiscal agency services and the administration of various funds. In addition to these responsibilities, the Central Bank also acts as the principal financial adviser to the Government.

A. MARKETING AND SERVICING OF GOVERNMENT OBLIGATIONS

Total public debt outstanding as of December 31, 1956, stood at ₱1,535.4 million of which the Central Bank serviced ₱904.7 million or 58.9 per cent. This was undertaken through its Securities Market Department (₱773.2 million) and Fiscal Agency Department (₱131.5 million).

A resumé of the marketing and servicing activities of the Central Bank is presented hereunder:

Public Debt Serviced by the Central Bank, 1955-1956

(Million pesos)

Item	Balance on December 31, 1955	Operations during 1956		Balance on December 31, 1956
		Sales	Redemptions	
PUBLIC DEBT SERVICED BY THE CENTRAL BANK.....	680.8	289.1 ^a	65.2	904.7
BONDED.....	425.3	125.8	21.4	529.7
National Government.....	365.9	109.9	21.1	454.7
National Public Improvement Bonds.....	2.5	—	—	2.5
Rehabilitation and Development Bonds...	200.0	26.2	—	200.0
National Planning Commission Bonds....	0.6	—	0.6	—
Public Works and Economic Development Bonds.....	162.8	109.9	20.5	252.2

Public Debt Serviced by the Central Bank, 1955-1956 (Concluded)

(Million pesos)

Item	Balance on December 31, 1955	Operations during 1956		Balance on December 31, 1956
		Sales	Redemptions	
Provincial Governments.....	0.7	--	--	0.7
Occidental Negros Public Improvement Bonds.....	0.2	--	--	0.2
Cebu Public Improvement Bonds.....	0.5	--	--	0.5
City Governments.....	4.2	--	--	4.2
Manila Public Improvement Bonds.....	3.0	--	--	3.0
Iloilo Public Improvement Bonds.....	0.4	--	--	0.4
Bacolod Sewer & Waterworks Bonds.....	0.1	--	--	0.1
Cebu Sewer & Waterworks Bonds.....	0.4	--	--	0.4
Davao Sewer & Waterworks Bonds.....	0.4	--	--	0.4
Government Corporations.....	54.5	15.9	0.3	70.1
MWD & NAWASA Bonds.....	9.0	3.5	--	12.5
National Power Corp. Bonds.....	45.5	12.0	--	57.6
Negotiable Land Certificates.....	--	0.3	0.3	--
NON-BONDED.....	255.5	163.3	43.8	375.0
National Government.....	187.6	106.3	27.2	266.7
Loan from the U.S. Government.....	38.9	--	--	38.9
Loan from the U.S. Reconstruction Finance Corporation.....	66.0	--	12.0 ^b	54.0
Loan from the U.S. General Service Administration.....	1.2	--	0.2 ^b	1.0
Treasury Notes.....	66.5	91.3	--	157.8
Treasury Bills.....	15.0	15.0	15.0	15.0
Government Corporations.....	67.9	57.0	16.6	108.3
National Power Corporation Loan from the Export-Import Bank.....	39.3	--	1.7 ^b	37.6
ACCFA Notes.....	19.6	12.0	3.4	28.2
ACCFA One-Year Certificates of Indebtedness.....	3.0	16.0	5.5	13.5
ACCFA Two-Year Certificates of Indebtedness.....	6.0	29.0	6.0	29.0

^a Excluding ₱26.2 million R & D Interim Bonds sold from the Central Bank portfolio.

^b Installments paid on principal.

1. Sales

In 1956, government securities sold by the Central Bank for the account of the Government, its political subdivisions and instrumentalities aggregated ₱315.3 million, an increase of ₱1.7 million over those in 1955. Hereunder is a summary of sales during the year:

a. R & D Interim Bonds amounting to ₱26.2 million were sold from the Central Bank portfolio in 1956 as against ₱8.0 million the previous year.

b. PW & ED Bonds disposed of totalled ₱109.9 million, reflecting a decline of 27.4 per cent when compared to the preceding year's figure.

c. A total of ₱15.0 million in Treasury Bills (13¼ per cent) was floated to redeem the 1955 issue in the same amount.

d. Two per cent five-year Treasury Notes in the aggregate of ₱91.3 million were sold during the period, recording an increment of ₱24.8 million over the previous year.

e. Sales of National Power Corporation Bonds amounting to ₱12.0 million, were 60.8 per cent less than those in 1955.

f. NAWASA Bonds disposed of declined from ₱6.0 million in 1955 to ₱3.5 million.

g. During the year, 2 per cent ACCFA Notes and Certificates of Indebtedness in the sum of ₱57.0 million were sold, or ₱21.0 million more than 1955.

h. For the first time, 4 per cent Negotiable Land Certificates aggregating ₱0.3 million were floated. These were issued under Republic Act No. 1400 in partial payment for the purchase of Hacienda Juanito, in Cuyapo, Nueva Ecija.

The market for government securities remained preponderantly institutional with the PNB and RFC acquiring the bulk of these new issues.

Sales of Government Securities, 1955-1956

(Amount in million pesos)

Original buyer	1956		1955	
	Amount	Per cent distribution	Amount	Per cent distribution
Total.....	315.3	100.0	313.6	100.0
Trust Funds.....	2.4	0.8	1.0	0.3
Private commercial banks.....	20.8	6.6	15.9	5.1
Government entities, including the GSIS, local governments and government corporations.....	14.0	4.4	9.5	3.0
PNB and RFC.....	269.4	85.4	254.7	90.8
Private firms, including insurance companies and individuals.....	8.7	2.8	2.5	0.8

2. Servicing and Redemption

Total public debt serviced by the Bank had an outstanding balance of ₱904.7 million at the end of 1956, of which ₱529.7 million (58.6 per cent) were bonded issues; ₱243.5 million (26.9 per cent), non-bonded debts; and ₱131.5 million (14.5 per cent), foreign loans.

Servicing and Redemption of Government Obligations, 1955-1956

(Million pesos)

Item	1956		1955	
	Redemptions	Interest payments	Redemptions	Interest payments
Total.....	67.5	25.3	42.8	15.2
Government Securities.....	53.6	22.2	29.9	12.1
R & D Bonds.....	—	7.9	—	8.0
PW & ED Bonds.....	20.5	7.8	0.5	1.8
ACCFA Notes and Certificates of Indebtedness.....	14.9	1.0	14.4	0.4
Treasury Bills.....	15.0	0.3	15.0	0.3
Treasury Notes.....	—	2.2	—	—
Negotiable Land Certificates.....	0.3	—	—	—
Other Peso Bonds.....	0.6	3.0	—	1.5
Dollar Bonds.....	2.3	—	—	0.1
Loans from U. S. Institutions.....	13.9 ^a	3.1	12.9 ^a	3.1
Loan from Reconstruction Finance Corporation.....	12.0	1.6	12.0	1.9
Loan from General Service Administration.....	0.2	—	0.2	—
NPC Loan from Export-Import Bank....	1.7	1.5	0.7	1.2

^a These are installments paid on principal.

a. Government Securities

During the period under review, total redemptions reached ₱67.5 million, an increase of 57.7 per cent over those of 1955. Of this amount 79.4 per cent represented government securities and 20.6 per cent were payments on foreign loans.

Pre-1934 issues with a total of ₱2.3 million were redeemed from the Special Trust Account with the U.S. Treasury. The outstanding PW & ED bonds of the 77th and 111th series were fully retired. Likewise, ₱15.0 million in Treasury Bills were redeemed with a refunding issue in the same amount.

Interest payments on government securities rose from ₧12.1 million in 1955 to ₧22.2 million the following year, an increase of 83.5 per cent.

b. Loans from Foreign Institutions.

Total installments and interest paid on loans from U.S. institutions amounting to \$8.5 million reduced the balance to \$65.7 million at the close of 1956.

(1) Budgetary Loan from the U.S. Reconstruction Finance Corporation.

Since 1955, payments on this loan were made to the Export-Import Bank of Washington, D.C. in accordance with U.S. Reorganization Plan No. 2. The tenth and eleventh semi-annual installments of \$3.0 million each were paid during 1956, leaving an outstanding balance of \$27.0 million. Interest of \$0.8 million was also paid during the period.

(2) Loan from the General Service Administration (formerly War Assets Administration)

This loan was covered by two promissory notes in the sum of \$1.0 million. The annual installments of \$76,245.16 and \$5,827.71 were made on Promissory Notes Nos. 1 and 2, respectively, and total interest payments aggregated \$17,235.30. The outstanding balance of the loan at the end of 1956 was \$0.5 million.

(3) National Power Corporation Loan

A total of \$0.9 million was paid in 1956 by the National Power Corporation to the Export-Import Bank together with semi-annual interest in the sum of \$0.8 million leaving a balance of \$18.8 million at the close of the year.

(4) Loan under the Romulo-Snyder Agreement

Annual payments for 1955 and 1956 on this loan were not remitted due to pending litigation in court. The last installment payment was made in May, 1954, so that the balance remained unchanged at \$19.4 million.

3. Promotion and Publicity

During the year, the Central Bank intensified its nation-wide campaign for the sale of government bonds. In addition to the media of press, radio, posters and billboards, emphasis was laid on the establishment of personal contacts and relationship with the public. The Payroll Savings Plan which was introduced in 1955, gained support from various government and private offices as evidenced by the growth in membership which numbered 5,912 at the close of the period under consideration.

B. FISCAL AGENCY SERVICES

1. Domestic Operations

a. The Central Bank received 1,842 applications for fiscal agency service aside from the 50 applications pending at the start of the year.

Status of Fiscal Agency Applications, 1955-1956

Item	1956	1955	Increase or decrease (-)
Total number of applications.....	1,892	2,268	- 376
Approved and released during the year.....	1,813	2,145	- 332
Cancelled, withdrawn or returned.....	40	73	- 33
Pending at the end of the year.....	39	50	- 11

b. The foreign exchange value of fiscal agency applications released by the Central Bank in 1956 amounted to \$14.1 million, a decrease of 1.3 per cent. Of the aggregate figure, \$13.1 million were approved by the Exchange Control Department and the balance by the Import Department.

c. Out of the 258 applications for the issuance of certificates of release for government imports, only one was pending at the end of 1956. The 257 approved applications had a total value of \$1.2 million.

2. Foreign Operations

Foreign transactions of the Government were serviced by the Central Bank through the Philippine National Bank Agency in New York City.

Statement of Fiscal Operations Abroad, 1956

(Million pesos)

Cash balance, December 31, 1955.....	3.3	
Add: Receipts from January 1, 1956 to December 31, 1956.....	26.2	
Total cash handled.....		29.5
Deduct: Disbursements and remittances from January 1, 1956 to December 31, 1956.....		26.2
Cash balance, December 31, 1956.....		3.3

C. ADMINISTRATION OF VARIOUS FUNDS

1. Industrial Guarantee and Loan Fund

The Industrial Guarantee and Loan Fund was established in October, 1952 with an initial capital of ₱10.0 million. In November, 1956, an additional ₱5.0 million was released from the NEC-ICA Counterpart Fund.

As administrator of this fund, the Central Bank passes upon applications for guarantee of industrial loans. Upon recommendation of the Central Bank, the NEC and ICA approved during the year 2 industrial loans amounting to ₱0.9 million. Altogether, 12 industrial credits aggregating ₱5.1 million have been approved.

No livestock loans were approved during 1956 as the ₱1.0 million set aside for this purpose had already been exhausted.

In accordance with Supplemental Agreement No. 1 the assets of the Industrial Guarantee and Loan Fund could be deposited with commercial banks to enable them to extend specific loans to industrial enterprises. Total time deposits approved by the Monetary Board amounted to ₱21.1 million of which ₱11.1 million had been deposited as of December 31, 1956.

Status of the Industrial Guarantee and Loan Fund As of December 31, 1956

(Million pesos)

Item	Debit	Credit
Special time deposits.....	11.1	
Due from Central Bank.....	4.9	
Interest income.....		1.0
Due to Trust-Republic of the Philippines.....		15.0
Total.....	16.0	16.0

2. Securities Stabilization Fund

The Securities Stabilization Fund was established in accordance with Sec. 125 of the Central Bank Charter in order to support the government securities market. Resources of this fund aggregated ₱44.7 million, representing an increase of 17.6 per cent during 1956. Investments rose by ₱10.7 million and interest earnings correspondingly increased by ₱1.3 million. The amount of ₱5.0 million was set aside out of the Central Bank's net profits for 1956 to bolster the resources of the Securities Stabilization Fund.

Status of the Securities Stabilization Fund
As of December 31, 1956

(Million pesos)

Item	Debit	Credit
Due from the Central Bank.....	7.1	
Investments:		
R & D Bonds.....	36.0	
Other Bonds.....	1.4	37.4
Accrued interest receivable.....	0.1	
Interest income.....		3.0
Due to Trust-Republic of the Philippines.....		41.6
Total.....	44.6	44.6

3. Bond Sinking Fund

Amortizations amounting to ₱7.3 million and interest earned aggregating ₱0.5 million were invested in government bonds which rose by 22.6 per cent from the level of ₱20.8 million a year ago.

Status of the Bond Sinking Fund
As of December 31, 1956

(Million pesos)

Item	Debit	Credit
Investments in Government bonds.....	25.5	
Due from the Central Bank.....	0.3	
Interest income from investments.....		0.5
Due to Trust-Republic of the Philippines.....		25.3
Total.....	25.8	25.8

D. DEPOSITORY OF NEC-ICA COUNTERPART FUND

In 1956, the NEC-ICA Counterpart Fund was bolstered by ₱30.7 million, of which ₱23.1 million were contributed by the Government while ₱7.6 million represented proceeds from ICA sub-authorizations and sales of fertilizer. Disbursements reached ₱23.6 million leaving a balance of ₱10.1 million at the close of the period.

Status of the NEC-ICA Counterpart Fund^a
As of December 31, 1956

(Million pesos)

Receipts:

Treasurer of the Philippines.....	120.0	
Sales from Fertilizer Administration.....	6.2	
Proceeds from Sub-Authorizations.....	44.0	
Deposits by NEC.....	0.2	170.4

Disbursements:

Counterpart Projects.....	125.0	
Technical Assistance.....	12.7	
Administrative expenses of U. S. Government.....	8.5	
Joint U.S. Military Advisory Group (JUSMAG).....	14.1	160.3

Balance with the Central Bank.....		10.1
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^a This may not necessarily tally with the NEC statement due to time lag in recording receipts and disbursements.

E. COLLECTION OF SPECIAL EXCISE TAX ON FOREIGN EXCHANGE

While the Exchange Tax Law expired at the end of 1955, the Central Bank still attended to the collection of the 17 per cent exchange tax which accrued during the lifetime of the Law and to the liquidation of unsettled applications for tax refunds. During 1956, collections aggregated ₱19.3 million while refunds to various claimants amounted to ₱2.3 million. A total of ₱13.9 million was turned over to the Treasurer of the Philippines. At the end of the period under review, the Central Bank still held a balance of ₱10.3 million to cover future tax refunds.

CHAPTER XII

FINANCIAL CONDITION AND RESULTS OF OPERATION

A. HIGHLIGHTS OF OPERATION

Reflecting the steady growth of the Philippine economy, the Central Bank experienced a further strengthening in its financial condition. The following are the highlights of its operations during the year 1956:

1. Total resources of the Central Bank passed the billion mark, aggregating ₱1,160,274,998.93 as compared with ₱966,373,428.35 last year or an increase of 20.1 per cent.

2. The international reserve improved by ₱11,801,527.92 or 3.8 per cent.

3. Investments in domestic securities expanded by ₱54,661,620.00 or 13.8 per cent.

4. Loans and advances exceeded the ₱13,366,900.00 level of 1955 by more than six times.

5. The amount due from U.S. depositories (Special Account II) recorded a rise of ₱24,909,635.92 or 30.8 per cent.

6. Total liabilities of the Bank advanced from ₱932,434,475.94 to ₱1,124,048,006.58, an increase of 20.5 per cent. The growth of demand deposits accounted for 46.0 per cent of the increase.

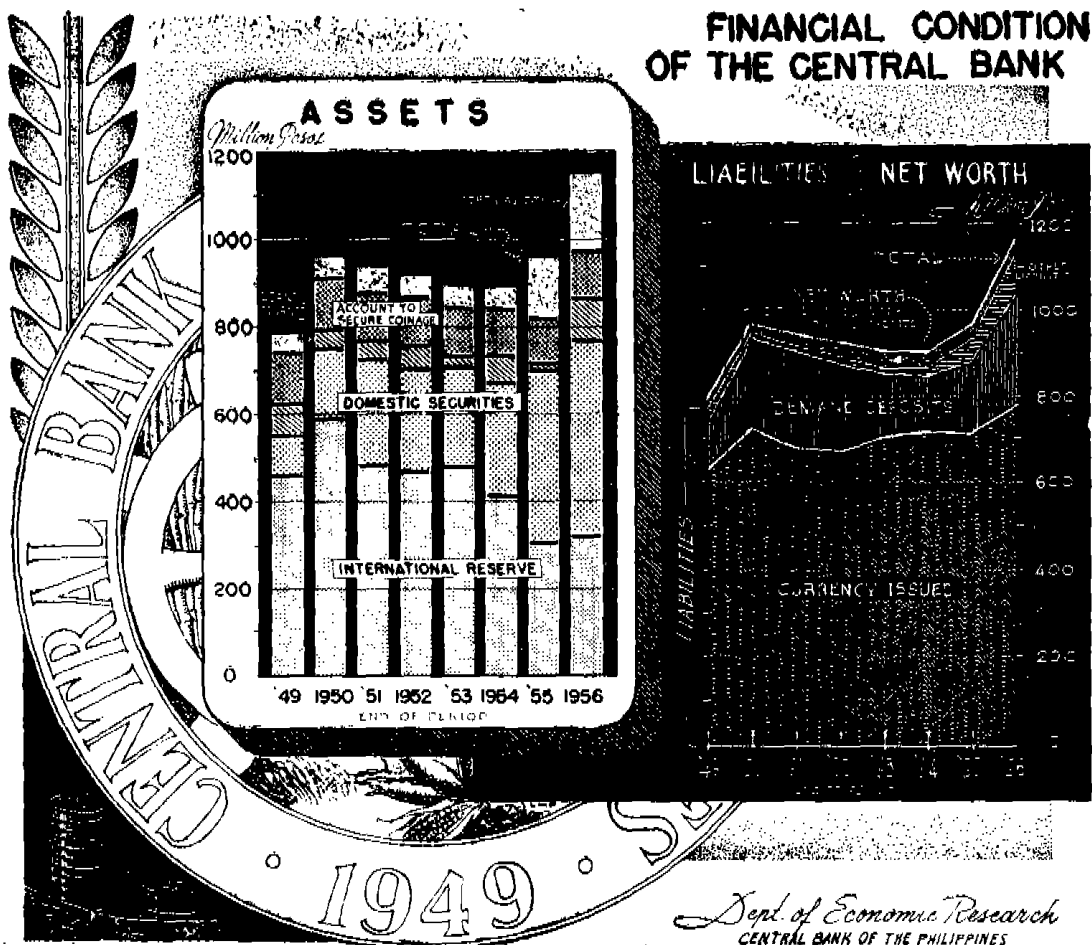
7. Liability to the International Monetary Fund went up by ₱9,999,937.50 or 48.8 per cent.

8. During the year, transactions in forward foreign exchange were started. At the close of 1956, foreign exchange commitments totalled ₱23,024,211.90.

9. Net profits of ₱8,665,266.33 were 1.9 per cent higher than last year.

Statement of Condition of the Central Bank
December 31, 1955-1956

Item	1956	1955	Increase or decrease (-)
ASSETS			
International Reserve.....	P 322,030,315.34	P 310,228,787.42	P 11,801,527.92
Due from U.S. Depositories (Special Account II).....	105,795,463.70	80,885,827.78	24,909,635.92
Contribution to the International Monetary Fund.....	30,000,000.00	30,000,000.00	-
Domestic Securities.....	451,140,325.79	396,478,705.79	54,661,620.00
Loans and Advances.....	95,782,372.39	13,366,900.00	82,415,472.39
Account to Secure the Coinage.....	106,930,269.07	106,940,483.91	- 10,214.84
Bank Premises, Furniture and Fixtures.....	430,579.00	8,592.00	421,987.00
Accounts Receivable-Foreign Exchange Sales.....	23,024,211.90	-	23,024,211.90
Other Assets.....	25,141,461.74	28,464,131.45	- 3,322,669.71
Total.....	P1,160,274,998.93	P 966,373,428.35	P 193,901,570.58
LIABILITIES AND NET WORTH			
Currency Issue.....	P 778,031,459.60	P 711,597,624.06	P 66,433,835.54
Demand Deposits.....	265,044,876.09	176,815,240.21	88,229,635.88
International Monetary Fund.....	30,495,982.74	20,496,045.24	9,999,937.50
International Bank for Reconstruction and Development.....	2,375,595.85	2,375,745.85	- 150.00
Securities Stabilization Fund..	7,112,068.79	11,223,514.39	- 4,111,445.60
Foreign Exchange Commitments-Sales.....	23,024,211.90	-	23,024,211.90
Other Liabilities.....	17,963,811.61	9,926,306.19	8,037,505.42
Capital.....	10,000,000.00	10,000,000.00	-
Surplus.....	17,561,726.02	15,435,983.89	2,125,742.13
Undivided Profits.....	8,665,266.33	8,502,968.52	162,297.81
Total.....	P1,160,274,998.93	P 966,373,428.35	P 193,901,570.58



Changes in the capital, surplus and undivided profits during 1956 are shown in the following table:

Net Worth of the Central Bank As of December 31, 1956

Capital.....		₱ 10,000,000.00
Surplus:		
Balance-January 1, 1956.....	₱ 15,435,983.89	
25% of Net Profit in 1955 transferred to Surplus.....	2,125,742.13	17,561,726.02
Undivided Profits:		
Balance-January 1, 1956.....	₱ 8,502,968.52	
Distribution		
25% to Surplus.....	₱ 2,125,742.13	
Credited to Securities Stabilization Fund.....	5,391,119.52	
To reduce Monetary Adjustment Account.....	986,106.87	8,502,968.52
Balance		
Net Profit in 1956.....		8,665,266.33
Total Net Worth.....		₱36,226,992.35

B. SELECTED ASSETS AND LIABILITIES

1. International Reserve

The international reserve of the Central Bank at the end of the year was 3.8 per cent above the level in 1955. Increases in holdings of gold and U. S. government securities more than offset decreases in other components.

International Reserve of the Central Bank

December 31, 1955-1956

Item	1956	1955	Increase or decrease (%)
International Reserve:.....	₱322,030,315.34	₱310,228,787.42	₱ 11,801,527.92
Gold.....	43,126,534.00	31,085,905.52	12,040,628.48
Due from U.S. Depositories*...	239,795,805.90	256,617,694.52	- 16,821,888.62
U.S. Government Securities...	19,848,420.02	-	19,848,420.02
Foreign Currency.....	1,006,770.10	1,076,785.10	- 70,015.00
Due from U.S. Depositories-Special Account I.....	189,233.92	1,649,841.50	- 1,460,607.58
Philippines-Japan Open Account.....	18,063,551.40	19,798,560.78	- 1,735,009.38

* Including accrued interest on time deposits.

The gold portion of the international reserve was deposited in several depositories, to wit:

Gold Holdings of the Central Bank
December 31, 1956

Depository	In fine ounces	Value (at ₱70 per ounce 0.99 fine)
Total.....	616,093.342	₱ 43,126,533.90
Central Bank Vault.....	60,084.240	4,205,896.78
Federal Reserve Bank of San Francisco.....	540,650.250	37,845,517.50
Federal Reserve Bank of New York City.....	15,358.119 ^a	1,075,068.32
International Monetary Fund.....	.733	51.30

^a Less 1.413 oz. representing overstatement adjusted January 9, 1957.

Dollar time and demand deposits which declined by 6.6 per cent were deposited in the following United States banks:

2. Due from U.S. Depositories — Special Account II

This account represented the outstanding balance of loans granted by U.S. banks to domestic banks. The dollar proceeds of these loans were credited to the Special Account of the Central Bank, and the borrowing domestic banks availed of the credits in the form of pesos released by the Central Bank. As of the end of 1956, the outstanding balance was ₱105,795,463.70.

3. Domestic Securities

Central Bank investments in domestic securities were 13.8 per cent above the 1955 year-end level. Of the total security holdings amounting to ₱451.1 million, 56.1 per cent represented National Government obligations and the remainder, semi-government securities.

**U. S. Dollar Time and Demand Deposits of the Central Bank
December 31, 1956**

Depository	Amount	Interest rate (Per cent)	Term
TOTAL.....	\$119,373,623.98		
TIME DEPOSITS.....	\$106,750,000.00		
American Security and Trust Co., Washington D. C.	10,000,000.00	2½	6 months
Bankers Trust Co., New York, N. Y.	2,000,000.00	2	90 days
Bank of America, NTSA, San Francisco, California.....	(9,000,000.00 8,000,000.00	2 2½	90 days 6 months
Bank of California, N.A., San Francisco.....	1,750,000.00	2½	6 months
Bishop National Bank of Hawaii, Honolulu.....	500,000.00	2¼	90 days
Chase Manhattan Bank, New York, N. Y.	(22,000,000.00 7,000,000.00	2½ 2	6 months 90 days
Chemical Corn Exchange Bank, New York, N. Y.	(3,000,000.00 1,000,000.00	2 2½	90 days 6 months
Colonial Trust Co., New York, N. Y.	1,000,000.00	2	90 days
Crocker-Anglo California Nat'l Bank, San Francisco.....	(3,000,000.00 1,000,000.00	2 2½	90 days 6 months
First National Bank of Chicago, Chicago.....	2,000,000.00	2	90 days
First Nat'l City Bank of New York, N. Y.	12,000,000.00	2	90 days
Guaranty Trust Co., New York, N. Y.	3,000,000.00	2½	6 months
Hanover Bank, New York, N. Y.	3,000,000.00	2	90 days
Irving Trust Co., New York, N. Y.	9,000,000.00	2	90 days
Manufacturers Trust Co., New York, N. Y.	(3,000,000.00 2,000,000.00	2½ 2	6 months 90 days
National Bank of Commerce of Seattle, Seattle, Washington.....	(1,000,000.00 1,000,000.00	2½ 2	6 months 90 days
Seattle First National Bank, Seattle, Wash.	1,000,000.00	2	90 days
Wells Fargo Bank, San Francisco, California....	500,000.00	2	90 days
DEMAND DEPOSITS.....	\$ 12,622,623.98		
American Security & Trust Co., Washington D. C.	197,564.36	-	-
Bankers Trust Co., New York, N. Y.	37,683.56	-	-
Bank of America, NTSA, New York, N. Y. ...	52,598.09	-	-
Bank of America, NTSA, San Francisco, California.....	917,201.49	-	-
Bank of California, N.A., San Francisco.....	17,349.73	-	-
Bishop National Bank of Hawaii, Honolulu.....	7,604.14	-	-
Chase Manhattan Bank, New York, N. Y.	8,603,932.72	-	-
Chemical Corn Exchange Bank, New York, N. Y.	93,296.13	-	-
Colonial Trust Co., New York, N. Y.	30,749.85	-	-
Crocker-Anglo California Nat'l Bank, San Francisco.....	840,189.38	-	-
First National Bank of Chicago, Ill.	32,876.70	-	-
First Nat'l City Bank of New York, N. Y.	1,173,242.17	-	-
Federal Reserve Bank of New York, N. Y.	210,422.97	-	-
Guaranty Trust Co., New York, N. Y.	16,570.37	-	-
Hanover Bank, New York, N. Y.	74,389.32	-	-
Irving Trust Co., New York, N. Y.	73,453.68	-	-
Manufacturers Trust Co., New York, N. Y.	187,376.61	-	-
Natl' Bank of Commerce of Seattle, Seattle, Washington.....	18,801.38	-	-
Seattle First National Bank, Seattle, Wash.	29,589.12	-	-
Wells-Fargo Bank, San Francisco, California....	7,732.21	-	-

Security Holdings of the Central Bank December 31, 1956

Item	Direct advances under sec. 137 ^a	Evidences of indebtedness acquired		
		Under sec. 97 (a) ^a	Under sec. 97 (b) ^a	Total
R & D Interim Bonds (4% Loans of 1949 (Due 1959), 1950 (Due 1960) and 1951 (Due 1961).....	₱ 200,000,000			₱200,000,000.00
Deduct: R & D Bonds, sold and/or reacquired by Central Bank—				
(a) Sold and held by others—				
Registered.....	₱ 67,422,740			
Coupon.....	3,265,920			
	₱ 70,688,660			
(b) Held by Central Bank for account of:				
Bonds Sinking Funds—				
Registered.....	₱ 6,970,420			
Coupon.....	2,125,150			
	₱ 9,095,570			
Securities Stabilization Fund—				
Registered.....	₱ 24,615,890			
Coupon.....	11,370,630			
	₱ 35,986,520			
Total of (a) and (b).....				115,770,750.00
(c) Reacquired by Central Bank				
Registered.....	₱ 16,131,580	₱ 16,131,580		
Total.....	131,902,330			
Rehabilitation Finance Corp. Bonds.....	₱ 68,097,670	₱ 16,131,580	₱ —	₱ 84,229,250.00
ACCFA Notes and Certificates of Indebtedness.....	—	—	137,172,000.00	137,172,000.00
National Power Corporation Bonds.....	—	—	55,000,000.00	55,000,000.00
NAWASA Bonds.....	—	—	1,000,075.79	1,000,075.79
Treasury Notes.....	—	—	5,000,000.00	5,000,000.00
Treasury Bills.....	—	—	156,789,000.00	156,789,000.00
			11,950,000.00	11,950,000.00
Total.....	₱ 68,097,670	₱ 16,131,580	₱366,911,075.79	₱451,140,325.79

^a Republic Act No. 265.

4. Loans and Advances

Total loans and advances granted by the Central Bank to banks and the Government in 1956 amounted to ₱450,286,780.00. Repayments during the same period totalled ₱367,871,307.61, leaving an outstanding balance of ₱95,782,372.39 which was 616.6 per cent higher than the level of the previous year.

5. Currency Issue

Currency issue increased by 9.4 per cent which could be traced to the following cash transactions of the Central Bank:

Changes in the Currency Issue, 1956

Cash Disbursements on account of:

Withdrawals from demand deposits		₱529,172,006.55
Withdrawals from notes held with Agencies		31,928,369.85
Central Bank payments for-		
CB expense checks cashed.....	₱ 6,229,872.69	
Expenses.....	1,578,836.74	
Accounts payable.....	5,233,590.98	
Building account.....	34,452.00	
Lunchroom account-wages.....	8,140.33	
Cash advances.....	61,582.42	
Expenses for salvaging coins.....	14,007.86	
Accounts receivable.....	9,504.79	
Tellers' shortage.....	2,436.50	13,172,424.31
MacArthur coins sold:		
Central Bank.....	₱ 273.50	
PNB, New York Agency.....	646.50	920.00
Treasury coins sold by PNB, New York Agency.....		121.58
Liability for items confiscated.....		1,410.00
U.S. currency exchanged with pesos.....		877,674.00
Mutilated U.S. currency redeemed.....		15,688.00
Special tellers' working fund.....		415,000.00
Increase in Currency Issue.....		₱575,583,614.29

Cash Receipts on account of:

Demand deposits.....		₱487,870,285.83
Notes held with agencies.....		15,646,015.15
Central Bank receipts for-		
Credits to accounts payable.....	₱ 3,410,910.29	
Accounts receivable.....	2,446.95	
Refund of cash advances.....	19,891.69	
Expenses.....	843.28	
Lunchroom account-sales.....	68,149.30	
Sales of MacArthur coins.....	683.75	
Tellers' overages.....	167.86	
Tellers' shortages.....	700.00	
Income tax withheld.....	9.30	
Motor vehicle account.....	1.00	
Checks & other cash items.....	6.25	
Equipment.....	1.00	
Books.....	48.24	
Miscellaneous receipts.....	5,851.53	3,509,710.44

Changes in the Currency Issue, 1956 (Concluded)

Salvaged coins.....	73,756.50
Uncollected salaries.....	108,589.56
Annual fees.....	249.38
Collection of 17% exchange tax.....	54,934.24
U.S. currency sold.....	947,689.00
Proceeds from sales of bonds.....	569,962.77
Payment for fiscal agency services.....	7,665.16
Special tellers' working fund.....	345,000.00
Sales of foreign exchange.....	900.00
Demonetized coins received for safekeeping.....	10,214.84
Cashed checks returned.....	4,805.88
Decrease in Currency Issue.....	<u>₱509,149,778.75</u>
Net Increase.....	<u>₱ 66,433,835.54</u>

The composition of currency issue at the end of the year showed that notes went up by 10.7 per cent while coins declined by 0.9 per cent.

Composition of Currency Issue December 31, 1955-1956

Item	1956	1955	Increase or decrease (%)
Coins:			
Silver pesos.....	₱ 7,046,339.00	₱ 7,127,450.00	₱ - 81,111.00
Silver half pesos.....	21,409,399.00	21,685,901.50	-276,502.50
*Subsidiary coins.....	47,428,791.30	47,764,928.30	-336,137.00
Minor coins.....	9,718,330.80	9,778,222.21	- 59,891.41
Total.....	<u>₱ 85,602,860.10</u>	<u>₱ 86,356,502.01</u>	<u>₱ -753,641.91</u>
Notes:			
One-peso denomination and above.....	₱677,684,185.00	₱594,885,259.00	₱ 82,798,926.00
Small denominations.....	14,744,414.50	30,355,863.05	-15,611,448.55
Total.....	<u>₱692,428,599.50</u>	<u>₱625,241,122.05</u>	<u>₱ 67,187,477.45</u>
Total Currency Issue.....	<u>₱778,031,459.60</u>	<u>₱711,597,624.06</u>	<u>₱ 66,433,835.54</u>

C. RESULTS OF OPERATION

1. Income and Expenses

The gross income of the Bank for 1956 amounted to ₱20,651,303.51 which was ₱3,303,051.22 over the previous year. Expenses, likewise, went up to ₱11,986,037.18, thereby resulting in net profits of ₱8,665,266.33.

2. Distribution of Net Profits

One of the factors which contributed to the rise in net profits was the increase in the rate of service charges on imports from $\frac{1}{8}$ per cent to $\frac{1}{2}$ per cent which took effect in August, 1956. Distribution of net profits was made in accordance with Section 41 of the Central Bank Act as follows:

Distribution of Net Profits of the Central Bank, 1949-1950

Period	Total	Surplus Account	Monetary Adjustment Account	Securities Stabilization Fund	Account to Secure coinage
Total	₱78,912,170.40	₱19,728,042.60	₱ 8,845,356.95	₱ 44,602,384.91	₱ 5,736,385.94
1949	6,464,183.34	1,616,045.83	—	4,848,137.51	—
1950	8,293,553.92	2,073,388.48	483,779.50	—	5,736,385.94
1951	13,769,851.29	3,442,462.82	4,942,078.98	5,385,309.49	—
1952	12,004,937.10	3,001,234.28	692,073.15	8,311,629.67	—
1953	12,540,379.92	3,135,094.98	—	9,405,284.94	—
1954	8,671,029.98	2,167,757.50	205,364.80	6,297,907.68	—
1955	8,502,968.52	2,125,742.13	986,106.87	5,391,119.52	—
1956	8,665,266.33	2,166,316.58	1,535,953.65	4,962,996.10	—

D. INTER-BANK CLEARING

The number and value of checks cleared through the Central Bank in 1956 increased by 16.3 and 20.3 per cent, respectively. The volume of monthly clearing transactions is shown hereunder:

Inter-Bank Clearing, 1955-1956

	1956		1955		Increase or decrease (-)	
	Number	Amount	Number	Amount	Number	Amount
Total	8,226,581	₱ 8,865,967,021. 67	7,075,668	₱ 7,367,845,567. 21	1,150,913	₱ 1,498,121,434. 46
January	748,808	785,057,609. 49	598,804	582,200,992. 73	150,004	202,856,616. 76
February	618,348	659,999,865. 27	556,689	524,400,397. 92	61,659	135,599,467. 35
March	639,175	706,573,227. 97	596,613	615,185,287. 92	42,562	91,387,940. 05
April	637,741	717,818,470. 78	516,662	546,305,226. 49	121,079	171,513,244. 29
May	711,837	820,721,591. 85	588,047	655,043,704. 40	123,790	165,677,887. 45
June	642,547	693,812,291. 07	561,193	640,256,117. 10	81,349	53,556,173. 97
July	742,170	734,156,434. 67	531,082	589,014,139. 61	211,088	145,142,295. 06
August	687,198	768,810,701. 36	661,351	672,635,180. 51	25,847	96,175,520. 85
September	625,458	653,987,082. 01	580,017	616,971,657. 29	45,441	37,015,424. 72
October	775,035	815,259,137. 77	648,626	645,945,354. 39	126,409	169,313,783. 38
November	669,469	723,532,849. 88	556,379	592,319,171. 65	113,090	136,213,678. 23
December	728,795	781,237,759. 55	630,200	687,568,357. 20	48,595	93,669,402. 35

APPENDIX

MAJOR LEGAL AND ADMINISTRATIVE MEASURES OF ECONOMIC SIGNIFICANCE ADOPTED BY THE GOVERN- MENT AND THE MONETARY BOARD DURING 1956

REPUBLIC ACT NO. 1480

AN ACT AUTHORIZING THE REHABILITATION FINANCE CORPORATION AND THE PHILIPPINE NATIONAL BANK TO GRANT LOANS TO GRADUATES OF TRADE, AGRICULTURAL AND TECHNICAL SCHOOLS AND COLLEGES IN THE PHILIPPINES WHO ARE FILIPINO CITIZENS.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. It is hereby declared a national policy to give financial assistance to graduates of trade, technical and agricultural schools and colleges with a view to helping them start an industry, own a shop or develop a farm and thus help solve the unemployment problem, and hasten the economic development of the Philippines.

SEC. 2. In accordance with this policy, any provision of law or regulation to the contrary notwithstanding, the Rehabilitation Finance Corporation and the Philippine National Bank are authorized to grant to any bona fide graduate of a government trade or technical school or college or a trade or technical school or college duly recognized by the Government, a loan of not exceeding two thousand pesos, and to bona fide graduates of a government agricultural school or college or a private agricultural school or college duly recognized by the government a loan of not exceeding three thousand pesos with the collateral of the property purchased with the amount borrowed as hereinafter authorized and payable in five years with interest at the rate of four per centum to be used by said graduate for the purchase of necessary equipment and/or the establishment of his shop to be operated by him or the purchase of necessary agricultural implements or seeds for the development of said land: **Provided, however,** That the said loan shall be guaranteed by two solvent and of good standing citizens of the Philippines who are not constitutional officers: **Provided, further,** That applications for loans under this Act shall be given preference over applications for loans of twenty thousand pesos or more: **Provided, finally,** That as far as practicable, loans shall be equitably granted to secure a nationwide distribution and coverage and prevent an undue concentration of loan grants in any one place.

SEC. 3. It shall be unlawful for any person who receives a loan under the provision of this Act to use the said loan or any part thereof for purposes other than those mentioned in section two hereof.

SEC. 4. Any person who shall violate the provisions of section three of this Act shall be punished with imprisonment of not less than six months nor more than one year, and in addition the loan so obtained will immediately be due and demandable.

SEC. 5. Only Filipino citizens shall avail themselves of this Act.

SEC. 6. This Act shall take effect upon its approval.

Approved, June 16, 1956.

—oOo—

REPUBLIC ACT NO. 1482

AN ACT TO AMEND SECTIONS ONE, THREE, FOUR AND FIVE OF REPUBLIC ACT NUMBERED SIX HUNDRED THIRTEEN, OTHERWISE KNOWN AS THE EXPORT CONTROL LAW, AS RE-ENACTED AND AMENDED BY REPUBLIC ACTS NUMBERED EIGHTHUNDRED TWENTY-FOUR AND NINE HUNDRED NINETY-NINE.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section one of Republic Act Numbered Six Hundred Thirteen as amended, otherwise known as the Export Control Law, is hereby further amended as follows:

“SECTION 1. In order to promote economic and industrial development and to safeguard national security, it shall be unlawful for any person, association or corporation to export, re-export or tranship, or to attempt to export, re-export or tranship to any point outside the Philippines uranium and other atomic energy materials, machineries and their spare parts, scrap metals, medicines, foodstuffs, abaca seedlings, gasoline, oil, lubricants and military equipment or supplies suitable for military use, and such other items as may be deemed essential for industrialization and economic development without a permit from the President which may be issued in accordance with the provisions of the next succeeding section: **Provided, however,** That all other items not otherwise specifically enumerated in this Act the exportation, re-exportation or transshipment of which is prohibited by the President in pursuance of the provisions of this Act shall be reported to both Houses of Congress which may, by joint resolution, lift the prohibition of any or all of such items herein contemplated.”

SEC. 2. Section three of the same Act, as amended, is hereby amended to read as follows:

"SEC. 3. The President is hereby authorized to control, curtail, regulate and/or prohibit the exportation or re-exportation of such materials, goods and things referred to in the preceding section upon the recommendation of the National Economic Council and issue rules and regulations as may be necessary to carry out the provisions of this Act."

SEC. 3. Section four of Republic Act Numbered Six hundred thirteen, otherwise known as the Export Control Law, is hereby further amended to read as follows:

"SEC. 4. In case of violation of this Act or the regulations promulgated thereunder, such violator or violators shall, upon conviction, be punished by a fine of ten thousand pesos to twenty thousand pesos, or by imprisonment of from five to ten years, or both in the discretion of the Court and if the violator is an alien he shall be deported after service of sentence: **Provided**, That if the violation is committed by the manager, representative, director, agent or employee of any natural or juridical person in the interest of the latter the same shall render the said natural or juridical person amenable to the penalties corresponding to the particular offense: **Provided, further**, That in case of any violation committed in the interest of a foreign corporation legally doing business in the Philippines by its agent, manager, representative or director, such violation shall, in addition to the penalties mentioned above, serve as a ground for the immediate revocation of its license to do business: **Provided, still further**, That the fact that an article or articles not covered by the necessary clearance or permit are found at the port preparatory to, or in the process of, loading, whether or not concealed in or mixed with other items for export, or that there is an excess over the quantity appearing on the clearance or permit shall constitute prima facie evidence of a violation of this Act: **And, provided, finally**, That the materials intended for export in violation of this Act and the rules and regulations thereunder shall be confiscated by and forfeited to the Government. Acquittal in a prosecution for violation of this Act shall not be a bar to proceedings pursuant to Articles XIX and XX of Chapter 39 of the Revised Administrative Code in separate and distinct proceedings."

SEC. 4. Section five of Republic Act Numbered Six hundred thirteen is hereby amended to read as follows:

"SEC. 5. The authority granted in this Act shall terminate on December thirty-one, nineteen hundred and fifty-nine unless sooner terminated by concurrent resolution of Congress, except that as to offenses committed, or rights or liabilities incurred prior to such repeal or termination, the provisions of this Act and of the rules and regulations is-

sued thereunder shall be treated as remaining in effect for the purpose of sustaining any suit, action, or prosecution with respect to such rights, liabilities or offenses."

SEC. 5. This Act shall take effect upon its approval.

Approved, June 16, 1956.

—oOo—

REPUBLIC ACT NO. 1490

AN ACT DECLARING SHORTAGES IN CERTAIN CONSTRUCTION MATERIALS AND AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO REDUCE TARIFF RATES FOR SUCH CONSTRUCTION MATERIALS.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. In view of the shortage of the materials hereinafter specified, the President of the Philippines, upon prior investigation by and recommendation of the National Economic Council, which shall conduct public hearings to determine the acuteness of the shortage demanding the reduction considering public interest, is hereby authorized to reduce the present rates of tariff duty provided under existing law by not more than the corresponding percentage as follows:

1. Cement	70%
2. Steel, reinforcing and structural	75%
3. Asphalt	100%
4. G. I. sheets and building hardwares	75%
5. Pipes and plumbing materials	75%
6. Electric wires	75%

SEC. 2. The authority herein granted and the rates was reduced by the President under the authority of this Act shall terminate upon the enactment of a new tariff law.

SEC. 3. This Act shall take effect upon its approval.

Approved, June 16, 1956.

REPUBLIC ACT NO. 1499

AN ACT APPROPRIATING THE SUM OF ONE MILLION PESOS FROM THE PROCEEDS OF THE SALE OF BOND ISSUES UNDER REPUBLIC ACT NUMBERED ONE THOUSAND FOR THE PURCHASE OF ANIMALS TO BE USED FOR "OPERATION LIVESTOCK DISPERSAL."

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. There is hereby appropriated out of any proceeds from the sale of bond issues under Republic Act Numbered One thousand the sum of one million pesos with which to purchase animals for the implementation of the plan known as "Operation Livestock Dispersal" by which animals are distributed to indigent deserving farmers under such terms and conditions as may be prescribed by the Secretary of Agriculture and Natural Resources.

SEC. 2. This sum shall be disbursed by the Director of Animal Industry upon approval of the Secretary of Agriculture and Natural Resources.

SEC. 3. This Act shall take effect upon its approval.

Approved, June 16, 1956.

—oOo—

REPUBLIC ACT NO. 1516

AN ACT FIXING A NEW PERIOD FOR THE SURRENDER OF TREASURY CERTIFICATES AND CENTRAL BANK NOTES OF THE DENOMINATION OF OVER ONE HUNDRED PESOS, BY AMENDING SECTION TWO OF REPUBLIC ACT NUMBERED ELEVEN HUNDRED NINETY-ONE FOR THE PURPOSE.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

Section 1. Section two of Republic Act Numbered Eleven hundred ninety-one is amended to read as follows:

"Sec. 2. To carry out the purposes of this Act, the owners or holders of Treasury certificates and Central Bank notes, either individual

persons, associations, corporations, or institutions, of the denominations of over one hundred pesos, are required to surrender them to the Central Bank of the Philippines up to December thirty-one, nineteen hundred fifty-seven, and in exchange to receive from the Bank their equivalent amount in money in Treasury certificates or Central Bank notes of smaller denominations: **Provided**, That the exchange shall hereinafter be allowed only if the holder has not been able to surrender the said notes and/or certificates due to his ignorance of the original provisions of Republic Act Numbered Eleven hundred ninety-one or to no fault or negligence on his part or to circumstances beyond his control, or if the holder has acquired said notes and/or certificates for reasons other than speculation: **Provided**, further, That an affidavit alleging any of said grounds shall be **prima facie** proof of the facts therein alleged and shall be accepted as sufficient compliance with the preceding proviso."

Sec. 2. In case the affidavit required in the preceding section is found to be false in any material respect, the affiant shall be punished by imprisonment of not less than six months nor more than six years, and by a fine in treble the amount of the certificates and/or notes surrendered in exchange.

Sec. 3. The Central Bank of the Philippines and the provincial and municipal treasurers and barrio councils are hereby directed to give the provisions of this Act wide publicity.

Sec. 4. This Act shall take effect upon its approval.

Approved, June 16, 1956.

—oOo—

REPUBLIC ACT NO. 1522

AN ACT TO EXTEND THE EFFECTIVITY OF REPUBLIC ACT NUMBERED ELEVEN HUNDRED SIXTY-FOUR OTHERWISE KNOWN AS THE "EMERGENCY GOLD MINING ASSISTANCE ACT OF THE PHILIPPINES" BY AMENDING SECTION SEVEN THEREOF AND TO AMEND SECTION TWO, PARAGRAPH (A) AND SECTION FOUR OF SAID LAW.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

Section 1. Section two, paragraph (a) of Republic Act Numbered Eleven hundred sixty-four, is hereby amended to read as follows:

"Sec. 2. (a). "Gold producer" or Gold mine" means any person, corporation, partnership, or association which is producing gold either by itself or through an operating agreement on the date of the approval of this Act or which engages in the production of gold during the effectivity of this Act, either as principal product or as by-product;"

Sec. 2. Section four of Republic Act Numbered Eleven hundred and sixty-four is amended to read as follows:

"Sec. 4. Mines with gold as principal product or as by-product.— Newly mined gold produced as principal product or as by-product may be sold either to the Government through the Central Bank in the form of refined gold at the current official price per ounce plus the assistance provided in section six hereof or in the domestic free market without benefit of the assistance, at the choice of the gold producer: **Provided, however,** That at least seventy-five per centum of all newly-mined gold produced by each mine either as principal product or as by-product shall be sold to the Government in accordance with the provisions of this Act: **And provided, further,** That mines producing gold as by-product shall only be entitled to the assistance given to mines over the marginal classification."

"Sec. 3. The Board may, at its discretion, exclude from the benefits of this act any mine which may be found, upon due hearing, to be discriminating in such matter as, but not limited to, salaries, wages and management against Filipino technical men, employees and/or laborers."

Sec. 4. Section seven of Republic Act Numbered Eleven hundred sixty-four is amended to read as follows:

"Sec. 7 Term.—This direct short term assistance shall be effective until July 18, 1957."

Sec. 5. This Act shall take effect upon its approval.

Approved, June 16, 1956.

REPUBLIC ACT NO. 1533

AN ACT TO AUTHORIZE THE CENTRAL BANK OF THE PHILIPPINES TO ISSUE DUPLICATE COPIES OF INTEREST-BEARING SECURITIES DESTROYED, DEFACED, LOST OR STOLEN, ISSUED BY THE GOVERNMENT OF THE PHILIPPINES, OR ANY OF ITS POLITICAL SUBDIVISIONS, INSTRUMENTALITIES OR WHOLLY-OWNED GOVERNMENT CORPORATIONS, THE PRINCIPAL AND/OR INTEREST OF WHICH IS GUARANTEED BY THE NATIONAL GOVERNMENT, AND FOR OTHER PURPOSES.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

Section 1. Whenever it appears to the satisfaction of the Central Bank of the Philippines that any interest-bearing security issued by the Government of the Philippines, or any of its political subdivisions, instrumentalities or wholly-owned government corporations identified by number and description which is not payable to bearer and which has not been so assigned as to become, in effect, payable to bearer has, without bad faith on the part of the owner, been destroyed, defaced in such manner as to impair its value to the owner, or has been lost or stolen under such circumstances, the Central Bank shall, under such rules and regulations as it may prescribe, issue a duplicate copy thereof, having the same time to run, bearing like interest as the security proved to have been destroyed, defaced or lost and so marked as to show the original number of the security destroyed, defaced or lost and the date thereof: **Provided**, That when such interest-bearing security, identified by number and description, is payable to bearer, issuance by the Central Bank of the Philippines of a duplicate copy thereof as above provided, may be made only when the same has been lost or completely destroyed without fault of the owner and while the security was in the custody or control of the Government of the Philippines, (not including the Postal Service when acting solely in its capacity as the public carrier of the mails) or of a person thereunto duly authorized as lawful agent of the Republic of the Philippines: **Provided, further**, That in case of the partial destruction, defacement, or mutilation of a bearer bond, coupon bond or note while in the possession of the bearer, the claimant, who must be the owner, must establish to the satisfaction of the Central Bank, (1) the complete identification of the bond or note, denomination, serial number, and coupons, if any, attached; (2) his ownership thereof; (3) the destruction, defacement, or mutilation of the bond or note, and (4) that such destruction, defacement, or mutilation was without bad faith on his part. Such proof shall include affidavits by the claimant and all other persons having knowledge of the facts, which must be supported, with respect to each person making such an affidavit, by the affidavits of two responsible and disinterested persons who are in no manner related to the claimant.

Sec. 2. Except as hereinafter provided, the owner of such destroyed, defaced or lost security shall file with the Central Bank of the Philippines a bond to be executed by a corporate surety qualified under the laws of the Republic of the Philippines, in penal sum equivalent to the amount of the destroyed, defaced or lost security, the interest which would accrue thereon until the principal becomes due and payable and

a reasonable amount to answer for court expenses or costs of litigation; to be approved by the Central Bank of the Philippines, with condition to indemnity and save harmless the Republic of the Philippines or the Central Bank of the Philippines from any claim upon such destroyed, defaced or lost security for a period of two years from the time of filing thereof, except in the event of adverse claim having been filed, in which case the bond so filed shall be in force until the case is finally decided: **Provided**, That any and all claims upon such destroyed, defaced or lost security may be filed with the Central Bank of the Philippines within two years from the date of the last publication of the notice of destruction, defacement or loss of such security, which notice shall be published by the Central Bank at the expense of the bondholder, and at the expense of the Government in the case of securities destroyed, defaced or lost while in the custody of the Government of the Philippines, (not including the Postal Service when acting solely in its capacity as the public carrier of the mails) or of a person thereunto duly authorized as lawful agent of the Government of the Philippines, in either the Official Gazette or any newspaper of general circulation in the Philippines for four consecutive weeks beginning with the first publication thereof: **Provided**, **further**, That any and all claims filed after the said period of two years from the last publication of the notice of destruction, defacement or loss of such security will be barred forever.

Sec. 3. A bond of indemnity shall not be required in any of the following cases:

(a) If the Central Bank of the Philippines is fully satisfied that the destruction, defacement or loss, as the case may be, occurred without fault of the owner and while the security was in the custody or control of the Republic of the Philippines, (not including the Postal Service when acting solely in its capacity as the public carrier of the mails) or of a person thereunto duly authorized as lawful agent of the Republic of the Philippines.

(b) If substantially the entire security is presented or surrendered by the owner and the Central Bank of the Philippines is satisfied as to the identity of the security presented and that the missing portions are not sufficient to form the basis of a valid claim or claims against the Republic of the Philippines or the Central Bank of the Philippines.

Sec. 4. The term "interest-bearing security" or "security" wherever used in this Act, means any direct obligation of the Republic of the Philippines, its political subdivisions, instrumentalities or wholly-owned government corporations issued pursuant to law, for valuable consideration and which by its terms, bears interest, and includes but is not limited

to bonds, notes, certificates of indebtedness, Treasury bills and interim certificates issued for any such security.

Sec. 5. The Central Bank of the Philippines shall have the power to issue such rules and regulations as it may deem necessary for the implementation of this Act.

Sec. 6. Act Numbered Two thousand four hundred fifty-nine of the Philippine Legislature, series of 1915, and any law or parts thereof inconsistent herewith are hereby repealed.

Sec. 7. Nothing herein provided shall be construed to revive any right or interest which may have been lost or prescribed by virtue of the provision of the statute of limitation.

Sec. 8. This Act shall take effect upon its approval.

Approved, June 16, 1956.

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REPUBLIC ACT NO. 1556

AN ACT TO REGULATE AND CONTROL THE MANUFACTURE, IMPORTATION, LABELLING, ADVERTISING AND SALE OF LIVESTOCK AND POULTRY FEEDS.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. This Act shall be known as the "Livestock and Poultry Feeds Act."

SEC. 2. **Enforcing Official.**—This Act shall be administered by the Secretary of Agriculture and Natural Resources thru the Director, Bureau of Animal Industry.

SEC. 3. **Definitions.**—For the purpose of this Act, the following terms shall mean:

(a) "Secretary" means the Secretary of Agriculture and Natural Resources.

(b) "Director" means the Director, Bureau of Animal Industry.

(c) "Livestock" means and includes horses, cattle, carabaos, sheep, goats, swine, rabbits, poultry and such other animals or birds as the Secretary may, from time to time by regulation, prescribe.

(d) "Feeds" or "Feeding Stuff" shall include all such articles used for the purpose of feeding purporting to supply proteins, carbohydrates, fats, minerals, vitamins, antibiotics and/or correcting nutritional disorders. Such articles may be locally produced or imported, mixed or in the form of simple ingredients.

(e) "Owner" is the person, firm, partnership, association or corporation applying for the accord registration under this Act.

(f) "Brand" means any distinctive mark or name applied to a feed or feeding stuff.

(g) "Inspector" is any person authorized to enforce the provisions of this Act.

(h) "Package" means sack, bag, barrel, bin or any other container for feeds.

(i) "Label" means and includes any written, printed or graphic matter attached or affixed to any package, bale or bundle of feeds.

(j) "Regulation" means rules prescribed under the authority of this Act.

(k) "Analyst" means any official analyst appointed under this Act.

(l) "Ingredients" means any single article of feed or feeding stuff which enters into the composition of a ration, concentrate, or supplement.

(m) "Mixture" means any combination of two or more food ingredients used in the manufacture of feeding stuff.

(n) "Concentrates" shall apply to no materials other than those known as concentrates, and shall include linseed meals, cotton-seed meals, pea meals, bean meals, peanut meals, coconut meals, gluten meals, velvet bean meals, soya bean meals, dried yeast grains, dried vinegar grains, corn germ meal, feeding molasses, gluten feeds, cotton seed feeds, maize feeds, velvet bean feeds, peanut feeds, dried distillers' grains, dried brewers' grains, malt sprout, hominy feeds, rice meals, corn and oat chops, corn feed meal, corn bran, corn and cob meals, wheat bran, wheat middlings, wheat feed, rye feed, rye middlings, buckwheat middlings and buckwheat feed, ground beef or fish scraps, meat meals, meat and bone meals mixed, dried blood, milk by-products, mixed feeds, compounded feeds, condimental stock and poultry feeds, proprietary or trademarked stock and poultry feeds, and all other materials of a similar nature; but shall not include the materials defined in this article as roughages, the whole seed nor pure whole seed nor pure whole grains ground together nor the unmixed meals made directly from the entire grains of wheat,

rye, barley, oat, corn, buckwheat and boom corn, nor malt sprouts, when sold as such by the maltster at retail, nor ground or cracked bone not mixed with any other substance, nor shall it include poultry feeds consisting of whole or whole and craked grains mixed together with or without gril, oyster shells or charcoal, when all the ingredients may be identified by the naked eye.

(o) "Roughages" shall include dried and ground hays and straws, dried and ground corn stalks or other parts of the corn plant not included in the grain, dried beet pulp, oat hulls, barley hulls, clipped oat by-products, sorghum plant by-products and flax plant by-products, cotton seed hulls, buckwheat hulls, cocoa shells, grain screenings or other materials of a similar character. This shall not include whole ground grains not mixed with any other substances.

SEC. 4. Registration.—Any person, partnership, firm corporation or association desiring to engage in the manufacture, importation, sale or distribution of feeds or feeding stuffs shall first be registered in the Office of the Director.

(b) Applications for registration or annual renewal thereof, shall be made by the person, partnership, firm, corporation or association marketing, manufacturing, or importing such feeds or feeding stuffs, or by his accredited agent in such form and manner as may be prescribed from time to time by regulation.

(c) An application for registration shall be accompanied by a registration fee of five pesos for a person, firm, partnership, corporation or association engaged in the retailing or distribution of commercial funds or feeding stuffs, and one hundred pesos for manufacturers and/or importers of commercial feeds or feeding stuffs.

(d) No feeds or feeding stuffs in the form of complete mixture, concentrate, supplement, or ingredient which have not been registered with the Director, shall be manufactured, imported, advertised, sold or offered for sale or held in possession for sale in the Philippines.

(e) No commercial feeds or feeding stuffs shall be registered:

1. If the brand thereof is identical, or will likely be confused, with another brand already applied to a registered feeding stuff.
2. If the specific name of each and every ingredient of mixtures, base or concentrates, and supplement is not clearly stated; or

3. If the feeds or feeding stuffs do not conform to the provisions of this Act.

(f) No change in the brand of a registered feed or feeding stuff shall be made without a written notification to the Director.

(g) The Director is empowered to recommend to the Secretary of Agriculture and Natural Resources the cancellation of the registration of any feed or feeding stuff which is found after proper investigation to be not in conformity with the provisions of this Act, in registration, importation, manufacture, distribution, labelling, advertising or sale.

SEC. 5. Labelling.—Every package containing feed or feeding stuff shall be labelled as follows:

1. The original label or tag of imported feeds or feeding stuffs shall remain attached to each package. In the event that the original label or tag has been lost or otherwise removed during the transit, a new label or tag shall be attached with the approval of the Director to all bags intended for sale.

2. Labels of imported feed ingredients intended for sale shall show conspicuously and clearly:

- (a) Net weight.
- (b) Brand.
- (c) Name of article.
- (d) Name and address of manufacturer or supplier.
- (e) Minimum crude protein (except mineral mixtures).
- (f) Minimum fat (except mineral mixtures).
- (g) Maximum fiber (except mineral mixtures).
- (h) Maximum moisture.
- (i) Registration number of importer.

3. Labels of imported feed mixtures intended for sale shall show conspicuously and clearly:

- (a) Net weight.
- (b) Name and address of manufacturer and supplier.
- (c) Brand.
- (d) Nutritive purpose.
- (e) Minimum crude protein (except in mineral mixtures).
- (f) Minimum fat (except in mineral mixtures).
- (g) Maximum fiber (except in mineral mixtures).
- (h) Maximum moisture.
- (i) Names of all ingredients used in the mixture.
- (j) Registration number of importer.

4. Labels of feed mixtures manufactured locally shall show conspicuously and clearly:

- (a) Net weight.
- (b) Name and address of manufacturer.
- (c) Brand.
- (d) Nutritive purpose.
- (e) Minimum crude protein (except mineral mixtures).
- (f) Maximum fiber (except mineral mixtures).
- (g) Maximum fat (except mineral mixtures).
- (h) Maximum moisture.
- (i) Names of ingredients used in the mixtures.
- (j) Registration number of manufacturer.

5. Labels of local grains and/or their by-products, minerals, and other ingredients sold or to be sold for feed shall show conspicuously and clearly:

- (a) Net weight.
- (b) Name of feed (e.g. rice bran, yellow corn, white corn, ipil-ipil, copra, shell powder, rice hay, etc.)
- (c) Conditions: i.e. whole grain cracked, middlings, ground fine or coarse, etc.
- (d) Class: i.e., first, second or third (as prescribed by standard set by the Director).
- (e) Name and address of store.
- (f) Registration number of store owner.

6. Labels of any other feed not covered in the preceding paragraphs shall be made according to regulations, which from time to time may be prescribed by the Director with the approval of the Secretary.

SEC. 6. There should be created in the manner authorized by law an adequate section or division composed of employees taken from the present personnel of the Bureau of Animal Industry as the Director may consider necessary for effectively carrying out the provisions of this Act.

SEC. 7. An inspector shall be permitted at all reasonable times to enter any premises in which feeds are sold or held in possession for sale or when he has reasonable cause to believe any feed or feeding stuff is being prepared or has been prepared for sale, and may take for analysis samples of any feed or feeding stuff there found without cost.

SEC. 8. **Regulations.**—The Director, subject to the approval of the Secretary, shall promulgate rules and regulations:

- (a) Prescribing the basis under which grains and their by-products may be classified.

(b) Providing for the prevention of false and/or misleading claims that may be made for any feeding stuff;

(c) Prescribing the definition and uses of such terms as complete ration, concentrate supplement and/or base as used in livestock nutrition;

(d) Prescribing disposition of damaged feed or feeding stuff; and

(e) Prescribing methods of procuring and analysis of samples according to accepted standard procedure, and such other rules and regulations as may be necessary to carry out the purposes of this Act.

SEC. 9. Fees and Expenditures.—(a) Aside from the registration fees as provided in section four, subsection (c) of this Act, there shall be collected an inspection fee at the rate of twenty centavos per metric ton of all complete mixed feeds, supplement, and/or concentrates.

(b) All fees, charges and other income derived from the operation of this Act, shall accrue to the Philippine Livestock Promotion Fund as provided in Commonwealth Act Numbered One hundred and eighteen, as amended, and shall be deposited with the National Treasury to the credit of the said fund.

(c) All expenditures necessary to carry out the purposes of this Act shall be paid from the unallotted balance of the Philippine Livestock Promotion Fund created under Commonwealth Act Numbered One hundred and eighteen, as amended.

SEC. 10. Offenses and Penalties.—(a) It shall be unlawful for any person, partnership, firm, corporation or association to engage in the manufacture, importation, sale or distribution of feeds or feeding stuffs without having first registered in the Office of the Director of Animal Industry: Provided, however, That the provisions of this Act shall not apply to the sale or distribution of the by-products of grains, such as rice bran, rice crush, corn bran and corn crush, which are sold in their natural state as feeding stuff without having been further processed, mixed with other ingredients, or otherwise manufactured into another form.

(b) Any person, partnership, corporation or association which will unlawfully use a registration number, fraudulently lessen or adulterate the feeding value of any feed or feeding stuff, or tamper with packaged feeds for fraudulent purposes, willfully remove, alter, or efface the prescribed tags, labels, markings, or other information placed on packages of feeds or feeding stuffs, fraudulently alter or use certificates or analysis of any official analyst; willfully obstruct, hinder, resist or in any other way oppose an inspector in the execution of his duties under

this Act; make unauthorized disposition of feeds placed under detention; import, manufacture, distribute, advertise, sell, or offer for sale or possess for sale any feed which does not conform with or contravenes the provisions of this Act; or otherwise violate any provision of this Act and the rules and regulations issued thereunder, shall be punished by a fine of not less than one thousand pesos and not more than five thousand pesos or by imprisonment of not more than one year and one day, or by both, in the discretion of the court.

SEC. 11. All Acts or parts thereof inconsistent with the provisions of this Act are hereby repealed.

SEC. 12. This Act shall take effect after thirty days from the date of its approval.

Approved, June 16, 1956.

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REPUBLIC ACT NO. 1576

AN ACT TO ADD A NEW SECTION TO BE KNOWN AS SECTION NINE—A TO REPUBLIC ACT NUMBERED ONE THOUSAND THREE HUNDRED ENTITLED "AN ACT REVISING THE CHARTER OF THE PHILIPPINE NATIONAL BANK".

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. A new section to be denominated as section nine-A is hereby inserted after section nine of Republic Act Numbered One thousand three hundred, otherwise known as the Revised Charter of the Philippine National Bank to read as follows:

"SEC. 9-A. The Board of Directors shall also have the power and authority:

"(a) To create, establish and operate a 'Self-Insurance System' in order to offset possible damage or loss of cash-in-transit that the Bank may suffer on account of cash and check remittances to its branches and agencies and vice-versa;

"(b) To create and establish a 'Provident Fund' which shall consist of contributions made both by the Bank and its officers or em-

ployees to a common fund for the payment of benefits to such officer or employee or his heirs under such terms and conditions as its Board of Directors may fix;

"(c) To create and establish a 'Supplementary Retirement Plan' for qualified officials and employees for the payment of a gratuity equivalent to one month salary for every year of service rendered by them but not exceeding two (2) years in the aggregate;

"(d) In its discretion, to accept assignments of, or as payments, certificates of indebtedness of the Government or other such similar securities: **Provided, however,** That the authority herein granted shall not be used as regards backpay certificates."

SEC. 2. All Acts or parts of Acts inconsistent or incompatible with the provisions of this Act are hereby repealed.

SEC. 3. This Act shall take effect upon its approval.

Approved, June 16, 1956.

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REPUBLIC ACT NO. 1596

AN ACT AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NUMBERED FOUR HUNDRED ONE, SO AS TO EXTEND THE PERIOD WITHIN WHICH VOLUNTARY PAYMENT WITHOUT INTERESTS OF PRE-WAR OBLIGATIONS MAY BE MADE AS WELL AS THE PERIOD WITHIN WHICH INTERESTS PAID SHALL BE APPLIED IN PAYMENT OF THE PRINCIPAL OBLIGATION.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Subsection (d), section two of Republic Act Numbered Four hundred one, as amended, is further amended to read as follows:

"(d) When the debtor was unable to pay an obligation which became due and demandable, or the interest which should have been paid during the said period because the assets of the creditor were under the control of the enemy and/or administered through the so-called Enemy Alien Property Custodian or other enemy instrumentality, and the debtor paid the interests to it in the belief that such payment was valid and

effective payment to the creditor or because of fear that failure to comply with the demand would lead to reprisals on his person or property.

"If the debtor, however, makes a voluntary payment of the entire pre-war unpaid principal obligation on or before the interests on such principal obligation corresponding December thirty-one, nineteen hundred and fifty-seven, from January one, nineteen hundred and forty-six to the date of payment are likewise hereby condoned: **Provided, however,** That the debtor shall have paid at least **ten per centum** of the entire pre-war unpaid principal obligation within three months from the date of the approval of this Act: **Provided, further,** That in case any pre-war obligation is subject of any court litigation, then all interests thereon shall be condoned if the entire outstanding pre-war obligation shall be paid within sixty days from the finality of judgment against the debtor."

SEC. 2. Section three of the same Act, as amended, is further amended to read as follows:

"SEC. 3. All interests paid on debts or obligations outstanding on the eighth day of December, nineteen hundred and forty-one corresponding to the period from the first day of January, nineteen hundred and forty-two to the thirty-first day of December, nineteen hundred and forty-five, by the debtors mentioned in section one hereof shall be applied in payment of the principal obligation if the same is still outstanding and if the payment is made from or after February twenty-eight, nineteen hundred and forty-five to December thirty-one, nineteen hundred and fifty-six."

SEC. 3. This Act shall take effect upon its approval.

Approved, June 16, 1956.

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REPUBLIC ACT NO. 1600

AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES DURING THE PERIOD FROM JULY FIRST, NINETEEN HUNDRED FIFTY-SIX TO JUNE THIRTIETH, NINETEEN HUNDRED AND FIFTY-SEVEN, AND FOR OTHER PURPOSES.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Appropriation of funds. The following sums, or so much thereof as may be necessary, are appropriated out of any funds in the Philippine Treasury not otherwise appropriated for the operation of the Government of the Republic of the Philippines during the period from July first, nineteen hundred and fifty-six to June thirtieth nineteen hundred and fifty-seven, except where otherwise specifically provided:

(Itemized portions on salaries and wages and other expenditures omitted for lack of space)

GENERAL PROVISIONS

SEC. 2. Authority to pay salaries not in conformity with the prescribed grades or rates of compensation.—Payment to incumbent employees of salaries the rates of which are not in conformity with the schedule of grades or rates of compensation provided in section three of Commonwealth Act Numbered Four hundred and two, as amended, is hereby authorized: PROVIDED, That new appointments, whether original or promotional, to positions not carrying the salary rates prescribed in Commonwealth Act Numbered Four hundred and two, as amended, shall be made only at rates authorized in the said Act.

SEC. 3. Personnel in the classified Civil Service not to be affected by the adoption of the Performance Budget.—The adoption of the budgetary system based on functions, activities and projects in terms of expected results in the Bureau of Internal Revenue, Land Registration Commission Bureau of Lands, Bureau of Telecommunications, Bureau of Public Libraries, Bureau of Labor, Wage Administration Service, Industrial Safety Engineering Division, Armed Forces of the Philippines, Bureau of Health, Bureau of Commerce, Institute of Science and Technology, Philippine Normal College, Central Luzon Agricultural College, Philippine College of Commerce, Mindanao Agricultural College and Mindanao Institute of Technology, shall neither result in any manner in the laying off of personnel in the classified Civil Service except for cause as provided by law nor in the reduction of actual salaries of incumbents or demotion in rank or change of status.

SEC. 4. Appendix covering Plantillas of Personnel.—The appendix containing the plantillas of personnel in the different bureaus and offices whose budgets are presented pursuant to the provisions of Republic Act No. 992, is hereby made part of this Act.

SEC. 5. Authority to use savings in appropriations to cover deficits.—Except as otherwise provided in this Act, any savings in the regular appropriations authorized in this Act for the Executive Depart-

ments for "personal services" for "maintenance and other operating expenses" and for "furniture and equipment" of the bureaus and offices under any Department, may, with the approval of the President, be used to cover a deficit in any other item of the regular appropriations, except for personal services, under the same Department: **Provided**, That whenever authorized positions are transferred from one program to another, the corresponding amounts appropriated for personal services are also deemed transferred without increasing the total outlay for personal services of the office concerned. In no case, however, shall any item of appropriations be augmented, pursuant to the authority granted in this section, by more than forty per centum of the original appropriation provided in this Act for such item.

SEC. 6. Quarterly report to Congress on transfer of appropriations and accomplishments of bureaus and offices.—The Auditor General and the Commissioner of the Budget shall submit separately to the Congress a quarterly report of any transfer of appropriation made to cover a deficit, the report to specify the items and the amounts involved and shall furnish copies to each member of Congress in his office. The heads of bureaus or offices whose appropriations are based on Performance Budget shall likewise submit separately to the Congress a quarterly report of their accomplishments.

SEC. 7. Authority to use savings for other purposes.—The President of the Philippines is authorized to use any savings in the appropriations provided in this Act for the Executive Departments for the settlement of the following obligations incurred during the current fiscal year and/or previous fiscal years, the limitation in section 7-1 (27) of Commonwealth Act Numbered Two hundred forty-six, as amended, notwithstanding: (1) claims under section 699 of the Revised Administrative Code and the Workmen's Compensation Act, whichever is applicable, of officers, employees and laborers who died or were injured in line of duty; (2) commutation of the money value of the additional leave, extended leave and accrued leave earned by American and Filipino officers and employees, or by Filipino officers and employees separated from the service except for cause, for service rendered prior to November twenty-ninth, nineteen hundred and thirty-six; (3) purchase of furniture and equipment to replace those that may be lost through fire or other calamity, or may have been damaged through the same cause, the disposal of which is deemed reasonable and necessary, if it would be more expensive to have them repaired, and purchase, with the approval of the President, of furniture and equipment to replace unserviceable ones condemned by the Auditor General (4) payment of salaries of suspended employees who have subsequently been exonerated; (5) payment of the share of the National Government in the salaries

of national officials in newly created cities and provinces where no appropriation has been provided therefor; (6) three per cent contribution of the Government to the Government Service Insurance System for the employees' insurance premiums corresponding to the period from December thirty-first, nineteen hundred forty-one to February twenty-eight, nineteen hundred and forty-five, pursuant to section four of Republic Act numbered One hundred thirty-two, the provisions of section 7 (c) of Commonwealth Act Numbered One hundred eighty-six, as amended, to the contrary notwithstanding; (7) commutation of vacation and sick leaves of employees who may be retired under existing laws; (8) additional compensation to government nurses assigned to public health nursing at ₱50 a month in lieu of quarters subsistence and laundry allowances as provided under section three of Republic Act Numbered Six hundred forty-nine; (9) purchase or rental of accounting machines to carry out the plan of mechanizing the accounting system in the Government; (10) obligation of the National Government under the provisions of subsection (a) of section 2553 of the Revised Administrative Codes; (11) cash commutation of the accumulated vacation and sick leave of employees who voluntarily resign or are separated from the service thru no fault of their own, in accordance with the provisions of Republic Act Numbered Six hundred eleven, as amended by Republic Act Numbered One thousand eighty-one; (12) printing of briefs in cases appealed by the Government; (13) improvement of food rations in government hospitals and leprosaria; (14) rural improvement; (15) payment of premiums for the insurance of government properties; and (16) payment of gratuities to employees who are laid off as a result of the elimination of their positions in this Act and the government reorganization under Republic Act No. 997.

SEC. 8. Limitation of special details of officials and employees.—

Any provision of existing law to the contrary notwithstanding, no portion of any appropriation provided for in this Act shall be made available for the payment of salaries of officials or employees who are not actually performing the duties and functions pertaining to their positions and assigned to the place of employment as specified in this Act: **Provided,** That this shall not apply to special assignments for a period not exceeding one hundred eighty days which shall not be renewed or extended. Any official who shall allow the payment of salaries to officials or employees who are not in their designated place of employment and performing their assigned tasks shall be required to refund to the government such sums as may have been paid to such officials or employees.

SEC. 9. Suspension of expenditure of appropriations.—Except as otherwise provided in this Act and whenever in his judgment the public

interest so requires, the President is authorized to suspend or otherwise stop the expenditure of any amount herein appropriated in any item or items for the Executive Departments for any purpose, except amounts for salaries of positions with incumbents, and thereupon the funds affected by such action shall become available for any other expenditures authorized in this Act for the Executive Departments as the President may determine, except for personal services: **Provided**, That whenever authorized positions are transferred from one program to another, the corresponding amounts appropriated for personal services are also deemed transferred, without increasing the total outlay for personal services of the office concerned. In no case, however, shall any item of appropriation be augmented, pursuant to the authority granted in this section, by more than forty per centum of the original appropriation provided in this Act for such item. The Auditor General and the Commissioner of the Budget shall report separately to the Congress within a period of thirty days any suspension or transfer of funds made by the President during the previous quarter and shall furnish copies to each member of Congress in his office.

SEC. 10. Failure on the part of the Auditor General and the Commissioner of the Budget to make report.—Failure on the part of the Auditor General and the Commissioner of the Budget to make the report herein required under section 9 of this Act within the period specified therein shall automatically cause the suspension of the payment of their salaries until they shall have complied therewith.

SEC. 11. Provision for "excess of actual salary"—Appropriations provided in this Act may be used for payment of excess of actual salaries to the incumbent of a position to which said "excess" pertains who is actually receiving the same "excess" as part of the salary granted to him upon his appointment to the said position before the reduction of the basic pay thereof to the amount provided: **Provided, however**, That if the position be vacated and the successor to its previous incumbent shall have previously received an equal salary plus the "excess of actual salary" in the same or any other branch of the government service, such excess shall be allowable to him.

SEC. 12. Purchase of locally manufactured furniture, equipment, parts, accessories, supplies and materials.—All appropriations for the purchase of furniture, equipment, supplies and materials authorized in this Act shall be available only for locally manufactured furniture, equipment, parts, accessories, supplies and materials, except when none is available in the market, or when the prices of the locally manufactured article exceed those determined by the Flag Law by ten per cent.

SEC. 13. Renting of automobiles, jitneys or trucks for a continuous period exceeding fifteen days prohibited.—No appropriation provided in this Act for the Executive Departments shall be used for renting automobiles, jitneys or trucks on the monthly basis nor on the daily basis for a continuous period exceeding fifteen days.

SEC. 14. Authority to purchase motor vehicles.—No appropriation authorized in this Act shall be used for the purchase of automobiles, jitneys, jeeps, station wagons, motorcycles and other motor vehicles unless otherwise specifically provided in this Act.

SEC. 15. Officials entitled to government motor transportation.—The following officials are entitled to use government motor transportation chargeable against the appropriations authorized in this Act:

- (1) The President of the Philippines,
- (2) The Vice-President of the Philippines,
- (3) The President of the Senate,
- (4) The Speaker of the House of Representatives,
- (5) The President Pro-Tempore of the Senate,
- (6) The Majority Floor Leader of the Senate,
- (7) The Chairman, Committee on Finance of the Senate,
- (8) The Chairman, Committee on Accounts of the Senate,
- (9) The Chairman, Committee on Foreign Relations of the Senate,
- (10) The Chairman, Committee on Public Works of the Senate,
- (11) The Minority Floor Leader of the Senate,
- (12) The Secretary of the Senate,
- (13) The Speaker Pro-Tempore of the House of Representatives,
- (14) The Majority Floor Leader of the House of Representatives,
- (15) The Chairman, Committee on Appropriations of the House of Representatives,
- (16) The Chairman, Committee on Accounts of the House of Representatives,
- (17) The Chairman, Committee on Ways and Means of the House of Representatives,
- (18) The Chairman, Committee on Foreign Affairs of the House of Representatives,
- (19) The Chairman, Committee on Public Works of the House of Representatives,
- (20) The Minority Floor Leader of the House of Representatives,
- (21) The Secretary of the House of Representatives,
- (22) The Chief Justice of the Supreme Court,
- (23) The Presiding Justice of the Court of Appeals,
- (24) The Auditor General,

- (25) The Ambassadors, Ministers Plenipotentiary and Consuls in charge of consulates while in their respective stations abroad, and
- (26) The Chief of Staff and the Vice-Chief of Staff and the Commanding Officers of the other Major Services of the Armed Forces of the Philippines.

SEC. 16. **Officials entitled to transportation allowance.**—The Department Heads, including the Administrator of Economic Coordination, the Commissioner of the Budget, the Press Secretary, the Chairman of the Commission on Elections, and the Social Welfare Administrator are hereby granted a commutable transportation allowance of two hundred fifty pesos each per month; the Undersecretaries of Departments and officials with the same rank, the Public Service Commissioner, the Executive Judge of the Court of Agrarian Relations, the Legislative Secretary, the Legislative Liaison Officer, the Presiding Judge of the Court of Industrial Relations, the Presiding Judge of the Court of Tax Appeals, the Chairman of Land Tenure Administration, the Judicial Superintendent, Office of the Secretary of Justice and the Administrator of Social Security Commission, two hundred pesos each per month, and the following officials, directors or chiefs of bureaus and offices, and the Sergeant-at-Arms of the House of Representatives, one hundred pesos each per month, chargeable against the appropriations authorized in this Act for their respective offices:

- (1) The Director of Printing,
- (2) The Commissioner of Civil Service,
- (3) The Commissioner of Customs,
- (4) The Collector of Internal Revenue,
- (5) The Treasurer of the Philippines,
- (6) The Purchasing Agent, Bureau of Supply,
- (7) The Insurance Commissioner,
- (8) The Commissioner, Land Registration Commission,
- (9) The two Associate Commissioners, Public Service Commission,
- (10) The Members, Land Tenure Administration,
- (11) The two Associate Judges, Court of Tax Appeals,
- (12) The Director, National Bureau of Investigation,
- (13) The Commissioner of Immigration,
- (14) The Director of Prisons,
- (15) The Chairman, Code Commission,
- (16) The Director of Plant Industry,
- (17) The Director of Animal Industry,
- (18) The Director of Forestry,
- (19) The Director of Lands,

- (20) The Director of Mines,
- (21) The Director of Fisheries,
- (22) The Director of Soil Conservation,
- (23) The Director of Agricultural Extension,
- (24) The Manager, Fiber Inspection Service,
- (25) The Director of Public Works,
- (26) The Director of Posts,
- (27) The Director of Telecommunications,
- (28) The Chief, Motor Vehicles Office,
- (29) The Commissioner of Public Highways,
- (30) The Director of Public Schools,
- (31) The Director of Public Libraries,
- (32) The Director, Institute of National Language,
- (33) The Director of National Museum,
- (34) The Director of Private Schools,
- (35) The Director of Labor,
- (36) The Commissioner, Workmen's Compensation Commission,
- (37) The Chief, Wage Administration Service,
- (38) The Captain (Director), Bureau of Coast and Geodetic Survey,
- (39) The Chairman, Philippine Veterans Board,
- (40) The Chairman, Board on Pensions for Veterans,
- (41) The Director of Quarantine,
- (42) The Director of Hospitals,
- (43) The Director of Health,
- (44) The Director of Nutrition,
- (45) The Director of Commerce,
- (46) The Administrator, Sugar Quota Administration Office,
- (47) The Director, Patent Office,
- (48) The Commissioner, Securities & Exchange Commission,
- (49) The Administrator, Civil Aeronautics Administration,
- (50) The Director, Weather Bureau
- (51) The Director of the Census and Statistics,
- (52) The Administrator, Cooperatives Administration Office,
- (53) The Director, Institute of Science and Technology,
- (54) The Director, Philippine General Hospital,
- (55) The Counselors in the Department of Foreign affairs, and
- (56) The Chief, Irrigation Service Unit.

SEC. 17. Bureaus and offices entitled to use, operate and maintain government motor vehicles and launches.—No bureau or office shall use, operate or maintain from the appropriations authorized in this Act

government service cars, jeeps, station wagons, vans, service trucks, pick-up trucks, launches, speed-boats, motorcycles, etc., except the following:

- (1) The House of Representatives, for general service purpose;
- (2) The Senate, for general service purposes;
- (3) Malacañang, for general service purposes;
- (4) The National Intelligence Coordinating Agency, in coordination of the national intelligence activities and in carrying out its functions in the interest of national security;
- (5) The Radio Station DZFM, for covering special events for delayed broadcasts, servicing of sponsored programs, contacting artists, fetching "sign on" personnel and conducting home those "signing off";
- (6) The Social Welfare Administration, for ministering relief, during military actions against dissidents, to evacuees, the injured and incapacitated and to the victims of typhoons, earthquakes, fires, floods, tidal waves and volcanic eruptions; and for conducting the inmates of Welfareville to and from the Courts, hospitals and other offices, procuring materials and food supplies for their subsistence, and delivering food to the various units within the Welfareville compound, including collection and disposal of garbage;
- (7) The Budget Commission, for gathering from the various government offices and instrumentalities of such data and information as are essentially material or pertinent to the exercise of authority over budget operations and control, for the performance of duties connected with the preparation of the National Budget, and for wage and position classification survey;
- (8) The Bureau of Printing, for delivery and/or shipment of printed matters, books and/or forms to various offices;
- (9) The Department of Foreign Affairs, for carrying out protocol duties in connection with the arrival or visit in the Philippines of high dignitaries and officials or accredited representatives of foreign governments, and for the delivery of diplomatic pouches to and from points of embarkation or shipment;
- (10) The Bureau of Customs, for use of examiners of the Appraisers Division in the inspection of bonded warehouses, in-

cluding embroidery factories, for hauling parcels from the Bureau of Posts to the Customs Building for examination, and for carrying out the so-called "immediate payment system" under which the Division will dispatch in a motor vehicle import entries for examination to its supervisors stationed at the piers for distribution to the examiners detailed under them and have the examined entries and the examiners' samples brought to the Customs Building, and for carrying out detective and police duties of the Port Patrol Division in Manila and of the patrol service in the Port of Cebu;

- (11) The Bureau of Internal Revenue, for strict enforcement of the internal revenue laws and regulations and detection of violations thereof;
- (12) The Bureau of the Treasury, for transportation of cash from the Central Bank of the Philippines to the Bureau of Treasury, and vice versa;
- (13) Office of the Insurance Commissioner, for examination of the financial condition and methods of doing business of insurance companies, and for the inspection of buildings in the different blocks of Manila and its neighboring cities and municipalities and other risks in connection with the supervision of said office over the fixing of premium rates on non-life insurance;
- (14) The National Bureau of Investigation, for detection and investigation of crimes and criminals and other law violations;
- (15) The Court of Tax Appeals, for transportation of its personnel whenever the Court hold its hearing outside of the City of Manila pursuant to Section 6 of Republic Act No. 1125;
- (16) The Land Tenure Administration and the Court of Agrarian Relations, for transportation of its personnel whenever they go out to hear cases or take evidence, in places other than their headquarters, or make settlements pursuant to the decisions of the court;
- (17) The Bureau of Prisons, for conducting prisoners to and from the Bureau of Prisons, inspection of prison institutions and stations, procuring food supplies and materials, and delivering products and/or manufactures of the Prisons Industries in Muntinlupa and in the penal colonies;

- (18) The Juvenile and Domestic Relations Court, for conducting to and from the court, dependent or neglected children or juvenile delinquents committed to the care of persons or institutions and for inspection and supervision thereof;
- (19) The Division of Agricultural Economics, Office of the Secretary of Agriculture and Natural Resources, for gathering agricultural statistics for researches and analysis in agriculture;
- (20) The Division of Agricultural Information, Office of the Secretary of Agriculture and Natural Resources, for distribution of agricultural information materials for guidance of farmers in improving their farming methods;
- (21) The Agricultural Tenancy Commission, for conducting education rallies, researches on tenancy practices observed in the different regions of the country; and for inspection of farm mechanization;
- (22) The Bureau of Plant Industry, for the control of abaca mosaic and other plant pests and diseases, and for supervision of agricultural experiment stations and seed farms;
- (23) The Bureau of Animal Industry, for the distribution of animal products and transportation of animals and feeds including insemination work;
- (24) The Bureau of Forestry, for forest protection, reforestation, land classification, research and general administration, including transportation of cinchona barks, equipment, and supplies and materials;
- (25) The Bureau of Lands, for the survey and subdivision of public agricultural lands and land management;
- (26) The Bureau of Mines, for the transportation of mineral samples to and from the office for the geological, mineralogical and mineral land survey parties operating in the different parts of the Philippines;
- (27) The Bureau of Fisheries, for the collection of marine specimens, inspection of experimental fish farms and distribution of seedlings;
- (28) The Bureau of Soil Conservation, for carrying out soil survey and conservation work in the different regions of the country;

- (29) The Bureau of Agricultural Extension, for carrying out its extension work and diffusing among the people, particularly those in rural areas, useful and practical information on agriculture, soil conservation, livestock, fisheries, forest conservation, public lands and natural resources laws, home economics and rural life by means of field demonstrations, lectures conferences, publications and other means of disseminating information;
- (30) The Fiber inspection Service, for carrying out its work of inspection and supervision of fiber grading-baling establishments, fiber improvement and demonstration work;
- (31) The Department of Public Works and Communications, for gathering from its bureaus, offices and agencies, including those of other government offices and instrumentalities, of such data and information as are essentially material or pertinent to the formulation of long range public works programs and in evaluation and checking of accomplishments and expenditures against duly approved programs of work.
- (32) The Bureau of Public Works, for undertaking the construction of public works projects, inspection and supervision thereof, and for the procurement of construction supplies and materials;
- (33) The Bureau of Posts, for the transportation of strictly mail matters;
- (34) The Bureau of Telecommunications, for the construction, repair, transfer and maintenance of telegraph, telephone and radio stations and circuits and the delivery of telegrams and radiograms;
- (35) The Motor Vehicles Office, for the enforcement of the provisions of the Motor Vehicle Law;
- (36) The Wage Administration Service, for use by regional wage inspection supervisors in supervising the enforcement of the Minimum Wage Law, in the inspection of agricultural, industrial and commercial establishments especially in out-of-the-way locations, and in making special investigations and economic surveys necessary for the administration and enforcement of the law;

- (37) Trade and industrial, agricultural, rural and farm schools, for instructional purposes requiring the use demonstration and/or operation of motor or other powered vehicles and for transporting and marketing their finished products for public consumption;
- (38) The Bureau of Private Schools, for the inspection of private schools that are out-of-the-way places, and for undertaking rush investigation of complaints from various sources;
- (39) The Department of Labor, for the use of field personnel in the enforcement of labor laws throughout the Philippines
- (40) The Industrial Safety Engineering Division, for the inspection of industrial establishments, for the promotion of safety education campaign, for the supervision and checkup of field activities, and for the use by the advisory safety council in its field activities;
- (41) The Bureau of Coast and Geodetic Survey, for carrying out field reconnaissance, triangulations, precise leveling and magnetic and gravity measurements, ship servicing, canvass, procurement and delivery of supplies, and delivery or receipt of official publications, documents and shipments;
- (42) The Armed Forces of the Philippines, when on military operations or on active duty in the restoration and maintenance of peace and order;
- (43) The Department of Health, for the use of the Division of Tuberculosis, in BCG Vaccination and Traveling X-ray Examination Units, the Division of Health Education and Information in exhibiting health films and dissemination of health information in rural areas, and the Public Health Research Laboratories in connection with health research, including the distribution of vaccines, sera and other biological preparations;
- (44) Government hospitals, for ambulance service and procuring food supplies and materials for the subsistence of patients and personnel entitled thereto;
- (45) The Bureau of Health, for health, sanitation and prevention and control of epidemics;
- (46) The Bureau of Quarantine, whenever used by quarantine officers exclusively for quarantine work;
- (47) The Office of the Secretary of Commerce and Industry, for the promotion of retail trade;
- (48) The Civil Aeronautics Administration, for the operation and maintenance of its landing fields, including supervision and

reconstruction or repair of signaling equipment located thereat;

- (49) The Weather Bureau, for the maintenance, operation and inspection of its meteorological stations including the Manila International Airport Forecasting Center and the Diliman Geo-physical and Astronomical Station, and delivery of supplies thereto;
- (50) The Office of Economic Coordination, for use in inspecting projects being undertaken by government corporations, including private industrial establishments applying for tax exemption under Republic Act Numbered Thirty-five, and in gathering and transmitting data and information necessary for the efficient supervision and coordination of the activities of the said corporations;
- (51) The Institute of Science and Technology, for visit and inspection of factories, for the collection of forest, plant, animal and marine by-products and agricultural wastes for use in research and laboratory investigations, including survey of sources of raw materials in different regions;
- (52) The General Auditing Office, for the inspection of the delivery of equipment and supplies and materials to the various bureaus and offices of the Government, as well as to sites of public works construction, and for surprise examinations of disbursing officers;
- (53) The Commission on Volcanology, for inspecting and observing volcanoes and warning people in danger areas; and
- (54) The Office of Foreign Aid Coordination, National Economic Council, for use in inspecting projects being undertaken by the Government jointly with the International Cooperation Administration and in gathering and transmitting data and information necessary for the efficient supervision and coordination of the activities of said projects.

SEC. 18. **Authority to pay representation allowance out of savings.**—Heads of Departments and other members of the cabinet are hereby granted representation allowance at the rate not exceeding two hundred pesos per month commutable monthly: **Provided**, That the said allowance shall be paid out of the savings in the appropriations provided in this Act for the respective departments, and offices of the officials concerned.

SEC. 19. **Proper use of government motor vehicles.**—The use of government motor vehicles by bureaus and offices for the purposes enu-

merated in section seventeen hereof shall be authorized only through the issuance for each trip of a serially numbered ticket, duly signed by the chief or the administrative officer of the bureau or office concerned. These motor vehicles shall be used strictly for official business, bear government plates only and after office hours kept in the garage provided therefor by the bureau or office to which they belong, except when in use for strictly official business outside office hours.

SEC. 20. Use of more than one motor vehicle prohibited.—With the exception of the President, no government official or employee authorized to use any vehicle operated and maintained from the funds appropriated in this Act shall be allowed to use more than one such motor vehicle: PROVIDED, HOWEVER, That the Vice-President, the President of the Senate, and the Speaker of the House of Representatives may be allowed to use two motor vehicles each: PROVIDED, FURTHER, That no official who has been furnished motor transportation by any government corporation shall be allowed to use motor vehicle transportation operated and maintained from funds appropriated in this Act. The Auditor General is hereby empowered to issue rules and regulations for the proper implementation and enforcement of the provisions of this section and sections 16, 17 and 19.

SEC. 21. Disposition of motor vehicles not used by a bureau or office.—All motor vehicles owned by or assigned to the different departments, bureaus, offices and branches of the National Government not needed by the officials and for the purposes enumerated in sections fifteen and seventeen of this Act shall be disposed of to the highest bidder at public auction sales announced in newspapers of general circulation at least ten days before the sale: PROVIDED, That the former user thereof shall be given preference if he offers and pays a price equal to that of the highest bid by others.

SEC. 22. Prohibition against the use of appropriation for the payment of salaries and wages of officers or employees engaged in a strike against the Government.—Subject to existing civil service rules and regulations and the proper administrative proceedings, no part of the funds of, or available for expenditures by, any agency included in this Act shall be used to pay the salary or wages of any officer or employee who engages in a strike against the Government of the Republic of the Philippines or who is a member of an organization of government employees that in the opinion of the Secretary of Justice asserts the right to strike against the Government of the Republic of the Philippines, or who in the opinion of said Secretary of Justice advocates, or is a member of an organization that advocates, the overthrow of the Government of

the Republic of the Philippines by force or violence: PROVIDED, That for the purposes hereof an affidavit shall be considered sufficient evidence that the person making the affidavit has not, contrary to the provisions of this section, engaged in a strike against the Government of the Republic of the Philippines, is not a member of any organization of government employees that asserts the right to strike against the Government of the Republic of the Philippines, or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the Republic of the Philippines by force or violence.

SEC. 23. **Per diems outside of the Philippines.**—No per diems in excess of fifty pesos shall be paid to any official or employee traveling outside of the Philippines.

SEC. 24. **No transfer of salary savings to the Government Service Insurance System.**—The provisions of Republic Act No. 660 to the contrary notwithstanding, no savings from personal services under the general fund and the special, revolving, trust, depository and other funds shall be transferred to the Government Service Insurance System.

SEC. 25. **Reinsurance of government buildings to be equitably distributed among private insurance companies in the Philippines.**—In all cases where appropriations are provided in this Act for payment of premiums covering the insurance shall be equitably distributed among private insurance companies doing business in the Philippines at least sixty per cent of the capital stock of which are owned by citizens of the Philippines on uniform terms, conditions and rates of premiums.

SEC. 26. **Prohibition against the transfer of appropriations of the Department of National Defense.**—The provisions of section nine of this Act to the contrary notwithstanding, no amount appropriated for the Department of National Defense shall be transferred to any other Executive Department.

SEC. 27. **Authority to harmonize the appropriation structure with new terminology of classification of accounts.**—The Commissioner of the Budget is hereby authorized to harmonize the appropriation structure with the new terminology of classification of accounts that may be prescribed by law or regulations: PROVIDED, That such reclassification shall not increase or decrease the aggregate sum appropriated in this Act for the various objects affected under each Department, bureau or office.

SEC. 28. **The Committee on Finance of the Senate and the Committee on Appropriations of the House of Representatives authorized**

to look into all matters relating to public expenditures.—The Committee on Finance of the Senate and the Committee on Appropriations of the House of Representatives are hereby authorized to look at any time into all matters relating to funds for the expenditures of the National Government and for the payment of public indebtedness; auditing of accounts and expenditures of the National Government; claims against the Government; and in general all matters relating to public expenditures. The authority herein granted shall be without prejudice to the right of any member of the Congress to request the Committee on Finance of the Senate or the Committee on Appropriations of the House as the case may be to look at any time into the matters referred to in this section either as member of the aforementioned committees or as a member of the Congress.

SEC. 29. **Expenditure and disbursement of special funds.**—No expenditure shall be incurred, nor any disbursement made, out of the appropriations authorized in this Act from special, revolving and trust funds and from receipts automatically appropriated which will exceed at any one time either the fund itself or the cash in the National Treasury pertaining to such fund, except when, in the opinion of the President, such expenditure or disbursement is required by the exigency of the service, and sufficient income or receipts are expected to accrue to such funds to cover said expenditure or disbursement, in which case the necessary amount may be advanced from the general fund.

SEC. 30. **Appropriations chargeable against the Philippine Charity Sweepstakes Fund.**—The appropriations provided in this Act for carrying out the activities heretofore financed from the receipts of the Philippine Charity Sweepstakes Fund shall continue to be charged against the said Fund, and the Board of Directors of the Philippine Charity Sweepstakes shall allot the amounts thereof in the distribution of the Philippine Charity Sweepstakes Fund.

SEC. 31. **Immediate payment of accounts.**—In order to insure the immediate collection of income due any bureau or office for services rendered or sale of any commodity or article produced or manufactured by the same, no such service shall be rendered or sale made except on the cash basis. Any official or employee who allows such service to be rendered or sale to be made on account shall be held personally liable therefor and such act shall be considered sufficient ground for his removal from office: PROVIDED, That the provisions of this section shall apply only to transactions of the government with private parties: and PROVIDED, FURTHER, That government-owned or controlled corpora-

tions and officials and employees of the government holding regular positions shall not be considered as private parties.

SEC. 32. Remittance of premiums for life and retirement insurance with the Government Service Insurance System.—The provisions of Republic Act Numbered Six hundred sixty, as amended, to the contrary notwithstanding, the premiums for life and retirement insurance of the employees of the National Government and its instrumentalities shall be remitted monthly to the Government Service Insurance System as they are due and collected.

SEC. 33. Effective date.—This Act shall take effect on July first, nineteen hundred and fifty-six, except where otherwise provided.

Approved, July 11, 1956, except the following provisions:

I. DEPARTMENT OF EDUCATION

(6) Bureau of Private Schools

IX. Special Provisions

Paragraph 3, page 839.

K. DEPARTMENT OF NATIONAL DEFENSE

(3) Armed Forces of the Philippines

IX. Special Provisions

Paragraph 20, page 895.

GENERAL PROVISIONS

Sec. 8, pages 1171 and 1172.

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REPUBLIC ACT NO. 1601

AN ACT TO AMEND REPUBLIC ACT NUMBERED THIRTEEN HUNDRED FORTY-FIVE, ENTITLED "AN ACT CREATING THE NATIONAL MARKETING CORPORATION AND DISSOLVING THE PRICE STABILIZATION CORPORATION, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES."

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Subsection (d) of section five of Republic Act Numbered Thirteen hundred forty-five is hereby amended to read as follows:

“(d) To establish and operate distribution offices and agencies and/or to enter into contracts with wholesale business throughout the Philippines for the purchase and distribution of such commodities that may be deemed essential for carrying out the purposes of the Corporation authorized in this Act: **Provided**, That the distribution of such commodities shall be done thru Filipinos only;”

SEC. 2. Subsection (b) of section six of Republic Act Numbered Thirteen hundred forty-five is hereby amended to read as follows:

“(b) To help the NAMARCO defray part of its operating expenses the Board of Directors may appropriate out of the said authorized capital a sum not exceeding one million pesos during each fiscal year and a standing annual appropriation is hereby made out of any general fund in the National Treasury of such sum as may be necessary to reimburse the NAMARCO of the total amount actually expended out of the said one million pesos for overhead expenses during each fiscal year, which reimbursement shall accrue to the revolving fund. If the said one million pesos is insufficient, the Board of Directors may also appropriate out of the gross profits of the NAMARCO corresponding to the fiscal year 1956-1957 an amount not exceeding five hundred thousand pesos for additional operating expenses, subject to the approval of the President of the Philippines. The additional sum of five hundred thousand pesos herein authorized to be appropriated by the NAMARCO for operating expenses may not be used to increase the salaries of the employees of the NAMARCO and in the event the said NAMARCO shall increase the present number of employees, priority and preference should be given to former employees of the NAMARCO or PRISCO who have been laid off, if said former employees are civil service eligibles. The unexpended balance of the appropriation for overhead expenses at the end of each fiscal year shall automatically revert to the said revolving fund and whatever net earnings of the NAMARCO, if any, shall also accrue to the revolving fund: **Provided, however**, That out of the gross profits of the Corporation during the fiscal year 1955-1956 of the Board of Directors may, subject to the approval of the President of the Philippines, approve a deficiency budget to cover the salaries and wages of officials and employees of the NAMARCO for the period from June 6 to June 30, 1956”.

SEC. 3. Subsection (b) of section eight of Republic Act Numbered Thirteen hundred forty-five is amended to read as follows:

“(b) To appoint and fix the compensation of the Assistant General Manager, subject to the approval of the President of the Philippines, and to appoint and fix the compensation of a secretary of the

Board and such other corporate officials as may be needed. The Board, by a majority vote of all the members, may, for cause, and with the approval of the President of the Philippines, suspend and/or remove the Assistant General Manager; and"

SEC. 4. Section twelve of Republic Act Numbered Thirteen hundred forty-five is hereby amended to read as follows:

"SEC. 12. **Managing Head.**—The management of the Corporation shall be vested in the General Manager who shall be appointed by the President of the Philippines with the consent of the Commission on Appointments. His compensation shall be twenty thousand pesos per annum."

SEC. 5. This Act shall take effect upon its approval.

Approved, August 14, 1956.

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REPUBLIC ACT NO. 1602

AN ACT TO PROVIDE FOR THE ALLOCATION, REALLOCATION AND ADMINISTRATION OF QUOTAS FOR CORDAGE, BUTTONS OF PEARL OR SHELL, CIGARS, SCRAP AND FILLER TOBACCO AND COCONUT OIL, AND FOR OTHER PURPOSES.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. The absolute quota on cordage which is a Philippine product as specified in item B of the Schedule in paragraph I, Article II, of the Revised Agreement between the Republic of the Philippines and the United States of America concerning Trade and Related Matters dated September six nineteen hundred fifty-five, (hereinafter referred to as the Revised Agreement), and which may be entered, or withdrawn from warehouse, in the United States for consumption in any calendar year or part thereof during the period from January first, nineteen hundred fifty-six to July third, nineteen hundred seventy-four, inclusive, shall be allocated annually to the manufacturers in the Philippines of such kind of product whose products were exported to the United States during any of the calendar years nineteen hundred forty-seven to nineteen hundred fifty-five, or to their successors in interest, proportionately on the basis of their highest volume of exportation (or in the case of a successor in interest, the highest volume of exportation made by

his predecessor in interest) to the United States in any calendar year during the period from nineteen hundred forty-seven to nineteen hundred fifty-five, inclusive.

SEC. 2. The duty-free quota on buttons of pearl or shell which is a Philippine article as defined in subparagraph (f) of paragraph I of the Protocol to the Revised Agreement which may be entered, or withdrawn from warehouse, in the United States for consumption, in calendar years nineteen hundred fifty-six, nineteen hundred fifty-seven and nineteen hundred fifty-eight shall be allocated annually to the manufacturers in the Philippines of such kind of article whose articles were exported to the United States during any of the calendar years nineteen hundred forty-seven to nineteen hundred fifty-five, or to their successors in interest, as follows:

(a) The regular quota holders during the years 1947 to 1955 who have actively engaged in the manufacture and exportation of buttons of pearl or shell but who have not transferred, leased or sold the whole or part of their quotas, shall retain their quotas as provided for under the Trade Agreement of 1946 between the Republic of the Philippines and the United States of America.

(b) The unallocated balance of the duty-free quota on buttons of pearl or shell, after deducting the quotas of regular quota holders mentioned in subsection (a) hereof shall be allocated to those actively engaged in the manufacture and exportation of buttons of pearl or shell but had no regular quota during the years 1947 to 1955, proportionately on the basis of their highest volume of exportation (or in the case of a successor in interest, the highest volume of exportation made by his predecessor in interest) to the United States in any calendar year during the period from 1952 to 1955, inclusive; **Provided, however,** That in no case shall the quota to be granted under this subsection to former non-quota holders exceed that of permanent quota holders mentioned in subsection (a).

(c) Any balance of the duty-free quota on buttons of pearl or shell, after deducting the quotas allocated in subsections (a) and (b), shall be allocated to the regular quota holders during the year 1947 to 1955 who have actively engaged in the manufacture and exportation of buttons of pearl or shell but who have not transferred, leased or sold the whole or part of such quotas, proportionately on the basis of their highest volume of exportation (or in the case of a successor in interest, the highest volume of exportation made by his predecessor in interest) to the United States in any calendar year during the period from 1947 to 1955.

SEC. 3. The duty-free quotas on: (1) cigars (exclusive of cigarettes, cheroots of all kinds, and paper cigars and cigarettes including wrappers); (2) scrap tobacco, and stemmed and unstemmed filler tobacco described in paragraph 602 of the United States Tariff Act of 1930, as amended; and (3) coconut oil, which are Philippine articles as they are defined in subparagraph (f) of paragraph I of the Protocol to the Revised Agreement, and which may be entered, or withdrawn from warehouse, in the United States, for consumption, in calendar years 1956, 1957, and 1958 shall be allocated annually to manufacturers in the Philippines of articles of the class for which the corresponding quotas are established, and whose articles of such class were exported to the United States during any of the calendar years from 1947 to 1955, or to their successors in interest, in amounts equal to their highest volume of exportation but not less than two hundred fifty thousand pounds in the case of scrap and stemmed and unstemmed filler tobacco.

SEC. 4. The duty-free allotment of each quota holder for each calendar year during the three-year periods from 1959 to 1961 and during succeeding three-year periods until calendar year 1973 for the Philippine articles mentioned in sections 2 and 3 shall be equal to his allotment for the period from 1956 to 1958: **Provided, That**, when the total of the duty-free quota allotments for all quota holders shall exceed the total duty-free quota due to the diminution thereof in accordance with paragraph 2, Article II, of the Revised Agreement, the duty-free allotment of each quota holder shall be reduced proportionately with the total duty-free quota on each article for the corresponding three-year period.

SEC. 5. Should there be an unallocated balance of any quota on any of the Philippine articles or products after the allocation thereof in accordance with sections 1, 2 and 3 hereof, such unallocated balance shall be assigned to the Government for disposition and shall be made available for allocation to manufacturers of such class of articles or products who at the time such allocation is to be made, are able and ready to export their articles or products to the United States, as follows:

(a) Fifty per centum of the unallocated balance shall be allocated to regular quota holders during the years 1947 to 1955 who may have filled their regular quotas under this Act, the allocation to be made proportionately on the basis of their average yearly production as shown by taxes paid to the Bureau of Internal Revenue and/or other satisfactory evidence.

(b) The remaining fifty per centum of the unallocated balance shall be allocated to quota holders under this Act other than those mentioned

in the subsection next preceding who may have filled their current regular quotas, the allocation to be made on the same basis as provided in subsection (a).

(c) Should any portion of the unallocated balance designated to quota holders under subsection (a) remain unallocated due to the inability of such quota holders to obtain the allocation thereof as provided in said sub-section, such portion may be allocated to the quota holders under subsection (b) who may have filled their current quotas, the allocation to be made on the same basis as provided in subsection (a). This provision shall likewise apply to such portion of the unallocated balance under subsection (b) the allocation of which the quota holders under said subsection have failed to obtain, in which case such portion may be allocated to the quota holders under subsection (a).

(d) Should any portion of the unallocated balance remain unallocated due to the inability of the quota holders under subsections (a), (b) and (c) to obtain the allocation thereof as provided under said subsections, such portion shall be allocated to manufacturers who are non-quota holders who may have engaged in the production and manufacture of such class of articles or products during the calendar year 1956 or thereafter, the allocation to be made on the same basis as provided under subsection (a).

(e) In the case of cigars, fifty **per centum** of the unallocated balance shall be reserved for new manufacturers.

Should they be unable to fill up the fifty **per centum** so reserved in the preceding paragraph, the balance shall be allocated to old manufacturers.

Regular quota holders given additional allotments from unallocated quotas who for a period of three years continuously export to the United States shall be entitled in succeeding years to the average of their additional exportation for the three-year period as part of their regular quotas, and non-quota holders given allotments from unallocated quotas who for a period of three years continuously export to the United States shall be entitled to the average of their exportation for the three-year period as their regular quotas and shall thereafter have the status of regular quota holders: **Provided**, That their allotments shall be subject to the provisions of section 4.

SEC. 6. Within the first eight months of each calendar year, the holder of any allotment for that year for any of the quotas established

under the preceding sections shall report to the proper office the amount of his allotment which he is or will be unable for any reason to export to the United States.

The amount of allotments which, after being established by sufficient evidence, cannot be exported during the remainder of the calendar year shall be disposed of in such manner as will insure the fulfillment of the quota for that year.

Should any quota holder fail to submit the report required under this section or should any quota holder submit a falsified report, such quota holder shall permanently lose the right to his allotment and to any allotment thereafter.

Should any quota holder fail to fill his yearly quota, his allotment for the next year shall automatically be reduced by the amount of his deficiency and he shall be allowed to export to the United States only the amount representing the total of his exportation during the preceding year.

The allotment which any quota holder may lose under the provisions of this section shall revert to the Government as unallocated quota which shall be disposed of in accordance with section five of this Act.

SEC. 7. Notwithstanding the provisions of section 1, 2 and 3 regarding the allocation of quotas, any person or corporation entitled to allotment who ceases to manufacture such class of article or product, or who fails within a period of one year from the date of approval of this Act to make use of his right to his allotment shall be considered as having permanently abandoned his right to his allotment, in which case his allotment shall revert to the Government as unallocated quota, which shall be disposed of in accordance with section 5 of this Act.

SEC. 8. The penalties provided in sections 6 and 7 of this Act shall not apply to quota holders whose failure to fill their quota or to make use of their right to allotment within one year from the date of the approval of this Act, is due to circumstances or conditions beyond their control.

SEC. 9. The President of the Philippines is hereby authorized, either directly or through any department, bureau, office or instrumentality of the National Government which he may designate, to carry into effect the provisions of this Act.

SEC. 10. The President of the Philippines or the head of the department, bureau, office or instrumentality of the National Government which he may designate for the purpose as provided in the next preceding section, is hereby authorized to issue rules and regulations governing the issuance of allotments and licenses and such other rules and regulations as he may consider necessary.

SEC. 11. For the purpose of this Act, the term 'manufacturers' means persons, natural or juridical, who by physical or chemical process alter the exterior texture or form or inner substance of any raw material or manufactured or partially manufactured product in such manner as to prepare it for a special use or uses to which it could not have been put in its original condition, or who by any such process alter the quality of any such raw material or manufactured or partially manufactured product so as to reduce it to marketable shape or prepare it for any of the uses of industry, or who by any such process combine any such raw material or manufactured or partially manufactured products with other materials or products of the same or of different kinds and in such manner that the finished product of such process or manufacture can be put to a special use or uses to which such raw material or manufactured or partially manufactured products in their original condition could not have been put, and who in addition alter such raw material or manufactured or partially manufactured products, or combine the same to produce such finished products for the purpose of their sale or distribution to others and not for their own use or consumption.

SEC. 12. This Act shall take effect upon its approval.

Approved, August 23, 1956.

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REPUBLIC ACT NO. 1604

AN ACT AUTHORIZING PHILIPPINE MEMBERSHIP IN THE PROPOSED INTERNATIONAL FINANCE CORPORATION AND AUTHORIZING THE APPROPRIATION OF FUNDS THEREFOR.

Whereas, the Executive Directors of the International Bank for Reconstruction and Development have approved, for submission to member governments, the Articles of agreement of the proposed International

Finance Corporation, appended hereto and made an integral part hereof as Appendix A;

Whereas, in association with private investors, the proposed International Finance Corporation will assist in financing the establishment, improvement and expansion of productive private enterprises which would contribute to the development of its member countries by making investments, without guarantee of repayment by the member governments concerned in cases where sufficient private capital is not available on reasonable terms;

Whereas, it is to the economic interest of the Republic of the Philippines to become a member of the proposed International Finance Corporation: Now, therefore

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. The President of the Philippines or his representative is hereby authorized to sign, on behalf of the Government of the Republic of the Philippines, the Articles of Agreement of the International Finance Corporation.

SEC. 2. There is hereby authorized to be appropriated the sum of three hundred thirty-two thousand (P332,000.00) pesos to pay for the subscription of the Government of the Republic of the Philippines to the capital stock of the proposed International Finance Corporation.

SEC. 3. This Act shall take effect upon its approval.

Approved, August 23, 1956.

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REPUBLIC ACT NO. 1609

AN ACT TO ENCOURAGE AGRICULTURAL PRODUCTION BY MAKING FERTILIZERS AVAILABLE TO FARMERS AT REASONABLE PRICES.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. **Declaration of Policy.**—It is hereby declared to be the national policy to encourage the more rapid expansion of agricultural production, and to increase farm productivity by making available to the farmers adequate fertilizers at reasonable prices.

SEC. 2. The government shall purchase fertilizers in the manner hereinafter provided, and shall sell the same to farmers in the manner hereinafter provided, according to the following schedule of prices:

Sulphate of ammonia	P70 per ton
(synthetic crystalline)	
Phosphate of ammonia	90 per ton
Superphosphate	60 per ton
Sulphate of potash	80 per ton
Muriate of potash	80 per ton

Provided, That mixed fertilizers shall be priced according to the cost herein provided for the various components of the mixture plus a reasonable charge for manufacturing: **And provided, further**, That the prices hereinabove provided shall be for fertilizers in standard six-ply paper bags, asphalt laminated, ex-warehouse Manila basis, the necessary transportation and handling expenses shall be added to the price for points outside Manila.

SEC. 3. Only **bona fide** farmers shall be eligible to purchase fertilizers under this Act and they shall be allowed to purchase only those types and in the quantities which the field agents of the Bureau of Agricultural Extension shall certify jointly with the municipal agriculturist to be actually necessary for their own planting operations; the fertilizers acquired under this Act shall in no case be resold.

SEC. 4. The ACCFA is hereby designated to administer the distribution of the fertilizers through the FACOMAS and in towns where there are no FACOMAS through the Bureau of Agricultural Extension: **Provided**, That said fertilizers shall be distributed among **bona fide** farmers in accordance with the rules and regulations promulgated by the ACCFA without any discrimination whatsoever and upon payment in cash to the ACCFA; that the ACCFA shall enter into joint arrangements with other government commodity corporations especially organized to help particular industries, such as the Abaca Corporation, the Philippine Sugar Institute, the Philippine Tobacco Administration, the Philippine Coconut Administration, and the National Rice and Corn Corporation, to have said corporations and farmers' cooperative marketing associations handle the distribution for **bona fide** farmers in their respective industries; **Provided, further**, That the ACCFA shall be responsible for delivering the fertilizers to the farmers at the fertilizing period appropriate to each crop and region: **And provided, finally**, That the

firm corporations concerned, whether directly or through their respective procurement commodity corporations or marketing associations, shall file their order one hundred twenty days before the desired time for delivery, the procedures for filing such an order specifying their requirements in type, form, quality and quantity to be determined by the ACCFA.

SEC. 5. The ACCFA shall determine before the beginning of each crop year, in consultation with the Bureau of Agricultural Extension, the various commodity corporations, and the various chambers of agriculture, the aggregate fertilizer requirements for the year and the monthly schedule of procurement and delivery.

SEC. 6. The ACCFA shall procure the fertilizers in the quantities and types which are required at the lowest possible prices first from locally produced supplies and the balance from imports through public bidding to be conducted by a committee composed of the Secretary of Finance or his representative, as chairman, the Secretary of Agriculture and Natural Resources or his representative and a representative of the ACCFA, as members: **Provided**, That the Central Bank of the Philippines shall allocate the necessary dollars for the importation of said fertilizers.

SEC. 7. The representatives of the commodity corporations may demand at any time that a bidding be called by the committee herein created, for the purpose of assuring procurement and delivery of their respective fertilizer requirements on time.

SEC. 8. Any person or official of the ACCFA who shall discriminate in favor of or against any person or persons in violation of section three hereof or who shall violate any provision of this Act shall be punished by a fine of two thousand pesos or imprisonment of one year, or both.

SEC. 9. There is hereby appropriated for the purposes of this Act an amount of eighteen million pesos to be drawn every year and for a period of three years out of any funds in the National Treasury not otherwise appropriated.

SEC. 10. This Act shall take effect upon its approval and for a period of three years from the date of its approval.

Approved, August 23, 1956.

MALACAÑANG
RESIDENCE OF THE PRESIDENT
OF THE PHILIPPINES
MANILA

BY THE PRESIDENT OF THE PHILIPPINES
EXECUTIVE ORDER NO. 208
CREATING AN INTERIM REPARATIONS COMMITTEE

Pending the creation by Congress of an office or body to carry into effect the Reparations Agreement between Japan and the Philippines signed on May 9, 1956, and the adoption by it of the policies, rules, and procedure to be observed in the requisition and disposition of the reparations goods and services to be supplied by Japan, and in order to allow the widest possible participation by both the public and private elements of the country in the determination by the Government of the second and succeeding years' schedule of reparations goods and services to be supplied by Japan; and so as to provide for a provisional body or agency to receive the reparations goods and services from Japan, I, Ramon Magsaysay, President of the Philippines, by virtue of the powers vested in me by the Constitution and laws, do hereby order:

SECTION 1. There is hereby created a Reparations Committee, hereinafter referred to as the Committee, composed of a Chairman and two members who shall be designated by the President of the Philippines.

SEC. 2. The Committee shall have the following powers, functions, and duties:

(a) To prepare draft schedules for the second and succeeding years of the reparations goods and services to be requisitioned from Japan under the Reparations Agreement, which draft shall be submitted to the President of the Philippines through the National Economic Council reasonably in advance of the time required of our Government to submit its proposed schedule to Japan for the year involved.

(b) To receive, process, evaluate, and make appropriate recommendations to the President of the Philippines on the applications filed by government offices and private parties for reparations goods and services that should be requisitioned from Japan, in accordance with the proposed draft schedule mentioned above.

(c) To receive, store, and preserve, for such disposition as the proper authorities may eventually determine, the reparations goods and services to be supplied by Japan, a full inventory of

which and the corresponding recommendations for their disposition are to be submitted to the President as soon as practicable.

(d) To draft and submit to the President of the Philippines for approval, within fifteen days from its organization, rules and regulations for the guidance of the public in regard, among other things, to the filing, processing, and consideration of applications for reparations goods and services, which rules and regulations are to be given the widest possible publicity.

(e) To work in close cooperation and consultation with the National Economic Council so that there may be a coordinated effort in the implementation of the national economic policies by making appropriate recommendations for a judicious selection and disposition of the reparations goods and services.

SEC. 3. In the discharge of its duties and the promulgation of its rules and regulations, the Committee shall be guided by the following principles or considerations:

(a) Industries and activities determined by the National Economic Council as essential to the economic development of the country shall be given top priority in the requisition and disposition of reparations goods and services;

(b) Filipino citizens and corporations or associations the capital of which is wholly owned by such citizens shall be given preference in the award of reparation goods and services;

(c) The economic feasibility of the projects and the capability of the applicants to make maximum use of the goods and services involved shall always be taken into account.

SEC. 4. The Committee is authorized to call upon any department, bureau, office, agency, or instrumentality of the Government for the detail of officials and employees and for such other assistance as it may need in the discharge and accomplishment of its tasks.

SEC. 5. This Order shall take effect immediately.

Done in the City of Manila, this 17th day of October, in the year of Our Lord, nineteen hundred and fifty-six, and of the Independence of the Philippines, the eleventh.

RAMON MAGSAYSAY
President of the Philippines

By the President:

FORTUNATO DE LEON
Executive Secretary

MALACAÑANG
RESIDENCE OF THE PRESIDENT
OF THE PHILIPPINES
MANILA

BY THE PRESIDENT OF THE PHILIPPINES
ADMINISTRATIVE ORDER NO. 176

REQUIRING CERTAIN PUBLIC OFFICIALS TO SUBMIT TO THE DIVISION OF AGRICULTURAL ECONOMICS OF THE DEPARTMENT OF AGRICULTURE AND NATURAL RESOURCES ANSWERS TO ITS PERIODIC AND SPECIAL INQUIRIES REGARDING LOCAL AGRICULTURE IN ITS VARIOUS ASPECTS, ESPECIALLY IN CONNECTION WITH ECONOMIC SITUATIONS, FOOD SUPPLY, FOOD AND OTHER CROPS, AND LIVESTOCK AND LIVESTOCK PRODUCTS.

WHEREAS, the Division of Agricultural Economics of the Department of Agriculture and Natural Resources is charged with the duty, among other things, of being thoroughly informed always with respect to local agriculture, especially in connection with economic situations, food supply, food and other crops, and livestock and livestock products;

WHEREAS, it is absolutely necessary that the Division of Agricultural Economics have easy and rapid access to all reliable sources of information regarding the various aspects of local agriculture as hereinabove indicated; and

WHEREAS, reliable, timely, and adequate information or data regarding agriculture and the rural people is essential in the national endeavor to improve and safeguard the well-being of the nation;

Now, THEREFORE, I, Ramon Magsaysay, President of the Philippines, by virtue of the powers vested in me by law, do hereby order that:

1. The following public officials shall answer promptly periodic and special inquiries sent them by the Division of Agricultural Economics, Department of Agriculture and Natural Resources, regarding local agriculture in its various aspects, especially those concerning economic conditions, food supply, food and other crops, and livestock and livestock products:

- (1) Fieldmen of the Bureau of Agricultural Extension: District Agriculturists, City Agriculturists, Provincial Agriculturists, Municipal Agriculturists, Home Demonstrators, and District 4-H Club Leaders.

- (2) Fieldmen of the Bureau of Animal Industry, Bureau of Plant Industry, Bureau of Soil Conservation, Bureau of Fisheries, and Weather Bureau.
- (3) Leading Municipal officials like the Municipal Mayor, Municipal Treasurer, and agents of the Bureau of Internal Revenue.
- (4) The District Supervising teachers, head teachers of municipalities and barrios.
- (5) Provincial officials like the Provincial Governor and Provincial Treasurer.
- (6) Bureau of Commerce fieldmen: Commercial agents.
- (7) Leading officials of Philippine National Bank agencies and branch offices in the provinces and elsewhere.
- (8) Fieldmen of different government corporations or agencies having to do with the development of agricultural industries and with the processing and distribution of agricultural products.
- (9) Social workers under the Social Welfare Administration.

2. The foregoing public officials shall submit their answers to the Division of Agricultural Economics not later than one week after receipt of such inquiry using brief forms previously supplied them by the Division of Agricultural Economics.

3. All charges for communications in connection with these inquiries submitted by the above-named officials shall be chargeable against the Division of Agricultural Economics. In case wire communication is used, the Division of Agricultural Economics shall pay P0.20 per telegram transmitted within the Philippines, not exceeding 30 words. This shall apply also to communications transmitted by telegrams in connection with the administration of the Division of Agricultural Economics, with the collection of agricultural data and with the conduct of economic investigations.

Done in the City of Manila, this 26th day of January, in the year of Our Lord, nineteen hundred and fifty-six, and of the Independence of the Philippines, the tenth.

RAMON MAGSAYSAY
President of the Philippines

By the President:

FORTUNATO DE LEON
Acting Executive Secretary

CIRCULAR NO. 69

June 18, 1956

PURCHASE AND SALE OF FORWARD EXCHANGE

1. Authorized Agent Banks are hereby authorized to sell forward exchange to cover foreign exchange commitments of their clients for machinery and equipment coming within the following categories:

a) Machinery and equipment the importation of which were previously approved by the Monetary Board, but which are still in the process of manufacture or which have not yet been delivered and for which the relative letters of credit have already been opened; as well as machinery and equipment the importation of which may later be approved by the Monetary Board, which will take time to manufacture, and for which relative letters of credit are required to be opened;

b) Industrial machinery and equipment for projects which have been, or will be approved by the Industrial Development Center upon recommendation by the National Economic Council, the dollar financing of which is authorized by the Monetary Board;

c) Industrial machinery and equipment the importation of which have been or will be financed with the Export-Import Bank credits or with the proceeds of the proposed dollar bonds which may be floated in the United States.

The selling rates for forward exchange under this paragraph shall not exceed the official selling rates of banks for spot exchange under existing regulations.

2. The above provisions covering forward exchange contract shall not apply to importations of machinery and equipment for resale.

3. The Central Bank shall sell forward exchange to Authorized Agent Banks to cover their foreign exchange commitments under forward exchange contracts executed by them in accordance with the terms of paragraph one (1).

4. The Central Bank shall enter into forward exchange contracts with Authorized Agent Banks in the following cases;

a) To cover outstanding loans and/or credit which have been granted, or which may be granted by U. S. banks to local banks under existing arrangement approved by the Monetary Board;

b) To cover the repayment of short-term capital made available to local banks by their Head Offices or any of their overseas affiliates, and used exclusively to finance export shipments actually made as evidenced by unmatured export bills and/or to refinance advances made to exporters who have on hand commodities awaiting shipment.

5. The provisions of this circular shall be implemented in accordance with regulations to be issued for this purpose.

6. All existing regulations, circulars, and memoranda, or parts thereof inconsistent with this circular, are hereby revoked.

7. This circular shall take effect immediately.

(Sgd.) M. CUADERNO, Sr.
Governor

—oOo—

CIRCULAR NO. 70
June 18, 1956

SUBJECT: Governing the surrender to the Central Bank of treasury certificates and Central Bank notes of over the 100-peso denomination under the provisions of Republic Act No. 1516

Pursuant to the provisions of Republic Act No. 1516, approved June 16, 1956, fixing a new period for the surrender of treasury certificates and Central Bank notes of over the 100-peso denomination, the exchange of said treasury certificates and Central Bank notes with equivalent amount of treasury certificates or Central Bank notes of smaller denominations shall, as required by the aforesaid Act No. 1516, be allowed "only if the holder has not been able to surrender the said notes and/or certificates due to his ignorance of the original provisions of Republic Act Numbered Eleven hundred ninety-one or to no fault or negligence on his part or to circumstances beyond his control, or if the holder has acquired said notes and/or certificates for reasons other than speculation; **Provided, further,** That an affidavit alleging any of said grounds shall be prima facie proof of the facts therein alleged and shall be accepted as sufficient compliance with the preceding proviso."

Subject to the foregoing conditions:

1. Holders in Manila shall surrender such certificates and Central Bank notes to the Central Bank of the Philippines or to its authorized

agent banks for exchange with equivalent amount of treasury certificates or Central Bank notes of smaller denominations.

2. Holders of said certificates and notes in the provinces and cities may surrender the certificates and notes, for such exchange, with any of the provincial or city branches of the Philippine National Bank in the locality.

3. In places where there are no such branches, the holders may present for exchange the certificates and notes to the provincial agencies of the Philippine National Bank.

4. All treasury certificates and Central Bank notes of over the 100-peso denomination not presented for replacement or exchange with certificates and bank notes of smaller denominations on or before December 31, 1957 shall, after said date, become valueless and shall be considered as condemned by the Central Bank of the Philippines.

5. All authorized agent banks shall surrender immediately to the Central Bank either for deposit or exchange all such treasury certificates and Central Bank notes received by them under the provisions of this circular.

6. This Circular shall take effect as of June 16, 1956.

(Sgd.) ANDRES V. CASTILLO
Deputy Governor

—————oOo—————

MEMORANDUM TO ALL SHIPPING COMPANIES

March 27, 1956

Export Regulation No. 9, as amended, permits the settlements on either C & I or CIF basis of export shipments destined for Japan under the Philippines-Japan Trade & Financial Agreements, which are made on board Philippine flag vessels.]

All shipping companies that are affected thereby are requested to submit quarterly certified statements of their yen acquisitions and dispositions. The statement must show in detail the sources of the foreign exchange acquired and a detailed breakdown of the dispositions made thereof, stating fully the purposes and dates of the expenditures made.

The aforesaid statements shall be submitted to the Exchange Control Department not later than the tenth day of the next month following the quarter for which it is submitted.

The provisions of this memorandum shall take effect immediately.

(Sgd.) N. TOMAS
Acting Deputy Governor

MEMORANDUM TO ALL BANKS

June 13, 1956

1. Pursuant to paragraph 5 of Central Bank Circular No. 69 dated June 13, 1956, the following procedure is hereby adopted for the purchase and sale of forward exchange:

I. FORWARD EXCHANGE TO COVER IMPORTATIONS OF MACHINERY AND EQUIPMENT

1) The importer of machinery and equipment mentioned in paragraph 1 of Circular No. 69, may, upon establishing the covering import credit, apply with his bank to purchase foreign exchange forward to cover his exchange commitment under the terms of the credit.

2) After ascertaining that the importation qualifies under said paragraph 1 of Circular No. 69, the bank concerned shall execute a forward contract with the importer at a rate not exceeding the official selling rates of banks for spot exchange under existing Central Bank regulations.

3) To cover its own exchange commitment, the bank shall apply with the Central Bank for the purchase of forward exchange. The application shall be accomplished on the attached form captioned "Application for Purchase of Forward Exchange" (Annex "A"), and filed with the Foreign Exchange Department of the Central Bank, together with the following:

a) A copy of the covering Letter of Credit, an itemized list of the machinery and equipment authorized to be imported, a copy of the bank's forward contract with the importer, all duly authenticated by an authorized officer; and

b) A certification of the bank that the importation has been approved by the Monetary Board and that the machinery and equipment are still in the process of, or require time to manufacture or have not yet been delivered, and that the relative letters of credit have already been opened, and a certified copy of the letter of the Central Bank advising of the approval of the importation; or

c) A certification of the bank that the importation is intended for a project which has been approved by the Industrial Development Center upon recommendation by the National Economic Council, the dollar financing of which has been approved by the Monetary Board, and a certified copy of the corresponding letter of authority of the Central Bank; or

d) A certification of the bank that the importation will be financed with the Export-Import Bank credits or with the proceeds of dollar bonds to be floated in the United States. In the case of

imports under Export-Import Bank credits, a certified copy of the letter of approval of the Central Bank shall be submitted, together with copies of the corresponding promissory notes of the importer and the local bank.

4) In proper cases, the Central Bank shall execute a forward exchange contract to cover the bank's exchange commitment. Four copies of the contract shall be sent to the local bank. The local bank shall return to the Central Bank one copy of the contract containing its confirmation signed by a properly authorized officer.

II. FORWARD EXCHANGE TO COVER OUTSTANDING LOANS AND/OR CREDITS WHICH HAVE BEEN GRANTED BY U. S. BANKS TO LOCAL BANKS

1) The bank concerned shall, on the form provided therefor, apply with the Central Bank for the purchase of forward exchange to cover payment of its outstanding loan and/or credit granted to it by U. S. banks. The application shall be supported by evidence of its outstanding liability, and in proper cases, by a schedule of amortization payments, inclusive of interest.

2) The Central Bank shall execute a forward contract with the local bank to cover the latter's exchange commitments under the said loan and/or credit. Four copies of the contract shall be sent to the local bank. The local bank shall return to the Central Bank one copy of the contract containing its confirmation, signed by a properly authorized officer.

III. FORWARD EXCHANGE TO COVER REPAYMENT OF SHORT-TERM CAPITAL AVAILABLE FOR FINANCING PHILIPPINE EXPORTS

1) The procedure outlined in our Memorandum to All Authorized Agent Banks of May 29, 1956 shall apply to the purchase and sale of forward exchange under paragraph 4 (b) of Circular No. 69. An offer to sell foreign exchange under the said paragraph shall be made on the attached form captioned "Offer to Sell Exchange (Dollar-Peso Peso Swaps)" (Annex "B"), and filed with the Foreign Exchange Department of the Central Bank, together with the corresponding application to purchase forward exchange duly accomplished on the form provided therefor (Annex "A").

2) The Central Bank shall enter into a contract for the sale of forward exchange upon receipt of advice by tested cable from its designated depository of the deposit of the corresponding foreign exchange for account of the Central Bank. Four copies of the contract shall be sent to the local bank. The local bank shall return to the Central Bank one copy of the contract containing its confirmation, signed by a properly authorized officer.

(Sgd.) M. CUADERNO, Sr.
Governor

(ANNEX "A") To be accomplished in six (6) copies
CENTRAL BANK OF THE PHILIPPINES
Manila

APPLICATION FOR PURCHASE OF FOREIGN EXCHANGE

.....
Date

Name of Bank

Address

AMOUNT	USANCE	RATE	DELIVERY	PURPOSE

.....
Authorized Officer

Application No.

Date Approved

Date Received

Contract No.

CENTRAL BANKS OF THE PHILIPPINES
Manila

.....
Date

CONTRACT NO.

TO

We hereby confirm having SOLD to you on this date the following exchange:

AMOUNT	USANCE	RATE	DELIVERY	PURPOSE

This contract is valid only to cover the exchange commitment stated herein and is non-assignable. The provisions of law regarding "force majeure" shall be applicable to this contract.

CENTRAL BANK OF THE PHILIPPINES

ANDRES V. CASTILLO
Deputy Governor

G. L. RIALP
Director
Foreign Exchange Department

We confirm having this day BOUGHT from the Central Bank of the Philippines foreign exchange in the amount (s) and subject to the terms stated above.

.....
Authorized Officer

(ANNEX "B")

Date _____

The Central Bank of the Philippines

Dear Sirs:

Pursuant to the provisions of Central Bank Memorandum to all Authorized Agent Banks dated May 29, 1956, we hereby offer to sell exchange in the form of _____ payable in accordance with your instructions in the amount of _____ (US\$ _____) against your contract to sell to us a similar amount of _____ (US\$ _____) _____ days forward at the rate of _____

Please credit our account with you for the peso equivalent.

(Name of Bank)

By:

(Signature of Authorized Officer)

Date _____

Dear Sirs:

Your offer to sell us exchange, as indicated above, against simultaneous contract to sell you forward exchange for similar amount, _____ days forward at _____ is hereby accepted, payment to be made by you as follows:

AMOUNT (US\$) (Words) (Figures)

PAYEE _____

ADDRESS _____

CENTRAL BANK OF THE PHILIPPINES
FOR THE ACCOUNT OF _____

Conditions: We will credit your account with us and execute the contract to sell you forward exchange upon receipt by the Central Bank of advice by tested cable from its depository designated above that the foreign exchange which you have offered to sell us has been deposited with the said depository to the account of the Central Bank.

BY:

CENTRAL BANK OF THE PHILIPPINES

Director
Foreign Exchange Department

Chief Accountant
Central Bank of the Philippines

MEMORANDUM TO ALL BANKS

September 12, 1956

In view of the industrial priorities recently approved by the National Economic Council, Authorized Agent Banks granting industrial loans with funds obtained from U. S. banks, are hereby advised to require borrowers to submit evidence indicating the approval by the National Economic Council of the project to which the proceeds of the aforesaid loans will be applied.

This memorandum shall take effect immediately.

(Sgd.) ANDRES V. CASTILLO
Deputy Governor

—oOo—

IMPORT-EXPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 323

January 6, 1956

Effective January 16, 1956, all applications for export licenses must be accomplished in printed forms in order to attain uniformity and facility in keeping of records. Authorized Agents are, therefore, requested to print IED Forms 101, 102, 103 and 104 patterned after the sample copies which may be secured from the Export Division, Import-Export Department.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT-EXPORT DEPARTMENT

**MEMORANDUM TO ALL AUTHORIZED AGENT BANKS AND
SHIPPING AND AIRLINE COMPANIES NO. 324**

January 6, 1956

With reference to Memorandum to all Authorized Agents and Shipping and Airline Companies dated December 22, 1955, please be advised that shipping and airline companies may accept payment of freight in peso currency without a license on CB-IED Form No. 9, entitled "Ap-

plication for License to Pay Locally in Pesos Freight Charges on Import and Export Shipments" on:

- (a) Import shipments under letters of credit opened on or before December 29, 1955, and received on or before January 31, 1956, with the exception of those being made under barter permits issued by the Department of Commerce and Industry under the provisions of Republic Act No. 1410;
- (b) Delayed baggage and personal effects of Philippine residents returning to the Philippines from abroad, provided the relative shipping documents indicate that the shipment was effected on or before the date of this memorandum; and
- (c) Gifts to residents of the Philippines received from abroad and shipped on or before the date of this memorandum where the freight does not exceed P200.00.

In the case of letter (a) above, the shipping or airline company, as the case maybe, before accepting payment of freight in peso currency should require the presentation of a certificate from the Agent Bank concerned to the effect that the covering letters of credit were opened on or before December 29, 1955.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT-EXPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 329

January 9, 1956

Pursuant to a resolution adopted by the Monetary Board, Agent Banks are enjoined to observe the following rules regarding utilization of quota allocations for men's and boys' socks described under Commodity Code Nos. NEC-840101 and NEC-840107;

1. Letters of credit shall not be opened covering importation of above described commodities with a unit price of \$3.00 and below per dozen, C & F Manila; and
2. Switching of quota allocations from any other commodity to NEC-840101 (Men's and Boys' socks, cotton) is prohibited.

This memorandum shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 356

February 10, 1956

Effective immediately, Agent Banks are hereby advised that switching from other commodity allocations to Household Electric Refrigerators (NEC-890917) is prohibited.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 367

February 24, 1956

Subject: Release of Raw Material Allocations for 2nd Quarter, 1956

Pursuant to a resolution adopted by the Monetary Board on February 17, 1956, foreign exchange allocations for raw materials required by Producers for the 2nd Quarter, 1956 are hereby released in amounts equivalent to those of the 1st Quarter, 1956, minus ten per cent (10%), subject to the following conditions:

1. No drawings from letters of credit for raw materials under this authority shall be made earlier than March 31, 1956. The corresponding letters of credit shall provide that drawings shall be made after March 31, 1956.

2. Manufacturing plants not now in operation but expect to be in operation after March 31, 1956, or other plants already contemplated and/or contracted for, shall be considered on individual merits.

Please advise your clients accordingly.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 371

March 5, 1956

Effective immediately, Agent Banks are hereby advised that:

1. Switching from other commodity allocations to Barbed Wire (EC-690913) is prohibited; and
2. Switching of quota allocations to or from Flashlight Batteries (EC-720111) is prohibited.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 374

March 6, 1956

Effective immediately and until further notice, Agent Banks are hereby instructed to refer to the Import Department of the Central Bank, all applications for the opening of Letters of Credit for the importation of fertilizers chargeable against the quotas of producers and/or importers.

In forwarding these applications, Agent Banks should make reference to this memorandum.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 401

March 27, 1956

In accordance with a resolution of the Monetary Board dated March 23, 1956, Authorized Agent Banks are hereby advised that quota allocations for the Second Quarter, 1956 of Producers and Importers may now be released on the basis of First Quarter, 1956 allocations **without reduction**, except quota allocations specifically cancelled or reduced under the Import Department quota revision project.

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 404

March 28, 1956

Agent Banks are hereby notified that effective immediately, remaining quota allocations which were shifted to the "HE" or "E" category as a result of the reclassification to the "UI" category of the commodities to which they correspond are hereby cancelled and reverted to the Central Bank.

The commodities affected, together with their respective Code numbers, are the following:

Tapioca Starch	UI 050524
Other starches (sago) n.e.s.	UI 050525
Calcium carbide	UI 510116
Ready-mixed paint	UI 530307
Lining leather	UI 610101
Reconstituted artificial leather	UI 610107
Grey cloth remnants, seconds, etc.	UI 650217
Bags, sacks, others (including sisal)	UI 650602
Storage batteries	UI 720110
Automobiles (passenger cars)	UI 730201
Chassis with engines mounted	UI 730212
Advertising materials (commercial, etc.)....	UI 890207
Table lamps, wall lamps' brackets, etc.....	UI 810211
Wheeled toys, etc.	UI 890946
Toys and games, n.e.s.	UI 890949

The aforestated cancellation will be effected accordingly by this Office, and amendments in accordance hereto will be made on the foreign exchange budget to be certified to you.

However, letters of credit that have been opened against the above-mentioned quota allocations on or before this date may be given due course.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 408

April 2, 1956

Agent Banks are hereby advised that quota holders appearing in Special Memorandum to Authorized Agent Banks dated January 8, 1956 whose names have not yet been deleted therefrom should not be allowed to utilize their current allocations until further notice from this Office.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 436

April 20, 1956

The following amendment to the Statistical Classification of Commodities, implementing Central Bank Circular No. 44 (Revised January 1, 1956) shall take effect immediately:

For Reclassification:

NEC 510148	—	Chemical preparations
to read:		Cleansers
UI 510148	—	Cleansers

All quota allocations for this item (for importers and producers alike) shall be cancelled and reverted to the Central Bank in accordance with MAAB No. 288, dated November 22, 1955.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 448

April 27, 1956

SUBJECT: Importation of raw cotton

Pursuant to a resolution adopted by the Monetary Board at its meeting held on April 20, 1956, Agent Banks are hereby advised that, effective immediately, importations of raw cotton shall be effected under the provisions of the Memorandum of Understanding entered into by the Central Bank of the Philippines, National Economic Council and the United States Operations Mission to the Philippines (USOM) on April 11, 1956. Importations, therefore, of raw cotton against exchange quota allocations certified to your banks for the current semester, except allocations for raw cotton not exceeding \$10,000 per semester, are hereby suspended and all unused quota allocations for this purpose shall revert to the Central Bank.

The procedure to be followed under the above-mentioned Memorandum of Understanding shall be similar to the present system of hand-

ling importations under ICA financing, subject to ICA Regulation 1, as amended, and to the conditions set forth in the relative ICA Procurement Authorizations.

Accordingly, all applications for importation of raw cotton, except those covered by quota allocations not exceeding \$10,000 per semester, shall be covered by requests for sub-authorization to be submitted to the Import Department of the Central Bank.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 450 May 2, 1956

The following amendments to the Statistical Classification of Commodities, implementing Central Bank Circular No. 44 (Revised January 1, 1956) shall take effect immediately:

For Correction:	Aluminum and aluminum alloys, worked
NEP 680409	— Venetian blind metalware
	to read;
NEP 680409	— Venetian blind metalware (except venetian blind bars of any material)
For Inclusion:	Other manufactured articles, n.e.s.
UI 891009	— Venetian blind bars, of any material

Present quota allocations for NEP 680409—"Venetian Blind metalware" shall be reduced by 40% and the amount deducted shall be reverted to the Central Bank.

The corresponding adjustments will be effected accordingly by this Office, and you shall be notified of the amendments (in the foreign exchange budget) to be made in accordance hereto.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 451

May 2, 1956

Agent Banks are hereby advised that switching of foreign exchange allocations from other commodity items to "Tapes and gallons, cotton" (NEC 650416) is prohibited, effective immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 452

May 2, 1956

The following amendments to the Statistical Classification of Commodities, implementing Central Bank Circular No. 44 (Revised January 1, 1956) shall take effect immediately:

For Correction:

Cordage, cables, ropes, twines, and manufactures thereof

EP 650513 — Twines and cords, cotton
to read;

EP 650513 — Twines, cotton

For Inclusion:

Special products of textile materials and of related materials, n.e.s.

NEC 650528 — Cords, cotton

Switching of foreign exchange allocations from other commodity items to NEC 650528—"Cords, cotton" is prohibited.

Ten per cent (10%) of the semestral quota allocations presently in force for EP 650513—"Twines and cords, cotton" is separated therefrom and assigned to NEC 650528—"Cords, cotton".

The corresponding adjustments will be effected accordingly by this Office, and you shall be notified of the amendments (in the foreign exchange budget) to be made in accordance hereto.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS No. 455

May 4, 1956

Agent Banks are hereby notified that, although under MAAB 104 foreign exchange allocations for Wheeled Toys, etc. (890946) and Toys and games, n.e.s. (890949) were shifted to and made available for "NE" items as specified in the Central Bank Statistical Classification of Commodities, said quota allocations are likewise cancelled and reverted to the Central Bank under the terms and conditions of MAAB 404.

This Memorandum together with MAAB 404 amend and supersede MAAB 104.

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 460

May 7, 1956

Agent Banks are hereby advised that switching of foreign exchange allocations from other commodity items to "Twines and cords, cotton" (EP 650513) is prohibited, effective immediately.

This Memorandum revokes and supersedes Memorandum to Authorized Agent Banks No. 452, dated May 2, 1956.

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 461

May 7, 1956

Agent Banks are hereby advised that, effective immediately, quota allocations presently in force for NEP 680409—"Venetian blind metal-ware" are reduced by 40% and the amount deducted shall be reverted to the Central Bank.

The corresponding reductions shall be effected accordingly by this Office, and you shall be notified of the amendments (in the foreign exchange budget) to be made in accordance hereto.

Switching of foreign exchange allocations from other commodity items to "Venetian blind metalware" (NEP 680409) is also prohibited.

This Memorandum revokes and supersedes Memorandum to Authorized Agent Banks No. 450 dated May 2, 1956.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 462

May 7, 1956

Agent Banks are hereby advised that Release No. 66 dated May 2, 1956 covering Amendments to the Central Bank Statistical Classification of Commodities (Revised January 1, 1956) is hereby revoked.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 481

May 19, 1956

The following amendment to the Statistical Classification of Commodities, implementing Circular No. 44 (Revised January 1, 1956) shall take effect immediately:

For Inclusion:

Other manufactured articles, n.e.s.

NEP 891009 — Phonograph (gramophone) record biscuits

All quota allocations presently existing specifically for record biscuits under Commodity Code Nos. EP 290206, EP 590903 and EP 590911 are separated therefrom and assigned to NEP 891009—"Phonograph (gramophone) record biscuits".

Switching of foreign exchange allocations from other commodity items to record biscuits (NEP 891009), with respect to importers, is henceforth prohibited.

Record manufacturers are allowed to utilize a maximum of 20% of their total quota allocations for the importation of record biscuits.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 487

May 25, 1956

Agent Banks are hereby advised that effective immediately, switching of foreign exchange allocations from other commodity items, to "Hair brushes" (Commodity Code No. NEC 890935) is prohibited.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 495

May 26, 1956

The following amendment to the Statistical Classification of Commodities, implementing Central Bank Circular No. 44 (Revised January 1, 1956) shall take effect immediately:

For Reclassification: **Articles made of pulp, of paper and of paperboard; paper bags, cardboard boxes and other containers of paper or cardboard**

NEC 640201 — Bags and sacks for articles weighing less than 25 lbs. Kilo

to read:

UI 640201 — Bags and sacks for articles weighing less than 25 lbs. Kilo

All quota allocations for this item (for importers and producers alike) shall be cancelled and reverted to the Central Bank in accordance with MAAB No. 288, dated November 22, 1955.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 507

June 4, 1956

Effective today, Agent Banks are hereby notified that no letters of credit shall be opened for "Glazed tiles" (Commodity Code No. NEP 660207), up to and including August 31, 1956.

Beginning September 3, 1956, importers may resume to open letters of credit for the importation of glazed tiles against quota allocations from other commodity items to this item shall be allowed.

This memorandum supersedes and revokes Memorandum to Authorized Agent Banks No. 259, dated October 5, 1955.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 508

June 4, 1956

The following amendments to the Statistical Classification of Commodities, implementing Central Bank Circular No. 44 (Revised January 1, 1956), shall take effect immediately:

For Reclassification:

Lumber, sawn, planed, grooved, tongued,
etc.—non-conifer

NEP 240309 — Fan ribs, wood

to read:

UI 240309 — Fan ribs, wood

Prepared ornamental feathers and articles
made of feathers; artificial flowers, foliage
or fruit; articles of human hair; orna-
mental fans

NEC 890910 — Fans, of any material, not electrical
to read:

UI 890910 -- Fans, of any material, not electrical

All quota allocations for the above items (for importers and producers alike) shall be cancelled and reverted to the Central Bank in accordance with MAAB No. 288, dated November 22, 1955.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 509

June 4, 1956

Agent Banks are hereby advised that, effective immediately, switching of foreign exchange allocations from other commodity items to "Tableware, iron or steel" (Commodity Code No. NEC 690956) is prohibited.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 510

June 4, 1956

Quoted hereunder, for your information and guidance, is our letter of even date to the Commissioner of Customs:

"The Commissioner of Customs

Manila

Sir:

"This Bank has received reports on violations by importers of Central Bank rules and regulations governing sale of foreign exchange for imports through:

"a) Undershipment or overvaluation in the case of de-controlled commodities;

"b) Overshipment or undervaluation in the case of controlled items;

"c) Misdeclaration (circumvention of statistical commodity classification) resulting in smuggling, evasion of tariff,

illicit utilization of foreign exchange quota allocations; and
"d) Unlawful or unauthorized diversion of imports.

"Since these irregularities can only be detected upon arrival of the import shipments at ports of entry, it is requested that;

"1) Immediate verification of duplicate copies of Release Certificates received by the Bureau of Customs from Authorized Agent Banks against the manifest of the corresponding carrier, be delegated to the Special Investigation Division of the Central Bank with a view to ascertaining whether the imports described in those certificates are scheduled for unloading and/or diversion to other ports. Findings shall be reported to the Commissioner of Customs and the Import Department of the Central Bank.

"2) Import arrivals found by the Bureau of Customs at variance with the Release Certificates issued by Authorized Agent Banks as to commodity classification, description, quality, quantity, and value shall be immediately reported to the Import Department, thru the Special Investigation Division of the Central Bank and shall be released only against an amended release certificate to be issued by the Authorized Agent Bank concerned, subject to existing Central Bank rules and regulations on the matter.

"It is requested that appropriate instructions be given to all Collectors of Customs in this regard.

"Your cooperation on this matter will be highly appreciated."

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—
IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 511
June 4, 1956

In the implementation of paragraph 14 of Central Bank Circular No. 44, dated June 12, 1953, Authorized Agent Banks are hereby required to observe the following procedure:

1. Before the issuance of Release Certificates, Authorized Agent Banks shall verify if the shipping documents covering the importation conform with the commodity classification, description, quantity and value stated in the letter of credit and firm offer. Any discrepancy discovered, which is not in accordance with the

terms of the letter of credit and amendments thereto, constituting violations of Central Bank regulations shall be immediately reported to the Import Department, Central Bank of the Philippines.

2. Release Certificates shall be issued when the shipping documents are found in order. Full or partial shipment, as the case may be, as shown by the shipping documents should be indicated in the Release Certificates.

3. If upon advice of the Bureau of Customs that the actual landed shipment does not tally with the details stated in the Release Certificate as to commodity classification, description, quantity and/or value, Authorized Agent Banks shall revoke the Release Certificate previously issued, and may issue an amended Release Certificate in the following cases:

a. Where "switching" has been specifically authorized by the Bankers' Committee or the Central Bank;

b. Where the discrepancy involves only commodity classification of the importation and does not constitute difference in quantity and value, provided that the amendment of classification is in accordance with existing Central Bank rules and regulations on "switching";

c. Where there is no discrepancy as to commodity classification, but the quantity and value of the landed shipment is less than that indicated in the Release Certificate, Authorized Agent Banks shall, however, indicate in the amended release certificate the exact quantity and value of the landed shipment as advised by the Bureau of Customs and whether the letter of credit has been fully negotiated or not. If fully negotiated, the quantity and value of the shortage of the shipment shall also be indicated. Such cases shall be immediately reported to the Import Department, Central Bank of the Philippines; and

d. Where the discrepancy involves only fluctuations of prices, provided that the difference in quantity does not exceed 10%, more or less, of the quantity originally indicated in the letter of credit, and provided further that there is no evidence of abuse in the use of this privilege.

All other requests for the issuance of amended Release Certificates shall be referred to the Central Bank.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 515

June 6, 1956

The following amendments to the Statistical Classification of Commodities, implementing Central Bank Circular No. 44 (Revised January 1, 1956) shall take effect immediately:

For Reclassification:

Common packing and wrapping paper
1. NEC 640110 — Gift wrapping paper kilo
to read:

UI 640110 Gift wrapping paper kilo
Printed matter on paper or paperboard

2. NEC 890208 — Greeting cards
to read:

UI 890208 — Greeting cards

All quota allocations for this item (for importers and producers alike) shall be cancelled and reverted to the Central Bank in accordance with MAAB No. 288, dated November 22, 1955.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 518

June 11, 1956

The following amendment to the Statistical Classification of Commodities (Revised January 1, 1956), implementing Central Bank Circular No. 44, shall take effect immediately:

For Inclusion:

Manufactures of soft and hard
rubber, n.e.s.

NEP 620927 — Camelback kilo

The total amount presently allocated for Commodity Code No. EP 620920—"Tire manufacturing and repair materials" shall be redistributed as follows:

- a) Forty-five per cent (45%) shall be maintained for said commodity number (EP 620920).
- b) Forty per cent (40%) shall be assigned to Commodity Code No. NEP 620927—"Camelback".
- c) The balance of fifteen per cent (15%) shall be cancelled and reverted to the Central Bank.

The corresponding adjustments will be effected accordingly by this Office, and you shall be notified of the amendments (in the foreign exchange budget) to be made in accordance hereto.

Switching of foreign exchange allocations from other commodity items to NEP 620927—"Camelback" is hereby prohibited.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 519
June 11, 1956

Pursuant to a resolution adopted by the Monetary Board at its meeting held on May 29, 1956, Agent Banks are hereby advised that, effective immediately, a levy of $\frac{1}{2}$ of 1% service charge shall be collected on letters of credit opened or remittances made by M/T, T/T or D/D for payment of imports. The amount so collected shall be remitted to the Central Bank at the end of each day.

This supersedes Memorandum to Authorized Agent Banks No. 154 dated February 7, 1955.

(Sgd.) M. CUADERNO, Sr.
Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 520
June 12, 1956

The following amendments to the Statistical Classification of Commodities (Revised January 1, 1956), implementing Central Bank Circular No. 44, shall take effect immediately:

For Reclassification:

**Abrasive cloths and papers and
similar articles**

EC 660304	—	Abrasive paper and cloth	kilo
EC 660306	—	Emery cloth and emery paper	kilo

to read:

NEC 660304	—	Abrasive paper and cloth	kilo
NEC 660306	—	Emery cloth and emery paper	kilo

Switching of foreign exchange allocations from other commodity items to either of the above two items shall be prohibited.

All quota allocations for the above-mentioned items shall be reduced by 50% in accordance with Central Bank Circular Letter dated January 3, 1956, the amount deducted to be cancelled and reverted to the Central Bank.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 522

June 12, 1956

The following amendments to the Statistical Classification of Commodities (Revised January 1, 1956), implementing Central Bank Circular No. 44, shall take effect immediately:

For Correction:

Radio apparatus for telegraphy, telephony, television and radar (including broadcasting, transmission and reception equipment with amplifiers of all types, thermionic or electronic tubes and valves, photoelectric cells, supersonic or electromagnetic echo sounding apparatus, detector and electrolytic condensers)

NEC 720123	—	Radio receiving sets (including completely knocked down radios and kits)	No.
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to read:

NEC 720123 — Completely knocked down radios and
radio kits, without cabinets (exclud-
ing radio receiving sets, complete
with cabinets, now UI) No.

For Inclusion:

UI 720123-A — Radio receiving sets, complete with
cabinets No.

Switching of foreign exchange allocations from other commodity items to NEC 720123—"Completely knocked down radios and radio kits, without cabinets (excluding radio receiving sets, complete with cabinets, now UI)" is hereby prohibited.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 525

June 18, 1956

Agent Banks are hereby advised that, effective immediately, switching of foreign exchange allocations from other commodity items to "Cigarettes" (Commodity Code No. NEC 120202) is hereby prohibited.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 538

June 25, 1956

Effective immediately, Agent Banks are hereby advised that switching of foreign exchange allocations from other commodity items to "Pork and Beans" (Commodity Code No. NEC 050509) is hereby prohibited.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 544

June 26, 1956

Please be advised that importers and producers may utilize their first semester 1956 regular quota allocations up to and including June 29, 1956.

Applications to open letters of credit and/or requests to remit by M/T, T/T or D/D in payment for imports against first semester regular quota allocations must be received by Agent Banks not later than 5:00 o'clock p.m. on June 29, 1956. Such applications which should be supported by all documents required under existing Central Bank regulations on the matter, should be stamped with the date and time they are received duly acknowledged by a responsible official of the Bank.

Agent Banks are hereby authorized to permit:

- a) Utilization within thirty (30) days from receipt of advice of non-recurring and non-shiftable quotas granted by the Central Bank to importers and producers in June 1956; and
- b) Utilization within thirty (30) days from receipt of advice of approval by the Central Bank of requests for switching of first semester quota allocations which were received by the Central Bank on or before June 29, 1956.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 546

June 27, 1956

All Authorized Agent Banks are requested to require their importer-clients to show proof of filing IQRU Information Sheets (CB-ID Form No. 101) with the Importers Quota Revision Unit through the submission of Agent Banks's (yellow) copy of said form. If the Agent Bank's copy does not bear the rubber stamp of IQRU, the importer should be required to present for examination the importer's copy for determination of date of filing of original and duplicate with IQRU.

Effective immediately, all Agent Banks are requested to refer to the Import Department of the Central Bank all applications for opening letters of credit or for the purchase of foreign exchange to pay for imports chargeable against quota allocations for the second semester—1956, that may be filed by or in behalf of importers who cannot comply with the foregoing requirement.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 550

July 2, 1956

In view of the Importers Quota Revision Project being undertaken by the Import Department, Agent Banks are hereby advised that, until further notice from this Office, quota utilization by Importers for the Second Semester, 1956 may be allowed beginning July 5, 1956, up to fifty per cent (50%) of their respective quotas for the period.

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 551

July 2, 1956

Pursuant to a resolution adopted by the Monetary Board at its meeting held June 29, 1956, non-restricted quota allocations of Importers (Old and New) covering HE or EC items, NEP or NEC items, and EP, EC, and NEP items with no commodity code number assigned in the Statistical Commodity Classification are hereby reduced by fifteen per cent (15%) effective second semester, 1956.

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 552

July 2, 1956

Effective second semester, 1956 and until further notice from this Office, all applications for opening of letters of credit against regular quota allocations of Producers in the shoe manufacturing industry shall be referred to this Office, attention of the Producers Division.

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 553

July 2, 1956

Agent Banks are hereby advised that all foreign exchange to be made available for the importation of "Automobile Tires or Casings" (EC 620903) and "Truck Tires" (EP 620912) for the second semester of 1956 shall be reduced as follows:

1. Twenty-five per cent (25%) on "Automobile Tires or Casings" (EC 620903).
2. Thirty-five per cent (35%) on "Truck Tires" (EP 620912).

The corresponding reductions will be effected accordingly by this Office, and you shall be notified of the amendments to be made in accordance hereto in the foreign exchange budget to be certified to you.

Switching of foreign exchange allocations from other commodity items to EC 620903—"Automobile tires or casings" and EP 620912—"Truck tires" is henceforth prohibited.

Furthermore, switching from Automobile Tires to Truck Tires and vice versa is also prohibited.

This Memorandum shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 624

July 25, 1956

Agent Banks are hereby advised that effective the Second Semester 1956, quota allocations for Aluminum corrugated sheets—EP 680404; Aluminum plain sheets—EP 680405; and Aluminum foil—EP 680407 are reduced by 50 per cent. Said reductions are reflected in the Foreign Exchange Budget certified on July 2, 1956.

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

—————oOo—————

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 634

July 28, 1956

Effective immediately, Agent Banks are hereby advised that as an exception to the provisions of MAAB No. 57, switching from Division 54—"Medicinal and Pharmaceutical Products", to the following commodities in the Statistical Classification of Commodities is hereby permitted:

EP 290202	Gum, arabic
EP 290203	Gum, tragacanth
EP 290207	Other gums, n.e.s.
EP 510220	Medicinal chemicals, n.e.s. (including chemicals of U.S.P., N.P., C.P. or other official grades)
EP 510321	Reagents, chemical, for laboratory use, n.e.s.
HE 550105-A	Essential oils for manufacture of medicine
EC 620915	Hygienic, medical and surgical articles of rubber
EP 660507	Laboratory glassware
EP 660508	Ampules and vials
EP 860117	Dental supplies, n.e.s.
EC 890927	Hygienic, medical and surgical articles of synthetic materials
EC 890977	Orthopedic appliances (artificial eyes, limbs, teeth, and limb braces)
EP 890981	Specimens for scientific purposes

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 635

July 30, 1956

In accordance with a resolution adopted by the Monetary Board at its meeting held on June 29, 1956 outlining a new schedule for importation of cinematographic films, Authorized Agent Banks are hereby instructed to suspend temporarily issuance of Release Certificates against Permits, CBP Form No. 9, issued to film exchanges covering importation of motion picture films as authorized in Memorandum to Authorized Agent Banks No. 31 dated January 25, 1954, pending revalidation of all outstanding permits and/or issuance of new permits according to the schedule adopted by the Board.

This memorandum shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 640

August 1, 1956

The following amendment to the Statistical Classification of Commodities (Revised January 1, 1956), implementing Circular No. 44 shall take effect, immediately:

For Inclusion:

Office supplies (not paper), n.e.s.

NEC 891010—Paper file fasteners, of metal

All quota allocations presently existing specifically for "paper file fasteners" listed under Commodity Code No. NEC 890963—"Office equipment and supplies, n.e.s." are separated therefrom and transferred under NEC 891010—"Paper file fasteners, of metal".

Switching of foreign exchange allocations from other commodity items to NEC 891010—"Paper file fasteners, of metal" is henceforth prohibited.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 642

August 2, 1956

The following amendments to the Central Bank Statistical Classification of Commodities (Revised January 1, 1956) implementing C.B. Circular Nos. 44 and 45, shall take effect immediately:

For Correction:

**Cereal preparations including preparations from
flour and fecula of fruits and vegetables**

UI 040804 Cereal paste (macaroni, spaghetti, noodles,
vermicelli, and similar preparations)

to read:

UI 040804 Cereal paste (macaroni, spaghetti, noodles,
vermicelli, "swatanghun", and similar pre-
parations)

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 651

August 8, 1956

In further implementation of Memorandum to Authorized Agent Banks No. 522 dated June 12, 1956, Agent Banks are hereby advised that Radio Receiving Sets may be imported under NEC 720123—"Completely knocked down radios and radio kits, without cabinets (excluding radio receiving sets, complete with cabinets, now UI)" only if they are knocked down to the main component parts numbered 1 to 8 appearing in the attached list. This list is hereby incorporated into the Central Bank Statistical Classification of Commodities and shall be known as Appendix "A" thereof.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

APPENDIX "A"
CKD RADIO PARTS

1. Capacitors (condensers):
 - a. Ganged tuning capacitors
 - b. Paper capacitors
 - c. Padding capacitors
 - d. Trimmer capacitors
 - e. Electrolytic capacitors
 - f. Mica capacitors
 - g. Ceramic capacitors
2. Resistors:
 - a. Carbon resistors (fixed)
 - b. Wire wound resistors
 - c. Potentiometers
3. Coils:
 - a. Rf coils
 - b. Rf chokes
 - c. I.F. coils
 - d. Filter chokes
 - e. Oscillator coils
4. Transformers:
 - a. RF transformers
 - b. IF transformers
 - c. Interstage transformers
 - d. Output of matching transformers
 - e. Power pack transformers
 - f. Vibrator transformers
5. Switches:
 - a. Rotary switches (single or ganged)
 - b. Combination switch and potentiometer
 - c. Radio toggle switches
6. Radio tubes: (These have a separate commodity code number)
7. Miscellaneous accessories:
 - a. Dial face and pointers
 - b. Pulleys
 - c. Knobs
 - d. Loop antenna
 - e. Soldering lugs
 - f. Tube sockets
 - g. Soldering posts with micarta insulators
 - h. Tube cap connectors
 - i. Chassis (sheet metal only, nothing attached)
 - j. Cinch plugs and sockets and base adapters
 - k. Shielded cable
 - l. Binding posts
8. Loudspeakers:
 - a. Single cone
 - b. Coaxial
 - c. Horn & direct radiator tweeters

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 659

August 11, 1956

In connection with the levy of $\frac{1}{2}$ of 1% service charge collected on letters of credit opened or remittances made by M/T, T/T, and D/D for payment of imports provided in Memorandum to Authorized Agent Banks No. 519 dated June 11, 1956, the following instructions shall be observed effective August 14, 1956:

1.) Agent Banks shall submit to the Accounting Department. Central Bank, daily reports of collections, in quadruplicate, accompanied by a check or a credit advice for the corresponding amount. These reports of collections shall be distributed to Central Bank offices as follows: The original and one (1) copy for the Accounting Department; one (1) copy for the Import Department and one (1) copy for the Department of Supervision and Examination.

2.) The reports shall contain a listing of all L/C's opened and M/T, T/T, D/D, etc. sold, in numerical order indicating the numbers of L/C's that may have been cancelled.

3.) The Agent Banks' daily reports of collections shall be accompanied by one (1) copy of the reports submitted by them to the Department of Economic Research (CB Form No. 7-A) of L/C's opened and all M/T, T/T and D/D sold for payment of imports. This copy of CB Form No. 7-A shall be attached to original copy of the daily report of collections.

4.) Agent Banks shall collect service charges on the peso equivalent converted at authorized selling rates of exchange of dollar amount of all L/C's opened and M/T, T/T and D/D sold by them, (instead of at par) as well as on the proceeds of inward bills for collection, even if such proceeds are merely credited to the account of a correspondent bank.

5.) Service charges are collectible on any and all amounts, regardless of how small the remittance may be.

(Sgd.) M. CUADERNO, Sr.
Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 675

August 20, 1956

Effective immediately, all Authorized Agent Banks may sell foreign exchange for individual importation from the United States of media materials, not exceeding \$25.00 per calendar month, where the publisher concerned is not a subscriber to the Informational Media Guaranty Pro-

gram, as an exception to the provisions of Paragraph 3-D of Memorandum to Authorized Agent Banks No. 163, dated February 22, 1955.

Foreign exchange made available by virtue of the above authorization shall be identified in the customary daily reports to the Department of Economic Research of the Central Bank by the notation "MAAB No. 187".

All other applications to import media materials involving the remittance of dollars exceeding \$25.00 per applicant per calendar month shall be referred to the Central Bank for consideration on a case-by-case basis.

This supersedes our Memorandum to Authorized Agent Banks No. 187, dated May 24, 1955.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 679

August 22, 1956

The following amendments to the Statistical Classification of Commodities (Revised January 1, 1956), implementing Circular Nos. 44 and 45 shall take effect immediately:

For Correction:

Electric batteries

NEP 720115 — Parts of batteries (excluding CKD batteries)
to read:

NEP 720115 — Parts of batteries (excluding CKD batteries
and storage battery parts)

For Inclusion:

Electric batteries

NEP 720115-A—Storage battery parts, complete knocked-down and specially fabricated for storage battery assembly plants, except steel plates (to be imported only by bona-fide producers of storage batteries)

All present quota allocations of importers (not producers) for "Battery Parts" shall be maintained under NEP 720115—"Parts of batteries (excluding CKD batteries and storage battery parts)".

Quota allocations of producers presently listed under NEP 720115—"Parts of batteries (excluding CKD batteries)" are separated therefrom and transferred under NEP 720115-A—"Storage battery parts, completely knocked-down and specially fabricated for storage battery assembly plants, except steel plates.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 685

August 24, 1956

Pursuant to a policy adopted by the Central Bank Import-Export Committee at its meeting held on August 16, 1956, Agent Banks are ~~hereby~~ advised that the following amendments to the Statistical Classification of Commodities (Revised January 1, 1956), implementing Circular Nos. 44 and 45, ~~shall take effect immediately:~~

For Reclassification:

Cotton fabrics, other than grey (dyed, bleached, mercerized, printed or otherwise), including flannelette cotton fabrics

NEC 650208 — Cotton duck and/or canvas Sq. Yd.

to read:

EP 650208 — Cotton duck and/or canvas Sq. Yd.

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 688

August 28, 1956

Pursuant to a resolution adopted by the Monetary Board at its meeting held on August 24, 1956, Authorized Agent Banks are hereby requested to observe the following rules in connection with the provisions of Section 3 of Regulation No. 1, implementing Central Bank Circular No. 44:

1. Requests for transfer of quota allocation should be made on CBP Form No. 6 (Transfer Certificate) which henceforth should be accomplished in quintuplicate;

2. On receipt of a duly accomplished Transfer Certificate, the quota holding bank should stamp the date and time of receipt thereon and return one copy so stamped to the transferee bank;

3. The quota holding bank should immediately deduct from the customer's quota ledger the amount of quota being transferred and the transfer Certificate signed by a duly authorized officer of the quota holding bank. The original of the Transfer Certificate should be sent to the transferee bank; one copy sent to the Central Bank; another to the Bankers' Committee and the last copy retained for the files of the quota holding bank;

4. The original copy of the Transfer Certificate duly accomplished as provided for in the preceding paragraph should be returned to the transferee bank within twenty-four (24) hours from receipt thereof by the quota holding bank or transferee bank notified in writing by the quota holding bank of the reason or reasons why the transfer cannot be accomplished within the same period; provided, however, that if the 24-hours period expired on a bank holiday then it shall be deemed to expire on the next following business day;

5. If the original of the Transfer Certificate or the written advice mentioned in the preceding paragraph is not received by the transferee bank after the lapse of 24 hours from receipt of the request by the quota holding bank, then the quota covered by the Transfer Certificate shall be automatically transferred to the transferee bank. In such cases, the transferee bank may set up the quota in its books and allow utilization thereof giving written notice to the quota holding bank that it had set the quota in its books and it shall be the duty and responsibility of the quota holding bank to deduct the quota thus transferred from its ledger.

6. Transfer of import quota allocation from one bank to another may however be allowed only within fifteen (15) days after the release of such quota.

The provisions of this memorandum shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 689

August 28, 1956

Effective immediately, the following rules and procedure relating to import transactions under the Yen-Escrow Barter Agreement between the Philippine Government and the Government of Japan, which was signed on December 8, 1955, shall be followed:

I. After an exporter who has received an approved report of foreign sales from the Export Department, has effected shipment

of the sugar and negotiated shipping documents under the Yen-Escrow Agreement through the Philippine National Bank, he shall file an application with the Import Department, through the Philippine National Bank, to import Japanese goods against the negotiated amount of the export transaction. This application shall be accompanied by the following documents:

1. A letter from the Philippine National Bank certifying that the export license issued covered by an irrevocable letter of credit under the Yen-Escrow Agreement has been negotiated by them, indicating the date and amount negotiated with a set of export shipping documents.

2. A list of commodities desired to be imported, based on the Approved List of Commodities that may be imported from Japan under the Yen-Escrow Barter Agreement, except those textile items specifically banned from importation from Japan under Executive Order No. 328, series of 1950, and those commodities classified under the "UI" category per latest Central Bank Statistical Classification of Commodities. The applicant shall indicate the code number, quantity, and unit prices of the items to be imported.

3. Relative firm offer of Japanese supplier.

II. Authority to open relative import L/C's shall be granted subject to the following conditions:

1. No import L/C shall be established until after the corresponding export has been accomplished, negotiated and credited to the Yen-Escrow Account.

2. The L/C's to be opened shall be only to the extent of the value of corresponding export bills negotiated.

3. The L/C's to be opened shall cover only those commodities bearing the approval of the Import Department, with their corresponding code numbers, quantity and unit prices, subject to the following proportion:

25% EP goods

25% EC goods

25% NEP goods

25% NEC goods

4. The corresponding export L/C shall be indicated in the import L/C for reference.

5. The import L/C shall contain a statement that the importation is under the Yen-Escrow Agreement.

6. All import L/C's under the Yen-Escrow Agreement shall be irrevocable in nature and stated in U.S. currency.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 700

September 3, 1956

Pursuant to a resolution adopted by the Monetary Board at its meeting held on August 31, 1956, Paragraph 6 of Memorandum to Authorized Agent Banks No. 688 is hereby amended to read:

"Transfer of import quota allocation from one bank to another may however be allowed **after** fifteen (15) days from the release of such quota."

instead of:

"Transfer of import quota allocation from one bank to another may however be allowed only within fifteen (15) days after the release of such quota."

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 707

September 7, 1956

The following amendments to the Statistical Classification of Commodities (Revised January 1, 1956), implementing Circular Nos. 44 and 45 shall take effect immediately:

For Correction:

Printed matter on paper or cardboard, n.e.s.

UI 890208 — Greeting cards

to read:

NEC 890208 — Greeting cards (except Christmas cards)

For Inclusion:

Printed matter on paper or cardboard, n.e.s.

UI 890208-A — Christmas cards

Switching of foreign exchange allocations from other commodities to Commodity Code No. NEC 890208—"Greeting cards (except Christmas cards)" is henceforth prohibited.

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 709

September 7, 1956

At the request of the No-Dollar Import Office, Department of Commerce and Industry, authorized agent banks are hereby reminded that in connection with the implementation of the Presidential Directive of January 30, 1956, all import L/C's to be opened under DCI barter permits approved after January 30, 1956 but prior to July 12, 1956, shall cover commodities in the following proportion only:

30% to be assigned to the NAMARCO

30% EP or EC

40% NEP or NEC

However, all import L/C's to be opened under DCI barter permits approved on or after July 12, 1956 shall cover commodities in the proportion provided for under Section 4b (1) of the amended Rules and Regulations implementing Republic Act No. 1410, which reads as follows:

"The imports to be brought in through barter shall be composed as follows: 50 per cent in producers' goods and 50 per cent in consumers' goods to be divided into 25 per cent essential and 25 per cent non-essential goods, for which dollar allocation have been or will be reduced; provided, that NAMARCO may requisition up to 25 per cent of both essential and non-essential items; and, provided, further, that producers desiring to utilize their licenses wholly for producers' goods shall be allowed to do so notwithstanding the above distribution. In no case, however, shall commodities banned from import be allowed for barter."

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 731

September 24, 1956

Effective immediately, all Authorized Agent Banks may, upon prior application therefor, authorize the importation of the following commodity items under the Revised Informational Media Guaranty Program, covered by Regulation No. 12, dated February 22, 1955:

NEC-860301 Cinematographic films exposed, whether developed or not

NEC-890211 Maps, globes and charts

Applications for the importation of the above commodity items under the Informational Media Guaranty Program must be supported by a certificate from the Philippine Informational Media Guaranty Program Committee to the effect that they are educational, scientific or cultural in nature.

The above commodity items may be considered as decontrolled when imported under the provisions of the Informational Media Guaranty Program and where no dollar remittance shall be involved; otherwise, such importation shall be charged to the quota allocation of the importer concerned.

This supersedes our Memorandum to Authorized Agent Banks No. 301, dated December 14, 1955.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

-----oOo-----

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 733 September 25, 1956

Effective immediately, switching of foreign exchange allocations to Commodity Code No. EP 650527—"Twines and cords, silk and synthetic fibers" is permitted as an exception to the general prohibition against switching to "Textile" (Division 65).

EP 650527—"Twines and cords, silk and synthetic fibers" is hereby included among the items listed in MAAB No. 122.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

-----oOo-----

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 736 September 26, 1956

The following amendment to the Statistical Classification of Commodities, Revised January 1, 1956, implementing Circulars Nos. 44 and 45, shall take effect immediately:

Used clothing			
NEC	940157	— Wool	Kilo
to read:			
EC	940157	— Wool	Kilo

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 737

September 26, 1956

The following amendment to the Statistical Classification of Commodities, Revised January 1, 1956, implementing Circulars Nos. 44 and 45, shall take effect immediately:

For Inclusion:

Other machinery and appliances, n.e.s.

UI 710668 — Soil cement brick-making high
compression machines, hand-
operated. No.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 740

September 28, 1956

In connection with the levy of $\frac{1}{2}$ of 1% service charge for the Central Bank collected on letters of credit opened or remittances made by M/T, T/T and D/D for payment of imports provided in Memorandum to Authorized Agent Banks No. 519 dated June 11, 1956, and Memorandum to Authorized Agent Banks No. 659 dated August 11, 1956, the following instructions shall be observed effective October 1, 1956:

1. Agent Banks shall submit every Monday to the Central Bank, on the attached form in quadruplicate, report of collections during the preceding week, accompanied by a check or credit advice in an amount equivalent to the total service charges collected for the same period; provided that the end of every month shall, for purposes of submitting these reports, be considered the end of a week. In other words, collections during a given month may not be carried-over or included in the report for the next succeeding month. This report shall be marked as follows:

- a. Original and duplicate—"Accounting Department"
- b. Triplicate—"Import Department"
- c. Quadruplicate—"Department of Supervision and Examination"

2. The report shall contain a listing of all L/C's opened and M/T, T/T, D/D, etc., sold, in numerical order indicating the numbers of L/C's that may have been cancelled.

3. The original of the Agent Banks' weekly report shall be accompanied by copies of the reports submitted by them to the Department

of Economic Research (CB Form No. 7-A) of L/C's opened and all M/T, T/T and D/D sold for payment of imports during the same week.

4. Agent Banks shall collect service charges on the peso value, computed at par, of the combined amounts of the L/C's issued and remittances by M/T, T/T and D/D for payment of imports, as well as on the proceeds of inward bills for collection, even if such proceeds are merely credited to the account of the corresponding bank.

5. Service charges are collectible on any and all amounts, regardless of how small the remittance may be.

6. All collections up to September 30, 1956 made under MAAB No. 659, whether based on par or on selling rate of exchange shall be remitted to the Central Bank on or before October 1, 1956.

7. All memoranda, etc., contrary to or inconsistent with the provisions of this memorandum are hereby repealed.

(Sgd.) ANDRES V. CASTILLO
Deputy Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 743

September 29, 1956

Effective immediately, switching of foreign exchange allocations to Commodity Code No. EP-650528—"Fire hose, unlined, of textile materials" is permitted as an exception to the general prohibition against switching to "Textiles" (Division 65).

EP-650528—"Fire hose, unlined, of textile materials" is hereby included among the items listed in MAAB No. 122.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 747

October 1, 1956

Effective immediately, Agent Banks are hereby authorized to allow importers, except those in the Central Bank watchlist as of this date, to utilize the fifty percent (50%) balance of their second semester 1956 regular semestral quotas as reduced under MAAB No. 551 dated July 2, 1956. Advance utilization or reductions previously authorized or effected shall be correspondingly deducted therefrom.

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 748

October 2, 1956

Effective immediately, Agent Banks are hereby instructed that all reports of Foreign Exchange transactions with the supporting documents, are well as copies of Release Certificates issued, formerly being forwarded to the Department of Economic Research shall be forwarded to the Budget Control and Statistic Division, Import Department, located at the 5th floor Lopez Building, Aduana Street, Intramuros, Manila.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 758

October 8, 1956

The following amendment to the Statistical Classification of Commodities, Revised January 1, 1956, implementing Circular Nos. 44 and 45, shall take effect immediately.

For Reclassification:

Fresh and dry vegetables, including
frozen (not in airtight containers)

UI 050408 — Soybeans Kilo

to read:

NEP 050408 — Soybeans (may be imported only by
bona-fide producers of soybean
products) Kilo

Switching to and from NEP 050408—"Soybeans (may be imported only by bona-fide producers of soybean products)", is hereby prohibited.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 764

October 13, 1956

(Amendment to Memorandum to Authorized Agent Banks No. 240)

Effective immediately, Agent Banks may proceed to open letters of credit covering the importation of flour provided the price quotations therefor do not exceed the following:

Canadian First Grade	\$6.10 C&F per 100 lbs.
American First Grade (Hard Wheat)	5.90 C&F per 100 lbs.
American First Grade (Patent)	5.60 C&F per 100 lbs.
American Second Grade	5.15 C&F per 100 lbs.
American Third Grade	4.95 C&F per 100 lbs.
Australian Flour	4.26 C&F per 100 lbs.

All other terms and conditions stipulated in Memorandum to Authorized Agent Banks No. 240 shall remain the same.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 771

October 22, 1956

Effective immediately, applications for opening letters of credit against regular quota allocations of producers in the shoe manufacturing industry shall be referred to this Office only if they cover textile (Division 65) items.

This memorandum revokes and supersedes MAAB No. 552 dated July 2, 1956.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 772

October 22, 1956

In order to have a uniform system of reporting cancellations, increases, decreases, and amendments on letters of credit opened, Authorized Agent Banks are hereby requested to make the necessary daily reports on the attached CB-ID Form Nos. 11 & 12 effective immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

CB-ID Form No. 11

**CENTRAL BANK OF THE PHILIPPINES
MANILA
IMPORT DEPARTMENT**

(To be accomplished by applicants in quintuplicate, two copies of which should be forwarded to the Budget Control & Statistics Division, Import Department)

**SUPPLEMENT TO AMENDMENT OF COMMERCIAL
LETTER OF CREDIT**

Name of Agent Bank

Name of Applicant

Applicant's Code

ORIGINAL L/C OPENED:

Nationality

Status Date

COMMODITY

Category	Code No.	Description	Country of Origin	Unit	Quantity	Value	Term of Payment	Quota
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AMENDED TO READ:

Category	Code No.	Description	Country of Origin	Unit	Quantity	Value	Term of Payment	Quota
----------	----------	-------------	-------------------	------	----------	-------	-----------------	-------

(To be filled by Reporting Bank)

L/C No. AMENDMENT

Date Opened

Applicant

Checked By:

.....
Representative of Bank

.....
Owner/President/Manager

—oOo—

CB-ID Form No. 12

**NAME OF AGENT BANK
DAILY REPORT ON LETTERS OF CREDIT CANCELLED,
INCREASED, or DECREASED**

....., 195.....

L/C No.	Date Opened	Original Amount	Name of Client	Status	Number	Commodity Description	Commodity Code	AMOUNT Cancelled/ Increased/ Decreased
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To be submitted in duplicate to the Budget Control and Statistics Division Import Department, within 48 hours following date of cancellation, increase, or decrease.

CERTIFIED CORRECT:

.....
Authorized Signature

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 790

October 30, 1956

With reference to the revised quota allocations of Producers (regular and/or additional), please be advised that Authorized Agent Banks to which these quotas were certified in accordance with the preference of the quota holders, are hereby authorized to:

- a) Set up in their books as an addition to the over-all budget certified to that bank for the 2nd semester 1956 the additional quota allocation so certified and to allow utilization thereof within the semester; and
- b) Consider the revised regular semestral quotas as having been permanently transferred from the original quota holding bank to the bank to which said revised regular quotas have been certified effective 1st semester 1957.

Notwithstanding the foregoing, regular quota allocations left unutilized as of October 1, 1956 should be utilized with the original quota holding banks in accordance with existing commodity breakdowns prior to revision. Said regular quotas however may be transferred to any other bank during the current semester, upon prior compliance of the provisions of Memorandum to Authorized Agent Banks No. 688, as amended.

Transfers of quotas during the 1st semester of 1957 and subsequently thereafter shall be governed by the provisions of Memorandum to Authorized Agent Banks No. 688, as amended.

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 793

November 5, 1956

The following amendment to the Statistical Classification of Commodities, Revised January 1, 1956, implementing Circular Nos. 44 and 45 shall take effect immediately:

For Reclassification:

Cut flowers and foliage, vegetable saps,
juices, and extracts, n.e.s.

EP 290220 — Vegetable saps, juices and extracts, n.e.s.
(except soybean extracts or juices; dyeing
and tanning extracts) and vegetable
materials, including pectin, algae and
kapok, n.e.s.

to read:

NEP 290220 — Vegetable saps, juices and extracts, n.e.s.
(except soybean extracts or juices; dyeing
and tanning extracts) and vegetable
materials, including pectin, algae and
kapok, n.e.s.

Switching of importers' quota allocations from other items to NEP 290220—"Vegetable saps, juices and extracts, n.e.s. (except soybean extracts or juices; dyeing and tanning extracts) and vegetable materials, including pectin, algae and kapok, n.e.s." is henceforth prohibited.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 794

November 6, 1956

Pursuant to the request of the Bureau of Customs and in order to facilitate verification of import shipments, Agent Banks are requested to state the date of issuance of the letter of credit, in addition to the letter of credit reference number, on all release certificates duly issued by them.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 800

November 14, 1956

Agent Banks are hereby advised that effective immediately, switching of foreign exchange allocations from other commodity items to NEC 590915—"Mucilage" and NEC 890961—"Ink, n.e.s. (other than duplicating and printers ink)" is henceforth prohibited.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 801

November 14, 1956

The following amendments to the Statistical Classification of Commodities, Revised January 1, 1956, implementing Circulars Nos. 44 and 45 shall take effect immediately:

For Inclusion:

**Articles of pulp, of paper and of paperboard,
n.e.s. (including cigarette paper cut to
size for cigarettes)**

UI - 640230 — Egg trays (made of paper pulp)

For Correction:

**Paper bags, cardboard boxes and other
containers of paper or paperboard**

NEP - 640203 — Boxes and other packing containers of
paperboard or cardboard (except cor-
rugated carton boxes)

to read:

NEP - 640203 — Boxes and other packing containers of
paperboard or cardboard (except cor-
rugated carton boxes and egg trays,
made of paper pulp, now UI)

**Agricultural machinery and appliances,
n.e.s.**

EP - 710216 — Poultry equipment and supplies and parts

to read:

EP - 710216 — Poultry equipment and parts.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 803

November 16, 1956

In pursuance of a resolution adopted by the Monetary Board at its meeting held on November 13, 1956:

A. Agent Banks are hereby instructed to cancel all outstanding semestral foreign exchange allocations as of November 16, 1956, for the importation of the following commodity items, said quotas to revert to the Central Bank:

1) Food Items

- EC-010204 a) Smoked, dried, or salted beef
- EC-020901 b) Malted milk for infant feeding and other dietetic and baby foods dairy products
- EC-030204 c) Mackerel (canned)
- EC-030205 d) Herring (canned)

2) Drugs and medicines

- HE-540201 a) Insulin in all forms
- HE-540211 b) Serums, toxins, antitoxins and toxides
- HE-540224 c) Anti-tetanic vaccine
- HE-540301 d) Natural narcotics
- HE-540302 e) Synthetic narcotics
- HE-540313 f) Synthetic anti-malarial drugs
- HE-540560 g) Anaesthetics
- HE-540580 h) Trypanocidal and antiluetic compounds
- EC-540601 i) Medicated bandages and dressings, plasters, surgical gauze and absorbent cotton, surgical catguts
- EC-540230 j) Plasma

3) Biologicals and pharmaceuticals imported in bulk for raw materials

- HE-540101 a) Penicillin
- HE-540102 b) Streptomycin
- HE-540103 c) Chloramphenicol (includes chloromycetin)
- HE-540104 d) Aureomycin

HE-540105	e) Terramycin
HE-540106	f) Bacitracin
HE-540107	g) Neomycin
HE-540108	h) Tyrothricin
HE-540109	i) Erythromycin (including ilotycin erythrocin, etc.)
HE-540110	j) Other antibiotics, n.e.s.
HE-540121	k) Sulfonamides, in bulk
HE-540351	l) Analgesics and antipyretics in bulk
HE-540141	m) Vitamins in bulk form for pharmaceutical manufacturing

A report of said cancellations shall be submitted, on form sample hereto attached, by Agent Banks not later than December 15, 1956.

B. Agent Banks may, upon application and presentation of evidence of firm offer of foreign supplier, sell foreign exchange through the medium of L/C's for the importation of the above listed commodity items, subject to the provisions of Memorandum to Authorized Agent Banks No. 215 dated June 27, 1955, and of this Memorandum.

C. Importations effected in accordance with the terms of this memorandum shall be non-shiftable in nature and shall not form part, nor be taken as a basis in the computation of the regular quota allocations of importers and producers.

D. The foregoing authorization shall be subject to the following requirements and conditions:

1) Only duly qualified Filipino importers who have been importing similar items during the past twelve (12) months shall be permitted to import the commodity items above mentioned;

2) Importation of the aforecited commodity items by alien qualified importers shall be limited to the amount of letters of credit opened by them during the first half of 1956; and

3) Producers whose quota allocations for the aforestated commodity items have been cancelled by virtue of this memorandum shall be allowed to import such quantities of commodities under Group 3 (Biologicals and pharmaceuticals imported in bulk for raw materials) as may be justified by their actual production requirements.

E. In submitting reports of letters of credit required to be made on CBE Form No. 7-A, the letters of credit shall be identified by the words "Memorandum to Authorized Agent Banks No. 803."

This memorandum shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

CB-ID Form No. 14

QUOTA ALLOCATION TO BE CANCELLED
BY VIRTUE OF MAAB NO. 803 dated November 16, 1956

.....
Date

.....
Agent Bank

F i r m			C o m m o d i t y			Amount to be Cancelled		
Status	Natio- nality	Name	Category	Code No.	Description	Regular semester Quota alloca- tion 1/	Ex-Quota Allocation granted during the current semester	Unutilized Quota Allocation as of Nov. 16/56

.....
Authorized Signature

1/ To be cancelled totally effective 1st Semester 1957 by Virtue of MAAB No. 803 dated November 16, 1956.

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 804
November 16, 1956

The following amendments to the Statistical Classification of Commodities, implementing Central Bank Circular No. 44 (Revised January 1, 1956), shall take effect immediately:

For Correction:

Optical instruments and appliances and parts thereof, except photographic and cinematographic (including electron microscopes)

NEP 860102 — Frames, mountings, and parts thereof, for spectacles, goggles and the like

to read:

NEP 860102 — Frames, mountings, and parts thereof, for spectacles, goggles and the like (excluding frames valued at less than \$3.50 per unit, CIF Manila)

NEC 860103 — Spectacles, goggles and the like

to read:

NEC 860103 — Fishing, industrial goggles, and the like

For Inclusion:

Optical instruments and appliances and parts thereof, except photographic and cinematographic (including electron microscopes)

UI 860102-A—Optical frames valued at less than \$3.50 per unit, CIF Manila

UI 860102-B—Spectacles and sunglasses

All existing quota allocations specifically for "Spectacles and Sunglasses", except Fishing and Industrial Goggles, shall be cancelled and reverted to the Central Bank.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 805

November 21, 1956

Effective immediately switching of foreign exchange allocation, from other commodities, to:

NEC 530301 — Oil or water colors

NEC 550213 — Waxes, polishes, pastes, powder, and similar preparations for polishing and preserving leather, wood, glass, or other materials (excluding floorwax)

is hereby prohibited.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 806

November 21, 1956

The following amendments to the Statistical Classification of Commodities, implementing Central Bank Circular No 44 (Revised January 1, 1956), shall take effect immediately:

For Correction:

Other manufactured articles, n.e.s.

NEC 890989 — Crayons Gross

to read:

NEC 890989 — Crayons (except school crayons) Gross

For Inclusion:

Other manufactured articles, n.e.s.

UI 890989-A — School crayons Gross

All existing quota allocations for NEC 890989—"Crayons" shall be retained under NEC 890989, as amended.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 807

November 24, 1956

Effective immediately, switching of foreign exchange allocations from other commodities to:

EP 890905 — Umbrella Parts and Fittings
(except umbrella cloth)

is hereby prohibited.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 808
November 24, 1956

Effective immediately and pursuant to a resolution adopted by the Import-Export Committee on November 14, 1956, local bona fide assemblers of cars and trucks whose quotas are presently listed under either or both of the following:

EP 730215—"Bodies, chassis, frames, engines or any truck parts, completely knocked down and specifically fabricated for truck assembly plants"; and

EP 730216—"Bodies, chassis, frames, engines or any other passenger car parts, completely knocked down and specifically fabricated for passenger car assembly plants," respectively

are hereby authorized to switch up to 15% of total of said quotas to:

EC 730213—"Bodies, chassis, frames, and other parts for road motor vehicles except parts for motorcycles and side cars (not including rubber tires, engines, chassis with engine mounted and electric parts)"

as an exception to the general rule on switching.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 809
November 24, 1956

The following amendments to the Statistical Classification of Commodities, implementing Central Bank Circular No. 44 (Revised January 1, 1956) shall take effect immediately:

For Reclassification:

Aliphatic and other organic acids and anhydrides

EP 510201 — Acetic acid

to read:

NEP 510201 — Acetic acid

Switching of importers quota allocations from other commodities to NEP 510201—"Acetic acid" is hereby prohibited.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 818

December 6, 1956

Pursuant to the decision adopted by the Cabinet at its meeting held on October 10, 1956, Agent Banks are hereby advised that the importation from Japan of "Denim" (EP 650202) and "Gris or Chambray", woven with dyed yarns (NEP 650206) is now permitted as an exception to Section 13 of Executive Order No. 328, series of 1950, banning the importation of certain articles from Japan.

It is also advised that, pursuant to a decision of the Cabinet at the same meeting, "Gingham", classified under NEP 650219, is hereby included in the list of articles not allowed to be imported from Japan.

For purposes of implementation, the definitions of the above-mentioned items are given below:

- a) "Denim" (EP 650202)—A coarse twill cloth, 3 X 1 weave, woven from colored warp yarns, usually blue or brown, white filling and made into work clothing. Denims of light pastel shades and white and colored strippings in softer finish are referred to as sport wear denims.
Width: from 27 inches to 36 inches.
Weight: from 1.60 to 3.50 yards to a pound.
- b) "Gris or Chambray"
woven with dyed
yarns (NEP 650206) —A plain woven fabric with colored warp and white filling yarns.
- c) "Gingham" (NEP 650219)—A plain woven fabric, woven with white and colored yarn, usually in checks or plaids which form a balance pattern. As a rule, gingham in which two colors are used are called checks, and those in which three or more colors are used are referred to as plaids. Also gingham is woven with stripe effects and known as nurse's gingham.

The above definitions are hereby incorporated into the Central Bank Statistical Classification of Commodities and shall be known as Appendix "B" thereof.

Please be guided accordingly.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 826
December 11, 1956

Authorized Agent Banks are requested to submit to this Department the names of their present representatives and alternates together with two (2) copies of their latest photographs (about one inch square in size) in order that new or renewal of their identification cards may be issued to them.

Agent Bank representatives who do not have the new identification cards after December 15, 1956, will not be entertained in this Department.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 835
December 24, 1956

Please be advised that importers and producers may utilize their second semester 1956 regular quota allocations up to and including December 28, 1956.

Applications to open letters of credit and/or requests to remit by M/T, T/T, or D/D in payment for imports against second semester regular quota allocations must be received by Agent Banks not later than 5:00 o'clock p.m. on December 28, 1956. Such applications which should be supported by all documents required under existing Central Bank regulations on the matter, should be stamped with the date and time they are received duly acknowledged by a responsible official of the Bank.

Agent Banks are hereby authorized to permit:

- a) Utilization within thirty (30) days from receipt of advice of non-recurring and non-shiftable quotas granted by the Central Bank to importers and producers in December, 1956; and
- b) Utilization within thirty (30) days from receipt of advice of approval by the Central Bank of requests for switching of second semester quota allocations which were received by the Central Bank on or before December 28, 1956.

(Sgd.) ANDRES V. CASTILLO
Deputy Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 836
December 28, 1956

Agent Banks are hereby advised that, until further notice from this Office, quota utilization by Importers for the First Semester, 1957 may be allowed beginning January 2, 1957 up to fifty per cent (50%) of their respective quotas certified for the period. Advance utilization or reduction previously authorized or effected shall be correspondingly deducted therefrom. The limitation as to quota utilization, however, shall not apply to Producer quota holders.

Please be guided accordingly.

(Sgd.) ANDRES V. CASTILLO
Deputy Governor

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 839
December 28, 1956

As an exception to the provisions of Memorandum to Authorized Agent Banks No. 215, dated June 27, 1955, it is hereby advised that Agent Banks may proceed to open letters of credit for the importation of commodity items listed in Paragraph A (2) and (3) of Memorandum to Authorized Agent Banks No. 803, dated November 16, 1956, under the following conditions:

- 1) Only duly qualified importers and producers previously enjoying quota allocations for the commodity items above stated shall be permitted to open letters of credit for the importation of said commodity items to the extent of their existing quotas for said commodities prior to decontrol; and
- 2) Importation of the aforecited commodity items by alien qualified importers shall be made in accordance with the provision of Paragraph D (2) of MAAB No. 803.

All other applications for the importation of the subject commodity items not covered by the foregoing authorization shall be forwarded to the Central Bank for processing pursuant to the provisions of Memorandum to Authorized Agent Banks Nos. 215 and 803, dated June 27, 1955 and November 16, 1956, respectively.

(Sgd.) ANDRES V. CASTILLO
Deputy Governor

IMPORT-EXPORT DEPARTMENT
AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JULY 1, 1955), IMPLEMENTING
CIRCULAR NOS. 44 AND 45
(Release No. 56)

January 12, 1956

For Inclusion:

Miscellaneous Chemicals

NEC 510158—Meat tenderizer

For Correction:

Other food preparations, n.e.s.

NEC 090918—Other food preparations, n.e.s. (includes meat tenderizer)

to read:

NEC 090918—Other food preparations, n.e.s.

For Reclassification:

Insecticides, fungicides, disinfectants, including sheep and cattle dressings and similar preparations

EC 590907—Fungicides, other than medicinal

to read:

EP 590907—Fungicides, other than medicinal

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT
AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956), IMPLEMENTING
CIRCULAR NOS. 44 AND 45
(Release No. 57)

January 24, 1956

For Correction:

Soaps, cleansing and polishing preparations

NEC 550213 Waxes, polishes, pastes, powder and similar preparations for polishing and preserving leather, wood, metal, glass or other materials

to read:

NEC 550213 Waxes, polishes, pastes, powder and similar preparations for polishing and preserving leather, wood, metal, glass or other materials (excluding floor wax)

Casein, albumen, gelatin, glue and dressings

NEC 590915 Mucilage and paste

to read:

NEC 590915 Mucilage

Common packing and wrapping paper

EP 640106 Crepe and tissue

to read:

EP 640106 Tissue paper for wrapping and packing

Exercise books, registers, albums, diaries, memorandum books, and other manufactures of writing paper

NEC 640209 Blank forms (receipt books, order books, registers, ledger books)

to read:

NEC 640209 Blank forms (registers, ledger books)

Other wearing apparel, of textile fabrics

NEC 840172 Veils, mantillas, shawls and scarves, all kinds, of textile fabrics

to read:

NEC 840172 Veils and mantillas, all kinds, of textile fabrics

For Inclusion:

Medicinal and pharmaceutical products, n.e.s.

NEC 540602 Water for injection

NEC 540603 PVP (Polyvinylpyrrolidone) solution

Soaps, cleansing and polishing preparations

UI 550217 Floor wax

Other chemical materials, n.e.s.

UI 590928 Paste

Paper and paperboard, n.e.s.

NEC 640131 Crepe paper

**Articles of pulp, of paper and of paperboard, n.e.s.
(including cigarette paper cut to size for cigarettes)**

UI 640228 Receipt books and order books
Other wearing apparel, of textile fabrics

UI 840174 Shawls and scarves

For Reclassification:

Special products of textile materials and of related materials, n.e.s.

NEC 650519 Book cloth, pyroxylin-coated or impregnated
to:

EP 650519 Book cloth, pyroxylin-coated or impregnated
Fertilizers, n.e.s. (including mixed fertilizers)

NEC 560109 Mixed fertilizers
NEC 560111 Other fertilizers, n.e.s.

to:

EP 560109 Mixed fertilizers
EP 560111 Other fertilizers, n.e.s.

Fruit juices, unfermented, whether frozen or not (including syrups and natural fruit flavors)

NEC 050317 Concentrates (except pineapple)

to:

NEP 050317 Concentrates (except pineapple)
Cut flowers and foliage, vegetable saps and juices, n.e.s.

EP 290221 Agar-agar

to:

NEP 290221 Agar-agar
Other milk and cream, n.e.s.

NEC 020208 Skimmed evaporated milk
NEC 020209 Skimmed condensed sweetened milk

to:

EC 020208 Skimmed evaporated milk
EC 020209 Skimmed condensed sweetened milk

Paper and paperboard, n.e.s.

EP 640122 Paper for adding machines, cash registers and other business machines

to:

EC 640122 Paper for adding machines, cash registers and other business machines
Abrasive cloths and papers, and similar articles

EP 660304 Abrasive paper and cloth
 EP 660306 Emery cloth and emery paper
 to:
 EC 660304 Abrasive paper and cloth
 EC 660306 Emery cloth and emery paper
 **Cereal preparations, including preparations from flour
 and fecula of fruits and vegetables**
 EC 040801 Cereal foods, to be cooked, n.e.s.
 to:
 NEC 040801 Cereal foods, to be cooked, n.e.s.* *
 Alcoholic beverages: wine, including grape must
 EC 110202 Mass wine
 to:
 NEC 110202 Mass wine * *
 Miscellaneous chemicals
 NEP 510157 Monosodium glutamate
 to:
 NEC 510157 Monosodium glutamate * *
 **Articles made of pulp, of paper and of paperboard;
 paper bags, cardboard boxes and other containers
 of paper or cardboard**
 NEP 640201 Bags and sacks for articles weighing less than 25 lbs.
 to:
 NEC 640201 Bags and sacks for articles weighing less than 25
 lbs. *
 Meat: in airtight containers
 EC 010311 Soups, consomme, chowder
 to:
 UI 010311 Soups, consomme, chowder * *
 Other food preparations, n.e.s.
 EC 090914 Vegetable soup

*/ All quota allocations for this item shall be reduced in accordance with CB
 Circular Letter dated January 3, 1956.

* * All quota allocations for this item (for importers and producers alike shall
 be cancelled and reverted to the Central Bank, in accordance with MAAB
 No. 288, dated November 22, 1955.

to:

UI 090914 Vegetable soup **

Tobacco manufactures

NEC 120204 Smoking tobacco

NEC 120206 Other tobacco manufactures, n.e.s.

to:

UI 120204 Smoking tobacco **

UI 120206 Other tobacco manufactures, n.e.s. **

Waste materials from textile fabrics, including rags

NEC 260701 Waste materials from textile fabrics, including rags

to:

UI 260701 Waste materials from textile fabrics, including rags **

Seeds and seedlings for planting

EP 290215 Sesame seeds for planting

to:

UI 290215 Sesame seeds for planting **

Perfumery, cosmetics, dentifrices, and other toilet preparations, except soaps

NEC 550202 Dentifrices

NEC 550211 Toilet and fancy soap

EC 550216 Personal deodorants, all kinds (Mum, Odorono, etc.)

to:

UI 550202 Dentifrices **

UI 550211 Toilet and fancy soap **

NEC 550216 Personal deodorants, all kinds (Mum, Odorono, etc.)*

Envelopes, paper in boxes, packets

NEC 640205 Lettercards, postcards

to:

UI 640205 Lettercards, postcards *

Exercise books, registers, albums, diaries, memorandum books, and other manufactures of writing paper

*/ All quota allocations for this item shall be reduced in accordance with CB Circular Letter dated January 3, 1956.

** All quota allocations for this item (for importers and producers alike) shall be cancelled and reverted to the Central Bank, in accordance with MAAB No. 288, dated November 22, 1955.

NEC 640208 Blank books (notebooks, binders, looseleaf or not)

to:

UI 640208 Blank books (notebooks, binders, looseleaf or not)*
Articles of pulp, of paper and of paperboard, n.e.s
(including cigarette paper cut to size for cigar-
ettes)

NEC 640214 Tape, gummed paper

to:

UI 640214 Tape, gummed paper *
Embroidery, in the piece, in strips or in motifs,
not including embroidered made-up articles

NEC 650419 Cotton

NEC 650420 Rayon

NEC 650421 Silk

NEC 650422 Other fibers, n.e.s.

to:

UI 650419 Cotton *

UI 650420 Rayon *

UI 650421 Silk *

UI 650422 Other fibers, n.e.s.*

Cordage, cables, ropes, twines, and manufactures
thereof

NEC 650511 Fishing nets

to:

UI 650511 Fishing nets *

Blankets of all materials

NEC 650606 Blankets, cotton

NEC 650607 Blankets, rayon

to:

UI 650606 Blankets, cotton *

UI 650607 Blankets, rayon *

Bed linen, table linen, toilet linen and kitchen
linen, cotton

*/ All quota allocations for this item (for importers and producers alike) shall be cancelled and reverted to the Central Bank, in accordance with MAAB No. 288, dated November 22, 1955.

NEC 650609 Mosquito nets, cotton
NEC 650612 Tablecloth, cotton
NEC 650614 Others, cotton, n.e.s.

to:

UI 650609 Mosquito nets, cotton *
UI 650612 Tablecloth, cotton *
UI 650614 Others, cotton, n.e.s. *

Carpets, carpeting, floor rugs, mats and matting and tapestries

NEC 650705 Carpets, carpeting, floor rugs, mats and matting of vegetable plaiting materials (including coconut matting), n.e.s.

to:

UI 650705 Carpets, carpeting, floor rugs, mats and matting of vegetable plaiting materials (including coconut matting), n.e.s. *

Ladies' underwear and nightwear, other than knitted

NEC 840124 Panties, cotton (all kinds of weave)
NEC 840125 Underwear, slips, nightgowns, cotton
NEC 840126 Panties, silk
NEC 840127 Underwear, slips, nightgowns, silk
NEC 840128 Panties, rayon (all kinds of weave)
NEC 840129 Underwear, slips, nightgowns, rayon
NEC 840130 Panties, other fabrics, n.e.s. (all kinds of weave)
NEC 840131 Underwear, slips, nightgowns, other fabrics, n.e.s.

to:

UI 840124 Panties, cotton (all kinds of weave) *
UI 840125 Underwear, slips, nightgowns, cotton *
UI 840126 Panties, silk *
UI 840127 Underwear, slips, nightgowns, silk *
UI 840128 Panties, rayon (all kinds of weave) *
UI 840129 Underwear, slips, nightgowns, rayon *
UI 840130 Panties, other fabrics, n.e.s. (all kinds of weave) *
UI 840131 Underwear, slips, nightgowns, other fabrics, n.e.s. *

Gloves and mittens of all materials (except rubber gloves)

NEC 840153 Gloves and mittens, of cotton

*/ All quota allocations for this item (for importers and producers alike) shall be cancelled and reverted to the Central Bank, in accordance with MAAB No. 288, dated November 22, 1955.

to:

UI 840153 Gloves and mittens, of cotton *

Printed matter on paper or cardboard, n.e.s.

NEC 890209 Labels, printed or gummed

to:

UI 890209 Labels, printed or gummed *

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

*/ All quota allocations for this item (for importers and producers alike) shall be cancelled and reverted to the Central Bank, in accordance with MAAB No. 288, dated November 22, 1955.

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IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION OF COMMODITIES (REVISED JANUARY 1, 1956), IMPLEMENTING CIRCULAR NOS. 44 AND 45 (Release No. 58)

March 6, 1956

For Inclusion;

Paper and paperboard, n.e.s.

EP 640132 Edible board (butter board) Kilo

Manufactures of other base metals, n.e.s.

NEP 700927 Eyelets, of base metal, for clothing, footwear and canvas

NEP 700928 Stairtreads, of base metal (whether or not with composite rubber, asbestos, fabrics or other fillings)

For Reclassification:

Articles of pulp, of paper and of paperboard, n.e.s. (including cigarette paper cut to size for cigarettes)

EC 640222 Cleansing tissue paper Kilo

to:

NEC 640222 Cleansing tissue paper * Kilo
Fabrics, n.e.s. (including fabrics made of coarse hair
and of paper yarn)

NEP 650326 Special textile fabrics, synthetic, n.e.s.
(excluding rayon)

to:

NEC 650326 Special textile fabrics, synthetic, n.e.s.
(excluding rayon)*
Stoves, furnaces (not for central heating), grates and
ranges made of metal (not electric)

NEC 690980 Stove parts, iron and steel

to:

EP 690980 Stove parts, iron and steel

For Correction:

Vegetable juices and sauces

NEC 050519 Other vegetable juices, n.e.s. Kilo

to read:

NEC 050519 Other vegetable juices, n.e.s. (excluding soybean
juices and extracts) Kilo

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

*/ All quota allocations for this item shall be reduced in accordance with CB
Circular Letter dated January 3, 1956.

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IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956), IMPLEMENTING
CIRCULAR NOS. 44 AND 45
(Release No. 59)**

March 8, 1956

For Inclusion:

**Articles of pulp, of paper and of paperboard, n.e.s.
(including cigarette paper cut to size for cigar-
ettes)**

NEP 640229 Kraft tape reinforced with fiber glass yarn and/or
other materials (for strengthening corrugated
cartons) Kilo

For Correction:

**Cotton fabrics, other than grey (bleached, dyed, mer-
cerized, printed or otherwise), including flannelette
cotton fabrics**

EP 650202 Denims Sq.Yd.

NEP 650206 Twilled (woven with dyed yarns) Sq.Yd.

to read:

EP 650202 Denims (twilled, woven with dyed yarns) Sq.Yd.

NEP 650202 Plain weave (woven with dyed yarns) Sq.Yd.

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956), IMPLEMENTING
CIRCULAR NOS. 44 AND 45
(Release No. 60)**

March 20, 1956

For Inclusion:

Other chemical materials, n.e.s.

NEP 590929 Tiles of synthetic materials Sq. Ft.

NEP 590930 Laminated and molded synthetic structural materials,
with or without fillers, including all shapes (Plexi-
glass, Formica and corrugated Plastic sheets,
etc.) Kilo

Goldsmith, silversmith wares and imitation jewelry

NEC 670305 Jewelry findings, and specially fabricated parts, of
base metal (clasps, mountings, fasteners, chain
fittings, etc.)

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956), IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 61)

March 26, 1956

For Reclassification:

Aircraft engines, including jet propulsion engines

UI 710105 Aircraft engines, including jet propulsion engines
to read:

EP 710105 Aircraft engines, including jet propulsion engines

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956), IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 62)

April 12, 1956

For Inclusion:

**Prepared paints, enamels, lacquers, varnishes, artists'
colours, siccatives (paint driers) and mastics**

NEP 530324 Rust preventive primers or rust inhibitors and fin-
ishes, based on fish oil Kilo

**Fabrics, n.e.s. (including fabrics made of coarse hair
and of paper yarn)**

NEC 650331 Flax-duck and/or canvas Sq. Yd.

For Correction:

Printed matter on paper or cardboard, n.e.s.

UI 890215 Other printed matter, n.e.s. (includes calendars and
desk calendars)

to read:

UI 890215 Other printed matter, n.e.s. (includes calendars desk
calendars, printed wrappers, folding boxes and
other printed packaging materials of paper or
paperboard)

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956), IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 63)

April 18, 1956

For Reclassification:

Other manufactured articles, n.e.s.

NEC 891002 Alphabetical blocks, wood

to:

UI 891002 Alphabetical blocks, wood

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956), IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 64)

April 20, 1956

For Reclassification:

Chemical preparations

NEC 510148 Cleansers

to:

UI 510148 Cleansers

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

NOTE: This amendment was also circularized in MAAB No. 436, dated
April 20, 1956.

IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956), IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 65)

April 27, 1956

For Reclassification and Correction:

Crude rubber, including synthetic and reclaimed

UI 230103 Reclaimed rubber **Kilo**
to read:

NEP 230103 Reclaimed rubber (may be imported only by bona-
fide manufacturers of all types of rubber products) **Kilo**

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956), IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 66)

May 2, 1956

For Correction:

**Cordage, cables, ropes, twines, and manufactures
thereof**

EP 650513---Twines and cords, cotton
to read:

EP 650513---Twines, cotton

Aluminum and aluminum alloys, worked

NEP 680409---Venetian blind metalware
to read:

NEP 680409---Venetian blind metalware (except venetian blind bars
of any material)

For Inclusion:

Other manufactured articles, n.e.s.

UI 891009—Venetian blind bars, of any material

Special products of textile materials and of related materials, n.e.s.

NEC 650528—Cords, cotton Kilo

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956), IMPLEMENTING
CIRCULAR NOS. 44 AND 45
(Release No. 67)**

May 2, 1956

For Inclusion:

Wheat Flour

DC 040603—Wheat flour (unenriched) used as glue extender (may be imported only by plywood and/or other manufacturers who use this item in their manufacturing operations Kilo

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956), IMPLEMENTING
CIRCULAR NOS. 44 AND 45
(Release No. 68)**

May 8, 1956

For Inclusion:

Construction materials of asbestos, cement and of unfired non-metallic minerals, n.e.s.

EP 660111—Asbestos cement pressure pipes Kilo

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956), IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 69)

May 18, 1956

For Reclassification:

Paper and paperboard, n.e.s.

NEC 640123—Parchment paper in rolls or sheets **Kilo**
to read:

NEP 640123—Parchment paper in rolls or sheets **Kilo**

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

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IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 70)

May 19, 1956

For Inclusion:

Other manufactured articles, n.e.s.

NEP 891009—Phonograph (gramophone) record biscuits **Kilo**

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

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IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 71)

May 24, 1956

For Inclusion:

Other Cotton Fabrics

NEP 650218—Umbrella cloth, cotton (may be imported only by
umbrella manufacturers) Sq. Yds.

**Fabrics, n.e.s. (including fabrics made of coarse hair
and of paper yarn)**

NEP 650332—Umbrella cloth, rayon (may be imported only by um-
brella manufacturers) Sq. Yds.

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING CIRCULAR NOS. 44 AND 45

(Release No. 72)

May 26, 1956

For Reclassification:

**Articles made of pulp, of paper and of paperboard;
paper bags, cardboard boxes and other containers
of paper or cardboard**

NEC 640201—Bags and sacks for articles weighing less than 25 lbs.
Kilo

to read:

UI 640201—Bags and sacks for articles weighing less than 25 lbs.
Kilo

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING CIRCULAR NOS. 44 AND 45

(Release No. 73)

June 4, 1956

For Reclassification:

**Lumber, sawn, planed, grooved, tongued, etc.—non-
conifer**

NEP 240309—Fan ribs, wood

to read:

UI 240309—Fan ribs, wood

**Prepared ornamental feathers and articles made of
feathers; artificial flowers, foliage or fruit; art-
icles of human hair; ornamental fans**

NEC 890910—Fans, of any material, not electrical

to read:

UI 890910—Fans, of any material, not electrical

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING CIRCULAR NOS. 44 AND 45

(Release No. 74)

June 6, 1956

For Reclassification:

Common packing and wrapping paper

1. NEC 640110—Gift wrapping paper Kilo

to read:

UI 640110—Gift wrapping paper Kilo

Printed matter on paper or paperboard

2. NEC 890208—Greeting cards

to read:

UI 890208—Greeting cards

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 75)

June 11, 1956

For Inclusion:

Manufactures of soft and hard rubber, n.e.s.

NEP 620927—Camelback Kilo

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 76)

June 12, 1956

For Reclassification:

Abrasive cloths and papers and similar articles

EC 660304—Abrasive paper and cloth Kilo

EC 660306—Emery cloth and emery paper Kilo

to read:

NEC 660304—Abrasive paper and cloth Kilo

NEC 660306—Emery cloth and emery paper Kilo

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 77)

June 12, 1956

For Inclusion:

Brooms and brushes of all materials

1. EP 890934-A Industrial wire brushes (wheel, cup and end type) No.
**Photographic and cinematographic apparatus and
appliances**
2. NEC 860109-A Printers' reproducing cameras No.

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

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IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 78)

June 12, 1956

For Correction:

**Radio apparatus for telegraphy, telephony television
and radar (including broadcasting, transmission
and reception equipment with amplifiers of all
types, thermionic or electronic tubes and valves,
photo-electric cells, supersonic or electro-magnetic
echo sounding apparatus, detectors and electrolytic
condensers)**

**NEC 720123—Radio receiving sets (including completely knocked
down radios and kits) No.**

to read:

NEC 720123—Completely knocked down radios and radio kits, without cabinets (excluding radio receiving sets, complete with cabinets, now UI) No.

For Inclusion:

UI 720123-A—Radio receiving sets, complete with cabinets No.

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 79)

June 25, 1956

For Inclusion:

**Paper bags, cardboard boxes and other containers of
paper or cardboard**

NEP 640202-A—Specialty bags made of paper and lined with vegetable parchment, cellophane, plastic film and/or other material (heat-sealed and air-tight) Kilo

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 80)

July 9, 1956

For Correction:

Wire rods and wire, coated or not

EP 680123—Steel wire for nails Kilo

to read:

EP 680123—Steel wire for nail and steel wool manufacture Kilo

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 81)

August 1, 1956

For Inclusion:

Office supplies (not paper), n.e.s.

NEC 891010—Paper file fasteners, of metal

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 82)

August 2, 1956

For Correction:

**Cereal preparations including preparations from flour
and fecula of fruits and vegetables**

UI 040804 Cereal paste (macaroni, spaghetti, noodles, vermi-
celli, and similar preparations) Kilo

to read:

UI 040804 Cereal paste (macaroni, spaghetti, noodles, vermi-
celli, "swatanghun", and similar preparations) Kilo

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45

(Release No. 83)

August 4, 1956

For Correction:

Abrasive cloths and paper and similar articles

NEC 660304—Abrasive paper and cloth

to read:

NEC 660304—Abrasive paper and cloth, coated with natural abrasives (chalk flint cloth and paper, crocus cloth, flint cloth and paper, sandpaper) excluding emery and garnet paper and cloth

For Inclusion:

Abrasive cloths and paper and similar articles

EP 660304A—Carnet cloth and paper, garnet paper and cloth combination

EP 660308A—Abrasive paper and cloth, coated with synthetic abrasives (aluminum oxide cloth, paper, paper and cloth combination; silicon carbide cloth, paper, paper and cloth combination)

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45

(Release No. 84)

August 7, 1956

For Inclusion:

Glasswares

EP 660517—Serum bottles

No.

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

IMPORT DEPARTMENT
AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45

(Release No. 85)

August 8, 1956

For Correction:

Radio apparatus for telegraphy, telephony, television and radar (including broadcasting, transmission and reception equipment with amplifiers of all types, thermionic or electronic tubes and valves, photo-electric cells, supersonic or electro-magnetic echo sounding apparatus, detectors and electrolytic condensers

NEC 720123—Completely knocked down radios and radio kits, without cabinets (excluding radio receiving sets, complete with cabinets, now UI) No.

to read:

NEC 720123—Completely knocked down radios and radio kits, without cabinets (excluding radio receiving sets, complete with cabinets, now UI) provided they are knocked down to the main component parts numbered 1 to 8 appearing in Appendix "A" of the Statistical Classification of Commodities No.

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—————oOo—————

IMPORT DEPARTMENT
AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45

(Release No. 86)

August 21, 1956

For Correction:

Electric batteries

NEP 720115—Parts of batteries (excluding CKD batteries)

to read:

NEP 720115—Parts of batteries (excluding CKD batteries and storage battery parts)

For Inclusion:

Electric batteries

NEP 720115-A—Storage battery parts, completely knocked down and specially fabricated for storage battery assembly plants, except steel plates (to be imported only by bona-fide producers of storage batteries)

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45

(Release No. 87)

August 22, 1956

For Inclusion:

Office supplies (not paper), n.e.s.

EC 890960-A—Lead pencils of the type and grade used by artists, engineers, draftsmen and other professionals Gross

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45

(Release No. 88)

August 24, 1956

For Reclassification:

Cotton fabrics, other than grey (dyed, bleached, mercerized, printed or otherwise), including flannelette cotton fabrics

NEC 650208—Cotton duck and/or canvas

Sq. Yd.

to read:

EP 650208—Cotton duck and/or canvas

Sq. Yd.

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45

(Release No. 89)

August 29, 1956

For Inclusion:

Electric batteries

NEC 720110-B—Storage batteries for motorcycles, scooters and other
motorized cycles

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45

(Release No. 90)

September 4, 1956

For Correction:

Printed matter on paper or cardboard, n.e.s.

UI 890208—Greeting cards

to read:

NEC 890208—Greeting cards (except Christmas cards)

For Inclusion:

Printed matter on paper or cardboard, n.e.s.

UI 890208-A—Christmas cards

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT
AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45

(Release No. 91)

September 10, 1956

For Reclassification:

Rubberized and other impregnated fabrics and felts,
except linoleum

NEP 650504—Cotton duck and/or canvas, rubberized
to read:

EP 650504—Cotton duck and/or canvas, rubberized

For Correction:

Wire rods and wire, coated or not

EP 680123—Steel wire for nail and steel wool manufacture
to read:

EP 680123—Steel wire for nail, steel wool and brush manufacture

For Inclusion:

Special Products of textile materials and of related
materials, n.e.s.

EP 650528—Fire hose, unlined, of textile materials

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

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IMPORT DEPARTMENT
AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45

(Release No. 92)

September 25, 1956

For Reclassification:

Used clothing

NEC 940157—Wool Kilo

to read:

EC 940157—Wool Kilo

For Inclusion:

Other machinery and appliances, n.e.s.

UI 710668—Soil cement brick-making high compression machines,
hand-operated No.

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

IMPORT DEPARTMENT
AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45

(Release No. 93)

September 26, 1956

For Correction:

**Crude minerals, excluding coal, petroleum, fertilizer
materials and precious stones**

EP 550214—Talc powdered, (not talcum powder) kilo
to read:

EP 270216—Talc, crude (not talcum powder) kilo
Soaps, cleansing and polishing preparations

EP 550214—Talc powder, crude (not talcum powder) kilo
to read:

EP 550214—Talc, powdered, (not talcum powder)

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT
AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45

(Release No. 94)

October 8, 1956

For Reclassification:

**Fresh and dry vegetables, including frozen (not in
airtight containers)**

UI 050408—Soybeans Kilo
to read:

NEP 050408—Soybeans (may be imported only by bona-fide pro-
ducers of soybean products) Kilo

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

**IMPORT DEPARTMENT
AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 95)

October 12, 1956

For Inclusion:

**Optical instruments and appliances and parts thereof,
except photographic and cinematographic (including
electron microscopes)**

NEP 860103-A Spectacle cases of hard metal No.

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

—oOo—

**IMPORT DEPARTMENT
AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 96)

October 15, 1956

For Correction:

Printed matter on paper and cardboard, n.e.s.

UI 890215—Other printed matter, n.e.s. (includes calendars, desk calendars, printed wrappers, folding boxes, and other printed packaging materials of paper or paperboard)

to read:

UI 890215—Other printed matter, n.e.s. (includes calendars, desk calendars, printed wrappers, folding boxes, other printed packaging materials of paper or paperboard and printed blank checks)

For Inclusion:

**Articles made of pulp, of paper and of paperboard,
paper bags, cardboard boxes and other containers
of paper or cardboard**

NEP 640201-A—Bags and sacks made of paper for articles weighing
25 lbs. or more Kilo

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

IMPORT DEPARTMENT
AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45

(Release No. 97)

October 18, 1956

For Reclassification:

Needles and pins of all base metals

NEC 690937 Safes, strong room fittings and strong boxes No.
to read:

EC 690937 Safes, strong room fittings and strong boxes No.

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT
AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45

(Release No. 98)

October 24, 1956

For Correction:

Cotton fabrics, other than grey (bleached dyed, mer-
cerized, printed or otherwise), including flannelette
cotton fabrics

EP 650202—Denims (twilled, woven with dyed yarns) Sq. Yd.
to read:

EP 650202—Denims Sq. Yd.

For Inclusion:

NEP 650204-A Other twilled, woven with dyed yarns (except
Denims) Sq. Yd.

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 99)

November 5, 1956

For Reclassification:

**Out flowers and foliage, vegetable saps, juices, and
extracts, n.e.s.**

EP 290220—Vegetable saps, juices and extracts, n.e.s. (except
soybean extracts or juices; dyeing and tanning ex-
tracts) and vegetable materials, including pectin,
algae and kapok, n.e.s.

to read:

NEP 290220—Vegetable saps, juices and extracts, n.e.s. (except
soybean extracts or juices; dyeing and tanning
extracts) and vegetable materials, including pectin,
algae and kapok, n.e.s.

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 100)

November 6, 1956

For Inclusion:

Agricultural machinery and appliances, n.e.s.

EP 710219—Agricultural sprayers and dusters, power-operated;
and parts No.

EP 710220—Compressed-air or pressure type sprayers manually-
operated, (not less than two (2) U.S. gallons ca-
pacity); and parts

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT
AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45

(Release No. 101)

November 14, 1956

For Inclusion:

**Articles of pulp, of paper and of paperboard, n.e.s.
(including cigarette paper cut to size for cigarettes)**

UI - 640230—Egg trays (made of paper pulp)

For Correction:

**Paper bags, cardboard boxes and other containers of
paper or paperboard**

NEP - 640203—Boxes and other packing containers of paperboard
or cardboard (except corrugated carton boxes)

to read:

NEP - 640203—Boxes and other packing containers of paperboard
or cardboard (except corrugated carton boxes and
egg trays, made of paper pulp, now UI)

Agricultural machinery and appliances, n.e.s.

EP - 710216—Poultry equipment and supplies and parts

to read:

EP - 710216—Poultry equipment and parts.

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

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IMPORT DEPARTMENT
AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45

(Release No. 102)

November 16, 1956

For Correction:

**Optical instruments and appliances and parts thereof,
except photographic and cinematographic (including
electron microscopes)**

NEP 860102—Frames, mountings, and parts thereof, for spectacles
goggles and the like.

to read:

NEP 860102—Frames, mountings, and parts thereof, for spectacles,
goggles and the like (excluding frames valued at
less than \$3.50 per unit, CIF Manila)

NEC 860103—Spectacles, goggles and the like

to read:

NEC 860103—Fishing, Industrial goggles, and the like

For Inclusion:

**Optical instruments and appliances and parts thereof,
except photographic and cinematographic (includ-
ing electron microscopes)**

UI 860102-A Optical frames valued at less than \$3.50 per unit,
CIF Manila

UI 860103-B Spectacles and sunglasses

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—————oOo—————

IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 103)

November 21, 1956

For Correction:

Other manufactured articles, n.e.s.

NEC 890989—Crayons Gross

to read:

NEC 890989—Crayons (except school crayons) Gross

For Inclusion:

Other manufactured articles, n.e.s.

UI 890989-A—School crayons Gross

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT
AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45

(Release No. 104)

November 21, 1956

For Inclusion:

Buses, trucks, lorries and road motor vehicles complete, n.e.s.

EP 730217—"Bodies, chassis, frames, engines or any other parts, completely knocked down and specially fabricated for the assembly of jeeps"

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT
AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45

(Release No. 105)

November 21, 1956

For Reclassification:

Fabrics, n.e.s. (including fabrics made of coarse hair and of paper yarn

NEC 650331—Flax duck and/or canvas Sq. Yd.
to read:

EP 650331—Flax duck and/or canvas Sq. Yd.

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT
AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45

(Release No. 106)

November 24, 1956

For Reclassification:

Aliphatic and other organic acids and anhydrides

EP 510201—Acetic acid
to read:

NEP 510201—Acetic acid

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 107)

November 28, 1956

For Reclassification:

Piano and piano-playing mechanism

NEC 890106—"Piano and piano-playing mechanism, parts (excluding completely knocked down pianos)"

to read:

NEP 890106—"Piano and piano-playing mechanism, parts (excluding completely knocked down pianos)"

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 108)

December 4, 1956

For Inclusion:

Other chemicals

UI 510323—Ink concentrates

The amendment indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS
Special Assistant to the Governor

IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED JANUARY 1, 1956) IMPLEMENTING
CIRCULAR NOS. 44 AND 45**

(Release No. 109)

December 6, 1956

For Inclusion:

Other cotton fabrics

NEP 650219—Gingham

For Correction:

NEP 650206—Plain weave (woven with dyed yarns)

to read:

NEP 650206—Plain weave (woven with dyed yarns), includes "Gris"
or "Chambray"

The amendments indicated above shall take effect immediately.

(Sgd.) G. S. LICAROS

Special Assistant to the Governor

—oOo—

EXPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 2

March 27, 1956

(SUBJECT: Amendment to Export Regulation No. 9)

For your information and guidance, Export Regulation No. 9 has
been amended to read as follows:

AMENDMENT TO EXPORT REGULATION NO. 9

"Effective immediately, export shipments destined for Japan, which are governed by the Philippines-Japan Barter Trade Agreement, must be paid for on CIF basis. Shipments made on board Philippine flag vessels, however, may be settled on the C&I or CIF basis.

"All letters of credit to be established by the Japanese buyer should contain the above conditions."

(Sgd.) N. TOMAS

March 27, 1956

Acting Deputy Governor

(SGD.) R. MARINO CORPUS

Special Assistant to the Governor

EXPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 3

Effective April 16, 1956

(SUBJECT: Receiving and Releasing of Export Papers)

This is in relation to the procedure to be adopted and followed with respect to Reports of Foreign Sales, Applications for Export License and all other export papers filed at this Office.

1. The Receiving & Releasing window of the Export Department is to deal directly and only with the Agent Banks' authorized representatives whose letters of accreditation, photographs and signature specimens have been on file with this Office since January 20, 1956. The Receiving and Releasing Unit (R & R Unit) is to receive from, and release export papers to, such authorized representatives only.

2. Request for information on the status of an export paper is not to be entertained at, or answered by, the R & R Unit. The unit personnel answers only for papers on hand and will not swerve from their appointed tasks to trace and follow-up an export paper.

3. The hours for receiving and releasing of export papers across the counter of the R & R window are as follows:

Monday to Friday	Morning	Afternoon
Receiving	9:00-11:30	1:00-3:00
Releasing	9:00-11:30	1:00-4:00

The window will be closed after 4:00 o'clock p.m. and during Saturdays, Sundays, and holidays.

4. Exporters or shippers bent on following-up or inquiring about the status of their export papers will be referred back to their banks from whom alone such inquiries will be accepted. The authorized agent banks are to designate the bank official who shall place queries either by phone or in writing just as the CB export department is to designate the personnel who shall handle such inquiries.

5. All authorized agent banks are asked to request their exporter-clients not to follow-up or inquire about their export papers earlier than twenty-four (24) hours after date of filing and such inquiries to be made only through their respective banks.

In cases of extreme urgency, the designated agent bank official should notify the designated export department personnel of each case and request for immediate action.

6. For purposes of inquiring into the status of an export paper, contact Telephone 3-23-31 (Local Nos. 244 and 258) and Telephone No. 3-77-65. Letters of inquiry are to be delivered to Room 201, the official address of the Export Department of the Central Bank.

7. Mutilated Reports of Foreign Sales (Form 101) or Applications for Export Licenses will not be accepted at the R & R window.

By mutilated paper, we mean export sales reports, export licenses, etc., in which alterations of dates, names, prices, expiry dates, etc., have been made either by erasures or by crossing them out and superimposing the corrections. No such papers are to be accepted if they bear signs of mutilation which are invitations or temptations to irregularities.

8. All requests for amendments to export licenses or reports of foreign sales involving changes of expiry dates should be supported by a written request of the exporter concerned, stating the reason or reasons for such request.

The continued effectiveness of the new system will depend in a large measure with your cooperation in instructing your bank representatives and your exporter-clients accordingly.

R. MARINO CORPUS
Special Assistant to the Governor
Export Department

—oOo—

EXPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 4

April 18, 1956

(SUBJECT: Implementation to amended Export Regulation No. 9)

"In the implementation of Monetary Board amendment to Export Regulation No. 9, this Department will interpret the words "effective immediately" to mean that henceforth (i.e., from March 27, 1956) contracts or agreements for export shipments to Japan under the Trade Agreement must be entered into on a CIF basis and L/Cs to be established should contain the above condition. Existing contracts, approved by the Central Bank prior to the effectivity of the amendment, on shipments made other than CIF basis and Letters of Credit arising therefrom will be given due course. Sympathetic consideration will be afforded contracts in the process of negotiation before said effective date and which may be consummated on or before April 30, 1956.

R. MARINO CORPUS
Special Assistant to the Governor

EXPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 6

May 17, 1956

(SUBJECT: Applicability of CB-IED Form No. 9 to Export Shipments
Made under DCI Barter Permit; and Delegation
of Peso Freight Licensing)

In pursuance of memorandum to authorized agents and shipping and airline companies dated December 22, 1955, prior license on CB-IED Form No. 9 is required on the payment of freight charges in pesos for all EXPORT SHIPMENTS including such shipments covered by barter permits issued by the Department of Commerce and Industry under Republic Act No. 1410, otherwise known as the No-Dollar Imports Law.

The issuance of peso freight licenses against CB-IED Form No. 9 on all EXPORT SHIPMENTS, presently handled by the Export Department, is hereby delegated to the Authorized Agent Banks, which will furnish copy to the Export Department and Exchange Control Department of the Central Bank within twenty-four (24) hours of issuance thereof.

Effective immediately.

R. MARINO CORPUS
Special Assistant to the Governor

—oOo—

EXPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 7

May 17, 1956

(SUBJECT: Indorsements on Negotiated Reports of Foreign Sales &
Export Licenses)

The copies of export licenses and reports of foreign sales (regardless of whether such document covers one or more shipments) surrendered or submitted to the Export Department after negotiation thereof shall be indorsed as follows:

REPORT OF SALES

On the back of the negotiated report of sales:

"We hereby certify that against this Report of Foreign Sales the following licenses have been issued:

Date	Lic. No.	Shipping Date	Vessel	Loading Port	Quantity	Value
XX	XX	XX	XX	XX	XX	XX

NAME OF AUTHORIZED AGENT BANK

Authorized Signature

EXPORT LICENSE

On the back of the negotiated export licenses:

"We have today negotiated the undernoted documentary drafts:

Date
Amount of draft
Date negotiated
Quantity
Vessel

NAME OF AUTHORIZED AGENT BANK

.....
Authorized Signature

Effective immediately.

R. MARINO CORPUS
Special Assistant to the Governor

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EXPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 8 June 1, 1956

(SUBJECT: Submission of Financial Statements)

Authorized Agent Banks are hereby requested to require all exporters to furnish the Export Department of the Central Bank, on or before September 1, 1956, financial statements for the years 1950 through 1955.

Failure of the exporters to comply within the period hereinabove provided shall be considered as sufficient ground for withholding action on all their export applications.

The statement should be forwarded and addressed to the Special Assistant to the Governor, In-charge of Exports, Central Bank of the Philippines, at Room 201 Central Bank Building—marked "confidential".

R. MARINO CORPUS
Special Assistant to the Governor

EXPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 9

June 1, 1956

(SUBJECT: Approved Peso Freight Applications)

Effective immediately, attach the triplicate copy of approved peso freight applications (IED Form No. 9) to the shipping documents forwarded to the Export Department of the Central Bank.

R. MARINO CORPUS
Special Assistant to the Governor

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EXPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 10

June 8, 1956

(SUBJECT: Embroidery Firms)

Until further notice, Agent Banks are hereby requested to refer for processing to the Export Department, Central Bank of the Philippines, all export papers (i.e., report of sales, export declarations, etc.) that may be filed by embroidery firms.

R. MARINO CORPUS
Special Assistant to the Governor

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EXPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 12

July 2, 1956

(SUBJECT: CB Export Declaration & D.C.I. Barter Permits)

Effectively immediately, export shipments under a barter permit issued by the No-Dollar Import Office must be covered by the CB Export Declaration (CB:IED Form 102), issued and indorsed in the usual way, for purposes of effecting customs clearance. For such export shipments (i.e., under a D.C.I. barter permit) our requirement of prior submission of sales report is not necessary; the approved DCI barter permit will suffice. For purposes of distinction and ease of reference, kindly indicate on the Export Declaration the DCI barter permit number and date of issuance thereof.

As usual, Authorized Agent Banks shall, immediately after negotiation, forward to the Export Department, Central Bank of the Philippines, the duplicate copy of the Export Declaration (Form 102), together with the required complete set of shipping documents and prescribed indorsements, and the triplicate copy immediately after payment has been received. In case of several shipments to be effected under the barter permit, please attach copy of DCI barter permit to the Export Declaration or License covering the first partial shipment. For subsequent shipments, the reference to the barter permit number and date of issuance thereof, on the face of the Export Declaration or License, would be enough.

R. MARINO CORPUS
Special Assistant to the Governor

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EXPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 13
July 3, 1956

(SUBJECT: General Monthly License)

The general monthly license is resorted to as a device to relieve the agent banks of the tedious and vexatious task of handling and processing applications for export licenses relating to the following:

- (1) Outgoing shipments, of recurring character, for which no foreign exchange payments are expected or demanded such as,
 - Household and/or Personal Effects
 - Gifts *
 - Printed matters (including periodicals for exchange or goodwill purposes)
 - Office records and/or equipment
 - Samples *
 - Specimen
 - Refills
 - Replacement

(NOTE: The general license to cover the items above is to be issued in CB:IED Form 104: Export License without dollar proceeds.)

- (2) Outgoing shipments, of recurring character, involving expectation of foreign exchange proceeds but where the value of the individual shipment is relatively small, frequently not exceeding \$10.00.

(NOTE: The general license covering the above shipments is to be issued in CB:IED Form No. 102: Export License with dollar proceeds.)

- (3) **x Gifts and Samples.** Proposed shipments of gifts or samples must be reported in Export Department Report Form No. 5 (see copy attached) at least forty-eight (48) hours before departure of carrier. Shipments for a Sunday, Monday or holiday departure must be reported not later than 11:00 A.M. of Friday or of the preceding day. Submit the information direct to the Export Department, Room 201, Central Bank of the Philippines. The report form must be accompanied by a letter of transmittal by the general license holder indicating the CB Reference No. of the general license to it.
- (4) General licenses will carry CB Reference No. (illustrated) as follows:

"XGL7-56"

(X is for exports, GL for general license, 7 for month of issue and 56 for year of issue.)

- (5) A summary report of all shipments made within the month under the cover of the general license, must be reported immediately at the end of the month on Export Department Report Form No. 5 in exchange for the issuance of a new general license.
- (6) The general license is issued monthly renewable upon submission of the summary report and revocable if misused or abused. Indications of evasion of exchange control regulations over exports will be enough to suspend or revoke the license.

The purpose of this memorandum is to specify the terms under which the general license is to be issued, outline their limitations and use.

R. MARINO CORPUS
Special Assistant to the Governor

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EXPORT DEPARTMENT
MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 14
July 18, 1956

(SUBJECT: Submission of Bill of Lading)

In forwarding to the Export Department the DUPLICATE copy of negotiated Export Declarations, Authorized Agent Banks are hereby required to attach thereto, together with other shipping documents, non-negotiable copy of bill of lading showing the name of vessel, date of loading, port of loading and destination, the quantity, weight, and measurement of the cargo, amount of freight and manner of payment (Freight collect or Freight pre-paid).

The bill of lading to be submitted to this Department must be signed by the master of the vessel or his agent.

Effective immediately.

R. MARINO CORPUS
Special Assistant to the Governor

EXPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 15

July 23, 1956

(SUBJECT: EXPORT SHIPMENTS TO JAPAN & GUAM)

Effective immediately.

This is to eliminate FORM 103 as a prerequisite to the issuance of Export Declaration or License FORM 102 covering export shipments to Japan; and to delegate to authorized agent banks the authority and function of issuing Export Declaration or License FORM 102, covering export shipments to Guam.^x The forms referred to herein are the prescribed forms identified as CB:IED Forms.

RE GUAM SHIPMENTS

Authorized agent banks will approve and issue Export Declaration FORM 102 subject to the following conditions and procedure:

1. Sales Report FORM 101 will still have to be submitted to the Export Department for confirmation within twenty-four (24) hours of closure of contract of sale or agreement **before** authorized agent bank can issue or release the Export License to exporter. **No license shall be issued against an expired sales report;**
2. On or before 10:00 of the morning following the day the license was issued, authorized agent bank will furnish the Export Department with copy of the issued Export License to which the agent bank's **certified** copy of the corresponding letter of credit must be attached. In cases where payments are remitted in advance—i.e., by T/T or M/T or S/D or checks—the authorized agent bank may issue the export declaration or license provided the declared value in the export license does not exceed the amount of the advance payment;
3. The issuance of the Export License FORM 102 will be assumed by the Manila office of the bank which will take care of for-

^x This rescinds previous requirement to refer to the Central Bank all applications relating to shipments destined for Guam.

warding the **original** CUSTOMS copy of the export license to exporter in the loading port. The provincial branch or agent of the Manila bank will not undertake the function of preparing and issuing the export license of an export shipment originating from ports outside Manila;

4. Within two (2) days of negotiation, the Manila bank will forward to the Export Department the **DUPLICATE** copy of the export license, to which is attached the shipping documents relating to the shipment. The **TRIPLICATE** copy to the Export Department upon receipt of payment;
5. Shipments must be covered by irrevocable letter of credit which shall provide for drawings at sight.

The negotiated report of sales and export license shall be surrendered to the Export Department properly endorsed in the manner prescribed in Export Department Memorandum to AAB No. 7 of May 17, 1956.

RE JAPAN SHIPMENT

Authorized agent banks will approve and issue Export Declaration FORM 102 subject to the following conditions and procedure:

1. Sales Report FORM 101 will still have to be submitted to the Export Department for confirmation within twenty-four (24) hours of closure of contract of sale or agreement **before** authorized agent bank can issue or release the Export License to exporter. **No license shall be issued against an expired sales report;**
2. On or before 10:00 of the morning following day the license was issued, authorized agent bank will furnish the Export Department with copy of the issued Export License, to which the agent bank's **certified** copy of the corresponding letter of credit must be attached;
3. The issuance of the Export License FORM 102 will be assumed by the Manila office of the bank which shall take care of forwarding the **original** CUSTOMS copy of the export license to exporter in the loading port. The provincial branch or agent of the Manila bank will not undertake the function of preparing and issuing the export license of an export shipment originating from ports outside Manila;

4. Within two (2) days of negotiation, the Manila bank will forward to Export Department the QUADRUPLICATE^x copy of the export license, to which is attached the corresponding shipping documents. The TRIPLICATE copy to the Export Department upon receipt of payment. To the CB Foreign Exchange Department, the Manila bank will forward the DUPLICATE copy of the export license within two (2) days of negotiation;
5. **Registered Exporters.** Export license on shipments to Japan should be issued only to those who have filed with the Export Department, Central Bank, Form 105: Application for Registration to Trade with Japan;
6. No export license shall be issued to the exporter where the established letter of credit is issued for an amount less than the value of the goods to be exported;

Where the value of the **proposed** shipment exceeds the amount in the letter of credit, the exporter shall be required to have his buyer amend the covering letter of credit accordingly before the license can be issued;

In instances where the value of the **actual** shipment is 10% more than the value declared in the Export License or 10% less, the agent bank may authorize the negotiation thereof without prior approval of the Export Department, provided the shipment is sufficiently covered by the corresponding letter of credit.

The negotiated report of sales and export license shall be surrendered to the Export Department properly endorsed in the manner prescribed in Export Department Memorandum to AAB No. 7 of May 17, 1956.

EXPIRY DATE OF AAB-ISSUED EXPORT LICENSE (102)

The **expiry date** of an export license issued by authorized agent bank must not go beyond the expiry date of the letter of credit corresponding to the export shipment covered by the AAB-approved license.

R. MARINO CORPUS
Special Assistant to the Governor

^x This refers to copies of the export license relating to shipments to Japan only. In shipments to countries other than Japan, it is the DUPLICATE copy of the export license which is forwarded to the Export Department. (See Export Department Memorandum No. 14 of July 18, 1956.)

EXPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 16

August 15, 1956

(SUBJECT: ECC & NICA Clearance)

Requirements of security and of the export control law make it necessary for certain EXPORT shipments to be "cleared" by the Export Control Committee (set up under the export control law) and by the NICA (National Intelligence Coordinating Agency).

In harmony with this national objective, the EXPORT DEPARTMENT requires ECC or NICA clearance as necessary supporting paper to an application for export for the following shipments:

Where ECC Clearance is required:

1. Scrap metal
2. Raw shells
3. Centrifugal sugar "D"
4. Muscovado sugar and molasses
5. Equipment, machinery & spare parts
6. Those destined for Hongkong regardless of type or class of commodity
7. Those involving no dollar proceeds
8. Samples or gifts of Philippine manufacture with value exceeding \$50.00
9. Re-export of any commodity

Where NICA Clearance is required:

10. Printed matters, films, sound records (tape disc, etc.)

Sales reports or export licenses will not be received at the Receiving and Releasing Window of the Export Department unless the corresponding "clearance" is obtained by applicant-exporter from the ECC or NICA, otherwise, delay in the release of an export paper would be due to lack of a necessary supporting paper which is beyond our supervisory control to expedite or issue.

R. MARINO CORPUS
Special Assistant to the Governor

ECC stands for Export Control Committee and NICA for National Intelligence Coordinating Agency. The ECC office is at the Department of Agriculture Building and the NICA office is at M. de Comillas (near Oregon Street, Paco).

EXPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 18

August 27, 1956

(SUBJECT: Export Procedure under the Yen Escrow Agreement)

Philippine exporters of D-1 sugar and muscovado shall please observe the following procedure involved in the export shipments of the above sugar to Japan within the Yen Escrow Agreement between the Philippines and Japan:

1. If a new exporter (individual or corporation) he should accomplish, under oath, CB:ED Form 105 (Application for Registration to Trade with Japan) to which should be attached the following supporting papers:
 - a. Bureau of Commerce Registration
 - b. BIR Business Registration Certificate
 - c. Privilege Tax Receipt—C-14
 - d. BIR Tax Clearance
 - e. Registration with the Securities & Exchange Commission
2. As a new exporter he is likewise required to accomplish CB:ED Report No. 2 (required of all exporters) which is available from authorized agent bank or the Information & Assistance Unit of the Export Department, Room 201, Central Bank.

The Yen Escrow Agreement relates to the trade with Japan arising out of the shipment of D-1 sugar and muscovado to Japan. Other shipments to and from Japan are under the Open Account embodied in the Financial and Trade Agreement with Japan (which is separate from the Yen Escrow Agreement).

The only Authorized Agent Bank for transactions under the Yen Escrow Agreement with Japan and the Philippines is the Philippine National Bank. Shipping documents therefore should be negotiated only with this bank.

CB:ED Form 101 (Report of Foreign Sales)

Within twenty-four (24) hours after he has closed a contract of sale for D-1 sugar and/or muscovado, the Philippine exporter shall accomplish CB Form 101 (Report of Foreign Sales), obtainable at his bank, to cover the sugar proposed to be exported to Japan under the

Yen Escrow Agreement. This is submitted to the Central Bank of the Philippines for approval thru the Philippine National Bank. (Note: The Central Bank does not deal directly with the public; hence Form 101 must be filed with the PNB which, in turn, submits it to the Export Department). To the Sales Report, the exporter shall attach a copy of his contract with the Japanese buyer, duly authenticated by the Philippine Consulate at Tokyo, and copy of an Export Control Committee clearance (obtainable from the Export Control Committee, Department of Agriculture and Natural Resources).

The sales report shall contain the following as minimum information:

- 1.—Date the contract of sale was closed.
- 2.—The sales report No. which shall be numbered consecutively.
- 3.—The name and full address of the party or firm making the sale.
- 4.—The name and full address of the buyer-consignee, indicating the port of discharge.
- 5.—The description of the commodity, unit, class or grade.
- 6.—The unit price, such as the f.o.b. value, marine insurance premium, freight, cost and insurance or cost, insurance and freight; total value, either the f.o.b. or c.i.f. basis, as the case may be.
- 7.—The origin of the commodity, shall be the name of the town or province from whence the product was produced or grown.
- 8.—The method of payment, which shall be by an irrevocable letter of credit available for drawing at sight.
- 9.—The approximate date of shipment and point of loading, which shall be indicated.
- 10.—Other information, which the exporter has to supply in order to expedite processing of the sales report; such as, reference to an expired report of foreign sale or contract.
- 11.—Where the covering letter of credit had been utilized once, the bank certification of the unused balance available for further use to cover the sales report shall likewise be attached.

Should the report of foreign sales be favorably considered by the CB Export Department, the original and two signed copies will be released to the authorized agent bank representative and the Agent Bank in turn shall advise the exporter of the action taken and status of the sales report.

The Japanese buyer of the D-1 sugar and muscovado shall establish an irrevocable letter of credit expressed in United States Dollar currency in favor of the Philippine exporter duly qualified that the transaction falls under the Yen Escrow Agreement.

Against the approved report of foreign sales, the Philippine National Bank shall issue the export license (Form 102) for the quantity applied for. The shipment must be covered by an Export Control Committee clearance and an irrevocable letter of credit, and that the quantity is within the approved sales report. The ECC clearance is obtainable at the Export Control Committee, Department of Agriculture and Natural Resources.

CB:ED Form 102 (Export License)

The export license (IE Form 102) will be endorsed by the Philippine National Bank to the Collector of Customs for clearance of the shipment by Customs. The CB License is technically known as Export Declaration. They are loosely used interchangeably.

The export license contains other information as to name of the carrying vessel, the Steamship Company or shipping agent, letter of credit number and amount, aside from other information appearing in the sales report.

After the cargo has been accepted on board the vessel the exporter shall secure from the Master of the boat a receipt for the merchandise loaded on board which receipt the exporter shall surrender to the Office of the Steamship Company in exchange for the negotiable bill of lading.

Not more than five (5) days after the exporter has received the set of negotiable bill of lading, with non-negotiable copy, he must draw against his buyer expressed in United States Dollar currency to be surrendered to the Philippine National Bank with copies of commercial and consular invoices, packing list, marine insurance policy and government inspection certificate, certificate of weight and negotiable bill of lading for negotiation. Under the Yen Escrow Agreement the Philippine exporter shall be paid in Philippine currency against the shipping docu-

ments, and the Yen value of the draft surrendered by the exporter at a fixed exchange rate shall be credited in the books of the Bank of Tokyo to the Central Bank of the Philippines.

After the above sequence of procedure has been undertaken by the Philippine exporter, he shall be in a position to apply to the Import Department of the Central Bank for authorization to import from Japan the commodities specified by the Agreement.

R. MARINO CORPUS
Special Assistant to the Governor

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EXPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 19 September 1, 1956

(SUBJECT: Licensing of Ore Shipments on a Long-Term Contract)

This refers to the procedure relating to shipments of ores undertaken on the basis of a long-term contract, approved by the Import-Export Committee and confirmed by the Monetary Board.

For purposes of this memorandum, one SALES REPORT (CB Form 101) can cover the shipments made between January 1 to June 30 and another sales report to cover the shipments between July 1st to December 31st. However, separate and individual EXPORT LICENSES (CB Form 102) must be issued by authorized agent bank for every partial and separate shipment made during the validity of the covering sales report.

Handling of Report of Foreign Sales (Form 101)

1. In the submission of the first sales report to the Export Department, the exporter shall append thereto **authenticated** (by the Philippine Consulate in the foreign country) **copy** of the relative contract of sale; and on the second and subsequent sales reports, reference shall always be made to the covering contract to facilitate processing.

2. For ease of verification in the accounting of the shipments that may be effected against the approved sales report, the agent bank endorsement on the reverse side of the utilized sales report shall be as prescribed in Export Department Memorandum to Authorized Agent Banks No. 7 dated May 17, 1956; and shall include additional informa-

tion as to whether the shipment is the first or second or third, etc., shipment against the sales report. This additional information could be indicated in a new column captioned "Shipment No.", as follows:

Shipment Number	Date	Lic. No.	Shipping Date	Vessel	Loading Port	Quantity	Value
xx	xx	xx	xx	xx	xx	xx	xx

3. After it has outlived its usefulness, the original copy of the Sales Report shall be surrendered to the Export Department (to which is attached the last export license issued against it) and fully endorsed as prescribed in Item 2 above.

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Handling of Export Declaration Form 102

1. Separate and individual export licenses (technically, export declaration) shall be issued by authorized agent banks for every partial and separate shipment made during the validity period of the covering report of foreign sales.

2. For every export shipment, copy of the export declaration or license to which the agent bank's certified copy of the corresponding letter of credit is attached, must be with the Export Department, Central Bank, Room 201 on or before 10:00 A.M. the day following date of issue of license. License issued by provincial bank branches can be forwarded by first available airmail.

3. If several shipments are to be effected, the corresponding export declaration (export license) shall embody for ease of reference the following information:

(a) **On the face of the license** the statement "This is the 1st (or 2nd or 3rd or 4th etc.) shipment against sales report No. dated C.B. Reference No."

(b) **On the reverse side** of the second and succeeding licenses (corresponding to the second and succeeding partial shipments), summary information shall be indicated as follows:

Shipment No.	Quantity	Value	Loading Port	Vessel
XXX	XXX	XXX	XXX	XXX

MISCELLANEOUS

1. An export license should not be issued against a sales report when the terms and conditions of the covering letter of credit are in conflict with the terms and conditions contained in the sales report.

—Where the covering letter of credit contains terms and conditions which tend to circumvent the provisions of the promulgated export regulations and which would consequently prevent the exporter from effecting negotiation of the shipping documents and obtain payment thereon, the Agent Bank shall assist the exporter to secure amendment or correction of the relative letter of credit before the export license may be issued.

2. The prescribed rules governing the distribution of copies of export licenses and the time required for submission of the license copies, peso freight licenses and shipping documents to Export Department shall be observed.

R. MARINO CORPUS
Special Assistant to the Governor

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EXPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 20
September 1, 1956

(SUBJECT: Circular to gum copal exporters on the matter of grades and grading)

For your information and guidance, we take pleasure in informing you of a circular addressed to all the gum copal exporters of the Philippines as follows:

From a study made of gum copal exportations, we have noted that gum copal exporters generally have their own individual system of grading gum copal which is different from that adopted by the Philippine Government as enforced by the Bureau of Commerce. In some cases the gum copal exporter resorts to another grading system, at variance with his own, when declaring gum copal for export. In the processing of export papers, the CB Export Department will be guided by the authoritative standard imposed by the Philippine Government—unless directed otherwise by a superior force.

Accordingly, this is to give you notice that henceforth your shipment of gum copal must be graded and declared for export in accordance with the Philippine Government grading standards. If any individual gum copal exporter has doubts or misgivings about this government grading system—or feels that it is inadequate

to meet it up with the proper authorities concerned with the setting up of grading standards and their enforcement.

The gum copal exporter may use his own grading system, for his own convenience or reference, but when declaring Philippine gum copal for exports, the Philippine Government grades and grading system will prevail as far as the CB Export Department is concerned, and Customs will be advised accordingly so that investigation, inspection and clearance will be judged against this Philippine Government grading system.

This circular supersedes all previous circulars on the matter of gum copal grading.

Effective immediately.

R. MARINO CORPUS
Special Assistant to the Governor

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EXPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 21
September 27, 1956

(SUBJECT: Weighers and Samplers)

This is a supplement to the Import-Export Department Memorandum to Authorized Agent Banks No. 184 dated May 12, 1955, regarding the licensed weighers and samplers whose certification is acceptable to the Central Bank of the Philippines.

The firm name of Messrs. J. H. Wiggins, Ltd., 61 Mark Lane, London, E. C. 3, has been authorized to issue certificates of weight and samples for shipment of copra and coconut oil discharged at the following ports:

Amsterdam	Genoa	London	Trieste
Antwerp	Hamburg	Marseille	
Copenhagen	Havre	Naples	
Dunkerque	Liverpool	Rotterdam	

R. MARINO CORPUS
Special Assistant to the Governor

EXPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 22

November 19, 1956

(SUBJECT: Waiving CB Form 101 "Report of Sales"
in re Embroidery Shipments)

This is to eliminate CB Form 101 (Report of Foreign Sales) as a prerequisite to the issuance of Export Declaration or CB License (Form 102) covering EMBROIDERY SHIPMENTS and to delegate to authorized agent banks the authority and function of issuing Export Declaration or License Form 102, **except those pertaining to watch-listed embroidery firms**. This rescinds previous requirement to refer to the Central Bank all export papers that may be filed by embroidery firms.

Authorized agent banks will approve and issue Export Declaration Form 102, only to those in the Approved List, subject to the following conditions and procedure:

1. On or before 10:00 of the morning following the day the license was issued, authorized agent bank will furnish the Export Department with copy of the issued Export License, to which is attached the export invoice;
2. The ORIGINAL copy of the Export License will be endorsed by authorized agent banks to the Collector of Customs for clearance of the shipment by Customs;
3. Within two (2) days of negotiation, authorized agent bank will forward to the Export Department the DUPLICATE copy of the export license, to which is attached the shipping documents relating to the shipment; and upon receipt of payment, TRIPLICATE copy;
4. The **negotiated** export license shall be surrendered to the Export Department properly endorsed in the manner prescribed in Export Memorandum to AAB No. 7 of May 7, 1956;
5. Before issuance of the export license, authorized agent banks are required to check with Central Bank Export Department if there is any variation from the usual rate of overhead and other expenses charged by the exporter;
6. The receipt of payment must not go beyond ninety (90) days from date of shipment unless the Export Department grants an extension of time for such payment.

For failure to comply with any of the conditions and instructions indicated herein, the authority and function of issuing Export Declaration or License Form 102 covering embroidery shipments delegated to authorized agent banks will be revoked.

R. MARINO CORPUS
Special Assistant to the Governor

EXPORT DEPARTMENT

Letter of Instruction to all Agent Banks

(SUBJECT: How to Implement Export Department
Memorandum No. 22)

Export Department Memorandum to Authorized Agent Banks No. 22 eliminates CB Form 101 (Report of Foreign Sales) as a prerequisite to the issuance of an Export Declaration or License Form 102 covering embroidery shipments. The following should be observed in carrying out the procedure implementing the above memorandum:

1. Export Licenses to be issued under this procedure shall be made only against the **Approved List of Embroidery Firms** which the Export Department of the Central Bank shall furnish to all Agent Banks. Agent Banks shall not issue any **Export License Form 102** to embroidery firms whose names do not appear in the **Approved List**. All export papers of such embroidery firms (not in the **Approved List**) should be referred to the Export Department for processing.

2. All embroidery firms must submit their computations on mark-ups to the Export Department on CB:ED Report Form No. 6 for prior approval. The approved mark-ups should be the same mark-up computation which should appear in the export license issued by the agent bank for that particular embroidery firm.

3. Any deviation or variation in the percentage or figures between the mark-up computations and the mark-up figures in the application for export license Form 102 should be reported to the Export Department.

4. Should the embroidery firm go into the production of another type of commodity where mark-up computations have not been approved, a new Form No. 6 must be submitted to the Export Department for approval with the corresponding computations for the new commodity.

When in doubt, the Agent Bank should check first with the Export Department whether or not an embroidery firm or exporter is in the **Approved List** before issuing any license.

EXPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 23

December 3, 1956

(SUBJECT: System to be Followed in Numbering Export Documents)

This is to establish a uniform standard of numbering the Export forms—i.e., sales report and export declaration—to do away with the confusion that arises in the verification of export documents.

The new numbering system would be as follows:

1. **SALES REPORT.** The Central Bank reference number (appearing on the Report of Foreign Sales, Form 101) shall be the "Relative Sales Report Number" in the Export Declaration (Form 102). The exporter's own Sales Report number will appear only in his Report of Foreign Sales (for his own reference, if he wishes), but never in the Export License or Declaration (Form 102) because it introduces confusion and a detail of no consequence.

2. **PARTIAL SHIPMENTS.** Where there are several shipments under one sales report, a sub-number identifying the particular shipment shall be affixed to the Relative Sales Report Number in the Export Declaration Form 102 thus, to illustrate:

If the Relative Sales Report Number is No. 1234, the first partial shipment will have to be identified as "No. 1234-1". The next partial shipment as "No. 1234-2" and so on.

3. **EXPORT DECLARATION.** The Export Declaration (Form 102) number must be in the corresponding peso freight license issued by the agent bank.

4. **REPORT OF PAYMENT.** The number of the Export Declaration (Form 102) must be indicated in the Report of Payment (Form 5-B-1).

5. **Agent Banks** shall require the exporter to indicate the Export Declaration (Form 102) number in the following documents:

- (a) Letter of Undertaking
- (b) Liquidation Statement

(c) Advance copy of Surveyor's report and Certificate of Weight and Analysis. (Exporters should instruct their surveyors so in their letters of appointment.)

6. PESO FREIGHT. Peso freight license numbers shall be used only once. Every such license shall be assigned a separate number.

R. MARINO CORPUS
Special Assistant to the Governor

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EXCHANGE CONTROL DEPARTMENT
MEMORANDUM TO AUTHORIZED AGENTS
February 14, 1956

Confirming our telephone advice of January 30, 1956, all Authorized Agents are requested to refer to the Exchange Control Department all applications for the purchase of foreign exchange for travel to Hong-kong and Japan with the required supporting papers.

(Sgd.) G. L. RIALP
Acting Director

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EXCHANGE CONTROL DEPARTMENT
MEMORANDUM TO ALL AUTHORIZED AGENTS
February 15, 1956

Hereafter, Authorized Agents are requested to submit their reports on transactions involving peso accounts of non-residents other than banks and accounts of non-resident banks, as required under the provisions of Paragraph 6 of Notification to Authorized Agents No. 19 dated February 6, 1950, and Paragraph C (2) of Notification to Authorized Agents No. 24 dated February 13, 1950, as amended, respectively, on the forms designed for the purpose. Copies of these forms are attached to and made parts of the memorandum. Instructions for accomplishing these forms are indicated on the reverse sides thereof.

(Sgd.) G. L. RIALP
Acting Director

For week ended _____, 195_____

CERTIFIED CORRECT:

BY:

(Signature of Authorized Official)

—o—o—o—

1. Reporting banks are requested to accomplish this form in triplicate and to fill all related columns completely. Two copies of the form shall be submitted to the Exchange Control Department and the third copy may be retained by the reporting bank for its files;
2. Columns 1 to 5, inclusive, are self-explanatory and require no further explanations;
3. Column 6 should contain a brief, concise statement of the particulars of the transaction. Ex.: "Proceeds of cash dividends declared by Company A on February 1, 1956", or "Proceeds from sale of securities belonging to the non-resident depositor duly covered by E. C. Form Y" (State particulars of the approved E. C. Form Y), or "Proceeds of check (Describe check fully and state purpose of payment to non-resident)";
4. The entries in Column 7 should complement those in Column 6. If authority for transaction is found in Notification to Authorized Agents No. 19, the appropriate part of the Notification should be indicated, such as "Paragraph 4 (a) of Notification to Authorized Agents No. 19" or "Paragraph 5(a) of Notification to Authorized Agents No. 19". If the transactions are specifically authorized by the Exchange Control Department, the dates of the covering letters of authority should be stated.

**WEEKLY REPORT OF TRANSACTIONS EFFECTED ON PESO
ACCOUNTS OF NON-RESIDENT BANKS AS REQUIRED BY PAR-
AGRAPH C (2) OF NOTIFICATION TO AUTHORIZED AGENTS NO. 24,
DATED FEBRUARY 13, 1950**

For week ended, 195.....

DATE	NAME OF NON-RESI- DENT BANK	This transaction		BALANCE AF- TER THIS TRANSACTION	PARTICULARS	AUTHORITY
		Dr	CR			

CERTIFIED CORRECT:

.....
Reporting Bank

BY:

Date

.....
(Signature of Authorized Official)

—oOo—

INSTRUCTIONS

1. Reporting banks are requested to accomplish this form in triplicate and to fill related columns completely. Two copies shall be submitted to the Exchange Control Department and the third copy may be retained by the reporting bank for its files;
2. Columns 1, 2, 3, 4, and 5 are self-explanatory and require no further explanation;
3. Column 6 should contain a brief, concise statement of the full particulars of the debit or credit, such as "Cash payments to resident persons or firms" or "Proceeds resulting from the sale of U. S. dollars to an Authorized Agent of the Central Bank" or a brief statement on the transaction specifically authorized by the Exchange Control Department, if such is the case;
4. The information in Column 7 should complement the entry in Column 6. In the examples given, the entries in Column 7 should be "Paragraph B(2)(c) of Notification to Authorized Agents No. 24"; "Paragraph B(1)(c) of Notification to Authorized Agents No. 24", and "Letter of the Exchange Control Department dated"

MEMORANDUM TO AUTHORIZED AGENTS

February 15, 1956

1. Effective immediately, Authorized Agents shall not issue foreign exchange licenses to residents of the Philippines who are leaving the country for medical purposes unless the corresponding application for foreign exchange is accompanied, in lieu of E.C. Form 103-1M, by a medical certificate from an institution approved by the Monetary Board containing the following:

- a) A declaration that the applicant has submitted his/her case to a qualified physician of the Hospital for diagnosis;
- b) A brief statement of the physician's findings;
- c) A certification that the applicant requires specialized medical attention which is available only abroad; and
- d) A recommendation as to the place most suitable for applicant's medical treatment.

2. Remittances of foreign exchange for the settlement of medical expenses incurred abroad by a resident of the Philippines who has been authorized to travel for medical purposes, in accordance with the preceding paragraph, shall be authorized exclusively by the Exchange Control Department. No foreign exchange license for payment of medical expenses will be issued unless the corresponding application is supported by an itemized statement of the probable expenses required by the traveler, duly certified by the attending physician abroad, or by actual medical or hospital bills. In the case of foreign exchange licenses issued on the basis of a mere estimate of the medical expenses required, remittances shall be authorized in the form of Traveler's Letter of Credit, drawings against which shall be payable only against presentation of actual medical or hospital bills. Foreign exchange made available on the basis of medical or hospital bills submitted to this Department may, however, be remitted by Mail Transfer or Telegraphic Transfer payable to the Hospital or attending physician concerned, for the account of the traveler.

3. Provisions of existing Notifications and Memoranda inconsistent herewith are hereby revoked.

FOR THE MONETARY BOARD:

(Sgd.) N. TOMAS
Acting Deputy Governor

EXCHANGE CONTROL DEPARTMENT
MEMORANDUM TO ALL AUTHORIZED AGENTS
February 27, 1956

Effective immediately, all Authorized Agents are requested to forward to the Exchange Control Department all applications for the purchase of foreign exchange for travel abroad other than for travel to North, Central and South America and Europe.

(Sgd.) G. L. RIALP
Acting Director

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MEMORANDUM TO ALL SHIPPING AND AIRLINE COMPANIES
February 28, 1956

All shipping and airline companies are requested to require the complement (officers, crews and attendants) of their vessels and airplanes calling at or leaving Philippine ports or airports for places abroad to accomplish currency declaration forms according to the following rules:

1. Officers, crews and attendants of Philippine flag carriers, (airplanes and ships) leaving Philippine ports or airports for places abroad shall, prior to their departure, accomplish E. C. Form 304 entitled "CURRENCY DECLARATION OF COMPLEMENT OF PHILIPPINE FLAG CARRIERS LEAVING PHILIPPINE PORTS OF AIRPORTS FOR PLACES ABROAD" in duplicate. A sample copy of this form is attached to and made part of this memorandum. The original of the accomplished form, together with the license, if any, granted by the Central Bank to bring foreign exchange or Philippine currency carried by them, shall be surrendered to the Central Bank representative at the pier or airport of departure and the duplicate retained by the declarant. In places where no Central Bank agents are assigned, the originals of the forms shall be submitted to the Customs Agent at the point of departure.
2. Upon return to the Philippines from a voyage abroad, all officers, crews and attendants of Philippine flag carriers shall accomplish E. C. Form 303 entitled "CURRENCY DECLARATION OF PHILIPPINE RESIDENTS ENTERING THE PHIL-

IPPINES FROM ABROAD" in duplicate. The declarant shall submit the original of the currency declaration to the agent of the Central Bank at the pier or airport of entry and keep the duplicate for his records. All foreign exchange carried by the declarant shall be surrendered or deposited by him with the authorized representative of the Central Bank at the point of entry. In places where no Central Bank agents are assigned, the entering officers and crews shall submit the currency declaration to the Customs Agent at the point of entry and shall sell the foreign exchange carried by them to an authorized representative of the Central Bank within 24 hours of the date of their arrival.

3. Officers, crews and attendants of foreign flag carriers, (airplanes and ships) calling at Philippine ports from places abroad shall accomplish E. C. Form 305 entitled "CURRENCY DECLARATION OF TEMPORARY VISITORS ENTERING THE PHILIPPINES" in duplicate and shall submit the accomplished forms to their Purser. The Purser shall deliver the forms to the representative of the Central Bank at the pier or airport who shall verify the same. After verification the originals of the accomplished forms shall be returned to the Purser who shall distribute them to the declarants. The original forms shall be carried by the officers and crews of the vessel at the time they leave the customs zone. In places where there are no Central Bank agents, the Purser shall deliver the currency declarations to the Customs Agent at the point of entry.
4. The officers, crews and attendants of foreign flag carriers are not required to surrender the foreign exchange carried by them but if they should need Philippine currency they shall sell their foreign exchange only to an authorized representative of the Central Bank or to an authorized agent of the Central Bank. Prior to departure, the declarant shall accomplish the reverse side of the form and shall deliver the same to the Purser who shall collect all the forms from the complement of his vessel and hand them over to the Central Bank agent on board his vessel, or to the Customs Agent where no Central Bank agents are assigned.

The provisions of this memorandum shall take effect immediately.

For the Monetary Board:

(Sgd.) N. TOMAS
Acting Deputy Governor

(To be executed in duplicate by
every officer, crew or attendant of
Philippine flag carriers leaving the
Philippine for abroad)

**CURRENCY DECLARATION OF COMPLEMENT OF PHILIPPINE
FLAG CARRIERS LEAVING PHILIPPINE PORTS OR
AIRPORTS FOR PLACES ABROAD**

Name Rank/Position
Name of Carrier Owner or Operator
Date of Departure Point of Departure
Destination
Length of Voyage or Trip

DECLARATION

I hereby declare that I am bringing with me the following foreign
exchange and/or Philippine currency for which permission has been
granted me by the Central Bank of the Philippines under License No.
..... dated, 195.....:

Foreign exchange

(a) Foreign notes and coins
(b) Travelers check
(c) Drafts
(d)
TOTAL

Philippine currency

(a) Notes
(b) Coins
(c)
TOTAL

I hereby further declare that I have read and/or understood the fore-
going declaration including the instructions at the back hereof and all
the statements made in said declaration are true and correct.

Date
(Signature of Declarant)

Verified by: Print Name
.....
Central Bank Agent

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INSTRUCTIONS

1. This form shall be accomplished in duplicate by every officer, crew
or attendant on a Philippine flag carrier leaving the Philippines for
a foreign port or airport. The original of the accomplished form,
together with the license, if any, granted by the Central Bank to the

person reporting to take with him foreign exchange and/or Philippine currency shall be surrendered to the Central Bank representative at the pier or airport of departure and the duplicate retained by the declarant.

2. Under Philippine exchange control regulations, a resident of the Philippines desiring to leave the Philippines taking with him foreign exchange in whatever form and/or Philippine currency in excess of P100 of which the coins shall not exceed P5.00, must obtain a license from the Exchange Control Department.
3. Any violation of the foregoing shall subject the offender to the penal provisions of Section 34 of Republic Act No. 265 which in part reads as follows:

"Whenever any person or entity willfully violates this Act and any order, instruction, rule or regulation legally issued by the Monetary Board, the person or persons responsible for such violation shall be punished by a fine of not more than twenty thousand pesos and by imprisonment of not more than five years."

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MEMORANDUM TO ALL AUTHORIZED AGENTS

March 8, 1956

1. Effective immediately, foreign exchange allocations will not be granted for tuition fees and maintenance of Philippine residents who leave the country to study in foreign colleges and universities except to those who take graduate courses or highly technical courses and, in the latter case, only when there are no technical courses given in the Philippines of about the same level in quality or intensity; and in all cases, dollar allowances shall be discontinued after a period of three (3) years.

2. Foreign exchange allocations for the maintenance and living expenses of Philippine residents who leave the Philippines to take up in foreign colleges and universities graduate courses or highly technical courses when, in the latter case, there are no technical courses given in this country of about the same level in quality or intensity, may be granted by Authorized Agents at the following rates:

- (a) \$250 monthly for those attending foreign colleges and universities in the United States and Canada;
- (b) \$150 monthly for those attending foreign colleges and universities in Europe, Central and South America; and

- (c) \$100 monthly for those attending foreign colleges and universities in other countries.

Any scholarship assistance or allowance received from abroad by the student concerned shall be deducted from the allocation to be allowed at the above stated rates.

3. Qualified residents of the Philippines who leave the country to enroll in foreign colleges and universities may be allowed upon departure an amount equivalent to three (3) months maintenance corresponding to the period from the month of enrollment. No further allocation for the same purpose may be granted unless a certificate of enrollment indicating the course to be pursued and the period covered by such enrollment is submitted.

4. The rates of student maintenance and living expenses stated in paragraph (2) above shall also apply in the case of Philippine residents already attending foreign colleges and universities abroad under previous authorization given by or in behalf of the Exchange Control Department, less any allowances or scholarship assistance, if any, received by them from abroad.

5. Any provision of existing notifications or memoranda inconsistent with the foregoing is hereby revoked.

FOR THE MONETARY BOARD:

(Sgd.) N. TOMAS
Acting Deputy Governor

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MEMORANDUM TO ALL AUTHORIZED AGENTS

March 12, 1956

Effective immediately, Authorized Agents are requested to forward to the Exchange Control Department all applications for the purchase of foreign exchange for travel for medical purposes accompanied by the usual passport, visa and tax clearance information. At the time or even before an application for this purpose is submitted, the Authorized Agent concerned may furnish the applicant with E.C. Form 103-1M (Revised) entitled "MEDICAL CERTIFICATION FOR TRAVEL", a copy of which is attached, to be accomplished by the physician attending the applicant and to be processed at the V. Luna General Hospital, Kamias Road, Quezon City, in accordance with the following:

- (a) All applicants will report to the Outpatient & Dispensary Service, V. Luna General Hospital, Kamias Road, Quezon City, on Mondays, Thursdays and Fridays only except holidays from 8:00-

12:00 A.M. with their duly accomplished and signed E.C. Form No. 103-1M (Revised) in quadruplicate;

- (b) The applicant may bring along together with E.C. Form 103-1M (Revised), clinical and treatment records, results of laboratory examinations and tests, X-ray films, etc., if he or she has any, to avoid repetition of such examinations or tests and minimize expenditure;
- (c) Where additional data, such as confirmatory laboratory, radiographic or other tests are deemed necessary for proper evaluation by the V. Luna General Hospital, the patient will be required to secure the same from private recognized medical facilities in the locality, or if desired or convenient for all concerned, such further examination may be performed in the V. Luna General Hospital subject to the regular rates prescribed by the Hospital;
- (d) In case it is physically impossible for the applicant to appear in person at the V. Luna General Hospital for further medical examinations, the patient upon prior arrangement may be visited by a medical representative of the Hospital, but all expenses incident thereto shall be borne by the applicant. Such visits will be made by V. Luna General Hospital medical personnel only in instances where actual physical examination by the Hospital is considered necessary and only upon consent of both the patient and the family physician;
- (e) A duly endorsed medical certificate of individual applicant with the corresponding recommendation will be submitted directly by the V. Luna General Hospital to the Exchange Control Department, Central Bank of the Philippines, from four to seven (4-7) days after the medical certificate is presented to the Hospital for processing. The applicant will not be allowed to hand-carry the endorsed medical certificate from the V. Luna General Hospital to the Exchange Control Department.

Licenses authorizing the sale of exchange for travel abroad for medical purposes of Philippine residents will be issued by the Exchange Control Department against applications forwarded to the said Department only when the V. Luna General Hospital has favorably endorsed the relative medical certificate.

The foregoing supersedes and revokes the provisions of paragraph No. 1 of Memorandum to Authorized Agents dated February 15, 1956, on the same subject.

FOR THE MONETARY BOARD:

(Sgd.) N. TOMAS
Acting Deputy Governor

EXCHANGE CONTROL DEPARTMENT
MEMORANDUM TO AUTHORIZED AGENTS
May 2, 1956

It has come to the attention of the Exchange Control Department that several applications for foreign exchange, particularly for miscellaneous purposes, filed with authorized agents, are being forwarded to this Department without the identities of applicants and interested parties having been fully ascertained and other requirements complied with. In these instances, exchange licenses issued to cover the applications have been utilized by unscrupulous persons, in violation of exchange control regulations. The violations, as disclosed by investigations conducted by the Exchange Control Department, are manifested in forged signatures, fictitious applicants, fake residence certificates, non-existent addresses, and others.

Authorized agents are hereby earnestly reminded of their responsibility in seeing to it that the parties using exchange licenses are properly identified.

(Sgd.) G. L. RIALP
Acting Director

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EXCHANGE CONTROL DEPARTMENT
MEMORANDUM TO AUTHORIZED AGENTS
May 3, 1956

Effective as of May 2, 1956, Authorized Agents are requested to furnish the Export Department with a copy of the daily report on Foreign Exchange Acquired from Exports (Schedule to Items 1 & 2—E.C. Form No. 5-B). For this purpose, Authorized Agents shall prepare three (3) copies of E.C. Form No. 5 B-1. The original and duplicate copies shall be submitted, as usual, to the Exchange Control Department. The third copy shall be sent direct to the Export Department.

Your usual prompt cooperation will be appreciated.

(Sgd.) G. L. RIALP
Acting Director

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MEMORANDUM TO ALL AUTHORIZED AGENTS
May 22, 1956

For the information of all concerned, the Central Bank has approved a new policy on investment remittances under which Philippine companies applying for remittance of dividends to their non-resident stock holders and Philippine branches of foreign companies applying for license to remit profits to their head offices abroad will be allowed to remit amounts ranging from 25 per cent to 100 per cent of the foreign parti-

cipation in their current net profits depending upon their particular priority levels as established by their net contributions to:

- a) national income and employment or the national income effect;
- b) the strengthening of the country's balance of payments position or the balance of payments effect; and
- c) the supply of basic needs of the economy or product essentiality.

This new policy is correlated to a system of priorities of allocation of foreign exchange to effect its optimum utilization without prejudicing reasonable attractions to foreign investment. The intention of the new policy is to provide incentives towards economic development by giving liberal priorities to those industries considered as highly essential to a developing economy.

Methods of Measuring the Various Contributions of Particular Companies to Economic Development.—

(a) **National Income Effect:**—This is measured by the ratio of the net domestic value added to the product by the firm to the amount of scarce resources utilized in production. The net domestic value added is determined by subtracting the cost (to the firm) of the raw materials and supplies used, external services and indirect taxes paid from the value of the product. The net sales value of the product and the purchase price of the materials and supplies and the cost of the external services are the bases of valuation.

The amount of scarce resources utilized is the sum of the combined amortization and interest rate on fixed investment and the operating foreign exchange cost of production. The operating foreign exchange cost consists of the foreign exchange cost of imported raw materials, remuneration of foreign personnel remitted abroad, etc.

(b) **Balance of Payments Effect:**—This is measured by the ratio of the net foreign exchange earning and/or saving resulting from production to the amount of scarce resources used in production.

The net foreign exchange earning and/or saving is obtained by subtracting the operating foreign exchange cost and the combined amortization and interest rates of imported fixed assets from the foreign exchange value of the product. For export products, the foreign exchange value is the foreign exchange receipt resulting from the sales of product. For domestically consumed products, the foreign exchange value is the foreign exchange cost of the product if it were imported.

In the case of import substitutes, the landed cost of the product were it imported is the gross foreign exchange saved.

(c) **Product Essentiality:**—This measure is entirely based on the philosophy of allocating foreign exchange for imports. The products for domestic use are classified into five categories, and the export products into three. Corresponding to each category of product, an essentiality rating is assigned.

The classification of products is given by the following schedule:

Product Classification

Products for Domestic Use	Export Products	Category E
Highly essential products	Manufactured products	I
Essential producer products		II
Essential consumer products	Semi-manufactured products	III
Non-essential producer products		IV
Non-essential consumer products	Raw materials	V

Schedule of Social Productivity Ratings

National Income Effect, Y	Balance of Payments Effect, B	Essentiality, E	Accrued Rating, Ri
Above 300	Above 200	I	5
251 — 300	166 — 200	II	4
201 — 250	131 — 165	III	3
151 — 200	96 — 130	IV	2
101 — 150	61 — 95	V	1
100 & below	60 & below		0

The accrued ratings of the three factors are added to get the total social productivity of a firm. This is referred to the Schedule of Allowable Remittances to determine the per cent of non-resident's share in the current net profits that will be allowed to be remitted abroad.

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Schedule of Allowable Remittance

Social Productivity Rating	Allowable ^{a/} Remittance
13 — 15	100
10 — 12	80
7 — 9	60
4 — 6	40
1 — 3	25

^{a/} Per cent of non-resident's share in net profits.

Exceptional Cases Subject to Specific Rules.—

A straight 40% of the non-resident's share in net profits shall be allowed to be remitted by the following firms:

- (1) Firms operating under a government franchise wherein the output is of the character of a public service; and
- (2) Banks and insurance companies.

In the case of service firms other than those mentioned above, the allowable remittance shall be 25% of the non-resident's share in the net profits.

Supporting Data and/or Information.—

Applicants for licenses to remit profits or dividends to non-resident investors are required to submit to the Exchange Control Department of the Central Bank the following data and/or information:

1. Business Characteristics

- a. With respect to the remittance of dividends, certified copies of the resolution of the Board of Directors declaring the dividend, accompanied by a list of the non-resident stockholders containing the following data for each stockholder:
 - 1) Address
 - 2) Number and value of outstanding shares held
 - 3) Amount of gross dividend due
 - 4) Deductions for taxes, etc.
 - 5) Net dividend payable
- b. With respect to the remittance of profits, certified lists of non-resident individuals and/or firms participating in the capital stock, containing the following data for each individual and/or firm:
 - 1) Address
 - 2) Amount of participating in the outstanding capital
 - 3) Amount of net profit due

2. Financial Statements

- a. Balance sheets and statements of surplus as at the end of the fiscal period during which the profits sought to be remitted were earned, and for the two preceding fiscal periods.

- b. Profit and loss statement for the fiscal period covered.
- c. Statement of cost of goods manufactured and sold for the same period.

For firms engaged in multiple activities, i.e., manufacturing, trading, etc., a statement of cost of goods manufactured and sold and a profit and loss statement should be submitted for each activity. If a detailed profit and loss statement for each activity cannot be submitted, the value of sales of commodities and/or revenue for services rendered shall be submitted.

3. Schedules

(The data for the following schedules must correspond with the time period covered by the financial statements).

a. Sales:

Product	S a l e s			Cost of Materials and Supplies Used
	Domestic	Export	Total	
(1)	(2)	(3)	(4)	(5)
1.				
2.				
TOTAL				

In the case of trading firms, as distinguished from producer or manufacturing firms, this schedule should indicate the products or commodities traded. The fifth (5) column should contain the cost to the firm of the products or commodities traded. Where the product or commodities traded are of imported origin, and were either imported directly or locally purchased, they shall be grouped into categories as per Central Bank Classification of Commodities for Imports (EC, NEC, EP, etc.).

In the case of service firms, this schedule should indicate the different types of services rendered, and sales would be the payment received for these services. The payment received for each type of service should be indicated.

b. Raw Materials and Supplies:

Source	Inventory Beginning	Purchases	Inventory End
1. Directly Imported			
2. Imported, locally purchased			
3. Domestic			
TOTAL			

In addition to the above data which is in terms of cost to the firms, the dollar cost of the directly imported materials and supplies should be stated.

For trading firms, the above schedule shall be for products or commodities traded.

c. Labor:

Citizenship	Average Monthly Number Employed	Total Compensation Paid	Amount Remitted Abroad
(1)	(2)	(3)	(4)
1. Filipino			
2. Aliens			
TOTAL			

Data for Column (3) shall include all compensations received by personnel during the period covered, i.e., wages, salaries, commissions, bonus, etc. The fourth (4) column applies to aliens and all foreign exchange purchases of these personnel, i.e., 50% salary remittance, maintenance of dependents abroad, travel funds, etc. In all cases, these data must be gathered from the records of the firm or from the personnel themselves.

- d. Schedule of taxes paid during the year, indicating the operational period to which they refer: e.g., whether paid in 1955 for products manufactured in 1954, etc.

The above-mentioned financial statements and schedules shall be certified by an independent Certified Public Accountant duly accredited with the Central Bank of the Philippines and shall be submitted in duplicate.

(Sgd.) M. CUADERNO, Sr.
Governor

MEMORANDUM TO AUTHORIZED AGENTS

July 31, 1956

For the information of all concerned, the Central Bank has approved a new policy on film rentals remittances under which film exchanges in the Philippines applying for remittance of producers' share in film rentals to their Head Offices abroad will be allowed to remit an amount in an inverse proportion to the producers' share in net receipts, with a maximum allowable remittance set at 25% of the producers' share. This policy applies the principle of allocation proportionate to the contribution of each film exchange to the economy in the form of locally or domestically retained generated income; and that the larger the retained income, the higher the percentage of the producer's share remittable. The larger the share of the theater owners and the distributors, the greater the addition to income in the domestic economy, and the lesser the actual and potential drain in the country's foreign exchange resources. This policy is applied on the results of operations of each film exchange independent of those of other film exchanges.

In this connection, the following formula will be followed:

1. The formula for the determination of the allowable remittance of the producers' share in film rental is as follows:

$$\begin{aligned}
 (AR)_i &= \frac{0.25 \times \frac{(Fi)}{Ri} \quad \min \quad \frac{(Pj)}{Fj}}{\frac{(Fi)}{Ri} \quad \frac{(Pi)}{Fi}} \\
 &= \frac{0.25 \times \frac{Fi}{Ri} \quad \min \quad \frac{Pj}{Fj}}{\frac{(Pi)}{Ri}}
 \end{aligned}$$

WHERE: (AR)_i = Allowable remittance of the producer's share in film rentals, percent of producer's share in film rentals.

R_i = Net receipts of the films of a producer in the theaters, pesos.

F_i = Share of the film exchanges, pesos.

P_i = Share of the producer, pesos.

$\frac{(Fi)}{Ri}$ min = Minimum ratio of the share of a film exchange to corresponding net receipts.

$\frac{(P_j)_{\min}}{F_j}$ = Minimum ratio of the share of a producer to the share of corresponding film exchange.

n = Number of film exchanges.

i = 1, 2,, n

j = 1, 2,, n

i may or may not be equal to j.

Applicants to remit producers' share in film rentals are required to submit to the Exchange Control Department of the Central Bank the following data and information in support of their individual applications.

1. Schedule of net receipts of theaters corresponding to films distributed on a percentage basis for the period applied for and the net billings accruing to the film exchange, indicating therewith contract of sharing ratio between theater owners and local film distributors;

2. Schedule of billings accrued from films distributed on the flat rental basis for the period applied for;

3. Schedule of producers' and distributors' share for the period applied for, indicating shared expenses if any.

The above-mentioned schedules shall be certified by an independent Certified Public Accountant duly accredited with the Central Bank of the Philippines and shall be submitted in duplicate.

(Sgd.) M. CUADERNO, Sr.
Governor

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EXCHANGE CONTROL DEPARTMENT
MEMORANDUM TO ALL AUTHORIZED AGENTS
October 13, 1956

All Authorized Agents are requested to advise their clients who have filed with the Exchange Control Department applications for the remittance of profits/dividends abroad, to submit to this Department, on or before October 31, 1956, all the data and information required to support their applications, as indicated in the Memorandum to All Authorized Agents dated May 22, 1956, relating to the existing policy on investment remittances. If the information is required to be duly certified by independent certified public accountants accredited with the Central Bank, please ascertain that such certification is secured before the papers are submitted to this Office.

It is important that such information be submitted to the Exchange Control Department on or before October 31, 1956 in order to eliminate unnecessary delay in the processing of the particular applications.

(Sgd.) G. L. RIALP
Acting Director

MEMORANDUM TO AUTHORIZED AGENTS, AIRLINES,
SHIPPING AND TRAVEL COMPANIES

December 10, 1956

Airlines, steamship and travel companies residing and/or located in the Philippines are hereby informed that the Monetary Board has approved Resolution No. 1789, dated November 27, 1956, the pertinent provisions of which are quoted below for their immediate compliance:

"x x x the Board, by unanimous vote, decided that as a rule, airline and shipping companies shall sell tickets for international travel only to residents of the Philippines who have been issued foreign exchange licenses for travel abroad. Certificates of exemption (normally issued to resident travellers who are not carrying foreign exchange) shall, henceforth, not be issued, except to the following residents:

- "1) Religious missionaries travelling abroad for religious purposes;
- "2) Alien residents going to their country of origin on home leave or furlough, or leaving the Philippines for good;
- "3) Those accompanying relatives (that is, one nurse or one relative only for each person) authorized to travel abroad for medical treatment;
- "4) Officials of foreign embassies, consulates and legations;
- "5) Foreign technicians who have been granted by the Central Bank the privilege of remitting up to 50% of the basic salaries to take care of their dollar requirements abroad;
- "6) Crew members leaving for abroad to take delivery of vessels of Philippine registry; and
- "7) Those going abroad for employment purposes, upon satisfactory showing that the values of their passage fares are for their own account.

"In this connection, the Board likewise decided that henceforth airlines and shipping companies issuing tickets to persons leaving for abroad without foreign exchange license for travel or without the necessary exemption certificates issued by the Central Bank, shall not be authorized to remit abroad 72% of such passage fares paid."

In view hereof, the Exchange Control Department shall issue certificates of exemption to resident travellers only in the cases above-enumerated, for which the carrier may issue the corresponding tickets with the privilege of sending in U. S. dollars the remittable portion of the passage fares paid.

Airlines, steamship and travel companies may issue tickets payable in pesos to resident travellers leaving for abroad without the necessity of presenting a foreign exchange license for travel or without an exemption certificate issued by the Central Bank, provided they shall not be authorized to remit any portion of such passage fare in U. S. dollars. Such carriers issuing tickets to resident travellers without foreign exchange license for travel or without necessary certificates issued by the Central Bank, shall keep a separate account covering the payment of such passage fares to be denominated. "Unremittable Passenger Revenue". A monthly report to the Central Bank, covering these peso tickets, shall be submitted, stating the names of the passengers, the itinerary, residence, the carriers used and the amounts paid.

The carriers may also issue tickets prepaid abroad and also on a non-revenue basis without requiring a certificate of exemption. In the former case, a monthly report shall be submitted stating the names of the passengers, the itinerary, residence, the carriers used and the value of the tickets.

It is understood that existing exchange control rules and regulations governing non-residents are not in any way affected by this memorandum.

All memoranda which are contrary to or inconsistent with this memorandum are hereby revoked.

This memorandum shall take effect immediately.

(Sgd.) ANDRES V. CASTILLO
Deputy Governor

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FOREIGN EXCHANGE DEPARTMENT

MEMORANDUM

October 9, 1956

TO ALL BANKS:

Re: P.A. No. 92-0901-00-C2-6601

Effective immediately all agent banks are hereby requested to indicate the following clause on all letters of credit opened for the importation of canned milk under the above-captioned Procurement Authorization, viz:

"This shipment shall be loaded on board a U.S. flag vessel."

Your usual kind cooperation in this matter is earnestly enjoined.

(Sgd.) G. L. RIALP
Director

