

71

CENTRAL BANK *of the* **PHILIPPINES**



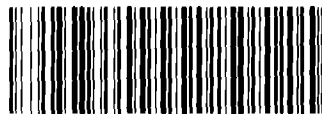
LIBRARY

CENTRAL BANK OF THE PHILIPPINES

Eleventh Annual Report

1959

BANGKO SENTRAL NG PILIPINAS



BSPBK0009491

COMMUNITY PUBLISHERS, INC.

MANILA

1960

JAN 31 1974

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.

Eleventh Annual Report (1959)
Central Bank of the Philippines

E R R A T A

<u>Page</u>	<u>Lines to be corrected</u>	<u>As corrected</u>
8	1st line of last paragraph - Income originating in agriculture increase...	Income originating in agriculture increased...
9	Last line, 2nd paragraph - ...increase in output and prices	...increases in output and prices
12	Sub-title above last paragraph - a) Domestic ___Products	a) Domestic Food Products
65	1st line - As in the past year, this product ___ exported...	As in the past year, this product was exported...
	5th line - ...in the United States <u>boosed</u> the...	...in the United <u>States</u> boosted the...
77	Last line, 1st paragraph - ...consumer items increasing by the <u>baalnce</u>.	...consumer items increasing by the balance.
85	3rd line under column '1958' - Public ... 10,648,872	Public ... 10,648,873
119	2nd to the last line of table - <u>Acting</u> Money...	Active Money...
137	2nd line of table heading - December 31, 1957-1958	December 31, 1957-1959
139	1st column of table - Total ... 663.6	Total ... 663.7
141	Last line of table - Net Earnings ... 4.4	Net Earnings ... - 4.4
158	6th line - ...the Bank serves as the finan- cial <u>advised</u> of the government	...The Bank serves as the finan- cial adviser of the government
	5th line of 2nd paragraph - Of the total public ___outstanding	Of the total public debt outstanding

[illegible]

DEPOSITION

$$\frac{1}{2} \left(\frac{1}{2} \right) = \frac{1}{4} \quad \frac{1}{2} \left(\frac{1}{2} \right) = \frac{1}{4} \quad \frac{1}{2} \left(\frac{1}{2} \right) = \frac{1}{4} \quad \frac{1}{2} \left(\frac{1}{2} \right) = \frac{1}{4} \quad \frac{1}{2} \left(\frac{1}{2} \right) = \frac{1}{4}$$

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1. *Environ. Biol. Fish.* 1997, 48: 171-180.
 2. *Environ. Biol. Fish.* 1998, 51: 1-10.
 3. *Environ. Biol. Fish.* 1999, 54: 1-10.
 4. *Environ. Biol. Fish.* 2000, 57: 1-10.
 5. *Environ. Biol. Fish.* 2001, 60: 1-10.
 6. *Environ. Biol. Fish.* 2002, 63: 1-10.
 7. *Environ. Biol. Fish.* 2003, 66: 1-10.
 8. *Environ. Biol. Fish.* 2004, 69: 1-10.
 9. *Environ. Biol. Fish.* 2005, 72: 1-10.
 10. *Environ. Biol. Fish.* 2006, 75: 1-10.
 11. *Environ. Biol. Fish.* 2007, 78: 1-10.
 12. *Environ. Biol. Fish.* 2008, 81: 1-10.
 13. *Environ. Biol. Fish.* 2009, 84: 1-10.
 14. *Environ. Biol. Fish.* 2010, 87: 1-10.
 15. *Environ. Biol. Fish.* 2011, 90: 1-10.
 16. *Environ. Biol. Fish.* 2012, 93: 1-10.
 17. *Environ. Biol. Fish.* 2013, 96: 1-10.
 18. *Environ. Biol. Fish.* 2014, 97: 1-10.
 19. *Environ. Biol. Fish.* 2015, 98: 1-10.
 20. *Environ. Biol. Fish.* 2016, 99: 1-10.
 21. *Environ. Biol. Fish.* 2017, 100: 1-10.
 22. *Environ. Biol. Fish.* 2018, 101: 1-10.
 23. *Environ. Biol. Fish.* 2019, 102: 1-10.
 24. *Environ. Biol. Fish.* 2020, 103: 1-10.
 25. *Environ. Biol. Fish.* 2021, 104: 1-10.
 26. *Environ. Biol. Fish.* 2022, 105: 1-10.
 27. *Environ. Biol. Fish.* 2023, 106: 1-10.
 28. *Environ. Biol. Fish.* 2024, 107: 1-10.
 29. *Environ. Biol. Fish.* 2025, 108: 1-10.
 30. *Environ. Biol. Fish.* 2026, 109: 1-10.
 31. *Environ. Biol. Fish.* 2027, 110: 1-10.
 32. *Environ. Biol. Fish.* 2028, 111: 1-10.
 33. *Environ. Biol. Fish.* 2029, 112: 1-10.
 34. *Environ. Biol. Fish.* 2030, 113: 1-10.
 35. *Environ. Biol. Fish.* 2031, 114: 1-10.
 36. *Environ. Biol. Fish.* 2032, 115: 1-10.
 37. *Environ. Biol. Fish.* 2033, 116: 1-10.
 38. *Environ. Biol. Fish.* 2034, 117: 1-10.
 39. *Environ. Biol. Fish.* 2035, 118: 1-10.
 40. *Environ. Biol. Fish.* 2036, 119: 1-10.
 41. *Environ. Biol. Fish.* 2037, 120: 1-10.
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 44. *Environ. Biol. Fish.* 2040, 123: 1-10.
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 82. *Environ. Biol. Fish.* 2078, 161: 1-10.
 83. *Environ. Biol. Fish.* 2079, 162: 1-10.
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 86. *Environ. Biol. Fish.* 2082, 165: 1-10.
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 89. *Environ. Biol. Fish.* 2085, 168: 1-10.
 90. *Environ. Biol. Fish.* 2086, 169: 1-10.
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 93. *Environ. Biol. Fish.* 2089, 172: 1-10.
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 105. *Environ. Biol. Fish.* 2101, 184: 1-10.
 106. *Environ. Biol. Fish.* 2102, 185: 1-10.
 107. *Environ. Biol. Fish.* 2103, 186: 1-10.
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 109. *Environ. Biol. Fish.* 2105, 188: 1-10.
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 111. *Environ. Biol. Fish.* 2107, 190: 1-10.

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$\frac{1}{2} \times \frac{1}{2} = \frac{1}{4}$

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ERRATA (Con't)

<u>Page</u>	<u>Lines to be corrected</u>	<u>As corrected</u>
159	Unit value of table omitted	(billion pesos)
160	1st line - ...total sales aggregated _427.0...	...total sales aggregated ₱427.0...
	Under 3rd column - C. Private Non-Bank Investors... - 15.9	C. Private Non-Bank Investors... 15.9
166	2nd line of table - Due from the Central Banks...	Due from the Central Bank...
169	4th line, 1st paragraph - ...and in a decline __ security...	...and in a decline of security...
170	5th line, last column of table - Loans and Advances... 252,704,198.03	...252,704,198.08
173	2nd to the last line - The <u>difference</u> depositories of...	The different depositories of ...
176	1st line - ...of which _144,577,960.70...	...of which ₱144,577,960.70...
179	Last line - Collection of 17% special <u>exice</u> tax	Collection of 17% special excise tax
183	5th line of 1st paragraph - ...amounted to _66,674,127.62	...amounted to ₱66,674,127.62
184	1st column, 1st line - Total ... 10,000,00_	Total ... 10,000,000

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• *Laurea* (1997) *Journal of the American Academy of Child and Adolescent Psychiatry*, 36, 1031-1037.

1. 1990年12月29日，国务院批准成立中国有色金属工业总公司，统一管理全国有色金属工业。

• • •

Figure 1. The effect of the initial concentration of the monomer on the polymerization of α -methylstyrene initiated by SnCl_4 in CH_2Cl_2 at -78°C . The polymerization was carried out in the presence of 0.01 mole of SnCl_4 and 0.01 mole of CH_2Cl_2 in 10 ml of CH_2Cl_2 . The initial concentration of the monomer was varied from 0.01 to 0.1 mole/l. The polymerization was carried out for 10 min. The polymerization was carried out in the presence of 0.01 mole of SnCl_4 and 0.01 mole of CH_2Cl_2 in 10 ml of CH_2Cl_2 . The initial concentration of the monomer was varied from 0.01 to 0.1 mole/l. The polymerization was carried out for 10 min.

... and the fact that the *in vitro* and *in vivo* results are in good agreement.

100

Journal of Interpersonal Violence 26(10) 1978-1997
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the 1990s, the number of people in the world who are illiterate has increased from 1.2 billion to 1.5 billion. The number of illiterate people in the world is projected to increase to 1.7 billion by the year 2015. The number of illiterate people in the world is projected to increase to 1.7 billion by the year 2015.

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1.1.1.4. *Antennae*—Antennae of the male are 11-segmented, with the 11th segment being the longest. The 11th segment is 1.5 times the length of the 10th segment. The 11th segment is 1.5 times the length of the 10th segment. The 11th segment is 1.5 times the length of the 10th segment.

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$\frac{d}{dt} \left(\frac{\partial L}{\partial v^j} - p_j \right) = 0$

10

Central Bank of the Philippines

MANILA

OFFICE OF THE GOVERNOR

March 31, 1960

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 Eleventh Annual Report (1959) of the Central Bank of the Philippines.

Very respectfully,



M. CUADERNO, Sr.
Governor

Central Bank of the Philippines

MANILA

OFFICE OF THE GOVERNOR

74-B

March 31, 1960

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

Sir:

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Very respectfully,



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Governor

Central Bank of the Philippines

MANILA

OFFICE OF THE GOVERNOR

March 31, 1960

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

Sir:

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 Eleventh Annual Report
(1959) of the Central Bank of the Philippines.

Very respectfully,



M. CUADERNO, Sr.
Governor

CENTRAL BANK OF THE PHILIPPINES

—o0o—

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CHAPTER I

OVER-ALL ECONOMIC REVIEW

A. PHILIPPINE ECONOMIC DEVELOPMENTS

1959 was featured by considerably more rapid economic growth along a broad front. This was primarily due to a substantial rise in production, especially of foodstuffs and textiles on the supply side, and a concerted program of stabilization and restraint on the demand side. Notable gains were also scored in the external payments sector. For the first time since pre-war the balance on total commodity trade was in this country's favor with exports rising to a new peak of P1,059 million, thus surpassing the P1-billion mark for the first time, and imports declining by 8.9% to P1,018 million. Moreover, the favorable external situation enabled the country to repay short-term debts amounting to \$65.6 million, in addition to other payments against longer-term liabilities.

Gross national product at current prices went up by 4.5%, compared to 5.7% in the previous year (preliminary). In real terms, however, discounting price effects, the rate of increase of the GNP was 4.2% as compared to only 2.2% in 1958, or nearly double the rate of growth. This is seen even more clearly in the case of the national income, whose growth at current prices was 4.8% compared to 6.4% in 1958, whereas in real terms, growth in 1958 was only 2.9% while in 1959 it was over twice that rate at 5.9%.

All sectors of production contributed to this rise. Agricultural output went up by 5.5% in crop year 1959, compared with gains of only 0.6% in 1958 and 3.9% in 1957. This was a result both of more favorable weather conditions and of government efforts to increase agricultural production. The major gains were made by rice, whose output went up by 15% and corn, which went up by 19.2%. Mining production rose by 8.1% in contrast to a decline of around 1% in the preceding year. This was largely due to a recovery of world trade in base metals after the recession of 1958. The manufacturing production index went up by the same rate as in the previous year, 8.3%.*

* Income originating from manufacturing, however, was reported by the N.E.C. to have declined by 3.8% owing to the price decline in milled rice and corn. This alone makes it clear that, after discounting price effects, growth in real terms was considerable. All other industries were reported to have risen. Rice and corn milling are not included in the manufacturing production index, which is in any event an index of quantum (not value) relatives.

The notable gains made in production for domestic consumption permitted a lower level of imports than in the previous year without serious repercussions on the economy. In particular, purchases of food grains were slashed by more than half in this year's import bill, and there were also considerable reductions in imports of textiles and dairy products. This signified that the composition of imports favored producer goods even more heavily than in the past, such goods forming 87.6% of imports in 1959 as compared to 81.4% in 1958, while practically maintaining their absolute level value-wise. Diversification of trade continued apace, with the United States losing ground to Europe and Asia. Imports from the United States fell from 51.6% of the total in 1958 to 45.5% in 1959, while exports at 55.1% of the total had virtually the same percentage share although rising in absolute value.

On the demand side, concerted measures of restraint were taken in both the monetary and fiscal fields. (Reinforcing earlier policies, new credit measures were taken in February. Reserve requirements against demand deposits were raised by 1% a month from the former level of 18% to a new level of 21% which was attained in the month of April. This complemented an earlier measure taken in October 1958 prescribing special reserve requirements against fiduciary accounts consisting of blocked pesos, such reserve requirements reaching a total of 74% of the outstanding amount by December 1959, with an incremental reserve ratio of 100% against additions to these accounts. The combined effect of the various credit restraint measures in force was to sterilize P134.7 million. The rediscount rate was hiked from a unitary figure of 4½% to a graduated scale ranging between 4½% and 6½% depending on the type of collateral, with agricultural production and export packing credit enjoying preferential rates.)

Even more powerful effects on demand were registered by measures taken in the fiscal field. Programmed expenditures were cut when additional revenues proved insufficient to finance them. (Bond disbursements were lowered from P147 million in FY 1958 to P84 million in FY 1959, and the bond ceiling for FY 1960 was scaled down from P126 million to P75 million, although later partially restored to P100 million. Actual outlays, including bond disbursements for FY 1959, were 6.3% or P69 million lower than in the previous year and about 25% less than the programmed amounts. Revised estimates for FY 1960 place them at a level 7.6% lower than the original budget estimates, although higher by 14.7% or P151.8 million than 1959 outlays.) A series of tax measures revoked certain tax exemptions, raised certain specific taxes, and also raised corporate taxes and restored the rates of personal income taxes to pre-1955 levels. These are estimated to increase revenue by P97 million. Even more important, Congress authorized the collection of a margin levy on sales of

foreign exchange by the Central Bank of between 25% and 40%. The law came into effect in July with the rate set at 25%. By December this measure alone had siphoned off P66.7 million from the money supply, of which P20.3 million was transferred in February 1960 to the General Fund of the National Government.

effect
The combined impact of these monetary and fiscal measures retarded but did not stop the growth of money supply, which still went up by 6% in 1959 as compared to 8.8% in 1958. With the fiscal sector exerting, for the first time in several years, a disinflationary effect, the continued growth of the money supply was attributable to the external sector and to the credit operations of the banking system. The external sector, under the impact of both a commodity trade surplus and favorable invisible payments, gained a \$17.6 million rise in the international reserve to a level by the end of 1959 of \$162.9 million. Domestic credits of the entire banking system expanded by P402.4 million or 14.3%, compared to 1958's P286.2 million or 11.3% increase. Credits of Other Banks grew by 11.5% representing P202.6 million, considerably larger than last year's rise of P78.3 million or 4.7%, while Central Bank credits rose by P199.8 million or 19.0%, slightly lower than the P207.9 million or 24.7% increment of 1958. As a result of heavy lending operations, the commercial banks found themselves in a weaker reserve position at the end of the year than at the beginning.

Much of the credit expansion came about because of a sizable increase in rediscount operations, which went up from a level of P242.9 million in 1958 to P377.7 million in 1959, a rise of 55.5%, largely for the Philippine National Bank. This was the second highest volume of rediscounting in the history of the Central Bank, appearing to indicate that the revised rediscount rates were insufficient to exert a restraining effect on the volume of rediscounting. Most Central Bank loans and advances to commercial banks were in fact made at the preferential rates: P225.8 million at 4½% and P17.9 million at 5%, out of the total of P377.7 million. Sizable Central Bank credits were also extended to the national government totalling P244.1 million for various purposes, including the funding of maturing public debt issues and additional subscriptions to international entities such as the I.M.F. and the I.B.R.D., as well as to the ACCFA totalling P75 million under the statutory provisions compelling the Central Bank to extend credit for the purchase of Virginia leaf tobacco.

The price impact of developments during the year was on the whole mild. Commodity wholesale and retail prices edged up while consumer prices edged down within a narrow range of movement. The ordinary seasonal pattern was generally observed during the year, with a declining trend down to May and a rising trend afterwards. This price stability was the result of virtually offsetting movements: the drop in the heavily weighted foodstuffs

price index practically nullified the rise registered in the prices of nearly all other commodities. Provincial prices on the whole were more stable than Manila prices; there was a tendency for consumer price indices in the two areas to diverge as prices went up and to converge as they went down.

Over-all employment went up by 2.0%, and the number unemployed fell by 14.7% to less than 750,000 or roughly 7.7% of the labor force. Average agricultural wage rates declined by 3.1% owing to the increased hiring of lower paid workers. Non-agricultural money wage rates, however, experienced fractional increases; moreover, real wage rates underwent a reversal of the trend of the past several years and rose by 3.6% for skilled laborers and 2.6% for unskilled laborers owing to the maintenance of price stability. Average monthly earnings in non-agricultural industries also went up, by 4.6% for salaried employees and by 4.2% for wage earners, under the influence of more full-time work, over-time work, and increases in basic pay.

The remarkable progress made by the economy during the year and the effectiveness of the present array of stabilization measures in drawing substantial amounts of excess purchasing power into government coffers make it possible to begin considering more flexible systems of external trade and exchange regulation as well as of domestic credit management. Action in these two fields would have to be complementary. Any relaxation of trade and exchange controls must presuppose the maintenance or tightening of credit and fiscal measures. In particular, events during 1959 indicate the desirability of imposing further restraints on rediscounting while at the same time making it a more flexible tool of monetary management more responsive to the needs of a national banking system. Prices, yields and bank financing of government securities are in even more urgent need of reappraisal. Decisive action along these lines would materially help any liberalization of restrictions on external trade and payments. Failure to act on them and on similar complementary measures on the other hand, would expose the economy to continued unstabilizing pressures and would, in view of the still low level of foreign exchange reserves, and the comparatively high absolute level of prices, seriously imperil the success and aggravate the social consequences of any trade and exchange liberalization program.

B. INTERNATIONAL ECONOMIC DEVELOPMENTS

Determined efforts by the economies of the world to recover from the ill effects of the last recession became apparent in 1959. However, progress toward economic recovery was not uniform. Although most industrial countries found little difficulty in approximating pre-recession growth, balance of payments difficulties, shortage of investment capital, and adverse net terms of trade continued to retard the economic activities of underdeveloped countries.

The steel strike in the United States in the middle of 1959 together with the upsurge in world productive activity enhanced the trading position of other industrialized countries in both the U.S. market and in the rest of the world. Chief gainers were steel-exporting countries such as Belgium, Germany, France and Japan.

The leading industrial countries of Europe, particularly Western Europe, embarked on an intensified program of production and commerce, and moved towards more liberal trade and the restoration of currency convertibility, thereby engendering wider and keener competition in the world market. Reflecting a widespread bid for funds to finance economic expansion was a general rise of interest rates in the United States, Canada, Japan and Western Europe.

Notwithstanding the steel strike, gains made by the 1959 post-recession activity in the United States were exhibited by a \$21.5 billion increase in the Gross National Product, and by marked improvements registered in the indices of industrial production, employment and wages (1953 = 100), which went up from 108 to 120, from 102 to 105, and from 123 to 128, respectively. Private investments also surged up from \$61.3 billion to \$67.0 billion. However, the volume of U.S. trade experienced a net expansion of only \$1.7 billion, with total imports increasing by \$2.3 billion and exports dropping by about \$0.6 billion. This decline in exports was due primarily to a reduction in U.S. exports to Latin America and Western Europe. Trade with these areas and the sterling bloc proved unfavorable, while favorable balances were achieved by the United States with Canada, the Middle East, and Asia. Imports from Latin America, which comprised 24.6 per cent of total U.S. imports, increased from \$2.6 billion in 1958 to \$2.8 billion in 1959. All in all, the United States suffered a \$3.7 billion balance of payments deficit on current transactions, although it still had an export surplus of \$0.9 billion in its commodity trade.

A remarkable post-recession surge was also evident in most other highly industrialized economies. Industrial production in Germany, the United Kingdom, Japan, and France registered substantial hikes as reflected by their respective indices (1953 = 100): from 161 in 1958 to 185 in 1959 for Germany; from 114 to 122 for the United Kingdom; from 188 to 246 for Japan; and from 158 to 179 for France. High levels of public expenditure and both foreign and domestic demand contributed to the uptrend. Exports rose to record peaks; coupled with favorable import prices for raw materials, this enabled most of the industrial countries to maintain satisfactory terms of trade. As a result, the foreign exchange reserves of these countries were substantially augmented.

On the other hand, the less industrialized countries experienced a slower pace of recovery in view of balance of payments difficulties and the sharp competition offered by cheap German and Japanese manufactured and capital goods.

In the face of advances by the industrial economies, the primary producing countries displayed some weakness in world competition, which may be traceable to: 1) the development of substitutes for many natural products, and 2) unfavorable terms of trade arising from price declines for many primary commodities in the face of relatively stable prices for manufactured goods, which continued to hamper their payments position in relation to the industrial nations. Apparently unaffected by the downtrend in primary commodity prices, however, were copra, coconut oil, hemp, rubber, and copper, which were favored with increased demand arising out of the intensified industrial activity.

However, nearly all countries in the ECAFE region enjoyed bumper harvests in staple crops during crop year 1959. Indonesia, Japan, and the Philippines improved their overall terms of trade by 15.5 per cent, 10.7 per cent, and 6.7 per cent, respectively. Nevertheless, internal economic difficulties, traceable in large part to budgetary factors, capital flight, and illegal trade practices, compelled Indonesia to impose a drastic currency reform in August, 1959 which involved a partial repudiation of its currency and a devaluation in its exchange rate.

CHAPTER II

DOMESTIC ECONOMIC SURVEY

A. NATIONAL INCOME & PRODUCT

In 1959, the Philippine output of goods and services at current prices continued to rise reaching a level of P11,032 million, an increase of P474 million above that of the preceding year. Similarly, national income at factor cost was P445 million more than the P9,323 million level of 1958. The real rate of growth of the economy appeared to be considerably greater than in the previous year, despite a slower rise in current terms due to the distorting effects of price level changes. Percentage-wise, both the gross national product and the national income increased by 4.5 per cent and 4.8 per cent during the 1958-59 period, compared with the rates of expansion of 5.7 per cent and 6.4 per cent, respectively, in 1957-58. In terms of constant (1956) prices, however, both gross national product and national income at factor cost in 1959 almost doubled the real growth rates of 2.2 per cent and 2.9 per cent manifested in 1958.

1. The Flow of Expenditures

The continuing effects of governmental measures aimed at reducing non-essential consumption expenditures were apparent in the reduced rate of increase in total purchases of goods and services during the period. Expenditures by both the private and public sectors rose slightly by 1.8 per cent and 2.2 per cent, respectively, compared to the increases of 5.0 per cent and 6.8 per cent that occurred in 1958.

GROSS NATIONAL PRODUCT BY TYPE OF EXPENDITURE

1957-1959

(Million pesos)

Type of expenditure	1957	1958	1959	Per cent change	
				1957-58	1958-59
Private consumption expenditures ..	8,523	8,950	9,109	5.0	1.8
Government current expenditures ...	853	911	931	6.8	2.2
Gross domestic investment	1,036	889	991	-14.2	11.5
Net export & investment income ..	-421	-192	1	54.4	101.0
Gross National Product	9,991	10,558	11,032	5.7	4.5

SOURCE: National Economic Council.

Simultaneous expansion in government as well as in private investments accompanied by the accumulation of inventories brought about the over-all improvement of 11.5 per cent in gross domestic investment in the economy.

A noteworthy movement occurred in the net export and investment income position of the country which showed a positive balance of ₱1 million in 1959, thus reversing the general deficit trend that characterized the past years from 1946 (except in 1950).

GROSS DOMESTIC INVESTMENT BY MAJOR CATEGORIES 1958 - 1959

(Million pesos)

Type of Investment	1959	1958	Per cent Change
Gross fixed investment	901.0	851.2	5.9
Durable equipment	443.6	432.6	2.5
Construction	457.4	418.6	9.3
Change in inventories	89.7	38.2	134.8
Livestock	14.9	6.8	119.1
Sugar	35.8	0.4	8,850.0
Mining	3.0	—1.0	400.0
Manufacturing	29.0	31.0	(6.5)
Trade	7.0	1.0	600.0
Total Gross Investment	990.7	889.4	11.4
Private	777.9	681.7	14.1
Government	212.8	207.7	2.5

SOURCE: National Economic Council.

2. The Flow of Income

a) *National Income by Industrial Origin*

The national income which represents total earnings derived from the nation's current output of goods and services rose from ₱9,323 million in the previous year to ₱9,768 million in 1959, an increase of 4.8 per cent at current prices. All sectors, except manufacturing, were above levels of a year earlier.

Income originating in agriculture increase from ₱3,138 million in 1958 to ₱3,411 million in 1959, an upturn of 8.7 per cent which was three times the rate of expansion in the previous year. Favorable weather during the period resulted in good harvests of staple products—rice and corn—which more than offset the decline in prices for these commodities. Increased

receipts from forestry and fishing contributed to rises of 58.8 per cent and 2.7 per cent, respectively.

With lower receipts for milled rice and corn during the period, however, income originating in manufacturing in 1959 dropped by almost 4 per cent from the level of ₱1,728 million in 1958.

The mining sector during the year under review reached ₱167 million as the value of all minerals, with the exception of lead, showed moderate increase in output and prices.

Services contributed ₱2,684 million to the total national income, an upsurge of ₱91 million or 3.5 per cent from the 1958 level.

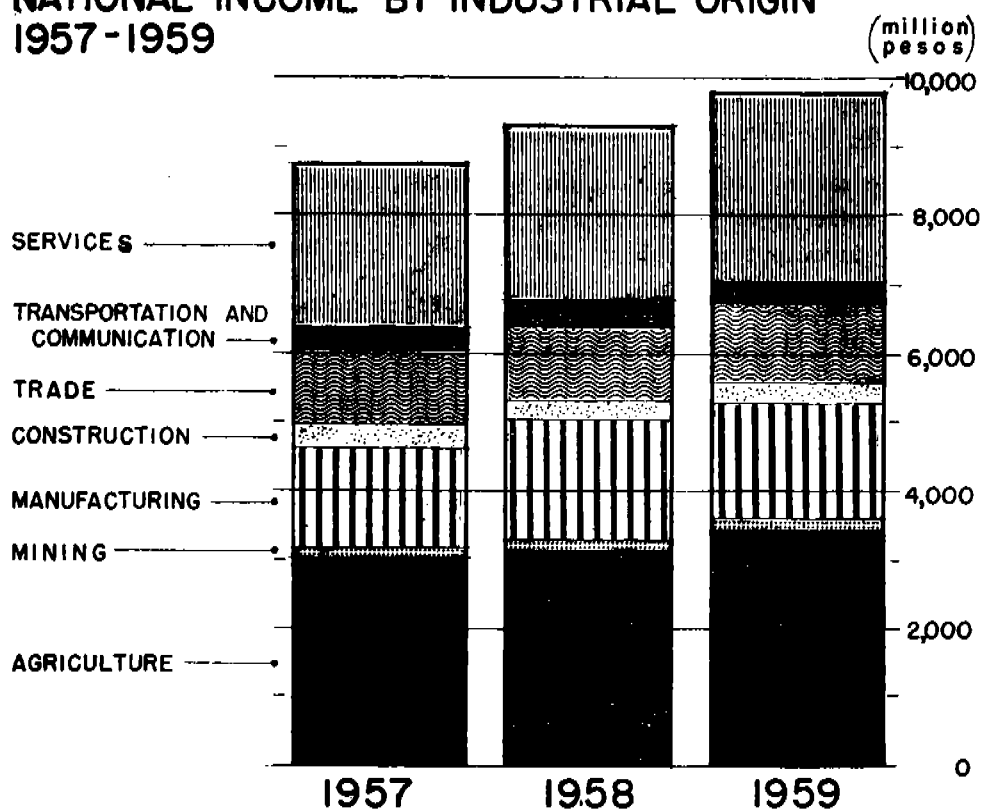
NATIONAL INCOME BY INDUSTRIAL ORIGIN, 1957-1959

(Million pesos)

Item	1957	1958	1959	Absolute Change		Per cent Change	
				1957-58	1958-59	1957-58	1958-59
Agriculture	3,050	3,138	3,411	88	273	2.9	8.7
Mining	142	138	167	(4)	29	(2.8)	21.0
Manufacturing	1,418	1,728	1,663	310	(65)	21.9	(3.8)
Construction	329	285	311	(44)	26	(13.4)	9.1
Trade	1,092	1,103	1,172	11	69	1.0	6.3
Transportation and communication	321	338	360	17	22	5.3	6.5
Services	2,412	2,593	2,684	181	91	7.5	3.5
Government	687	740	756	53	16	7.7	2.2
Personal services	507	578	600	71	22	14.0	3.8
Recreational services	32	31	31	(1)	—	(3.1)	—
Educational services	73	74	75	1	1	1.4	1.4
Professional services	261	285	306	24	21	9.2	7.4
Rental value of owner- occupied dwellings	727	759	782	32	23	4.4	3.0
All others	125	126	134	1	8	0.8	6.3
National Income at Factor Cost	8,764	9,323	9,768	559	445	6.4	4.8

SOURCE: National Economic Council.

NATIONAL INCOME BY INDUSTRIAL ORIGIN 1957-1959



b) *Personal Income*

Personal income at current prices aggregated ₱9,384 million in 1959 compared to ₱9,016 million in the preceding year, an improvement of 4.1 per cent compared to 6.4 per cent in the 1957-58 period. All components except net donations from abroad and transfer payments contributed to the flow of purchasing power to individuals.

Compensation of employees which made up 43.4 per cent of total personal income exceeded the 1958 level by ₱164 million while entrepreneurial income increased by ₱210 million, the latter resulting chiefly from increased agricultural receipts for domestic as well as export crops. Both sectors, however, rose at a rate of 4.2 per cent compared to 6.5 per cent in 1958.

Disposable personal income correspondingly rose by 4.0 per cent compared to the 6.3 per cent increase during the 1957-58 period.

SOURCES AND DISPOSITION OF PERSONAL INCOME

1957-1959

(Million pesos)

Item	1957	1958	1959	Per cent Change	
				1957-58	1958-59
Compensation of employees	3,673	3,912	4,076	6.5	4.2
Entrepreneurial and property income of persons	4,675	4,978	5,188	6.5	4.2
Transfer payments	57	67	66	17.5	(1.5)
Net donations from abroad	67	59	54	(11.9)	(8.5)
Personal income	8,472	9,016	9,384	6.4	4.1
Less: Personal direct taxes	212	237	250	11.8	5.5
Equals: Disposable personal income	8,260	8,779	9,134	6.3	4.0
Less: Personal savings	—263	—171	25	35.0	115.2
Equals: Personal consumption expenditures	8,523	8,950	9,109	5.0	1.8

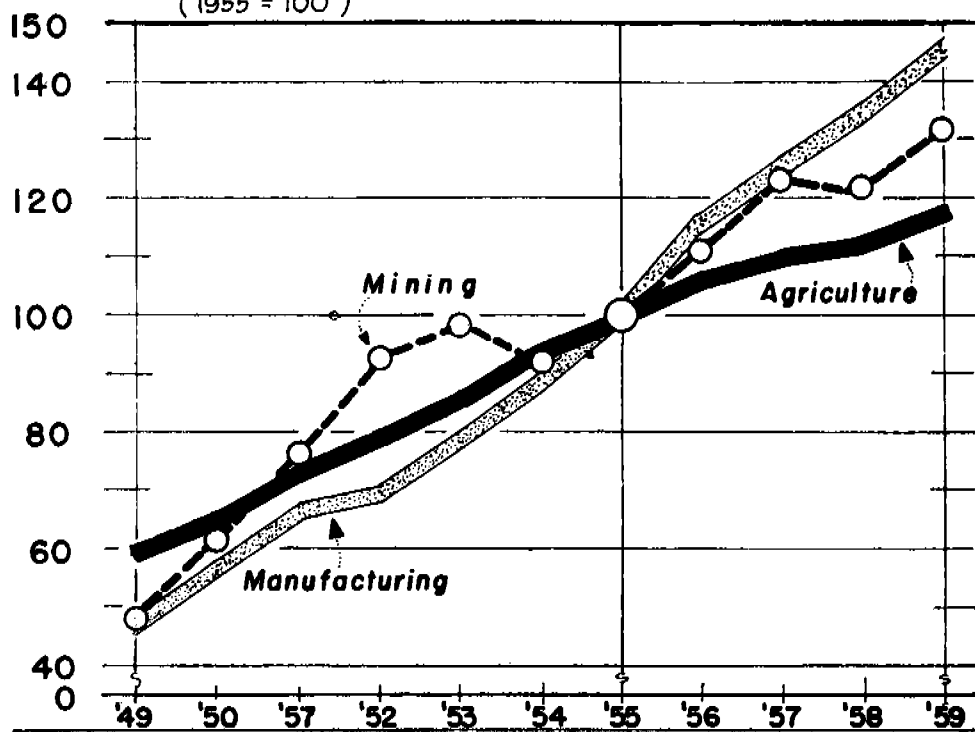
SOURCE: National Economic Council.

B. PRODUCTION

Agricultural output rose by 5.5 per cent in 1959 compared with gains of 0.6 per cent in 1958 and 3.9 per cent in 1957. Mining production as a whole registered an increase of 8.1 per cent as contrasted with a decline of around one per cent in 1958. The output in the manufacturing sector went up by another 8.3 per cent. The previous year's increase was also 8.3 per cent. Indications point to continued growth in over-all production in 1960 as a result of the operation of various measures designed to spur activity along these lines.

Real estate sales in Metropolitan Manila rose to P218.1 million from P163.8 million in 1958, an increase of 33.2 per cent. Mortgage transactions however, declined by 8.0 per cent. New construction activity in Manila and suburbs and other chartered cities went up by 18.9 per cent as contrasted with a fall of 16.8 per cent in 1958. There was a bigger rate of increase in electric power output in 1959 when the Manila Electric Company recorded a peak production of 1,504 million k.w.h. or an increase of 17.4 per cent as compared with last year's rate of growth of 14.9 per cent. Transportation activities by water, air and land were brisker, which further reflected the growing strength of the economy.

Index of the PHYSICAL VOLUME OF PRODUCTION (1955 = 100) 1949 - 1959



1. Agricultural Production

Agricultural output advanced at a faster pace during crop year 1959 than in the previous year. While, in 1958, the 0.6 per cent increase in agricultural production was held down by damage caused by adverse weather conditions, generally favorable weather conditions prevailed in 1959. This factor, and the improved peace and stability in the rural areas as well as the intensified government campaign to increase food production, were the major contributory elements responsible for the higher expansion in agricultural output in 1959. The over-all agricultural index was 117.0 (1955 = 100) compared to 110.9 in 1958, an increase of 5.5 per cent.

a) Domestic Products

Food crops registered an index of 117.2 (1955 = 100) compared to 108.4 the preceding year, or an increase of 8.1 per cent. The prevalence of generally good weather conditions, coupled with the food production program which resulted in bigger yields per hectare, led to bumper crops of rice and

corn in 1959. Rice production increased by 15.0 per cent to 3.7 million metric tons in 1959, after declining by 4 per cent in 1958. Corn production rose by 19.2 per cent in 1959, as against a decline of 5 per cent in 1958. The Rice and Corn Production Program which was launched early in calendar year 1958 is undoubtedly contributing to the expansion of production of these main staples. The program provided for such incentives as construction of new, and improvement of existing, irrigation facilities, use of certified and selected seeds, distribution of fertilizers and insecticides at low cost to farmers and timely control of plant pests and diseases.

The production of fish, an important item in the food diet, rose by 2.1 per cent in 1959 compared with 10.6 per cent in 1958. This steady gain has resulted from increased activity in commercial fishing and expanded acreage of fish ponds; also, the government campaign against illegal (dynamite) fishing has been intensified. There were also increases ranging from 0.8 per cent to 9.1 per cent in the output of root crops, meat and poultry and coffee and cacao. Declines were, however, noted in the production of beans and vegetables, fruits and nuts and peanuts.

PRODUCTION OF FOOD CROPS

Crop Years 1958-1959

(Thousand metric tons)

Product	1959 p	1958	Per cent change
Rice (rough)	3,685	3,204	15.0
Corn (shelled)	1,016	852	19.2
Beans and vegetables	240	243	-1.2
Coffee and cacao	12	11	9.1
Fruits and nuts	692	714	-3.1
Peanuts (unshelled)	16	19	-15.8
Root crops	1,340	1,330	.8
Meat and poultry products	311	293	6.1
Fish ^a	436	427	2.1

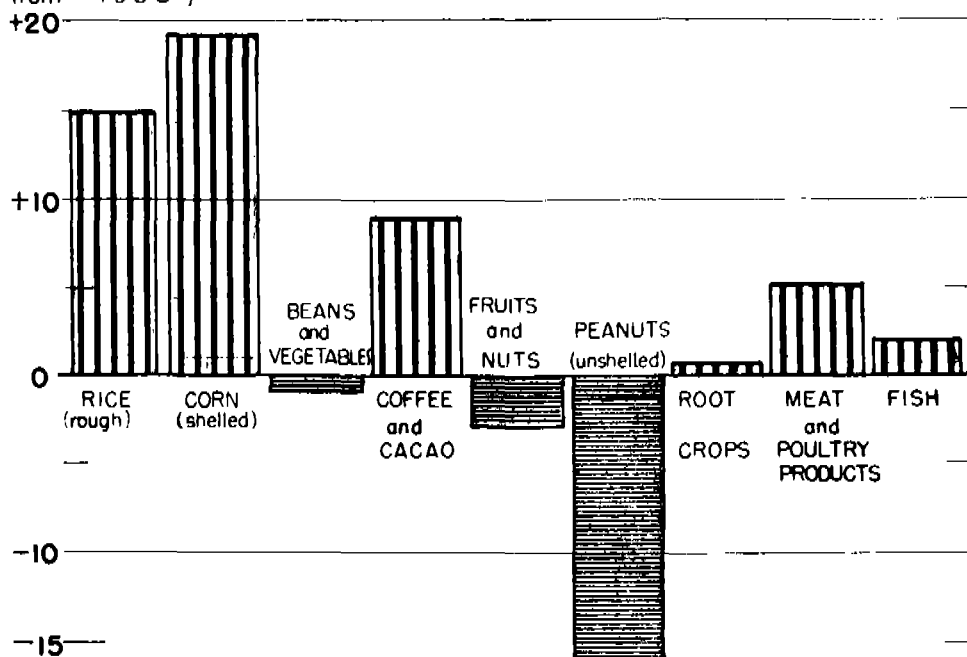
SOURCES OF BASIC DATA: Department of Agriculture and Natural Resources.
Bureau of Fisheries.

^a Calendar year figure.

PER CENT CHANGE IN THE PRODUCTION OF *FOOD CROPS*

Crop Years 1958-1959

(Per cent change
from 1958)



b. Major Export Crops

Production of export crops on the whole was slightly lower in 1959 than in 1958. The export crop index stood at 116.6 (1955 = 100) compared to 117.1 in 1958, a minimal decline of 0.4 per cent. The 1959 production of coconut products fell for the second consecutive year because of the continuing adverse effects of the drought which occurred in 1958, typhoons, and the ravages of the plant pest, "Kadang-kadang". Production of copra dropped by 17.1 per cent, coconut oil by 17.5 per cent and desiccated coconut by 10.7 per cent. In 1958, there were declines of 2 per cent for copra and 31.4 per cent for coconut oil. Abaca production continued to drop, the fall in 1959 being 11.2 per cent compared with 3.1 per cent in 1958. The uncontrolled mosaic disease and the consequent high cost of production especially on small holdings, had led many producers to neglect their abaca farms.

The output of timber (logs) rose by 18.8 per cent but lumber production fell by 14.3 per cent. The increase in timber production was mainly due to the fact that lumber concessionaires found it more profitable to con-

concentrate on the logging business for export. On the other hand, the high cost of production of lumber consequent upon this export diversion caused the shut-down of many sawmills which resulted in a decreased output of lumber.

Sugar production continued to increase, recording a gain of 9.8 per cent in 1959, compared with 20.5 per cent in 1958. The expansion in sugar output was brought about largely by the employment of better cultivation methods such as the increased use of fertilizer and irrigation systems, better varieties of sugar cane and improved methods of culture which resulted in higher yields per hectare. Tobacco production reversed a decline of 2.0 per cent in 1958 with an increase of 4.0 per cent in 1959. Cordage output also rose by 37.5 per cent.

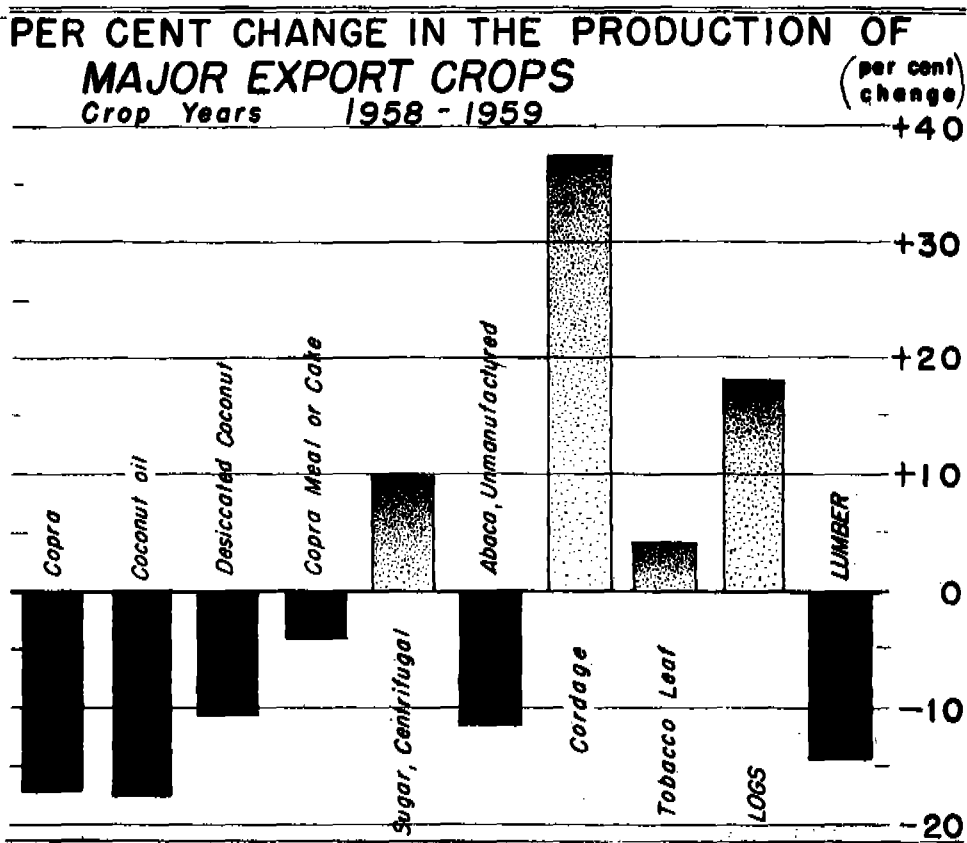
PRODUCTION OF MAJOR EXPORT CROPS Crop Years 1958-1959

(Thousands metric tons)

P r o d u c t	1959 p	1958	Per Cent Change
Copra	1,072	1,293	-17.1
Coconut oil ^a	189	229	-17.5
Desiccated coconut	50	56	-10.7
Copra meal or cake ^a	95	99	-4.0
Sugar, centrifugal	1,372	1,250	9.8
Abaca, unmanufactured	111	125	-11.2
Cordage	11	8	37.5
Tobacco leaf	52	50	4.0
Logs (million bd. ft.)	2,310	1,945	18.8
Lumber (million bd. ft.)	438	511	-14.3

SOURCES OF BASIC DATA: Department of Agriculture and Natural Resources.
Bureau of Forestry.
Philippine Coconut Administration.
Sugar Quota Administration.

^a Calendar year figure.



2. Manufacturing

The year 1959 saw a more liberal flow of credit to manufacturing concerns both from government and private sources, a steadily growing local market due to tighter trade restraint measures and more protection through the banning of competitive imports, and manufacturing production therefore reached an all-time high of 145.9 (1955 = 100) during the first nine months of 1959 compared to 134.7 in 1958 or an increase of 8.3 per cent. Both durable and non-durable items showed sizable increases in output.

a. Non-Durable Manufactures

Non-durables rose by 8.2 per cent as the index stood at 144.2 (1955 = 100) compared to the corresponding level of 133.3 the previous year. With the exception of footwear, wearing apparel and other made-up textile goods and chemicals, all lines of non-durables registered gains. Leather products, except footwear, showed a sizable increase of 50.5 per cent, followed by textiles which rose by 27.5 per cent. The leather index was boosted by a

substantial increase in miscellaneous articles of leather while that of textiles was buoyed up by advances in cotton yarns, piece goods and hosiery. Other industry groups which likewise contributed to the uptrend in output were rubber products (24.2 per cent); paper products (13.2 per cent); manufactured food products, except beverages (12.2 per cent); printing, publishing and allied industries (9.9 per cent); beverages (7.1 per cent); tobacco products (2.9 per cent) and miscellaneous non-durables (14.6 per cent).

b. *Durable Manufactures*

The output of durable products expanded as the index reached 153.9 (1955 = 100) compared to 141.3 in 1958 or an increase of 8.9 per cent. The biggest expansion was recorded in metal products, which showed an impressive gain of 23.1 per cent, followed by wood and cork which increased by 16.4 per cent. Likewise, furniture and fixtures, non-metallic mineral products, and electrical machinery and appliances moved up. However, declines were registered in non-electrical machinery, transport equipment and miscellaneous durables, which were not sufficient to offset the gains made in the other durable manufactures.

INDEX OF THE PHYSICAL VOLUME OF PRODUCTION IN MANUFACTURING

January-September, 1958-1959

(1955 = 100)

Item	January-September		Per cent change
	1959 p	1958	
Manufactures	145.9	134.7	8.3
Non-durable manufactures	144.2	133.3	8.2
Manufactured food products, except beverages ...	138.1	123.1	12.2
Slaughtering, preparation and preserving of meat	178.2	93.2	91.2
Dairy products	141.1	137.6	2.5
Processed fruit & vegetables	127.5	123.9	2.9
Processed fish products	135.6	133.8	1.3
Bakery products	104.1	90.2	15.4
Cocoa, chocolate, coffee, sugar and confectionery	144.6	130.9	10.4
Miscellaneous food preparations	141.5	125.1	13.1
Beverages	133.0	124.2	7.1
Distilled spirits	99.5	99.7	-0.2
Wines	122.8	134.4	-8.6
Beer	158.3	140.0	13.1
Soft drinks	123.5	118.2	4.5
Tobacco products	118.7	115.3	2.9
Textiles ^a	257.1	201.6	27.5

INDEX OF THE PHYSICAL VOLUME OF PRODUCTION IN MANUFACTURING

January-September, 1958-1959 (*Concluded*)

(1955 = 100)

Item	January-September		Per cent change
	1959 p	1958	
Footwear, wearing apparel and other made-up textile goods	57.9	64.8	-10.6
Footwear, except rubber	86.2	102.4	-15.8
Wearing apparel	41.9	47.7	-12.2
Other made-up textile goods	199.1	138.0	44.3
Paper products	152.2	134.4	13.2
Pulp paper and paper board	150.2	140.7	6.8
Manufactured articles of paper and paper board	152.9	132.1	15.7
Printing, publishing and allied industries	130.9	119.1	9.9
Leather products, except footwear	270.4	179.7	50.5
Rubber products ^b	224.5	180.7	24.2
Chemicals ^c	132.9	134.0	-0.8
Manufacture of miscellaneous products of petroleum and coal	179.2	169.7	5.6
Miscellaneous non-durable manufactures	129.1	112.7	14.6
Durable manufactures	153.9	141.3	8.9
Wood and cork manufactures, except furniture and fixtures	159.3	136.8	16.4
Furniture and fixtures	105.6	102.3	3.2
Non-metallic mineral products	166.5	156.4	6.5
Clay and cement products	210.1	266.0	-21.0
Concrete products	297.2	305.6	- 2.7
Glassware & glass containers	97.2	118.4	-17.9
Plate and sheet glass products	55.4	56.9	- 2.6
Cement	187.2	159.6	17.3
Asbestos products	147.3	112.0	31.2
Limestone products	117.8	117.3	0.4
Metal products, except machinery	211.7	172.0	23.1
Manufacture of machinery, except electrical machinery	86.6	112.9	-23.3
Electrical machinery, apparatus, appliances and supplies	169.9	164.3	3.4
Manufacture of transport equipment	84.9	88.6	- 4.2
Miscellaneous durable manufactures	107.9	145.4	-25.8

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

^a Includes floor coverings.

^b Includes rubber shoes.

^c Includes fertilizers.

3. Mining

Mining production during 1959 registered an over-all increase of 8.1 per cent as the index advanced to 132.4 (1955 = 100) from 122.5 in 1958. While gold production dipped 4.8 per cent due to the lower grade of ore recovered, the output of base metals considerably increased due to improved foreign demand and favorable world prices of copper concentrates and iron ore. Chromite paced the advance by 57.0 per cent, followed closely by manganese which increased by 56.0 per cent. Production of copper and iron rose by 5.3 per cent and 12.0 per cent, respectively. Substantial gains in the output of non-metallic minerals were registered in the year under review compared with the previous year. Increased local demand for items like coal, rock asphalt, gravel and sand, salt and silica contributed greatly to the expanded production of this group.

MANUFACTURING PRODUCTION*, 1953-1959

(Thousand pesos)

(Details do not always add up to the totals because of rounding)

PERIOD	M a n u f a c t u r e s									
	TOTAL	N o n - d u r a b l e m a n u f a c t u r e s								
		F o o d m a n u f a c t u r e s , e x c e p t b e v e r a g e s								
		TOTAL	TOTAL	Slaughtering, preparation and preserv- ing of meat	Dairy Products	Processed fruits and vegetables	Processed fish products	Bakery Products	Cocoa, choco- late, coffee, sugar & con- fectionery	Miscellaneous food prepara- tions, n.e.s
1953	826,445	721,897	155,743	662	5,583	25,724	452	27,196	28,247	67,878
1954	881,895	753,721	164,048	1,176	7,373	13,250	515	26,714	36,491	78,528
1955	1,169,098	980,505	181,172	2,052	7,949	17,038	1,230	27,754	40,147	85,002
1956	1,379,440	1,143,262	213,785	2,155	9,105	24,982	1,447	32,056	51,485	92,554
1957	1,580,074	1,275,648	232,764	2,001	10,044	22,572	1,375	27,522	50,412	118,837
1958	1,948,324	1,590,214	277,524	3,844	26,471	22,213	1,600	25,738	69,604	128,054
1959 ^p	2,304,724	1,871,550	351,592	4,377	38,794	27,723	1,537	22,022	74,359	182,780

PERIOD	B e v e r a g e s			Tobacco products	Textiles	Footwear, wearing apparel and made-up textile goods			
	Total	Distilled spirits, wines & malt liquor	Soft Drinks			Total	Footwear except Rubber	Wearing Apparel	Made-up textile goods
1953	124,901	51,863	73,038	167,302	56,335	50,395	14,055	35,548	792
1954	125,930	53,692	72,237	152,137	55,623	54,992	12,680	40,169	2,143
1955	129,885	63,069	66,816	187,528	68,794	58,367	13,309	42,799	2,260
1956	141,546	70,724	70,822	195,232	93,764	51,756	15,462	33,327	2,966
1957	149,187	78,829	70,357	213,869	121,908	41,834	11,824	27,748	2,262
1958	164,110	90,131	73,979	265,267	178,798	44,301	15,157	25,871	3,274
1959 ^p	174,581	94,433	80,148	264,375	234,263	38,513	12,860	21,809	3,843

Period	Paper Products			Printing, publishing and allied industries	Leather products, except footwear	Rubber products	Chemicals	Miscellaneous non-durable manufactures b
	Total	Pulp paper, paper board and wall board	Manufactured articles of paper and paper board					
1953	25,535	7,228	18,306	7,152	1,421	7,274	122,317	3,524
1954	26,778	7,274	19,504	6,049	2,541	12,460	128,058	25,105
1955	34,529	8,804	25,725	7,668	3,125	12,869	187,890	108,678
1956	44,707	9,574	35,133	11,936	4,370	16,633	229,539	139,994
1957	48,751	17,150	31,601	12,780	4,673	43,987	249,618	156,278
1958	60,582	22,988	37,594	17,870	4,037	69,112	319,618	188,993
1959 ^p	80,714	27,065	53,650	14,811	5,698	87,737	417,257	202,011

Period	Durable manufactures								
	Total	Wood and cork, except furniture and fixtures	Furniture and fixtures	Non-metallic mineral products, except products of petroleum and coal					
				Total	Clay and cement products	Concrete and stone products	Glassware and glass containers	Plate and sheet glass products	Cement
1953	104,548	7,383	5,887	50,019	1,660	2,143	17,790	801	23,680
1954	128,174	14,998	8,098	51,308	2,160	4,714	14,739	490	25,280
1955	188,593	16,807	7,495	52,795	2,137	2,415	13,179	535	32,595
1956	236,178	21,198	8,764	60,697	3,559	3,193	13,541	540	35,588
1957	304,425	24,103	10,654	74,560	6,230	5,785	14,388	560	40,751
1958	358,111	29,744	8,530	90,445	5,088	7,531	18,432	529	50,763
1959 ^p	433,174	41,002	9,280	94,283	4,518	7,887	14,702	736	56,870

Period	Non-metallic mineral products, except products of petroleum and coal (Cont'd)		Metal products, except machinery	Machinery, except electrical machinery	Electrical ma- chinery, appa- tus, appliances and supplies	Transport equipment	Miscellaneous durable manufactures
	Limestone products	Non-metallic mineral products, n.e.s. c					
1953	d	3,945	18,407	322	4,871	14,394	3,266
1954	76	3,849	19,277	379	6,307	23,993	3,814
1955	78	1,857	43,978	298	14,634	44,310	8,276
1956	140	4,135	64,750	318	20,580	51,348	8,523
1957	152	6,694	99,641	447	28,341	56,700	9,979
1958	1,220	6,883	124,207	555	35,340	56,327	12,963
1959 ^d	1,283	8,288	159,022	1,909	45,195	72,363	10,120

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

a Reported production of 954 firms for years 1953 and 1954; for 1955, 1,035 firms; for 1956 and 1957, 1,068 firms; for 1958, 1,131 firms; for 1959, 1,116 firms.

b Includes miscellaneous products of petroleum and coal.

c Includes asbestos products.

d Included in non-metallic mineral products, n.e.s.

MINING PRODUCTION 1958-1959

I t e m	Unit of Weight	Quantity		Per Cent Change
		1959 p	1958	
Gold	F. ounces	402,615	422,833	— 4.8
Silver	F. ounces	504,085	497,987	1.2
Base metals:				
Iron	M. tons	1,230,193	1,098,732	12.0
Chromite	M. tons	653,487	416,310	57.0
Copper	M. tons	49,521	47,030	5.3
Manganese	M. tons	34,804	22,308	56.0
Lead	M. tons	355	1,284	—72.4
Zinc	M. tons	5	—	—
Quicksilver	Flasks	3,539	3,321	6.6
Non-metallics:				
Coal	M. tons	139,853	107,780	29.8
Rock asphalt	M. tons	11,787	2,484	374.5
Sand and gravel	Cu. m.	1,721,556	1,640,839	5.0
Salt	Cavanes	3,490,900	2,792,754	25.0
Silica	M. tons	34,917	15,830	120.6

SOURCE OF BASIC DATA: Bureau of Mines.

4. Construction

The total permit valuation of both residential and non-residential buildings constructed in Manila and suburbs and chartered cities for the year 1959 amounted to ₱152.2 million compared to ₱128.0 million in 1958, or an increase of 18.9 per cent. This growth was in contrast to the decline of 16.8 per cent which was registered in 1958. The impressive increase of 79.2 per cent in residential construction in Manila suburbs and the substantial rise of 53.4 per cent in non-residential building activity in Manila were responsible for this building boom.

In Manila, the value of residential construction and addition, alteration and repair declined by 14.3 per cent and 12.2 per cent, respectively, because of the contraction of real estate loans from the GSIS and the Development Bank of the Philippines, the chief sources of construction funds

of small home builders, the tightening of credit facilities for residential construction purposes by commercial banks, and the population shift towards the suburbs. Real estate loans extended by the GSIS fell by 70.4 per cent while those of the Development Bank of the Philippines dropped by 78.6 per cent. On the other hand, non-residential construction spurted considerably as commercial and industrial building activities went up by 84.7 per cent and 45.1 per cent, respectively.

Real estate sales in Manila recorded a slight gain of 2.5 per cent in 1959 compared with 1958, while mortgages declined by 23.0 per cent during the same period. On the other hand, the same transactions in the suburbs of Manila rose by 50.2 per cent and 1.0 per cent, respectively. The increasing real estate sales in the suburbs of Manila reflects a shift in population towards the suburbs, where the cost of real estate is comparatively lower. On the whole, real estate sales in Metropolitan Manila rose by 33.2 per cent in 1959 compared to the level in 1958 while mortgages declined by 8.0 per cent.

PERMIT VALUATION OF BUILDING CONSTRUCTION BY TYPE OF CONSTRUCTION IN THE CITY OF MANILA 1958-1959

(Value in pesos)

Type of construction	1959		1958		Per cent change	
	Number	Value	Number	Value	Number	Value
T O T A L	5,268	69,822,125	4,907	60,403,090	7.4	15.6
Residential	1,172	18,559,600	1,277	21,684,500	— 8.2	—14.3
Non-Residential	597	40,365,610	577	26,312,940	3.5	53.4
Commercial	328	28,261,900	282	15,297,600	16.3	84.7
Industrial and public utility^a	85	3,919,500	114	2,701,750	—25.4	45.1
Institutional^b	41	7,451,800	32	7,269,600	28.1	2.5
Others^c	143	732,410	149	1,043,990	— 4.0	—29.9
Addition, alteration and repair	3,499	10,896,915	3,053	12,405,650	14.6	—12.2

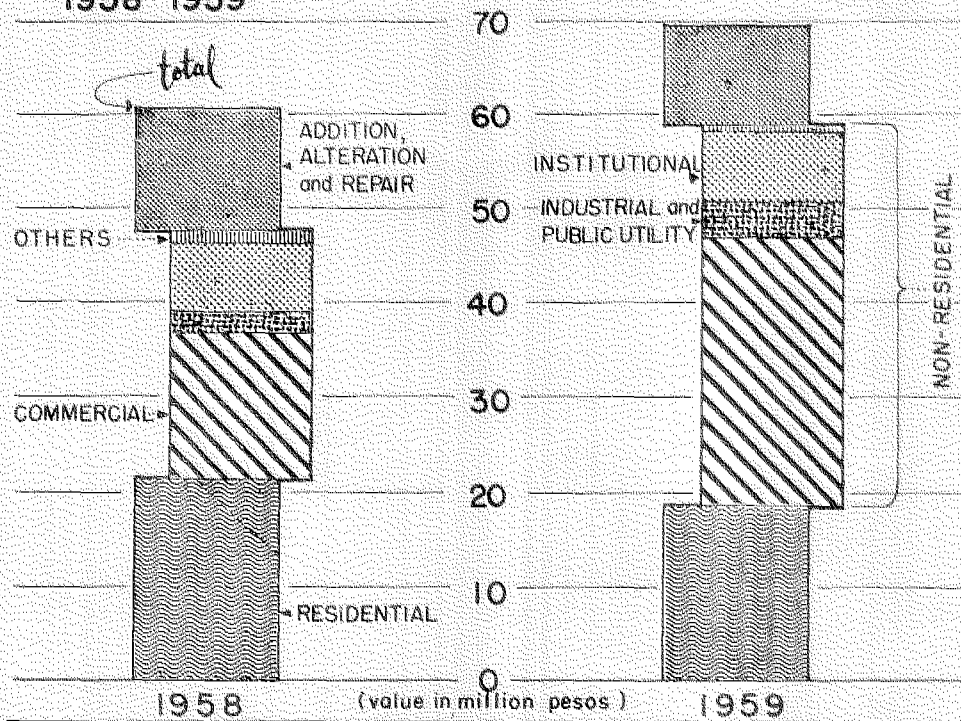
SOURCE OF BASIC DATA: Department of Engineering and Public Works, City Engineer's Office, Manila.

^a Inclusive of factories, warehouses and plants.

^b Inclusive of recreational, social, educational, charitable, religious, hospitals and other similar institutions.

^c Inclusive of buildings not classified elsewhere.

PERMIT VALUATION OF BUILDING CONSTRUCTION BY TYPE OF CONSTRUCTION *in the City of Manila* 1958 - 1959



**NEW CONSTRUCTION ACTIVITY IN MANILA,
MANILA SUBURBS AND CHARTERED CITIES
1958-1959**

(Pesos)

Location	Total ^a		Per Cent Change	Residential		Per Cent Change	Non-Residential		Per Cent Change
	1959 p	1958		1959 p	1958		1959 p	1958	
T O T A L	152,229,988	128,012,856	18.9	71,993,535	64,442,861	11.7	80,236,453	63,569,995	26.2
Manila	58,925,210	47,997,440	22.8	18,559,600	21,684,500	-14.4	40,365,610	26,312,940	53.4
Manila suburbs	37,357,175	28,312,280	31.9	19,135,048	10,677,050	79.2	18,222,127	17,635,230	3.3
Chartered cities	55,947,603	51,703,136	3.2	34,298,887	32,081,311	6.9	21,648,716	19,621,825	10.3

SOURCES OF BASIC DATA: Bureau of the Census and Statistics.
Department of Engineering and Public Works, City Engineer's Office, Manila.

^a Excludes additions, alterations and repairs.

5. Public Utilities

a. *Electricity*

The output of electric power by the Manila Electric Company amounted to 1,504 million k.w.h. during 1959, an increase of 17.4 per cent over the output of 1,281 million k.w.h. in 1958. The steady growth in electric power output is due to the rising demand from both industrial concerns and household consumers.

b. *Transportation*

Shipping movement in Manila was brisker in 1959. The number of arrivals increased by 1.4 per cent with a corresponding increment in net tonnage of 2.7 per cent. On the other hand, the number of departures decreased slightly by 1.2 per cent but showed an increase in the corresponding net tonnage of 2.2 per cent.

The flight operations of the Philippine Air Lines continued to expand. The number of passengers carried over both international and inter-island routes increased by 30.3 per cent over 1958. Similarly, cargo and airmail carried rose by 21.0 and 21.6 per cent, respectively.

Railway activity registered an increase of 3.3 per cent in the number of first and third class accommodations. However, net tonnage and receipts of freight carried dropped by 1.3 per cent and 2.3 per cent, respectively.

The estimated number of motor vehicles rose from about 165,000 in 1958 to about 171,000 in 1959; this represented an increase of 3.6 per cent compared to 5.1 per cent in 1958.

ACTUAL AREA UNDER CULTIVATION FOR PRINCIPAL CROPS **1940; 1951-1959**

(Thousand hectares)

Crop	1940	1951	1952	1953	1954	1955	1956	1957	1958	1959 p
T O T A L	<u>5,173</u>	<u>5,261</u>	<u>5,615</u>	<u>6,061</u>	<u>6,141</u>	<u>6,434</u>	<u>6,817</u>	<u>7,004</u>	<u>6,807</u>	<u>6,780</u>
Food crops	<u>3,528</u>	<u>3,733</u>	<u>4,091</u>	<u>4,522</u>	<u>4,585</u>	<u>4,891</u>	<u>5,276</u>	<u>5,449</u>	<u>5,288</u>	<u>5,222</u>
Rice (rough)	2,080	2,252	2,466	2,655	2,645 ^b	2,656 ^b	2,743 ^b	2,768 ^b	2,972 ^b	2,971 ^b
Corn (shelled)	913	953	1,044	1,101	1,120	1,388	1,675	1,787	1,381	1,336 ^b
Beans and vegetables	109	76	95	151	161	166	168	176	184	181
Coffee (dry beans)	7	10	12	15	17	19	20	22	23	26
Cacao (dry beans)	5	4	6	7	7	7	6	7	7	7
Fruits and nuts ^a	235	248	269	333	364	381	382	396	418	398
Root crops	178	189	198	259	268	273	280	292	300	300
Other food crops	1	0.6	0.6	2	2	2	2	2	3	4
Export crops	<u>1,645</u>	<u>1,528</u>	<u>1,524</u>	<u>1,539</u>	<u>1,556</u>	<u>1,544</u>	<u>1,541</u>	<u>1,555</u>	<u>1,519</u>	<u>1,559</u>
Abaca	292	305	275	272	239	217	217	232	193	193
Tobacco	58	51	46	39	48	53	75	81	85	91
Sugar cane	230	169	201	225	265	268	240	235	231	252
Coconut	1,051	987	988	990	990	990	992	992	996	1,006
Kapok	3	3	3	3	3	3	3	3	3	3
Maguey	8	7	4	4	4	3	3	3	2	4
Ramie	0.4	0.4	0.4	0.7	1	3	3	3	2	2
Rubber	3	5	5	5	5	5	5	5	5	5
Other export crops ^c	—	0.8	0.1	0.5	1	3	3	3	3	4

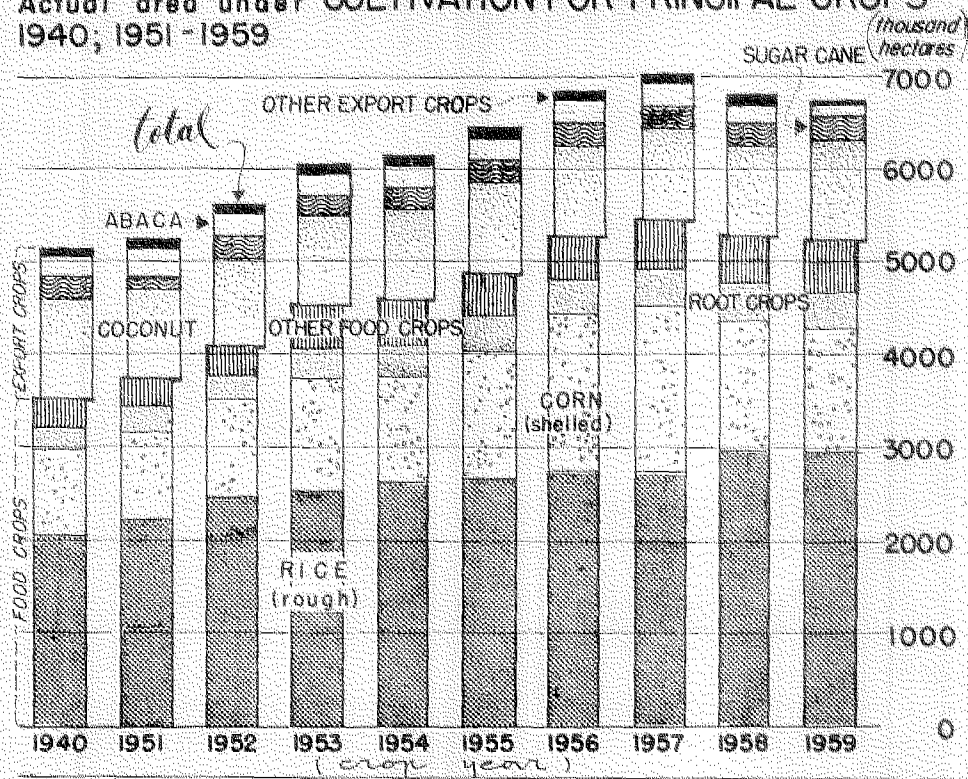
SOURCE OF BASIC DATA: Department of Agriculture and Natural Resources.

a Inclusive of peanuts.

b Area harvested only.

c Cotton area.

Actual area under CULTIVATION FOR PRINCIPAL CROPS 1940; 1951-1959



PRODUCTION OF SELECTED COMMODITIES

1940; 1951-1959

(Thousand metric tons)

Commodity	1940	1951	1952	1953	1954	1955	1956	1957	1958	1959 p
Food products:										
Rice (rough)	2,363	2,616	2,831	3,144	3,182	3,203	3,273	3,346	3,204	3,685
Corn (shelled)	572	603	762	710	781	770	907	895	852	1,016
Beans and vegetables	116	115	142	208	216	223	228	231	243	240
Coffee (dry beans)	2	5	5	6	6	7	7	8	10	11
Cacao (dry beans)	0.5	0.8	1	1	1	2	2	2	2	2
Fruits and nuts	372	392	424	556	590	627	648	673	714	692
Peanuts (unshelled)	7	16	15	17	18	18	18	18	19	16
Root crops	615	699	816	1,135	1,180	1,200	1,261	1,292	1,330	1,340
Meat and poultry products	237	233	248	263	235	245	270	277	293	311
Fish ^a	170	296	313	306	344	363	393	386	427	436
Other food crops	2	1	1	4	5	5	5	5	5	8
Export products:										
Abaca	172	130	115	113	106	105	120	129	125	111
Tobacco	32	30	27	22	27	30	38	51	50	52
Coconut products										
Copra	739	1,072	749	856	942	1,103	1,140	1,319	1,293	1,072
Desiccated coconut	41	66	52	45	43	40	42	54	56	50
Coconut oil	213 ^b	136	145	141	147	161 ^a	259 ^a	334 ^a	229 ^a	189 ^a
Copra meal or cake	—	75	81	74	78	82 ^a	112 ^a	116 ^a	99 ^a	95 ^a
Sugar cane products										
Sugar, centrifugal	947	848	976	1,028	1,301	1,244	1,106	1,037	1,250	1,372
Muscovado and panocha	50	37	42	57	50	60	58	66	68	71
Kapok	3	1	2	2	3	3	3	3	3	3
Maguay	7	3	1	1	1	0.2	0.2	3	2	3
Ramie	0.9	—	0.02	0.1	1	2	1	2	2	3
Rubber	0.9	2	2	2	2	2	2	2	3	2
Other export crops ^c	119	196	259	236	238	242	250	245	277	366

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

^a Calendar year figure.

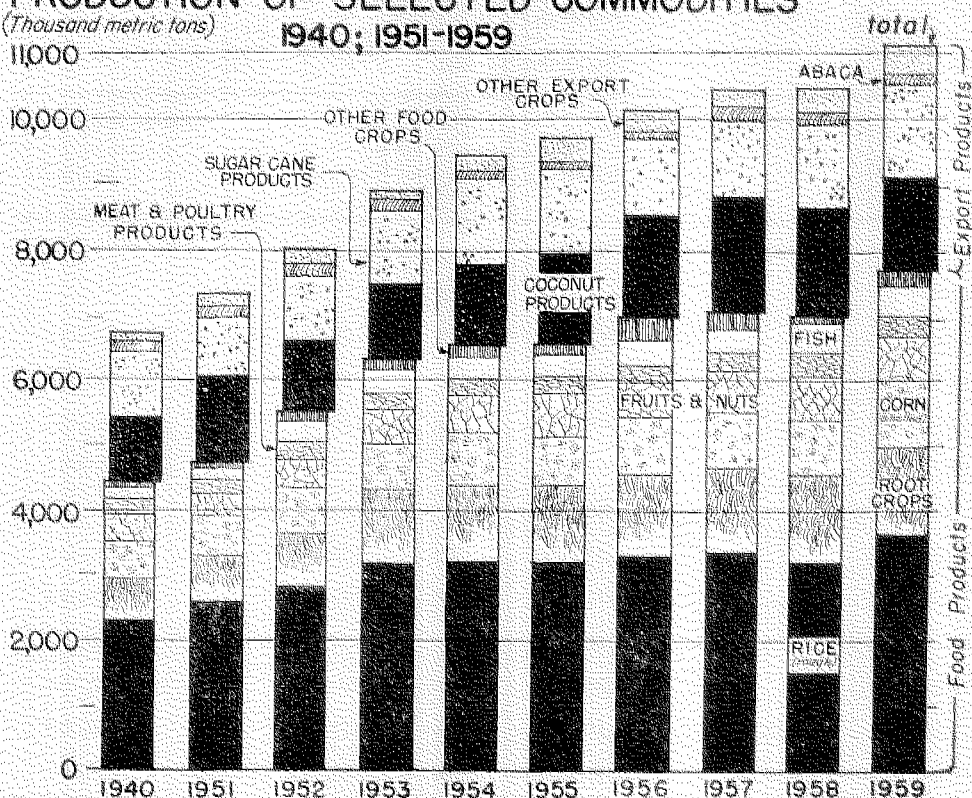
^b 1937 figure.

^c Inclusive of cotton and molasses

PRODUCTION OF SELECTED COMMODITIES

(Thousand metric tons)

1940; 1951-1959



CENTRIFUGAL SUGAR PRODUCTION BY DISTRICT 1940; 1946-1959

(Production in metric tons)

Crop year	Total		Luzon District		Visayan District	
	No. of Centrals	Production	No. of Centrals	Production	No. of Centrals	Production
1940 .....	..	947,067	..	..	..	..
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	828,399	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	1,105,512	9	313,242	16	792,270
1957	25	1,036,870	9	313,503	16	723,367
1958	25	1,249,955	9	350,012	16	899,943
1959	25	1,371,820	9	332,115	16	1,039,705

SOURCE OF BASIC DATA: Sugar Quota Administration.

C. LABOR FORCE, WAGE RATES AND EARNINGS

1. Introduction

The steady growth of production in recent years has improved further the unemployment problem in the Philippines. Agricultural employment in 1959, based on sample household survey figures, continued to expand but at a reduced rate of 3.8 per cent compared with 7.8 per cent in 1958. While non-agricultural employment increased by 7.7 per cent in 1958, it suffered a minimal cut-back of 0.7 per cent in 1959. This slight decline was mainly due to the drop in the number of female self-employed and female unpaid family workers in manufacturing who were believed to have shifted to farm activities. On the whole, however, over-all employment went up and concurrently unemployment was reduced by 14.7 per cent.

Establishment reports received by the Central Bank also showed favorable labor developments in the non-agricultural sector. Non-farm job totals advanced faster this year. The average monthly earnings of wage earners and salaried employees, likewise, made a good showing. The money wage rates of skilled and unskilled laborers also rose moderately. Agricultural wage rates, however, declined by 3.1 per cent compared to an increase of 2.6 per cent in 1958, owing to increased hiring of lower-paid workers.

2. Over-all Employment, Unemployment and Underemployment

The latest sample survey conducted by the Philippine Statistical Survey of Households, embracing approximately 6,000 representative households throughout the Philippines, showed that employment reached a record level of 8.959 million, about 177,000 above the previous peak established in the summer of 1958 or an expansion of 2.0 per cent. Due to brisker business activities, unemployment was reduced by around 129,000 or from 9.1 per cent of the total labor force in May, 1958 to an all-time low of 7.7 per cent in May, 1959, the lowest ratio registered during the summer season, when there is usually a comparatively bigger labor force. The labor force status of persons 10 years old and over is shown below:

LABOR FORCE STATUS OF PERSONS 10 YEARS OLD AND OVER, FOR THE PHILIPPINES: MAY, 1958 AND MAY, 1959

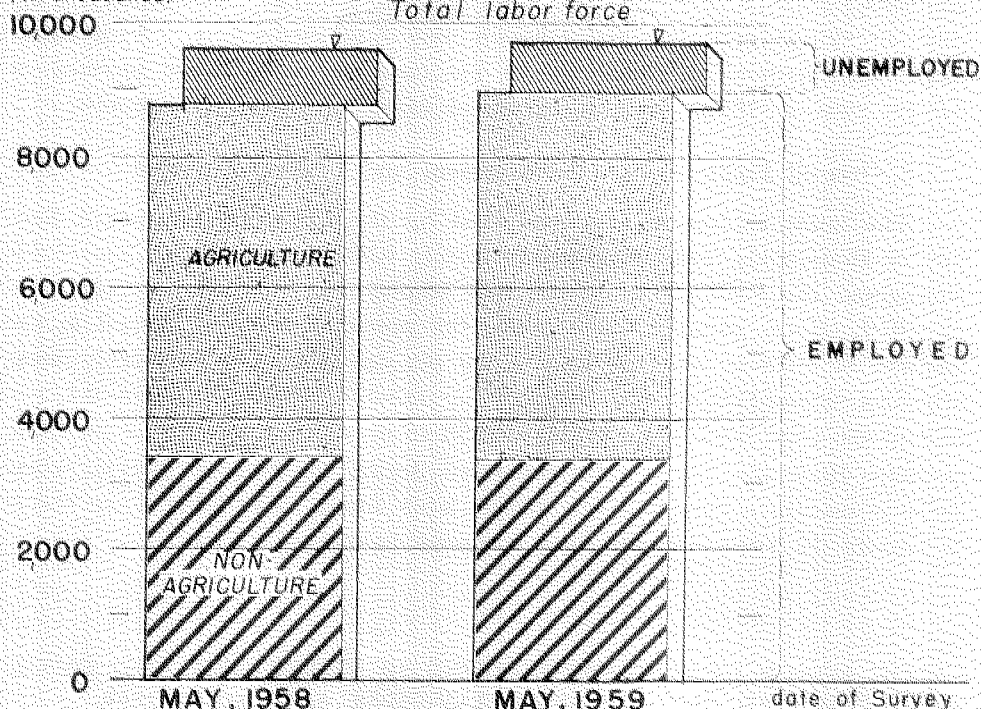
(In thousands)

Date of survey	Labor force status						
	Total labor force	Employed				Unemployed	
		Number			Percentage of labor force	Number	Percentage of labor force
		Total	Agri-culture	Non-agri-culture			
May, 1958	9,659	8,782	5,325	3,457	90.9	878	9.1
May, 1959 ^a	9,708	8,959	5,525	3,434	92.3	749	7.7

SOURCE OF BASIC DATA: Bureau of the Census and Statistics
(Philippine Statistical Survey of Households)

LABOR FORCE STATUS 10 years old and over for the PHILIPPINES: May, 1958 and May, 1959

(In Thousands)



The growing strength of the economy in 1959 was further confirmed by the reduced underemployment, which in previous years, together with unemployment, ranked foremost among the many problems that hindered the effective utilization of manpower resources. Considering those who worked less than 30 hours a week but actually wanted additional work as visibly underemployed, the visibly underemployed in May, 1959 numbered 598,000 compared to 686,000 in May, 1958 or a decline of 12.8 per cent. The following table shows the totally unemployed and underemployed based on 30 hours work per week.

TOTALLY UNEMPLOYED AND UNDEREMPLOYED MAY, 1958 AND MAY, 1959

(In thousands)

Date of survey	Totally unemployed	Underemployed persons wanting additional work and worked less than 30 hours per week	Totally unemployed and underemployed based on 30 hours work per week
May, 1958	878	686	1,564
May, 1959 ^p	749	598	1,347

SOURCE OF BASIC DATA: Bureau of the Census and Statistics
(Philippine Statistical Survey of Households)

As in the year previous, there was only a slight variation in the occupational distribution of the total experienced labor force in May, 1959 compared to May, 1958 as may be seen in the following table:

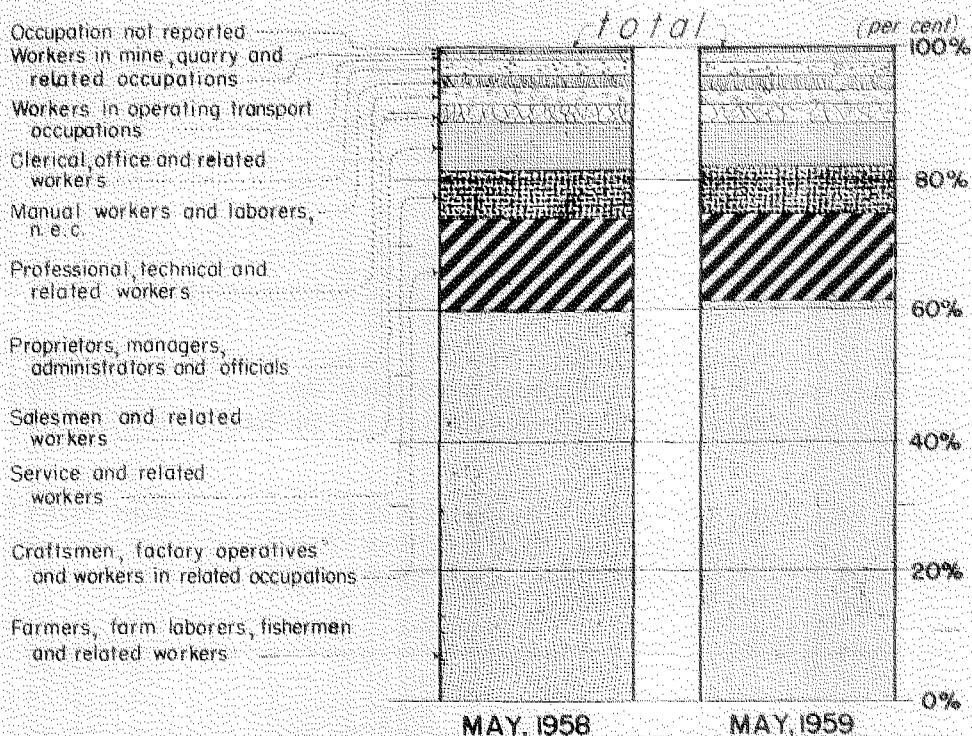
PER CENT DISTRIBUTION OF THE EXPERIENCED LABOR FORCE BY MAJOR OCCUPATION GROUP, MAY, 1958 AND MAY, 1959

(In thousands)

Major occupation group	May, 1959 ^p		May, 1958	
	Total experienced labor force	Per cent distribution	Total experienced labor force	Per cent distribution
TOTAL	9,353	100.00	9,237	100.00
Professional, technical and related workers	256	2.7	218	2.4
Proprietors, managers, administrators and officials	311	3.3	301	3.3
Clerical, office and related workers	198	2.1	196	2.1
Salesmen and related workers	612	6.5	594	6.4
Farmers, farm laborers, fishermen and related workers	5,713	61.1	5,525	59.8
Workers in mine, quarry and related occupations	31	0.3	22	0.2
Workers in operating transport occupations	166	1.8	176	1.9
Craftsmen, factory operatives and workers in related occupations	1,222	13.1	1,315	14.2
Manual workers and laborers, n.e.c.	195	2.1	209	2.3
Service and related workers	624	6.7	642	7.0
Occupation not reported	25	0.3	40	0.4

SOURCE OF BASIC DATA: Bureau of the Census and Statistics
(Philippine Statistical Survey of Households)

PER CENT DISTRIBUTION OF THE EXPERIENCED LABOR FORCE BY MAJOR OCCUPATION GROUP



3. Non-Agricultural Employment

The non-agricultural employment index continued its upward trend in 1959, as reports received from a sample of 1,289 cooperating non-agricultural establishments indicated substantial expansion in most of the industry divisions covered. The employment index rose to 116.6 (1955 = 100) from a monthly average of 112.9 in 1958, an expansion of 3.3 per cent, compared to the previous year's rate of increase of 1.7 per cent.

The government sector contributed heavily to the upturn in employment with an increment of 7.3 per cent. Other industries which similarly added more workers to their payrolls were: manufacturing (4.8 per cent); construction (4.2 per cent); electricity, gas and heat, water and sanitary services (2.5 per cent); and personal services (1.9 per cent). The steady growth in output was believed to be responsible for these hiked industry hirings.

On the other hand, mining and quarrying suffered a cut-back of 4.1 per cent. Commerce, transport and communication, and recreation services likewise reduced their personnel by 0.9 per cent, 0.6 per cent and 0.6 per cent, respectively. These set-backs, however, were not enough to offset the gains made in the other industries.

EMPLOYMENT INDEX IN NON-AGRICULTURAL ESTABLISHMENTS IN THE PHILIPPINES BY INDUSTRY DIVISION, 1958-1959

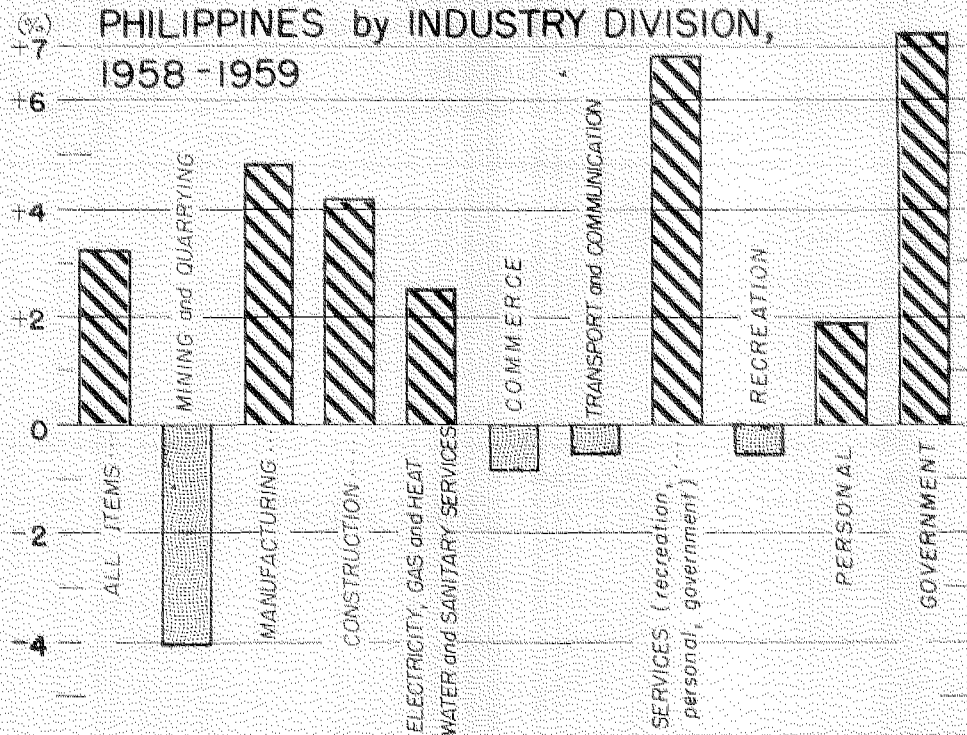
(1955 = 100)

Industry division	1958	1959	Per cent change
All items	116.6 ^a	112.9	-3.3
Mining and quarrying	84.4 ^a	88.0	+4.1
Manufacturing	111.6	106.5	-4.8
Construction	157.5	151.1	-4.2
Electricity, gas and heat, water and sanitary services	135.9	132.6	-2.5
Commerce	121.2	122.3	+0.9
Transport and communication	115.5	116.2	+0.6
Services	129.3	121.1	-6.8
Recreation ^a	106.9	107.5	+0.6
Personal	118.5	116.3	-1.9
Government ^b	130.7	121.8	-7.3

SOURCE OF BASIC DATA: 1,289 Cooperating establishments.

a. Actors, actresses and other players in motion picture studios are not included.
b. Covering 74 bureaus and offices.

PER CENT CHANGE in EMPLOYMENT INDEX in NON-AGRICULTURAL ESTABLISHMENTS in the PHILIPPINES by INDUSTRY DIVISION, 1958-1959



4. Wage Rates

a. *Non-Agricultural*

After remaining stable for some years, wage rates, according to reports submitted by 102 industrial establishments in Manila and suburbs, tended to rise in 1958. This improvement in wage rates was maintained in 1959 although at reduced rates. The money wage rate index of skilled laborers went up to 105.3 (1955 = 100) from an average level of 103.5 in 1958, an increase of 1.7 per cent compared to last year's 3.5 per cent. The index for unskilled laborers, however, increased only slightly and this was partly because trade union activity was not widespread and was not important in bargaining for increases of wages except possibly in the sugar and mining industries.

In terms of real wage rates, there were advances by 3.6 per cent for skilled workers and 2.6 per cent for unskilled laborers as a result of the drop in the consumer price index for a wage earner's family.

PER CENT CHANGE IN WAGE RATE OF NON-AGRICULTURAL LABORERS IN MANILA AND SUBURBS, 1958-1959

(1955 = 100)

Wage rates	1959	1958	Per cent change
Money wage rates:			
Skilled laborers	105.3	103.5	+ 1.7
Unskilled laborers	101.8	101.0	+ 0.8
Real wage rates: ^a			
Skilled laborers	98.7	95.3	+ 3.6
Unskilled laborers	95.4	93.0	+ 2.6

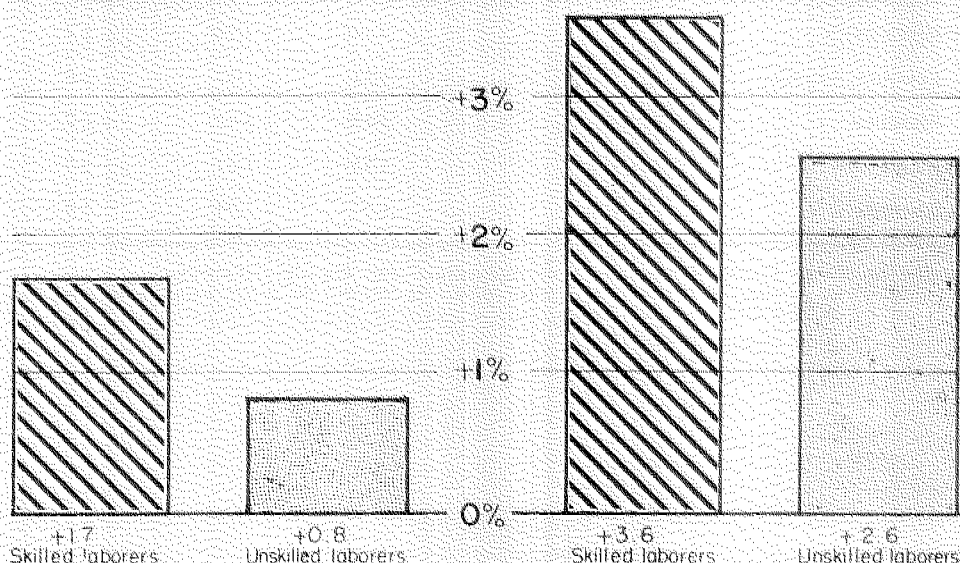
SOURCE OF BASIC DATA: Private firms.

^a The real wage rate index is obtained by deflating the money wage rate index by the consumer price index (1955 = 100) for a wage earner's family in Manila.

PER CENT CHANGE in WAGE RATES *of* NON-AGRICULTURAL LABORERS in MANILA & SUBURBS

(Per cent change)
+4%

1958 — 1959



Money Wage Rates

Real Wage Rates

b. Agricultural

The daily wage rate of agricultural laborers in the Philippines for 1959 dipped to ₱1.90 as compared to ₱1.96 in 1958, an average loss of 3.1 per cent. This was due to the employment of additional workers who were given lower wages, thus depressing the average prevailing wage level.

The four classes of agricultural laborers suffered cuts in their daily wage rates: common laborer (3.8 per cent); planters (3.7 per cent); harvesters (3.4 per cent); and plowmen (2.7 per cent).

The highest paid agricultural laborers were those from the Southern Tagalog region, with a daily wage of ₱2.66 in 1959 while those from the Eastern Visayas continued to receive the least, with ₱1.50. It may be noted that while the over-all average declined, both these regions experienced increases, as did also Northern and Eastern Mindanao.

"It is likewise requested that copy of the compendium of pointers and guides be furnished not only to Municipal Treasurers but to all Provincial and City Auditors as well, for their guidance in the audit of the cash and accounts of said officers.

"(SGD.) PEDRO M. GIMENEZ
Auditor General"

E-13

The above quoted indorsement is contained in Provincial Treasurers' Memorandum No. 179 of the Auditor General dated September 7, 1959.

JUAN CAÑIZARES
Director

September 9, 1959

WAGE RATES OF AGRICULTURAL LABORERS IN THE PHILIPPINES BY CLASS OF WORKERS, 1958-1959

(Pesos)

Agricultural wage rates	1959 p	1958	Per cent change
PHILIPPINES	1.90 ^a	1.96 ^a	- 3.1
Common laborers	1.51	1.57	- 3.8
Plowmen	2.55	2.62	- 2.7
Planters	1.55	1.61	- 3.7
Harvesters	1.97	2.04	- 3.4

SOURCE OF BASIC DATA: Department of Agriculture and Natural Resources.

^a Weighted average of different farm wage rates. In addition to wages paid, agricultural laborers are furnished two free meals.

**WAGE RATES OF AGRICULTURAL LABORERS IN THE PHILIPPINES
BY CLASS OF WORKER^a AND BY REGION, 1958-1959**

(Pesos)

Region	1 9 5 9 p					1 9 5 8				
	Average	(1)	(2)	(3)	(4)	Average	(1)	(2)	(3)	(4)
PHILIPPINES	1.90 ^b	1.51	2.55	1.55	1.97	1.96 ^b	1.57	2.62	1.61	2.04
Ilocos	2.03	1.62	2.89	1.68	1.91	2.16	1.85	3.13	1.81	1.83
Cagayan Valley	1.93	1.77	2.67	1.57	1.72	2.04	1.64	3.03	1.55	1.93
Central Luzon	2.23	1.72	3.20	1.89	2.11	2.27	1.76	3.09	1.94	2.27
Southern Tagalog	2.66	2.12	3.26	2.31	2.94	2.49	2.00	3.10	2.21	2.66
Bicol	1.55	1.24	2.09	0.99	1.89	1.62	1.30	2.12	1.10	1.97
Eastern Visayas	1.50	1.19	2.04	1.22	1.56	1.45	1.15	1.94	1.16	1.54
Western Visayas	1.51	1.23	2.02	1.22	1.57	1.62	1.37	2.05	1.31	1.73
Northern & Eastern Mindanao	1.92	1.43	2.43	1.65	2.15	1.80	1.40	2.37	1.50	1.94
Southern & Western Mindanao	2.11	1.65	2.91	1.62	2.25	2.17	1.70	2.86	1.79	2.32

SOURCE OF BASIC DATA: Department of Agriculture and Natural Resources.

^a Column headings refer to (1) common hired labor, (2) Plowman, (3) Planter, (4) Harvester.

^b Weighted average of different farm wage rates. In addition to wages paid, agricultural laborers are furnished two free meals.

5. Earnings

On the basis of reports received from 787 leading business establishments, the average monthly earnings of both wage earners and salaried employees went up in 1959, registering impressive gains over their corresponding levels last year of 4.2 per cent and 4.6 per cent, respectively. The influence of overtime work, a full-time work week resulting from expanded activities, and an increase in basic pay were believed to be responsible for this hike in earnings.

The average monthly earnings index of wage earners stood at 110.4 (1955 = 100) as compared to 105.9 for the same period last year. The industries which contributed their share of increases were: commerce (8.4 per cent); mining and quarrying (7.1 per cent); transport and communication (5.1 per cent); and electricity, gas and heat, water and sanitary services (2.4 per cent). Wage earners in manufacturing, however, experienced a cut in their earnings of 1.7 per cent as additional workers who were given the minimum wage as starting pay depressed the prevailing average earnings level.

The monthly earnings of salaried employees likewise improved, their index rising to 114.0 (1955 = 100) from an average level of 109.0 in 1958. Salaried employees in all sectors covered managed to swell their take-home pay.

PER CENT CHANGE IN THE AVERAGE MONTHLY EARNINGS* OF SALARIED EMPLOYEES^b AND WAGE EARNERS IN SELECTED NON-AGRICULTURAL INDUSTRIES IN THE PHILIPPINES, BY INDUSTRY DIVISION, 1958-1959

(1955 = 100)

Industry Division	1959	1958	Per cent change
All workers			
Salaried employees	114.0	109.0	+ 4.6
Wage earners	110.4	105.9	+ 4.2
Mining and quarrying			
Salaried employees	112.9	103.9	+ 8.7
Wage earners	122.3	114.2	+ 7.1
Manufacturing			
Salaried employees	110.3	107.9	+ 2.2
Wage earners	105.2	107.0	1.7

**PER CENT CHANGE IN THE AVERAGE MONTHLY EARNINGS* OF
SALARIED EMPLOYEES^b AND WAGE EARNERS IN SELECTED
NON-AGRICULTURAL INDUSTRIES IN THE PHILIPPINES,
BY INDUSTRY DIVISION, 1958-1959 (Concluded)
(1955 = 100)**

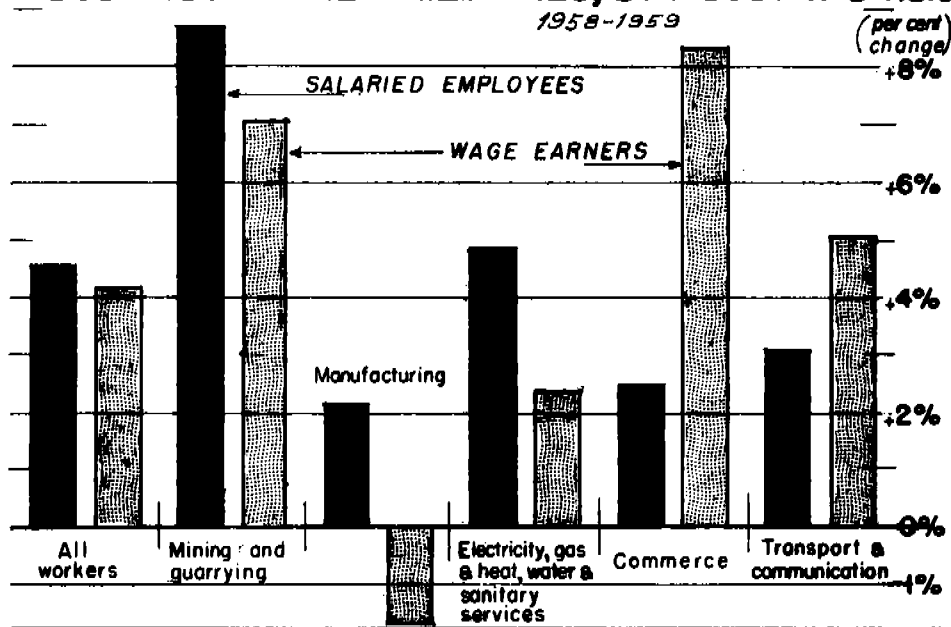
Industry Division	1959	1958	Per cent change
Electricity, gas and heat, water and sanitary services			
Salaried employees	108.0	103.0	+ 4.9
Wage earners	106.6	104.1	+ 2.4
Commerce			
Salaried employees	114.6	111.8	+ 2.5
Wage earners	108.7	100.3	+ 8.4
Transport and communication			
Salaried employees	125.7	121.9	+ 3.1
Wage earners	110.3	104.9	+ 5.1

SOURCE OF BASIC DATA: 787 Cooperating establishments.

* Does not include privileges such as food ration, lodging, recreation, etc. Includes only money wage, overtime pay and pay for sick leave, holidays and vacations taken during pay period reported, before taxes.

^b Salaried employees include executives and supervisors.

**PER CENT CHANGE IN THE AVERAGE MONTHLY
EARNINGS OF SALARIED EMPLOYEES AND WAGE
EARNERS IN SELECTED NON-AGRICULTURAL
INDUSTRIES IN THE PHILIPPINES, BY INDUSTRY DIVISION**



D. PRICES

1. Consumer Prices in the Philippines

For the first time in the postwar period, the annual average of the Consumer Price Index was observed to have registered a decline from the preceding year's level at the same time that the economy showed a favorable balance in its current foreign accounts for 1959. Had the favorable balance been achieved within an institutional framework of uncontrolled foreign transactions, 1959 could have been a year of stability—both internally and externally.

However, there were two aspects in the consumer price movements which beclouded the internal stability picture for 1959: First, the 1.8 per cent decrease in average consumer prices in the Philippines resulted not from a general but rather from spotty downward movements. Only prices of food, among the five groups of consumer expenditure items, registered a decline. All the other four groups of consumer items advanced, notably clothing whose prices rose by a significant 4.2 per cent. Moreover, cereals and vegetables were the only items in food prices that showed a decrement; advances in prices of the other six items ranged from 2.2 per cent for eggs and milk to a big 16.5 per cent in fats and oils.

Secondly, the continuous downtrend of the Consumer Price Index for the Philippines during the first five months of 1959, which was at least partly seasonal, was reversed into a similarly, except for a sidewise movement between August and September, continuous uptrend during the remaining seven months, again also partly seasonal. The Index showed a net increment over the year—the year-end level stood at 0.9 per cent above the level at the beginning of the year.

The decrease in the price of cereals, which was mainly responsible for negating the price increments of almost the entire array of consumption items, was due mainly to very significant increases in palay and corn production; 1959 output figures of these two commodities were 15 per cent and 19 per cent, respectively, above the preceding year's volume. These increments in output were achieved solely by improvements in the productivity of land. The response of cereal prices to the improved supply situation follows the economic expectation on the relationship between supply and demand of basic consumption items like rice and corn.

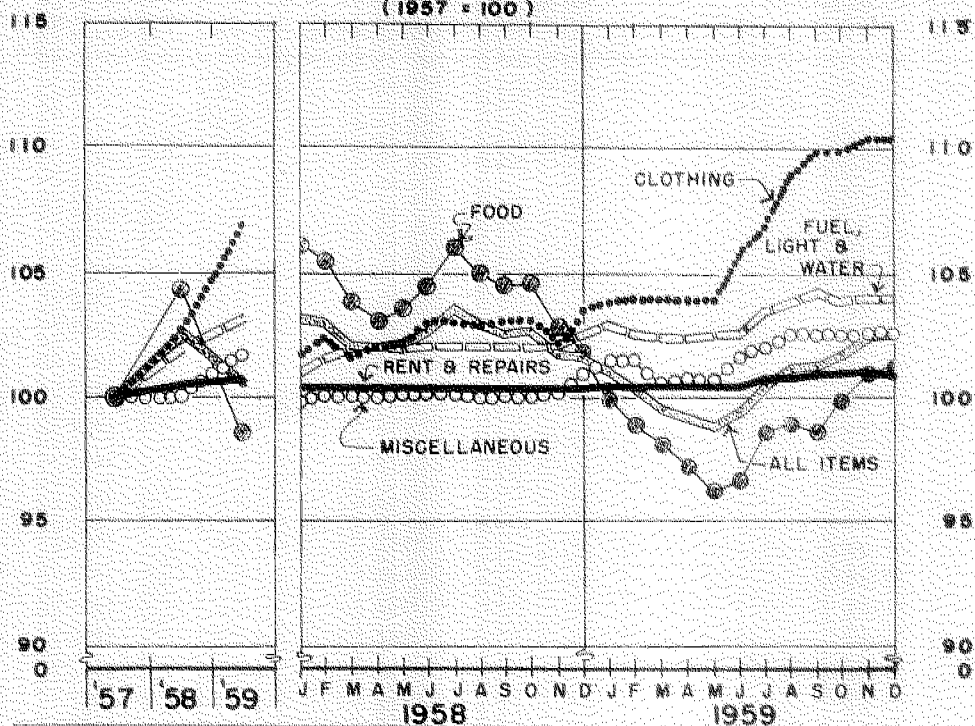
Similar movements in the over-all consumer index—going down during the first five months and subsequently rising during the remaining seven months of 1959—were observed in Manila and in the provinces. A noteworthy phenomenon in these price movements was the observed tendency of the consumer price index of Manila and the provinces to converge as the indices slid down and then diverge as prices rose.

CONSUMER PRICES IN THE PHILIPPINES, 1957-1959

(1957 = 100)

Period	Philippines	Manila	Regions Outside Manila
1957	100.0	100.0	100.0
January	97.9	99.9	97.2
February	97.7	98.4	97.3
March	97.6	97.6	97.5
April	97.8	97.4	97.8
May	97.9	97.5	98.0
June	99.0	97.8	99.4
July	100.1	99.0	100.5
August	101.0	100.6	101.2
September	102.3	102.3	102.4
October	103.2	103.1	103.4
November	102.8	103.5	102.6
December	102.6	102.9	102.6
1958	102.5	103.3	102.2
January	103.1	103.0	103.2
February	102.9	102.7	102.9
March	102.1	101.3	102.4
April	101.9	102.4	101.7
May	102.2	102.6	102.1
June	102.7	103.2	102.6
July	103.4	104.0	103.3
August	102.8	103.4	102.7
September	102.6	104.0	102.2
October	102.7	104.7	102.1
November	101.7	104.7	100.7
December	101.6	104.2	100.7
1959	100.6	102.4	100.0
January	100.9	102.9	100.2
February	100.3	102.2	99.7
March	99.6	101.1	99.1
April	99.2	99.8	98.9
May	98.8	99.7	98.4
June	99.4	100.5	99.0
July	100.5	102.0	100.1
August	101.2	102.8	100.6
September	101.2	103.5	100.4
October	101.7	104.4	100.9
November	102.3	104.5	101.6
December	102.5	105.4	101.6

CONSUMER PRICE INDEX FOR *the Philippines* 1957 - 1959 (1957 = 100)



CONSUMER PRICE INDEX FOR THE PHILIPPINES, 1957-1959

(1957 = 100)

Period	All items	Food	Clothing	Rent and Repairs	Fuel, light and water	Miscellaneous
1957	100.0	100.0	100.0	100.0	100.0	100.0
January	97.9	95.9	100.1	99.8	98.8	100.6
February	97.7	95.1	100.0	99.8	98.5	100.5
March	97.6	94.9	99.7	99.8	98.6	100.6
April	97.8	95.2	99.9	99.8	99.1	100.6
May	97.9	95.2	100.8	99.8	99.4	100.6
June	99.0	98.0	100.6	99.8	99.5	99.8
July	100.1	100.4	100.5	100.1	99.6	99.6
August	101.0	102.3	99.2	100.1	101.4	99.7
September	102.3	104.7	100.0	100.1	100.9	99.9
October	103.2	106.7	99.8	100.1	101.8	99.5
November	102.8	106.1	99.3	100.1	101.2	99.4
December	102.6	105.4	100.2	100.1	101.2	99.7
1958	102.5	104.3	102.6	100.3	101.9	100.2
January	103.1	106.1	101.7	100.3	100.9	99.8
February	102.9	105.3	102.3	100.3	101.5	100.1
March	102.1	103.8	101.7	100.3	101.9	100.1
April	101.9	103.2	102.1	100.3	102.0	100.0
May	102.2	103.7	102.2	100.3	102.0	100.2
June	102.7	104.6	103.0	100.3	102.1	100.2
July	103.4	106.1	103.0	100.3	102.1	100.2
August	102.8	105.1	102.8	100.3	101.9	100.0
September	102.6	104.6	103.0	100.3	101.9	100.1
October	102.7	104.7	103.2	100.3	101.9	100.0
November	101.7	102.8	102.1	100.3	102.0	100.2
December	101.6	101.8	103.5	100.3	102.5	101.0
1959	100.6	98.6	106.9	100.6	103.2	101.7
January	100.9	99.9	103.8	100.4	102.8	101.5
February	100.3	98.9	104.1	100.4	102.6	101.3
March	99.6	97.9	104.1	100.4	102.3	100.6
April	99.2	97.0	104.1	100.4	102.3	100.7
May	98.8	96.1	104.0	100.4	102.5	100.7
June	99.4	96.4	105.8	100.4	102.6	101.6
July	100.5	98.3	106.9	100.7	103.3	102.0
August	101.2	98.8	109.0	100.7	103.9	102.4
September	101.2	98.6	110.0	100.8	104.4	102.4
October	101.7	99.9	110.0	100.8	104.0	102.4
November	102.3	100.8	110.3	100.8	104.1	102.7
December	102.5	101.2	110.3	100.8	104.1	102.6

CONSUMER PRICE INDEX FOR REGIONS OUTSIDE MANILA, 1957-1959

(1957 = 100)

Period	All items	Food	Clothing	Rent and Repairs	Fuel, light and water	Miscellaneous
1957	100.0	100.0	100.0	100.0	100.0	100.0
January	97.2	95.0	100.2	99.9	99.0	99.1
February	97.3	95.0	100.0	99.9	98.5	99.7
March	97.5	95.3	99.7	99.9	98.5	99.8
April	97.8	95.8	100.3	99.9	99.1	99.8
May	98.0	95.9	101.5	99.9	99.5	99.8
June	99.4	98.4	100.9	100.0	99.7	100.3
July	100.5	100.9	100.7	100.0	99.8	100.1
August	101.2	102.4	98.9	100.0	101.3	100.2
September	102.4	104.4	100.1	100.0	100.6	100.6
October	103.4	106.5	99.4	100.0	101.9	100.1
November	102.6	105.4	98.6	100.0	101.0	99.9
December	102.6	105.0	99.8	100.0	101.1	100.2
1958	102.2	103.6	102.4	100.0	101.1	100.5
January	103.2	106.0	101.3	100.1	100.6	100.2
February	102.9	105.2	101.6	100.0	101.1	100.5
March	102.4	104.1	101.6	100.1	101.6	100.6
April	101.7	102.7	102.1	100.0	101.2	100.4
May	102.1	103.5	102.3	100.1	101.0	100.5
June	102.6	104.3	103.1	100.1	101.2	100.4
July	103.3	105.6	103.1	100.0	101.2	100.6
August	102.7	104.5	102.8	100.1	101.2	100.5
September	102.2	103.5	102.9	100.0	101.1	100.6
October	102.1	103.3	103.1	100.0	100.9	100.5
November	100.7	100.9	101.8	100.0	100.6	100.3
December	100.7	100.1	103.4	100.0	101.1	101.1
1959	100.0	97.5	106.8	100.2	101.7	102.0
January	100.2	98.6	103.4	100.0	101.5	101.8
February	99.7	97.6	103.8	100.1	101.2	101.4
March	99.1	97.2	103.6	100.1	100.7	100.5
April	98.9	96.6	103.7	100.1	100.5	100.9
May	98.4	95.6	103.5	100.0	100.7	100.9
June	99.0	95.7	105.2	100.1	100.8	101.9
July	100.1	97.3	106.6	101.1	101.7	102.2
August	100.6	97.6	109.5	100.3	102.6	102.8
September	100.4	96.9	110.7	100.3	103.0	102.7
October	100.9	98.1	110.4	100.3	102.5	102.7
November	101.6	99.2	110.9	100.3	102.7	103.0
December	101.6	99.3	110.8	100.3	102.6	103.0

CONSUMER PRICE INDEX FOR MANILA, 1957-1959

(1957 = 100)

Period	All items	Food	Clothing	Rent and Repairs	Fuel, light and water	Miscellaneous
1957	100.0	100.0	100.0	100.0	100.0	100.0
January	99.9	98.5	100.0	99.5	98.4	102.5
February	98.4	95.2	100.1	99.5	98.5	102.6
March	97.6	93.7	99.6	99.5	99.0	102.7
April	97.4	93.4	98.9	99.5	99.1	102.8
May	97.5	93.4	99.0	99.5	99.1	102.9
June	97.8	96.7	99.7	99.5	99.1	98.2
July	98.9	99.1	100.0	100.4	99.1	98.0
August	100.6	102.1	100.0	100.4	101.6	98.1
September	102.3	105.6	99.8	100.4	101.6	98.1
October	103.1	107.4	100.9	100.4	101.6	97.7
November	103.5	108.0	101.1	100.4	101.6	98.1
December	102.9	106.6	101.1	100.4	101.6	98.2
1958	103.3	106.2	102.7	100.8	103.9	99.6
January	103.0	106.1	102.7	100.7	101.8	98.8
February	102.8	105.2	103.9	100.7	102.3	99.2
March	101.3	102.5	101.8	100.7	102.6	99.2
April	102.4	104.5	101.9	100.7	103.9	99.3
May	102.6	104.4	101.9	100.7	104.3	100.1
June	103.2	105.5	102.8	100.7	104.2	100.1
July	104.0	107.7	102.6	100.8	104.2	99.4
August	103.4	106.7	102.7	100.8	103.7	98.9
September	104.0	107.8	103.3	100.8	103.9	98.9
October	104.7	109.0	103.3	100.8	104.2	99.2
November	104.7	108.1	102.7	100.8	105.3	100.4
December	104.2	106.6	103.7	100.8	105.9	101.2
1959	102.4	101.8	106.7	101.3	106.8	101.6
January	102.9	103.5	104.6	101.0	105.9	101.4
February	102.2	102.0	104.9	101.0	105.9	101.5
March	101.1	99.6	104.9	101.0	105.9	101.2
April	99.8	97.4	104.9	101.0	106.6	100.7
May	99.7	97.2	105.0	101.0	106.7	100.7
June	100.5	98.0	106.1	101.0	106.8	101.3
July	102.0	100.7	107.6	101.6	106.8	101.8
August	102.8	102.2	107.7	101.6	107.1	102.0
September	103.5	103.5	108.1	101.6	107.6	102.1
October	104.4	105.0	108.7	101.6	107.5	102.1
November	104.5	105.2	108.9	101.6	107.5	102.2
December	105.4	106.9	109.1	101.6	107.5	102.2

NOTES ON THE CONSUMER PRICE INDEX IN THE PHILIPPINES

The method used in combining regional price indices into an (average) index for the provinces, which is in turn combined with Manila prices to get an average consumer price index of the country as a whole, was improved.

The price index presented in the "Tenth Annual Report, Central Bank of the Philippines (1958)" was computed by using the household population for each region as weights. The use of this method of combining regional and Manila prices was dictated by the lack of better information at the time the index was computed. This carried the implicit assumption that regional expenditures were a function of a single variable consisting of the number of households.

Late last year, regional levels and patterns of household expenditures in the Philippines, established in the Philippine Statistical Survey of Households conducted jointly by the National Economic Council and the Bureau of the Census and Statistics, were published. These data provided a markedly better system of weights for combining regional and Manila prices into an average price index for the Philippines as a whole. The implicit assumption necessitating the use of the number of households, previously, in combining regional and Manila prices was replaced with an improved basis.

This can be seen from the following comparative table:

A r e a	Household Population ^a		Cash Expenditures ^b	
	Number Thousand	Per Cent of Total	Amount P million	Per Cent of Total
Philippines	4,025	100.00	3,639	100.00
Manila	307	7.63	988	27.15
Regions Outside Manila	3,718	92.37	2,651	72.85
Cagayan Valley	172	4.27	158	4.34
Ilocos	233	5.79	122	3.35
Central Luzon	572	14.21	528	14.51
Southern Luzon	514	12.77	433	11.90
Bicol	223	5.54	230	6.32
Western Visayas	603	14.98	453	12.45
Eastern Visayas	829	20.60	350	9.62
Southern & Western Mindanao	284	7.06	211	5.80
Northern & Eastern Mindanao	288	7.15	166	4.56

^a Based on the Philippine Statistical Survey of Households in May and October, 1956.

^b Based on the Philippine Statistical Survey of Households in March, 1957.

2. Prices in Manila

Prices during 1959 displayed varying degrees of changes relative to 1958 levels but reflected similar patterns of movement throughout the year closely in line with seasonal trends, particularly on the retail and consumer levels.

As a whole, general wholesale prices increased by 1.3 per cent and retail by 0.1 per cent. Consumer prices, on the other hand, declined by 0.9 per cent. The stock price index showed a 25.5 per cent recovery over the low level of 1958.

The higher tariff rates on U.S. goods effective the beginning of 1959; the impact of the new tax measures, particularly the removal of exemptions from formerly tax-exempt industries, individuals and items; effects of both the speculation on and actual implementation of the 25 per cent levy on foreign exchange and the higher prices abroad of steel manufacturers, all served to raise prices of imported commodities. Better world prices for our main export crops with the exception of sugar affected prices upward through the exportable items in the indices. Contributing to the situation was the high demand generated by the country's expanding industrial base and the high spending induced by the last elections.

Fortunately, offsetting forces were substantive enough to restrain price increases, even bringing about a decline in the consumer index. The critical determinant was the increase in agricultural as well as manufacturing production which apparently maintained a flow of supply to meet demand. Equally important, monetary and fiscal restraints kept demand in check and acted as damping influences on the movement of prices.

It is to be noted that only the food item in all the indices showed a decline from previous levels. All other groups came up with increases within wide margins of fluctuation.

A recovery of prices in the stock market was noted during 1959 with the stock price index recording a rise of 25.5 per cent from the level of the year previous.

a. Wholesale Prices

The general index of wholesale prices for the year 1959 stood at 112.7 (1955 = 100) and was 1.3 per cent over the figure of the previous year. This increment was primarily due to the export and import components of the index.

The wholesale price level of export products showed a record improvement in 1959 to top all yearly levels during the last decade. In the space of the last five years (1955-1959), prices of export products have risen

by 36.5 per cent, making great strides year after year. The increase between 1959 and the year previous was 13 per cent, largely owing to the stimulus of the 17.6 per cent rise in crude materials and the 22.3 per cent increase in animal and vegetable oils and fats.

Higher tariffs on U.S. goods, the impact of new tax measures, effects of the speculation on and actual implementation of the 25 per cent margin levied on foreign exchange, higher prices of steel manufactures abroad, all coupled with continued restraints on importation served to raise the import component by 9.0 per cent over the level of 1958. This in turn reflected increased costs of production particularly in those lines of activities requiring the use of imported raw materials and equipment as noted in machinery and transport equipment, manufactured goods and miscellaneous manufactures, which groups rose by 11.2, 5.9 and 6.6 per cent, respectively.

On the other hand, the agricultural, home-consumed group of the domestic component showed a 6.9 per cent decrease. The increased acreage devoted to export crops and the favorable effect of scientific methods and good weather conditions during the last two years bolstered agricultural production to a considerable extent. The food group which comprises 48 per cent of the wholesale price index declined by 6.2 per cent, thus restraining to a large degree the upward forces brought to bear by the other groups in the index. This restraining force accounted for the smaller rate of increment (1.3 per cent) in over-all wholesale prices in 1959 compared to those of the previous years.

Starting at 112.0 (1955 = 100) in January, 1959, wholesale prices moved downward by small fractions reaching the floor for the year at 111.4 in June and July. Thereafter, there was a general upswing with the December figure coming up to 115.8, 3.4 per cent above that of January. The over-all pattern was largely shaped by seasonal influences.

The year's average of 112.7 (1955 = 100) was 12.7 per cent above that of 1955, 9.3 per cent over 1956 and 4.7 per cent higher than 1957.

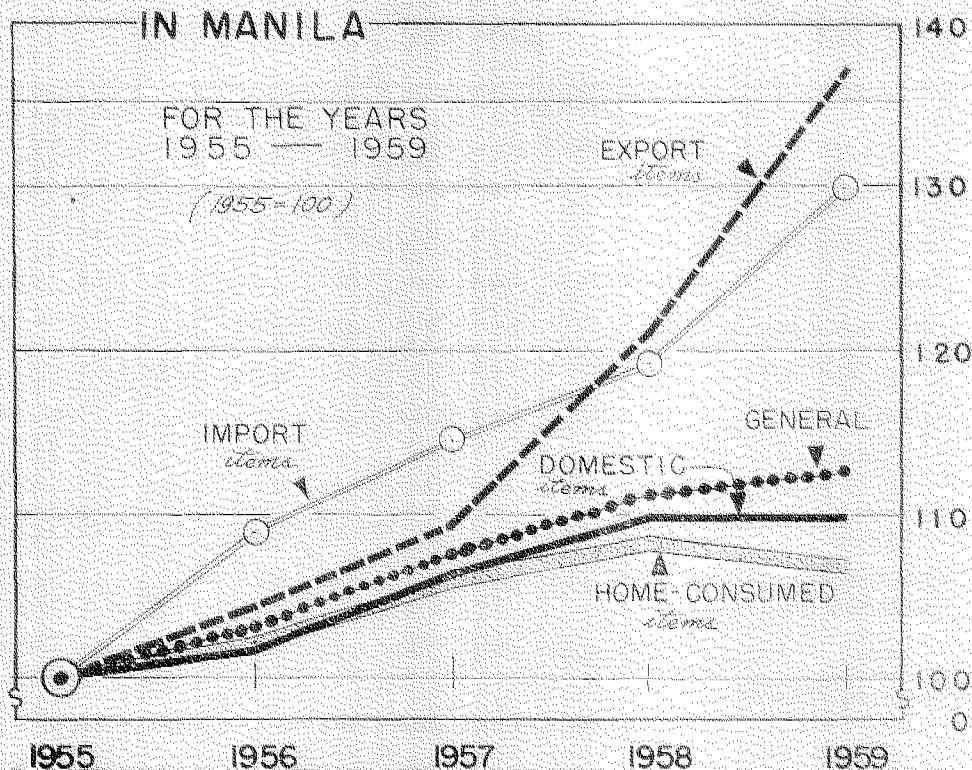
CHANGES IN WHOLESALE PRICE INDICES IN MANILA FOR THE YEARS 1955-1959

(1955 = 100)

Item	1955	1956	1957	1958	1959	Per cent change of 1959 over:			
						1955	1956	1957	1958
GENERAL	100.0	103.1	107.6	111.2	112.7	+12.7	+ 9.3	+ 4.7	+ 1.3
Food	100.0	101.4	107.5	110.6	103.7	+ 3.7	+ 2.3	- 3.5	- 6.2
Beverages & tobacco .	100.0	104.4	105.7	106.4	107.0	+ 7.0	+ 2.5	+ 1.2	+ 0.6
Crude Materials	100.0	106.7	109.2	117.4	138.1	+38.1	+29.4	+26.5	+17.6
Mineral fuels	100.0	102.1	110.4	110.5	112.3	+12.3	+10.0	+ 1.7	+ 1.6
Animal & veg. oils & fats	100.0	94.2	99.2	134.6	164.6	+64.6	+74.7	+65.9	+22.3
Chemicals	100.0	100.3	105.5	109.7	113.6	+13.6	+13.3	+ 7.7	+ 3.6
Manufactured goods .	100.0	108.8	112.8	112.9	119.6	+19.6	+ 9.9	+ 6.0	+ 5.9
Machinery & transp. equip.	100.0	102.4	106.7	115.4	128.3	+28.3	+25.3	+20.2	+11.2
Misc. manufactures, n.e.s.	100.0	102.3	101.8	103.9	110.8	+10.8	+ 8.3	+ 8.8	+ 5.6
DOMESTIC	100.0	102.2	106.4	109.9	109.9	+ 9.9	+ 7.5	+ 3.3	—
HOME-CONSUMED	100.0	102.0	106.1	108.5	106.7	+ 6.7	+ 4.6	+ 0.6	- 1.7
Agricultural	100.0	101.7	107.9	111.2	103.5	+ 3.5	+ 1.8	- 4.1	- 6.9
Non-Agricultural ...	100.0	102.3	104.3	105.9	109.9	+ 9.9	+ 7.4	+ 5.4	+ 3.8
EXPORTS	100.0	104.3	109.2	120.8	136.5	+36.5	+30.9	+25.0	+13.0
Agricultural	100.0	104.6	111.9	125.0	141.7	+41.7	+35.5	+26.6	+13.4
Non-Agricultural ...	100.0	102.8	98.1	104.0	115.2	+15.2	+12.1	+17.4	+10.8
IMPORTS	100.0	106.8	114.6	119.2	129.9	+29.9	+19.4	+13.4	+ 9.0

SOURCES OF BASIC DATA: Bureau of Commerce
Bureau of Fisheries
Private firms
Public Markets

WHOLESALE PRICE INDICES



b. Retail Prices

In 1959 the retail price index of selected commodities in Manila edged up slightly to 112.5 (1955 = 100) reflecting an increase of 0.1 per cent over the 1958 level. The tiny increment, despite the 7.8 per cent price increase in imported items, was largely due to the tempering effect of the 2.3 per cent decrease in domestic items (particularly within the food category). All other groups, however, registered gains from the 0.6 per cent in fuel to the 7.5 per cent in drugs & medicines.

Starting at 112.2 (1955 = 100) in January, the retail price index moved downward reaching the low point of the year, 109.2, in April and May. The June level of 110.1 started the uptrend reaching 116.3 by the end of the year, 3.7 per cent over the January figure. In the absence of any notable change in the annual average, these movements largely followed seasonal influences.

On a year-to-year comparison, the 1959 level was 12.5 per cent above 1955, 7.6 per cent higher than 1956 and 4.6 per cent 1957.

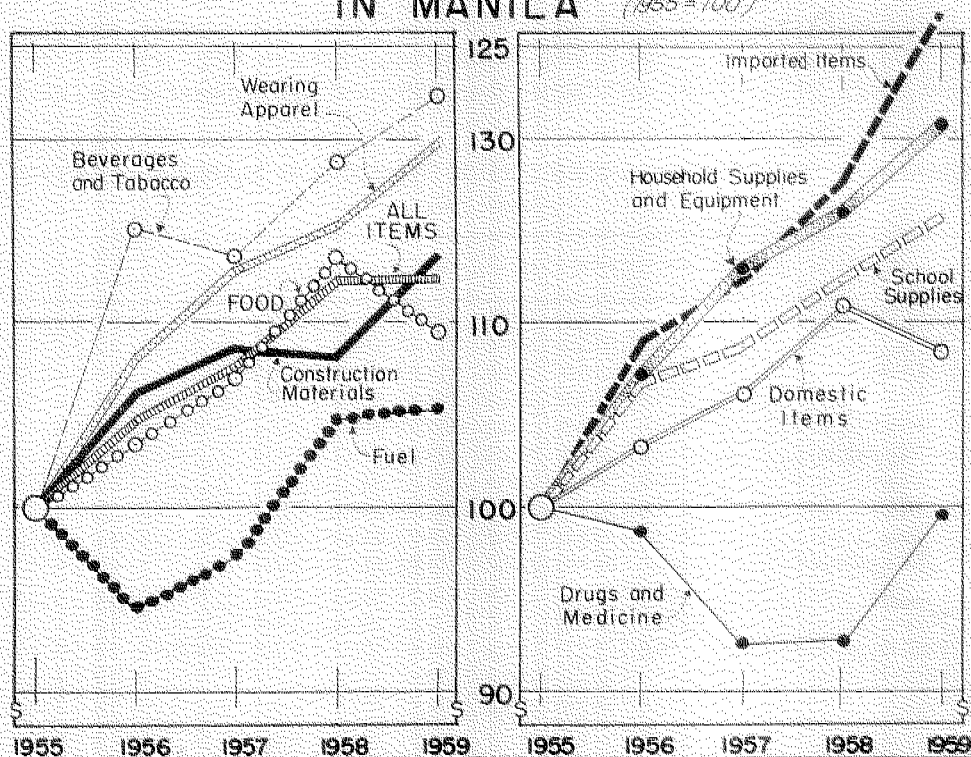
CHANGES IN THE RETAIL PRICE INDEX OF SELECTED COMMODITIES IN MANILA, 1955 - 1959

(1955 = 100)

Item	1955	1956	1957	1958	1959	Per cent change of 1959 over:			
						1955	1956	1957	1958
ALL ITEMS	100.0	104.6	107.6	112.4	112.5	+12.5	+ 7.6	+ 4.6	+ 0.1
Food	100.0	103.6	107.1	113.7	109.6	+ 9.6	+ 5.8	+ 2.3	- 3.6
Wearing apparel	100.0	108.0	113.0	115.3	119.9	+19.9	+11.0	+ 6.1	+ 4.0
Construction materials	100.0	106.1	108.6	107.9	113.5	+13.5	+ 7.0	+ 4.5	+ 5.2
Fuel	100.0	94.5	97.3	104.8	105.4	+ 5.4	+11.5	+ 8.3	+ 0.6
Drugs & medicine	100.0	98.7	92.5	92.6	99.5	- 0.5	+ 0.8	+ 7.6	+ 7.3
School supplies	100.0	106.7	108.7	112.3	115.7	+15.7	+ 8.4	+ 6.4	+ 3.0
Beverages & tobacco	100.0	114.2	113.7	118.7	122.4	+22.4	+ 7.2	+ 7.7	+ 3.1
Household supplies & equipment	100.0	107.1	113.0	116.0	121.0	+21.0	+13.0	+ 7.1	+ 4.3
DOMESTIC ITEMS	100.0	103.3	106.2	111.0	108.4	+ 8.4	+ 4.9	+ 2.1	- 2.3
IMPORTED ITEMS	100.0	109.0	112.6	117.6	126.8	+26.8	+16.3	+12.6	+ 7.8

SOURCES OF BASIC DATA: Bureau of Commerce, Public Markets and Private firms.

RETAIL PRICE INDEX OF SELECTED COMMODITIES IN MANILA (1955 = 100)



c. Consumer Prices

For the first time since 1955, the consumer price index for Manila showed a decrease from the previous year's level. At 107.0 (1955 = 100), there was a 0.9 per cent decrease between the two years 1958 and 1959. The 2.0 per cent decline of the domestic component (weighted as 92 per cent of the index) was responsible for this downtrend in spite of the upward influence of the increase in the imported component of 8.7 per cent.

The primary factor which provided the downward pressure to the domestic category in turn was, again, the 4.1 per cent drop in the food group. Supported by improved agricultural methods and favorable weather, the cereals group declined by 14.8 per cent price-wise. Fish (by 0.6 per cent), vegetables (by 7.0 per cent), fruits (by 1.7 per cent), and miscellaneous food (by 0.7 per cent) followed the downtrend while meat, eggs & milk, and fats and oils increased by 3.3, 7.8 and 17.3 per cent, respectively.

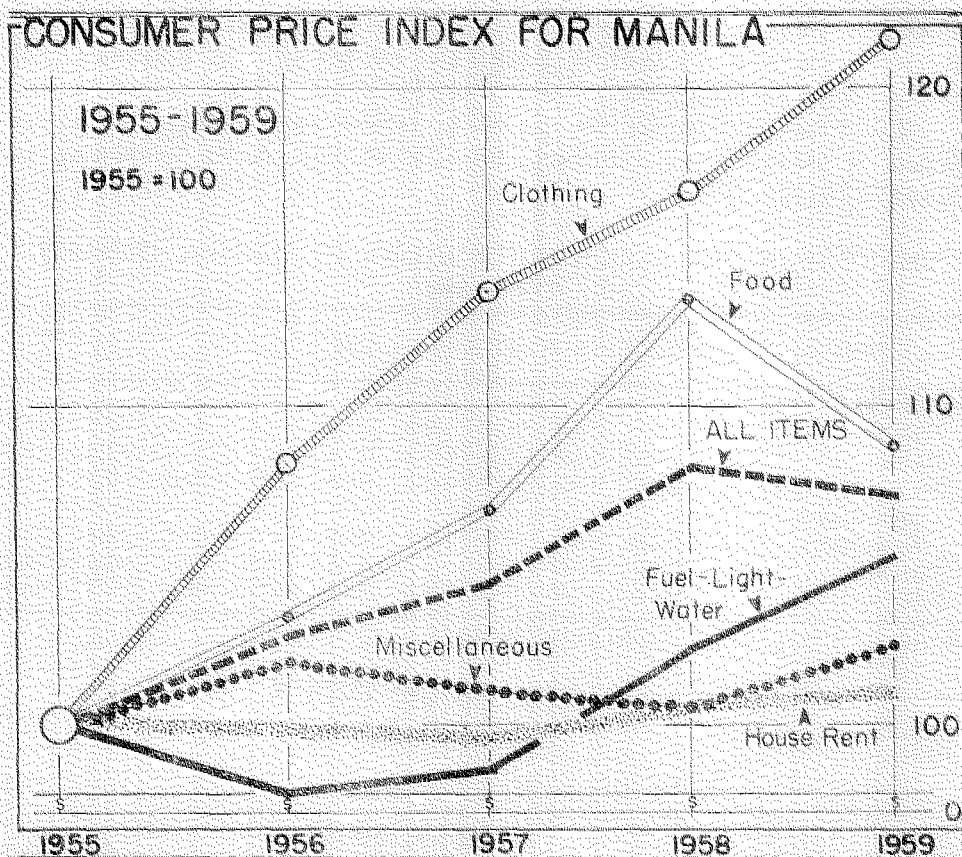
All other commodity groups aside from the food category came up with increases ranging between the largest increment of 3.9 per cent displayed by clothing and the smallest price gain reflected by house-rent of 0.5 per cent.

Movements of consumer price index in 1959 followed the regular seasonal pattern. Opening at 107.5 (1955 = 100) in January, prices moved downward to a floor of 104.2 in May. June started the uptrend at 105.0 closing in December at 110.1, or 2.4 per cent above the opening month.

On the basis of a year-to-year comparison, prices in 1959 were 7.0 per cent above 1955, 4.2 per cent higher than 1956 and 2.4 per cent above 1957.

CHANGES IN THE CONSUMER PRICE INDEX FOR MANILA, 1955-1959 (1955 = 100)

Item	1955	1956	1957	1958	1959	Per cent change of 1959 over:			
						1955	1956	1957	1958
ALL ITEMS	100.0	102.7	104.5	108.0	107.0	+ 7.0	+ 4.2	+ 2.4	- 0.9
Food	100.0	103.3	106.8	113.4	108.7	+ 8.7	+ 5.2	+ 1.8	- 4.1
Cereals	100.0	98.8	104.8	117.2	99.8	- 0.2	+ 1.0	- 4.8	-14.8
Fish	100.0	102.7	105.3	109.7	109.0	+ 9.0	+ 6.1	+ 3.5	- 0.6
Meat	100.0	99.3	99.2	102.3	105.7	+ 5.7	+ 6.4	+ 6.6	+ 3.3
Vegetables	100.0	124.3	122.7	129.2	120.1	+20.1	- 3.4	- 2.1	- 7.0
Fruits	100.0	114.2	120.4	133.3	131.1	+31.1	+14.8	+ 8.9	- 1.7
Eggs & milk	100.0	102.9	102.5	107.7	116.1	+16.1	+12.8	+13.3	+ 7.8
Fats & oils	100.0	98.9	99.5	98.0	115.0	+15.0	+16.3	+15.6	+17.3
Miscellaneous food	100.0	104.1	112.7	114.0	113.2	+13.2	+ 8.7	+ 0.4	- 0.7
Clothing	100.0	108.1	113.6	116.7	121.3	+21.3	+12.2	+ 6.8	+ 3.9
House rent	100.0	99.7	99.6	100.4	100.9	+ 0.9	+ 1.2	+ 1.3	+ 0.5
Fuel-light-water	100.0	97.7	98.6	102.4	105.3	+ 5.3	+ 7.8	+ 6.8	+ 2.8
Miscellaneous	100.0	102.0	100.8	100.4	102.4	+ 2.4	+ 0.4	+ 1.6	+ 2.0
Domestic	100.0	101.9	103.4	106.8	104.7	+ 4.7	+ 2.7	+ 1.3	- 2.0
Imported	100.0	111.5	116.1	121.7	132.3	+32.3	+18.7	+13.9	+ 8.7



3. Stock Prices

With all establishment groups recording price increments, the stock price index in Manila rose by 25.5 per cent in 1959 from the 1958 level.

The substantial price increases which piled up during the first quarter of the year provided the push which held the over-all yearly index above 1958 in spite of successive declines during the ensuing months. The index for the year stood at 101.8 (1955 = 100) with March exhibiting the year's peak of 119.2.

Induced by the uptrend of gold prices in the local free market and the firmness of world copper prices, the mining index gained during the first three months. Speculations on possible changes in economic policy during the following months, however, resulted in a decline in buyers' interest and prices began to slump. The news of the Redeco oil strike in October revived trading in the mining sector and affected the prices of all oil shares. However, the oil boom was short-lived and general skepticism pulled the index down in November. Nevertheless, the average for the year was 28.0 per cent higher than 1958.

Other gains recorded were the 16.1 per cent noted in Commercial and Industrial, the 15.2 per cent in Banks, the 8.9 per cent in Insurance, and 11.4 per cent in Sugar.

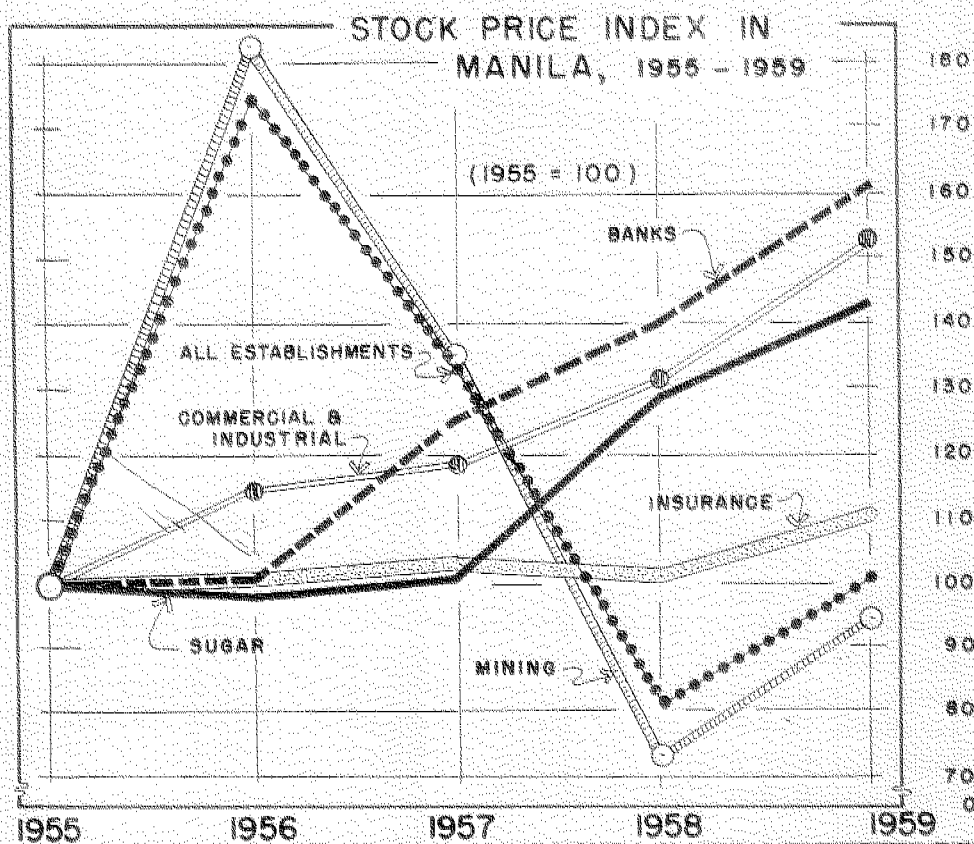
The total turnover for the period in review was 5,550,154,646 shares valued at ₱214,775,996 compared to 4,369,041,267 shares amounting to ₱244,528,353 in 1958.

CHANGES IN THE STOCK PRICE INDEX IN MANILA, 1955-1959

(1955 = 100)

Item	1955	1956	1957	1958	1959	Per cent change of 1959 over:			
						1955	1956	1957	1958
ALL ESTABLISHMENTS									
ALL ESTABLISHMENTS	100.0	174.0	133.2	81.1	101.8	+ 1.8	-41.5	-23.6	+25.5
Banks	100.0	101.2	126.4	140.1	161.4	+61.4	+59.5	+27.7	+15.2
Insurance	100.0	101.2	103.0	101.3	110.3	+10.3	+ 9.0	+ 7.1	+ 8.9
Commercial & Industrial	100.0	114.9	118.6	131.7	152.9	+52.9	+33.1	+28.9	+16.1
Mining	100.0	182.8	135.5	73.7	94.3	- 5.7	-48.4	-30.4	+28.0
Sugar	100.0	97.9	100.8	128.6	143.2	+43.2	+46.3	+42.1	+11.4

SOURCE OF BASIC DATA: Manila Stock Exchange.



CHAPTER III

THE BALANCE OF PAYMENTS

A. OVER-ALL POSITION

The improvement in the balance of payments position of the Philippines, which had characterized 1958, continued strongly into 1959. The post-recession surge in industrial countries, leading to intensified industrial activity, increased the demand for raw materials from most primary producing countries. This development, together with retrenchment measures adopted during the year in an effort to minimize inflationary pressures in the domestic economy, was responsible for the strengthening of the external position of the country. Of basic significance was the achievement of a surplus of \$12.5 million in the flow of goods and services in marked contrast to the \$75.1 million deficit incurred for the previous year. Export shipments during the year surpassed last year's all time high while import arrivals were considerably lower, resulting in a favorable trade balance of \$20.2 million—the first to be achieved since pre-war years. Thus, notwithstanding the heavy payments made on foreign obligations, the country was able to increase its international reserve by \$17.6 million as indicated in the table below:

INTERNATIONAL TRANSACTIONS^a 1956-1959

(Million U. S. Dollars)

I t e m	1956 ^a	1957 ^r	1958 ^r	1959 ^p
A. Goods and Service ^b				
Exports, f.o.b.	454.5	433.7	495.4	531.2
Imports, f.o.b.	—509.0	—615.5	—561.6	—611.0
Trade Balance	—54.5	—181.8	—66.2	20.2
U. S. Government Expenditures ...	113.3	108.3	92.8	88.6
Net Invisible Movement	—96.5	—125.3	—101.7	—96.3
Surplus or Deficit (—)	—37.7	—198.8	—75.1	12.5

INTERNATIONAL TRANSACTIONS^a **1956-1959 (Concluded)**

(Million U.S. Dollars)

I t e m	1956 r	1957 r	1958 r	1959 p
B. Means of Financing^c				
International Reserve Movement . . .	— 15.5	84.7	— 5.3	— 17.6
Loans (official & private)	17.0	59.3	17.3	— 30.6
Donations:				
Private	6.6	8.7	17.5	17.0
Official				
U. S. Government Grants . .	33.4	25.8	19.0	23.0
Other Agencies	—	2.7	.5	.4
Reparations from Japan . . .	—	26.4	11.8	10.4
Other Official and Private				
Capital Movement	28.6	32.9	16.4	52.5
C. Errors and Omissions	— 32.4	— 41.7	— 2.1	— 67.6
T O T A L	37.7	198.8	75.1	— 12.5

^a No sign indicates credit; minus sign, debit.

^b A debit entry refers to a net disbursement; a credit entry, a net receipt.

^c A debit entry indicates an increase in net assets; a credit entry, a decrease in net assets.

B. EXTERNAL TRADE

1. Over-All Trade

For the first time since pre-war years, the Philippines attained a favorable balance of trade in 1959 amounting to ₱40.7 million, in marked contrast to a trade deficit of ₱131.8 million in 1958. The over-all surplus was reflected in a favorable balance with the United States, the first since 1941, aggregating ₱120.1 million. Similarly, trade with Japan resulted in a trade surplus of ₱53.3 million.

These encouraging developments were brought about by a marked expansion in the value of export shipments coupled with a substantial reduction in the value of import arrivals. Export shipments, reaching an unprecedented level of ₱1,059.0 million, surpassed last year's all-time high of ₱985.5 million by ₱73.5 million or 7.5 per cent. The increase in the value of exports was mainly a result of an 8.4 per cent improvement in prices. The commodities that registered the largest gains in absolute value were logs & lumber (₱21.6 million), unmanufactured abaca (₱20.1 million), and chromite ore (₱8.3 million).

Import arrivals, on the other hand, came to ₱1,018.3 million, representing a decrease of ₱99.0 million or 8.9 per cent from the previous year. This was caused by an 11.8 per cent drop in import volume which more than offset a 2.1 per cent rise in import prices. Commodities which registered major reductions in importation were cereal and cereal preparations (₱57.9 million), textile yarns, fabrics & made-up articles (₱30.5 million), and dairy products (₱20.6 million).

Total trade aggregated ₱2,077.3 million, or ₱25.5 million below the record level of ₱2,102.8 million attained last year.

With export prices going up by a greater magnitude than the increase in import prices, the net terms of trade of the Philippines improved from 99.9 last year (1955 = 100) to 106.1 for the current period.

The trend towards diversification of Philippine trade continued to prevail, as trade showed a shifting from the United States to Asian countries and Northwestern Europe. The trend was especially marked in import trade, with the relative share of the U.S. decreasing from 51.6 per cent last year to 45.5 per cent this year. However, the United States and Japan continued to be our major trading partners, sharing 50.4 per cent and 19.9 per cent, respectively, of total foreign trade.

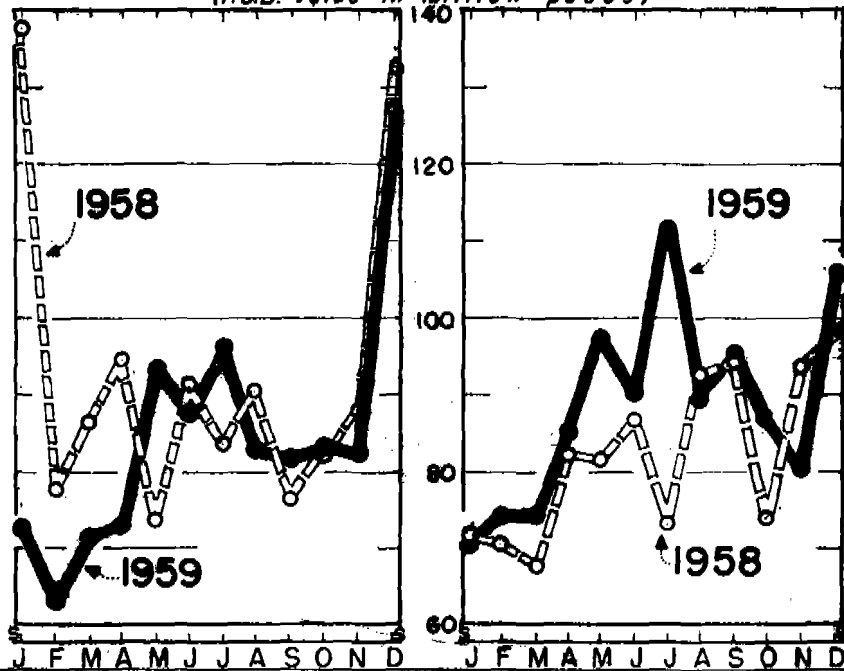
FOREIGN TRADE OF THE PHILIPPINES

1958 - 1959

IMPORTS

EXPORTS

(F.O.B. value in million pesos)



2. Exports

On a quarterly basis, exports increased up to the third quarter and then dropped in the fourth quarter. This trend is divergent from the quarterly averages of the period 1955 to 1958 which indicated an increase in the second quarter, a decrease in the third and a slight increment in the fourth. In the third quarter of 1959, exports expanded by ₱26.4 million over the second quarter while in the corresponding period of the 1955-58 average, exports declined by ₱24.8 million. During the last quarter, exports contracted by ₱22.4 million, while during the comparable period of the 1955-58 average, exports showed a slight ₱0.2 million increase.

Total domestic exports¹ rose by ₱74.1 million (7.5 per cent) with the ten principal exports gaining ₱52.1 million or 6.0 per cent. The export values of some of the ten major export products went up, partly offset by declines in others. The largest percentage gains were made by canned pineapple (82.2 per cent), unmanufactured abaca (34.9 per cent) and chromite ore (32.9 per cent). Other commodities that increased their values were logs & lumber, desiccated coconut and copper concentrates. On the other hand, coconut oil, copra, centrifugal sugar and iron ore suffered slight reductions.

¹ Excluding re-exports.

TEN PRINCIPAL EXPORTS OF THE PHILIPPINES 1958 - 1959

(F.O.B. value in thousand pesos)
(Quantity in thousand kilograms)

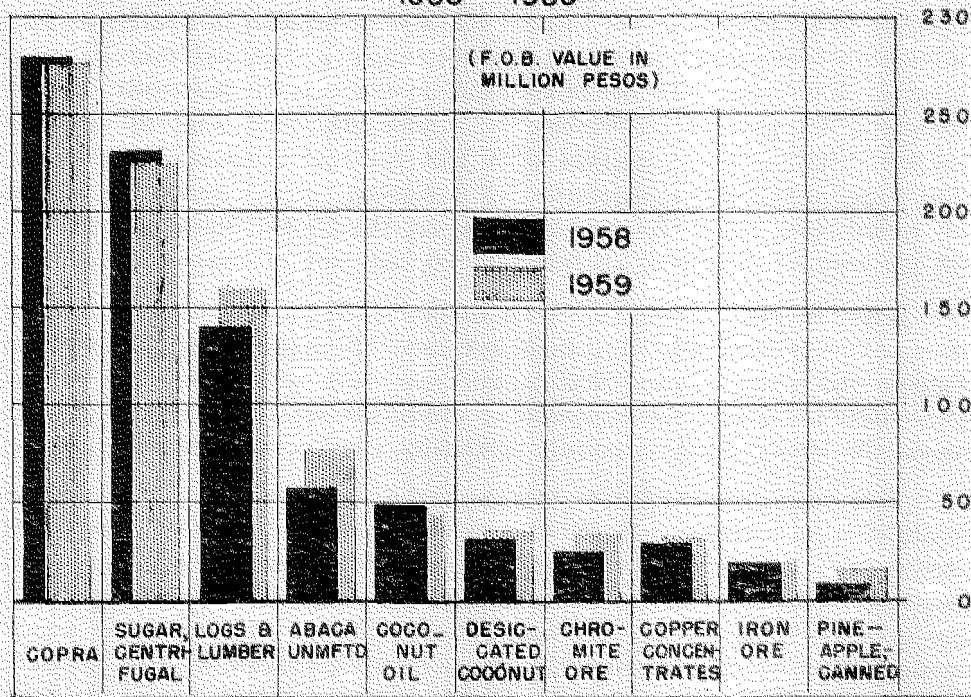
	1 9 5 9		1 9 5 8		Per Cent Change	
	Quantity	Value	Quantity	Value	Quantity	Value
Total Domestic Exports		1,056,458		982,364		+ 7.5
Total Ten Principal Exports		921,160		869,056		+ 6.0
Copra	681,107	276,146	811,878	278,158	- 16.1	- 0.7
Sugar, centrifugal	933,762	225,273	969,599	231,066	- 3.7	- 2.5
Logs & lumber ¹	1,516,397	160,888	1,369,953	139,322	+ 10.7	+ 15.4
Abaca, unmanufactured	97,172	77,726	92,800	57,630	+ 4.8	+ 34.9
Coconut oil	64,629	44,968	86,956	48,183	- 25.7	- 6.7
Desiccated coconut	49,499	36,332	51,631	32,819	- 4.2	+ 10.7
Chromite ore	798,979	33,509	605,600	25,213	+ 31.9	+ 32.9
Copper concentrates	136,327	32,150	160,816	29,556	- 15.2	+ 8.8
Iron ore	1,020,553	18,123	1,048,817	18,301	- 2.7	- 0.9
Pineapple canned	44,238	16,045	21,330	8,808	+107.4	+ 82.2

¹ Quantity in thousand board feet.

TEN PRINCIPAL EXPORTS OF

The Philippines

1958 - 1959



All of the ten principal exports retained their relative ranking with the exception of chromite ore and copper concentrates. Chromite ore pushed up from 8th to 7th position, while copper concentrates dropped from 7th to 8th place. The ten leading exports accounted for 87.2 per cent of total domestic exports compared to 88.5 per cent last year, with copra and centrifugal sugar obtaining the largest shares of 26.1 per cent and 21.3 per cent, respectively.

Copra maintained its position as the country's premier export product and accounted for 26.1 per cent of total domestic exports, followed by sugar, 21.3 per cent; logs & lumber, 15.2 per cent; and unmanufactured abaca, 7.4 per cent.

The perennial problems of the copra industry (kadang-kadang disease and typhoons) continued to plague copra production. During the period under review, 681,107 metric tons of copra were shipped out of the country as against 811,878 last year, a decrement of 16.1 per cent. This drop in export volume pushed down the value of copra exports by P2.0 million (0.7 per cent) notwithstanding an 18.1 per cent increase in unit value. Of the total value of copra exported, 47.6 per cent was purchased by the

United States while 37.5 per cent was absorbed by the European Common Market.

Following the lead of copra, export volumes of coconut oil and desiccated coconut declined by 25.7 per cent and 4.2 per cent, respectively. The contraction in the volume of coconut oil exports resulted in a drop of P3.2 million (6.7 per cent) in value, notwithstanding a 25.6 per cent improvement in unit value. On the other hand, in the case of desiccated coconut, despite a 4.2 per cent contraction in volume, its value went up by P3.5 million (10.7 per cent) because of a 15.4 per cent increase in unit price. The value of this year's exportation of desiccated coconut marks the highest on record since 1951. As in previous years, the United States monopolized 98 per cent of desiccated coconut and 90 per cent of coconut oil exports.

Sugar exports declined by P5.8 million (2.5 per cent) from their all time record level of P231.1 million last year. In spite of the decline, both volume and value of sugar exports this year were still higher than in any year since 1949, with the exception of 1958. As has been the case in past years, the United States absorbed practically all exports of this commodity.

This year's exportation of logs & lumber, amounting to 1,516 million board feet in volume and P160.9 million in value, exceeded last year's record levels of 1,370 million board feet and P139.3 million, in volume and value respectively. The export volume of logs & lumber increased by 10.7 per cent, and value by 15.4 per cent (P21.6 million). This was due largely to sustained construction activity in Japan which generated a rising demand. Consequently, Japan continued to be the most important market for our exports of logs & lumber, purchasing 78.4 per cent of total exports. The rest were shipped to the United States (10.2 per cent), other Asian countries and Northwestern Europe. Prices obtained for logs & lumber were better than last year.

Exports of unmanufactured abaca rose by P20.1 million (34.9 per cent), stimulated by strong demand and markedly higher prices in the world market. The United States, as in past years, was our most important market, purchasing 29.9 per cent of total exports of this product. Japan came a close second with 25.7 per cent and the United Kingdom accounted for 16.8 per cent.

The value of chromite ore exports increased by P8.3 million (32.9 per cent), with exports to Japan going up by P4.1 million (112.5 per cent). The United States, however, continued to be the leading export outlet, absorbing about 62.1 per cent of exports of this commodity. Japan shared 23.0 per cent and other countries, 14.9 per cent.

Similarly, exports of copper concentrates experienced an upswing of P2.6 million (8.8 per cent) as a result of intensified industrial activity in Japan

coupled with substantially better prices. As in the past year, this product exported exclusively to Japan. Conversely, iron ore exports, which have been monopolized by Japan since 1953, showed a slight decline in value.

A combination of favorable weather conditions, improved production techniques and a better competitive position in the United States boosted the exportation of canned pineapple by P7.2 million (82.2 per cent). Practically all (98 per cent) exports of this commodity were shipped to the United States.

3. Imports

Total imports for the year under review aggregated P1,018.3 million, which was P99.0 million or 8.9 per cent below the level the previous year. Commodity groups that registered substantial declines were cereals and cereal preparations (P57.9 million), dairy products (P20.6 million), and textile yarns, fabrics & made-up articles (P30.5 million) indicating greater domestic production of these commodities.

Classified according to category, essential producer goods and semi-essential consumer items registered increments amounting to P35.3 million and P1.8 million, respectively. All the other categories decreased by the following magnitudes: semi-essential producer goods, 7.9 per cent; non-essential producer items, 5.5 per cent; essential consumer products, 65.7 per cent; non-essential consumer commodities, 6.4 per cent; unclassified items, 15.3 per cent; and decontrolled commodities, 37.8 per cent.

IMPORTS CLASSIFIED BY CATEGORY 1958 & 1959

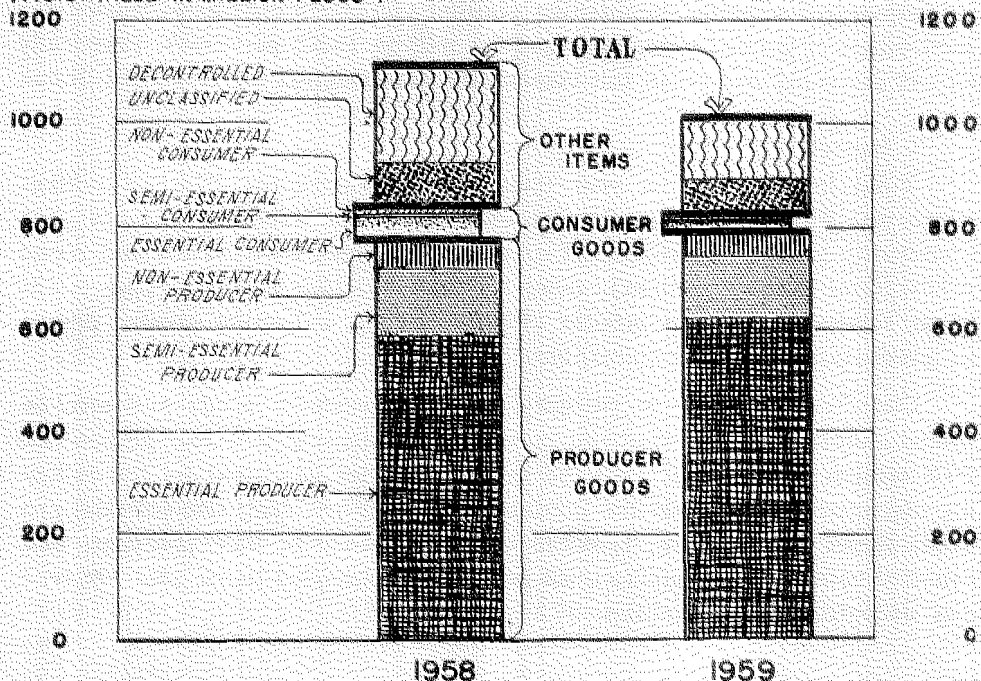
(F.O.B. value in thousand pesos)

Category	1959	Per cent Distribution	1958	Per cent Distribution	Per cent Change
T O T A L	1,018,278	100.0	1,117,318	100.0	- 8.9
Producer Goods	791,819	77.8	769,465	68.9	+ 2.9
Essential producer	627,272	61.6	592,005	53.0	+ 6.0
Semi-essential producer	122,209	12.0	132,658	11.9	- 7.9
Non-essential producer	42,338	4.2	44,802	4.0	- 5.5
Consumer Goods	38,775	3.8	77,044	6.9	-49.7
Essential consumer	20,400	2.0	59,489	5.3	-65.7
Semi-essential consumer	4,609	0.5	2,840	0.3	+62.3
Non-essential consumer	13,766	1.3	14,715	1.3	- 6.4
Other Items	187,684	18.4	270,809	24.2	-30.7
Unclassified items	72,515	7.1	85,652	7.7	-15.3
Decontrolled items	115,169	11.3	185,157	16.5	-37.8

IMPORTS CLASSIFIED BY CATEGORY

1958 - 1959

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



On the basis of percentage distribution, essential and semi-essential producer goods accounted for 73.6 per cent of total imports compared to 64.9 per cent last year. The relative share of non-essential producer items increased very slightly. On the other hand, the combined percentage shares of essential and semi-essential consumer goods declined from 5.6 per cent last year to 2.5 per cent this year. There was no change in the relative share of non-essential consumer goods, which remained at 1.3 per cent. The percentage distribution of unclassified items went down from 7.7 per cent to 7.1 per cent. Similarly, the share of decontrolled items diminished from 16.5 per cent to 11.3 per cent.

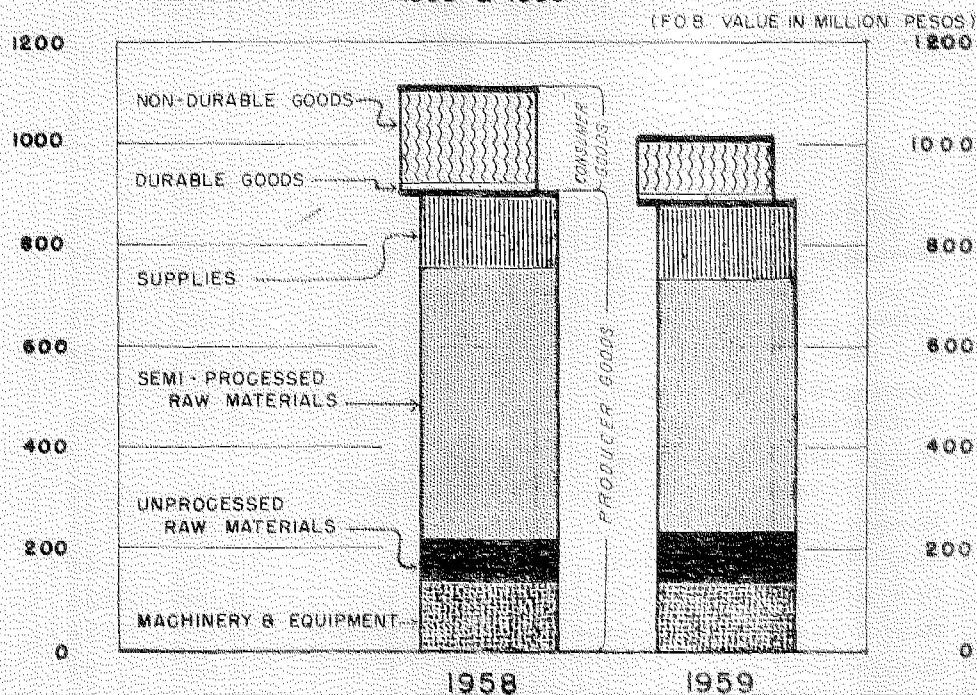
IMPORTS CLASSIFIED ACCORDING TO END USE 1958 & 1959

(F.O.B. value in thousand pesos)

	1959	Per cent Distribution	1958	Per cent Distribution	Per cent Change
TOTAL	<u>1,018,278</u>	<u>100.0</u>	<u>1,117,318</u>	<u>100.0</u>	- 8.9
Producer Goods	<u>892,133</u>	<u>87.6</u>	<u>909,225</u>	<u>81.4</u>	- 1.9
Machinery & equipment	133,376	13.1	135,491	12.1	- 1.6
Unprocessed raw materials	99,606	9.8	88,976	8.0	+11.9
Semi-processed raw materials	510,360	50.1	534,356	47.8	- 4.5
Supplies	148,791	14.6	150,402	13.5	- 1.1
Consumer Goods	<u>126,145</u>	<u>12.4</u>	<u>208,093</u>	<u>18.6</u>	-39.4
Durable goods	7,077	0.7	9,165	0.8	-22.8
Non-durable goods	119,068	11.7	198,928	17.8	-40.0

IMPORTS CLASSIFIED ACCORDING TO END USE

1958 & 1959



Classified according to end use¹, the decline in importation was reflected by both producer and consumer goods which dropped by ₱17.1 million and ₱81.9 million, respectively. The decrement in the former was the result of contractions in the importation of machinery & equipment (1.6 per cent), semi-processed raw materials (4.5 per cent) and supplies (1.1 per cent). Partly offsetting this downtrend was an 11.9 per cent gain in the importation of unprocessed raw materials. The drop in consumer goods was reflected in the decline of both durable and non-durable goods by 22.8 per cent and 40.0 per cent, respectively. These developments indicate a shifting in the import pattern from finished commodities to unprocessed products.

The total value of the ten principal imports was ₱720.7 million, 11.9 per cent lower than the ₱817.8 million total of the previous year. The following commodity groups registered increases: electrical machinery, apparatus & appliances, 44.8 per cent; paper, paperboard & manufactures, 15.0 per cent; base metals, 0.5 per cent; and non-electrical machinery, 0.9 per cent.

¹ This classification of end use differs from that of category in that in the former, the breakdown is by end use of the product, whereas in the latter, by essentiality. It should be noted that decontrolled goods and unclassified items, in the classification by category, are composed of both consumer and producer goods. Therefore, the figures on producer as well as consumer goods cannot be the same for the classification according to category and the classification according to end use.

TEN PRINCIPAL IMPORTS OF THE PHILIPPINES 1958 & 1959

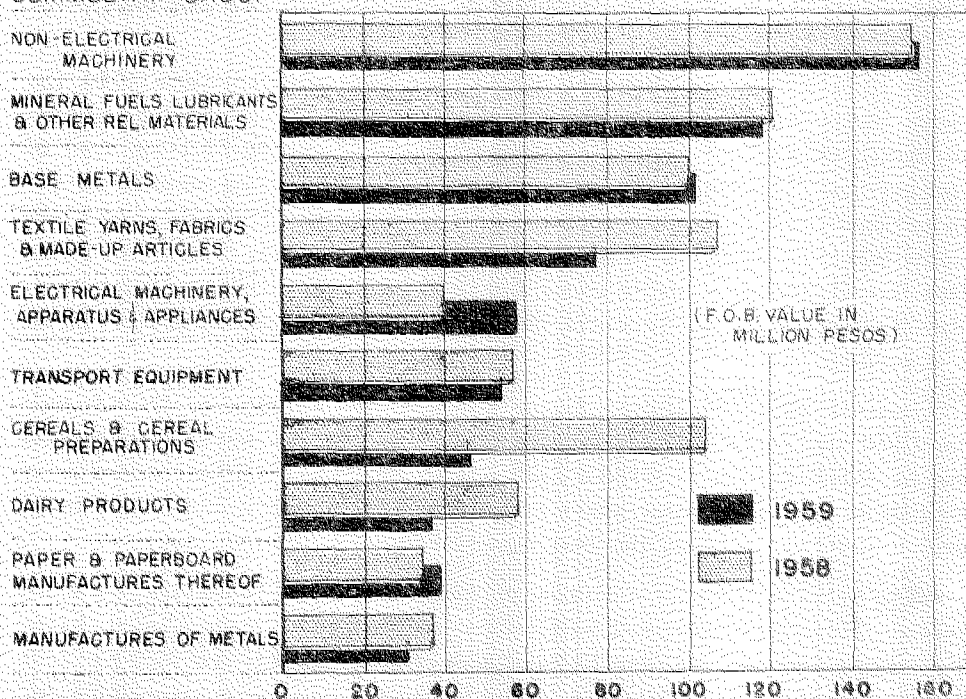
(F.O.B. value in thousand pesos)

Commodity Group	1959	1958	Per cent Change
Total Imports	1,018,278	1,117,318	- 8.9
Total Ten Principal Imports	720,699	817,799	-11.9
Non-electrical machinery	156,654	155,275	+ 0.9
Mineral fuels, lubricants & other related materials	118,780	121,975	- 2.6
Base metals	100,987	100,508	+ 0.5
Textile yarns, fabrics & made- up articles	77,281	107,744	-28.3
Electrical machinery, apparatus and appliances	58,664	40,525	+44.8
Transport equipment	54,609	57,209	- 4.6
Cereals & cereal preparations	46,241	104,176	-55.6
Dairy products	37,817	58,404	-35.3
Paper & paperboard manufactures thereof ..	39,232	34,101	+15.0
Manufactures of metal	30,434	37,882	-19.7

TEN PRINCIPAL IMPORTS OF THE PHILIPPINES

1958 & 1959

COMMODITY GROUP



Commodities that experienced declines, in the order of their relative importance to total imports, were: mineral fuels, lubricants & related materials (2.6 per cent); textile yarns, fabrics & made-up articles (28.3 per cent); transport equipment (4.6 per cent); cereals & cereal preparations (55.6 per cent); dairy products (35.3 per cent); and manufactures of metals (19.7 per cent).

There was some shifting in the relative standing of the ten principal imports. However, non-electrical machinery and mineral fuels, lubricants & related materials retained the first and second positions, respectively. Base metals, fifth ranking last year, pushed up to third place this year. Textile yarns, fabrics & made-up articles, which was third ranking in the previous year, went down one grade. Electrical machinery, apparatus & appliances went up from eighth to fifth positions. Cereals and cereal preparations plunged from fourth to seventh place, while dairy products fell from sixth to eighth rank. Others registered minor changes in their commodity rankings.

4. Direction of Trade

The diversification of Philippine foreign trade continued to improve as trade showed a sustained shifting from the United States to Asian countries

and Northwestern Europe. The relative share of the United States in the import trade of the Philippines declined from 51.6 per cent to 45.5 per cent; her share of exports decreased fractionally from 55.5 per cent to 55.1 per cent. Consequently, the relative shares of Northwestern Europe and Asian countries increased.

In spite of these developments which have been apparent since 1949, the United States has retained its position as the country's principal trading partner, supplying 45.5 per cent of total imports and absorbing 55.1 per cent of total exports. The United States continued to be the leading supplier of the ten principal imports of the country with the exception of mineral fuels, lubricants & related materials (71.6 per cent of imports of this commodity group come from Indonesia), textile yarns, fabrics & made-up articles, and base metals. For the two latter products, the United States comes second to Japan as a supplier.

Imports from the United States declined substantially by ₱114.0 million (19.7 per cent) to ₱463.2 million in 1959. At the same time, exports rose by ₱35.9 million to ₱583.3 million (6.6 per cent). This resulted in a remarkable reversal of last year's trade deficit of ₱29.8 million to a trade surplus of ₱120.1 million, the first experienced since pre-war years.

The relative share of countries of the Far East in Philippine trade increased. However, Japan still took a poor second place to the United States as a trading partner, obtaining 17.7 per cent of total imports and 22.0 per cent of total exports. These relative shares, however, represent appreciable increments compared to the percentage distribution last year.

Imports from Japan rose by 11.0 per cent to ₱179.9 million, with substantial gains in the purchase of non-electrical machinery and base metals. This figure, however, includes reparations commodities valued at ₱20.8 million. Similarly, exports went up to ₱233.3 million, an increment of 20.8 per cent as more logs & lumber (an increase of ₱19.0 million), unmanufactured abaca, chromite ore and copper concentrates were purchased by that country. As a result, the traditional favorable trade balance with Japan, which in 1958 amounted to ₱31.0 million representing a gain of about four times over 1957, increased further to ₱53.3 million in 1959.

Indonesia increased her relative share of Philippine import trade from 7.1 per cent to 8.6 per cent. As in previous years imports from this country, which supplied 71.6 per cent of total imports of fuel, lubricants and related materials, far outweighed the nominal exports, increasing the trade deficit from ₱78.5 million last year to ₱87.4 million this year. Other Asian countries registered a decrease in imports by 41.5 per cent and an increase in exports by about the same magnitude.

Trade with Northwestern Europe resulted in a trade surplus of P11.0 million in spite of a decrease in exports of 5.4 per cent and an increase in imports of 8.6 per cent. The current favorable balance, however, represents a deterioration from the favorable balance of P32.6 million realized the previous year.

Benelux countries absorbed 8.9 per cent of total Philippine exports composed mainly of copra and unmanufactured abaca. At the same time, they supplied 3.9 per cent of imports, with base metals and manufactures of metals constituting the main products. Imports from these countries increased by 17.2 per cent while exports to them declined by 13.0 per cent, thereby reducing the favorable balance of P74.9 million for 1958 to P55.0 million for the current period.

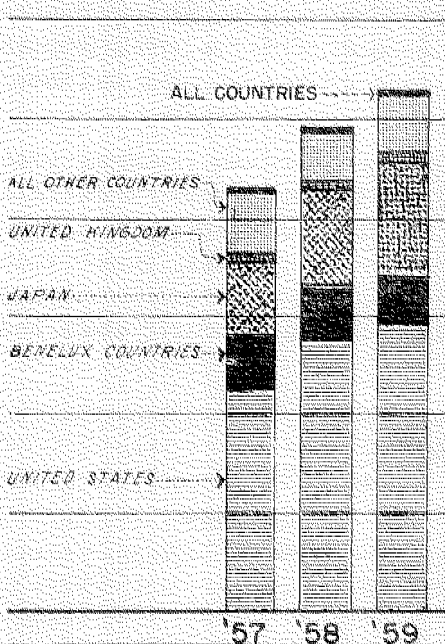
The United Kingdom shared 4.2 per cent of imports and 1.6 per cent of exports. These represent an expansion in both imports and exports of 13.2 per cent and 35.4 per cent, respectively. In spite of the much faster expansion of exports, the unfavorable trade balance increased slightly from P25.2 million to P25.7 million. Both imports and exports from other countries of Northwestern Europe rose slightly in 1959.

DIRECTION OF PHILIPPINE FOREIGN TRADE

1957 - 1959

Destination of Exports

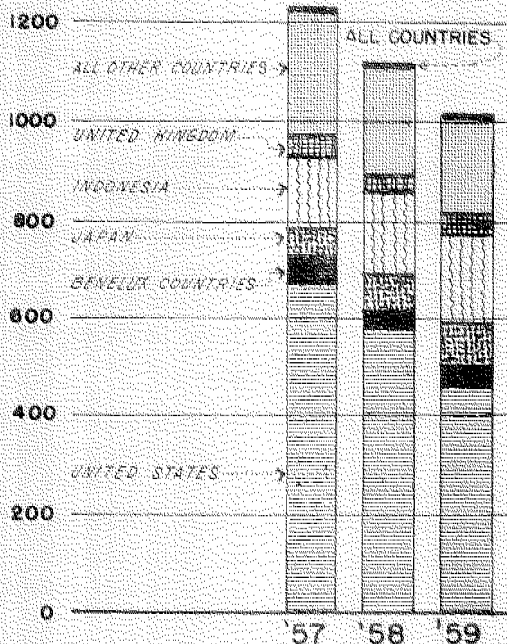
(F.O.B. VALUE IN MILLION PESOS)



1957 - 1959

Origin of Imports

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



5. Terms of Trade

Terms of trade with all countries for this year stood at 106.1 (1955 = 100), representing a significant improvement over the 99.9 index the previous year. The import price index went up slightly, but was offset, however, by an upsurge in export price index from 106.9 to 115.9.

TERMS OF TRADE 1958-1959

(1955 = 100)

Trading Partner	1 9 5 9			1 9 5 8			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 . . .	109.2	115.9	106.1	107.0	106.9	99.9	+ 6.2
1. United States	99.4	118.1	118.8	99.8	109.9	110.1	+ 7.9
2. Japan	95.6	94.8	99.2	100.9	87.2	86.4	+14.8
3. Germany	89.1	134.6	151.1	97.8	107.2	109.6	+37.9
4. United Kingdom . .	102.6	161.5	157.4	103.7	118.5	114.3	+37.7
5. Netherlands	91.6	138.0	150.7	97.5	114.4	117.3	+28.5
6. Belgium	106.8	141.6	132.6	113.8	117.6	103.3	+28.4

The Philippines experienced a decided improvement in terms of trade with all of her major trading partners, particularly with Germany and the United Kingdom. For each of the more important partners, the import price index declined, concurrent with an uptrend in export prices due largely to much more favorable prices of unmanufactured abaca, coconut oil, copra and desiccated, thereby resulting in a strengthening of the terms of trade.

Terms of trade with Germany exhibited a spectacular rise from 109.6 in 1958 to 151.1 in 1959 (37.9 per cent), the highest on record since 1952. This was brought about by a decline in import price of 8.9 per cent, combined with a 25.6 per cent increase in the export price index. Import commodities that experienced considerable declines in prices were base metals and explosives. On the other hand, export prices of unmanufactured abaca and copra rose substantially.

Approximating the magnitude of improvement with Germany, terms of trade with the United Kingdom went up by 37.7 per cent from 114.3 to 157.4, also the highest since 1952. However, unlike the case of Germany, the import price index remained about the same, while export prices gained a substantial 36.3 per cent increase. This was due mainly to a rise in prices of unmanufactured abaca and copra, which constitute 77.6 per cent of total exports to this country.

Terms of trade with the Netherlands and Belgium improved to a lesser degree, 28.5 per cent and 28.4 per cent, respectively. For both countries, the import price index declined 6 per cent, simultaneous with an upsurge of export prices of about 20 per cent. Substantially better prices for copra and manufactured abaca, which comprise 90.6 per cent of total exports to the Netherlands and 95.3 per cent to Belgium, brought about the favorable turn in terms of trade with these countries.

The smallest relative improvement in terms of trade was with the two most important trade partners, the United States and Japan. Terms of trade with Japan continued their favorable trend, going up from 86.4 to 99.2, with the export price index rising by 8.7 per cent (particularly abaca and copra) and the import price sagging by 5.3 per cent, mainly as a result of a substantial decline in prices of base metals. Philippine terms of trade with the United States rose from 110.1 to 118.8 as export prices increased by 7.5 per cent due primarily to the rise in prices of unmanufactured abaca, copra and coconut oil. Import prices decreased, but very slightly.

6. Barter Transactions

From October 10, 1955 to December 31, 1959, barter exports aggregated \$155.1 million while collateral imports came to only \$132.0 million, reflecting a lag of \$23.1 million.

Total barter transactions for 1959 amounted to \$99.5 million, of which actual exports were \$58.8 million and actual imports \$40.7 million. Total barter transactions for 1959 represented an increment of \$41.1 million compared to 1958, reflected in uptrends for both actual exports and actual imports, under barter as well as on no-dollar remittance basis, of \$32.0 million and \$9.1 million, respectively.

SUMMARY OF BARTER TRANSACTIONS UNDER R.A. 1410 AND R.A. 2261

(In thousand U. S. dollars)

	Actual Exports ¹	Actual Imports ²
T o t a l ³	155,078	131,962
1955 ^a	745	46
1956 ^b	26,192	9,737
1957 ^b	42,509	49,923
1958	26,829	31,592
1959	58,803	40,664
R. A. 1410	48,987	40,414
R. A. 2261	9,816	250

¹ Actual exports under R. A. 1410 are based on bills of lading.

² Actual imports under R. A. 1410 are based on NDIO release certificates.

³ Imports and exports for 1955 to 1958 inclusive are under R. A. 1410.

^a From October 10 to December 31 only.

^b Figures for 1956 and 1957 include NAMARCO imports. Under the Revised Rules & Regulations of August 20, 1958, NAMARCO can no longer requisition barter imports.

On January 26, 1959, a temporary ban on the issuance of barter permits was imposed by the Cabinet which was subsequently clarified by the Secretary of Justice to permit issuance of permits for barter applications approved prior to that date. On June 19, 1959, R.A. 2262 repealed R.A. 1410, although shipments and arrivals of goods under R.A. 1410 continued up to December, 1959.

Also, on June 19, 1959, R. A. 2261, "An Act to Promote Economic Development by Giving Incentives to Marginal and Sub-Marginal Industries," was enacted instituting some barter privileges. However, the distinction previously laid down in R. A. 1410 between major and minor products and the rules governing them were not adopted in R. A. 2261. In lieu thereof, R. A. 2261 enumerated certain domestic products that may be bartered¹ subject to the following conditions: 1) said products cannot be sold profitably for dollars or other freely convertible currencies in foreign markets, taking into account sound business management and accepted business practice; and 2) the existence of an adequate supply of such products to meet local requirements. "Commodity-commodity" barter, by-passing the banking system's documentation which had previously been required, was specifically authorized. Moreover, the rules concerning the importation of commodities on a no-dollar remittance basis which were provided for in R.A. 1410 were eliminated in R.A. 2261. Consequently, the function of authorizing this type of importation was assumed by the Central Bank. In contrast to the percentage distribution of collateral imports under R. A. 1410, the new barter law requires that at least 60 per cent of imports made under barter should include essential producer goods, essential consumer items and semi-essential producer goods.

Barter exports comprised 10.8 per cent of total domestic exports in 1959 as compared to 5.5 per cent in 1958. The increase of \$32.0 million in barter exports was distributed over a number of commodities, being particularly significant in metalliferous ores and scrap metal (P15.2 million), sugar & sugar preparations (P13.2 million), animal & vegetable oils (P10.1 million) and unmanufactured textile fibers (P8.7 million).

¹ Marginal domestic mineral products, specifically ores or concentrates of copper, iron, chromite, manganese, quicksilver and coal; muscovado and class "D" sugar; embroidery; pearl buttons; low-grade hemp and products thereof; low-grade sawlogs, lumber & veneer; railway ties; cigars; low-grade tobacco; coconut coir fiber; industrial salt; cassava & products; snake & crocodile skins; and peanuts.

**SUMMARY OF EXPORTS BY COMMODITY GROUP THROUGH STRAIGHT
SALE AND UNDER REPUBLIC ACTS 1410 AND 2261^a
1958-1959**

(F.O.B. value in thousand pesos)

Commodity Group	1 9 5 9			1 9 5 8		
	Total	Straight Sale	Barter	Total	Straight Sale	Barter
Fish and fish preparations	153	153	—	100	100	—
Cereal and cereal preparations	6,993	1,863	5,130	97	97	—
Fruits and fruit preparations	56,018	43,786	12,232	46,668	44,660	2,008
Sugar and sugar preparations	241,265	227,958	13,307	245,585	245,505	80
Miscellaneous food preparations	1,661	1,661	—	805	805	—
Beverages	808	808	—	933	933	—
Tobacco	16,798	8,116	8,682	16,597	9,905	6,692
Hides and skins, fur skins undressed	186	186	—	170	163	7
Oil seeds, nuts and kernels	287,009	270,864	16,145	286,936	261,588	25,348
Wood lumber and cork	160,906	153,384	7,522	139,322	134,775	4,547
Textile fibers not manufactured	79,451	69,495	9,956	59,429	58,148	1,281
Metalliferous ores and metal scrap	109,763	82,759	27,004	105,306	93,545	11,761
Animal and vegetable crude materials inedible, n.e.s.	2,979	2,644	335	2,624	2,237	387
Chemical elements and compounds	3,067	3,067	—	2,417	2,417	—
Dyeing, tanning, coloring material	24	24	—	46	46	—
Medicinal & pharmaceutical products	268	268	—	42	42	—
Essential oil perfume materials toilet polishing	42	42	—	32	32	—
Animal & vegetable oils (non-essential oils), fats, greases ..	44,968	33,391	11,577	48,183	46,659	1,524
Rubber manufactures	102	102	—	89	89	—
Paper and paperboard manufactures	—	—	—	4	4	—

**SUMMARY OF EXPORTS BY COMMODITY GROUP THROUGH STRAIGHT SALE
AND UNDER REPUBLIC ACTS 1410 AND 2261^a (Concluded)
1958-1959**

(F.O.B. value in thousand pesos)

Commodity Group	1 9 5 9			1 9 5 8		
	Total	Straight Sale	Barter	Total	Straight Sale	Barter
Wood and cork manufactures excluding furniture	34,991	32,386	2,605	18,706	18,706	—
Textile yarn fabrics, made-up articles and related products	6,404	6,318	86	5,478	5,478	—
Non-metallic mineral manufactures, n.e.s.	21	21	—	33	33	—
Manufactures of metal	4	4	—	97	97	—
Prefabricated building sanitary plumbing	30	30	—	3	3	—
Furniture and fixtures	870	870	—	682	682	—
Travel goods, handbag and similar articles	1	1	—	13	13	—
Clothing	279	279	—	279	279	—
Footwear	17	17	—	24	24	—
Professional scientific & controlling instrument	161	161	—	127	127	—
Miscellaneous manufactured articles	1,047	788	259	1,131	1,108	23
Machinery and trans-equipment	144	144	—	389	389	—
Live animals not for food	—	—	—	18	18	—
Gifts	28	28	—	7	7	—
	<u>1,056,458</u>	<u>941,618</u>	<u>114,840</u>	<u>982,371</u>	<u>928,714</u>	<u>53,658</u>
Per Cent Distribution	100.0	89.2	10.8	100.0	94.5	5.5

^a Actual exports made under R. A. 2261 started September, 1959.

Similarly, barter imports plus imports on a no-dollar remittance basis increased by \$9.1 million (28.7 per cent). Classified by category, essential and semi-essential producer goods registered a sharp gain of \$17.1 million (101.4 per cent) compared to the previous year. Concurrently, there was a major reduction in non-essential producer goods of \$10.2 million (83.1 per cent). Consumer items, on the other hand, expanded by \$2.1 million (85.3 per cent), with essential goods and semi-essential consumer items going up by \$1.6 million and non-essential consumer items increasing by the balance.

Out of total imports for 1959 under R.A. 1410, commodities imported on a no-dollar remittance basis totalled \$11.7 million, lower by \$10.6 million (47.4 per cent), compared to the previous year. This was reflected in a downturn of capital goods by \$3.9 million and of embroideries by \$6.7 million. The last item probably represented a shift to barter under the new R.A. 2261. Items for personal use rose slightly. As of December 31, 1959, for the past five-year period, imports under no-dollar arrangements aggregated \$78.9 million.

SUMMARY OF ACTUAL IMPORTS BY CATEGORY UNDER R.A. 1410 & R.A. 2261
1956^a — 1959^b

(In Thousand U.S. Dollars)

Category	1955 a		1956 c		1957 c		1958		1 9 5 9			
	Value	Per Cent	Value	Per Cent	Value	Per Cent	Value	Per Cent	V a l u e		Total Value	Per Cent
									Under R.A. 1410	Under R.A. 2261		
T O T A L	46	100.0	9,737	100.0	49,923	100.0	31,592	100.0	40,414	250	40,664	100.0
Consumer Goods	46	100.0	6,311	64.8	18,436	36.9	2,465	7.8	4,568	—	4,568	11.2
Essential Consumer Goods	—	—	875	9.0	8,940	17.9	339	1.1	717	—	717	1.7
Semi-Essential Consumer Good	—	—	—	—	—	—	—	—	1,257	—	1,257	3.1
Non-Essential Consumer Goods	46	100.0	5,436	55.8	9,496	19.0	2,126	6.7	2,594	—	2,594	6.4
Producer Goods	—	—	3,426	35.2	31,487	63.1	29,127	92.2	35,846	250	36,096	88.8
Essential Producer Goods	—	—	2,521	25.9	16,366	32.8	16,897	53.5	27,490	147	27,637	68.0
Semi-Essential Producer Goods	—	—	—	—	—	—	4	—	6,291	103	6,394	15.7
Non-Essential Producer Goods	—	—	905	9.3	15,121	30.3	12,226	38.7	2,065	—	2,065	5.1

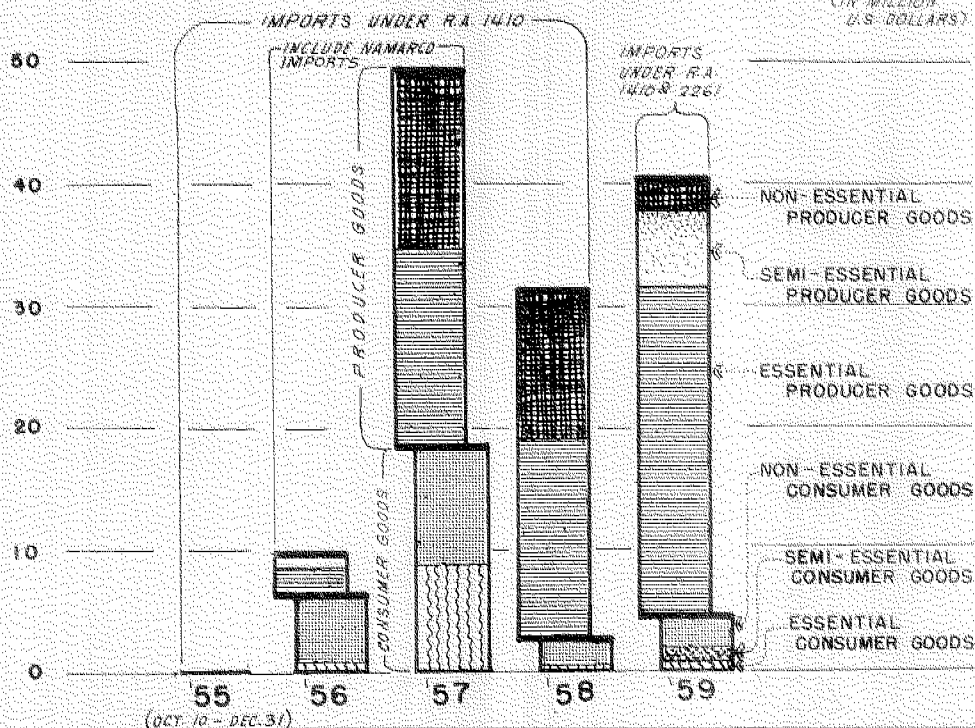
^a From October 10 to December 31 only.

^b Imports for 1955 to 1958, inclusive, are under R.A. 1410. Imports for 1959 are under both R.A. 1410 and R.A. 2261.

^c Figures for 1956-1957 include NAMARCO imports.

ACTUAL IMPORTS BY CATEGORY UNDER R.A. 1410 & R.A. 2261 1955 - 1959

(IN MILLION
U.S. DOLLARS)



**SUMMARY OF IMPORTS ON CAPITAL GOODS, PERSONAL USE
AND EMBROIDERIES UNDER REPUBLIC ACT 1410^a
1955^b — 1959**

(In thousand U.S. dollars)

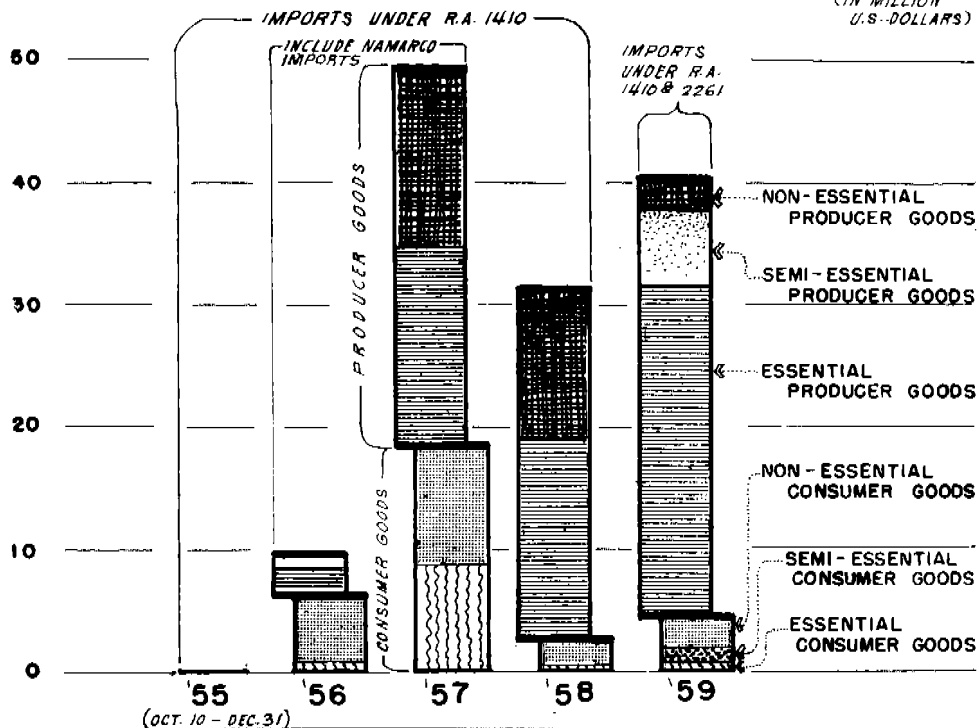
	<u>1 9 5 5 b</u>		<u>1 9 5 6</u>		<u>1 9 5 7</u>		<u>1 9 5 8</u>		<u>1 9 5 9</u>	
	<u>Value</u>	<u>Per Cent</u>	<u>Value</u>	<u>Per Cent</u>	<u>Value</u>	<u>Per Cent</u>	<u>Value</u>	<u>Per Cent</u>	<u>Value</u>	<u>Per Cent</u>
T O T A L	<u>1,941</u>	<u>100.0</u>	<u>15,171</u>	<u>100.0</u>	<u>27,692</u>	<u>100.0</u>	<u>22,323</u>	<u>100.0</u>	<u>11,745</u>	<u>100.0</u>
Capital Goods	76	3.9	5,401	35.6	4,577	16.5	8,294	37.2	4,413	37.6
Personal Use	234	12.1	1,170	7.7	4,089	14.8	4,617	20.7	4,588	39.0
Embroideries	1,631	84.0	8,600	56.7	19,026	68.7	9,412	42.1	2,744	23.4

a Commodities imported on a no-dollar remittance basis.

b From October 10 to December 31 only.

ACTUAL IMPORTS BY CATEGORY UNDER R.A. 1410 & R.A. 2261 1955-1959

(IN MILLION
U.S.-DOLLARS)



C. UNITED STATES GOVERNMENT EXPENDITURES

United States government spending in the Philippines inclusive of official grants for the year 1959 aggregated \$135.6 million, an increase of \$23.8 million from the level of the preceding year. Responsible for this increase was the payment made by the U.S. government of Philippine claims arising from the devaluation of the U.S. dollar in 1934, which is reflected in official long-term capital movement.

U.S. GOVERNMENT EXPENDITURES¹

1956 — 1959

(Million U. S. Dollars)

I t e m	1 9 5 6	1 9 5 7	1 9 5 8	1 9 5 9
T O T A L	146.7	134.1	111.8	135.6
Military Expenditures	42.2	37.4	21.4	14.5
Veterans Administration	62.8	62.6	62.0	64.0
MSA/FOA/ICA/USOM	32.4	25.7	19.0	23.0
Veterans Hospital Project Fund	1.0	0.1	—	—
Other U.S. Government Agencies	8.3	8.3	9.4	34.1 ^a

¹Inclusive of official grants.

^a Includes the payment of \$23.9 million claim of the Philippines as a result of the devaluation of the U. S. dollar which was entered under long-term official capital movement.

Current transactions recorded a total flow of goods and services (exclusive of donations and capital movement) from various U.S. government agencies of \$88.6 million — a decrease of \$4.2 million from the level of the preceding year. This was composed of military expenditures of \$14.5 million, Veterans Administration disbursements of \$64.0 million and expenditures of other U.S. government agencies totalling \$10.2 million. The decrease in U.S. military expenditures of \$6.9 million more than offset the registered increases of \$2 million in Veterans Administration disbursements and \$.8 million for other U.S. government agencies.

Grants from the United States Operations Mission during the year totalled \$23.0 million, up \$4.0 million from 1958. Of this amount, commodity arrivals represented \$14.1 million, while technical services were \$4.8 million.

D. INVISIBLE MOVEMENT

Total invisible movement for 1959 resulted in a net disbursement of \$96.3 million, \$5.4 million below the \$101.7 million net disbursement for 1958. Primarily responsible for this was the \$3.9 million increase in invisible receipts coupled with the \$1.5 million reduction in invisible disbursements.

INVISIBLE MOVEMENTS 1956-1959

(Million U. S. Dollars)

[82]

	1956 r			1957 r			1958 r			1959 p		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
TOTAL	97.4	131.5	—34.1	125.6	139.2	—13.6	111.3	119.8	— 8.5	115.0	139.0	—24.0
Non-monetary gold movement	14.2	—	14.2	13.3	—	13.3	24.1	—	24.1	23.1	—	23.1
Foreign travel	1.6	13.5	—11.9	1.0	18.7	—17.7	1.6	12.4	—10.8	1.6	15.0	—13.4
Insurance	1.5	7.2	— 5.7	1.2	6.2	— 5.0	1.2	6.1	— 4.9	.7	5.5	— 4.8
Investment income	6.4	45.3	—38.9	8.1	55.6	—47.5	4.9	52.4	—47.5	3.8	68.7	—64.9
Government, n.e.s.	1.5	5.6	— 4.1	1.3	5.8	— 4.5	1.2	1.9	— 0.7	.7	6.5	— 5.8
Donations	40.1	33.4	6.7	63.5	25.8	37.7	48.8	19.0	29.8	50.8	23.0	27.8
Miscellaneous	32.1	26.5	5.6	37.2	27.1	10.1	29.5	28.0	1.5	34.3	20.3	14.0

Divergent trends characterized the movement of invisible items during the year. The biggest decrease (\$18.7 million) was registered in net payments for transportation, reflecting the substantial reduction in import arrivals for the current period. Similarly, non-monetary gold and insurance payments recorded declines of \$1.0 million and \$3 million, respectively. Increases were however indicated for disbursements for outward investment remittances (\$17.4 million) and travel (\$2.6 million). Other government expenditures involved a net outlay of \$5.8 million against \$7 million for 1958 on account of higher Philippine government disbursements abroad. Other miscellaneous invisibles recorded a net receipt of \$8.2 million with increased remittances for services rendered by Philippine residents.

E. DONATIONS

Goods and services received by the Philippines during the year as donations from foreign governments and private agencies aggregated \$50.8 million. Grants from the U.S. government totalled \$23.0 million or 45.3 per cent of total donations received during the year. Net receipts from private agencies were \$17.0 million inclusive of personal and institutional remittances. Donations from other private foreign agencies amounted to \$9.6 million, an increase of \$1.9 million over the amount received in 1958. Catholic Relief Services accounted for the biggest donations (\$7.0 million) in food during the year, which completely offset decreases in the remittances of CARE and other voluntary relief agencies. Other donations were in the form of educational aids, mobile medical units, agricultural hand tool kits and medical aid kits.

DONATIONS

1956 — 1959

(Million U. S. Dollars)

I t e m	1956	1957	1958	1959
Private	6.6	8.7	17.5	17.0
Personal and Institutional Remittances	2.7	4.7	3.9	3.9
Voluntary Relief Agencies	—	—	3.2	7.3
CARE	—	—	3.9	1.8
Others	3.9	4.0	6.5	4.0
Official	33.4	28.5	19.5	23.4
U. S. Government Grants	33.4	25.8	19.5	23.4
USOM	32.4	25.7	19.0	23.0
Veterans Hospital Project Fund	1.0	.1	—	—
Other Agencies	—	2.7	.5	.4
UN	—	2.7	.5	.3
Colombo Plan	—	—	—	.1
Reparations from Japan	—	26.4	11.8	10.4
TOTAL	40.0	63.6	48.8	50.8

Goods received from Japan under the Reparations Agreement aggregated \$10.4 million of which \$9.1 million or 87.5 per cent were allocated to the public sector, while \$1.3 million were for the private sector. The bulk of the capital goods brought in from Japan was industrial machinery and parts, spare parts for paper mill and pulp mill machinery, aircraft heavier than air, and light vessels, fire floats, dredgers, etc. It should be mentioned that for the current year, no reparations grants in the form of services were received.

REPARATIONS GOODS AND SERVICES FROM JAPAN

1957 — 1959

(In U. S. Dollars)

	1957	1958	1959
TOTAL	24,137,936	11,845,917	10,383,287
Capital Goods¹	17,350,191	10,702,289	10,383,287
Public	17,350,191	10,648,872	9,125,542
Reparations Commission	—	1,657,503	4,787,085
Philippine Air Force	—	972,695	1,130,504
Dept. of Public Works & Communications ..	8,141,311	2,543,425	525,654
Manila Railroad Company	2,330,187	1,271,824	—
War Veterans Enterprise, Inc.	—	546,077	—
Interim Reparations Committee	—	2,106,508	478,412
National Shipyards	—	—	426,786
National Power Corporation	1,193,808	57,976	—
National Development Co.	—	—	111,274
Department of Education	613,035	263,797	—
National Civil Defense Administration	1,345,378	661,444	—
NAMARCO	593,348	567,624	—
NAWASA	1,354,242	—	—
Cebu Portland Cement Company	—	—	1,665,827
Various Offices	1,778,882	—	—
Private	—	53,416	1,257,745
Planters' Association	—	53,416	—
Eastern Paper Mills	—	—	870,774
Masara Mining Co.	—	—	270,200
Durano & Co.	—	—	116,771
Services	6,787,745	1,143,628	—
Expenses of the Mission in Tokyo	250,000	260,943	—
Survey & Salvage of Sunken Vessels	6,537,745	147,000	—
Training of Filipino Technicians in Japan ..	—	91,109	—
Survey of Marikina Project	—	250,000	—
Purchase of Philippine Embassy Bldg. in Tokyo	—	394,576	—

SOURCES OF BASIC DATA: Reparations Commission; Bureau of Customs.

¹ F.O.B. value.

E. CAPITAL MOVEMENT

Reflecting the considerable improvement in the balance of payments position of the country for 1959, total capital movement resulted in a decrease in net assets of only \$4.3 million compared to \$28.4 million in 1958. The surplus in current transactions, coupled with the substantial payments made on outstanding foreign commitments, accounted for the improvement in the net asset position of the Philippines for 1959.

CAPITAL MOVEMENT

1956 — 1959

(Million U.S. Dollars)

	1956 r	1957 r	1958 r	1959 p
Increase in assets (decrease in liabilities)	<u>38.3</u>	<u>98.7</u>	<u>58.8</u>	<u>152.9</u>
Loans paid	<u>7.0</u>	<u>82.5</u>	<u>22.8</u>	<u>95.6</u>
Official	7.0	82.3	17.8	87.3
Private	—	.2	5.0	8.3
Other Capital Movement				
Outflow	<u>15.8</u>	<u>16.3</u>	<u>30.7</u>	<u>39.7</u>
International Reserve Movement	<u>15.5</u>	—	<u>5.3</u>	<u>17.6</u>
Decrease in assets (increase in liabilities)	<u>68.4</u>	<u>275.7</u>	<u>87.2</u>	<u>157.2</u>
Loans received	<u>24.0</u>	<u>141.8</u>	<u>40.1</u>	<u>65.0</u>
Official	20.7	133.6	27.0	43.5
Private	3.3	8.2	13.1	21.5
Other Capital Movement				
Inflow	<u>44.4</u>	<u>49.2</u>	<u>47.1</u>	<u>92.2</u>
International Reserve Movement	—	84.7	—	—
Net Increase (Decrease) in Assets	<u>(30.1)</u>	<u>(176.9)</u>	<u>(28.4)</u>	<u>(4.3)</u>

Total foreign loans incurred for the current year amounted to \$65.0 million, of which \$43.5 million were availed of by official and banking institutions, and the rest by the private sector. This was, however, more than offset by the \$95.6 million repayments made on foreign loans during the year.

Long-term loans received by official and banking institutions during the year were \$12.2 million from the EXIMBANK, \$5.0 million under Public Law 480, \$7.7 million from the IBRD and availments under the deferred payment plan of \$3.1 million. Official short-term loans were \$8.75 million drawings from the IMF and \$6.9 million under the dollar-peso swap arrangements of the Central Bank with foreign commercial banks through local banks. A redemption of ACCFA notes and Rehabilitation and Development bonds totalling \$4.3 million held by non-residents was also made during the year. Payments made during the year by official and banking institutions totalled \$87.3 million of which \$65.6 million were made on short-term commitments. Of the latter amount, \$35.0 million were paid on loans made of foreign banks, \$16.1 million to the IMF and IBRD for the repurchase of obligations, \$13.1 million on acceptance credits and \$1.4 million on commitments under dollar-peso swap arrangements. Long-term loans repaid were \$6.4 million on the EXIMBANK loan, \$7.8 million on outstanding foreign loans from the U.S. Reconstruction Finance Corporation and other institutions and \$3.2 million for deferred payments credits.

For the private sector, new foreign commitments amounted to \$21.5 million in long-term loans, of which \$7.8 million represented direct loans made by EXIMBANK to private companies and \$13.7 million under the deferred payments plan. Repayments, on the other hand, amounted to \$8.3 million, broken down as follows: \$2.6 million on loans extended by private firms, and \$5.6 million on deferred payments credit.

Other capital movement recorded a net inflow of capital of \$52.5 million. During the year, there was an increase in liabilities of \$64.4 million due to new foreign investments of \$3.6 million and estimated re-invested earnings of \$60.9 million. There was, however, a corresponding decrease in liabilities of \$36.5 million due to remittances of prior year's profits, earnings and dividends of \$18.3 million and repatriation of capital of \$18.2 million through purchases of gold by blocked peso account holders and a withdrawal of foreign capital of \$.5 million from the Philippines. Decreases in long-term assets during 1959 were the payment of \$23.9 million of Philippine claims arising from the devaluation of the U.S. dollar in 1934, a decrease of \$3.0 million in the fiscal agency and money order funds, and a net withdrawal of Philippine investments abroad of \$.8 million. Short-term private capital movement resulted in an increase in assets of \$2.7 million arising from advances of \$.7 million on deferred payments credits and \$2.0 million pre-delivery payment made by the Philippine Air Lines.

A. CURRENT TRANSACTIONS
(Million U. S. Dollars)

I t e m	Credit (Receipts)	Debit (Payments)	Net Credit or Debit (---)
1. Merchandise (1.1 plus 1.2)	531.19	510.99	20.20
1.1 Exports and imports (both f.o.b.)	531.19	510.99	20.20
1.2 Other			
2. Non-monetary gold movement (net)	23.11		23.11
3. Foreign travel	1.62	15.04	-13.42
4. Transportation (4.1 plus 4.2)	2.26	45.62	-43.36
4.1 Gross freight			
4.2 Other	2.26	45.62	-43.36
5. Insurance .....	.87	6.83	- 5.96
6. Investment income (6.1 through 6.3)	3.76	68.73	-64.97
6.1 Direct investment		60.86	-60.86
6.2 Other interest	2.11	1.71	.40
6.3 Other equity	1.65	6.16	- 4.51
7. Government, not included elsewhere			
(7.1 plus 7.2)	89.37	6.52	82.85
7.1 Military expenditures and surplus property	78.45		78.45
7.2 Other	10.92	6.52	4.40
8. Miscellaneous	34.32	20.28	14.04
Total goods and services (1 through 8)	686.50	674.01	12.49
9. Donations (9.1 through 9.4)	51.69	.87	50.82
9.1 Personal and institutional remittances	15.29	.85	14.44
9.2 Other private transfers	2.61	.02	2.59
9.3 Reparations	10.38		10.38
9.4 Official grants	23.41		23.41
10. Total current transactions (1 through 9)	738.19	674.88	63.31
ERRORS AND OMISSIONS (16 minus 10) ..			-67.64

TABLE I. BALANCE OF PAYMENTS SUMMARY

B. MOVEMENT OF CAPITAL AND MONETARY GOLD (Million U. S. Dollars)

Reporting Country Philippines Period covered 1959²
Currency Peso Unit Peso Exchange Rate: U. S. \$0.50 per ₱1.00

Item	Net Movement Increasing (+) or Decreasing (—)		
	Assets	Liabilities	Net Assets
PRIVATE (excluding banking institutions)			
11. Long-term capital (11.1 through 11.6)	— .81	—40.74	—41.55
11.1 Direct investment	— .81	+27.50	—28.31
11.2 Portfolio securities: bonds			
11.3 Portfolio securities: shares			
11.4 Amortization		— 1.83	+ 1.83
11.5 Other contractual repayments			
11.6 Other		+15.07	—15.07
12. Short-term capital (12.1 plus 12.2)	+ 2.66		+ 2.66
12.1 Currency, deposits, government obligations			
12.2 Other	+ 2.66		+ 2.66
OFFICIAL AND BANKING INSTITUTIONS			
13. Long-term capital (13.1 through 13.6)	23.86	— 6.05	—29.91
13.1 Official loans		+ 4.97	— 4.97
13.2 Bank loans		+13.39	—13.39
13.3 Portfolio securities		— 4.30	+ 4.30
13.4 Amortization		— 7.84	+ 7.84
13.5 Other contractual repayments			
13.6 Other	—23.86	— .17	—23.69
14. Short-term capital (14.1 through 14.4)	+17.81	—47.52	+65.33
14.1 Payments and clearing agreements			
14.2 Liabilities to IMF and IBRD		— 7.33	+ 7.33
14.3 Other liabilities to official and banking institutions	+21.59	— 2.38	+19.21
14.4 Other	+ 3.78	—42.57	+38.79
15. Monetary gold	— .86		— .86
16. Total movement of capital and monetary gold (11 through 15)	— 5.06	— .73	— 4.33

NOTES TO TABLE I

1959

The data cover preliminary estimates of the balance of payments of the Philippines for the year 1959.

Values are expressed throughout in U.S. dollars. For conversion into U.S. dollars, the rate of U.S. \$0.50 per ₱1.00 (par value) has been used.

Current Transactions:

1. *Merchandise*

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 402.615 fine ounces for the period of which 261.650 fine ounces were sold to non-residents blocked peso holders at \$69.48 per fine ounce, the balance at the official rate of \$35 per fine ounce.

3. *Foreign Travel*

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

4. *Transportation*

The credit entry covers freight on exports paid to domestic carriers, while the debit covers freight on imports paid to carriers of foreign registry.

5. *Insurance*

Entries cover insurance on merchandise per customs manifests and receipts and payments of insurance premia per exchange records.

6. *Investment Income*

The entry refers to foreign participation in net profits and is inclusive of actual remittances made during the year.

6.2 Credit entry covers interest earnings on time deposits of the Central Bank. Debit entry shows interest payments on outstanding government obligations.

6.3 The entries represent other investment remittances per exchange records.

7. *Government, not included elsewhere*

7.1 The entry shows U.S. military expenditures in the Philippines during the period.

7.2 The credit entry represents disbursements made in the Philippines by other U.S. government agencies and other foreign governments. The debit entry shows Philippine government expenditures abroad other than amortization of government obligations and interest payments.

8. *Miscellaneous*

The entries cover remittances for services and miscellaneous items based on foreign exchange records.

9. *Donations*

9.1 & 9.2 The entries represent personal and institutional remittances including other private transfers based on exchange records and customs manifests.

9.3 The entry shows reparations received from Japan during the period under the P.I.—Japan Reparations Agreement.

9.4 The figure represents official grants under USOM and aids and grants received from U.N. agencies and other welfare organizations.

Movement of Capital and Monetary Gold

11. *Private: Long-term Capital*

11.1 *Assets:* The figure shows the net decrease in assets due to the repatriation of Philippine investment abroad per exchange records.

Liabilities: The figure represents the net increase in foreign investments in the Philippines inclusive of estimated reinvested earnings.

11.4 This entry represents net decrease in liabilities arising from amortization of long-term obligations.

11.6 The entry represents a net increase in liabilities arising from deferred payment obligations.

12. *Private: Short-term Capital*

12.2 *Assets:* This refers to an increase in assets due to advances on deferred payment credits and pre-delivery payments.

Official and Banking Institutions:

13. *Long-term Capital*

13.1 The entry shows the increase in liabilities arising from industrial loans extended by ICA under Philippine Special Account. (Sec. 402)

13.2 The entry shows an increase in liabilities arising from drawings from IBRD and Eximbank.

13.3 The entry shows the decrease in liabilities due to the redemption of government bonds and notes.

13.4 This represents the installment payments of principal on loans from U.S.-R.F.C., Eximbank, WAA, and Niigata-Daiichi-Kisaimoto (M.R.R.).

13.6 This represents a decrease in liabilities arising from payments to Eximbank under the deferred payment plan.

This entry refers to a decrease in assets due to the payment of Philippine claims arising from the devaluation of the U.S. dollar in 1934.

14. *Short-term Capital*

Assets

14.3 The entry represents the increase in the foreign exchange holdings of other banks.

14.4 The entry represents the net decrease in the assets of the Central Bank.

Liabilities

14.2 This entry represents the net decrease in liabilities arising from payments to IBRD and IMF.

14.3 The entry covers the net increase in the foreign exchange liabilities of the banking system.

14.4 This entry represents the net decrease in the liabilities due to the payment of short-term loans from U.S. banks and other short-term credits.

CHAPTER IV

PUBLIC FINANCE AND FISCAL POLICY

A. RESUME OF FISCAL DEVELOPMENTS

Emphasis in Philippine Fiscal Policy has been shifted for the present to the short-run goal of fiscal stability and restraint. This compensatory policy, coordinated with selective credit restraints, reenforced the program of economic stabilization which was mainly directed at protecting the foreign exchange resources from further impairment and suppressing domestic inflation.

The stabilization program leaned heavily on the margin fee to disinflate monetary demand by building up non-money supply balances at the Central Bank and imposing a cost restriction on imports. The beneficial impact of the margin fee on the fiscal sector lies in providing the government with a non-inflationary source of funds to retire a portion of the public indebtedness and to reduce its bank-financed deficits.

To support the disinflationary effect of the margin fee, complementary fiscal measures restrained government spending and absorbed excess purchasing power through the enactment by Congress of a series of tax measures in 1959. Administrative policy retrenchments and stringent budgetary measures reduced government expenditures. The current Five-Year Fiscal Plan, 1960-1964, is substantially lower in programmed and estimated amounts than the 1959-1963 fiscal plan, which, in turn, was less than that of 1958-1962. Actual outlays in 1959 were approximately one-fourth less than the programmed amounts and 6.3 per cent lower than the actuals in 1958. The 1960 revised totals showed a cut-back of 7.6 per cent from the budget estimates while the 1961 budget programmed a much slower increase in total outlays when compared with the revised estimates for 1960. These economy measures, combined with the Central Bank policy of limited support on bond issues, slashed bond disbursements and shifted the sources of financing the bond-financed projects to private savings.

The financial resources of the government were bolstered by the approval of ten tax measures, of which the most noteworthy were those increasing rates on personal and corporate income, removing of exemptions under the special imports tax, and subjecting new and necessary industries to the full income-tax effective January 1, 1959. The eleventh, in lieu of a premium on all licenses to purchase foreign exchange, was the margin fee over the banks' selling rate which was fixed at 25 per cent by the Monetary Board. However, exemptions were allowed under the margin bill which reduced the

estimated collections from that source. The disinflationary impact of these measures is reflected in the larger revenue collections and the absorption of excess purchasing power to be sterilized at the Central Bank.

The stabilization measures in the fiscal sector, namely, the margin fee, increased tax revenues, and budgetary restraint, have imparted stability in national government operations. Budgetary deficits have been reduced substantially and the monetary effect of the fiscal sector will even be negative in striking contrast to the expansionary contributions of previous years.

B. FISCAL OPERATIONS, 1958-59

A downward adjustment in the proposed budget of 1959 was undertaken as revenue measures recommended to yield ₱159 million in FY 1959 failed to get Congressional approval. Government expenditures were reduced from amounts previously planned; cutbacks were effected in outlays for economic and social development and debt service. Further retrenchment was adopted, of which the most noteworthy pertain to expenditures financed from the General Fund, and bond issue, as the trend in revenue collections towards the end of calendar year 1958 was far short of the estimated levels. Altogether, the economy measures resulted in a fiscal year 1959 deficit (actual) of ₱45 million compared with the estimated ₱197 million in the proposed budget, and the ₱160 million actual in 1958.

Total outlays (actual) in FY 1959 at ₱1,032 million were lower by ₱315 million when compared with the programmed amounts. Appreciable cuts were effected in the major categories of expenditures except general government. The largest reduction was in expenditures for debt service which were reduced by ₱49 million from the proposed ₱103 million. The restriction of public borrowing disbursements to projects under construction or essential to those in operation brought substantial decreases in economic development outlays amounting to ₱230 million or 42 per cent.

The 1959 total expenditures were ₱69 million lower than the actual for FY 1958. This 6.3 per cent reduction was largely brought about by smaller outlays for debt service and economic development. Debt service charges were more than one-fifth less than the comparable figure of the previous year while development outlays, as a result of the cut in bond disbursements from ₱147 million in 1958 to ₱84 million in 1959, were reduced by 15 per cent of ₱323 million. Negligible increments, however, were recorded in expenditures for social development and national defense.

Actual revenue in fiscal year 1959 was ₱46 million above the actual of the preceding year, but short by ₱163 million of the budget estimates. The increment was largely due to the 13 per cent rise in income tax collections, the turnover of ₱10 million representing the excess profits of the Central Bank, and the turnover of ₱8 million of foreign exchange tax collections.

The shortfall in revenue was primarily due to the failure of Congress to enact new tax proposals.

Tax collections of the government in 1959 were P20 million more than the 1958 figure. The increment of P22 million in income tax more than offset the lower collections in license & business taxes (P10 million) and import duties (P4 million). With the share of local governments in internal revenue taxes decreasing by P10 million from P74 million in 1958, revenue from taxation rose to the 1959 total of P757 million from the 1958 amount of P737 million.

Bond flotation was substantially slower in 1959 as the Central Bank limited its support of bond issues. Total issuance slid to P96 million as against P152 million in 1958. The national government, however, had an outstanding balance of P30 million in its overdraft line with the Central Bank at the end of fiscal year 1959; this amount was liquidated during the first quarter of the succeeding fiscal year.

C. FISCAL OPERATIONS, 1959-60 and 1960-61

The move to divide the 1960 fiscal budget into the "A" and "B" budgets—the "A" consisting of outlays to be financed from existing sources while expenditures in the "B" were contingent on the approval of certain tax proposals—was to avoid the approval of appropriation bills without the corresponding revenue measures to finance them. Obligations and government activities in the "B" budget are thus reduced or eliminated to the extent that the tax recommendations are left unacted upon.

The proposed budget for 1960 carried expenditures of P1,038 million in the "A" budget, and P242 million in the "B" budget, or a combined aggregate of P1,280 million. This amount was P66 million lower than the proposed for 1959 but P249 million above the 1959 actual.

Original estimates for total revenue in fiscal year 1960 reached P1,152 million which included the estimated yield of P242 million from the tax measures. This represented an increase over both the original and actual of the preceding year. Of total tax revenues estimated at P842 million, P745 million will be derived from existing sources and P97 million from ten out of eleven new measures proposed in the "B" budget. The eleventh and most important was a proposed premium on all licenses to purchase foreign exchange. At a rate of 25 per cent, proceeds from the premium corresponding to the General Fund were estimated at P145 million which represented one-half of the total expected additional collections. The other revenue proposals with an estimated yield of P97 million included the removal of exemptions under the special import tax, subjecting new and necessary industries to full income tax effective January 1, 1959, increased rates for income tax of individuals and corporations, higher rates of specific taxes on alcoholic

beverages, elimination of ₱500 exemptions from compensating tax and from tariff duties for personal effects, and increased berthing and port service fees.

Congress approved the tax recommendations with only one major change. Instead of a premium on all licenses to purchase foreign exchange, Congress imposed a margin fee over the banks' selling rate which was fixed on July 17, 1959 by the Monetary Board, as the body designated under the law, at 25 per cent. Several exemptions were allowed under the margin bill in contrast with the proposed premium. These reduced the estimated total collections from the margin fee to ₱187 million compared with the ₱290 million under the premium. Of the total margin proceeds, ₱65 million will be transferred to the General Fund while the balance will be sterilized at the Central Bank under the provisions of R. A. No. 265 governing the disposition of the Bank's net profits. The amount corresponding to the General Fund was thus ₱80 million less than the contemplated transfer of ₱145 million from the proposed premium. Moreover, not all the revenue measures were enacted upon by Congress and the estimated yield of the approved measures at ₱92 million was ₱5 million less than the original estimates at ₱97 million.

The short-fall in revenue estimates compelled the adoption of stringent measures. Administrative policy retrenchments were enforced: public works projects were postponed although appropriations had been made; a reserve for contingencies was set up which cannot be released for expenditures if revenue collections fall below estimates; the public borrowing ceiling was revised downward; and periodic review and revision of budgetary allotments was emphasized. The revised expenditure estimates for FY 1960 will amount to ₱1,184 million, or a reduction of ₱97 million from the budget proposal of ₱1,280 million. The cutbacks in expenditures exceeded the shortfall in revenue to reduce the budgetary deficit in 1960 to ₱77 million, or approximately 40 per cent less than the anticipated deficit in the original budget.

The revised aggregate revenue and outlays for 1960 exceed by ₱119 million and ₱152 million their respective levels of the previous year. Tax receipts represent an increase of ₱97 million due to the complement of tax measures approved by Congress. The margin proceeds for 1960 are estimated at ₱65 million. Of the 15 per cent increase in expenditures, economic development will absorb about one-half.

The public borrowing ceiling in 1960 was scaled down to ₱100 million from the original limit of ₱126 million. The Central Bank support of bonds will be restricted to ₱30 million as public savings continue to absorb a sizable portion of the bond issues.

For FY 1961, total outlays are expected to hit ₱1,243 million, exclusive of the "B" budget of ₱139 million, which will be incorporated as additional revenues in excess of the funds needed for the "A" budget are obtained from improved tax collections and from revenue bills that Congress may enact.

Compared with the revised estimates for 1960, a much slower increase in total outlays is programmed for 1961, the increment amounting to P59 million or about four-tenths of the increase in 1960. Largest of the increases has been concentrated on social development with P37 million, followed by economic development with P25 million.

Although total revenue are expected to exceed the 1960 collections by P59 million, tax collections are expected to drop by P10 million to P845 million. Primary factor responsible will be the expected reduction of P25 million in import duties as the rate of the special import levy drops to 8.5 per cent by 1961. However, offsetting the smaller tax collections will be the increase of P69 million in other revenue, which would include the proceeds of the margin fee amounting to P70 million and the gold devaluation claims of almost P48 million.

D. MONETARY IMPACT OF FISCAL OPERATIONS, 1959-1961

Against the inflationary impact of the FY 1959 budget, the budgets for fiscal years 1960 and 1961 will cease to be an expansionary factor. The simultaneous impact of the margin bill, the tax measures to curb consumption expenditures, profit inflation, and deficit spending, and the drastic expenditures retrenchment not only enable the government sector to check its continued expansionary contribution but altogether act as a disinflationary force in 1960 and 1961.

The margin fee collections, aside from providing a comfortable income to the government, will reduce current monetary demand and permit public obligations to be retired. In FY 1960, P60 million have been earmarked to retire an equivalent amount of the public debt, which when combined with the deflationary portion of the debt service charges, will more than offset the expansionary effect of public borrowings. Overall, the fiscal sector is anticipated to withdraw P62 million from money supply.

For FY 1961, a smaller withdrawal is estimated. The expansion in monetary demand will originate from the peso proceeds of gold devaluation claims and public borrowings, in spite of the greater portion being absorbed by less-inflationary sources. However, the continued flow of margin proceeds into sterilized balances will permit P80 million of public indebtedness to be retired and largely help disinflate monetary demand by P22 million.

Advances by the Central Bank to local governments and the ACCFA are not included in the national government's budgetary operations. Substantial amounts each year are extended under statutory compulsion to the ACCFA to finance its tobacco operations. Counting these, the deflationary impact of the fiscal sector is weakened in 1960 and eliminated in 1961. In 1960, ACCFA operations will reduce the disinflationary pressures to P22 million. By 1961, the tobacco subsidy programs will force the public sector to be slightly inflationary, notwithstanding the larger margin proceeds to retire public indebtedness.

REVENUE AND EXPENDITURES OF THE NATIONAL GOVERNMENT

All Funds Combined

FY 1959 to 1961

(Million Pesos)

	FY 1958-1959		FY 1959-1960		FY 1960-1961
	Budget Estimates	Actual	Budget Estimates	Revised Estimates	Budget Estimates
EXPENDITURES	1,346.5	1,031.7	1,280.3	1,183.5	1,242.9
General Government	99.0	101.2	111.2	115.4	112.4
National Defense	194.9	183.7	184.8	184.2	190.5
Economic Development	552.9	322.5	449.2	395.7	421.1
Social Development	396.5	370.7	397.9	411.6	448.5
Debt Service	103.2	53.6	137.2	76.6	70.4
REVENUE	1,150.4	986.7	1,152.2	1,106.1	1,165.5
Tax Receipts	961.3 ¹	757.0	842.2 ¹	854.4	844.7
Other Revenue	189.1	229.7	310.0 ²	251.7 ²	320.8 ²
SURPLUS OR (DEFICIT)	<u>(196.1)</u>	<u>(45.0)</u>	<u>(128.1)</u>	<u>(77.4)</u>	<u>(77.4)</u>

SOURCES OF BASIC DATA: Budget Messages and Budgets for 1958-59, 1959-60, and 1960-61.

¹ Including P159 million of new taxes in FY 1958-59; and P97 million in FY 1959-60.

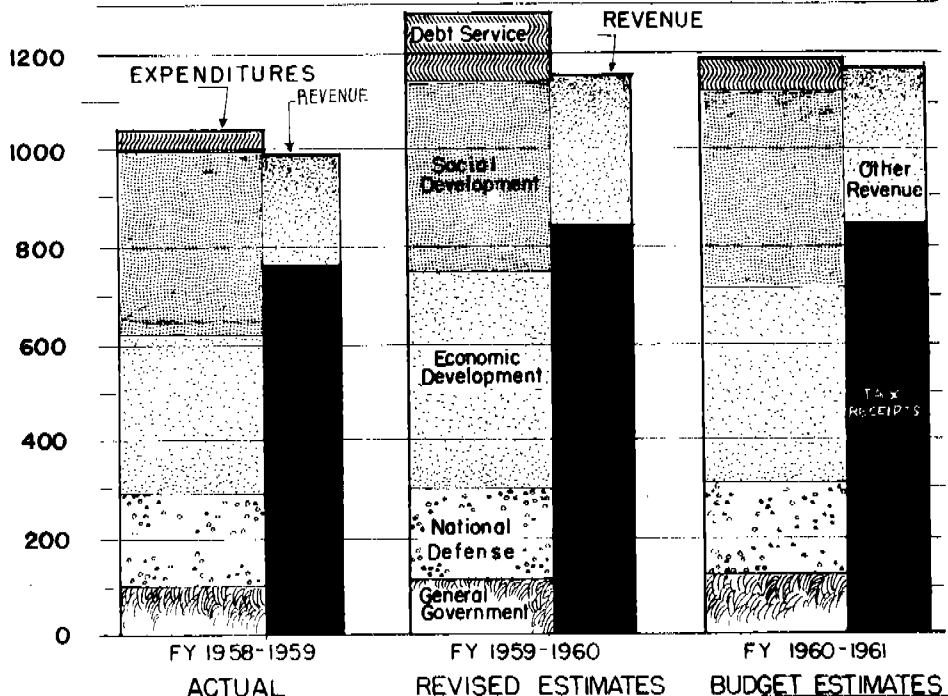
² Including Budget estimates of P145 million of margin proceeds, revised estimates of P65 million for FY 1959-60 and FY 1960-61 budget estimates of P70 million.

REVENUE AND EXPENDITURES OF THE

NATIONAL GOVERNMENT, ALL FUNDS COMBINED

FY 1959 to 1961

(million pesos)



INFLATIONARY FINANCING

FY 1959 to 1961

		(Million pesos)					
		FY 1959		FY 1960		FY 1961	
A. National Government ¹							
1. Inflationary		49.1		30.2		88.4	
a. Bond Issue	83.8		100.0		91.0		
Less: Absorption by GSIS, SSS & Others	34.7 ^a	49.1	69.8	30.2	50.3	40.7	
b. Treasury Notes		75.0 ^b					
c. Proceeds from Gold devaluation						47.7	
2. Deflationary		(32.4)		(92.4)		(110.0)	
a. As per Debt Service Charges		32.4	32.4		30.0		
b. Proceeds from Margin to Retire Obligation		—	60.0	92.4	80.0	110.0	
3. Net Effect-Inflationary (Deflationary)		16.7		(62.2)		(21.6)	
B. Local Governments and Government Entities							
1. Inflationary							
a. Advances to ACCFA and Local Governments		25.0 ^c		40.0		25.0	
C. Net Effect — Inflationary (Deflationary)							
		41.7		(22.2)		3.4	

¹ The outstanding balance of ₱30 million in the Central Bank overdraft line at the end of June 1959 was, however, liquidated in August 1959.

^a Pertains to 6% bonds only.

^b Floated in December 1958 to pay for the overdraft line of ₱75 million utilized in June 1958.

^c Gross issue of ACCFA two-year notes amounted to ₱55 million while redemption totalled ₱30 million.

E. PUBLIC DEBT

The growth in the public debt slackened considerably in 1959 as the year-end level of ₱2,030.54 million edged up by ₱35.53 million or 1.8 per cent from the beginning balance of ₱1,995.01 million. The increment was slightly higher than one-tenth of the total increase posted in 1958. The expansion abated as a result of the downward adjustment of the backpay obligations to Veterans of World War II to amounts actually acknowledged and restraint in public borrowings brought about by Central Bank policy of limited support on bond issues.

In 1959, total bonds and securities issued through the Central Bank amounted to ₱173.72 million, or ₱60.20 million less than the previous year's

total issuance. Non-Central Bank-supported bonds and securities in 1959 represented more than twice, and supported issues slightly less than two-thirds of, the respective totals in 1958. Central Bank advances to the ACCFA to support its tobacco operations accounted for the major portion of the supported flotations in both years. The Treasury Notes floated in December of 1958 covered an equivalent amount of National Government borrowing from the Central Bank in June of the same year.

**AMOUNT OF CENTRAL BANK SUPPORTED
OR NON-SUPPORTED BONDS AND SECURITIES**
Calendar Years 1958 and 1959

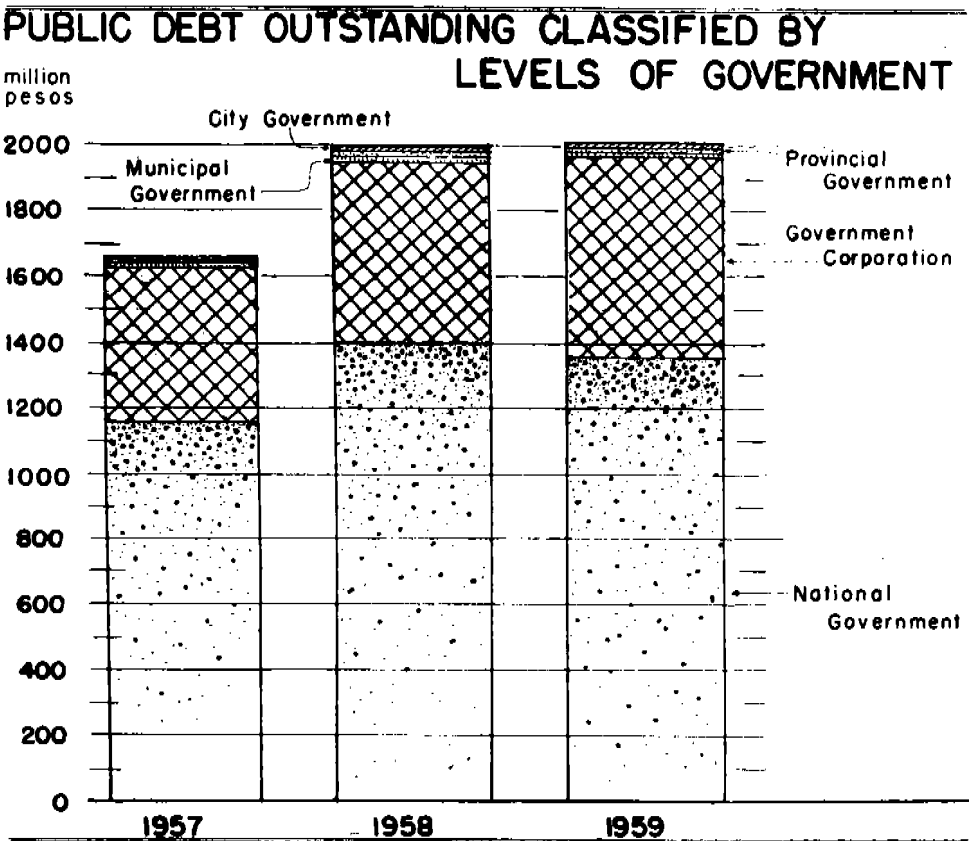
(Million Pesos)

	1 9 5 9			1 9 5 8		
	Total	With Support	Without Support	Total	With Support	Without Support
T O T A L	173.72	139.17	34.55	233.92	218.03	15.89
PW & ED Bonds	67.49	41.74	25.75	67.69	51.80	15.89
NPC Bonds	25.00	20.00	5.00	15.90	15.90	—
NAWASA Bonds	4.80	1.00	3.80	1.70	1.70	—
Negotiable Land Certificates ...	1.43	1.43	—	3.63	3.63	—
ACCFA Notes	75.00	75.00	—	70.00	70.00	—
Treasury Notes	—	—	—	75.00	75.00	—

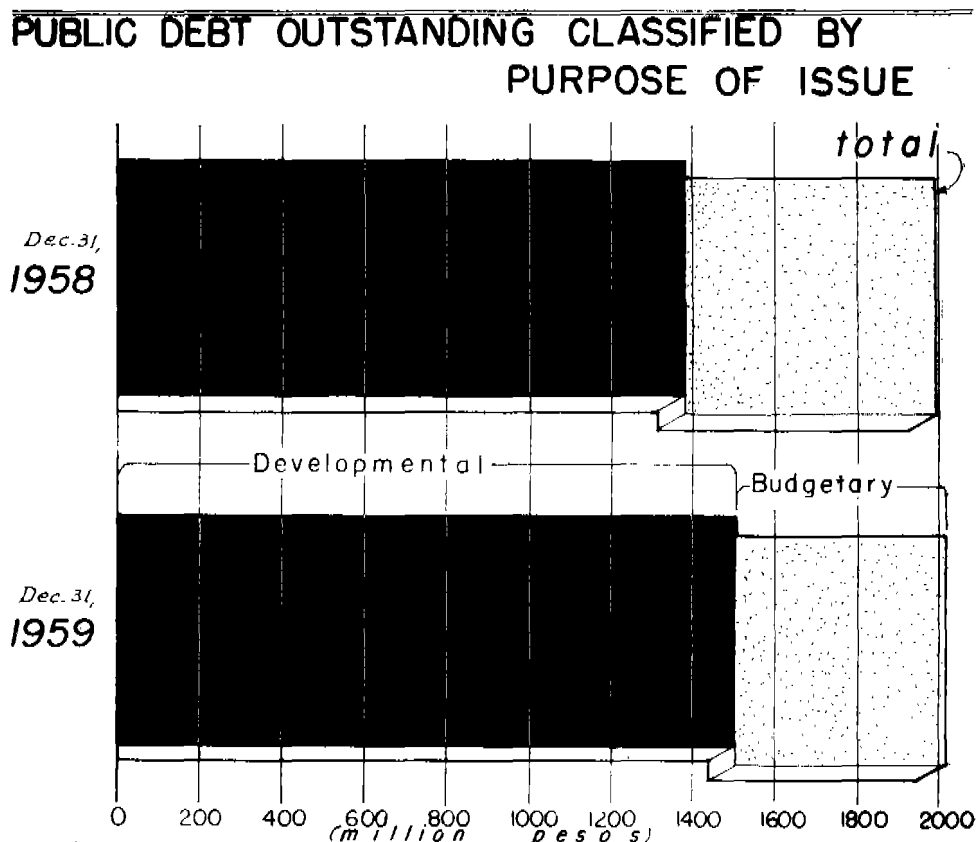
Primarily responsible for the increase in the overall public debt were the government corporations which upped their obligations by ₱83.82 million to ₱626.58 million. The 1959 increment of 15.4 per cent was slightly higher than the 14.3 per cent increase in 1958. Expanded government corporate debts stemmed from the additional sale and releases of the following: NAWASA bonds (₱4.80 million), NPC bonds (₱25.00 million), DBP bonds (₱2.00 million), and two-year ACCFA Notes (₱45.00 million). Rushing the completion of the Biñga project for full operation by mid-1960 upped NPC's utilization of its IBRD credit line by ₱15.34 million. However, periodical installment payments by the MRR Co. to their foreign suppliers (₱1.47 million), the NPC to the Export-Import Bank (₱2.03 million), the redemption of backpay obligations to pre-war government employees (₱2.92 million) and the five-year ACCFA Notes (₱1.90 million), all held down the expansion of government corporate obligations.

On the other hand, the national and local government registered a combined decrement of ₱48.30 million, of which the national government account-

ed for ₱41.52 million. Factors responsible for the lower level of national government corporate obligations at ₱1,364.48 million were; (1) the downward adjustment of backpay obligations to Veterans of World War II in the amount of ₱201.23 million; (2) the redemption of backpay obligations to pre-war government employees amounting to ₱28.12 million; (3) the ₱12.0 million installment payment on the loan from the U.S. Reconstruction Finance Corporation; and (4) the redemption of maturing R & D bonds worth ₱53.60 million. Partially offsetting these decrements were the additional issues of PW & ED bonds (₱67.50 million), the availment of ₱90.0 million from the Central Bank overdraft line, the payment of the increased subscription to the IMF and the IBRD evidenced by five-year non-negotiable promissory notes (₱84.12 million) and the incurrence of obligations under the Agricultural Commodities Agreement (₱9.93 million). The reduction in local governments' indebtedness stemmed from the redemption of their proportionate share in the backpay obligations to pre-war government employees.



The downward adjustment and the redemption of backpay obligations dominated the budgetary debt movement and caused the level to drop by ₱76.93 million to ₱528.76 million at the end of 1959. The combined reduction in budgetary obligations was held back by the additional borrowing from the Central Bank and the incurrence of obligation to cover the increased quota in the IMF and the initial payment on the increased subscription to the IBRD, both by the National Government.



Development obligations continued to mount as the total jumped by ₱112.45 million during 1959. Largely adding to the end-1958 level of ₱1,389.32 million were the various government corporations with ₱86.74 million. The National Power Corporation, utilizing its domestic and external sources, increased its net indebtedness by ₱38.31 million as the completion of

the Biñga project received its concerted efforts. A notable increase was recorded at the national government level where PW & ED bonds in the amount of ₱67.50 million were floated. Maturing R & D bonds in the amount of ₱53.60 million were, however, redeemed.

From the beginning-1959 level of ₱907.33 million, bonded debt moved up to ₱953.03 million after one year as increments registered by the PW & ED, NAWASA, NPC, and DBP bonds overshadowed the redemption of R & D bonds. In contrast, non-bonded indebtedness manifested a decrease of ₱55.42 million as the downward adjustment and redemption of backpay obligations offset the increments largely emanating from Central Bank advances to the National Government for budgetary operations and the increased quota in the IMF and increased subscription to the IBRD.

The end-1958 domestic obligations' total of ₱1,809.93 million expanded by ₱25.30 million to ₱1,835.23 million at the end of 1959. The increment stemmed from government corporate obligations which more than compensated for the drop in the national government total. A new foreign obligation was incurred under the Agricultural Commodities Agreement; hence, external debt rose by ₱10.23 million to ₱195.31 million at the end of the period under review. Periodic installments were paid on due dates while the NPC further utilized its IBRD credit line by ₱15.34 million, the total availed of reaching ₱30.30 million by 1959.

The maturing pattern of the public debt revealed an increasing portion in the short-term category which accounted for 36.1 per cent of the end-1959 total outstanding as against 24.1 per cent at the start of the year. Both long-term and middle-term showed decreases in ratio and in absolute amounts. The long-term category accounted for 48.6 per cent of the aggregate and the middle-term, 15.4 per cent. The end-1958 respective ratios were 51.6 per cent and 24.4 per cent.

INCREASE IN PUBLIC DEBT

1959

(Million pesos)

Public Debt Outstanding, 1959			2,030.54
Public Debt Outstanding, 1958			1,995.01
Net Increase			<u>35.53</u>
Securities Issued —			
Public Works and Economic Development Bonds	67.50		
National Power Corporation Bonds	25.00		
National Waterworks and Sewerage Authority Bonds	4.80		
ACCFA Securities	45.00		
Negotiable Land Certificates	1.43		
Development Bank of the Philippines Bonds (RFC)	11.00		
Increased Acknowledged Backpay Obligations			
(Veterans of World War II)	8.60	163.33	
Securities Redeemed —			
Rehabilitation and Development Bonds	53.60		
ACCFA Securities	1.90		
Backpay Obligations to Pre-war Government			
Employees (All Levels of Government)	37.62		
Development Bank of the Philippines Bonds (RFC)	9.00	102.12	61.21
Debts Incurred —			
Non-Negotiable Promissory Notes, 5 years (R.A. 2052)	84.12		
Loan from the International Bank for Reconstruction			
and Development	15.34		
National Government's Loan from the Central Bank of			
the Philippines	90.00		
Agricultural Commodities Agreement (P.L. 480)	9.93		
Loan from the Export-Import Bank	0.62	200.01	
Debts Paid —			
U. S. Reconstruction Finance Corporation	12.00		
Export-Import Bank	2.03		
MRR Co. Loan from the General Electric Co. and			
Japanese Firms	1.47		
U. S. General Service Administration	0.16		
Leyte Loan from the Central Bank of the Philippines	0.20	15.86	184.15
Increase in Public Debt			245.36
Adjustment of Backpay Obligation to Veterans of World War II			209.83
Net Increase			<u>35.53</u>

F. MOVEMENT AND HOLDERS OF GOVERNMENT SECURITIES

Restraint in bond financing to reinforce the disinflationary fiscal and monetary measures sharply reduced the total trading activities of the Central Bank in government securities during 1959. Aggregate transactions for the account of the National Government and of the Central Bank were ₱239.2 million below the ₱1,071.2 million total in 1958. Trade activities of the Cen-

tral Bank for the National Government at ₱259.2 million represented slightly more than nine-tenths, and transactions of the Central Bank for its own account at ₱572.8 million almost three-fourths of the respective figures in 1958.

Market transactions for the account of the National Government accounted for three-tenths or ₱259.2 million of the total transactions of the Central Bank (₱832.0 million) in 1959. Sales of new issues amounted to ₱173.7 million and purchases of securities for redemption reached 85.5 million. The total new issue at ₱173.7 million were ₱60.2 million below the 1958 flotation and ₱131.8 million less than the peak of ₱305.5 million in 1955. More than nine-tenths or ₱162.3 million of the original issues were absorbed by non-Central Bank entities while the balance of ₱11.4 million represented direct acquisition by the Central Bank for the Bond Sinking Fund. Commercial banks participated to the extent of ₱46.1 million of the new issues, mostly by the PNB. Public non-bank investors like the Development Bank of the Philippines, the GSIS and the SSS acquired substantial amounts. The DBP obtained ₱75.7 million worth of new issues, ₱75.0 million of which were ACCFA notes subsequently reacquired by the Central Bank Portfolio. Combined purchases of the GSIS and the SSS amounted to ₱36.9 million.

The National Government purchased securities for redemption worth ₱85.5 million in 1959 against ₱47.5 million in the previous year. Securities redeemed were ACCFA notes and R & D bonds, all from the Central Bank Portfolio, except for a nominal amount of ACCFA notes from commercial banks. The greater portion of the redeemed R & D bonds represented purchases by the Portfolio from the PNB and private commercial banks in compliance with Central Bank policy making the Bank sole holder of these bonds effective June 1, 1959.

The value of government securities traded by the Central Bank for its own account reached ₱572.8 million in 1959 or ₱217.0 million less than in 1958. Of the 1959 total transactions, ₱370.0 million were open market operations and ₱202.8 million, interfund transfers. The respective totals in the previous year were ₱745.2 million and ₱44.6 million.

Open market transactions of the Central Bank (the Central Bank Portfolio and the trust funds under its management) resulted in a net acquisition of securities worth ₱54.6 million as purchases of ₱212.3 million outstripped sales of ₱157.7 million. The Central Bank bought ₱200.9 million of non-original issues and ₱11.4 million of original issues. Purchases of non-original issues largely originated from commercial banks (₱98.9 million) and public financial institutions (₱75.2 million). On the other hand, the Central Bank sold ₱72.9 million to the public and ₱84.8 million to the Government for a combined aggregate of ₱157.7 million. Approximately seven-tenths of the non-original issues to the public were largely absorbed by commercial banks, with public and private insurance companies and private entities and indivi-

duals participating to a lesser extent. The purchase of ₱84.8 million by the National Government was in the form of securities redeemed by the Central Bank.

CENTRAL BANK TRANSACTIONS ON GOVERNMENT SECURITIES¹ **1959**

(Million pesos)

	National Government		Central Bank	
	Sales	Purchases	Sales	Purchases
ALL TRANSACTIONS	173.7	85.5	157.7	212.3
I. Non-Central Bank	162.3	0.7	72.9	200.9
A. Banks other than the Central Bank	46.1	0.7	49.8	98.9
PNB	39.5	0.7	26.2	65.7
Other Banks	6.6	—	23.6	33.2
B. Financial Institutions	75.7	—	0.4	75.2
C. Trust Funds	—	—	—	—
D. Insurance Companies	37.3	—	11.7	12.3
GSIS	28.4	—	8.6	8.0
SSS	8.5	—	1.0	2.2
Private Insurance Firms	0.4	—	2.1	2.1
E. Local & Semi-Government Entities	0.7	—	2.6	3.2
F. Private Entities & Individuals ...	2.5	—	8.4	11.3
II. Central Bank	11.4	84.8	—	—
A. Bond Sinking Fund	11.4	—	—	—
B. Central Bank Portfolio	—	84.8	—	—
III. National Government	—	—	84.8	11.4

¹ Transactions of the Central Bank for its own account and for the National Government. Inclusive of advances under R.A. No. 1194 but exclusive of DBP bonds.

The volume of securities transactions between and among the Central Bank Portfolio and the trust funds (Bond Sinking Fund and Securities Stabilization Fund), rose substantially as the resources of the trust funds continued to increase. The 1959 total interfund transfers amounted to ₱202.8 million (₱101.4 million each for purchases and sales), compared with ₱44.6 million in 1958 (₱22.3 million each for purchases and sales). The transfers during the period under review gave rise to a net acquisition by the Central Bank Portfolio and a net dis-investment by the Securities Stabilization Fund. The Portfolio purchased ₱52.4 million from the Securities Stabilization Fund,

mostly in the form of R & D bonds and disposed of ₱48.3 million to the Central Bank—administered funds, ₱35.0 million of which went to the SSF.

The resulting market transactions for the account of the National Government and the Central Bank revealed moderate changes in the traditional pattern of government securities holdings in 1959. There was a wider spread of ownership among the private and public non-bank investors due to the active support of the bond market by the GSIS and the SSS. Total government securities held outside the Central Bank rose by ₱33.6 million to account for 14.4 per cent of the total outstanding at the end of 1959 as compared to 12.5 per cent at the beginning. The Central Bank holdings, although reflecting an increase of ₱54.6 million, slid to 85.6 per cent, or ₱1,012.6 million, the end-1959 outstanding Governments from 87.5 per cent, or ₱958.0 million, at the end of 1958.

Ownership of Governments by the GSIS and the SSS showed remarkable increases. These financial institutions acquired ₱46.5 million of government securities which more than offset their combined sales of ₱10.2 million. The net acquisition during 1959 brought to ₱56.4 million their combined security holdings which reflected a towering 180.6 per cent increase over the beginning-1959 total of ₱20.1 million.

The Philippine National Bank and the private commercial banks became sellers rather than purchasers of government securities during 1959. This was due to: (1) the higher cost of rediscounting compared with the bond yield; and (2) the shrinking liquidity of these banks precipitated by the selective tightness of the monetary measures. Over-all purchases of these banks at ₱95.9 million were ₱2.9 million short of their sales to the Central Bank.

The disposal and absorption of government securities by other private and public non-bank investors showed no marked deviation from the normal pattern of government securities movement. Private entities and individuals owned less Governments at the end of 1959 as their sales reached ₱11.3 million against purchases of ₱10.9 million.

Within the Central Bank, the holdings of the Portfolio and the Central Bank—administered funds increased. The combined open market operations and interfund transfers of the Portfolio resulted in larger ownership of securities at the end of 1959, the total holdings amounting to ₱884.3 million. The Bond Sinking Fund, by recording purchases of ₱27.3 million and sales of ₱0.7 million, similarly owned more Governments (₱60.7 million) at the end of 1959.

CENTRAL BANK TRANSACTIONS ON GOVERNMENT SECURITIES,¹ 1959

(Million Pesos)

Holder of Securities	Value of Securities held on Jan. 1, 1959	Central Bank Sales of			Central Bank Purchases			Value of Securities held on December 31, 1959	
		Original Issues	Non-Original Issues	Total	Redemption	Non-Redemption	Total	Amount	Increment
	(1)	(2)	(3)	(4)=(2)+(3)	(5)	(6)	(7)=(5)+(6)	(8)=(1)+(4)-(7)	(9)=(8)-(1)
TOTAL	<u>1,094.5</u>	<u>173.7</u>	<u>375.2</u>	<u>548.9</u>	<u>85.5</u>	<u>375.2</u>	<u>460.7</u>	<u>1,182.7</u>	<u>88.2</u>
I. OUTSIDE OF THE CENTRAL BANK	<u>136.5</u>	<u>162.3</u>	<u>72.9</u>	<u>235.2</u>	<u>0.7</u>	<u>200.9</u>	<u>201.6</u>	<u>170.1</u>	<u>33.6</u>
A. Banks other than the Central Bank	<u>83.4</u>	<u>46.1</u>	<u>49.8</u>	<u>95.9</u>	<u>0.79</u>	<u>98.9</u>	<u>99.6</u>	<u>79.7</u>	<u>— 3.7</u>
1. Philippine National Bank	<u>31.1</u>	<u>39.5</u>	<u>26.2</u>	<u>65.7</u>	<u>0.7</u>	<u>65.7</u>	<u>66.4</u>	<u>30.4</u>	<u>— 0.7</u>
2. Other Banks	<u>52.3</u>	<u>6.6</u>	<u>23.6</u>	<u>30.2</u>	<u>—</u>	<u>33.2</u>	<u>33.2</u>	<u>49.3</u>	<u>— 3.0</u>
B. Financial Institutions: Development Bank of the Philippines	<u>1.1</u>	<u>75.7</u>	<u>.4</u>	<u>76.1</u>	<u>—</u>	<u>75.2</u>	<u>75.2</u>	<u>2.0</u>	<u>0.9</u>
C. Trust Funds: IGIF	<u>3.0</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3.0</u>	<u>—</u>
D. Insurance Companies	<u>24.6</u>	<u>37.3</u>	<u>11.7</u>	<u>49.0</u>	<u>—</u>	<u>12.3</u>	<u>12.3</u>	<u>61.3</u>	<u>36.7</u>
1. G.S.I.S.	<u>8.7</u>	<u>28.4</u>	<u>3.6</u>	<u>37.0</u>	<u>—</u>	<u>8.0</u>	<u>8.0</u>	<u>37.7</u>	<u>29.0</u>
2. Social Security System	<u>11.4</u>	<u>8.5</u>	<u>1.0</u>	<u>9.5</u>	<u>—</u>	<u>2.2</u>	<u>2.2</u>	<u>18.7</u>	<u>7.3</u>
3. Private Insurance Firms	<u>4.5</u>	<u>0.4</u>	<u>2.1</u>	<u>2.5</u>	<u>—</u>	<u>2.1</u>	<u>2.1</u>	<u>4.9</u>	<u>.4</u>
E. Local and Semi-Government Entities	<u>7.9</u>	<u>0.7</u>	<u>2.6</u>	<u>3.3</u>	<u>—</u>	<u>3.2</u>	<u>3.2</u>	<u>8.0</u>	<u>0.1</u>
F. Other Private Entities & Individuals	<u>16.5</u>	<u>2.5</u>	<u>8.4</u>	<u>10.9</u>	<u>—</u>	<u>11.3</u>	<u>11.3</u>	<u>16.1</u>	<u>— 0.4</u>

CENTRAL BANK TRANSACTIONS ON GOVERNMENT SECURITIES,¹ 1959 (Concluded)

(Million Pesos)

Holder of Securities	Value of Securities held on Jan. 1, 1959	Central Bank Sales of			Central Bank Purchases for			Value of Securities held on December 31, 1959	
		Original Issues	Non-Original Issues	Total	Redemption	Non-Redemption	Total	Amount	Increment
	(1)	(2)	(3)	(4) = (2) + (3)	(5)	(6)	(7) = (5) + (6)	(8) = (1) + (4) - (7)	(9) = (8) - (1)
II. CENTRAL BANK OPEN MARKET OPERATIONS AND INTER-FUND TRANSFERS	958.0	11.4	302.3	313.7	84.8	174.3	259.1	1,012.6	54.6
1. Open Market Operations		11.4	200.9	212.3	84.8	72.9	157.7		
2. Inter-Fund Transfers		—	101.4	101.4	—	101.4	101.4		
A. Central Bank Portfolio	861.9	—	227.4	227.4	84.8	120.2	205.0	884.3	22.4
1. Open Market Operations		—	175.0	175.0	84.8	71.9	156.7		
2. Inter-Fund Transfers		—	52.4	52.4	—	48.3	48.3		
B. Bond Sinking Fund	34.1	11.4	15.9	27.3	—	0.7	0.7	60.7	26.6
1. Open Market Operations		11.4	2.6	14.0	—	—	—		
2. Inter-Fund Transfers		—	13.3	13.3	—	0.7	0.7		
C. Securities Stabilization Fund	62.0	—	59.0	59.0	—	53.4	53.4	67.6	5.6
1. Open Market Operations		—	23.3	23.3	—	1.0	1.0		
2. Inter-Fund Transfers		—	35.7	35.7	—	52.4	52.4		

¹ Transactions of the Central Bank as Fiscal Agent of the Government (Sales of original issues and redemption of securities) as well as Agent in Transactions for its own account (open market operations), for the Securities Stabilization Fund and for government funds deposited with the Bank. These transactions cover all government securities, inclusive of notes on advances by the Central Bank under R. A. 1194, except those of the Development Bank of the Philippines.

CHAPTER V

MONETARY AND CREDIT POLICY

A. MONEY SUPPLY

1. Movement

The accelerated uptrend of money supply during the latter part of 1958 remained unabated in the initial months of 1959, but gradually slowed down towards the middle and close of the year. On the whole, money supply movement was featured by a slower pace of expansion and a lower rate of turnover. The annual expansion was recorded at 6.0 per cent this year, or a monthly average of 0.5 per cent as against the previous year's rate of 8.8 per cent or a monthly average of 0.7 per cent. The turnover rate on the other hand stood at 6.12 for the period considered, in contrast to 6.45 a year ago.

The slower growth of money supply in 1959 reflected the damping effects of the monetary and fiscal measures of restraint adopted last year and this year. The increasing reserve requirements against special blocked fiduciary peso accounts and against demand deposits narrowed the multiple credit base of commercial banks and the 25 per cent margin levy on sales of foreign exchange immobilized a substantial portion of effective money supply into quasi-deposits with the Central Bank.

YEARLY CHANGES IN MONEY SUPPLY

1958-1959

(Million pesos)

End of month	1959	Annual changes during 1959		Annual changes during 1958	
		Amount	Per cent	Amount	Per cent
January	1,756.4	192.0	12.3	51.0	3.4
February	1,786.0	205.0	13.0	37.2	2.4
March	1,826.2	215.3	13.4	44.5	2.8
April	1,807.0	185.6	11.4	32.5	2.0
May	1,776.0	173.7	10.8	41.2	3.6
June	1,790.5	152.5	9.3	72.7	4.6
July	1,808.1	179.2	11.0	67.5	4.3
August	1,814.7	169.0	10.3	105.9	6.9
September	1,812.6	157.4	9.5	109.5	7.1
October	1,833.6	155.6	9.3	105.3	6.7
November	1,846.5	150.2	8.9	105.0	6.6
December	1,842.1	104.3	6.0	139.9	8.8

2. Composition

Due to the unseasonal drop of demand deposits towards the close of 1959, the increment in money supply became more pronounced in currency than in deposits. As a result, the year-end level of money supply showed an increased ratio of currency to total money supply. Whereas currency comprised 47.1 per cent at the end of 1958, this year-end its share was 48.5 per cent.

However, based on averages, peso demand deposits showed a preponderant share of the money supply growth but suffered a slight setback in the fourth quarter. For the year 1959, average peso demand deposits stood at a ratio of 54.3 per cent as compared to 52.7 per cent for 1958, while average currency in circulation was 45.7 per cent this year as against 47.3 per cent last year. The preponderant growth of deposit money was a reflection of: (1) increased financial activities in the industrial and foreign trade sectors, (2) higher wholesale prices, and (3) reduced government expenditures, which affect currency in circulation more than bank deposits.

MONEY SUPPLY AND ITS COMPONENTS, 1957-1959

(Amount in million pesos)

Period	Average Money Supply	Average Currency in Circulation		Average Peso Demand Deposits	
		Amount	Per cent to Total	Amount	Per cent to Total
1957 year average	1,557.4	735.4	47.2	822.0	52.8
1958 year average	1,635.2	772.8	47.3	862.4	52.7
1st quarter average	1,588.6	763.5	48.1	825.1	51.9
2nd quarter average	1,618.1	766.6	47.4	851.5	52.6
3rd quarter average	1,642.0	761.8	46.4	880.2	53.6
4th quarter average	1,691.8	794.5	47.0	897.3	53.0
1959 year average	1,802.9	824.2	45.7	978.7	54.3
1st quarter average	1,776.6	807.4	45.4	969.2	54.6
2nd quarter average	1,799.9	813.7	45.2	986.3	54.8
3rd quarter average	1,806.5	804.7	44.5	1,001.8	55.5
4th quarter average	1,833.7	859.5	46.9	974.2	53.1

a. Currency in Circulation

In the first half of 1959, currency in circulation declined moderately. This decline was largely due to the flow of government and bank funds into deposits with the Central Bank and partly to the drain of external reserves. However, in the latter half, the Central Bank appreciably regained ground in some of its foreign exchange assets and moreover intensified its lending. These were accompanied by heavy withdrawals from the Treasury and bank

deposits with the Central Bank and by reduced vault cash holdings of banks and the Treasury. As a result, currency in circulation increased sizeably, more than offsetting the decline in the first half. On balance, the 1959 year-end total of currency in circulation showed an increase of P75.8 million or 9.3 per cent from the previous year's level. Last year, the expansion was recorded at P37.3 million or 4.8 per cent.

FACTORS THAT INFLUENCED CHANGES^a IN CURRENCY IN CIRCULATION, 1959

(Million pesos)

Item	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Net Effect
I. CENTRAL BANK OPERATIONS	- 22.6	- 4.5	+ 18.2	+ 73.7	+ 64.8
1. Foreign Exchange Transactions	- 26.1	- 19.2	- 41.5	+ 0.6	- 3.2
2. Credit and Open Market Operations	+ 68.1	+ 129.3	- 89.3	+ 103.4	+ 211.5
3. Deposit Liabilities	- 24.5	- 94.5	+ 42.5	+ 22.0	- 54.5
4. Other Transactions	- 40.1	- 20.1	+ 23.5	- 52.3	- 89.0
II. INACTIVE CASH HOLDINGS	+ 11.6	- 6.3	+ 7.8	- 2.1	+ 11.0
1. Other Banks' Vaults	+ 9.1	- 2.2	+ 6.2	- 1.2	+ 11.9
2. Treasury Vaults	+ 2.5	- 4.1	- 1.6	- 0.9	- 0.9
III. NET CHANGE IN CURRENCY IN CIRCULATION	- 11.0	- 10.8	+ 26.0	+ 71.6	+ 75.8

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

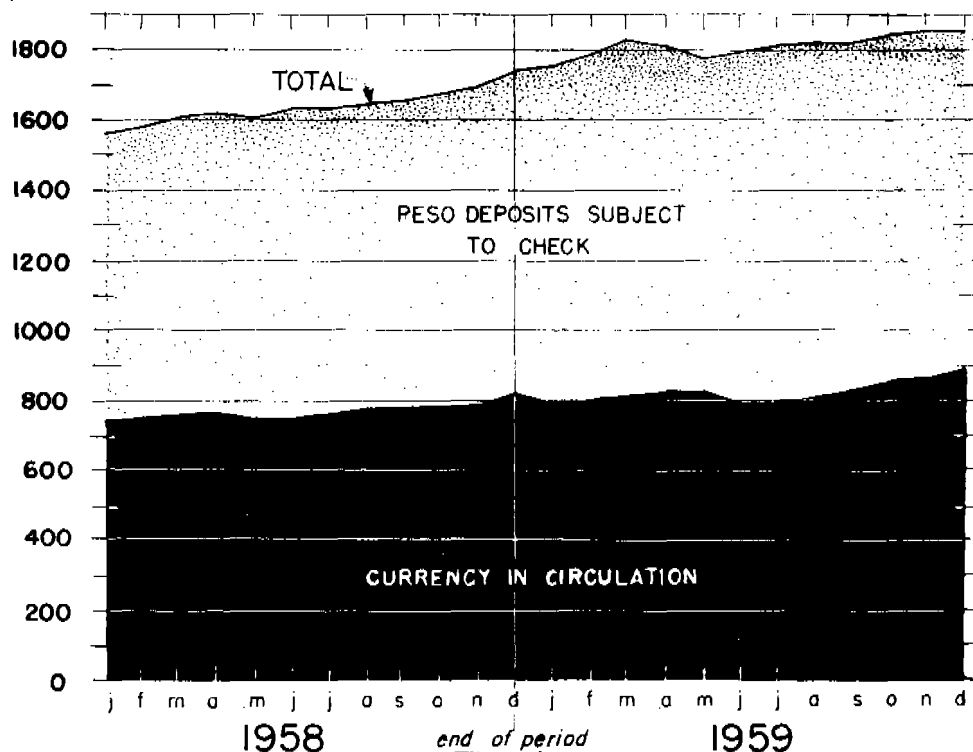
b. Peso Demand Deposits

Peso demand deposits showed four distinct changes during 1959. In the first quarter, the total increased sharply by P99.4 million or 10.8 per cent, followed by a seasonal decline of P68.7 million or 6.7 per cent in April through May. Thereafter up to August, without regard to seasonal pressures, it recovered by P62.5 million or 6.6 per cent. Towards the close of the year, however, it experienced an unprecedented decline of P64.7 million or 6.4 per cent. By the end of 1959, total peso demand deposits stood at P919.5 million which was P28.5 million or 3.1 per cent more than the year before. In comparison, the expansion during the previous year was P102.0 million or 12.6 per cent.

The slower pace of increase of deposit money during the period under review was attributable to: (1) monetary and fiscal restraints, (2) larger flow of the government money into deposits with the Central Bank and holdings of the Treasury, and (3) the greater rise of currency in circulation, which all together prevented potential creation of money by commercial banks.

MONEY SUPPLY AND ITS COMPOSITION, 1958-1959

(million pesos)



PEsO DEMAND DEPOSITS

December 31, 1958-59

(Amount in million pesos)

	Amount		Changes in 1959		Changes in 1958	
	1959	1958	Amount	Per cent	Amount	Per cent
T O T A L	948.0	919.5	+28.5	+ 3.1	+102.6	+ 12.6
Business Individuals	480.1	459.2	+20.9	+ 4.6	+ 93.0	+ 25.4
Semi-Government Entities ...	83.9	86.8	- 2.9	- 3.3	- 8.0	8.4
City, Provincial and Municipal Governments ...	74.8	77.8	- 3.0	- 3.9	- 8.6	10.0
U.S. Government Entities	55.8	40.5	+15.3	+37.8	- 21.3	34.5
Unused Overdraft Lines	237.2	228.3	+ 8.9	+ 3.9	+ 31.6	+ 16.1
Cashiers' and Managers' Checks	16.2	26.9	-10.7	-39.8	+ 15.9	+144.5

Statistics on total debits against demand deposits in 1959 revealed a faster velocity compared to 1958. The annual turnover hit 21.6, indicating brisker economic activity compared to 20.8 recorded last year and only 14.3 during 1950.¹

¹ Earliest data available.

TURNOVER RATE OF PESO DEMAND DEPOSITS
As of Dates Indicated
(Million pesos)

Period	Total Debits (1)	Average Peso Demand Deposits (2)	Turnover Rate (1 over 2)
1958—December	1,701.4	914.4	1.86
1959—January	1,630.9	938.6	1.74
February	1,536.0	969.2	1.58
March	1,691.3	999.8	1.69
April	1,770.2	1,000.4	1.77
May	1,750.0	966.1	1.81
June	1,880.8	972.1	1.93
July	1,695.8	1,002.3	1.69
August	1,767.6	1,011.6	1.75
September	1,919.6	1,001.3	1.92
October	1,951.3	983.3	1.98
November	1,634.9	979.4	1.67
December	1,992.3	965.2	2.06
Monthly 1959 Average	1,763.2	977.2	1.80
Monthly 1958 Average	1,491.6	862.4	1.73
Monthly 1950 Average	648.9	542.6	1.20
1959—Annual Rate			21.6
1958—Annual Rate			20.8
1950—Annual Rate			14.3

3. Income Velocity of Money

The income velocity of money — GNP divided by the money supply — measures the number of times money passes through the circuit of production from one income-receiver to another. Available data showed that the income velocity in the country, except for a minimal decline in 1954, increased steadily from 5.56 in 1949 to 7.02 in 1955. During these years, 1949 to 1955, the rate of the increase in GNP was faster than the rate of expansion in money supply. Money supply even recorded a decline during 1952 when GNP was on the uptrend.

The succeeding years featured a reversal of trends as the income velocity gradually decreased from 6.75 in 1956 to 6.45 in 1958 and further went down to 6.12 during the year under review. The slowing down of income velocity during these years indicated more rapid expansion of money supply than the increments in GNP. While income velocity was less this year, the annual demand deposit turnover recorded a faster rate from 20.8 in 1958 to 21.6 in 1959. This meant that the turnover rate of currency money in 1959 was much slower compared to last year. This also indicated that under the influence of other credit measures of restraint in 1959, the non-bank

public that used checking accounts economized on their liquid funds and utilized them more intensively.

INCOME VELOCITY OF MONEY IN THE PHILIPPINES
1949-1959

(Amount in million pesos)

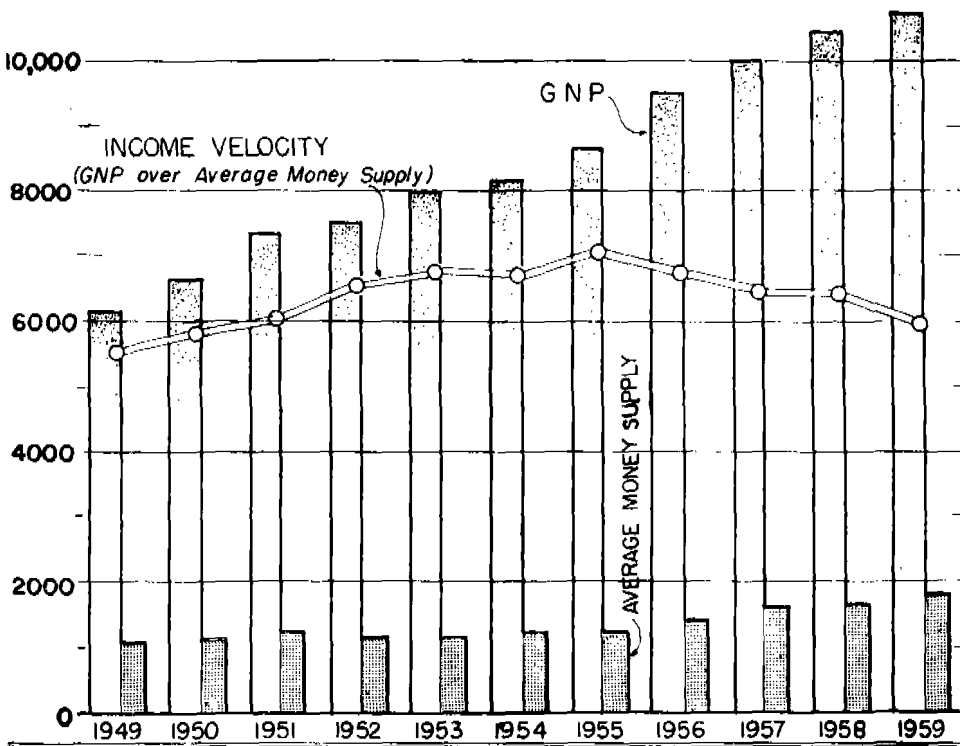
Period	GNP	Average Money Supply	Income Velocity (Col. 1 over Col. 2)
	(1)	(2)	(3)
1949	6,136	1,104	5.56
1950	6,625	1,133	5.85
1951	7,367	1,213	6.07
1952	7,519	1,152	6.53
1953	8,002	1,185	6.75
1954	8,170	1,220	6.70
1955	8,687	1,238	7.02
1956	9,532	1,412	6.75
1957	9,991	1,557	6.42
1958	10,558	1,635	6.45
1959	11,032 ⁿ	1,803	6.12

ⁿ Tentative.

INCOME VELOCITY OF MONEY IN THE PHILIPPINES

(amount in
million pesos)

1949 - 1959



Accompanying the decline in income velocity, the liquidity position of the non-bank public improved correspondingly. Thus, the ratio of cash balances (consisting of active money and passive money) to GNP increased from 24.3 per cent in 1958 to 26.2 per cent this year.

RATIO OF CASH BALANCES TO GNP 1949-1959

(Amount in million pesos)

Period	Average Active Money ¹ (1)	Average Passive Money ² (2)	Total Cash Balances Held by Non-Bank Public (3)	GNP (4)	Ratio (%) of Cash Balance to GNP (3 over 4)
1949	1,104.0	294.0	1,398.0	6,136.0	22.8
1950	1,133.0	302.3	1,435.3	6,625.0	21.7
1951	1,213.0	308.3	1,521.3	7,367.0	20.7
1952	1,152.0	321.6	1,473.6	7,519.0	19.6
1953	1,185.0	361.2	1,546.2	8,002.0	19.3
1954	1,220.0	458.6	1,678.6	8,170.0	20.5
1955	1,238.0	522.1	1,760.1	8,687.0	20.3
1956	1,412.0	663.0	2,075.0	9,532.0	21.8
1957	1,557.0	774.0	2,331.0	10,033.0	23.2
1958	1,635.0	904.9	2,539.9	10,464.0	24.3
1959	1,803.0	1,082.1	2,885.1	11,032.0 ^a	26.2

¹ Consisting of money supply.

² Consisting of savings and time deposits of Other Banks and government securities held by private individuals and entities.

^a Tentative.

4. Factors Responsible for Money Supply Movement

The factors that influenced the increment in money supply during 1959 originated solely from external transactions with the internal economy exerting mixed effects and being dominantly disinflationary.

During the year under review, higher prices in the world market and increased export volume for some key products boosted export receipts, resulting in a trade surplus. Consequently, the international reserve improved by ₱35.2 million and, taking into account National Government expenditures and net bank payments abroad which had no effect on money supply, the external sector generated an additional ₱132.0 million in the monetary supply.

In the internal sector, operations from the public segment exerted a negative impact on the volume of money. Collections from the 25 per cent margin levy on sales of foreign exchange sterilized a sizable amount of funds with the Central Bank. Moreover, fiscal expenditures were reduced and local and semi-government entities raised their savings and time deposits. These mitigated the inflationary effects of the expanded credit operations of the banking system to the government. On balance, the public sector was responsible for siphoning off P81.2 million from the money stream.

On the other hand, monetary developments in the private sector resulted in partially offsetting movements. Sustained credit accommodations were made available to the private sector. Their credits received during the year showed a net increase of P191.3 million which was P126.6 million or 17.0 per cent more than last year. However, the new money created out of bank credits was partly counteracted by the steady rise in quasi-money, notably savings and marginal deposits of private businesses and individuals. As a result, the private segment added P53.5 million to the effective monetary demand. The internal economy as a whole experienced a net withdrawal of P27.7 million from the money supply.

Institutionally, both the Central Bank and Other Banks exerted expansive monetary influences. This was absorbed in part by the disinflationary operations of the fiscal sector.

FACTORS RESPONSIBLE FOR MONEY SUPPLY MOVEMENT
(Operational Origin)
December 31, 1958-1959
(Million pesos)

I t e m	Dec. 31, 1959	Dec. 31, 1958	Increase or decrease (+)	Net effect on money supply *
I. MONEY OF INTERNAL ORIGIN				
A. Public Sector^b				
1. Credit Operations				
a. Government securities held				
by the Central Bank	913.6	932.7	- 19.1	- 19.1
b. Government securities held				
by Other Banks	117.4	115.0	2.4	+ 2.4
c. Other credits of the				
Central Bank	335.4	116.5	218.9	+ 218.9
d. Loans, discounts, overdrafts				
and customers' liability				
acceptances	65.0	56.1	8.9	+ 8.9
Less:				
2. National Government Balances	278.0	223.7	54.3	- 98.2 ^c
3. Savings and Time Deposits ...	115.0	60.4	54.6	- 54.6
4. Net Miscellaneous Accounts				
of the CB and PNB	251.7	164.4	87.3	-139.5 ^d
Total	786.7	771.8	14.9	- 81.2
B. Private Sector				
1. Credit Operations				
a. Loans, discounts, overdrafts ^e				
and customers' liability				
acceptances	1,775.7	1,584.0	191.7	+191.7
b. Corporate securities	3.2	3.6	- 0.4	- 0.4
Less:				
2. Savings, Time and Other				
Deposits	872.1	765.7	106.4	-106.4
3. Net Miscellaneous Accounts				
of Private Banks	190.7	164.4	26.3	- 31.4 ^f
Total	716.1	657.5	58.6	+ 53.5
C. Total Public and Private Sectors	1,502.8	1,429.3	73.5	- 27.7
II. MONEY OF EXTERNAL ORIGIN				
A. International Reserve	325.8	290.6	35.2	+132.0 ^e
III. MONEY SUPPLY	1,842.1	1,737.8	104.3	+104.3

a Plus sign (+) indicates the magnitude of the increase and minus sign (-) the decrease in money supply.

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

c Fiscal operations actually exerted a negative effect of P98.2 million on money supply due to the inclusion in Government balances of P43.9 million representing National Government expenditures abroad to determine fully the impact of the fiscal sector on money supply. Likewise, this amount (P43.9 million) together with the total payments of P100.0 million (\$50.0 million) to banks abroad and the IMF which had no effect on money supply was excluded from the foreign disbursements. Moreover, adjustment was made to exclude the proceeds of the devaluation claim from the U.S. amounting to P47.8 million (\$23.9 million), as this also had no effect on money supply. Thus, money of external origin actually caused an expansion of P132.0 million in money supply. Net receipts during the period amounted to P35.9 million (\$17.96 million), thereby reflecting a lag of P0.7 million in the international reserve.

d Adjustments were made in the other liabilities of the Central Bank to include the total payments of P100.0 million (\$50.0 million) to banks abroad and IMF, and to exclude the proceeds of the devaluation claim from the U.S., amounting to P47.8 million (\$23.9 million) as these transactions had no effect on money supply.

e Including unused overdraft lines.

f Including recording lag of P5.1 million mainly due to in-transit items.

5. Active and Passive Money

The continued hike in savings and time deposits in 1959 together with the growing segment of non-bank investors in government securities contributed to the faster rate of increase of passive money than active money. Passive money expanded by ₱196.5 million or 20.6 per cent while active money increased by only ₱104.3 million or 6.0 per cent. This sizable growth in passive money served as a neutralizing factor in the upward movement of active money.

ACTIVE AND PASSIVE MONEY

December 31, 1957-59

(Amount in million pesos)

i t e m	Dec. 31, 1957	Dec. 31, 1958	Dec. 31, 1959
ACTIVE MONEY			
Currency in Circulation	781.0	818.3	894.1
Peso Demand Deposits	816.9	919.5	948.0
T o t a l	<u>1,597.9</u>	<u>1,737.8</u>	<u>1,842.1</u>
PASSIVE MONEY			
Savings and Time Deposits of Other Banks ^a	663.6	765.7	885.4
Government Securities ^b	153.7	188.3	265.1
T o t a l	<u>817.3</u>	<u>954.0</u>	<u>1,150.5</u>
INDICES (1951 = 100)			
Acting Money	137.7	149.8	158.7
Passive Money	273.3	319.1	384.8

^a Consisting of commercial, savings and rural banks.

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

6. Money Supply and International Reserve

The ratio of international reserve to money supply recovered from 16.7 per cent in December, 1958 to 17.7 per cent in December, 1959. This was attributable to the appreciable gain in foreign reserves in the face of money supply expanding at a comparatively slower rate. Likewise, the ratio of international reserve to currency issue edged up from 33.0 per cent to 34.5 per cent.

RATIO OF INTERNATIONAL RESERVE TO MONEY SUPPLY AND CURRENCY ISSUE 1958-1959

(Amount in million pesos)

End of Period	Inter- national Reserve	Money Supply	Currency Issue	Ratio (per cent) of International Reserve to:	
				Money Supply	Currency Issue
1958	290.6	1,737.8	880.0	16.7	33.0
1959—January	275.8	1,756.4	841.1	15.7	32.8
February	275.2	1,786.0	848.1	15.4	32.4
March	290.3	1,826.2	857.5	15.9	33.9
April	281.4	1,807.0	873.8	15.6	32.2
May	295.3	1,776.0	871.1	16.6	33.9
June	273.1	1,790.5	853.0	15.3	32.0
July	283.8	1,808.1	842.1	15.7	33.7
August	331.6	1,814.7	850.5	18.3	39.0
September	336.2	1,812.6	871.2	18.5	38.6
October	329.0	1,833.6	899.9	17.9	36.6
November	343.3	1,846.5	910.5	18.6	37.7
December	325.8	1,842.1	944.9	17.7	34.5

B. CREDIT AND BANKING DEVELOPMENTS

1. Monetary Policies and Measures

During 1959, the Central Bank credit policy of selective restraint prevailing since 1957 was reinforced by the imposition of new qualitative as well as quantitative monetary and credit measures which were designed to: a) reduce the excess liquidity of banks; b) sterilize excess purchasing power in the import sector; c) stabilize the balance of payments position; and d) increase the revenues of the government, thus assuring greater effectivity in suppressing inflationary pressures existing in the economy.

As part of a series of stabilization measures, the Central Bank on February 3, 1959 instituted for the first time a graduated rediscount rate with commercial banks to rechannel the flow of credits into more economically desirable and productive activities. The rediscount rate was raised from 4½ per cent to 6½ per cent, but preferential rates were given on agricultural crop loans whose rediscount rate remained at 4½ per cent and on export bills at 5 per cent. Rural banks still enjoyed the preferential rate of ½ per cent while the Government and the ACCFA were both charged only 2 per cent.

As a corollary measure, the legal reserve requirement against demand deposits was, likewise, raised for the first time since the Central Bank opened in 1949, from 18 per cent to 21 per cent in three stages of 1 percentage point every 30 days. The first increase to 19 per cent took place in February. Moreover, a gradually rising reserve requirement was imposed against block-

ed fiduciary peso account of non-residents, starting from 18 per cent in October, 1958, increasing by 4 percentage points every 30 days until 75 per cent is reached. At the end of December, 1959 this reserve requirement was already 74 per cent. The amount of blocked peso accounts in excess of the outstanding balance as of October 22, 1958 was required a reserve of 100 per cent. Both measures, notably the latter, had a marked effect on the reserve position of commercial banks.

In July, 1959, the Central Bank, pursuant to Republic Act No. 2609, started collecting a margin levy of 25 per cent on sales of foreign exchange. This was imposed not only to siphon off excess monetary demand in the import sector but also to stabilize the balance of payments position and at the same time provide additional revenue to the National Government. Total collections at the end of 1959 amounted to ₱66.7 million.

Despite the further tightening of monetary and credit control measures, the Other Banks¹ increased their credit operations. Total domestic credits which stood at ₱1,961.3 million at the close of 1959, showed an increase of ₱202.6 million or 11.5 per cent over the year-previous level. This effected a weakening of the banks' liquidity position and induced greater resort to the Central Bank rediscount window. Banks' excess reserves dropped from the 1958 year-end level of ₱155.3 million to ₱43.8 million at the close of 1958.

Likewise, in 1959, there were 12 commercial banks that borrowed a total amount of ₱377.7 million, as against 11 commercial banks that borrowed ₱242.9 million in 1958. Eligible paper of high priority rating was preponderantly used in this year's rediscounting transactions — a feature consistent with the announced policy of more productive use of credits. Rural banks showed a slight drop in their borrowings from the Central Bank. On the other hand, increased lending to the Government was noted during the year. Two budgetary loans were granted to the National Government with total availments of ₱160.0 million as against only ₱75.0 million last year. Furthermore, a loan of ₱84.1 million was granted to the Government in payment for the increased subscription to the IMF and IBRD. The ACCFA received a loan of ₱75.0 million as against ₱65.0 million last year. These additional loans were used to finance the ACCFA's purchases of tobacco in pursuance of the provisions of Republic Act No. 1194. On the whole, the total loans outstanding of the Central Bank increased by ₱252.7 million.

In the securities market, the Central Bank concentrated on the redemption of maturing bonds, conversion of interim issues, and refunding. No heavy purchases of securities took place during the year on account of the limited support extended to government securities — a policy adopted since August, 1958. The Central Bank maintained its bond promotional campaign resulting in an increased participation of private entities in the holdings of government securities.

¹ Consisting of commercial, savings, and rural banks.

Circular No. 79 as revised in 1958, remained in force during 1959. Marginal deposits sterilized with the Central Bank under this Circular amounted to P56.6 million at the end of 1959, or a rise of P32.3 million over the 1958 year-end level.

The magnitude of the disinflationary impact on money supply by the various monetary and credit restraint measures in force during 1959 is summarized hereunder:

Monetary Measures	Amount withdrawn from money supply (million pesos)
1. Collections of the 25 per cent margin on Sales of Foreign Exchange	66.7
2. Marginal Deposits under Circular No. 79	56.6
3. Increase in reserve requirements against demand deposits from 18% to 21%	21.2
4. Increase in reserve requirements against block peso accounts:	
a) from 18% to 74%	15.5
b) 100% on balance over October 22, 1958 level	41.4
	56.9
Total Disinflationary Effect on Money Supply ...	<u>201.4</u>

This may be compared to inflationary injections amounting to P593.0 million from the following sources (incremental amounts): external origin, P35.9 million; supported bond issues, P135.6 million Central Bank advances to the government and to government entities, P218.9 million; and increase in domestic credits of Other Banks, P202.6 million.

On the positive side, the credit policy of the Central Bank continued to give active support to the promotion of credit and banking facilities, particularly in rural areas. During the year 1959, the banking system expanded with the addition of five (5) commercial banks' branches and the establishment of fifteen (15) rural banks. The Postal Savings Bank set up eight (8) new postal stations and the DBP added three (3) new branches. Financial assistance to the rural banks totalled P14.7 million, P14.1 million in the form of loans and the balance of P0.6 million, capital assistance.

2. Domestic Credits of the Banking System

In response to the increasing credit demands of a growing economy, domestic credits of the banking system continued to expand from P2,807.9 million at the end of 1958 to a new high of 3,210.3 million at the end of 1959. This showed an increment of P402.4 million or 14.3 per cent and was larger than last year's growth of P286.2 million or 11.3 per cent. Of the total expansion this year, P211.1 million or 52.5 per cent found its way to the public sector and the P191.3 million or 42.5 per cent went to the private sector.

In 1958, of the incremental portion of ₱286.2 million, the public and private sectors absorbed 73.9 per cent (₱211.5 million) and 26.1 per cent (₱74.7 million), respectively. The major portion of the credit expansion was traceable to Other Banks' credits which went up substantially by ₱202.6 million as against only a ₱78.3 million increase last year. On the other hand, Central Bank credits moved up by ₱199.8 million while last year they rose by ₱207.9 million.

The upsurge in the credit accommodation to the private sector was the main factor in the continued rise of the domestic credits of Other Banks, the increment to the public sector being almost identical in absolute amount to the preceding year's increase. While private credits rose by only ₱74.7 million in 1958, this year they expanded by ₱191.3 million. Thus, the outstanding domestic credits of Other Banks went up by 11.5 per cent to reach a new peak of ₱1,961.3 million at the end of 1959. Meanwhile, substantial loans to the National Government for budgetary purposes and increased subscriptions to the IMF and IBRD, augmented by increased ACCFA loans, were the salient factors that contributed to the expansion of Central Bank credits. Thus, at the end of the year the Central Bank's outstanding domestic credits moved up to ₱1,249.0 million, a gain of 19.0 per cent during the year.

On the whole, although private credits expanded during 1959 and still made up the bulk of total outstanding domestic credits of the banking system, their percentage composition to total dropped slightly from 56.5 per cent (₱1,587.6 million) to 55.4 per cent (₱1,778.9 million). On the other hand, relative share of public credits to total edged up from 43.5 per cent (₱1,220.3 million) to 44.6 per cent (₱1,431.4 million) at the end of 1959.

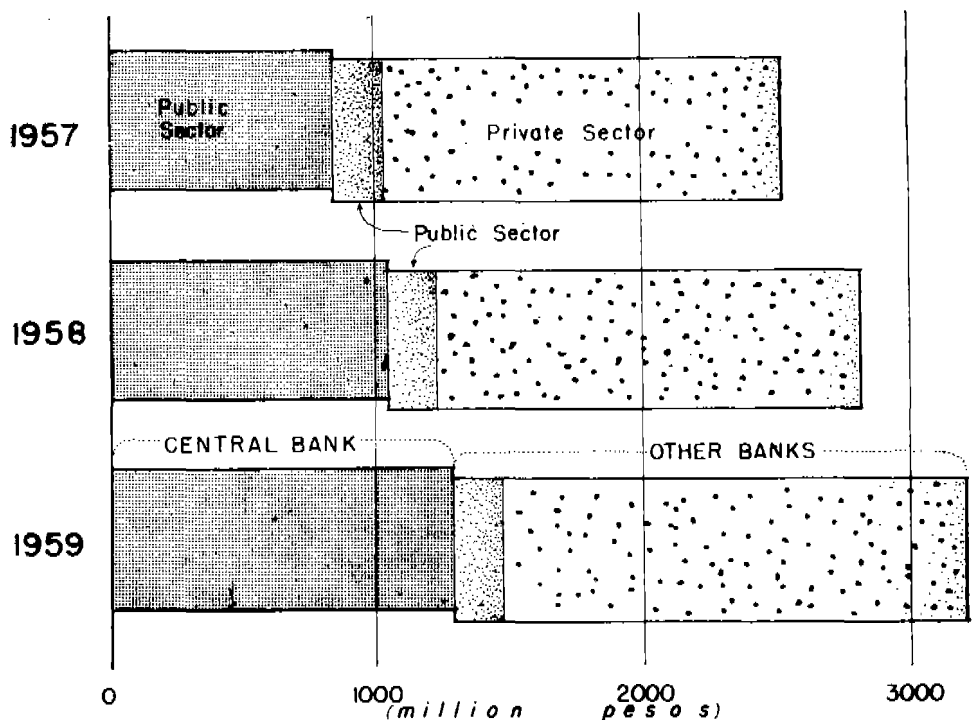
**TOTAL DOMESTIC CREDITS OF THE BANKING SYSTEM
CLASSIFIED BY PUBLIC AND PRIVATE SECTORS,
DECEMBER 31, 1957-1959**

(Million pesos)

I t e m	Dec. 31, 1957	Dec. 31, 1958	Dec. 31, 1959	Change from preceding period			
				1 9 5 8		1 9 5 9	
				Amount	Per cent	Amount	Per cent
T O T A L	2,521.7	2,807.9	3,210.3	286.2	11.3	402.4	14.3
Public	1,008.8	1,220.3	1,431.4	211.5	21.0	211.1	17.3
Private	1,512.9	1,587.6	1,778.9	74.7	4.9	191.3	12.0
1. Central Bank	841.3	1,049.2	1,249.0	207.9	24.7	199.8	19.0
Public	841.3	1,049.2	1,249.0	207.9	24.7	199.8	19.0
Private	—	—	—	—	—	—	—
2. Other Banks	1,680.4	1,758.7	1,961.3	78.3	4.7	202.6	11.5
Public	167.5	171.1	182.4	3.6	2.1	11.3	6.6
Private	1,512.9	1,587.6	1,778.9	74.7	4.9	191.3	12.0

DOMESTIC CREDITS OF THE BANKING SYSTEM

Classified by SECTORS, December 31, 1957-1959



a. Central Bank Credit Operations

The Central Bank portfolio operations in 1959 were conducted within the scope of a more stringent credit policy. Total outstanding credit portfolio of the Central Bank (including loans to Other Banks) aggregated ₱1,384.3 million at the end of 1959, representing an expansion of ₱233.6 million or 20.3 per cent during the year. Portfolio transactions were larger in volume, so that the net result was expansionary, although the rate of expansion was slower than the rate of 24.8 per cent recorded in 1958.

This year's increment was solely reflected in loans and advances (1959 outstanding total, ₱449.4 million, up ₱252.7 million during the year), which preponderantly went into government credits rather than bank loans. These were partially offset by the reduced holdings in government securities (1959 outstanding total, ₱913.6 million, down ₱19.1 million during the year), thus holding back the portfolio increment to ₱233.6 million. Although ₱199.8 million or 85.5 per cent of the total increment went to government credits and the balance of ₱33.8 million or 14.5 per cent to bank loans, the relative share

of the latter to the total portfolio grew larger from 8.8 per cent in 1958 to 9.8 per cent in 1959, indicating the greater dependence of banks upon the Central Bank. Commercial banks rediscounting activities increased by 55 per cent during the year, secured mostly by agricultural paper and export packing credits..

CREDIT OPERATIONS OF THE CENTRAL BANK FOR 1959

(Million pesos)

Type of Credit	Security purchases and loans granted	Security sales and loan repayments	Increase or decrease (—) over 1958	
			Security purchases and loans granted	Security sales and loan repayments
T O T A L	1,067.3	833.7	274.5	269.3
Domestic Securities	349.7	368.8	— 30.7	136.4
R & D Bonds	181.6	144.5	161.1	143.7
Development Bank of the Philippines (DBP) Bonds	106.4 ^a	—	102.9	—
ACCFA Notes and Certificates of Indebtedness	—	1.2	— 9.0	33.8
Insular, Provincial and Municipal Government Bonds	—	—	— 5.3	—
National Power Corporation Bonds ..	—	23.1	— 21.2	11.0
NAWASA Bonds	—	—	— 1.7	—
MWD Bonds	—	—	—	—
Philippine Treasury Bills	—	—	—	—
Philippine Treasury Notes	—	—	— 75.0	—
PW & ED Bonds	61.7	97.1	—158.0	— 87.4
R F C Bonds	—	102.9 ^a	24.5	102.9
Loans and Advances	717.6	464.9	305.2	132.9
Commercial Banks	383.8	348.8	125.9	106.6
Rural Banks	14.1	15.3	— 0.1	5.9
ACCFA	75.0	30.0	10.0	25.0
National Government	244.1	70.0	169.1	— 5.0
Local Governments	0.6	0.8	0.3	0.4

^a Redemption of RFC Bonds by a refunding issue of DBP bonds amounting to ₱102.9 million.

(1) Lending Operations

Loans and advances of the Central Bank totalled ₱717.6 million during the year, of which the largest borrowers were the commercial banks with ₱383.8 million (including loans under Eximbank financing program) or 53.5 per cent, followed by the National Government with ₱244.1 million or 34.0 per cent, the ACCFA with ₱75.0 million or 10.5 per cent, rural banks with

₱14.1 million or 2.0 per cent, and local governments with **₱0.6** million or 0.1 per cent. Total repayments received by the Central Bank amounted to **₱464.9** million, leaving a net increase of **₱252.7** million in outstanding loans and advances. Thus at the end of 1959, total loans and advances outstanding amounted to **₱449.4** million, or 32.5 per cent of the total portfolio, of which **₱314.1** million or 69.9 per cent represented credits to the government and the balance, bank loans. Significantly, of the total credits, (excluding loans under Eximbank financing) granted to 12 commercial banks during the year (11 in 1958), 80.6 per cent were secured by agricultural paper and export bills and 19.4 per cent by government securities. The corresponding breakdown last year was 69.5 per cent and 30.5 per cent, respectively. Of the **₱377.7** million loans granted (excluding loans under Eximbank financing) **₱225.8** million were charged 4½ per cent; **₱17.9** million, 5 per cent; and **₱134.0** million, 6½ per cent.

(2) Open Market Operations

Open market operations resulted in more sales than purchases, thus showing a decline in security investments. Total purchases amounted to **₱349.7** million while sales and redemptions totalled **₱368.8** million, causing a reduction of **₱19.1** million in holdings of government securities. This brought security holdings down to **₱913.6** million or 66.0 per cent of the portfolio. Of the **₱106.4** million DBP Bonds acquired in 1959, **₱102.9** million represented a refunding issue of DBP Bonds in payment for the portfolio's own holding of maturing RFC Bonds. Likewise, of the total **₱181.6** million R & D Bonds acquired during the year, **₱91.0** million consisted of converted R & D Interim Bonds in payment of maturing R & D registered and coupon bonds held by the portfolio. The only government bonds purchased were PW & ED Bonds amounting to **₱61.7** million. Of the total sales and redemptions, **₱144.5** million were maturing R & D Bonds, **₱102.9** million maturing RFC Bonds, **₱23.1** million National Power Corporation Bonds, and **₱1.2** million ACCFA Notes.

b. Other Banks' Credits

Domestic credits of the Other Banks increased further by **₱202.6** million and reached an all-time high of **₱1,961.3** million at the close of 1959. The rate of increase this year was 11.5 per cent as against 4.7 per cent last year. The faster rate of growth was attributable to the greater credit accommodations made to the private sector in the face of only a slight increase in security investments. Classified by type of credits, loans and discounts went up by **₱109.6** million, overdrafts up by **₱97.7** million and domestic securities, up by **₱2.0** million. On the other hand, customers liability acceptances declined by **₱6.7** million.

DOMESTIC CREDITS OF OTHER BANKS

As of December 31, 1958-1959

(Amount in million pesos)

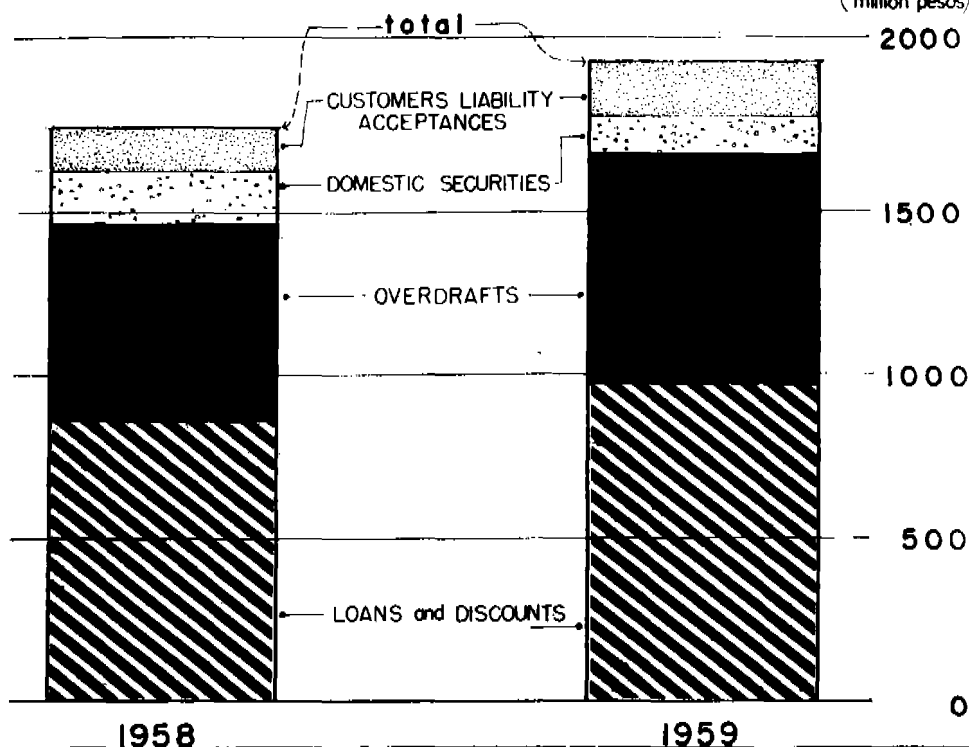
Type of Credit	1959	1958	Increase or decrease (-)	
			Amount	Per cent
T o t a l	1,961.3	1,753.7	202.6	11.5
Loans and Discounts	971.1	861.5	109.6	12.7
Overdrafts ^a	703.2	605.5	97.7	13.9
Domestic Securities	120.6	118.6	2.0	1.7
Customers Liability Acceptances	166.4	173.1	- 6.7	- 3.9

^a Including unused overdraft lines.

DOMESTIC CREDITS OF OTHER BANKS

as of December 31, 1958 - 1959

(amount in million pesos)



(1) Investments in Domestic Securities

Other Banks' holdings of domestic securities registered an increase, due entirely to net acquisition of PW & ED bonds, while holdings of private issue decreased. Thus, at the end of 1959, security investments totalled ₱120.6 million, up ₱2.0 million or 1.7 per cent during the year as against a disinvestment of ₱8.3 million or 6.5 per cent during 1958.

DOMESTIC SECURITY HOLDINGS OF OTHER BANKS

December 31, 1957-1959

(Amount in Million Pesos)

Type of Security	1957	1958	1959	Per Cent Distribution		
				1957	1958	1959
T O T A L	125.6	118.6	120.6	100.0	100.0	100.0
National Government	105.8	101.0	99.1	84.2	85.2	82.2
PW & ED Bonds	34.2	33.8	59.5	27.2	28.5	49.3
R & D Bonds	32.2	27.1	—	25.7	22.8	—
Certificates of Indebtedness	38.1	39.1	38.1	30.3	33.0	31.6
Treasury Bills & Notes	0.4	0.9	1.4	0.3	0.8	1.2
Pre-War Bonds	0.9	—	—	0.7	—	—
P. I. Bonds	—	0.1	0.1	—	0.1	0.1
Semi-Government Entities	14.1	11.2	15.5	11.2	9.4	12.8
RFC Bonds	4.2	5.2	5.1	3.3	4.4	4.2
NPC Bonds	7.9	4.4	9.4	6.3	3.6	7.8
ACCFA Notes & Certificates of Indebtedness	—	—	—	—	—	—
NAWASA Bonds	—	0.5	1.0	—	0.4	0.8
MWD Bonds	0.5	0.9	—	0.4	0.8	—
MRR Bonds	1.5	—	—	1.2	—	—
Cebu Portland Works Bonds	—	0.2	—	—	0.2	—
Local Government	2.7	2.8	2.8	2.2	2.4	2.3
Private Issue	3.0	3.6	3.2	2.4	3.0	2.7

(2) Loans, Discounts and Overdrafts

Loans, discounts and overdrafts outstanding (including unused overdraft lines) of Other Banks maintained their uptrend this year. Thus from the level of ₱1,467.0 million in 1958, these credits rose to ₱1,674.3 million in 1959, registering an expansion of ₱207.3 million which was markedly larger compared to the growth of ₱135.6 million last year. Estimates of outstanding loans, discounts and overdrafts of commercial banks classified according to the

priority ratings established in April, 1957, showed that credits falling under Priorities I and II (mostly productive credits) amounted to ₱1,033.4 million at the end of 1959. This was higher by ₱394.9 million or 64.9 per cent compared to the ₱608.5 million level existing in April, 1957. On the hand, during the same period credits under Priorities III and IV (mostly real estate and consumption credits) on which maximum ceilings were imposed, increased by only ₱11.2 million or 3.4 per cent from ₱330.3 million to ₱341.5 million. This increase in low priority loans was attributable to the establishment of new banks. The trend, therefore, showed that the imposition of a credit priority schedule on the distribution of commercial banks' resources had effected a re-directional shift in the flow of credits from less productive to more productive activities.

(3) Customers' Liability Acceptances

A further step-down in the commercial banks' financing of imports in the form of customers' liability acceptances was observed during 1959. After a decrease of ₱49.0 million in 1958, customers' liability acceptances continued to decline during the first six months reaching a low of ₱90.7 million at the end of June, the lowest balance attained since May, 1951. The following months witnessed a gradual increment in this type of credit until it amounted to ₱166.5 million at the close of the year. This level was, however, still less by ₱6.6 million compared to the outstanding balance as of the end of December, 1958. The average monthly balance in 1959 was ₱130.0 million, smaller by ₱36.3 million compared to the average monthly level in 1958.

OUTSTANDING CUSTOMERS' LIABILITY ACCEPTANCES OF OTHER BANKS, 1958-1959

(Amount in million pesos)

End of Period	1959	1958	Increase or decrease (—)	
			Amount	Per cent
Average for the year	130.0	166.3	— 36.3	21.8
January	154.7	215.1	— 60.4	— 28.1
February	141.8	195.2	— 53.4	— 27.4
March	137.5	176.5	— 39.0	— 22.1
April	134.3	162.3	— 28.0	— 20.8
May	109.2	150.3	— 41.1	— 27.3
June	90.7	156.8	— 66.1	— 42.2
July	99.4	152.9	— 53.5	— 35.0
August	112.6	141.1	— 28.5	— 20.2
September	123.2	142.1	— 18.9	— 13.3
October	136.4	159.1	— 22.7	— 14.3
November	153.3	171.5	— 18.2	— 10.6
December	166.5	173.1	— 6.6	— 3.8

(4) New Statistical Series on Total Credits Granted by Other Banks

A new statistical series on total credits granted by Other Banks for the first three quarters of 1959 is presented below. Due to revisions in the context of this year's series, comparative data for previous years cannot be given.

(a) Total credits granted — loans, discounts, overdrafts, domestic bills, customers' liability acceptances, and export bills — for the first three quarters of 1959 totalled ₱1,908.7 million or a monthly average of ₱212.1 million. Credits in the form of loans and discounts accounted for ₱1,105.0 million or 57.9 per cent of total credits granted; customers' liability acceptances, ₱307.8 million or 16.1 per cent; overdrafts, ₱253.7 million or 13.3 per cent; export bills, ₱160.3 million or 8.4 per cent; and domestic bills, ₱81.9 million or 4.3 per cent. Classified by purpose, production credits made up 48.5 per cent of total credits granted, followed by commercial credits with 41.7 per cent, consumption credits with 7.2 per cent, capital investment 2.0 per cent, and transfer of assets with 0.6 per cent.

TOTAL CREDITS GRANTED BY OTHER BANKS

Classified by Purpose
January to September, 1959

(Million pesos)

Purpose	Total	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.
TOTAL	1,908.7	205.1	203.0	207.3	229.4	211.5	223.1	209.0	203.4	216.9
Consumption	137.2	13.1	12.6	14.9	15.9	14.3	16.4	12.7	21.4	15.9
Commercial	796.4	94.9	83.9	92.2	91.1	97.5	87.0	86.5	73.1	90.2
Production	926.2	89.6	101.2	94.2	117.5	95.6	113.9	107.3	103.3	103.6
Capital Investment	37.9	5.4	3.9	5.3	3.2	2.6	4.2	2.4	4.4	6.5
Transfer of Assets	11.0	2.1	1.4	0.7	1.7	1.5	1.6	0.1	1.2	0.7

(b) Of the total credits granted, 42.5 per cent were in the bracket of ₱100,001 and above, 35.1 per cent in the ₱10,001 to ₱100,000 category, and the balance of 22.4 per cent in the ₱10,000 and below bracket. Short-term loans accounted for the bulk of the credits with 75.1 per cent, followed by call loans with 20.9 per cent, and the balance, intermediate and long-term loans. Classified as to interest rate, ₱1,389.6 million or 72.8 per cent of the credits were granted at 6, 7 and 8 per cent. The average interest rate of total credits granted was 7.84 per cent.

TOTAL CREDITS GRANTED BY OTHER BANKS

Classified by Interest Rate

January to September, 1959

(Million pesos)

Period	Total Credits	0	4	5	6	7	8	9	10	11	12
T O T A L	1,908.7	—	38.5	12.7	644.6	296.2	448.8	215.4	136.6	5.3	110.6
January	205.1	—	1.0	2.9	84.0	21.4	40.1	33.0	10.1	1.4	11.2
February	203.0	—	2.6	0.5	76.6	33.9	42.6	21.5	11.8	0.3	13.2
March	207.3	—	3.6	1.4	70.1	39.2	42.0	26.2	11.5	1.0	12.3
April	229.4	—	8.7	2.2	82.8	25.9	52.4	26.1	16.7	0.6	14.0
May	211.5	—	5.5	0.2	80.5	33.9	43.2	20.1	17.0	0.4	10.7
June	223.1	—	4.1	0.5	75.0	32.0	51.0	24.2	22.2	0.7	13.4
July	209.0	—	3.2	2.5	73.7	34.8	53.4	17.7	12.8	0.1	10.8
August	203.4	—	4.1	2.0	50.2	34.5	59.5	23.0	17.3	0.4	12.4
September	216.9	—	5.7	0.5	51.7	40.6	64.6	23.6	17.2	0.4	12.6

(c) Classified by nationality of borrower, Filipinos were favored with 77.7 per cent of credits, followed by Chinese with 11.5 per cent, Americans 5.1 per cent, and the balance of Spanish British, Indian and other nationals. Corporations accounted for 55 per cent of the credits, followed by individuals with 35.0 per cent.

(d) Classified by industry, the flow of credits was largest in commerce, with 42.8 per cent, manufacturing 26.2 per cent, and agriculture, fisheries, and forestry 20.0 per cent.

TOTAL CREDITS GRANTED BY OTHER BANKS

Classified by Industry

January to September, 1959

(Million Pesos)

Industry	Total	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.
TOTAL	1,908.7	205.1	203.0	207.3	229.4	211.5	223.1	209.0	203.4	216.9
Agriculture, Fisheries and Forestry	381.1	42.6	49.2	42.6	47.3	37.8	44.4	42.1	34.6	40.5
Mining and Quarrying	22.8	1.9	2.4	3.3	2.5	2.9	1.8	2.8	2.7	2.5
Manufacturing	499.8	49.2	52.6	52.4	64.3	52.6	63.9	54.8	52.2	57.8
Contract										
Construction	23.5	3.1	2.2	2.1	2.4	2.7	2.3	4.5	1.7	2.5
Commerce	817.0	90.9	80.1	88.9	92.3	96.5	87.2	91.5	92.9	96.7
Real Estate	42.0	5.5	3.4	5.0	5.1	4.6	4.8	3.9	5.8	3.9
Public Utilities	34.0	2.2	3.8	3.5	3.7	4.6	7.0	2.7	4.2	2.3
Services	30.9	4.3	3.5	3.1	3.7	3.8	3.9	1.7	3.9	3.0
Government	4.7	0.6	0.2	0.4	1.0	0.2	0.2	0.1	0.6	1.4
Personal	52.9	4.8	5.6	6.0	7.1	5.8	7.6	4.9	4.8	6.3

(5) Loans, Discounts, and Overdrafts Granted

(a) Loans, discounts, and overdrafts granted by Other Banks totalled ₱1,358.5 million for the first three quarters of 1959. This was ₱86.0 million or 6.8 per cent more than the ₱1,272.5 million granted during the corresponding period of 1958. Although volume-wise secured loans, discounts, and overdrafts granted during the period under review aggregated ₱1,045.4 million, or ₱60.7 million more than the credits granted during the corresponding period last year, the percentage share of secured credits to total granted went down slightly. Thus, secured loans, discounts, and overdrafts for the first three quarters of 1959, accounted for 76.9 per cent of the total granted compared to 77.3 per cent in the previous year. Conversely, unsecured loans, discounts, and overdrafts moved up slightly from 22.7 per cent to 23.1 per cent. Classified by collateral, real estate, and merchandise covered ₱659.6 million or 63.0 per cent of secured credits as against ₱568.5 million or 57.8 per cent in the same period last year.

(b) The pinch of the hiked cost of loanable funds from the Central Bank, augmented by their weak reserve positions pushed up the Other Bank's weighted average rate of interest charged for loans, discounts and overdrafts. Thus, the weighted average rate of interest of total loans, discounts and overdrafts granted went up from 7.07 for the first three quarters of 1958 to 8.07 for the period under review.

LOANS DISCOUNTS AND OVERDRAFTS GRANTED BY OTHER BANKS Classified by Interest Rates

(Million Pesos)

Interest Rate	1959	1958	Increase or decrease (—)	
			Amount	Per cent
TOTAL	1,358.5	1,272.5	86.0	6.8
4	38.5	61.9	-23.4	-37.8
5	12.7	87.3	-74.6	-85.5
6	214.9	524.4	309.5	-59.0
7	199.2	166.6	32.6	19.6
8	448.7	197.2	251.5	127.5
9	199.7	88.1	111.6	126.7
10	128.8	66.2	62.6	94.6
11	5.3	1.7	3.6	211.8
12	110.7	79.1	31.6	39.9

✓ 8. Banking Operations and Structure

A major development in the banking scene in 1959 was the establishment of thirty-one new banking institutions, consisting of 15 rural banks, 8 postal stations, 5 branches of commercial banks and 3 branches of the Development Bank of the Philippines. Furthermore, the Monetary Board's approval of the establishment of three new commercial banks during the latter part of the year was another significant step towards the expansion of banking facilities, although their operations will not start until 1960. This growth was in line with the policy of serving the increasing financial requirements of an expanding economy.

Reflecting the stepped-up activities of a developing economy, total resources of Other Banks during the year featured an unprecedented expansion of ₱232.1 million or 11.0 per cent, boosting the total assets to an all-time high of ₱2,343.7 million at the close of the year. The main causative factor in this expansion was the marked improvement in earning assets (up ₱199.2 million or 12.6 per cent) augmented by a gain in liquid assets (up ₱33.6 million or 7.3 per cent).

By the same token, total liabilities of Other Banks recorded an expansion of ₱202.4 million, due primarily to the mounting level of savings, time and demand deposits. While marginal deposits (guarantee account) dropped by ₱35.9 million in 1958, this year they registered a rise of ₱34.1 million. Total net worth amounted to ₱280.5 million, reflecting a growth of ₱29.7 million during the year. This was larger compared to last year's increment of ₱23.4 million.

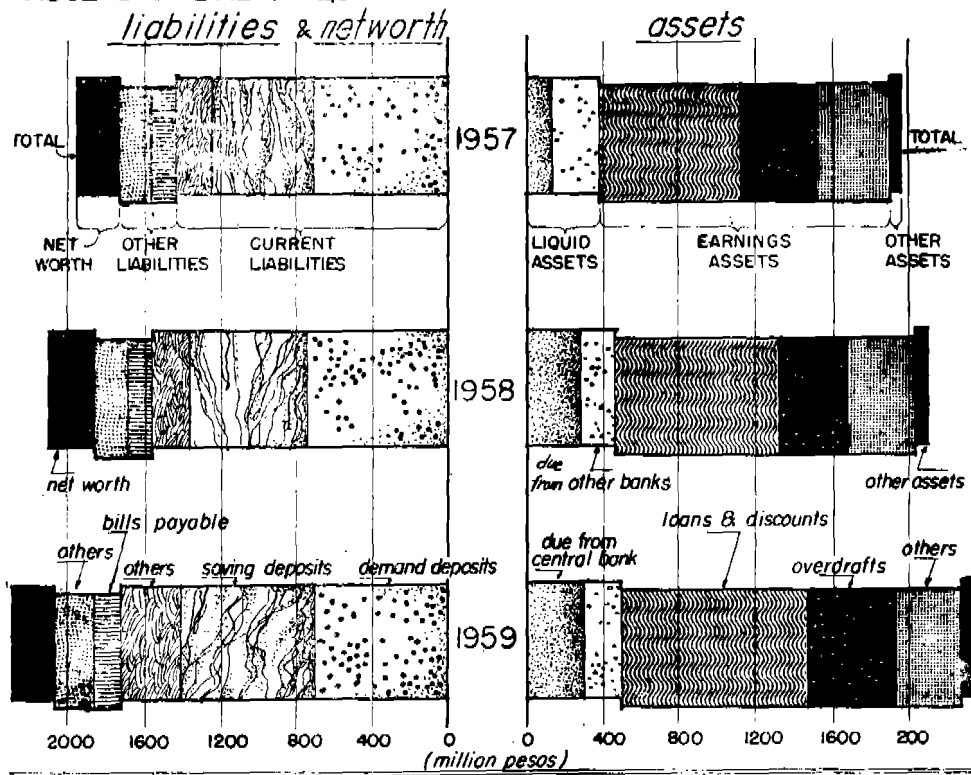
ASSETS AND LIABILITIES OF OTHER BANKS

December 31, 1957-1959

(Million pesos)

Item	1957	1958	1959	Change from Preceding Period	
				1958	1959
TOTAL ASSETS	<u>1,963.2</u>	<u>2,111.6</u>	<u>2,343.7</u>	<u>148.4</u>	<u>232.1</u>
Liquid Assets	<u>396.0</u>	<u>461.5</u>	<u>495.1</u>	<u>65.5</u>	<u>33.6</u>
Cash	44.8	55.3	43.4	10.5	- 11.9
Check and Other Cash Items ..	17.5	19.5	16.3	2.0	- 3.2
Due from the Central Bank ..	140.0	283.9	284.9	143.9	1.0
Due from Other Banks	193.7	102.8	150.5	- 90.9	47.7
Earning Assets	<u>1,521.0</u>	<u>1,579.9</u>	<u>1,779.1</u>	<u>58.9</u>	<u>199.2</u>
Loans and Discounts	738.8	861.5	971.1	122.7	109.6
Overdrafts	396.1	377.3	466.3	- 18.8	89.0
Customers' Liability Acceptances and Unmatured Export Bills	259.3	222.5	221.1	- 36.8	- 1.4
Investment in Stocks, Bonds and Other Securities	126.8	118.6	120.6	8.2	2.0
Other Assets	<u>46.2</u>	<u>70.2</u>	<u>69.5</u>	<u>24.0</u>	<u>- 0.7</u>
Banking House, Furniture and Fixtures	28.9	35.9	41.3	7.0	5.4
Other Real and Chattel Property	2.9	4.4	5.5	1.5	1.1
Miscellaneous Assets	14.4	29.9	22.7	15.5	- 7.2
TOTAL LIABILITIES AND					
NET WORTH	<u>1,963.2</u>	<u>2,111.6</u>	<u>2,343.7</u>	<u>148.4</u>	<u>232.1</u>
Current Liabilities	<u>1,421.4</u>	<u>1,555.3</u>	<u>1,715.4</u>	<u>133.9</u>	<u>160.1</u>
Demand Deposits	709.7	741.0	776.3	31.3	35.3
Savings Deposits	542.7	619.8	700.1	77.1	80.3
Time Deposits	120.9	145.9	185.2	25.0	39.3
Due to Banks	37.1	21.7	37.6	- 15.4	15.9
Cashiers' and Managers' Checks	11.0	26.9	16.2	15.9	- 10.7
Other Liabilities	<u>314.4</u>	<u>305.5</u>	<u>347.8</u>	<u>8.9</u>	<u>42.3</u>
Dividends Payable	0.2	0.3	1.4	0.1	1.1
Bills Payable	126.9	135.4	152.5	8.5	17.1
Guarantee Accounts	103.8	67.9	102.0	- 35.9	34.1
Miscellaneous Liabilities	83.5	101.9	91.9	18.4	- 10.0
Net Worth	<u>227.4</u>	<u>250.8</u>	<u>280.5</u>	<u>23.4</u>	<u>29.7</u>
Capital Stock Paid In	107.5	116.8	123.8	9.3	7.0
Surplus	60.5	74.3	83.4	13.8	9.1
Reserves	<u>44.2</u>	<u>45.1</u>	<u>55.6</u>	<u>0.9</u>	<u>10.5</u>
Undivided Profits	15.2	14.6	17.7	- 0.6	3.1

ASSETS & LIABILITIES OF OTHER BANKS December 31, 1957-1959



a. Liquidity Position

Due mainly to their expanded credit activities, the liquidity position of Other Banks deteriorated mildly, in contrast to last year's higher liquid position. Thus, cash position of Other Banks — consisting of cash in vaults and deposits with the Central Bank — declined by ₱10.9 million or 3.2 per cent and stood at ₱328.3 million at the end of 1959. The year's decline was solely reflected in cash in vaults which dropped by ₱11.9 million or 21.5 per cent and settled at ₱43.4 million at year's end.

Other Banks, deposits with the Central Bank, despite their heavy borrowings, increased by only ₱1.0 million as against last year's increment of ₱154.4 million.

b. Bank Reserves

The further tightening of the policy of credit restraint in the face of expanded bank credits gave rise to a considerable reduction in the excess reserves of Other Banks. The major factor that brought about this weakening of reserve position was the ₱85.2 million increase in required reserves, of which ₱78.1 million was traceable to the disinflationary effect of raising

of reserve requirements against demand deposits and blocked peso accounts, and the balance of ₱7.1 million was due to the normal growth in total deposit liabilities. Similarly, available reserves contracted by ₱26.3 million. The principal factors that absorbed bank reserves were the increase in currency in circulation, and the reduced expenditures of the National Government, helped along by the increases in the marginal deposits and the collection of the 25 per cent margin levy on sales of foreign exchange. These more than counteracted the reserves-supplying effect of the substantial credits to the Other Bank, the government and the ACCFA. Consequently, excess reserves dropped heavily from ₱155.3 million to ₱43.8 million, a loss of ₱111.5 million or 71.8 per cent during the year. However, potential reserves improved by ₱27.1 million due solely to the remarkable gain in eligible foreign balances.

FACTORS TENDING TO SUPPLY AND ABSORB BANK RESERVES

December 31, 1958-1959

(Million pesos)

I t e m	Dec. 31, 1959	Dec. 31, 1958	Increase or Decrease (—)
A. Factors Tending to Supply Reserves^a			
1. Central Bank Credits			
a. Government Securities	913.6	932.7	— 19.1
b. Loans and Advances	135.2	101.5	33.7
c. Other Credits	335.4	116.5	218.9
Sub-Total	1,384.2	1,150.7	233.5
2. Central Bank loans to local banks			
for the account of U. S. banks	9.9	32.0	— 22.1
3. Gold and foreign exchange assets	180.0	183.2	— 3.2
4. Eligible government securities and/or foreign balances utilized as part of available reserves ^b	73.1	69.6	3.5
Total	1,647.2	1,435.5	211.7
B. Factors Tending to Absorb Reserves^c			
1. Currency in Circulation	894.1	818.3	75.8
2. Inactive Cash Holdings ^d	50.8	61.7	10.9
3. National Government	199.5	146.5	53.0
4. Local Governments	—	0.2	— 0.2
5. Collection of the 25% Margin Levy	66.7	—	66.7
6. Marginal Deposits under Circular 79	56.6	24.3	32.3
7. Net Central Bank accounts	76.3	55.0	21.3
Total	1,344.0	1,106.0	238.0
C. Available Reserves (A—B)	303.2	329.5	— 26.3
D. Required Reserves	259.4	174.2	85.2
E. Excess Reserves	43.8	155.3	—111.5
F. Potential Reserves^e	150.2	123.1	27.1

^a Increase in these factors tends to increase bank reserves.

^b As provided in Section 100, R. A. 285 and CB Circular No. 2.

^c Increase in these factors tends to decrease bank reserves.

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

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

C. Deposit Liabilities

Deposit liabilities of Other Banks aggregated P1,661.6 million at the end of December, 1959. This showed an expansion of P154.9 million or 10.3 per cent during the year, outpacing the P133.4 million or 9.7 per cent growth registered during the previous year. The main increment occurred in the savings and time deposits of private entities, followed by the savings and time deposits of semi-government entities. Checking accounts of private entities also improved although at a reduced rate compared to last year's expansion. Demand deposits of U.S. government entities during the year almost made up the loss experienced during 1958. Other deposit accounts showed minor changes. As a whole, total savings and time deposits reached a new high of P885.4 million, up by P119.7 million or 15.6 per cent during the year, while demand deposits amounted to P776.2 million, up by P35.2 million or 4.8 per cent. The rates of increment last year were 15.4 per cent and 4.4 per cent, respectively.

DEPOSIT LIABILITIES OF OTHER BANKS

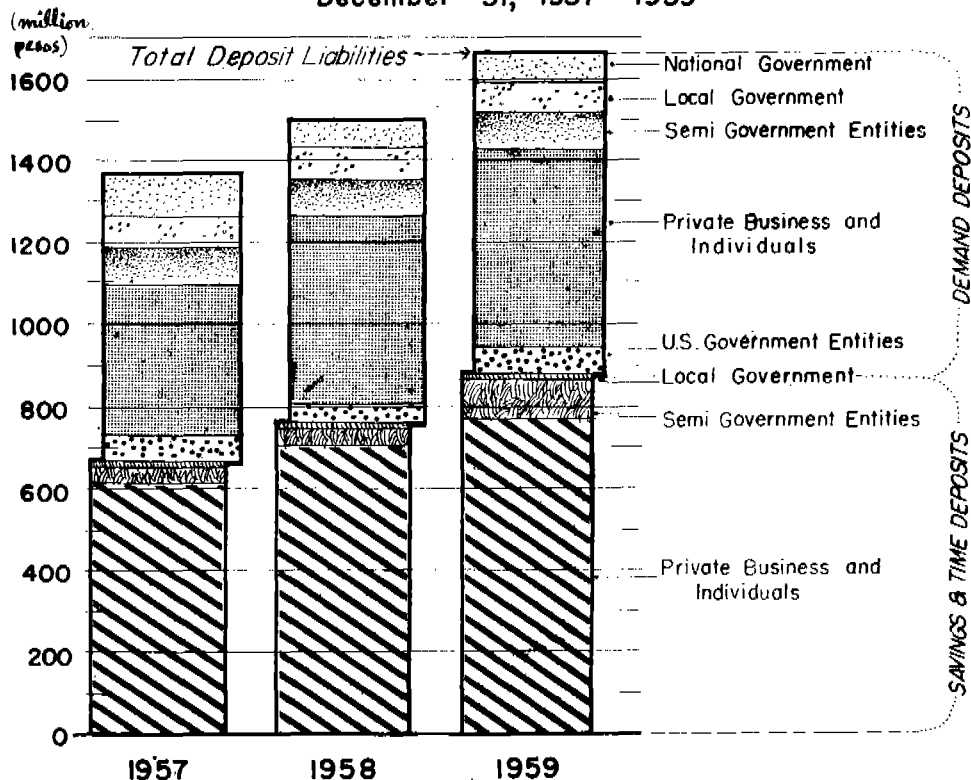
December 31, 1957-1958

(Million pesos)

I t e m	1957	1958	1959	Change from Pre- ceding Period	
				1958	1959
Total Deposit Liabilities	1,373.3	1,506.7	1,661.6	133.4	154.9
Demand Deposits	709.7	741.0	776.2	31.3	35.2
National Government	112.7	70.8	71.1	41.9	0.3
Local Governments	69.6	77.6	74.8	8.0	2.8
Semi-Government Entities	94.8	86.8	84.0	8.0	2.8
Private Businesses and Individuals	368.1	461.0	482.3	92.9	21.3
U. S. Government Entities	64.5	44.8	64.0	19.7	19.2
Savings and Time Deposits	663.6	765.7	885.4	102.1	119.7
Local Governments	8.1	8.4	8.7	0.3	0.3
Semi-Government Entities	36.5	51.9	106.4	15.4	54.5
Private Businesses and Individuals	619.0	705.4	770.3	86.4	64.9

DEPOSIT LIABILITIES OF OTHER BANKS

December 31, 1957 - 1959



As in previous years, the number of depositors kept abreast with the growth in bank deposits, although the gain this year was somewhat smaller than last year's increase in the number of deposits. Thus, from 873,982 depositors in 1958 they grew by 98,285 totalling 972,267 at the end of 1959. The increase was still predominant in savings deposits which went up by 11.5 per cent against 14.8 per cent last year.

NUMBER OF DEPOSITORS

December 31, 1958-1959

Types of Deposits	1959	1958	Increase or Decrease (-) during 1959
TOTAL	972,267	873,982	98,285
Demand	69,979	64,638	5,341
Savings	899,265	806,487	92,778
Time	3,023	2,857	166

Classified by geographical location, the increment in the savings and time deposits of commercial and savings banks during 1959 was still concentrated in the area of Manila, Quezon City and Pasay City. Appreciable gains, however, occurred in Central and Southern Luzon and also in the Western and Eastern Visayas. On the other hand, the regions that recovered from last year's decline were Northern Luzon, Eastern Mindanao and the Bicol region. Only Western Mindanao suffered a reduction in savings and time deposits during 1959.

**GEOGRAPHICAL DISTRIBUTION OF SAVINGS
AND TIME DEPOSITS OF OTHER BANKS
1957-1959**

(Million pesos)

I t e m	1957	1958	1959	Change from Pre- ceding Period	
				1958	1959
TOTAL	663.6	765.4	884.8	101.8	119.4
Manila, Quezon City and Pasay City	514.7	598.8	687.6	84.1	88.8
Northern Luzon	30.0	25.2	26.6	-4.8	1.4
Central Luzon	21.6	30.3	40.0	8.7	9.7
Southern Luzon	19.1	25.8	33.7	6.7	7.9
Bicol Region	6.5	6.5	7.6	—	1.1
Eastern Visayas	30.8	33.1	37.1	2.3	4.0
Western Visayas	21.8	22.6	28.8	0.8	6.2
Eastern Mindanao	11.6	9.8	11.1	-1.8	1.3
Western Mindanao	7.5	13.3	12.3	5.8	1.0

d. Growth of Banking Facilities

Although no new commercial bank was established in 1959, the commercial banking system expanded with five more branches. The rural banking system was augmented by fifteen more rural banks established throughout the country. Eight new postal stations were opened by the Postal Savings Bank, and the Development Bank of the Philippines set up three new branches. The number of savings banks and building and loan associations remained the same during the period under review. On the whole, the number of banking institutions expanded by 31, compared to the addition of only 22 during 1958.

NUMBER OF BANKING INSTITUTIONS
As of December 31, 1958-1959

Geographical Location	TOTAL		Commercial Banks		Savings Banks		Rural Banks		Postal Savings Bank		DCT		Bldg. & Loan Associations	
	1959	1958	1959	1958	1959	1958	1959	1958	1959	1958	1959	1958	1959	1958
TOTAL	1,591	1,560	138	133	40	40	135	120	1,247	1,239	24	21	7	7
Manila, Quezon City and Pasay City	87	70	38	35	17	17	16	3	11	10	1	1	4	4
Northern Luzon	221	218	13	13	1	1	11	9	192	191	4	4	—	—
Central Luzon	241	230	19	17	8	8	39	31	171	171	4	3	—	—
Southern Luzon	253	264	16	16	12	12	25	37	200	199	—	—	—	—
Bicol Region	108	105	5	5	1	1	7	6	91	90	4	3	—	—
Eastern Visayas	239	237	11	11	1	1	6	4	218	218	2	2	1	1
Western Visayas	215	215	16	16	—	—	12	13	184	183	3	3	—	—
Eastern Mindanao	116	117	6	6	—	—	6	7	101	101	2	2	1	1
Western Mindanao	110	103	13	13	—	—	13	10	79	76	4	3	1	1
New York, N.Y.	1	1	1	1	—	—	—	—	—	—	—	—	—	—

e. Bank Earnings and Expenses

Net earnings of other banks amounted to ₱40.0 million, 11.8 million more than the earnings derived last year. This favorable outcome was attributable to the substantial rise of income from loans and discounts which more than offset the increase in expenses.

Total expenses rose by only 11.9 million as all items in the expense account recorded declines except payment of taxes and interest paid on money borrowed. By and large, net earnings during 1959 represented 27.9 per cent of gross earnings, in contrast to 23.6 per cent in 1958. Moreover, the ratio of net earnings to average net worth of other banks¹ was 12.1 per cent, which compared favorably to 9.1 per cent of the preceding year.

¹ Excluding foreign banks.

EARNINGS AND EXPENSES OF OTHER BANKS 1957-1959 (Million pesos)

I t e m	1957	1958	1959	Change from Pre- ceding Period	
				1958	1959
GROSS EARNINGS	116.5	119.7	143.4	3.2	23.7
Interest and discounts on loans	68.8	81.7	104.5	12.9	22.8
Interest and dividends on investments	12.7	4.6	4.1	8.1	- 0.5
Interest on balances with Other Banks	1.4	1.3	0.7	0.1	0.6
Domestic exchange & collection charges	2.3	2.2	1.8	0.1	- 0.4
Income on foreign exchange	8.8	9.6	9.4	0.8	0.2
Commissions	14.0	12.0	12.4	- 2.0	0.4
Trust Department Earnings	0.9	1.1	1.0	0.2	- 0.1
Profits on assets sold or exchanged, recoveries on charged-off assets and reduction on valuation allowances	2.5	2.2	3.2	0.3	1.0
Other earnings	5.1	5.0	6.3	0.1	1.3
EXPENSES	83.9	91.5	103.4	7.6	11.9
Salaries and wages	23.5	26.3	28.6	2.8	2.3
Interest on savings deposits	10.3	15.8	18.2	5.5	2.4
Interest on time certificate deposits	3.1	4.5	5.3	1.4	0.8
Interest on deposits of Other Banks	0.4	0.4	0.3	---	0.1
Interest and discount on money borrowed ..	1.8	2.8	4.7	1.0	1.9
Taxes	14.7	14.2	16.9	- 0.5	2.7
Insurance	0.4	0.5	0.1	0.1	0.4
Depreciation and losses on banking houses and furniture & fixtures	2.4	2.6	2.3	0.2	- 0.3
Losses and charge-offs on loans, discounts, and other assets and addition to valuation allowances	10.9	4.7	4.4	- 6.2	- 0.3
Other expenses	16.4	19.7	22.6	3.3	2.9
NET EARNINGS	32.6	28.2	40.0	4.4	11.8

4. Selected Financial Institutions

Over-all credit operations of Selected Financial Institutions continued to rise this year. Their total credits outstanding at the end of 1959 stood at ₱1,144.9 million which was ₱55.6 million or 5.1 per cent greater than the 1958 year-end total. The year's increment in the institutional credit favored the public sector. In 1958 when their credits showed a net expansion of ₱44.6 million, the public sector suffered a reduction of ₱44.7 million and the private segment enjoyed an increase of ₱89.3 million. On the other hand, in 1959, the public sector received ₱25.5 million and the private sector absorbed only ₱30.1 million. This development was traceable to the heavy purchases of government securities by such institutions as the GSIS, DBP, SSS, and private insurance companies accompanied by a reduction in the lending of the ACCFA, GSIS, and private insurance companies.

Swayed by the selective credit policy of the Central Bank, the lending operations of Selected Financial Institutions in 1959 underwent a mild adjustment in favor of productive loans. Their total loans granted which already dropped by 17.7 per cent in 1958, further declined by 7.4 per cent in 1959. The decline occurred markedly in real estate credits and slightly in agricultural loans, but industrial, commercial and government loans showed appreciable increases. Consumption and loans for other purposes showed no marked change during the year. Likewise, a decline this year occurred in the lending activities of the ACCFA, GSIS, and private insurance companies, but was offset in part by the increased lending of the DBP, SSS and pawnshops.

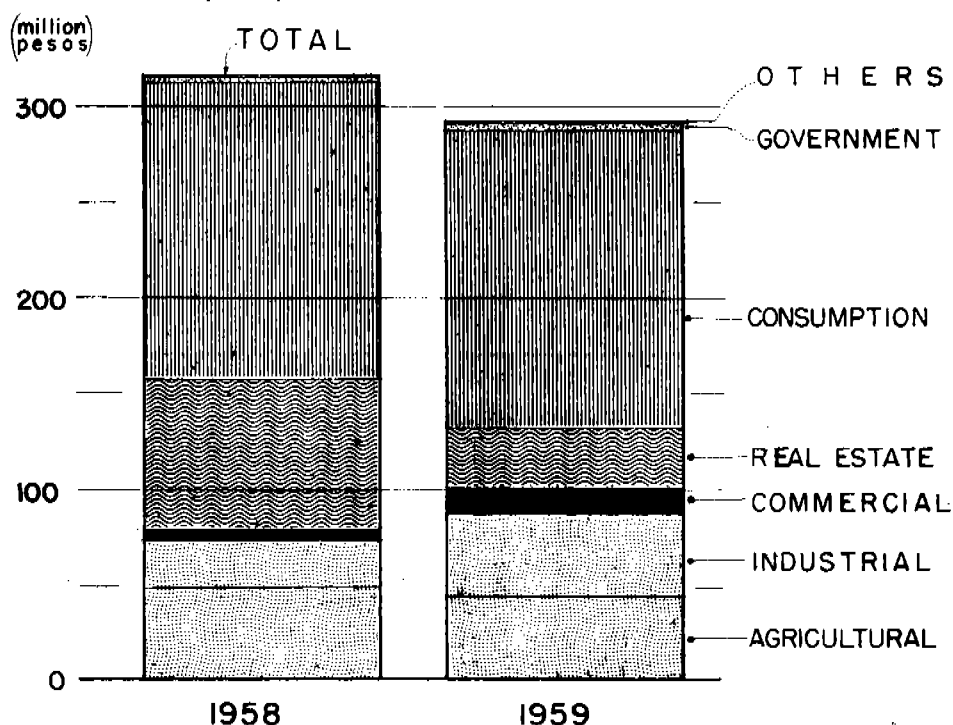
LOANS GRANTED BY SFI CLASSIFIED BY PURPOSE — 1958-1959

(Million pesos)

Classification	1959 p	1958	Increase or Decrease (—)	
			Amount	Per cent
Total	292.7	316.0	23.3	— 7.4
Agricultural	42.3	49.3	— 7.0	—14.2
Industrial	44.0	22.9	21.1	92.1
Commercial	13.3	5.9	7.4	125.4
Real Estate	31.0	78.0	—47.0	60.3
Consumption	156.5	156.0	0.5	0.3
Government	3.2	1.2	2.0	166.7
Others	2.4	2.7	— 0.3	11.1

p Preliminary.

LOANS GRANTED *by Selected Financial Institutions* *Classified by Purpose* 1958 - 1959



Meanwhile, the outstanding loans recorded a slight gain of 2.7 per cent this year. The composition of total loans outstanding at the end of 1959 disclosed a shift in the flow of credits. While in 1958 real estate and consumption loans increased by ₱50.6 million or 10.9 per cent, and agricultural and industrial credits increased by ₱25.4 million or 7.6 per cent, this year the former increased by only ₱0.2 million or 0.1 per cent and the latter further went up by ₱20.2 million or 5.6 per cent. Commercial and government loans also went up.

LOANS OUTSTANDING OF SELECTED FINANCIAL INSTITUTIONS CLASSIFIED BY PURPOSE — 1958-1959

(Million pesos)

Classification	1959 p	1958	Increase or Decrease (%)	
			Amount	Per cent
Total	926.6	902.6	24.0	2.7
Agricultural	214.4	206.1	8.3	4.0
Industrial	164.9	153.0	11.9	7.8
Commercial	4.9	3.0	1.9	63.4
Real estate	350.1	366.8	-16.7	-4.6
Consumption	164.4	147.5	16.9	11.5
Government	26.9	24.9	2.0	8.0
Others	1.0	1.3	0.3	-23.1

p Preliminary.

a. Development Bank of the Philippines

The lending activities of the DBP in 1959 revealed a notable change from those of 1958. The previous year was characterized by a general tightening of its lending operations, resulting in a decrease for all types of credit. In contrast, during the year under review, all loans were greatly hiked with the exception of real estate loans, which were drastically reduced. Of special interest was the increase in industrial loans which soared from ₱19.4 million in 1958 to ₱43.4 million in 1959, an increase of 123.7 per cent. Similarly, agricultural loans rose from ₱25.1 million to ₱35.0 million or 39.4 per cent while government loans also increased from ₱1.2 million to ₱3.1 million or 158.3 per cent.

Palay's share in the total agricultural loans granted in 1959 was 40.5 per cent as compared with 37.6 per cent in 1958. Coconut came next with 12.3 per cent as against 9.0 per cent last year. Corn and other staples moved from 3.1 per cent to 4.7 per cent and sugar from 3.6 per cent to 4.3 per cent. In contrast, livestock and dairy products, fish ponds, orchards and coffee received a smaller share this year than in the previous year.

LOANS GRANTED BY THE DEVELOPMENT BANK OF THE PHILIPPINES CLASSIFIED BY PURPOSE — 1958-1959

(Million pesos)

Classification	1959	1958	Increase or Decrease (%)	
			Amount	Per cent
Total	82.4	49.9	32.5	65.1
Agricultural	35.0	25.1	9.9	39.4
Industrial	43.4	19.4	24.0	123.7
Real Estate	0.9	4.2	-3.3	-78.6
Government	3.1	1.2	1.9	158.3

As a consequence of the increment in the loans granted, outstanding loans likewise increased, with the exception of real estate loans which further fell back by 14.1 per cent. Increases in all other types of credits expanded at rates ranging from 7.9 per cent to 10.2 per cent as against 1.2 per cent to 7.6 per cent of the previous year. Outstanding loans at the close of 1959 amounted to ₱466.2 million.

LOANS OUTSTANDING OF THE DEVELOPMENT BANK OF THE PHILIPPINES CLASSIFIED BY PURPOSE 1958-1959

(Million pesos)

Classification	1959	1958	Increase or decrease (-)	
			Amount	Per cent
Total	466.2	463.2	3.0	0.6
Agricultural	132.3	120.1	12.2	10.2
Industrial	164.4	152.3	12.1	7.9
Real Estate	142.6	166.0	-23.4	-14.1
Government	26.9	24.8	2.1	8.5

The total resources of the DBP, which went down by 6.4 per cent a year ago, improved this year from ₱553.1 million to ₱564.6 million, or an increase of 2.1 per cent. Total resources were made up of DBP proper and DBP trust funds. The former increased by 6.3 per cent while the latter decreased by 7.5 per cent.

The year 1959 witnessed the opening of 3 more branches (Cabanatuan, Ozamis and Legaspi) of the DBP, bringing their total to 15. Nine private development banks were also approved during the same period although only one started operations in 1959.

Postal Savings Bank

Eight (8) more new postal stations were opened; thus, at the close of 1959, there were 1,247 postal stations in the country. The savings deposits held by the Postal Savings Banks at the end of the year totalled ₱44.5 million, ₱2.5 million or 6.0 per cent more than the year before. The number of depositors likewise grew from 391,223 in 1958 to 426,320 in 1959. Trust Fund assets with the Development Bank of the Philippines also showed an increase of ₱3.1 million or 6.8 per cent during the year. Their total at the end of 1959 was ₱48.8 million.

**POSTAL SAVINGS BANK TRUST FUNDS UNDER THE
ADMINISTRATION OF THE DEVELOPMENT BANK
OF THE PHILIPPINES, 1958-1959**

(Million pesos)

I t e m	1959	1958	Increase or decrease (—)	
			Amount	Per cent
Assets	48.8	45.7	3.1	6.8
Liabilities	0.7	0.6	0.1	16.7
Net Worth	48.1	45.1	3.0	6.7

c. Building and Loan Associations

The resources of the seven (7) building and loan associations further increased by ₱0.5 million or 3.8 per cent and totalled ₱13.6 million at the close of 1959. Their loans outstanding, which aggregated ₱10.3 million at the year end, also showed an increase of ₱0.4 million or 4 per cent over the 1958 year-end level. The increase in loans was entirely reflected in real estate, while stock loans suffered a decline.

d. Agricultural Credit and Cooperative Financing Administration

Eighteen (18) new FACOMAS were established in 1959 as against 35 in 1958. By the year-end, the total number reached 520. The paid up capital increased by ₱0.3 million and totalled ₱6.4 at the end of the year. Likewise, the membership in these organizations numbered 298,802 which was 9,681 more than in 1958.

The FACOMAS were geographically distributed as follows: Central Luzon, 115; Northern Luzon, 130; Southern Luzon, 72; Western Visayas, 66; Eastern Visayas, 42; Eastern Mindanao, 27; Western Mindanao, 37; Bicol Region, 28; and Manila, 3.

Loans granted by ACCFA, after decreasing by 51.1 per cent in 1958, further decreased by 70.2 per cent in 1959. This further decline was evident in all types of loans, namely, farm improvement loans, down by 95.4 per cent; facility loans, by 93.6 per cent, crop loans, by 46.9 per cent; commodity loans, by 19.7 per cent; and others, by 65.0 per cent. Loans outstanding also declined except for crop loans, indicating possible arrears in repayment in this line.

Resources of the ACCFA proper also decreased by ₱2.1 million and totalled ₱104.9 million at the close of 1959.

LOANS OUTSTANDING OF ACCFA CLASSIFIED BY PURPOSE 1958-1959

(Million pesos)

Classification	1959	1958	Increase or Decrease (—)	
			Amount	Per cent
Total	81.4	85.5	4.1	-- 4.8
Crop	24.8	23.0	1.8	7.8
Farm Improvements	13.4	14.0	- 0.6	-- 4.3
Commodity	5.1	5.4	- 0.3	-- 5.6
Facility	21.3	21.7	-0.4	-- 1.8
Others	16.8	21.4	--4.6	--21.5

e. Government Service Insurance System

The lending operations of the GSIS further declined in 1959, with real estate credits receiving again a heavy slash while policy and salary loans continued to maintain mild increases. This development reflected a policy of selective restrictions which seriously hit real estate financing. In 1958, real estate loans granted by the GSIS dropped by ₱27.2 million or 30.8 per cent, and in 1959 they continued to decline by ₱43.1 million or 70.4 per cent.

Resources of the GSIS however, rose further from the 1958 total of ₱420.2 million to ₱491.8 million at the end of 1959, an increase of ₱71.6 million or 17.0 per cent. Total investments—consisting mainly of loans and investments with the DBP—likewise increased from the 1958 level of ₱349.2 million to ₱368.4 million in 1959.

LOANS GRANTED BY GSIS CLASSIFIED BY PURPOSE 1958-1959

(Million pesos)

Classification	1959	1958	Increase or decrease (—)	
			Amount	Per cent
Total	73.9	112.9	-39.0	-34.5
Salary	40.9	39.1	1.8	4.6
Policy	14.9	12.6	2.3	18.3
Real Estate	18.1	61.2	-43.1	-70.4

f. Private Insurance Companies

Private insurance entities increased further by 12 and numbered 133 at the close of 1959. Of this increase, 10 were non-life insurance companies,

bringing their total to 115; and 2 were life insurance companies, raising their total to 18.

Investments of these entities aggregated ₱267.4 million at the end of 1959. This showed an increase of ₱25.2 million or 10.4 per cent over the 1958 year-end level. The increase in investments was reflected in loans which were up by 12.7 per cent, securities by 9.0 per cent and others, by 10.8 per cent. Their fixed deposits, however, declined by 2.5 per cent.

INVESTMENTS OUTSTANDING OF PRIVATE INSURANCE COMPANIES 1958-1959

(Million pesos)

I t e m	1959 p	1958	Increase or Decrease (—)	
			Amount	Per cent
Total	267.4	242.2	25.2	10.4
Loans	109.8	97.4	12.4	12.7
Bond & Securities	77.3	70.9	6.4	9.0
Fixed deposits	11.5	11.8	-0.3	2.5
Others	68.8	62.1	6.7	10.8

p Preliminary.

g. Pawnshops

Four (4) pawnshops were established in Manila and suburbs during 1959, making the total 81 at the close of the year. Their loans granted during the year amounted to ₱43.8 million, an increase of ₱1.9 million or 4.5 per cent over the previous year. In comparison, the recorded rise in 1958 was ₱6.8 million or 19.2 per cent. The bulk of the increase in loans took place in sizes of ₱101 to ₱500.

Loans outstanding at the end of 1959 totalled ₱16.6 million as compared to ₱15.4 million at the end of the previous year. Of the outstanding loans this year, ₱3.5 million represented past due accounts.

C. EXCHANGE POLICY AND MANAGEMENT OF THE INTERNATIONAL RESERVE

1. Summary

Stabilization objectives of improving the balance-of-payments position, conserving the international reserves, and maintaining relative economic stability were the main guideposts followed in the management of the foreign exchange budget. Although total foreign exchange allocations increased by only

\$2.7 million, producer goods including various raw materials aggregated \$380.14 million, against \$343.99 million granted during the previous year, representing an increment of \$36.1 million. Of total allocations, 75.4 per cent went to producer goods; 15.2 per cent to decontrolled items; 6.1 per cent to unclassified items; 2.2 per cent and 1.1 per cent to consumer items and various raw materials, respectively.

At the close of the year, the international reserve stood at \$162.9 million, or \$17.6 million above the level registered at the end of the preceding year, resulting from a strengthened balance-of-payments position. This was made possible by an increase in export receipts coupled with the judicious management of the foreign exchange budget by channeling scarce foreign exchange resources mainly into desirable economic agro-industrial activities.

Growing industries were protected by curtailment of foreign exchange allocations for commodities which are already produced locally in sufficient quantities. Desirable new industries, either dollar-earning or dollar-saving, were encouraged by enabling them to import machinery and equipment under the different credit lines extended by the Export-Import Bank of Washington, through the deferred payments arrangements, through the Development Loan Fund and through direct deductions from the proceeds of exports produced by the machinery and equipment imported. Agricultural producers on the other hand were given analogous incentives.

✓ 2. International Reserve

a. *Movement*

As of December 31, 1959, the international reserve level stood at \$162.90 million—\$17.60 million or 12.1 per cent above the level registered at the end of the preceding year. A larger increase in foreign exchange receipts which totally offset the rise in foreign exchange disbursements was responsible for this favorable development.

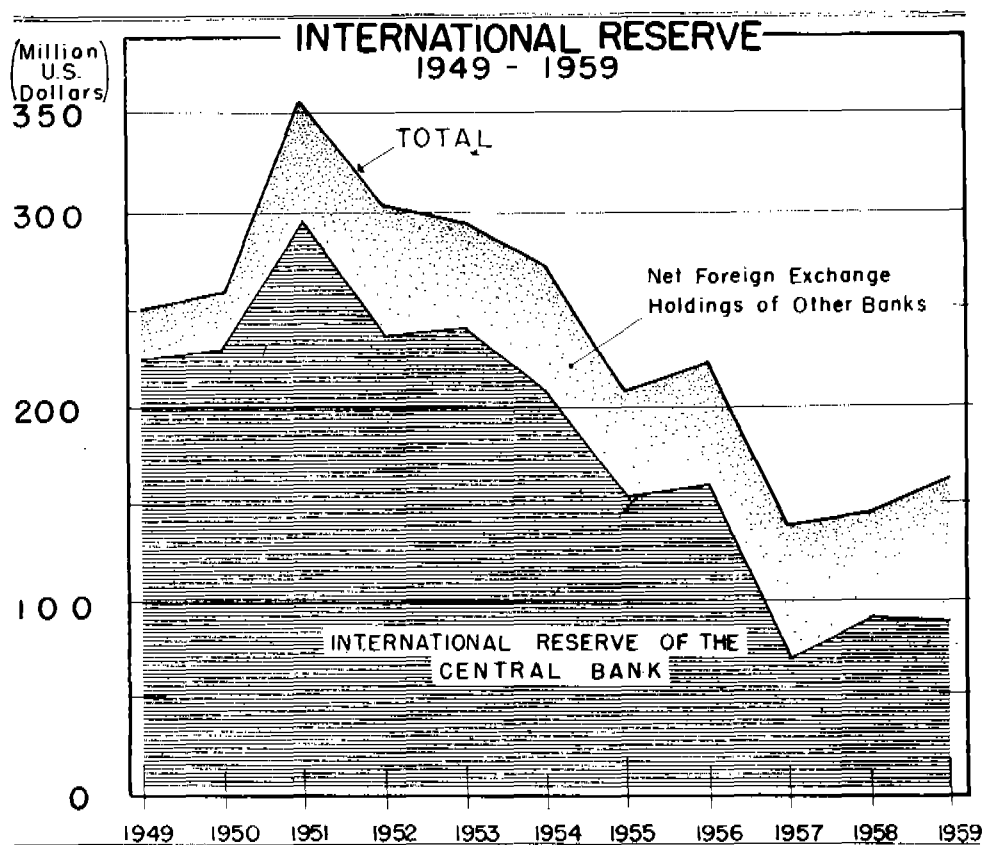
Divergent trends characterized the international reserve movement during the year. For the first six months, the level fluctuated between \$136.53 million and \$147.64 million, with the lowest level being registered in June. From July to September, however, an uptrend was evident with the third quarter-end figure reaching \$168.12 million. A temporary setback was experienced in October which was followed, however, by a new peak of \$171.44 million for the month of November—the highest mark attained since September of 1957. During December, owing to heavy payments made on long-term loans, the international reserve level dropped once again and finally settled at the year-end level of \$162.90 million.

INTERNATIONAL RESERVE

1949-1959

(Million U. S. Dollars)

End of Period	International reserve of the Central Bank	Net foreign ex- change holdings of Other Banks	Total
1949—December 9	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
1957	70.86	69.17	140.03
1958	91.60	53.70	145.30
1959	89.99	72.91	162.90



b. *Composition*

Foreign exchange holdings of the Central Bank amounted to \$89.99 million, a contraction of \$1.61 million from the preceding year. This reduction was reflected in heavy withdrawals of \$16.51 million from demand deposits and a decrease in gold holdings of \$.86 million, which were not completely offset by increments of \$7.75 million in time deposits, \$7.88 million in U.S. government securities, \$.08 million in foreign currency, and \$.05 million in accrued interest on time deposits. Conversely, net foreign exchange holdings of the banking system registered an appreciable gain of \$19.21 million, mainly due to a \$21.58 million expansion in their gross foreign exchange assets, which was only slightly offset by a \$2.38 million increase in foreign exchange liabilities.

3. Trade and Exchange Policies

a. *On Imports*

Total foreign exchange allocations for imports in 1959 amounted to \$496.7 million, representing a slight increase of \$2.7 million over the \$494.0 million sum allocated in 1958. To further improve the pattern of imports in accordance with the national economic objectives of improving the balance-of-payments position and conserving the international reserve while sustaining the momentum of domestic industrial activity, dollar allocations for producer goods including various raw materials were increased, and those for consumer goods including decontrolled items reduced.

FOREIGN EXCHANGE ALLOCATION FOR IMPORTS 1957-1959

(Million U.S. dollars)

Category	1957	1958	1959
T O T A L	601.37	493.99	496.70
Highly Essential Items .....	.17	—	—
Producer Goods	359.52	341.36	374.31
Essential	298.22	273.00	288.94
Semi-Essential	31.44 ^a	49.21	63.91
Non-Essential	29.86	19.15	21.46
Consumer Goods	53.81	14.80	10.71
Essential	36.58	11.37	2.97
Semi-Essential	1.92 ^a	1.43	4.43
Non-Essential	15.31	2.00	3.31
Unclassified Items ¹	42.81	28.72	30.47
Non-Restricted Quota ²	22.83	6.53	—
Decontrolled Items ³	103.27	99.95	75.38
Various ⁴	18.96	2.63	5.83

^a Represents second semester only due to basic change in category classification of commodities which took effect on July 1, 1957.

¹ As a general rule, no foreign exchange is allocated for commodities listed under the unclassified category. However, the Monetary Board 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 garlics, in order not to disrupt operations of producers and to combat price increases due to insufficiency of supply to meet effective demand. The NAMARCO is designated by law as the sole importer of banned items like onions and garlic when supply shortages of these commodities threaten to occur.

² Quotas allocated with no specific commodities indicated.

³ Based on letters of credit opened. No formal allocations are made for decontrolled items, since no limit is placed on their importation.

⁴ Lump sum grant for raw materials.

Producer goods expanded by 9.7 per cent, unclassified items (mostly raw materials and supplies for producers) by 6.1 per cent, and various raw materials by 121.7 per cent, while allocations for consumer goods and decontrolled items were reduced by 27.6 per cent and 24.6 per cent, respectively. Non-restricted quotas were entirely eliminated.

Effective July 17, 1959, authorized agent banks of the Central Bank were instructed to collect a margin of 25 per cent on sales of foreign exchange for most purposes. There are, however, certain categories of imports exempted from the margin such as drugs and medicines; medical, dental and hospital supplies; fertilizer and fertilizer components; textbooks and religious, technical and scientific books; scientific and technical equipment and materials; newsprint; supplies of the Filipino movie industry; certain essential foodstuffs; raw cotton, when procured under U.S. Public Law 480 and Section 402 of

the Mutual Security Act of 1954 and imported by and for the exclusive use of the end-users; certain chemicals and explosives; seeds; spare parts for agricultural industries, for vessels and commercial aircraft of Philippine registry and for machinery used by cottage industries; certain poultry and animal feed ingredients; and certain fishing equipment. Total collections from the margin levy at year's end amounted to ₱67.1 million, of which half a million was refunded upon presentation of exemption certificates and compliance with all other requirements, leaving a balance of ₱66.6 million sterilized in Central Bank vaults. (See Chapter VII for the disposition of this amount)

Special rules which govern the distribution of allocations among importers were implemented during the first quarter of 1959 in consonance with the government's "Filipino First" policy. Under these rules, "alien importers" except U.S. citizens and those importing oil and gasoline, were to receive quotas equal to 50 per cent of the quotas they had received for the fourth quarter of 1958. For the second and third quarters of 1959, they were to be granted allocations equal to 25 per cent of their import allocations in the fourth quarter of 1958. During the fourth quarter of 1959, quotas for "alien importers" were to be eliminated. Subsequently however, the authorities decided to maintain the quotas of "alien importers" at the first quarter 1959 level.

A number of commodities were shifted from one category to another under the statistical classification of commodities for the purpose of improving and updating groupings in line with the country's changing economic needs. Forty-nine new items were added to the statistical classification while two items were deleted. Thirty-one items were shifted from a lower to a higher category, while three items were transferred from a higher to a lower category.

During the year, several applications for the establishment of new dollar-saving and/or dollar-earning industries were approved by the Import-Export Committee and the Monetary Board, with foreign exchange outlays for these industries amounting to \$5.99 million, out of which \$3.44 million and \$.36 million were for machinery and equipment, and spare parts, respectively, while \$2.19 million represented initial grants for raw materials.

Loans amounting to \$34.25 million under the various credit lines from the Export-Import Bank of Washington were also approved. Under the deferred payments plan, 37 applications to import machinery and equipment amounting to \$81.87 million, and 13 applications under the Development Loan Fund involving \$13.6 million, were approved.

b. On Exports

Intensified enforcement of export rules and regulations, to insure that export shipments are billed at least at their fair market values or at the prevailing market quotations, and that the foreign exchange proceeds therefrom are duly surrendered to the Central Bank, has been undertaken. A more th-

rough accounting of all export transactions has been adopted. Starting April 28, 1959, pursuant to a Monetary Board resolution, foreign buyers or importers of Philippine products were required to submit certificates of disposition or landing certificates duly authenticated at the port of discharge. These documents are intended as a further check against overshipments or misdeclaration of export shipments from the Philippines.

The issuance of permits for barter exports was stopped in January 1959 and Congress subsequently passed legislation abolishing the scheme. On June 20, 1959, however, a new law "to promote economic development by giving incentives to marginal and submarginal industries" became effective, reestablishing some barter privileges. This law reduced the number of exports eligible for barter and eliminated collateral imports of non-essentials. However, it authorizes "commodity-to-commodity" barter without necessity of passing through the banking system, which had not been permitted under the rules implementing the former statute. The following are now eligible for export through barter: marginal domestic mineral products, specifically ores or concentrates of copper, iron, refractory chrome or metallurgical chrome, manganese, quicksilver, either as principal or as by-product, and coal; muscovado sugar and class "D" sugar; embroidery; pearl buttons; low grade hemp and products made thereof; saw logs (unexportable grade), low grade lumber and low grade veneer; railway ties; cigars and low grade tobacco; coconut coir fiber; industrial salt; cassava and products made thereof; snake and crocodile skins; and peanuts.

The export of the above commodities requires the approval of the National Economic Council which must satisfy itself that the products cannot be sold profitably for dollars or other convertible currencies in foreign markets, and that a supply adequate to meet local requirements is assured. Since the legislation was passed, the National Economic Council has decided to withhold barter privileges from the following items specified in the law: refractory chrome, quicksilver, peanuts, coal, machine-made embroidery and non-exportable logs.

c. On Invisibles

Total foreign exchange allocated for invisible items during the period under review remained approximately the same as in 1958. Remittances authorized in 1959 amounted to \$51.33 million, an increase of \$.75 million or 1.5 per cent over 1958 charges of \$50.58 million.

FOREIGN EXCHANGE ALLOCATED FOR INVISIBLES 1958-1959

(Million U. S. Dollars)

Item	1959	1958	Per cent Increase or (Decrease)
T O T A L	51.33	50.58	1.5
Regular Budget	46.31	45.28	2.3
Travel	2.49	2.48	.4
Education	2.52	3.76	(32.9)
Maintenance and Living Expenses	3.45	3.82	(9.7)
Investment Remittances	17.09	14.98	14.1
Insurance Premiums	6.02	.40	11.5
Services	12.68	13.00	(2.5)
Miscellaneous	2.06	1.84	11.9
Expenditures Authorized by the Monetary Board	5.02	5.30	(5.3)

The exchange control rules and regulations which the Monetary Board promulgated during the year are discussed below:

1. Investment Remittances

The existing policy on investment remittances reducing the allowable remittance by 25 per cent on profits and dividends declared up to September 30, 1958, remained unchanged. However, on August 25, 1959, the Monetary Board decided to reduce the allowable remittance by 50 per cent for profits and dividends declared out of profits earned after September 30, 1958 until such time as the authorities shall have otherwise enunciated a policy on foreign investments.

2. Travel

The Monetary Board in its Resolution dated April 17, 1959 confirmed the policy of not allowing family travel abroad, or members of the family of any businessman to accompany him abroad in his business, except his wife or secretary. With respect to people who are abroad for medical treatment, only one person (preferably a member of the family) may accompany the patient.

Likewise, on April 17, 1959, under a separate resolution, the Monetary Board decided to impose a service fee on every travel license issued, with or without foreign exchange cover, at the rate of ₱25.00 or 1 per cent of the amount of foreign exchange granted including the cost of transportation, whichever is higher. This decision was implemented by Resolution No. 579 dated

April 24, 1959, which (1) authorized the management to establish zones of travel and to fix the rates of license fees on the basis of approximately 1 per cent of the cost of transportation plus 1 per cent of the dollar allocation for travel funds; and (2) authorized the agent banks concerned to retain ₱2.00 in consideration for services in collecting the license fee from their clients.

On June 23, 1959 a notification to Authorized Agent Banks was issued establishing the following exemptions from the service fee:

1. The cost of transportation or amount of travel funds of officials, employees, and other persons traveling on official business for the Government of the Philippines, its agencies or instrumentalities, to the extent that such cost of transportation or travel funds are being defrayed from official funds as certified by the appropriate officer of the office or agency concerned.

2. The cost of transportation or amount of travel funds of officials and employees of foreign diplomatic and consular establishments in the Philippines, and their dependents, who are nationals of the foreign country concerned.

3. The cost of transportation or amount of travel funds to the extent that the same are paid by means of an inward remittance of foreign exchange.

d. Acceptance of Other Currencies in the International Reserve

New rules governing foreign exchange reserves and the prescription of currency requirements were established in May, 1959. While before, gold and U.S. dollars were the sole forms of exchange reserves, with U.S. dollars prescribed for payments and receipts for all transactions except trade under barter arrangements, now exporters may accept, in addition to U.S. dollars, sterling, deutsche marks, Swiss francs, and Canadian dollars. Commercial banks are permitted to hold working balances of these currencies up to a certain amount and are allowed to engage in exchange transactions based on exchange rates for these currencies in the New York market.

In line with the new rules, the Central Bank opened demand deposit accounts with the following foreign banks:

1. Bank of England, London	£109,493-8-0	(\$306,928.68)
2. Banque Nationale Suisse, Zurich	S.F. 219,970.00	(\$ 50,684.33)
3. Deutsche Bundesbank, Frankfurt	DM 208,565.00	(\$ 50,000.00)

In addition, holdings of the banking system in these currencies are:

£ 51,036-8-16	(\$147,955.50)
DM 42,475.70	(10,214.86)
Canadian \$100	(105.00)
	<hr/>
	\$158,275.36

As of December 1959, therefore, the holdings of the Central Bank and the banking system in convertible currencies other than the U.S. dollar in terms of U.S. dollars amounted to more than half a million dollars.

CHAPTER VI

THE CENTRAL BANK AS FISCAL AGENT AND BANKER OF THE GOVERNMENT

Aside from its duty of administering the monetary and banking system of the country, the Central Bank serves as fiscal agent and banker of the government. As fiscal agent, the Central Bank performs such functions as the marketing of government securities, servicing of the public debt, administration of various government funds and rendering of fiscal agency services abroad. Moreover, the Bank serves as the financial adviser of the Government. As banker to the Government, the Bank acts as the official depository of government funds and represents the Philippine Government in its financial dealings with international institutions.

A. MARKETING AND SERVICING OF GOVERNMENT OBLIGATIONS

At the close of 1959, the public debt totalled to ₱2,021.9 million, ₱26.9 million or 1.3 per cent over the 1958 year-end level. The increase occurred in bonded indebtedness which was up by ₱45.7 million or 5.0 per cent, but was offset in part by a decrease of ₱18.8 million or 1.7 per cent in non-bonded indebtedness. Of the total public outstanding, ₱1,182.8 million or 92.7 per cent was serviced by the Securities Market Department while ₱93.8 million or 7.3 per cent was serviced by the Fiscal Agency Department.

PUBLIC DEBT SERVICED BY THE CENTRAL BANK December 31, 1958-1959

(Million pesos)

Item	Balance on Dec. 31, 1958	OPERATION DURING 1959		Balance on Dec. 31, 1959
		Sales	Redemptions	
TOTAL OUTSTANDING	1,204.0	173.8	101.2	1,276.6
BONDED	701.7	97.3	53.6	745.4
National Government	580.4	67.5	53.6	594.3
National Public Improvement Bonds	2.5	—	—	2.5
Rehabilitation and Development				
Bonds	199.5	—	53.6	145.9
Public Works & Economic				
Development Bonds	378.4	67.5	—	445.9

PUBLIC DEBT SERVICED BY THE CENTRAL BANK
December 31, 1958-1959 (Concluded)

Item	Balance on Dec. 31, 1958	OPERATION DURING 1959		Balance on Dec. 31, 1959
		Sales	Redemptions	
Provincial Government	0.7	—	—	0.7
Occidental Negros Public Improvement Bonds	0.2	—	—	0.2
Cebu Public Improvement Bonds ..	0.5	—	—	0.5
City Government	4.2	—	—	4.2
Manila Public Improvement Bonds	3.0	—	—	3.0
Iloilo Public Improvement Bonds ..	0.3	—	—	0.3
Bacolod Sewer and Waterworks Bonds	0.1	—	—	0.1
Davao Sewer and Waterworks Bonds	0.4	—	—	0.4
Cebu Sewer and Waterworks Bonds ..	0.4	—	—	0.4
Government Corporations	116.4	29.8	—	146.2
Metropolitan Water District Bonds ..	5.0	—	—	5.0
National Waterworks & Sewerage Authority Bonds	13.2	4.8	—	18.0
National Power Corporation Bonds ..	98.2	25.0	—	123.2
NON-BONDED	502.3	76.5	47.6	531.2
National Government	314.7	1.5	12.2	304.0
Loans from the U.S. Government ..	38.9	—	—	38.9
Loans from the U.S. Reconstruction Finance Corporation	30.0	—	12.0 ^b	18.0
Treasury Notes	237.8	—	—	237.8
Loans from the U.S. General Service Adm.	0.7	—	0.2 ^b	0.5
Negotiable Land Certificates	7.3	1.5	—	8.8
Government Corporations	187.6	75.0	35.4	227.2
National Power Corporation Loan from the Export-Import Bank ...	33.5	—	2.0 ^b	31.5
Manila Railroad Company Loans ^a ..	6.4	—	1.5 ^b	4.9
ACCFA Notes, Five Years	52.7	—	1.9	50.8
ACCFA Notes, Two Years	95.0	75.0	30.0	140.0

^a This consists of the total loans of the Manila Railroad Company from institutions in the United States and Japan.

^b These are installments paid on principal of loans.

1. Sales and New Issues

Total sales of government securities in the open market during 1959 amounted to ₱246.6 million, ₱180.4 million or 42.2 per cent smaller than those of 1958. Of the total sales in 1959, ₱173.7 million or 72.0 per cent

represented new issues, whereas in 1958, when total sales aggregated 427.0 million, new issues accounted for 54.5 per cent. Likewise, of the total sales this period, P135.6 million or 55.0 per cent bear 4 per cent interest and enjoyed Central Bank support while P34.6 million or 14.0 per cent of the balance bear 6 per cent interest and do not carry Central Bank support. The remainder represented ACCFA Notes (P75.0 million) and other securities (P1.4 million).

The heavy buyers of government securities during the year were the various government entities followed by the banks. The former absorbed P137.3 million or 55.7 per cent while the latter bought P95.9 million or 38.9 per cent of the total sales. This represented a marked contrast to last year's open market sales, which featured Other Banks as the principal buyers.

OPEN MARKET SALES^a OF GOVERNMENT SECURITIES BY THE CENTRAL BANK CLASSIFIED BY THE TYPE OF BUYERS 1958-1959

(Amount in million pesos)

Type of Buyer	1959		1958		Increase or decrease (---)	
	Amount	% Distribution	Amount	% Distribution	Amount	Per cent
TOTAL ¹	246.6	100.0	427.0	100.0	-180.4	-42.2
A. Other Banks	95.9	38.9	303.5	71.1	-207.6	-68.4
B. Public Non-Bank Investors	137.3	55.7	107.6	25.2	29.7	27.6
1. Trust Funds	11.4	4.6	0.7	0.2	10.7	1,528.6
2. GSIS	37.0	15.0	15.5	3.6	21.5	138.7
3. D B P	76.1	30.9	65.0	15.2	11.1	17.1
4. S S S	9.5	3.9	15.0	3.5	- 5.5	-36.7
5. Local and semi-government entities ...	3.3	13.3	11.4	2.7	- 8.1	-71.1
C. Private Non-Bank Investors	13.4	5.4	-15.9	3.7	2.5	15.7
1. Insurance companies	2.5	1.0	2.3	0.5	0.2	8.7
2. Private entities	4.6	1.9	7.1	1.7	- 2.5	-35.2
3. Individuals	6.3	2.5	6.5	1.5	- 0.2	- 3.1

^a Inclusive of new issues.

¹ Exclusive of interfund transfers.

2. Holders of Government Securities

The incremental portion of the outstanding government securities found its way largely into the public non-bank investors and partly into the bank-

ing system. Private non-bank investors, on the other hand, showed a minimal decline on their total holdings. The heavy investors among the public non-bank investors were the Government Service Insurance System, followed by the Bond Sinking Fund, Social Security System, and the Securities Stabilization Fund. In the banking system, the Central Bank increased its security investments and still held about three-fourths of outstanding government securities, while the Commercial Banks showed a drop in their holdings. Likewise, private individuals reduced their investments. On the other hand, private insurance companies and private business entities improved their holdings. At the end of 1959, the pattern of security ownership of total outstanding government issues showed an increased preponderance of public non-bank investors and a reduced percentage shares of the banking system. The relative share of the private investors showed no marked change.

GOVERNMENT SECURITIES OUTSTANDING¹
CLASSIFIED BY TYPE OF HOLDERS
1958-1959

(Amount in million pesos)

Type of Holders	1959		1958		Increase or Decrease
	Amount	% Dis- tribution	Amount	% Dis- tribution	
TOTAL	1,182.7	100.0	1,094.5	100.0	88.2
A. Banking System	966.2	81.7	946.4	86.5	19.8
Central Bank portfolio	884.3 ^a	74.7	861.9 ^b	78.7	22.4
Philippine National Bank ...	30.4	2.6	31.1	2.9	-0.7
Other commercial banks	49.5	4.2	52.3	4.8	-2.8
Development Bank of the Philippines	2.0	0.2	1.1	0.1	0.9
B. Public Non-Bank Investors	195.7	16.5	127.0	11.6	68.7
Trust Funds:					
Bond Sinking Fund	60.7	5.1	33.8	3.1	26.9
Securities Stabilization Fund	67.6	5.7	62.2	5.7	5.4
Industrial Guaranty and Loan Fund	3.0	0.2	3.0	0.3	--
Government Service Insurance System	37.7	3.2	8.7	0.8	29.0
Social Security System	18.7	1.6	11.4	1.0	7.3
Others—local and semi-govt. entities	8.0	0.7	7.9	0.7	0.1
C. Private Non-Bank Investors	20.8	1.8	27.1	1.9	-0.3
Insurance companies	4.9	0.4	4.5	0.4	0.4
Private entities	7.9	0.7	7.6	0.7	0.3
Individuals	8.0	0.7	9.0	0.8	-1.0

¹ Exclusive of DBP issues.

^a Inclusive of ₱140.0 million advances under R.A. 1194.

^b Inclusive of ₱95.0 million advances under R.A. 1194.

3. Servicing and Redemption

In 1959, the Central Bank redeemed ₱85.5 million in government securities and remitted ₱15.7 million in installment payments to foreign loans. Of the securities redeemed, ₱53.6 million or 62.7 per cent comprised R & D bonds and the balance, ACCFA Notes. Of the R & D bonds redeemed, ₱31.8 million came from Other Banks and the rest from private investors. The ACCFA Notes redeemed and paid for by the ACCFA bear 2 per cent interest. The foreign loans serviced were the same as those of last year.

SERVICING AND REDEMPTION OF GOVERNMENT OBLIGATIONS 1958-1959

(Million pesos)

I t e m	1 9 5 9		1 9 5 8	
	Redemptions	Interest Payments	Redemptions	Interest Payments
TOTAL	101.2	40.3	63.1	35.4
Government Securities ^a	85.5	38.0	47.5	32.6
R & D Bonds	53.6	7.6	0.5	8.0
PW & ED Bonds	—	16.8	—	13.8
Other Peso Bonds	—	5.7	—	4.7
Dollar Bonds	—	b	—	0.1
ACCFA Notes	31.9	3.1	47.0	2.7
Treasury Notes	—	4.8	—	3.3
Loans from U.S. Institutions ^c	15.7 ^d	2.3	15.6 ^d	2.8
Loans from RFC	12.0	0.7	12.0	1.0
Loans from General Service Adm.	0.2	b	0.1	—
NPC loan from Export-Import Bank	2.0	1.3	2.0	1.4
MRR Suppliers from U.S.-Japan	1.5	0.3	1.5	0.4

a Serviced by Securities Market Department.

b Less than ₱50,000.00.

c Serviced by the Fiscal Agency Department.

d These are installments paid on principal.

4. Promotion and Publicity

During the last three years, besides the publicity and advertising campaign which had been the main media of its promotional activities, the Central Bank through the Securities Market Department has continuously conducted training programs among its promotional agents. These training programs were aimed at indoctrinating and orienting the agents on the significance of bond consciousness, particularly in the private sector, and also to provide them with adequate information and remedial measures on various problems relative to the selling of government securities. These problems,

centering mainly on the sales resistance offered by the provincial and rural people, emanated from lack of information and misinformation on the objectives and purposes of buying government securities in relation to economic development.

Continuous efforts have been exerted in the implementation of Executive Order No. 304 which effected the establishment of a voluntary payroll and savings plan for officers and employees of the Philippine Government. During the year a working tie-up between the Central Bank and the Philippine National Bank's branches and agencies and provincial and municipal treasurers has been initiated. Through this arrangement a smooth transaction flow between provincial bondholders and the Central Bank via these agencies has been effected.

The Payroll Savings Plan was also introduced to private enterprises during the year. Fruitful results have been achieved along this line as vigorous support has been given by leading manufacturing and industrial establishments in Manila and its suburbs. As of the end of the year, total membership in the Payroll Savings Plan numbered 38,841 subscribers located in various 1,251 different public and private offices. This was a rise of 8,945 members from the end-of-last-year's total of 29,896. Total investments under this plan amounted to ₱20.5 million compared to ₱5.7 million a year ago.

B. FISCAL AGENCY SERVICES

1. Domestic Operations

With 2,358 applications received during 1959, and including those unacted upon at the end of 1958, the fiscal agency handled a total of 2,460 applications. Of this number 2,184 were approved and 47 were either disapproved or withdrawn by the applicants.

STATUS OF FISCAL AGENCY APPLICATIONS 1958-1959

I t e m	1959 Number	1958 Number	Increase (Decrease)
FAS Applications			
Pending at the beginning of the year	102	52	50
Received during the year	2,358	2,127	231
Total for consideration	<u>2,460</u>	<u>2,179</u>	<u>281</u>
Action Taken			
Approved and released during the year	2,184	2,035	149
Disapproved, cancelled, withdrawn, or returned	47	42	5
Total acted upon	<u>2,231</u>	<u>2,077</u>	<u>154</u>
Pending at the end of the year	<u>229</u>	<u>102</u>	<u>127</u>

The approved applications carried a foreign exchange allocation totalling \$19,237,436.63. This exceeded the 1958 figure by \$3,313,609.49. The Exchange Control Department and the Import Department licensed a combined sum of \$17,256,771.76 while the balance of \$1,980,664.87 was licensed by the Fiscal Agency Department by virtue of various Monetary Board resolutions.

Release certificates issued to various government bureaus, offices and instrumentalities to facilitate release of government shipments under fiscal agency service numbered 164 with a total value of \$306,181.65.

2. Foreign Operations

Payment of non-bonded obligations of the Philippine Government and its instrumentalities with foreign institutions was also serviced by the Central Bank through its Fiscal Agency Department. Payments made to foreign institutions in the United States were coursed through the New York Agency of the Philippine National Bank while payments remitted to institutions in Japan were made through authorized domestic agent banks.

During the period under review, the Fiscal Agency Department made a total remittance of \$8,984,782.50 for payments on principal and interest due on the non-bonded indebtedness of the Philippine Government and its instrumentalities. Of this amount, \$8,778,191.70 were effected through the New York Agency of the Philippine National Bank and \$206,590.80 were made through domestic agent banks. The foreign obligations serviced were the U.S. Reconstruction Finance Corporation loan, the U.S. General Service Administration loan, the National Power Corporation loan and the Manila Railroad Company loan from the International General Electric Co., U.S.A., and various Japanese engineering institutions all located in Tokyo, Japan.

C. ADMINISTRATION OF VARIOUS FUNDS

1. Industrial Guarantee and Loan Fund

The Industrial Guarantee and Loan Fund was set up in 1952 to encourage the establishment and/or expansion of economically sound industrial enterprises by means of guarantee and financing arrangements. The Fund had an initial fund of P10 million transferred from the Counter Fund-Special Account. This account was supplemented by additional transfers from the Counterpart Fund in the aggregate amount of P10 million of which P3 million were set in a reserve account for potential losses on guaranteed loans. During the year under review, a total of P2,160,000.00 was approved for 4 authorized industrial loans under the 80 per cent guarantee. Thus, at the end of the year, total authorized industrial loans approved under the 80 per cent guarantee aggregated P11,193,943.00 while those under the 50 per cent guarantee amounted to P600,000.00.

Another method of financing arrangements is by means of special time deposit with local banks to enable them to extend medium and long-term loans to industrial enterprises. At the close of the year, time deposits of the Fund with banks aggregated ₱21,757,345.04, of which ₱21,343,294.14 have already been released. Repayments, on the other hand, totalled ₱4,492,421.47.

STATUS OF THE INDUSTRIAL GUARANTEE AND LOAN FUND SUB-ACCOUNT "A"

As of December 31, 1959

(Million pesos)

I t e m	Debit	Credit
Special Time Deposits with local banks	16.9	
Investments—PW & ED Bonds	3.0	
Due from the Central Bank	2.3	
Due to Trust-Industrial Guarantee & Loan Fund		17.0
Due to Trust-Industrial Guarantee & Loan Fund, Reserve Account		3.0
Net Profit		2.2
T O T A L	22.2	22.2

Time deposits approved by the Monetary Board under the Industrial Guarantee and Loan Fund, Sub-Account I, increased during the year from ₱11,005,702.00 in 1958 to ₱15,540,500.00 at the close of 1959. Total amounts released under this program have already aggregated ₱13,070,927.28 while the repayments against these time deposits have already reached ₱1,001,834.84. These time deposits were approved by the Monetary Board under a revised deposit loan program which was originally set for ₱13.4 million of the counterpart fund. The program was aimed to provide funds to industrial enterprises other than their working capital.

STATUS OF THE INDUSTRIAL GUARANTEE AND LOAN FUND SUB-ACCOUNT I

As of December 31, 1959

(Million pesos)

I t e m	Debit	Credit
Time Deposits with local banks	12.1	
Due from the Central Bank of the Philippines	0.8	
Due to Trust-Industrial Guarantee and Loan Fund		12.5
Sub-Account I		0.4
Net Profits		—
T O T A L	12.9	12.9

During the year, an amount of ₱18,151,543.32 was deposited in a new account designated "Industrial Guarantee and Loan Fund, Sub-Account II." The funds under this sub-account are, like those under Sub-Account I, made available to private commercial banks to provide funds for domestic and peso costs of industrial investments such as the construction of factory buildings, machinery installations and acquisition of industrial land. The supplementary amount was deposited in accordance with the project agreement between the ICA and NEC dated March 25, 1958, which provides for the utilization of said fund with respect to the establishment and operation of the Industrial Guarantee and Loan Fund and all annexes and amendments thereto. Time deposits amounting ₱1,000,000.00 have already been released against the initial fund of ₱18,151,543.32.

STATUS OF THE INDUSTRIAL GUARANTEE AND LOAN FUND SUB-ACCOUNT II

As of December 31, 1959

(Million pesos)

I t e m	Debit	Credit
Time Deposits with local banks	1.00	
Due from the Central Banks of the Philippines	17.15	
Due to Trust-Industrial Guarantee & Loan Fund, Sub-Account II		18.15
T O T A L	18.15	18.15

2. Securities Stabilization Fund

The Fund was established with an initial capital of ₱2,000,000.00 appropriated from the assets of the Exchange Standard Fund. During the period under review the Fund acquired a total value of ₱23.3 million worth of government securities, the main bulk of which was in PW & ED bonds. The Philippine National Bank and the Social Security System were the principal sellers with a combined total of ₱14.9 million purchased from them.

The total resources of the Fund increased by ₱5.0 million in 1959 to reach ₱69.0 million at the close of the year. The increase came largely from the portion of the Central Bank's profits in 1958, (₱2.6 million), and from interest earnings of investments in government securities, (₱2.4 million).

STATUS OF THE SECURITIES STABILIZATION FUND

As of December 31, 1959

(Million pesos)

I t e m	Debit	Credit
Due from the Central Bank of the Philippines	0.20	
Investments:		
PW & ED Bonds	45.57	
Other Bonds	22.29	67.86
Accrued Interest Purchased	0.02	
Accrued Interest Receivable:		
PW & ED Bonds	0.59	
Other Bonds	0.34	0.93
Due to Trust-Republic of the Philippines:		
Set aside from the Exchange Standard Fund	2.00	
From profits of the Central Bank	57.90	59.90
Income during the period from 1953-1954		6.76
Current Income from Investments		2.35
T O T A L	69.01	69.01

3. Bond Sinking Fund

At the close of 1959, the resources of the Bond Sinking Fund totalled P62.16 million and this showed an increase of P14.42 million over the previous year's total. Total amortization credited to the Fund during the year amounted to P15.64 million earning interest aggregating P1.90 million. Investments aggregated P60.9 million distributed as follows: PW & ED Bonds, P22.3 million; NPC Bonds, P27.9 million; Negotiable Land Certificates, P6.3 million; NAWASA Bonds, P3.4 million; and other securities, P1.0 million.

STATUS OF THE BOND SINKING FUND

As of December 31, 1959

(Million pesos)

I t e m	Debit	Credit
Investment in Government Bonds	60.80	
Due from the Central Bank	1.33	
Accrued Interest Purchased	0.03	
Interest Income from Investments		1.90
Due to Trust—Republic of the Philippines		15.65
Sinking Fund Reserve		44.61
T O T A L	62.16	62.16

D. DEPOSITORY OF NEC-ICA COUNTERPART FUNDS

The NEC-ICA Counterpart Fund was constituted out of deposits made by the Philippine Government in amounts commensurate with the dollar value of goods, services and technical assistance made available to the Philippines by the U.S. Government through the ICA. Disbursements from the Fund are made subject to mutual agreement between the President of the Philippines and the duly authorized representative of the U.S. Government. These disbursements are made for the promotion of economic development and public welfare and the improvement of the educational system.

Total deposits of the Fund increased by ₱12.1 million during 1959 with the deposits of the Treasurer of the Philippines contributing the bulk of the increase. Proceeds from sub-authorizations and sales of equipment to rural banks also went up. Thus, at the close of the year, the total receipts of the Counterpart Fund amounted to ₱212.1 million. Total disbursements, on the other hand, aggregated ₱202.9 million, leaving a balance of ₱9.2 million in deposits with the Central Bank at the close of the period.

STATUS OF THE NEC-ICA COUNTERPART FUND

December 31, 1959

(Million pesos)

I t e m	1959	1958	Increase or decrease (—)
RECEIPTS:			
Treasurer of the Philippines	153.0	141.8	11.2
Sales from Fertilizer Administration	6.5	6.5	—
Proceeds from Sub-Authorizations	52.3	51.5	0.8
Sale of Equipment to Rural Banks	0.1	—	0.1
Deposit by NEC	0.2	0.2	—
Total Receipts	<u>212.1</u>	<u>200.0</u>	<u>12.1</u>
DISBURSEMENTS:			
Counterpart Projects	156.4	149.2	7.2
Technical Assistance Trust Funds	21.2	18.4	2.8
Administrative Expenses of the U.S. Government ..	11.2	10.6	0.6
Joint U.S. Military Advisory Group (JUSMAG) ..	14.1	14.1	—
Total Disbursements	<u>202.9</u>	<u>192.3</u>	<u>10.6</u>
Balance with the Central Bank	<u>9.2</u>	<u>7.7</u>	<u>1.5</u>

CHAPTER VII

FINANCIAL CONDITION AND RESULTS OF OPERATION

A. HIGHLIGHTS OF OPERATION

The financial condition of the Central Bank of the Philippines at the end of 1959 showed significant growth, although the rate was relatively slower than in 1958. Over-all operations resulted in an increased volume of loans and in a decline security holdings and foreign exchange assets. Currency liability showed an increase in volume but a decline in ratio to total liabilities and net worth. Deposit liabilities likewise were larger but remained firm in their relation to the total. Other highlights of operations during 1959 are shown hereunder:

1. At the end of 1959 the total assets of the Bank aggregated ₱1,758,636,-895.38 as compared to ₱1,546,347,661.23 a year ago, an expansion of ₱212,-289,234.15 or 13.7 per cent.

2. Loans and advances outstanding registered a very large increase of ₱252,704,198.08 or 128.5 per cent to reach ₱449,366,753.69 at the close of the year. They comprised 25.6 per cent of total assets as against 12.7 per cent in 1958. Of the outstanding loans, 70 per cent represented government loans (including ACCFA), and the balance, bank borrowings (largely to the PNB).

3. Investment in domestic securities dropped by 2.0 per cent and accounted for 51.9 per cent of total assets as against 60.3 per cent last year.

4. Gold and foreign exchange assets decreased by ₱3,240,386.04 or 1.8 per cent from the previous year-end level. Their total of ₱179,973,684.27 million comprised 10.2 per cent of total assets.

5. Total liabilities likewise grew at a slower pace. Whereas in 1958 they increased by 20.2 per cent, in 1959 they rose by only 8.8 per cent. The increment in liabilities was reflected in demand deposits and currency issue which were up by 12.8 per cent and 7.4 per cent, respectively.

6. The Bank's liabilities to the International Monetary Fund increased by 131.2 per cent as a result of the added subscription. On the other hand, ₱70,000,000.00 was used to repay loans from U.S. banks which at the end of

the year closed the Loan Payable — Foreign Account. Foreign exchange commitments increased by 30.9 per cent.

7. A new type of capital account, namely, Undivided Profits — 25 Per Cent Margin on Sale of Foreign Exchange — totalling ₱66,674,127.62 contributed greatly to the increase of the Bank's net worth.

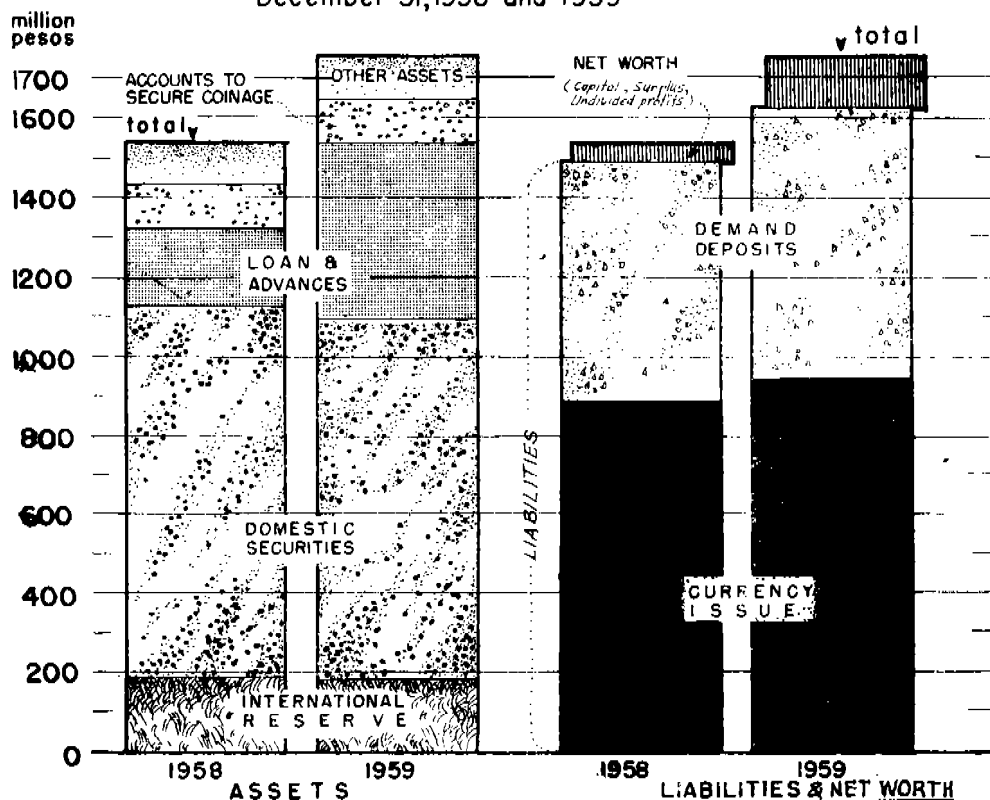
8. Net Profit for the year amounted to ₱30,818,291.68, an increase of ₱9,376,886.22 or 43.7 per cent over 1958.

STATEMENT OF CONDITION OF THE CENTRAL BANK December 31, 1958 and 1959

I t e m	1959	1958	Increase or decrease (—)
A s s e t s			
International Reserve	₱ 179,973,684.27	₱ 183,214,070.31	(₱ 3,240,386.04)
Due from U. S. Depositories (Special Account II)	9,868,201.33	31,986,196.27	(22,117,994.94)
Contribution to the International Monetary Fund	30,000,000.00	30,000,000.00	—
Domestic Securities	913,600,254.20	932,714,544.90	(19,114,290.70)
Loans and Advances	449,366,753.69	196,662,555.61	252,704,198.03
Account to Secure the Coinage ..	105,923,823.30	106,929,184.73	(1,005,361.43)
Bank Premises, Furniture and Fixtures	534,055.00	532,503.00	1,552.00
Accounts Receivable—Foreign Exchange Sales	38,903,224.80	29,726,200.76	9,177,024.04
Other Assets	30,466,898.79	34,582,405.65	(4,115,506.86)
Total Assets	₱1,758,636,895.38	₱1,546,347,661.23	₱ 212,289,234.15
Liabilities and Net Worth			
Currency Issue	₱ 944,896,404.78	₱ 880,019,080.33	₱ 64,877,324.45
Demand Deposits	480,383,363.28	425,851,919.61	54,531,443.67
International Monetary Fund	70,491,938.64	30,492,729.74	39,999,208.90
International Bank for Recon- struction and Development ...	12,794,796.40	2,360,469.25	10,434,327.15
Loans Payable—Foreign	—	70,000,000.00	(70,000,000.00)
Notes Payable—Foreign	15,294,379.72	12,290,532.28	3,003,847.44
Acceptances—Dollar Credit Financing	129,157.91	26,131,135.02	(26,001,977.11)
Securities Stabilization Fund	198,566.31	1,502,189.90	(1,303,623.59)
Foreign Exchange Commitments— Sales	38,903,224.80	29,726,200.76	9,177,024.04

FINANCIAL CONDITION OF THE CENTRAL BANK

December 31, 1958 and 1959



STATEMENT OF CONDITION OF THE CENTRAL BANK

December 31, 1958 and 1959 (Concluded)

I t e m	1959	1958	Increase or decrease (—)
Liabilities and Net Worth			
Other Liabilities	P 58,363,281.78	P 12,585,432.19	P 45,777,849.59
Reserve for Currency Insurance	721,472.48	289,028.07	432,444.41
Total Liabilities	P1,622,176,586.10	P1,491,248,717.15	P 130,927,868.95
Net Worth			
Capital	P 10,000,000.00	P 10,000,000.00	—
Surplus	28,967,889.98	23,657,538.62	P 5,310,351.36
Undivided Profits from Operation	30,818,291.68	21,441,405.46	9,376,886.22
Undivided Profits—25% Margin on Sales of Foreign Exchange	66,674,127.62	—	66,674,127.62
Total Liabilities and Net Worth	P1,758,636,895.38	P1,546,347,661.23	P 212,289,234.15

Changes in Capital, Surplus and Undivided Profits during 1959 are summarized below:

NET WORTH OF THE CENTRAL BANK

As of December 31, 1959

Capital		P 10,000,000.00
Surplus:		
Balance—January 1, 1959	P23,657,538.62	
25% of Net Profit in 1958		
transferred to Surplus	5,310,351.36	28,967,889.98
Undivided Profits:		
Balance—January 1, 1959	P21,441,405.46	
Distribution:		
25% to Surplus	P 5,310,351.36	
Credited to Securities		
Stabilization Fund	2,629,136.67	
To Reduce Monetary		
Adjustment Account	2,301,917.43	
To Reduce the Account to		
Secure Coinage	1,000,000.00	
General Fund of the		
National Government	10,000,000.00	
To Increase the Reserve		
for Currency Insurance	200,000.00	21,441,405.46
Balance after distribution	—	
Net Profit for 1959	P30,818,291.68	
Profits on 25% Margin		
on Sales of Foreign		
Exchange—1959	66,674,127.62	
Total Undivided Surplus ..		97,492,419.30
Total Net Worth		P136,460,309.28

B. SELECTED ASSETS AND LIABILITIES

1. International Reserve

The Central Bank's International Reserve closed at P179,973,684.27 at the end of the year. This showed a decline of P3,240,386.04 or 1.8 per cent from the beginning of the year level. The decrement occurred in both gold and foreign exchange holdings (Due from U.S. Depositories) which went down by 8.7 per cent and 12.2 per cent, respectively. The Philippines-Japan Open Account furthermore reduced the International Reserve due to the full liquidation of accounts. These were, however, almost offset by increased hold-

ings of U.S. Government Securities which rose ₱15,753,806.66 or 79.3 per cent, and foreign currency (U.S.) up ₱151,031.02 or 25.7 per cent.

During the year, the Monetary Board authorized the holding of selected non-dollar currencies as part of the international reserve to facilitate settlement of international accounts. At the end of 1959, these reserves consisted of the following:

1. Pound sterling	£109,493.80	\$306,928.68
2. Canadian dollar	—	
3. Swiss franc	S.F.219,970.00	\$ 50,684.33
4. Deutsche mark (West Germany)	DM208,565.00	\$ 50,000.00

INTERNATIONAL RESERVE OF THE CENTRAL BANK December 31, 1958 and 1959

I t e m	1959	1958	Increase or decrease (—)	Per cent
TOTAL	₱179,973,684.27	₱183,214,070.31	(₱ 3,240,386.04)	(1.8)
Gold	18,075,111.79	19,792,564.83	(1,717,453.04)	(8.7)
Due from U.S. Depositories ¹	125,540,742.08	142,951,141.20	(17,410,399.12)	(12.2)
U. S. Government Securities	35,619,594.44	19,865,787.78	15,753,806.66	79.3
Foreign Currency (U.S.)	738,235.96	587,204.94	151,031.02	25.7
Philippines-Japan Open Account .	—	17,371.56	(17,371.56)	(100.0)

¹ Including accrued interest on time deposits.

Throughout the year, however, the Bank purchased gold worth ₱18,761,802.14. These were mostly used in connection with Circular No. 73 which prescribes the use of non-resident blocked-peso deposits. Of the total gold purchases, ₱447,359.56 was acquired from the Federal Reserve Bank of New York which was later transferred to the International Monetary Fund in partial payment for service charges. On the other hand, the Bank sold gold bars totalling ₱19,949,239.98 and made total payments of gold worth ₱530,015.18 for service charges. The difference depositories of the gold holdings of the Central Bank are shown in the following table:

GOLD HOLDINGS OF THE CENTRAL BANK

December 31, 1959

I t e m	Weight (In fine ounces)	Value (at P70 per ounce 0.999 fine)
TOTAL	258,215.882	P18,075,111.79
Central Bank Vault	99,081.758	6,935,723.10
Federal Reserve Bank of New York	2.450	171.49
Federal Reserve Bank of San Francisco	159,131.052	11,139,173.65
International Monetary Fund .....	.622	43.55

On the whole, the total dollar deposits of the Central Bank in various banks abroad declined by 12.3 per cent or \$8,759,192.06 from \$71,408,763.96 at the beginning of 1959 to \$62,649,571.90 at the end of the year. Demand deposits went down 49.8 per cent or \$16,509,192.06 while time deposits were up 20.3 per cent or \$7,750,000.00. The dollar deposits of the Central Bank are presented on the table below:

U. S. DOLLAR TIME AND DEMAND DEPOSITS OF THE CENTRAL BANK

December 31, 1959

Depository	Amount	Interest rate (%)	Term
TOTAL	\$62,649,571.90		
Time Deposits	\$46,000,000.00		
American Security & Trust Co., Wash., D.C.	\$ 1,000,000.00	2½	90 days
Bankers Trust Co., New York, N.Y.	500,000.00	2½	90 days
Bank of America, NT&SA, San Francisco	\$ 6,500,000.00	2½	90 days
Bank of California, N.A., San Francisco	2,000,000.00	3	6 mo.
Bishop National Bank of Hawaii, Honolulu	1,000,000.00	2½	90 days
The Chase Manhattan Bank, New York, N.Y. ...	11,000,000.00	2½	90 days
Chemical Bank of New York Trust Co., New York, N.Y.	4,500,000.00	2½	90 days
Colonial Trust Co., New York, N.Y.	500,000.00	2½	90 days
Crocker-Anglo National Bank, San Francisco	2,500,000.00	2½	90 days
First National Bank of Chicago, Chicago, Ill.	500,000.00	2½	90 days
The First National City Bank of New York, N.Y.	5,000,000.00	2½	90 days
Hanover Bank, New York, N. Y.	500,000.00	2½	90 days
Irving Trust Co., New York, N. Y.	2,000,000.00	2½	90 days
Manufacturers Trust Co., New York, N.Y.	3,500,000.00	2½	90 days
Morgan Guaranty Trust Co., New York, N.Y.	2,500,000.00	2½	90 days
National Bank of Commerce of Seattle, Seattle ..	1,000,000.00	2½	90 days
Seattle-First National Bank, Seattle, Wash.	1,000,000.00	2½	90 days
Wells Fargo Bank, San Francisco, Calif.	500,000.00	2½	90 days

U. S. DOLLAR TIME AND DEMAND DEPOSITS OF THE CENTRAL BANK

December 31, 1959 (Concluded)

Depository	Amount	Interest rate (%)	Term
Demand Deposits	\$16,649,571.90		
American Security & Trust Co., Wash.	\$ 11,818.35	---	---
Bankers Trust Co., New York, N.Y.	231,968.49	---	---
Bank of America, NT&SA, New York, N.Y.	2,595.62	---	---
Bank of America, NT&SA, San Francisco	2,917,376.45	---	---
Bank of California, N.A., San Francisco	535,435.94	---	---
Bishop National Bank of Hawaii, Honolulu	14,975.83	---	---
Chase Manhattan Bank, New York, N.Y.	2,545,644.33	---	---
Chemical Bank of New York Trust Co., N.Y. ...	2,351,672.37	---	---
Colonial Trust Co., New York, N. Y.	8,880.06	---	---
Crocker-Anglo National Bank, San Francisco	3,993,465.63	---	---
Federal Reserve Bank of New York, N. Y.	906,482.35	---	---
First National Bank of Chicago, Chicago	6,212.22	---	---
First National City Bank of New York, N.Y.	2,001,224.60	---	---
Hanover Bank, New York, N.Y.	8,576.23	---	---
Irving Trust Co. of New York, N.Y.	153,635.37	---	---
Manufacturers Trust Co., New York, N.Y.	456,473.77	---	---
Morgan Guaranty Trust Co. of New York	25,097.62	---	---
National Bank of Commerce of Seattle, Seattle .	12,746.60	---	---
Seattle Trust National Bank, Seattle	10,093.72	---	---
Wells Fargo Bank, San Francisco	47,583.34	---	---
Bank of England, London	306,928.68	---	---
Banque National Suisse, Zurich	50,684.33	---	---
Deutsche Bundesbank, Frankfurt	50,000.00	---	---

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

Due to the substantial repayment of loans to several U.S. banks, the outstanding balance of the account Due from U.S. Depositories — Special Account II, decreased sharply by 69.1 per cent or ₱22,117,994.94, thus showing a balance of only ₱9,868,201.33 at the close of the year. Under this arrangement, there were no further loans granted by U.S. banks to domestic banks in 1959.

3. Domestic Securities

Open market operations during the year resulted in more sales than purchases thus causing a decline in the Central Bank's security investments.

Total sales and redemptions amounted to ₱368,839,420.70 of which 144,577,960.70 were maturing R & D Bonds and ₱102,900,000.00 maturing RFC Bonds. The remaining balance were sales of PW & ED Bonds worth ₱97,077,100.00, NPC Bonds amounting to ₱23,079,360.00, ACCFA Notes totalling ₱1,200,000.00 and Municipal Government Bonds amounting to ₱5,000.00. On the other hand, total purchases and refunding amounted to ₱349,725,130.00. Of the ₱106,405,000.00 DBP Bonds acquired during the year, ₱102,900,000.00 represented a refunding issue of DBP Bonds in payment to the Central Bank portfolio's own holdings of maturing RFC Bonds. Likewise, of the total amount of ₱181,670,130.00 R & D Bonds acquired during the year ₱90,976,000.00 consisted of converted R & D Interim Bonds in payment of maturing R & D registered and coupon bonds held by the Central Bank portfolio. The only other government bonds purchased were PW & ED Bonds amounting to ₱61,650,000.00.

SECURITY HOLDINGS OF THE CENTRAL BANK

December 31, 1959

	Direct Advances Under Sec. 137 ¹	Evidence of Indebtedness Acquired		
		Under Sec. 97 (a) ¹	Under Sec. 97 (b) ¹	Total
R & D Interim Bonds (4% Loans of 1949), (due 1959), 1950 (due 1960), and 1951, (due 1961)	P145,938,549.20			P145,938,549.20
Deduct: R & D Bonds Sold and/or Reacquired by Central Bank— (a) Sold and Held by Others:				
Registered	P374,440			
Coupon	110,480			
	<u>P484,920</u>			484,920.00
(b) Reacquired by Central Bank:				
Registered	P 260			
Coupon	9,140	P 9,400.00		
Total Deductions (a) and (b)	494,320.00			
	<u>P145,444,229.20</u>	<u>P 9,400.00</u>	<u>P —</u>	<u>P145,453,629.20</u>
PW & ED Bonds	—	253,672,725.00	—	253,672,725.00
Insular, Provincial and Municipal Government Bonds	—	5,315,750.00	—	5,315,750.00
Philippine Treasury Notes	—	236,989,000.00	—	236,989,000.00
R.F.C. Rehabilitation Bonds	—	—	58,772,000.00	58,772,000.00
National Power Corporation Bonds	—	—	40,147,150.00	40,147,150.00
M.W.D. Bonds	—	—	2,000,000.00	2,000,000.00
NAWASA Bonds	—	—	12,600,000.00	12,600,000.00
Development Bank of the Philippines Bonds	—	—	109,910,000.00	109,910,000.00
ACCFA Notes	—	—	48,740,000.00	48,740,000.00
T O T A L	<u>P145,444,229.20</u>	<u>P495,986,875.00</u>	<u>P272,169,150.00</u>	<u>P913,600,254.20</u>

¹ Republic Act No. 265.

4. Loans and Advances

Notwithstanding the credit restrictions which raised the rediscount rate from 4½ per cent to a graduated rate of 4½ per cent to 6½ per cent, the lending operations of the Bank increased sizeably. Loans and advances granted for the year totalled P717,557,069.04, P305,092,493.72 or 74.0 per cent more than the previous year's total. Of the total loans and advances granted, 53.5 per cent represented borrowings of commercial banks (largely the PNB); 34.1 per cent, the National Government; 10.5 per cent, ACCFA; and the balance, 1.9 per cent to rural banks.

Total payments received amounted to P268,190,315.35 thus the outstanding balances increased by P252,704,198.08 or 128 per cent. Outstanding loans of the national government expanded by P173,921,195.67; commercial banks by P48,634,000.00; ACCFA, by P45,000,000.00 while the outstanding loans of rural banks declined by P1,227,639.88. Distribution of the total outstanding loans and advances are shown hereunder.

OUTSTANDING LOANS AND ADVANCES

As of December 31, 1959

T y p e	Amount
TOTAL	P449,366,753.69
Loans and Advances granted under the provisions of Sections 87 and 95 of Republic Act No. 265 and under Section 1-C of Republic Act No. 1194	P431,874,736.68
Bills discounted	P 8,000,000.00
Advances to commercial banks	101,034,000.00
Advances to rural banks	8,719,540.41
Advances to government	174,121,195.67
Advances to ACCFA	140,000,000.00
Notes receivable from local banks under Export-Import Bank financing	17,492,017.61

5. Currency Issue

At the close of 1959, currency issue which totalled to P944,896,404.78 showed an increase of P64,877,324.40 or 7.4 per cent over the 1958 year-end total. The changes in net increase of currency issue as reflected by the cash receipts and disbursements for the year are summarized in the following table:

CHANGES IN THE CURRENCY ISSUE, 1959

INCREASING FACTORS

Cash Disbursements on Account of:

Withdrawal from Demand Deposits		P576,192,238.06
Withdrawal from Notes Held with Agencies		18,212,155.30
Central Bank payments for—		
CB Expenses checks cashed	P11,841,212.75	
Expenses	444,138.78	
Accounts Payable	5,651,791.17	
Building account	123,534.45	
Cash advances	142,793.20	
Refund of meal tickets	54.30	
Refund of MacArthur Coins sold	9.00	18,203,533.65
MacArthur Coins sold—		
Central Bank	924.00	
PNB, New York Agency	741.00	1,665.00
Treasury Coins sold by PNB, New York Agency		43.20
Special Teller's Working Fund		85,000.00
U.S. Currency exchanged with pesos		678,399.56
Foreign Currency in transit		22,144.00
Teller's shortages		39,999.70
Accounts receivable		94,400.00
Refund of travel license fee		25.00
Furniture and equipment		38.00
Total Cash Disbursements during the Year		<u>P613,529,641.47</u>

DECREASING FACTORS

Cash Receipts on Account of:

Demand Deposits		P511,542,197.33
Notes held with agencies		28,930,828.14
Central Bank receipts for—		
Credits to Accounts Payable	P 2,388,103.11	
Accounts Receivable	773.82	
Refund of cash advance	67,461.67	
Refund of expenses	460.61	
Lunchroom account—Sales	157.45	
Sales of MacArthur coins	2,101.25	
Tellers' overages	177.35	
Income tax withheld	41.35	
Travel license fees	290,625.72	
Miscellaneous receipts	15,554.58	2,763,456.91
Uncollected salaries		232,319.86
Collection of 17% special excise tax		56,926.22

CHANGES IN THE CURRENCY ISSUE, 1959 (Concluded)

DECREASING FACTORS

Cash Receipts on Account of: (Cont'd.)

Books	P 6.12
Furniture and equipment	39.00
U. S. Currency sold	1,311,000.00
U. S. Currency refunded	16,468.54
Proceeds from sales of bonds	1,444,382.64
Fiscal agency service	66,802.90
Payment of rediscounted notes	2,194,979.33
Cable charges	21.84
Suspense account	452.26
Special Tellers' Working Fund	90,000.00
Demonetized coins received for safekeeping	363.93
Total cash receipts during the year	P548,652,317.02
NET INCREASE	P 64,877,324.45

The composition of the total currency issue as to the amount of coins and notes appears in the following comparative statement for 1958-1959.

COMPOSITION OF CURRENCY ISSUE December 31, 1958-1959

I t e m	1959	1958	Increase or decrease (—)
COINS:—			
Silver pesos	P 7,032,154.00	P 7,030,512.00	P 1,642.00
Silver half pesos	21,605,878.50	21,542,383.00	63,495.50
Subsidiary coins	51,858,897.00	50,598,179.50	1,260,718.00
Minor coins	12,342,294.09	11,798,138.21	544,155.88
Central Bank coins	4,717,432.34	1.82	4,717,430.52
T o t a l	P 97,556,656.43	P 90,969,214.53	P 6,587,441.90
NOTES:—			
One peso denomination and above	P826,451,524.00	P767,767,602.00	P 58,683,922.00
Small denominations	20,888,224.35	21,282,263.80	(394,039.45)
T o t a l	P847,339,748.35	P789,049,865.80	P 58,289,882.55
TOTAL CURRENCY ISSUE	P944,896,404.78	P880,019,080.33	P 64,877,324.45

C. RESULT OF OPERATIONS

1. Income, Expenses and Net Profit

The gross income of the Central Bank reached P46,486,060.83 and the expenses totalled P15,668,374.88 or a net profit of P30,318,291.68 for the year.

In comparison to last year's operation, the gross income increased by 19.2 per cent or ₱7,499,497.73, while total expenses declined by 10.7 per cent or ₱1,876,782.76, and net profit rose by 43.7 per cent or ₱9,376,886.22. Of the total earnings this year, ₱28,181,618.08 or 61 per cent were derived from investment in domestic securities, and the remaining portion which comprised 39 per cent was realized from the following earning assets: interest earned on loans and advances, ₱7,463,256.44; Other Income accounts, ₱777,438.35; Service Charges on Imports, ₱5,836,815.44; and Income from Gold and Foreign Exchange, ₱263,386.60.

2. Distribution of Net Profit

The net profit of ₱30,818,291.68 of the Central Bank was distributed as in previous years in accordance with Section 41, Article VI, Republic Act No. 265 as follows: a) ₱7,654,572.92 or 25 per cent of net profit was transferred to the surplus account; b) the amount of ₱13,968,466.31 or 45.3 per cent was added to the Securities Stabilization Fund to increase its resources; c) ₱995,252.45 or 3.2 per cent was forwarded to liquidate the Monetary Adjustment Account; d) ₱3,000,000.00 or 9.7 per cent was assigned to reduce the Account to Secure Coinage; e) the amount of ₱5,000,000.00 or 16.2 per cent was transferred to the General Fund of the National Government; and f) to increase the reserve for currency insurance for the purpose of providing adequate insurance cover for shipment of currency, the remaining balance of ₱200,000.00 or 0.6 per cent was carried to this account.

The annual distribution of the Net Profit of the Bank for 1949 through 1959 is presented in the following table.

**DISTRIBUTION OF NET PROFITS OF THE CENTRAL BANK
1949-1959**

Period	Total	Surplus Account	Monetary Adjustment Account	Securities Stabilization Fund	Account to Secure Coinage	Reserve for Currency Insurance	National Gov't. General Fund
TOTAL	P147,089,851.62	P36,622,462.90	P13,259,639.97	P71,871,362.81	P9,736,385.94	P600,000.00	P15,000,000.00
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	—	—	—
1957	15,917,984.08	3,929,496.02	1,117,113.14	10,671,374.92	—	200,000.00	—
1958	21,441,405.46	5,310,351.36	2,301,917.43	2,629,136.67	1,000,000.00	200,000.00	10,000,000.00
1959 ^a	30,818,291.68	7,654,572.92	995,252.45	13,968,466.31	3,000,000.00	200,000.00	5,000,000.00

^a Approved by the Monetary Board on February 5, 1960.

C. 25% MARGIN ON SALE OF FOREIGN EXCHANGE

Complementing the monetary and credit restrictive measures, Republic Act No. 2609 was passed and authorized the Central Bank to collect a maximum of 40 per cent levy on sales of foreign exchange. Since its effectivity in July, 1959, a 25 per cent levy was imposed, and total net collection by the end of the year amounted to 66,674,127.62. This amount was recorded as part of net worth accounts in the Central Bank's Balance Sheet and was apportioned¹ as follows: a) ₱16,668,531.90 or 25 per cent was transferred to the Surplus Account; b) ₱5,000,559.57 or 7.5 per cent was assigned to the Securities Stabilization Fund; c) ₱4,500,503.62 or 6.7 per cent was forwarded to the Account to Secure Coinage; d) ₱20,252,266.27 or 30.4 per cent for the retirement of public debt; e) the balance of ₱20,252,266.26 or 30.4 per cent was transferred to the General Fund of the National Government.

D. INTER-BANK CLEARINGS

In 1959, both the number and amount of inter-bank clearings increased. The number of checks cleared was up by 6.6 per cent and the value by 14.9 per cent or ₱1,633,024,794.94. The monthly volume of checks cleared by number and value are summarized in the following table:

¹ Approved by the Monetary Board on February 10, 1960.

INTER-BANK CLEARINGS, 1958-1959

Period	1 9 5 8		1 9 5 9		Increase or Decrease (—)	
	Number	Amount	Number	Amount	Number	Amount
TOTAL	10,000,00	P12,617,646,544.51	9,382,839	P10,934,621,749.57	617,163	P1,633,024,794.94
January	859,083	1,029,808,615.92	926,788	1,001,170,061.14	(67,705)	28,638,554.78
February	752,758	922,493,559.77	731,652	855,078,671.71	21,106	67,414,888.06
March	839,534	1,031,257,523.83	786,501	950,783,702.34	53,033	80,473,821.54
April	823,886	1,016,313,817.96	724,671	896,811,704.52	99,215	119,502,113.44
May	754,317	1,034,823,845.66	741,242	911,941,601.09	13,075	122,882,244.57
June	861,372	1,202,887,351.18	748,917	933,612,843.24	112,455	269,274,507.94
July	837,341	1,104,227,454.47	784,288	957,337,750.49	53,053	146,889,703.98
August	832,643	1,092,554,620.52	733,435	900,487,367.56	99,208	192,067,252.96
September	820,947	1,031,906,707.98	812,755	892,939,258.00	8,192	138,967,449.98
October	880,049	1,095,120,024.17	811,807	878,595,203.72	68,242	216,524,820.45
November	760,718	930,178,318.26	714,790	816,316,773.61	45,928	113,861,544.65
December	977,354	1,126,074,704.74	865,993	989,546,812.15	111,361	136,527,892.59

APPENDIX

MAJOR LEGAL AND ADMINISTRATIVE MEASURES OF ECONOMIC SIGNIFICANCE ADOPTED BY THE GOVERNMENT AND THE MONETARY BOARD DURING 1959

(REPUBLIC ACT NO. 2300)

AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES DURING THE PERIOD FROM JULY FIRST, NINETEEN HUNDRED AND FIFTY-NINE TO JUNE THIRTIETH, NINETEEN HUNDRED AND SIXTY, 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-nine to June thirtieth nineteen hundred and sixty, except where otherwise specifically provided:

(Itemized portions omitted due to lack of space)

GENERAL PROVISIONS

SEC. 2. *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 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. 3. *Authority to use savings in appropriations to cover deficits.* — Excepts as otherwise provided in this Act, any savings in the regular appropriations authorized in this Act for any Executive Department for “personal services,” for “maintenance and other operating expenses,” and for “equipment” of the bureaus and offices under the same Department may, with 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 within the same Department the corresponding

amounts appropriated for personal services are also deemed transferred, without increasing the total outlay for personal services of the Department concerned. In no case, however, shall any item of appropriations be augmented, pursuant to the authority granted in this section, by more than thirty per centum of the original appropriation provided in this Act for such item.

SEC. 4. *Quarterly report to Congress on transfers 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 the Performance Budget shall likewise submit separately to each member of the Congress a quarterly report of their accomplishments.

SEC. 5. *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-I(27) of Commonwealth Act Numbered Two hundred forty-six, as amended, notwithstanding: (1) claims under section 699 of the Revised Administrative Code, as amended, 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 deceased 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 equipment to replace those that may be lost through accident, 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 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 and 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 leave 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 of the Government; (10) obligation of the National Government under the provisions of subsection (a) of section 2553 of the Revised Administrative Code, as amended; (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; (16) payment of gratuities of 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, as amended, at a rate equivalent to one month salary for every year of continuous satisfactory service rendered but not exceeding twelve months, on the basis of the last salary received: **PROVIDED**, That if said employees are entitled to gratuity or pension under any retirement law, they shall select either such gratuity or pension or the gratuity herein provided; (17) unpaid claims for commutation of maternity leave of absence under the provisions of Republic Act No. 1564; (18) opening of additional primary classes; (19) adjustment of salaries of national officials and employees resulting from the reclassification of provinces and municipalities; (20) adjustment of salaries of employees resulting from reorganization pursuant to Republic Act No. 1890; (21) payment of the gratuities of officers and employees who retire under the provisions of paragraph (c) of Section twelve of Commonwealth Act Numbered One hundred eighty-six, as amended, and further amended by Republic Act Numbered One thousand six hundred sixteen; (22) for additional hospital beds for indigent patients to be disbursed for medical care and treatment of charity patients suffering from tuberculosis in the Quezon Institute and other pavilions maintained and operated by the Philippine Tuberculosis Society — ₱500,000; (23) for additional contribution for the operation and maintenance of the Central Luzon School of Arts and Trades, Cabanatuan City, not exceeding ₱110,000; and (24) for payment of the bills of the Bureau of Printing for the printing of the 1959 Line Item Budget.

SEC. 6. *Suspension of expenditures of appropriations.* — Except as otherwise provided in this Act and whenever in his judgment the public interest so requires, the President, upon notice to the head of office concerned, 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 thirty 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. 7. 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 within the period specified therein shall automatically cause the suspension of the payment of their salaries until they shall have complied therewith.

SEC. 8. 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. 9. Purchase of locally manufactured equipment, parts, accessories, supplies, and materials. — All appropriations for the purchase of equipment, supplies and materials authorized in this Act shall be available only for locally manufactured 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. 10. 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. 11. *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. 12. *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 and the Assistant Majority Floor Leaders 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. 13. *Officials entitled to transportation allowance.*—The Department Heads, including the Administrator of Economic Coordination, the Commissioner of the Budget, the Press Secretary, the Chairman, Presidential Committee on Administration Performance Efficiency, the Technical Assistant on Local Governments and Civil Affairs, the Chairman, National Economic Council, the Chairman, Commission on Elections, the Social Welfare Administrator, the Chairman, House Electoral Tribunal, the Chairman, Commission on National Integration, the Chairman, National Science Development Board, and the Chairman, and the Commissioners, Reparations Commission, 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 Technical Adviser on Legal Matters to the President, the Executive Judge, Court of Agrarian Relations, the Legislative Secretary, the Legislative Liaison Officer, the Presiding Judge, Court of Industrial Relations, the Presiding Judge, Court of Tax Appeals, the Commissioner, Land Registration Commission, the Public Service Commissioner, the Presiding Judge, Juvenile and Domestic Relations Court, the Chairman of Land Tenure Administration, the Chairman, Veterans Claims Commission, the Vice-Chairman, National Science Development Board, the Commissioner, Philippine Atomic Energy Commission, the Commissioner, National Institute of Science and Technology, the Executive Director and the Assistant Executive Director, Reparations Commission, the Judicial Superintendent, the Department Legal Counsels, and the Chief Prosecuting Attorney, Office of the Secretary of Justice, the Commissioner of Immigration, the Administrator of Social Security System, the Director of Labor Standards, as ex-officio Chairman of the Labor Standards Commission, the Director of Workmen's Compensation, as ex-officio Chairman of the Workmen's Compensation Commission, the Director of Labor Relations, the Tariff Commissioner, the Agricultural Tenancy Commissioner, the Tenancy Mediation Commissioner, the Cabinet Secretary, the Director of Classification and Compensation, the Chief, Budget Operations Service, and the Chief, Motor Vehicles Office, 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 Director, National Media Production Center,
- (3) The Assistant Tariff Commissioner,
- (4) The Deputy Commissioner of Civil Service,
- (5) The Civil Defense Administrator,

- (6) The Manager, UNICEF Child Feeding Program and the Senior Executive Assistant, UNICEF Administrative Committee,
- (7) The Commissioner of Customs,
- (8) The Commissioner of Internal Revenue,
- (9) The Collector of Customs for Manila,
- (10) The Treasurer of the Philippines,
- (11) The Director of Supply Coordination,
- (12) The Insurance Commissioner,
- (13) The First Assistant Solicitor General,
- (14) The two Associate Commissioners, Public Service Commission,
- (15) The Members, Land Tenure Administration,
- (16) The two Associate Judges, Court of Tax Appeals,
- (17) The four Associate Judges of the Court of Industrial Relations,
- (18) The Director, National Bureau of Investigation,
- (19) The Director of Prisons,
- (20) The Chairman, Code Commission,
- (21) The Assistant Land Registration Commissioner,
- (22) The Assistant Judicial Superintendent, Department of Justice,
- (23) The Director of Plant Industry,
- (24) The Director of Animal Industry,
- (25) The Director of Forestry,
- (26) The Director of Lands,
- (27) The Director of Mines,
- (28) The Director of Fisheries,
- (29) The Director of Soils,
- (30) The Director of Agricultural Extension,
- (31) The Director of Parks and Wildlife,
- (32) The Manager, Fiber Inspection Service,
- (33) The Director of Public Works,
- (34) The Postmaster General,
- (35) The Director of Telecommunications,
- (36) The Commissioner of Public Highways,
- (37) The Director of Public Schools,
- (38) The Director of Public Libraries,
- (39) The Director, Institute of National Language,
- (40) The Director of National Museum,
- (41) The Director of Private Schools,
- (42) The two Associate Commissioners, Workmen's Compensation Commission,
- (43) The two Associate Commissioners, Labor Standards Commission,
- (44) The Assistant to the Secretary, the Departmental Legal Counsel, the Administrative Officer, and the Senior Executive Assistant (ILO Affairs Consultant), Department of Labor,
- (45) The Director of Field Operations, Department of Labor,

- (46) The Director of Coast and Geodetic Survey,
- (47) The Chairman, Philippine Veterans Board,
- (48) The Chairman, Board on Pensions for Veterans,
- (49) The Director, Veterans Memorial Hospital,
- (50) The Director of Quarantine,
- (51) The Director of Medical Services,
- (52) The Director of Health Services,
- (53) The Director of Research and Laboratories,
- (54) The Director of Disease Control,
- (55) The Chiefs, Field Health Operations, Administrative Services, and Health Education and Personnel Training,
- (56) The Director of Commerce,
- (57) The Administrator, Sugar Quota Administration,
- (58) The Director, Philippines Patent Office,
- (59) The Commissioner, Securities and Exchange Commission,
- (60) The Administrator, Civil Aeronautics Administration,
- (61) The Director, Weather Bureau,
- (62) The Director of the Census and Statistics,
- (63) The Administrator, Cooperatives Administration Office,
- (64) The Chief, Manpower Services,
- (65) The Director of Records Management,
- (66) The Director, and the Assistant Director, Philippine General Hospital,
- (67) The Ministers who are assigned in the Home Office in the Counselors who are assigned as heads of offices in the Department of Foreign Affairs,
- (68) The Irrigation Administrator,
- (69) The Clerk of Court of the House Electoral Tribunal,
- (70) The Secretary of the Senate Electoral Tribunal,
- (71) The Director of Forest Products Research Institute,
- (72) The Secretary, the Finance and Rate Regulation Officer, the Chief Hearing Officer, the Chief Utilities Regulation Engineer, the Transportation Regulation Chief, and the Public Utilities Advisers of the Public Service Commission,
- (73) The Chiefs, Management Service, Central Accounting Service, the Legislative and Fiscal Policy Staffs and Administrative Division,
- (74) The Director of Building and Real Property Management,
- (75) The two Associate Commissioners on National Integration,
- (76) The Deputy Commissioner, Philippine Atomic Energy Commission,
- (77) The Deputy Commissioner, National Institute of Science and Technology,
- (78) The Chief Volcanologist, Commission on Volcanology,
- (79) The two Associate Commissioners, Veterans Claims Commission,
- (80) The Clerk of Court, Court of Appeals,

- (81) The Directors, Heads of Departments, the Auditor, and the Board Secretary, Reparations Commission,
- (82) The Department Managers and the General Counsel, General Auditing Office,
- (83) The Assistant Secretaries in the Department of Foreign Affairs who are assigned as Legal Adviser and as Chief Coordinator as well as Heads of Offices, the Chief, Division of Financial Management and Controls of the Department, Ambassadors and Ministers who may be on special detail in the Home Office, and
- (84) The Chief of the Construction and Maintenance Division, Bureau of Public Highways,

SEC. 14. *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, pickup trucks, launches, speedboats, motorcycles, etc., except the following:

- (1) The House of Representatives, for general service purposes;
- (2) The Senate, for general service purposes;
- (3) Malacañang, for general service purposes;
- (4) The National Intelligence Coordinating Agency, in the coordination of the national intelligence activities and in carrying out its functions in the interest of national security;
- (5) The Civil Defense Administration, for general service purposes in connection with the establishment and administration of the national civil defense program;
- (6) The Philippine Broadcasting Service, for covering special events for delayed broadcasts, servicing of sponsored programs, contacting artists, fetching "sign on" personnel and conducting home those "signing off";
- (7) The National Media Production Center, for delivery of different media of mass communications, such as press releases, handbills, pamphlets, posters, motion pictures, filmstrips, etc., and for motion picture and photo-essay coverage of different projects of the government;
- (8) The UNICEF Programmes of the Philippines, for use in connection with the supervision and inspection of feeding agencies in the cities and rural areas;
- (9) 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 sub-

sistence, and delivering food to the various units within the Welfareville compound, including collection and disposal of garbage;

- (10) 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;
- (11) The Department of Foreign Affairs, for carrying out protocol duties, including those connected with the arrival or visit in the Philippines of high dignitaries and officials or accredited representatives of foreign governments, and for general service purposes particularly in relation to the delivery of diplomatic pouches to and from points of embarkation or shipment;
- (12) The Bureau of Customs, for use as the Collector of Customs may recommend and the Commissioner of Customs may approve;
- (13) The Bureau of Internal Revenue, including its Regional Offices, for strict enforcement of the internal revenue laws and regulations and detection of violations thereof;
- (14) The Bureau of the Treasury, for transportation of cash from the Central Bank of the Philippines to the Bureau of the Treasury, and vice versa;
- (15) The 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;
- (16) The National Bureau of Investigation, for detection and investigation of crimes and criminals and other law violations;
- (17) The Bureau of Immigration, for the enforcement of immigration laws;
- (18) The Court of Tax Appeals, for transportation of its personnel whenever the Court holds its hearing outside of the City of Manila pursuant to Section 6 of Republic Act No. 1125;
- (19) The Land Tenure Administration and the Court of Agrarian Relations, for transportation of their personnel whenever they go out to hear cases or take evidence in places other than their headquarters, or make settlement pursuant to the decisions of the court;
- (20) 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 Prison Industries in Muntinlupa and in the penal colonies;

- (21) 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;
- (22) The Office of the Secretary of Agriculture and Natural Resources, for gathering agricultural statistics for researchers and analysis in agriculture, for distribution of agricultural information materials for guidance of farmers in improving their farming methods, and for conducting inspection trips to coordinate agricultural programs;
- (23) The Agricultural Tenancy Commission and the Tenancy Mediation Commission for the administration and implementation of Republic Act No. 1199 particularly mediation and legal aid activities, distribution of information materials, conducting rallies researches, and farm management investigations in the different regions of the country;
- (24) 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;
- (25) The Bureau of Animal Industry, for the distribution of animal products and transportation of animals and feeds, including insemination work;
- (26) The Bureau of Forestry, for forest protection, reforestation, land classification, research and general administration, including transportation of cinchona barks, equipment, supplies and materials;
- (27) The Bureau of Lands, for the survey and sub-division of public agricultural lands and land management;
- (28) 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;
- (29) The Bureau of Fisheries, for the collection of marine specimens, inspection of experimental fish farms and distribution of seedlings;
- (30) The Bureau of Soils, for carrying out soil survey and conservation work in the different regions of the country;
- (31) 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;
- (32) The Parks and Wildlife Office, for the supervision of parks and recreational centers and enforcement of regulations to conserve wildlife, game, fish, etc.;
 - (33) The Fiber Inspection Service, for carrying out its work of inspection and supervision of fiber grading-baling establishments, fiber improvement and demonstration work;
 - (34) 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 evaluating and checking of accomplishments and expenditures against duly approved programs of work;
 - (35) 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;
 - (36) The Bureau of Public Highways, for carrying out its functions of construction and maintenance of roads and bridges and those activities connected therewith, inspection and supervision of highway and bridge construction and maintenance projects, and for the procurement of construction supplies and materials;
 - (37) The Bureau of Posts, for the operation of the postal service;
 - (38) 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 radio-grams;
 - (39) The Motor Vehicles Office, for the enforcement of the provisions of the Motor Vehicle Law and for general service purposes;
 - (40) The Office of the Secretary of Education, for the inspection of public and private schools, public libraries, investigation of cases which require immediate attention, and performance of its supervisory functions;
 - (41) Trade and industrial, agricultural, rural and farm schools and other vocational 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;
 - (42) 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;
 - (43) The Department of Labor, for the use of field personnel in the enforcement of labor laws throughout the Philippines and for

- the use of its headquarters entities in making field inspections, special investigations and economic surveys necessary for the administration of labor laws;
- (44) 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;
 - (45) The Armed Forces of the Philippines, when on military operations or on active duty in the restoration and maintenance of peace and order;
 - (46) 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, the Bureau of Research and Laboratories in connection with health research including the distribution of vaccines, sera and other biological preparations;
 - (47) The Bureau of Medical Services and government hospitals, for ambulance service and procuring food supplies and materials for the subsistence of patients and personnel entitled thereto;
 - (48) The Bureau of Health Services, for health, sanitation and prevention and control of epidemics;
 - (49) The Bureau of Quarantine, whenever used by quarantine officers exclusively for quarantine work;
 - (50) The Office of the Secretary of Commerce and Industry, for the promotion of retail trade;
 - (51) The Civil Aeronautics Administration, for the operation and maintenance of its landing fields, including supervision and reconstruction or repair of signaling equipment located thereat;
 - (52) The Bureau of the Census and Statistics, for carrying out various census activities and/or operations;
 - (53) The Weather Bureau, for the maintenance, operation and inspection of its meteorological stations, including the Manila International Airport Forecasting Center and the Diliman Geophysical and Astronomical Station, and delivery of supplies thereto;
 - (54) 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;

- (55) The National 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;
- (56) 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;
- (57) The Commission on Volcanology, for inspecting and observing volcanoes and warning people in danger areas;
- (58) The National Economic Council, including the Office of the Chairman, Office of National Planning, Office of Foreign Aid Coordination, and Office of Statistical Coordination and Standards, for use in the follow up and execution of certain phases of the national program of economic and social development and the gathering of data and information for studies and research work being undertaken for the formulation of economic policies, including tariff structure and international commercial relations; for use in inspecting projects being undertaken by the Government jointly with the International Cooperation Administration and in gathering and transmitting data necessary for the efficient supervision and coordination of the activities of projects; for use in conducting surveys of statistical services of the Government with a view to reviewing, appraising and allotting activities among the statistical agencies; and for use by the ranking officials of the National Economic Council in attending conferences, and for gathering and compiling of data for the preparation of the agenda of the Council meetings and the distribution of notices of meetings of the different council members;
- (59) The Bureau of Printing, for the delivery and/or shipment of printed matters, books and/or forms to various offices;
- (60) The Forest Products Research Institute, for the transportation of logs, timber, lumber and other forest products as materials for research as well as supplies, materials, machinery, equipment and personnel necessary for research;
- (61) The National Science Development Board, for use in the coordination and execution undertaken by government offices, bureaus, and entities and private establishments to coordinate all scientific and technological researches;
- (62) The Philippine Atomic Energy Commission, for use in inspecting research projects of nuclear research plans, attendance of staff members in conferences and consultations with different public

officers and representatives of foreign governments, and the setting up of a training program in cooperation with the U.P;

- (63) The Bureau of Building and Real Property Management, for the performance and coordination of program related to the maintenance, repair and custody of national buildings and the administration of real property of the National Government; and
- (64) The Office of the Secretary of General Services, for regulating and performing for Government entities, the functions pertaining to procurement and supply, maintenance and custody of real property, disposal of surplus property, promotion of sound records management, printing and media production services.

SEC. 15. *Authority to pay representation allowance out of savings.*—Heads of Departments and other members of the Cabinet, the Auditor General and the Secretary of the House of Representatives are hereby granted representation allowance at the rate of not exceeding two hundred and fifty pesos per month commutable monthly; and the Undersecretaries of Departments and officials with the same rank including the Technical Adviser on Legal Matters to the President, the Legislative Secretary, the Chairman, Land Tenure Administration, the Judicial Superintendent and the Chief Prosecuting Attorney of the Department of Justice and the Postmaster General at the rate of not exceeding two hundred pesos per month also 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. 16. *Proper use of government motor vehicles.*—The use of government motor vehicles by bureaus and offices for the purposes enumerated in section fourteen 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. 17. *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 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 allowance by any government corporation or any other official shall be allowed to use motor vehicle transportation operated and maintained from funds ap-

propriated 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 13, 14, 16.

SEC. 18. *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 twelve and fourteen of this Act shall be disposed of to the highest bidder at public auction sales announced in newspaper 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. 19. *Prohibition against the use of appropriation for the payment of salaries and wages of officers or employees engaged in 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 asserts the right to strike against the Government of the Republic of the Philippines, or who 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. 20. *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. 21. *No transfer of salary savings to the Government Service Insurance System.*—The provisions of Republic Act No. 660, as amended, 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. 22. *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 of government buildings with the Property Insurance Fund, reinsurance 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. 23. *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: **PROVIDED, FURTHER**, That the Commissioner of the Budget shall submit to the Congress before the beginning of each session a report of such action.

SEC. 24. *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, including government-owned or controlled corporations; 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 of Representatives as the case may be to look at any time into the matters referred to in this section either as member of the aforementioned committee or as a member of the Congress.

SEC. 25. *Expenditure and disbursement of special funds.*—Except as otherwise provided in this Act no portion of any unallotted balance of special, revolving, and trust funds and receipts automatically appropriated shall be available for expenditure: **PROVIDED**, That no expenditure shall be incurred, nor any disbursement made, out of the appropriations authorized in this Act under said funds and 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. 26. 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. 27. 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 corporations, and officials and employees of the Government holding regular positions shall not be considered as private parties.

SEC. 28. 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. 29. Maximum number of permanent positions in a bureau or office.—Except as otherwise provided by law the maximum number of permanent positions in a bureau or office shall not exceed the number of permanent positions included in the schedules for the said bureau or office in the budget document.

SEC. 30. Adjustment of appropriations for reorganized agencies and salaries of personnel thereof.—The appropriations herein provided for agencies to be reorganized in accordance with the approved reorganization plans are deemed appropriated for the agencies as reorganized in case the Reorganization Implementation Reports are approved and promulgated by the President. The Commissioner of the Budget is hereby authorized to make necessary adjustments in the appropriations to carry out the foregoing provisions of this section. Furthermore, the department head concerned, with the approval of the Commissioner of the Budget, is hereby authorized to make necessary salary adjustments resulting from final selection of personnel to fill the positions in the staffing patterns or reorganized agencies in order that no incumbent receives a reduction in salary, to make necessary salary adjustments resulting from new appointments, promotions or salary increases made in the interim,

and make necessary salary adjustments resulting from changes in the staffing patterns authorized by the Commissioner of the Budget to correct mistakes, discriminations or injustices that may, in his opinion, have been committed in the preparation thereof: **PROVIDED**, That any such adjustments in the staffing patterns of reorganized agencies which have been or may be authorized but not yet reflected in this Act shall be given due course by adjusting the corresponding appropriations herein authorized.

No provision of this Act shall be construed as repealing or modifying in any way the approved reorganization plans under Republic Act No. 997, as amended.

SEC. 31. *Change of designation of any position by WAPCO classification.* — The change of designation of any position authorized in this Act due to the classification of such position in accordance with the WAPCO Plan shall not affect the tenure of office of the incumbent, shall not constitute a demotion either in rank or salary nor result in a change of status or assignment and the incumbent shall in all cases be deemed to have been appointed in that position and class.

SEC. 32. *Transfer of personnel, positions, and appropriations for accounting service subject to agreement.* — The transfer of personnel, positions and appropriations for the accounting service from the Budget Commission as contemplated in this Act as well as the transfer of the direction and control of the accounting function to the Secretaries of departments, and/or chiefs of bureaus, offices and other entities of the National Government shall be subject to an agreement with the Commissioner of the Budget in accordance with the provisions of Executive Order No. 279, dated November 7, 1957.

SEC. 33. *Appointments of laborers and emergency or casual employees under lump-sum appropriations.* — Except as otherwise specifically provided in this Act, chiefs of bureau and offices shall sign and approve appointments to positions covered under the lump-sum appropriations in all government bureaus and offices authorized in this Act.

SEC. 34. *Effective date.* — This Act shall take effect on July first, nineteen hundred and fifty-nine, except where otherwise provided.

Approved, June 19, 1959, except the following items and provisions:

B.—OFFICE OF THE PRESIDENT

(4) Social Welfare Administration

VI. Special Provision

Paragraph 5, page 125.

(5) National Economic Council

VI. Special Provision

Paragraph 1, page 136.

- (10) Reparations Commission
 - I. Personal Services
 - Item 130, page 156.
 - VI. Special Provisions
 - Paragraphs 2 and 3, page 158.
- E.—DEPARTMENT OF FINANCE
 - (3) Bureau of Internal Revenue
 - VI. Special Provision
 - Paragraph 7, page 243.
 - Itemization of Personal Services
 - VI Special Provisions
 - Paragraph 1, page 290;
 - Paragraph 2, page 291.
- F.—DEPARTMENT OF JUSTICE
 - (6) Land Registration Commission
 - Itemization of Personal Services
 - Item 3, page 422; items 104, 112, 115, and 117, page 425; items 158, 170, 178 and 179, page 427; items 190, 202, 203 and 206, page 428; items 219 and 227, page 429; items 250, 269 and 274, page 430; items 280, 290 and 309, page 431; item 358, page 433; items 378, 392, and 401, page 434; item 438, page 436; item 475, page 437; items 504, 508, 511 and 517, page 438; and items 535, 541, and 551, page 439.
 - Special Provision
 - Paragraph 3, page 445 and 446.
 - G.—DEPARTMENT OF AGRICULTURE AND NATURAL RESOURCES
 - (2) Bureau of Plant Industry
 - VI. Special Provision
 - Paragraph 5, page 539.
 - (3) Bureau of Animal Industry
 - IV. Special Purpose
 - Item 1, page 555.
 - (7) Bureau of Agricultural Extension
 - I. Personal Services
 - Item 231, page 616.
 - H.—DEPARTMENT OF PUBLIC WORKS AND COMMUNICATIONS
 - (6) Motor Vehicles Office
 - I. Personal Services
 - Item 8, page 893.

J. — DEPARTMENT OF LABOR

- (1) Office of the Secretary
 - VI. Special Provision
 - Paragraph 1, page 1241.
 - Itemization of Personal Services
 - Item 99, page 1246.

K. — DEPARTMENT OF NATIONAL DEFENSE

- (2) Bureau of Coast and Geodetic Survey
 - VI Special Provisions
 - Paragraph 3 and 4, page 1305.
- (3) Armed Forces of the Philippines
 - (a) General Headquarters
 - Plantilla of Civilian Personnel
 - Items 213 and 214, page 1315.

L. — DEPARTMENT OF HEALTH

- (7) Bureau of Research and Laboratories
 - VI. Special Provision
 - Paragraph 3, page 1389.
- (9) Field Operations
 - (e) Sanitaria Services
 - (e) Bicol Sanitarium
 - VI. Special Provision
 - Paragraph 1, page 1430.

N. — DEPARTMENT OF GENERAL SERVICES

- (3) Bureau of Building and Real Property Management
 - VI. Special Provision
 - Paragraph 2, page 1560.

P. — UNIVERSITY OF THE PHILIPPINES

- (a) Philippine General Hospital
 - I. Personal Services
 - Item 1, page 1589.

Q. — NATIONAL SCIENCE DEVELOPMENT BOARD

- (a) National Institute of Science and Technology
 - Special Provision
 - Paragraph 2, page 1639.
- (b) Philippine Atomic Energy Commission
 - Special Provision
 - Paragraph 1, page 1640.

GENERAL PROVISIONS

- Section 33, page 1731.

(REPUBLIC ACT NO. 2609)

AN ACT TO AUTHORIZE THE CENTRAL BANK OF THE PHILIPPINES TO ESTABLISH A MARGIN OVER BANKS SELLING RATES OF FOREIGN EXCHANGE.

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

SECTION 1. The provisions of any law to the contrary notwithstanding when and as long as the Central Bank of the Philippines subjects all transactions in gold and foreign exchange to licensing in accordance with the provisions of section seventy-four of Republic Act Numbered Two hundred sixty-five, the Central Bank, in respect of all sales of foreign exchange by the Central Bank and its authorized agent banks, shall have authority to establish a uniform margin of not more than 40 per cent over the Banks' selling rates stipulated by the Monetary Board under section seventy-nine of Republic Act numbered Two hundred sixty-five, which margin shall not be changed oftener than once a year except upon the recommendation of the National Economic Council and the approval of the President. The Monetary Board shall fix the margin at such rate as it may deem necessary to effectively curtail any excessive demand upon the international reserve.

In implementing the provisions of this Act, along with other monetary, credit and fiscal measures to stabilize the economy, the monetary authorities shall take steps for the adoption of a four-year program of gradual decontrol.

SEC. 2. The margin established by the Monetary Board pursuant to the provision of section one hereof shall not be imposed upon the sale of foreign exchange for the importation of the following:

I. DRUGS AND MEDICINES

- a. Amebacides, except emetine preparations.
- b. Amino acid preparations and analgesic poultices.
- c. Anaesthetics, all types.
- d. Antiacids, absorbents, and preparations.
- e. Antibiotics and preparations, except dosage form of penicillin, streptomycin and/or combinations.
- f. Anticholinergic preparations.
- g. Anticoagulants.
- h. Anti-leprosy preparation.
- i. Antimalarials, except quinine preparations.
- j. Antispasmodic, anticonvulsant, and sympathomimetic preparations.
- k. Antitoxins, vaccines, sera, toxoids, and antigens.
- l. Hemogenized baby foods.

m. Diagnostic and laboratory reagents.

n. Digitalis and preparations.

o. Drugs (crude or otherwise), chemicals (simple or compound) for pharmaceutical manufacture and chemicals to be used for the manufacture of insecticides and pesticides when, in both cases, imported by duly licensee laboratories or manufacturers.

p. Drugs and medicines for the use of the dental and veterinary professions.

q. Ergot and preparations.

r. Fumigants, disinfectants, insecticides, pesticides, and preparations.

s. Gland products and synthetic substitutes.

t. Homostatics for tropical use.

u. Hexylresorcinol preparations.

v. Insulin, all forms.

w. Liver extract.

x. Mercurial diuretics.

y. Narcotics and hypnotics, natural or synthetic, and preparations.

z. Pharmaceutical glassware and containers not manufactured locally.

aa. Plasma.

bb. Saccharin and substitutes.

cc. Salt substitutes.

dd. Steroids and preparations.

ee. Surgical antiseptics.

ff. Vitamins.

gg. Other drugs and medicines which are not mere substitutes of those locally, produced, and not yet commercially available, authorized by the Secretary of Health each year upon the recommendation of the Philippine Medical Association and the Philippine Federation of Private Medical Practitioners: *Provided*, That the Secretary of Commerce and Industry shall certify as to their not being commercially available.

II. MEDICAL, DENTAL AND HOSPITAL SUPPLIES

a. Adhesives, plasters, bandages, gauzes, and dressings.

b. Cottons, absorbents or synthetic substitutes.

c. Dental instruments, equipment and supplies.

d. Diagnostic instruments.

e. Hospital and surgical rubber goods including catheters, and plastic venoclysis sets.

f. Electro-medical therapy equipment.

g. Optometric instruments and supplies.

h. Surgical and medical instruments, equipment and supplies, artificial limbs and splints, including operating lights and sterilizers, except examining and treatment tables.

i. X-Ray equipment, films and supplies, including contrasts media.

j. Radium and radioactive materials for therapy.

k. Spare parts for dental electro-medical, therapy and X-Ray equipment.
l. Supplies and equipment to be used for the collection and administration of blood.

III. Fertilizers and soil conditioners and fertilizer components needed in the manufacture of fertilizers.

IV. Spare parts when imported and used exclusively by end-users for agricultural industries.

V. Textbooks, reference books and religious books approved by the Board of Textbooks and certified by the Secretary of Education; and technical and scientific books, as certified by the Secretary of Education.

VI. Scientific and technical equipment and materials imported and to be used exclusively by the end-users for research and scientific work as certified by the National Science Development Board.

VII. Newsprint, directly imported by publishers for their exclusive use in the publication of books, pamphlets, magazines, and newspapers.

VIII. Unexposed cinematographic films, raw materials, equipment and spare parts imported by Filipino movie film industries necessary in the production of local moving pictures.

IX. Canned white salmon, and large sardines in plain tomato sauce; corned beef; raw cotton, when produced under U.S. Public Law 480 and 402 and imported by and for the exclusive use of the end-users; and breeding and dairy cattle.

X. Canned condensed milk and milk in all forms, for which there is no substitute locally produced.

XI. Cyanide, metallurgical reagents and/or flotation chemicals, grinding mills, explosive and dynamite when imported by lawfully authorized end-users for their exclusive use.

XII. Materials, if not locally produced or available, for the manufacture of containers for locally made or manufactured food products.

XIII. Seeds, for planting purposes only, of potato, cabbage, peas, lettuce, wong bok, celery, cauliflower, California pepper, turnip, carrot, radish, mustard, sweet peas, onions, eggplant, gubo (Japanese root crop), tomatoes, Kentucky wonder beans, cucumber tobacco and sugar beets, when imported by end-users themselves or through their cooperatives for their exclusive use, as certified by the Secretary of Agriculture and Natural Resources.

XIV. Spare parts to be used in the maintenance and/or repair of vessels of Philippine registry when imported by and for the exclusive use of end-users.

XV. Poultry and animal food ingredients other than cereals or derivatives thereof, provided that they are not locally produced.

XVI. Spare parts to be used in the maintenance and/or repair of commercial aircraft of Philippine registry when imported by and for the exclusive use of end-users.

XVII. Unassembled kerosene air pressure lamps and other fishing paraphernalia when imported by end-users or through their cooperatives for their exclusive use.

XVIII. Urea and formaldehyde for the manufacture of plywood and hardboard when imported by and for the exclusive use of end-users.

XIX. (A) Payment of premiums by veterans on life insurance policies under the government of the United States; and (B) Spare parts for machineries used by cottage industries when imported by end-users or through their cooperatives for their exclusive use.

SEC. 3. The provisions of this Act shall not apply to the liquidation of drafts drawn under letters of credit nor of contractual obligations calling for payment of foreign exchange issued, approved and outstanding as of the date this Act takes effect and the extension thereof, with the same terms and conditions as the original contractual obligations: *Provided*, That the repayment of loans contracted by the government of the Philippines with foreign governments and/or private banks and the importation of machineries and equipment by provinces, cities, or municipalities for the exclusive use in the operation of public utilities fully owned and maintained by them shall likewise be exempted from the operation of this Act.

SEC. 4. No foreign exchange shall be sold to an importer except under the following undertaking and conditions executed in writing by the importer before the corresponding license is issued:

(A) That he will declare the true purchase price and true and accurate landed cost of the commodities or merchandise sought to be imported; and

(B) That he will not fix prices over the landed costs of the commodities or merchandise sought to be imported in an unreasonable amount, or in violation of any existing law or regulation.

SEC. 5. Any proceeds resulting from the operations of Section One shall accrue to the Central Bank of the Philippines and be governed by the provisions of section forty-one of Republic Act Numbered Two hundred sixty-five.

SEC. 6. It shall be unlawful for any person who has obtained dollars for his benefit from any agency or instrumentality of the government upon application filed by him to sell, transfer, assign, convey or otherwise alienate the same or any interest thereon to any other person.

SEC. 7. The Monetary Board of the Central Bank of the Philippines shall prescribe and promulgate rules and regulations necessary to carry out the provisions of this Act.

SEC. 8. Any person violating any provision of this Act or any of the rules or regulations promulgated pursuant thereto shall, upon conviction, be sentenced to pay a fine not exceeding twenty thousand pesos or suffer imprisonment for a period not exceeding two years, or both: *Provided however*, That if the offender is a corporation, association or partnership the penalty shall be imposed upon the President, directors, managers, managing partners, as the case may be, and/or the person charged with the administration thereof. And if he is an alien, in addition to the penalties herein prescribed he shall be deported without further deportation proceedings. In addition to the penalties herein provided for, the forfeiture of the right hereafter to purchase any foreign exchange shall be imposed.

SEC. 9. If any provision or section of this Act or the application thereof to any person or circumstance, is held invalid, the other provisions or sections of this Act, and the application of such provision or section to other persons or circumstances shall not be affected thereby.

SEC. 10. This Act shall take effect upon its approval and shall remain in force until December 31, 1964.

Approved, July 16, 1959.

MALACAÑANG
RESIDENCE OF THE PRESIDENT
OF THE PHILIPPINES
Manila

BY THE PRESIDENT OF THE PHILIPPINES

PROCLAMATION NO. 601

SUSPENDING THE REDUCTION OF THE SPECIAL IMPORT TAX TO 11.9 PER CENT AND INCREASING THE RATE OF SUCH TAX TO 15.3 PER CENT TO BE APPLIED ON ALL GOODS, ARTICLES, OR PRODUCTS IMPORTED OR BROUGHT INTO THE PHILIPPINES, IRRESPECTIVE OF SOURCE, DURING THE CALENDAR YEAR 1959, STARTING FROM JANUARY FIRST

WHEREAS, the total collections from the 17 per cent tax on the sale of foreign exchange under Republic Act No. 601, as amended, during the calendar year 1955 on goods, articles, or products imported or brought into the Philippines from the United States amounted to ₱68,929,140.00, as reported by the Central Bank of the Philippines.

WHEREAS, the collections from the 25 per cent import duties and 13.6 per cent special import tax on goods, articles, or products imported or brought into the country from the United States subject to said duties and tax from January 1 to December 31, 1958, as reported by the Bureau of Customs, amounted to only ₱62,684,354.60, which is below the level attained in calendar year 1955;

WHEREAS, it is considered necessary to restore in calendar year 1959, under existing conditions, the total revenue to be collected on the importation of United States goods, articles, or products to the level of the exchange tax collected thereon during the calendar year 1955;

NOW, THEREFORE, I, Carlos P. Garcia, President of the Philippines, by virtue of the powers vested in me by law and pursuant to section 2 (a) of Republic Act No. 1394, do hereby authorize the suspension of the reduction of the rate of Special Import Tax to 11.9 per cent and, in lieu thereof, increase the rate of said tax to the previous rate of 15.3 per cent applicable to all goods, articles, or products imported or brought into the Philippines, irrespective of source, during the calendar year 1959, starting from January 1.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the Republic of the Philippines to be affixed.

Done in the City of Manila, this 14th day of July, in the year of Our Lord, nineteen hundred and fifty-nine, and of the Independence of the Philippines, the fourteenth.

[SEAL]

CARLOS P. GARCIA
President of the Philippines

By the President:

JUAN C. PAJO
Executive Secretary

—oOo—

CENTRAL BANK OF THE PHILIPPINES
Manila

CIRCULAR NO. 94

(1) Section 4, paragraph (c) of Circular No. 42 dated May 21, 1953, of the Central Bank, as amended by Circular No. 55 dated July 6, 1954, and Circular No. 91 dated November 17, 1958, is hereby further amended to read as follows:

"(c) Visitors entering the Philippines shall upon entering the country, execute in duplicate a currency declaration on E. C. Form No. 305, Revised. The original of the accomplished declaration shall be surrendered to Agents of the Central Bank of the Philippines at the point of entry and the duplicate shall be retained by the visitor. He may carry with him the foreign exchange declared by him but to meet his local currency requirements during his stay in the country, he shall sell foreign exchange for Philippine peso only to CB Tellers assigned at the piers and airport or to Authorized Agents of the Central Bank of the Philippines. At the time of his departure, the visitor shall surrender his currency declaration to the Agents of the Central Bank at the pier or airport of departure, accompanied by the official receipts issued by special tellers of the Central Bank and/or Authorized Agent of the Central Bank covering conversion of foreign exchange into pesos currency during the visitor's stay in the country."

(2) This Circular shall take effect immediately.

For the Monetary Board:

ANDRES V. CASTILLO
Deputy Governor

Approved by the Monetary Board
May 15, 1959

CIRCULAR NO. 96

July 21, 1959

In order to maintain monetary stability in the Philippines, to preserve the international value of the peso and to curtail illegal operations in foreign exchange, the Monetary Board, in pursuance of Central Bank Circular No. 20 and other circulars and notifications implementing the same, hereby requires any person or entity who intends to import or receive goods from any foreign country for which no foreign exchange is required or will be required of the banks, to apply for a license from the Monetary Board to authorize such import.

Applications for licenses under this Circular shall state the following:

- a. Name, address, and business of applicant;
- b. Description of the goods to be imported;
- c. Origin of the goods and name and address of exporter;
- d. C.I.F. value of the goods to be imported;
- e. Whether the goods are to be paid for or not at a later date; if not, how the goods are to be paid, including a statement indicating the source of the funds used for such payment;
- f. Whether the goods to be imported are to be used by the importer or to be sold in the Philippines.

The foregoing requirements shall not apply to the following importations:

- a. Wearing apparel, articles of personal adornment, toilet articles, personal and household effects, professional instruments and implements, tools of trade, occupation or employment, personally used in a foreign country for 3 months by returning residents who have stayed abroad for at least one year, provided that the value thereof does not exceed ₱1,000.00, and that similar exemption has not been enjoyed within 12 months immediately preceding the date of arrival of the returning resident bringing the aforesaid articles, or the date of arrival of the articles under consideration. The length of use abroad shall be computed from the date of purchase to the date of shipment of the article in the case of advanced baggage, and from the date of purchase of the article to the date of departure of the owner in the case of accompanied or delayed baggage.

New as well as used personal and household effects including those enumerated in the next preceding paragraph brought in by returning residents from abroad for personal use and not for commercial purposes provided the value does not exceed ₱200.00, if the stay abroad of the returning resident is less than 6 months and ₱500.00 if the stay abroad of the returning resident is from 6 months to 12 months, and that similar exemption has not been enjoyed within 6 months immediately pre-

ceding the date of arrival of the returning resident or the date of arrival of the articles under consideration.

Officers and crew members of boats, ships, vessels or any water craft of whatever kind and nature and irrespective of size and tonnage and officers and crew members of airplane or any aircraft of any kind and make are not entitled to the exemption herein provided.

- b. Gifts sent from abroad to one single person provided the value of the gift does not exceed ₱100.00 and that similar exemption has not been enjoyed within 6 months immediately preceding the date of arrival of the gifts under consideration;
- c. Raw materials for embroidery heretofore permitted to enter the Philippines in accordance with Executive Order No. 558, dated January 17, 1953, of the President of the Philippines;
- d. I.C.A. shipments;
- e. Baggages and personal effects of officials of foreign government and members of international organizations who have been accorded diplomatic privileges;
- f. Goods, commodities and articles consigned to, and for the exclusive use of, embassies, legations and consulates of foreign governments, other than that of the United States, and of their officials duly accredited to the Government of the Republic of the Philippines;
- g. Samples and advertising materials destined exclusively for display or exhibition of a value not exceeding ₱100.00, unless there is evidence of abuse in the use of this privilege;
- h. Goods, articles and commodities consigned to the U.S. Embassy and Consulates, the U.S. Armed Services and other American Government Federal Agencies and U.S. citizen personnel for their official and personal use;
- i. Shipments for account of accredited relief agencies and/or humanitarian or religious organizations;
- j. Letterheads, printed matter or printed forms to be used exclusively by offices in the Philippines of foreign firms;
- k. Articles donated from abroad and consigned to duly established or duly incorporated international civic organizations, religious or charitable institutions or societies exempted from customs duties and taxes pursuant to Republic Act No. 1916, which articles are, by nature and destination, for the exclusive use of the donees or for free distribution to the poor and the needy and not for barter, sale or hire;

1. Supplies and equipment directly imported by, and for the exclusive use of, the Philippine Government and its instrumentalities through which its political authority is effected.

For the Monetary Board:

M. CUADERNO, Sr.
Governor

Approved:

By the Monetary Board
July 21, 1959

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CENTRAL BANK OF THE PHILIPPINES
Manila

CIRCULAR NO. 97

August 27, 1959

**OPENING OF BRANCHES, AGENCIES, AND EXTENSION OFFICE OF
BANKING INSTITUTIONS, AND TRANSACTING BUSINESS OUT-
SIDE THE PREMISES OF THE PRINCIPAL OFFICE.**

1. No bank or banking institution operating in the Philippines except the Philippine National Bank and the Development Bank of the Philippines, shall establish, open and/or operate branches, agencies, extension offices, sub-office, mobile banks, or any office, or transact business (such as the receipt and payment of deposits) outside the premises of its duly authorized principal office, without the prior approval of the Monetary Board.

2. Banks, other than the Philippine National Bank and the Development Bank of the Philippines, already operating any of the above-mentioned offices or transacting business outside the premises of their duly authorized principal office without authority from the Monetary Board, shall apply for such authority to operate such office or transact such business.

3. This circular shall take effect immediately.

ANDRES V. CASTILLO
Deputy Governor

APPROVED:

By the Monetary Board
August 18, 1959

CENTRAL BANK OF THE PHILIPPINES
CIRCULAR NO. 98

August 27, 1959

**EXEMPTION OF CERTAIN REMITTANCES FROM THE PAYMENT
OF THE MARGIN FEE ON SALES OF FOREIGN EXCHANGE**

Whereas, Section 3 of Republic Act No. 2609 provides:

“SEC. 3. The provisions of this Act shall not apply to the liquidation of drafts drawn under letters of credit nor of contractual obligations calling for payment of foreign exchange issued, approved and outstanding as of the date this Act takes effect and the extension thereof, with the same terms and conditions as the original contractual obligations:***”. In view thereof:

SEC. 1. The foreign exchange margin of 25 per cent prescribed in Central Bank Circular No. 95 dated July 17, 1959, pursuant to the provisions of Republic Act No. 2609, shall not apply to the following remittances:

(a) Remittances in payment of installments, amortizations and interests on contractual obligations outstanding as of July 16, 1959, under loan agreements calling for the payment of foreign exchange approved by the Central Bank on or before said date.

(b) Remittances of profits and dividends declared out of profits earned up to September 30, 1958, and covered by exchange licenses approved and issued by the Central Bank on or before July 16, 1959.

(c) Remittances of cable, telephone and telegraph companies to connecting cable, telephone and telegraph companies abroad of traffic payouts for radiogram and telephone messages transmitted from the Philippines prior to July 16, 1959.

(d) Remittances by airline and shipping companies of passenger and freight revenues collected before July 16, 1959, from ticket sales or freight contracts approved by the Central Bank prior to said date.

(e) Remittances of reinsurance premia under reinsurance treaties approved by the Central Bank prior to July 16, 1959, and which became due before the said date.

SEC.2. Applications for license to purchase foreign exchange for any of the purposes specified in Section One hereof shall be accompanied by an application for exemption from the payment of the 25 per cent margin on the form prescribed therefor. A certificate of exemption will be issued by the Central Bank covering each remittance determined to be exempt as provided above. Such certificate of exemption will be authority of the Authorized Agent to sell foreign exchange without collecting the 25 per cent margin.

SEC. 3. The 25 per cent margin shall not be collected by Authorized Agent Banks on the liquidation of drafts drawn under letters of credit issued, approved and outstanding as of July 16, 1959, and importers-drawees liquidating said drafts need not obtain from the Central Bank certificates of exemption of the sale of exchange from the margin in such cases. But Authorized Agent Banks shall submit to the Central Bank on the first and sixteenth of each month a report in triplicate of the drafts which were liquidated during the preceding fifteen days in which the margin was not collected, showing the numbers, dates and amounts of the drafts, the names and addresses of the drawers and drawees, the numbers, dates and amounts of the letters of credit involved. The original and duplicate of the report shall be sent to the Department of Supervision and Examination and the triplicate to the Auditor of the Central Bank.

Pursuant to paragraph IX, Section 2 of Republic Act No. 2609, the 25 per cent margin shall not be collected in respect to remittances in payment of premiums by veterans on life insurance policies under the Government of the United States.

For the Monetary Board:

By: M. CUADERNO, Sr.
Governor

APPROVED:

By the Monetary Board
August 27, 1959

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CIRCULAR NO. 99
(Implementing Republic Act No. 2609)

Effective immediately, certificates of exemption from payment of the 25% foreign exchange margin issued by the Central Bank under the provisions of Central Bank Circular No. 95, shall be signed only by Mr. Natalio M. Balboa, Special Assistant to the Governor, as Chairman, Exemption Committee.

This amends Central Bank Circular No. 95, dated July 17, 1959, to the extent indicated.

(SGD.) ANDRES V. CASTILLO
Deputy Governor

September 9, 1959

CIRCULAR NO. 100

September 10, 1959

TRANSACTIONS IN AUTHORIZED FOREIGN CURRENCIES
OTHER THAN THE UNITED STATES DOLLAR

1) Pursuant to Monetary Board Resolution No. 648 dated May 11, 1959, authorizing the inclusion of the following currencies as part of the Philippines' international reserves and their acceptance in settlement of the country's international accounts:

- a. Pound Sterling (United Kingdom)
- b. Canadian dollar (Canada)
- c. Swiss Franc (Switzerland)
- d. Deutsche Mark (West Germany)

Authorized Agent Banks are authorized to open and maintain accounts abroad in the aforementioned currencies and to hold a net long position in any one of these currencies up to the equivalent of not more than U.S. \$100,000.00, but the aggregate holdings of a bank in all these four currencies shall not, at any time, exceed such portion of its total L/C, A/P and other commitments in such currencies, as will be determined by the Foreign Exchange Department of the Central Bank. However, a bank may at all times, regardless of the extent of its commitments, maintain a working balance in each of these currencies up to the equivalent of U.S. \$25,000.00. Any balances in excess of these limits shall be surrendered immediately to the Central Bank in the U.S. dollar equivalent of said currencies, computed at the closing buying rate in New York on the day previous to the date of surrender to the Central Bank.

2) Subject to the limitations mentioned above, Authorized Agent Banks may engage in spot transactions at rates to be determined as follows:

For items equivalent to \$500.00 or more:

a) The minimum buying rate in terms of Philippine currency shall be the New York buying rate as of the close of the day previous to the actual purchase in Manila of the particular currency involved times the authorized peso buying rate for the U.S. dollar; namely, ₱200.375.

b) The maximum selling rate in terms of Philippine currency shall be the New York selling rate as of the close of the day previous to the actual sale in Manila of the particular currency involved, times the authorized peso selling rate for the U.S. dollar; namely, ₱201.50.

For items below the equivalent of \$500.00:

The minimum buying and the maximum selling rates shall be the New York buying or selling rate as of the close of the day previous to the actual purchase or sale in Manila of the particular currency involved, times the authorized peso buying or selling rates for similar U.S. dollar items; namely ₱200.00 and ₱202.00, respectively.

For non-sight items (non-spot transactions)

For non-sight items (non-spot transactions), i.e., 30, 60 or 90 days date and sight drafts, of amounts above or below the equivalent of \$500.00 the minimum buying and the maximum selling rates in terms of Philippine currency shall be the New York buying or selling rate as of the close of the day previous to the actual purchase or sale in Manila of the particular currency involved, times the authorized peso buying or selling rates for similar U.S. dollar non-sight items, established under Circular No. 8 dated February 7, 1949, as amended by Circular No. 76 dated September 27, 1957.

3) For the sole purpose of covering their exchange risks, and subject to approval by the Central Bank, Authorized Agent Banks may also enter into forward contracts against Philippine currency in the usual manner, or on an option or an "if-if-if" basis. Where a bank covers a forward sale with a forward purchase abroad, and vice-versa, the forward rates of the local bank shall be determined in the same manner as the spot rates, as described in paragraph 2, based on the forward cross rate.

4) Authorized Agent Banks are requested to submit daily to the Foreign Exchange Department of the Central Bank the following reports covering their transactions in the above-mentioned four currencies, in addition to their daily report on U.S. dollar transactions, samples of which are attached:

- a) Daily foreign exchange position sheet to include report of daily spot and forward rates (CB-FED Form No. 12);
- b) Daily summary of foreign exchange transactions (CB-FED Form No. 10);
- c) Daily foreign exchange acquisitions (CB-FED Form No. 10-A);
and
- d) Daily foreign exchange dispositions (CB-FED Form No. 10-B).

5) In addition to U.S. notes and coins, Authorized Agent Banks may also purchase notes and coins of the four currencies specified above at the prevailing cross rates, less reasonable charges to cover out-of-pocket expenses for in-

surance, mailing, etc., in accordance with the provisions of Section 76 of the Central Bank Act. The banks may remit the notes and coins so acquired directly to their respective correspondents abroad and arrange for their conversion into U.S. dollars for surrender to the Central Bank, or keep them for sale to their clients, in accordance with existing exchange control regulations.

(SGD.) M. CUADERNO, Sr.
Governor

Encls.

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**LIST OF THE LEGAL PARITIES AND/OR EXCHANGE RATES, AS
OF DECEMBER 1958, OF THE VARIOUS FOREIGN CURRENCIES
IN TERMS OF THE U.S. DOLLAR AND THE PHILIPPINE PESO**

Member Countries (Currencies with Par Values)	Unit	Equivalent in U. S. Currency	Equivalent in Phil. Currency
Argentina	Peso	\$0.05556	P0.11112
Australia	Pound	2.24000	4.48000
Austria	Schilling .....	.03846	.07692
Belgium	Franc .....	.02000	.04000
Brazil	Cruzeiro .....	.05405	.10810
Burma	Kyat .....	.21000	.42000
Ceylon	Rupee .....	.21000	.42000
Chile	Peso .....	.00909	.01818
Colombia	Peso .....	.51283	1.02566
Costa Rica	Colon .....	.17809	.35618
Cuba	Peso	1.00000	2.00000
Denmark	Krone .....	.14478	.28956
Dominican Republic	Peso	1.00000	2.00000
Ecuador	Sucre .....	.06667	.13334
Egypt	Pound	2.87156	5.74312
El Salvador	Colon .....	.40000	.80000
Ethiopia	Dollar .....	.40250	.80500
Finland	Markka .....	.00313	.00626
Germany, Fed. of Rep. of	Deutsche Mark ...	.23810	.47620
Ghana	Pound	2.80000	5.60000
Guatemala	Quetzal	1.00000	2.00000
Haiti	Gourde .....	.20000	.40000
Honduras	Lempira .....	.50000	1.00000
Iceland	Krona .....	.06140	.12280
India	Rupee .....	.21000	.42000
Iran	Rial .....	.01320	.02640
Iraq	Dinar	2.80000	5.60000
Ireland	Pound	2.80000	5.60000
Israel	Pound .....	.55556	1.11112
Japan	Yen .....	.00278	.00556
Jordan	Dinar	2.80000	5.60000

**LIST OF THE LEGAL PARITIES AND/OR EXCHANGE RATES, AS
OF DECEMBER 1958, OF THE VARIOUS FOREIGN CURRENCIES
IN TERMS OF THE U.S. DOLLAR AND THE PHILIPPINE PESO
(Continued)**

Member Countries (Currencies with Par Values)	Unit	Equivalent in U. S. Currency	Equivalent in Phil. Currency
Lebanon	Pound .....	.45631	.91262
Luxembourg	Franc .....	.02000	.04000
Mexico	Peso .....	.08000	.16000
Netherlands	Guilder .....	.26316	.52632
Nicaragua	Cordova .....	.14286	.28572
Norway	Krone .....	.14000	.28000
Pakistan	Rupee .....	.21000	.42000
Panama	Balboa	1.00000	2.00000
Paraguay	Guarani .....	.01667	.03334
Philippines	Peso .....	.50000	1.00000
Sudan	Pound	2.87156	5.74312
Sweden	Krona .....	.19330	.38660
Syria	Pound .....	.45631	.91262
Turkey	Lira .....	.35714	.71428
Union of South Africa	Pound	2.80000	5.60000
United Kingdom	Pound	2.80000	5.60000
United States	Dollar	1.00000	2.00000
Venezuela	Bolivar .....	.29851	.59702
Yugoslavia	Dinar .....	.00333	.00666

SOURCE OF DATA: International Financial Statistics, December, 1958.

Member Countries (Currencies without Par Values)	Unit	Equivalent in U. S. Currency	Equivalent in Phil. Currency
Afghanistan	Afghani	—	—
Bolivia	Bolivianos	—	—
Selling Rate .....	.....	\$0.00009	₱0.00018
Canada	Dollar	1.03199	2.06398
China	Yuan .....	.....	.....
Principal Selling Rates .....	.....	( .04036	.08072
Principal Buying Rates .....	.....	( .02749	.05498
Principal Import Rates .....	.....	.04068	.08136
Other Export Rate .....	.....	.02772	.05544
France	Franc .....	.00238	.00476
Greece	Drachma .....	.0333	.0666
Indonesia	Rupiah .....	.....	.....
Principal Export Rate .....	.....	.03300	.06600
Principal Import Rates .....	.....	( .02639	.05278
Other Import Rates .....	.....	( .01761	.03522
Other Import Rates .....	.....	( .01319	.02638
Italy	Lira	(.00960	.01920
Principal Import Rates .....	.....	.00160	.00320

**LIST OF THE LEGAL PARITIES AND/OR EXCHANGE RATES, AS
OF DECEMBER 1958, OF THE VARIOUS FOREIGN CURRENCIES
IN TERMS OF THE U.S. DOLLAR AND THE PHILIPPINE PESO
(Concluded)**

Member Countries (Currencies without Par Values)	Unit	Equivalent in U. S. Currency	Equivalent in Phil. Currency
Korea	Hwan .....	.00200	.00400
Malaya	Dollar .....	.32787	.65574
Morocco	Franc	—	—
Peru	Sol		
Principal Rate .....		.04010	.08020
Others .....		.03995	.07990
Saudi Arabia	Riyal	—	—
Spain	Peseta		
Principal Export Rate .....		.02381	.04762
Other Export Rates		(.03226	.06452
Principal Import Rate		(.02000	.04000
Other Import Rates .....		.02366	.04732
Thailand	Baht		
Selling Rate .....		.04739	.09478
Buying Rate .....		.04782	.09564
Tunisia	Franc	—	—
Uruguay	Peso		
Principal Export Rate .....		.28901	.57802
Other Export Rates		(.35587	.71174
Principal Import Rate		(.24390	.48780
Other Import Rates .....		.47619	.95238
Free Rate		(.24331	.48662
Other Import Rates		(.16367	.32734
Free Rate .....		.10363	.20726
Vietnam	Piastre		
Principal Rate .....		.02857	.05714
Invisibles Rate .....		.01361	.02722
Non-Member Countries (Currencies without Par Values)	Unit	Equivalent in U. S. Currency	Equivalent in Phil. Currency
New Zealand	Pound		
Selling Rate		\$2.7702	₱5.5404
Buying Rate		2.8020	5.6040
Portugal	Escudo .....	.03478	.06956
Switzerland	Franc .....	.23278	.46556
Non-Metropolitan Areas			
Hongkong	Dollar .....	.17500	.35000
British North Borneo, Brunei, Singapore, Sarawak	Dollar .....	.32667	.65334

SOURCE OF DATA: International Financial Statistics, December 1958.

G. L. RIALP
Director

**LIST OF LEGAL PARITIES AND/OR EXCHANGE RATES, AS OF JUNE
1959, OF THE VARIOUS FOREIGN CURRENCIES IN TERMS OF
THE U.S. DOLLAR AND THE PHILIPPINE PESO**

Member Countries (Currencies with Par Values)	Unit	Equivalent in U. S. Currency	Equivalent in Phil. Currency
Argentina	Peso	\$.05556	P .11112
Australia	Pound	2.24000	4.48000
Austria	Schilling .....	.03846	.07692
Belgium	Franc .....	.02000	.04000
Brazil	Cruzeiro .....	.05405	.10810
Burma	Kyat .....	.21000	.42000
Ceylon	Rupee .....	.21000	.42000
Chile	Peso .....	.00909	.01818
Colombia	Peso .....	.51283	1.02566
Costa Rica	Colon .....	.17809	.35618
Cuba	Peso	1.00000	2.00000
Denmark	Krone .....	.14478	.28956
Dominican Republic	Peso	1.00000	2.00000
Ecuador	Sucre .....	.06667	.13334
Egypt (UAR)	Pound	2.87156	5.74312
El Salvador	Colon .....	.40000	.80000
Ethiopia	Dollar .....	.40250	.80500
Finland	Markka .....	.00313	.00626
France	Franc .....	.00203	.00406
Germany, Fed. of Rep. of	Deutsche Mark .....	.23810	.47620
Ghana	Pound	2.80000	5.60000
Guatemala	Quetzal	1.00000	2.00000
Haiti	Gourde .....	.20000	.40000
Honduras	Lempira .....	.50000	1.00000
Iceland	Krona .....	.06140	.12280
India	Rupee .....	.21000	.42000
Iran	Rial .....	.01320	.02640
Iraq	Dinar	2.80000	5.60000
Ireland	Pound	2.80000	5.60000
Israel	Pound .....	.55556	1.11112
Japan	Yen .....	.00278	.00556
Jordan	Dinar	2.80000	5.60000
Lebanon	Pound .....	.45631	.91262
Luxembourg	Franc .....	.02000	.04000
Mexico	Peso .....	.08000	.16000
Netherlands	Guilder .....	.26316	.52632
Nicaragua	Cordoba .....	.14286	.28572
Norway	Krone .....	.14000	.28000
Pakistan	Rupee .....	.21000	.42000
Panama	Balboa	1.00000	2.00000
Paraguay	Guarani .....	.01667	.03334
Philippines	Peso .....	.50000	1.00000
Sudan	Pound	2.87156	5.74312
Sweden	Krona .....	.19330	.38660
Syria (UAR)	Pound .....	.45631	.91262

**LIST OF LEGAL PARITIES AND/OR EXCHANGE RATES, AS OF JUNE
1959, OF THE VARIOUS FOREIGN CURRENCIES IN TERMS OF
THE U.S. DOLLAR AND THE PHILIPPINE PESO (Continued)**

Member Countries (Currencies with Par Values)	Unit	Equivalent in U. S. Currency	Equivalent in Phil. Currency
Turkey	Lira .....	.35714	.71428
Union of South Africa	Pound	2.80000	5.60000
United Kingdom	Pound	2.80000	5.60000
United States	Dollar	1.00000	2.00000
Venezuela	Bolivar .....	.29851	.59702
Yugoslavia	Dinar .....	.00333	.00666
Afghanistan	Afghan		
Bolivia	Bolivianos		
Selling rate .....		.00008	.00016
Canada	Dollar	1.03950	2.07900
China (Taiwan)	Yuan		
Principal Selling Rate		\$.02749	P .05498
Principal Buying Rate .....		.02772	.05544
Greece	Drachma .....	.03333	.06666
Indonesia	Rupiah		
Principal Export Rate .....		.03300	.06600
Principal Import Rates		(.02639	.05278
Other Import Rates		(.01761	.03522
Other Import Rates		(.01319	.02638
Other Import Rates		(.00960	.01920
Italy	Lira .....	.00161	.00322
Korea	Hwan		
Official Rate .....		.00200	.00400
Curb Rate .....		.00084	.00168
Libya	Pound		
Malaya	Dollar .....	.32895	.65790
Morocco	Franc		
Peru	Sol		
Principal Rate .....		.03685	.07370
Others .....		.03646	.07292
Saudi Arabia	Riyal		
Spain	Peseta		
Principal Export Rate .....		.02381	.04762
Other Export Rates		(.03226	.06452
Principal Import Rate		(.02000	.04000
Principal Import Rate .....		.02366	.04732
Thailand	Baht		
Selling Rate .....		.04717	.09434
Buying Rate .....		.04760	.09520
Tunisia	Franc		
Uruguay	Peso		
Principal Export Rate .....		.28901	.57802
Other Export Rates		(.35587	.71174
Principal Import Rate		(.24390	.48780
Principal Import Rate .....		.47619	.95238
Other Import Rates		(.24331	.48662
Other Import Rates		(.16367	.32734
Free Rate .....		.11173	.22346
Vietnam	Piastre		
Principal Rate .....		.02857	.05714
Invisibles Rate .....		.01361	.02722

SOURCE OF DATA: International Financial Statistics, June, 1959.

**LIST OF LEGAL PARITIES AND/OR EXCHANGE RATES, AS OF JUNE
1959, OF THE VARIOUS FOREIGN CURRENCIES IN TERMS OF
THE U.S. DOLLAR AND THE PHILIPPINE PESO (Concluded)**

Non-Member Countries (Currencies without Par Values)	Unit	Equivalent in U. S. Currency	Equivalent in Phil. Currency
New Zealand	Pound		
Selling Rate		\$2.7787	P5.5574
Buying Rate		2.8107	5.6214
Portugal	Escudo	.03478	.06956
Switzerland	Franc	.23116	.46232
Non-Metropolitan Areas			
Hongkong	Dollar	.17500	.35000
British North Borneo, Brunei, Singapore, Sarawak	Dollar	.32667	.65334

SOURCE OF DATA: International Financial Statistics, June, 1959.

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CIRCULAR NO. 101
(Implementing Republic Act No. 2609)

Effective immediately, all certificates for exemption from payment of the 25% foreign exchange margin under Republic Act No. 2609, issued by the Central Bank pursuant to the provisions of Central Bank Circular No. 95 shall be subject to post-audit by the Auditor of the Central Bank.

(SGD.) ANDRES V. CASTILLO
Deputy Governor

September 11, 1959

CENTRAL BANK OF THE PHILIPPINES
Manila

CIRCULAR NO. 102

SCHEDULE OF PENALTIES FOR MISDECLARATION OF COMMODITY IMPORTS INVOLVING UNAUTHORIZED DOWNWARD SWITCHING FROM THE DECONTROLLED CATEGORY (DC) TO ANY CONTROLLED CATEGORY.

For the guidance of all authorized agent banks and for transmittal to their respective clients, it is hereby informed that the Monetary Board under Resolution No. 1664 adopted at its meeting held on December 9, 1959, approved the following schedule of Penalties:

“Any act of misdeclaration of commodity imports involving unauthorized downward switching from the decontrolled category (DC) to any controlled category shall be penalized by cancellation of the import quota of the importer (s) concerned and blacklisting of the name (s) of such importer (s).”

ANDRES V. CASTILLO
Deputy Governor

Approved: By the Monetary Board
December 9, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1179

Effective immediately, all authorized Agent Banks are hereby requested to submit to the Budget Control & Statistics Division, Import Department, a separate weekly report under CB Form No. 7-A (Revised) on letters of credit opened and/or payments made for the importation of books, magazines, and other media materials from the United States under the provisions of the Informational Media Guaranty Program, for which no actual dollar remittance is involved.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

January 2, 1959

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1183

Effective immediately, the service charge to be collected on all letters of credit opened and remittances made by M/T, T/T or D/D for payment of imports (including imports thru barter and those under FOA, U.S. Public Law 480 and others) shall be one-half of one percent (1/2%), instead of 1.2%. As usual, the amount so collected shall be remitted to the Central Bank every Monday of each week.

This supersedes Memorandum to Authorized Agent Banks No. 1152, dated October 15, 1958.

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

January 15, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1185

SUBJECT: Importation of Raw Cotton under Section 402, Mutual Security Act of 1954

Please be advised that the Central Bank of the Philippines received another ICA Procurement Authorization in the amount of \$2,400,000.00 for the importation of raw cotton, described as follows:

Authorization No.	:	92-1701-00-RI-9151
Commodity Code No.	:	1701
Contracting Period from	:	January 7, 1959
Ending	:	March 31, 1959
Delivery Period from	:	January 7, 1959
Ending	:	April 30, 1959
U.S. Banking Institutions	:	Irving Trust Company
favored with ICA Letters of	:	The First National City Bank of
Commitment	:	New York
	:	Manufacturers Trust Company
	:	Chemical Corn Exchange Bank
	:	The Chase Manhattan Bank
	:	Guaranty Trust Company of
	:	New York
	:	Crocker Anglo National Bank
	:	Bank of America
	:	
Area of Source	:	United States

All applications for sub-authorization accompanied by the assurance of peso payment shall be submitted to this Office, subject to the provisions of ICA Regulation No. 1 as amended and the conditions set forth in the procurement authorization, copy attached.

Copies of letters of credit opened under this procurement authorization should be furnished this Office immediately after opening thereof.

Please advise your clients to include in their invitations to bid the following statement:

"Offers of equal type are not acceptable. However this does not preclude suppliers offering Form "A" certification against type which must show grade and staple length according to U.S. standards."

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

January 29, 1959

—oOo—

**ENCLOSURE OF MEMORANDUM
TO AUTHORIZED AGENT BANKS NO. 1185,
DATED JANUARY 29, 1959**

ICA-11-2 (10-56)	SECTION 402 PROCUREMENT AUTHORIZATION International Cooperation Administration Washington 25, D. C. United States of America	1. Cooperating Country PHILIPPINES 3. Appropriation Symbol 72-119-48 5. Contracting Period From—Jan. 7, 1959 Ending—March 31, 1959	2. Authorization No. 92-1701-00-R1-9151 4. Allotment Symbol 928-22-492-03-52-91 6. Delivery Period From—Jan. 7, 1959 Ending—April 30, 1959								
7. Commodity or Service Description Raw Cotton, excluding linters		8. Commodity Code 1701	Original Amendment No.								
9. Banking Institution		10. Approved Applicant									
11. Area of Source U. S. & Possessions		12. AUTHORIZATION VALUE Authorized Currency U.S. Dollars <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <tr> <th style="width: 25%;">Previous Total (A)</th> <th style="width: 25%;">Increase (B)</th> <th style="width: 25%;">Decrease (C)</th> <th style="width: 25%;">Total to Date (D)</th> </tr> <tr> <td></td> <td style="text-align: right;">2,400,000</td> <td></td> <td style="text-align: right;">2,400,000</td> </tr> </table>		Previous Total (A)	Increase (B)	Decrease (C)	Total to Date (D)		2,400,000		2,400,000
Previous Total (A)	Increase (B)	Decrease (C)	Total to Date (D)								
	2,400,000		2,400,000								

13. Special Provisions

- I. This authorization is based on approximately 14,500 bales, but is not limited to this quantity.
- II. **PROCUREMENT:** To be effected by means of offers submitted by the U.S. Cotton exporters by cable to Manila in response to invitation which will be furnished by Philippine importers to the American Cotton Shippers Association, Cotton Exchange Building, Memphis, Tenn., ten days prior to bid date for distribution to all U.S. cotton exporters.
- III. Pursuant to Sec. 402, Mutual Security Act of 1954, as amended, the Government of the Republic of the Philippines will pay for the commodities supplied hereunder by depositing into a separate special account of the U.S. Government, upon notification of U.S. Government dollar disbursements, an amount of Philippine pesos equivalent to the U.S. Government dollar disbursements, at the official rate of exchange prevailing on the last day of the month of the disbursement period covered by each ICA notification report. It is further understood that the Philippine pesos deposit will be used for military construction projects as agreed upon by the Secretary of National Defense of the Republic of the Philippines and the Chief of JUSMAG.
- IV. **DELIVERY:** Only the following documents are acceptable under Sec. 201.18(a) (3) of ICA Reg. 1: (a) Ocean bills of lading evidencing shipment on board at USA port on or before April 30, 1959, (b) port or custody bills of lading dated on or before April 30, 1959, with onboard endorsement dated not later than May 20, 1959. (cont'd.)

REF: PAA 92-9P3 (See page 3 for general provisions) dated 12 17/58

Acceptance

The cooperating country hereby acknowledges receipt of this Authorization and confirms that the assistance described herein has been requested and is to be furnished in accordance with and subject to the terms and conditions set forth herein.

Date of Original Issuance

Dec. 31, 1958

Date of this Issuance

Dec. 31, 1958

For the Director, ICA

ILLEGIBLE

Date For the Cooperating Country

- V. **CONTRACTING & FIXATION:** Only contracts entered on or after 7 days after date of issuance of this PA will be eligible for reimbursement hereunder. Furthermore, no contract will be eligible

if it resulted from, or is substantially identical with a submission of bid, submission of offer, confirmation or acceptance of bid or offer, agreement for delivery of specified quantities or qualities, or arrangement of words or terms to that effect made prior to 7 days after date of issuance of this PA. Contracts must be made on or before March 31, 1959, and prices must be fixed prior to the date of the ocean bill of lading.

VI. (A) All contracts shall provide that:

- (1) Payment shall be cash against sight draft documents attached on banking institutions in the U.S.
 - (2) Sale and final settlement shall be on basis of net weights, certified to by U.S. warehouse in accordance with Sec. IV of "ICA Standard Cotton Sampling Instructions" dated September 1955.
 - (3) Quality descriptions shall be in terms of official U.S. cotton standards.
 - (4) Sale and final settlement for quality on the basis of official "Form A" certificates issued by the U.S. Department of Agriculture dated no earlier than 90 days prior to the date of ocean bill of lading and further certifying that the cotton covered by the certificate was classed no earlier than 30 calendar days prior to the date of the certificate and that samples used were received direct from a public warehouse.
- (B) No contract shall cover reginned, blended, loose or pickery cotton except a contract limited solely to such cotton.
- (C) All offers from U.S. cotton exporters must be considered, and no offer be accepted which is higher than one for the same quality which is rejected.
- (D) The accepting government will arrange with its importers that upon unloading at destination the cotton be inspected for damage by an impartial controller and claim be made by buyer for damage, if damage has occurred. Copies of reports of such controller and copies of all claims filed be sent promptly to ICA Controller, Washington, D.C.
- (E) Additional Documentation Required for Reimbursement:
- (1) Invoices must show (a) contract terms of weight settlement, (b) quality descriptions as in Paragraph A (3). (c) net weights.
 - (2) A sealed envelope addressed to the ICA Controller, Washington, D.C. with the words "Copy of Contract" and "Envelope to be opened only by ICA Washington" inscribed thereon.

- (3) One Copy of Form FOA 11-24 (formerly MSA-390) "Cotton Supplier's Certification", executed by supplier.
- (4) Three sets of weight sheets certified as correct and as made in accordance with Sec. IV of "ICA Standard Cotton Sampling instructions" dated September 1955. Weight sheets to be dated no earlier than 30 days prior to the date of the ocean bill of lading.
- (5) "Form A" certificates issued by the United States Department of Agriculture covering all bales represented in the invoice, dated no earlier than 90 days prior to the date of the ocean bill of lading, and further certifying that the cotton covered by the certificate was classed no earlier than 30 calendar days prior to the date of the certificate and that samples used were received direct from a public warehouse.

GENERAL PROVISIONS

AUTHORITY

This authorization is issued under the authority contained in the Mutual Security Act and subject to the terms and conditions herein specified and the provisions of ICA Regulation I as amended at any time up to the date of issuance of this authorization.

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MEMORANDUM TO AUTHORIZED AGENT BANKS

1. Effective immediately, the rediscount rate of the Central Bank shall be six and one-half per cent ($6\frac{1}{2}\%$) per annum, with the following exceptions:

- a. For crop loan paper — $4\frac{1}{2}\%$
- b. For export packing credit paper — 5%

2. The Central Bank shall not make advances to agent banks against their used overdraft lines.

FOR THE MONETARY BOARD:
(SGD.) M. CUADERNO, Sr.
Governor

February 3, 1959

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZE AGENT BANKS NO. 1186

In line with the Monetary Board Resolution, dated December 26, 1958, Authorized Agent Banks are hereby advised that all L/C s to be opened for the importation of NEC items, a cash marginal deposit of 100% shall be required.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

February 3, 1959

—————oOo—————

MEMORANDUM TO ALL AUTHORIZED BANKS:

In view of the letter of the Executive Secretary, Honorable Juan C. Pajo, to the undersigned dated February 3, 1959 regarding the freezing order of the President on barter applications, copy of which was furnished your bank this morning, the undersigned is withdrawing his memorandum letter to you dated January 28, 1959.

(SGD.) M. CUADERNO, Sr.
Governor

February 4, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1187

Effective immediately and pursuant to a resolution adopted by the Monetary Board in its meeting held on January 23, 1959, price confirmation on decontrolled category (DC) items required under Memorandum to Authorized Agent Banks No. 1115, dated June 20, 1958, shall be issued in accordance with the following.

1. Only Filipino and/or American Importers and Producers who during the past twenty-four (24) months up to January 5, 1959, have been importing decontrolled items, shall be considered qualified to continue importing decontrolled items.

2. Corporations or partnerships 60% or more of whose paid-up capital contributions are owned and controlled by Filipinos and/or Americans shall

be considered as qualified to import decontrolled items unless otherwise disqualified. Corporations or partnerships in which the paid-up capital contributions of Filipinos and/or Americans therein amount to over 50% but below 60% shall be considered as aliens and, therefore, shall not be entitled to the privilege of importing decontrolled items, even if a majority of their paid-up capital contributions are in the hands of Filipinos and/or Americans.

3. For purposes of classifying the nationality of a partnership or corporation, the capital as of January 5, 1959 shall be used as basis; provided, however, that no pertinent request for authority to open letters of credit for the importation of decontrolled items shall be approved unless such nationality of the partnership or corporation concerned shall have been maintained.

Accordingly, qualified importers of decontrolled category (DC) items are hereby required to submit a certification by a competent official of the firm, on the paid-up capital contributions as of January 5, 1959, of the partners/stockholders in the partnership or corporation, as the case may be, not later than February 16, 1959 and within the first week of each succeeding quarter.

4. The foregoing rules shall also apply to importers of books and other media materials; hence, all importations of books and other media materials shall only be made by Filipino or American importers. In the meantime, however, the present set-up of allowing individuals importing media materials not exceeding \$25.00 per calendar month for personal use shall be maintained.

All Memoranda to Authorized Agent Banks inconsistent herewith are hereby revoked.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

February 6, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1188

Authorized Agent Banks are hereby advised that the balance of 50% of your importer-clients' regular quota allocations for the first quarter 1959 may now be allowed.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

February 13, 1959

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1189

Pursuant to a resolution adopted by the Import-Export Committee at its meeting held on February 2, 1959, the following amendments to the Central Bank Statistical Classification of Commodities (Revised December 1, 1958) implementing Central Bank Circular No. 44, shall take effect immediately:

For Amendment:

Milk and cream: in airtight containers

DC 022-01.03 Condensed sweetened milk

to read:

DC 022-01.03 Condensed sweetened milk (excluding "Colac" Concentrated Ice Cream Mix)

Miscellaneous dairy products, in airtight containers, n.e.s

NEP 029-09.02 Ice cream mix and powder

to read:

NEP 029-09.02 Ice cream mix and powder (including "Colac" Concentrated Ice Cream Mix)

Please be guided accordingly.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

February 16, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1190

SUBJECT: RETAILERS' QUOTAS

Please be advised that the Monetary Board, under Res. No. 165 dated February 10, 1959, decided to prescribe the following conditions relative to the grant of retailers' quotas to Filipino Importers:

- a) No importer (individual person) who is also a holder of a producer's quota shall be entitled to the retailers' quota; provided, that in the

case of any qualified retailer-company which is owned or controlled by a person or any member of his family who already enjoys a producer's quota, such importer shall not be entitled to the retailers' quota;

- b) The retailers' quotas shall not be utilized for the importation of non-essential commodities; provided, however, that the shifting of imports to higher categories may be allowed; and
- c) The retailers' quota shall be distributed along the categories of imports in the respective lines of business of the importers concerned, in accordance with the standards fixed by the Import-Export Committee in the revision of importers' quotas; provided, however, that the amount that may be allotted for any such category shall not be less than \$100.00 per quarter; and provided further that if any line of business carries commodities that are classified in the non-essential consumer category, no allocation for such category shall be provided.

Accordingly, all qualified Filipino Importer-Retailers shall first be screened to determine compliance with the above conditions before their respective additional quotas, should they be entitled thereto, are authorized for release.

It is requested that your clients concerned be informed hereof.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

February 21, 1959

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1191

Amending Memoranda to Authorized Agent Banks Nos. 840 and 844, dated January 2 and January 8, 1957, respectively, please be advised that summary sheet forms covering foreign exchange transactions for import payments of Decontrolled Items (CPB-ID Form No. 13-A) shall reflect the following information and data:

1. Letters of Credit:

1. Total amount of letters of credit opened:

A. For Decontrolled Items

- 1. Books, periodicals, newspapers and other
media materials outside of the IMG program: \$
- a) Opened during the current quarter \$
- b) Opened during the previous quarter _____

2. Books, periodicals, newspapers and other media materials under the IMG program:	\$
a) Opened during the current quarter	\$
b) Opened during the previous quarter	_____
3. Others:	\$
a) Opened during the current quarter	\$
b) Opened during the previous quarter	_____
x x	
2. Total Amount of letters of credit cancelled:	\$
a) Opened during the current quarter	\$
b) Opened during the previous quarter	_____
x x	
3. Total amount of reductions:	\$
a) Opened during the current quarter	\$
b) Opened during the previous quarter	_____
x x	
4. Total amount of increases:	\$
a) Opened during the current quarter	\$
b) Opened during the previous quarter	_____
x x	

For purposes of clarification, the term "current semester" and "previous semester" appearing in the summary sheet form (CBP-ID No. 13) shall now be construed to mean the current quarter and previous quarter, respectively the latter covers not only the next preceding quarter but also all other previous quarters inasmuch as the system of budgeting is on the quarterly basis.

All other information not amended by the foregoing shall remain.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

March 5, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1193

In relation to Memorandum to Authorized Agent Banks No. 1190, dated February 21, 1959, Re: Resolution No. 165 of the Monetary Board, and with the view of expediting the screening of Importers entitled to the Retailer's

Quota, Authorized Agent Banks are hereby requested to advise their Import-clients to submit to the Import Department, 2nd floor, Lopez Building, Aduana, Manila, as early as possible, an affidavit declaring whether or not they enjoy any producer's quota, and if so, under what name, the amount thereof per quarter, and location of manufacturing plant.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

March 9, 1959

—oO—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1194

Pursuant to a resolution adopted by the Import-Export Committee at its meeting held on February 26, 1959, the following amendments to the Central Bank Statistical Classification of Commodities (Revised December 1, 1958) implementing Central Bank Circular No. 44, shall take effect immediately:

For Inclusion:

Miscellaneous chemical materials and products

DC-599-02.08 Mosquito coils

For Amendment:

Miscellaneous chemical materials and products

EP-599-02.06 Insecticides, rodenticides and other pesticides, household and industrial, n.e.s.

to read:

EP-599-02.06 Insecticides, rodenticides and other pesticides, household and industrial, n.e.s. (excluding mosquito coil)

Please be guided accordingly.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

March 9, 1959

"For the purpose of determining the necessity for requiring certificates of origin and consular invoices covering shipments to the Philippines in relation to the provisions of Sections 105(i) and 1310 of Republic Act No. 1937, otherwise known as the Tariff and Customs Code of the Philippines, consular officers are advised that the "export value" of an imported article is interpreted to mean the market value or price at which, at the time of exportation the same, like or similar article is freely offered for sale in the principal markets of the exporting country for exportation to the Philippines, in the usual wholesale quantities and in the ordinary course of trade (excluding internal excise taxes to be remitted or rebated), plus ordinary expenses prior and incidental to the lading of such article on board the vessel or aircraft at the port of export (including taxes or duties, if any). In other words, "export value" should *include* all expenses up to the time the imported article is loaded on board the vessel or aircraft bound for the Philippines, but *excludes* the amount of freight and insurance premium paid on the article.

"In accordance with the foregoing, a shipment with an export value in excess of P100 is required to be covered by a sworn certificate of origin, and shipment over P500 in export value is required to be covered by a certificate of origin and a consular invoice. Therefore, a shipment with and export value of P500 or less does not require a consular invoice, but it has to be supported by a certificate of origin, while a certificate of origin is not required if the shipment is valued at P100 or less.

"All concerned should be guided accordingly."

Your cooperation in observing the above requirements of said circular is hereby enjoined.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

March 16, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1199

Pursuant to the decision of the Import-Export Committee at its meeting held on March 16, 1959, Agent Banks are hereby authorized to allow deferment of utilization of quota allocations of importers' first quarter 1959 quotas beyond March 31, 1959, wait for the second quarter allocations, and open letters of credit thereon for the sum of the two allocations (first and second quarter quotas).

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

March 19, 1959

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1195

Pursuant to a resolution adopted by the Import-Export Committee at its meeting held on March 10, 1959:

a) The following amendments to the Central Bank Statistical Classification of Commodities shall take effect immediately:

For Amendment:

Articles made of pulp, of paper and paperboard

NEP 642-01.03 — Multi-wall bags and sacks for desiccated coconuts, cement, gypsum, and other articles weighing 25 lbs. or more

to read:

NEP 642-01.03 — Multi-wall bags and sacks for desiccated coconuts, cement, gypsum, and other articles weighing 25 lbs. or more*

*May be imported only with previous authority of the Central Bank.

b) The above code number shall be deleted from the list of items importable by importers in the lines of business affected; and

c) Letters of credit for the importation of multi-wall bags shall not be opened without previous authority of this Office, said authority to be granted only after the following conditions shall have been satisfied:

1) That the applicant shall be a producer to whom multi-wall bags are standard packing items;

2) That in the case of producers of export products, authority shall be given to the extent required by the quantities they export.

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

March 16, 1959

—————oOo—————

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1196

For the information and guidance of all concerned we quote hereunder Foreign Service Circular No. 837 of the Department of Foreign Affairs for immediate compliance of all parties concerned:

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1200

SUBJECT: Clarification of MAAB No. 1190

Authorized Agent Banks are hereby advised that utilization of the Retailer's Quotas may be authorized according to the categories in the certification.

Switching of quota allocations shall be governed by the rules and regulations provided for in MAAB No. 949, dated July 3, 1957.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

March 20, 1959

—————oOo—————

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1201

In accordance with a resolution adopted by the Monetary Board at its meeting held on December 4, 1958, foreign exchange allocations, recurring or non-recurring, granted or to be granted to Importers shall carry the condition that any sale, transfer, or assignment of the commodities authorized for importation against said allocations shall be effective *after* importation or arrival of the commodities in the Philippines. Any violation of this condition shall be considered sufficient ground for cancellation of the Importer's quota.

Please inform your Importer-clients and be guided accordingly.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

March 20, 1959

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION OF
COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 347)

March 20, 1959

For Amendment:

Pottery

NEC 666-01.01 — Dishes and other tableware, stoneware (excluding plain, white, undecorated plates, cups, saucers and bowls of all sizes)

to read:

NEC 666-01.01 — Dishes and other tableware, ironstoneware

For Deletion:

Pottery

UI 666-01.03 — Plain white, undecorated plates, cups, saucers, and bowls of stoneware (all sizes)

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1205

Re: Closing of Procurement Authorizations Under Section 402, Mutual Security Act of 1954

For the proper determination of the final amounts paid under the Letters of Commitment issued in favor of U. S. Banking Institutions, please furnish this Department with a complete statement showing total negotiations

against the sub-authorizations issued under the following expired procurement authorizations:

No. 92-0901-00-K2-8154

No. 92-1701-00-N1-8155

No. 92-0901-00-K2-8156

No. 92-0903-00-N1-8157

No. 92-0901-00-N1-8158

It will be appreciated if you could give this matter your immediate attention.

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

April 6, 1959

—oO—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1206

Effective immediately, authorized agent banks are hereby requested to indicate in all release certificates issued for shipments of decontrolled items, the following information:

- 1) Whether shipment is full or partial as per MAAB No. 511, paragraph 2, dated June 4, 1956;
- 2) Reference number and date of CB authorization for importation of decontrolled items; and
- 3) In case shipment is partial, the balance of the value and quantity authorized.

Agent banks are further requested to furnish the Customs Detail, Import Department, copy of bill of lading for said shipments immediately upon receipt of shipping documents.

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

April 6, 1959

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1208

SUBJECT: Importation of Raw Cotton under Section 402, Mutual Security Act of 1954

Please be advised that the Central Bank of the Philippines received another ICA Procurement Authorization in the amount of \$2,000,000.00 for the importation of raw cotton, described as follows:

Authorization No.	:	92-1701-00-R1-9156
Commodity Code No.	:	1701
Contracting Period from	:	March 26, 1959
Ending	:	May 31, 1959
Delivery Period from	:	March 26, 1959
Ending	:	June 30, 1959
U. S. Banking Institution	:	Irving Trust Company New
favored with ICA Letter		York, New York
of Commitment	:	
Area of Source	:	United States

All applications for sub-authorization accompanied by the corresponding firm offer(s) and assurance of peso payment shall be submitted to this Office, subject to the provisions of ICA Regulation No. 1 as amended and the conditions set forth in the procurement authorization, copy attached.

Copies of letters of credit opened under this procurement authorization should be furnished this Office immediately after opening thereof.

Please advise your clients to indicate in their Invitations to Bid the authorization number and include therein the following statement:

"Offers of equal type are not acceptable. However this does not preclude suppliers offering Form "A" certification against type which must show grade and staple length according to U.S. standards."

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

April 7, 1959

ICA-11-2 (10-56)	SECTION 402 PROCUREMENT AUTHORIZATION	1. Cooperating Country PHILIPPINES	2. Authorization No. 92-1701-00-R1-9156		
	International Cooperation Administration Washington 25, D. C. United States of America	3. Appropriating Symbol 72-119048	4. Allotment Symbol 928-22-492-03-52-91		
		5. Contracting Period From—March 26, 1959 Ending—May 31, 1959	6. Delivery Period From—March 26, 1959 Ending—June 30, 1959		
7. Commodity or Service Description Raw Cotton, Excluding Linters		8. Commodity Code 1701	Original (x) Amendment No.		
9. Banking Institution Irving Trust Company New York 15, New York		10. Approved Applicant Central Bank of the Philippines and/or Agent Bank			
11. Area of Source U. S. and Possessions		12. AUTHORIZATION VALUE Authorized Currency: U. S. Dollars			
		Previous Total (a)	Increase (b)	Decrease (c)	Total to Date (d)
			2,000,000		2,000,000

13. Special Provisions

- I. This authorization is based on approximately 13,000 bales, but is not limited to this quantity.
- II. **PROCUREMENT:** To be effected by means of offers submitted by U.S. Cotton exporters by cable to Manila in response to invitation which will be furnished by Philippine importers to the American Cotton Shippers Association, Cotton Exchange Building, Memphis, Tenn., ten days prior to bid date for distribution to all U.S. cotton exporters. In addition to the Procurement Authorization number, each invitation must show the Philippine Central Bank Sub-authorization number, date and the amount for which it is issued in favor of mill inviting bids.
- III. Subauthorizations issued hereunder may not be unilaterally cancelled or reduced by the responsible Philippine Authority prior to the expiration of the P.A. delivery period after a valid invitation to bid has been mailed by the beneficiary mill to the American Cotton Shippers Association.

ACCEPTANCE

The cooperating country hereby acknowledges receipt of this Authorization and confirms that the assistance described herein has been requested and is to be furnished in accordance with and subject to the terms and conditions set forth herein.

Date of Original
Issuance

March 19, 1959

Date of this
Issuance

March 19, 1959

For the Director, ICA

ILLEGIBLE

Date For the Cooperating Country

IV. Pursuant to Sec. 402, Mutual Security Act of 1954, as amended, the Government of the Republic of the Philippines will pay for the commodities supplied hereunder by depositing into a separate special account of the U.S. Government, upon notification of U.S. Government dollar disbursements, an amount of Philippine pesos equivalent to the U.S. Government dollar disbursements, at the official rate of exchange prevailing on the last day of the month of the disbursement period covered by each ICA notification report. It is further understood that the Philippine pesos deposit will be used for military construction projects as agreed upon by the Secretary of National Defense of the Republic of the Philippines and the Chief of JUSMAG.

V. **DELIVERY:** Only the following documents are acceptable under Sec. 201. 18(a) (3) of ICA Reg. 1: (a) Ocean bills of lading evidencing shipment on board at USA port on or before June 30, 1959; (b) port or custody bills of lading dated on or before June 30, 1959 with onboard — endorsement dated not later than July 20, 1959. All bills of lading must carry the following clause "ICA Washington has an unqualified option to designate an alternate port of discharge. Diversion rates as per tariff to apply if discharge is effected at an alternate port other than destination named on bill of lading.

VI. **CONTRACTING & FIXATION:** Only contracts entered into on or after 7 days after issuance of this PA will be eligible for reimbursement hereunder. Furthermore, no contract will be eligible if it resulted from or is substantially identical with a submission of bid, submission of offer, confirmation or acceptance of bid or offer, agreement for delivery of specified quantities or qualities, or arrangement of words or terms to that effect made prior to 7 days after date of issuance of this PA. Contracts must be made on or before May 31, 1959 and prices must be fixed prior to the date of the ocean bill of lading.

VII. All contracts shall provide for:

- (1) Payments to supplier to be cash against sight drafts with documents attached on banking institutions(s) in the United States.
 - (2) Sale and final settlement on the basis of net weights taken no earlier than 30 days prior to the date of the ocean bill of lading and certified as correct in accordance with Sec. IV of "ICA Standard Cotton Sampling Instructions" dated September 1955.
 - (3) Quality descriptions in terms of official United States Cotton standards.
 - (4) Sale and final settlement for quality on the basis of official "Form "A" certificates issued by the United States Department of Agriculture dated no earlier than 90 days prior to the date of the ocean bill of lading and further certifying that the cotton covered by the certificate was classed no earlier than 30 calendar days prior to the date of certificate and that samples used were received direct from a public warehouse.
- B. No contract shall cover reginned blended loose or pickery cotton except a contract limited solely to such cotton.
- C. All offers from U.S. cotton exporters must be considered, and no offer be accepted which is higher than one for the same quality which is rejected.
- D. The accepting Government, as importer, must arrange that upon unloading at destination the cotton be inspected for damage by a competent controller and claim be made for any damage. Reports of such controller and copies of all claims filed to be sent promptly to ICA Controller, Washington, D. C.
- E. Additional Documentation Required for Reimbursement:
- (1) Invoices must show (a) contract terms of weight settlement, (b) quality descriptions as in Paragraph A (3), (c) net weights.
 - (2) One copy of Form FOA 11-24 formerly MSA-390 "Cotton Suppliers Certification", executed by supplier.
 - (3) A sealed envelope addressed to the ICA Controller, Washington, D.C. with the words "Copy of Contract" and "Envelope to be opened only by ICA, Washington" inscribed thereon.
 - (4) Three sets of weight sheets certified to as correct and as made in accordance with Sec. IV of "ICA Standard Cotton

Sampling Instructions" dated September, 1955. Weight sheets to be dated no earlier than 30 days prior to the date of the ocean bill of lading.

- (5) "Form A" certificates issued by the United States Department of Agriculture covering all bales represented in the invoice, dated on earlier than 90 days prior to the date of ocean bill of lading, and further certifying that the cotton covered by the certificate was classed no earlier than 30 calendar days prior to the date of the certificate and that samples used were received direct from a public warehouse.

VIII. Letter of Commitment No. 92-1219

"U.S. Banking Institution Responsibilities"

The Bank shall only be concerned with V and VII, E above.

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1211

Pursuant to a resolution adopted by the Monetary Board at its meeting held on April 1, 1959, the authority of Authorized Agent Banks and the Bankers' Committee to qualify new importer applicants to import decontrolled items only but without the benefit of quota allocation as agreed upon at a meeting held on March 30, 1955, between the Liaison Sub-Committee of the Bankers' Committee and the Central Bank officials, is hereby revoked effective immediately.

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

April 13, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1212

Effective immediately, authorized assemblers of cars and trucks whose foreign exchange quotas are presently listed under any or all of the following code numbers:

EP 732-08.00 — Trucks, completely knocked down and specially fabricated for assembly (not including rubber tires and batteries).

SEP 732-09.00 — Passenger cars, completely knocked down and specially fabricated for assembly (not including rubber tires and batteries).

EP 732-11.00 — Jeeps, completely knocked down and specially fabricated for assembly (not including rubber tires and batteries).

are hereby authorized to switch up to 15% of the total of said quotas to the following:

EP 621-01.01 — Rubber hose or tube (except garden hose).

EP 629-09.02 — Transmission and conveyor belts, vulcanized rubber.

EP 699-18.03 — Vehicle and marine hardware (boat hardware, buoy shackles, cabin hooks, cable fittings, carlocks, railway car fixtures, etc.).

EP 699-29.04 — Springs of base metal (excluding coilsprings for mattresses, auto seats and other furniture).

EP 711-09.03 — Automobile engines (gasoline or diesel).

EP 711-09.04 — Truck engines (gasoline or diesel).

EP 711-09.05 — Automobile engine parts (for gasoline or diesel).

EP 711-09.06 — Truck engine parts (for gasoline or diesel).

EP 716-14.00 — Ball, needle or roller bearings and parts.

EP 721-03.11 — Electric bulbs for motor vehicles and cycles.

EP 721-07.01 — Electrical starting and ignition equipment for internal combustion engines (including ignition magnetos, dynamo-magnetos, ignition coils, starter motors, dynamos, spark plugs, and glow plugs).

EP 721-07.02 — Electrical lighting signalling equipment and wind-screen wipers and defrosters, for cycles and motor vehicles (excluded bulbs).

EP 721-13.00 — Insulated cables and wires for electricity, n.e.s. (excluding insulated copper wires and cables, 19 strands or less).

EP 732-06.00 — 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, electric parts, hood catch and eye for jeeps and trucks; exhausts, tailpipes, and radiators for all makes and types of cars and trucks).

EP 732-06.02 — Window channelling for road motor vehicles (complete with weatherstrips).

EP 732-06.04 — Jeep axles with 4" flanged diameter.

EP 861-09.19 — Other measuring, controlling and scientific instruments, n.e.s.

EP 861-09.21 — Other measuring, controlling and scientific instruments,
parts, n.e.s.

as an exception to the general rule on switching.

This memorandum amends and supersedes MAAB No. 846 dated January 11, 1957.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

April 17, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1214

Effective immediately, all requests for extensions of Letters of Credit opened under Procurement Authorizations under Section 402 of the Mutual Security Act of 1954 as amended, and Purchase Authorizations under U.S. Public Law 480, must be referred to the Import Department, Central Bank of the Philippines, for approval.

This amends Memorandum to Authorized Agent Banks No. 270 dated October 27, 1955.

Please be guided accordingly.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

April 20, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1215

All importers who have made importations of decontrolled wheat flour, vitamin enriched, (IWA or NON-IWA) in 1957-1958, may file their new application for price confirmation of firm offers for the same item, with their Agent Banks for approval of the Central Bank, beginning April 27, 1959.

All firm offers for price confirmation for the same item on file as of April 24, 1959, have been nullified and discarded and of no force and effect to the Central Bank.

It is to be understood in this connection that any importation under this MAAB, for the 2nd Quarter of 1959 against price confirmation hereinafter to be issued, shall be in accordance with the following schedule:

One-third (1/3) to be shipped not earlier than May 15, 1959; and

Two thirds (2/3) to be shipped not earlier than June 15, 1959.

Please be guided accordingly.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

April 27, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1218

Effective immediately and in line with Resolution No. 471, adopted by the Monetary Board at its meeting held on April 3, 1959, Agent Banks are hereby authorized to accept applications for price confirmation of firm offers involving the importation of decontrolled category (DC) items, from non-American alien Importers and Producers who had previous importations thereof, during the past twenty-four (24) month period up to January 5, 1959.

Amounts hereinafter to be authorized and confirmed pursuant to this MAAB, shall not exceed 50% of total letters of credit (minus cancellations, expired L/C's, etc.) opened by the qualified non-American alien Importer or Producer applicant, either in 1957 or 1958, whichever is lower.

Please advise your clients and be guided accordingly.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

April 28, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1220 (Supplement to Memorandum to Authorized Agent Banks No. 1218)

In relation to Memorandum to Authorized Agent Banks No. 1218 dated April 28, 1959, Agent Banks are hereby informed that all firm offers for price confirmation for the importation of decontrolled (DC) items from non-Am-

erican alien importers and producers received by the Central Bank on or before April 27, 1959, shall be considered as nullified and discarded and of no force and effect to the Central Bank.

Above non-American alien importers and producers may file their new applications for price confirmation covering importation of decontrolled (DC) items with their Agent Banks for approval of the Central Bank beginning April 28, 1959, pursuant to Memorandum to Authorized Agent Banks No. 1115 under date of June 20, 1958.

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

May 4, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1225

Re: 1954 Filipino Quotaholders

Pursuant to Resolution No. 674 of the Monetary Board adopted at its meeting held on May 15, 1959, Filipino Importers and Producers who in 1954 enjoyed quota allocations for wheat flour prior to its decontrol may file their application for price confirmation of firm offers for the importation of decontrolled wheat flour through their respective Agent Banks in accordance with existing regulations.

The importation of this item by this group of Filipino flour importers shall be confined to those who meet the following requirements:

- 1) Legitimacy—A certification of the quota-holding agent bank as to the legitimacy and credit standing of the business of the importer concerned shall be submitted. Such certification, however, shall not be final, should the Import Department, find it necessary to verify the actual existence and business operations of said importer and/or determine whether such importer is legitimately engaged in business.
- 2) Financial Capacity—The importer concerned must be financially capable of meeting his quota. His capital in cash must at least be equivalent to 20% of his quarterly quota, and the balance in the form of import credit line with any agent bank, at the ratio of ₱2.00 for every \$1.00 of his quarterly quota. In this connection, the importer's financial statements as of December 31, 1958 must be submitted.

- 3) Nationality — if a naturalized Filipino, the applicant-importer must submit a certified true copy or photostat of his naturalization papers.
- 4) Taxes — A certification from the Bureau of Internal Revenue to the effect that the importer concerned has no tax liability as of December 31, 1958 must likewise be submitted.

Please advise your clients and be guided accordingly.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

May 27, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1226

In view of the increase in consular invoice fees up to \$10.00 per shipment and the requirement of a drug certificate prior to shipment, Agent Banks are hereby authorized to make adjustments in the price confirmations issued by the Central Bank for the importation of decontrolled items, but not to exceed \$15.00 per shipment.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

May 29, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1227

The non-recurring allocation granted to importers recorded under Line 10 (or Line 53-10) Drug Stores and Pharmaceutical Laboratories, may be utilized only for the importation of items appearing in the attached List of Approved Drugs, subject to the provisions of Memorandum to Authorized Agent Banks No. 949, dated July 3, 1957.

Please be guided accordingly.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

May 29, 1959

LIST OF APPROVED DRUGS

10-EP-511-01.01	Boric acid
10-EP-511-01.02	Carbonic acid gas (carbon dioxide)
10-EP-511-01.05	Nitric acid
10-EP-511-01.06	Sulphuric acid (chemically pure)
10-EP-511-01.09	Other inorganic acids and anhydrides, n.e.s.
10-EP-511-02.00	Copper sulphate
10-EP-511-09.18	Magnesium carbonate and bicarbonate
10-EP-511-09.19	Magnesium sulphate
10-EP-511-09.22	Silver nitrate
10-EP-511-09.35	Sodium sulphate (Glaubers salt)
10-EP-512-05.02	Pine oil and spirits
10-EP-512-09.01	Carbolic acid
10-EP-512-09.02	Cream of tartar
10-EP-512-09.04	Dextrin
10-EP-512-09.11	Iodine or iodoform
10-EP-512-09.14	Formaldehyde or formalin
10-EP-513-01.01	Medicinal chemicals, n.e.s. (of U.S.P., N.F., C.P., or other official grades)
10-EP-513-01.04	Reagents, chemicals for laboratory use, n.e.s. (C.P., U.S.P., N.F., A.C.S., and other recognized reagent grades only)
10-EP-541-09.11	Culture media for assay and testing
10-EP-541-09.28	Pharmaceutical glucose and dextrose solution
10-EP-551-01.05	Essential oils for manufacture of medicine
10-EP-599-04.08	Gelatin capsules for pharmaceutical use
10-EP-665-09.01	Laboratory glassware
10-EP-861-03.01	Therapeutical apparatus
10-EP-861-03.09	Other surgical, medical, veterinary and dental instruments and appliances (except electrical), n.e.s., but including those merely activated by electrical motors
10-EP-861-09.03	Laboratory instruments and apparatus (chemistry and physics instruments and apparatus)
10-EP-861-09.11	Scales and balances
10-EP-861-09.12	Parts of scales and balances
10-EP-861-09.19	Other measuring, controlling and scientific instruments, n.e.s.
10-EP-861-09.21	Other measuring, controlling and scientific instrument parts, n.e.s.
10-EP-861-11.06	Hygienic, medical and surgical articles of synthetic materials
10-EP-899-99.13	Specimens for scientific purposes
10-SEP-292-02.01	Gums, arabic
10-SEP-292-02.02	Gums, tragacanth

10-SEP-292-02.09 Other natural gums, resins, balsam and lacs, n.e.s.
 10-SEP-313-05.01 Petroleum jelly (Petrolatum and vaseline)
 10-SEP-411-01.01 Cod oil and cod liver oil
 10-SEP-412-11.01 Castor oil, medicinal grade (unprocessed)
 10-SEP-511-09.04 Ammonium carbonate and ammonium bicarbonate
 10-SEP-511-09.23 Zinc oxide
 10-SEP-511-09.26 Potassium bromide
 10-SEP-512-04.09 Alcohols, n.e.s. (prophylene glycol, ethylene glycol, butyl alcohol)
 10-SEP-512-09.05 Almides and amines
 10-SEP-512-09.07 Enzymes
 10-SEP-512-09.08 Esters and their salts
 10-SEP-512-09.12 Lactones or lactams
 10-SEP-512-09.16 Acetone
 10-SEP-541-01.03 Vitamin feed supplements
 10-SEP-599-02.01 Disinfectants and deodorants, household and industrial (excluding personal deodorants, Clorox and similar bleaching, disinfecting and deodorizing agents such as Sani-Clor and Purex)
 10-SEP-629-09.03 Rubber gloves and mittens
 10-SEP-642-09.14 Filter paper, cut to size
 10-SEP-663-06.03 Casts, plaster
 10-SEP-665-01.01 Flasks and jars
 10-SEP-899-99.06 Orthopedic appliances (artificial eyes and limbs, limb braces, orthopedic shoes), except artificial teeth
 10-SEP-899-99.27 Anatomical models
 10-NEP-411-01.09 Other oils from fish and marine animals, n.e.s.
 10-NEP-411-02.09 Other animal oils, fats and greases, n.e.s. (excluding lard)
 10-NEP-699-29.34 Tape dispensers (except for office use)
 10-EC-099-09.09 Hypoallergenic soy food (includes Mull-Soy)
 10-EC-541-01.02 Vitamins in soft gelatin capsules
 10-EC-541-02.02 Cholera, dysentery, typhoid, vaccine
 10-EC-541-01.09 Vitamins in other dosage form, n.e.s.
 10-EC-541-02.03 Rabies, vaccine
 10-EC-541-02.04 Smallpox, vaccine
 10-EC-541-02.09 Other vaccine, n.e.s. (except oral)
 10-EC-541-03.06 Chloramphenicol, dosage (includes chloromycetin)
 10-EC-541-03.08 Aureomycin (dosage)
 10-EC-541-03.11 Terramycin (dosage)
 10-EC-541-03.13 Bacitracin (dosage)
 10-EC-541-03.15 Neomycin (dosage)
 10-EC-541-03.17 Tyrothricin, (dosage)
 10-EC-541-03.19 Erythromycin, dosage (including Ilotycin, Erythrocin, etc.)
 10-EC-541-03.22 Sulfonamides, (dosage)

- 10-EC-541-03.24 Sulfonamides with antibiotic compounds (dosage)
- 10-EC-541-03.26 Sulfonamide compounds, n.e.s. (dosage)
- 10-EC-541-03.28 Antibiotic compounds, n.e.s. (dosage)
- 10-EC-541-03.30 Other antibiotics, n.e.s. (dosage) except compounds or mixtures
- 10-EC-541-04.06 Alkaloids of cinchona bark (dosage)
- 10-EC-541-09.04 Veterinary medicine for eradication of pest
- 10-EC-541-09.09 Analgesics and antipyretics (dosage)
- 10-EC-541-09.13 Alkaloids and glucosides (dosage)
- 10-EC-541-09.18 Hexylresorcinol products and quaternary ammonium compounds (dosage)
- 10-EC-541-09.23 Coagulants (dosage)
- 10-EC-541-09.27 PVP (Polyvinylpyrrolidone) solution
- 10-EC-541-09.31 Sterile absorbent cotton
- 10-EC-541-09.33 Cotton specialties, sterile or non-sterile (includes cotton-tipped applicators, cotton pellets, non-absorbent cotton, etc.)
- 10-EC-541-09.39 Other medicinal and pharmaceutical products, n.e.s.
- 10-EC-629-02.00 Hygienic, medical and surgical articles of rubber (ice caps, nipples, rubber tubings, druggist rubber, medicine drop-pers, hot water bags, sundries)
- 10-EC-699-23.00 Hygienic, medical and surgical articles of metal, whether enamelled or not (bed pans, urinals, irrigators, instrument and catheter trays, pus and solution basins, infant baths, etc.)
- 10-SEC-541-09.24 Saccharine (tablets or compounds)
- 10-SEC-841-19.08 Abdominal belts, elastic abdominal supporters, elastic stockings for varicose veins, sacrailliac supporters and similar articles (braces, supporters, etc.)
- 10-NEP-651-01.04 Catgut, silk

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1233

Pursuant to Monetary Board Resolution No. 724, adopted at its meeting held on May 22, 1959, Agent Banks are hereby authorized, as an exception to the provisions of MAAB No. 1115, to allow qualified importers who are members of the Philippine Book Dealers Association, enumerated in the attached list, to import from countries other than the United States, up to the amount of \$500.00 per applicant per month, books and other media materials that are embraced under the following commodity classifications:

- DC-892-01.01 "College and high school textbooks"
- DC-892-01-02 "Technical and scientific books and journals"
- DC-892-03.00 "Music: printed, engraved or in manuscript, unbound or bound"

Applications of other book dealers who are non-members of the Philippine Book Dealers Association shall be referred to the Import Department, Central Bank, for prior screening pursuant to the provisions of MAAB No. 1115.

For the purpose of keeping an accounting of funds available therefor, Agent Banks are hereby requested to submit to the Importers Division, Import Department, a separate weekly report on letters of credit opened and/or remittances effected under the provisions of this memorandum, as per CB Form No. 7-A

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

Encl: As stated.
June 4, 1959

THE PHILIPPINE BOOK DEALERS ASSOCIATION

- | | |
|---|----------|
| 1. Alemars | Filipino |
| 2. Bookmark, Inc. | Filipino |
| 3. Educational Book Store | Filipino |
| 4. Goodwill Trading Co., Inc. | Filipino |
| 5. Fatima Religious Supply & Book Store | Filipino |
| 6. Lawyers Cooperative Publishing | American |
| 7. Manalili Book Store | Filipino |
| 8. Miranda Book Store | Filipino |
| 9. Modern Book Store | Filipino |
| 10. National Book Store | Filipino |
| 11. Pasicolan Book Store | Filipino |
| 12. Philippine Education Company | American |
| 13. Popular Book Store | Filipino |
| 14. Rex Book Store | Filipino |
| 15. Vasquez Bros. & Co., Inc. | Filipino |

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1234

In line with Resolution No. 418, adopted by the Monetary Board at its meeting held on March 24, 1959, Filipino Importers recorded engaged in Line 46 — "Sporting Goods & Athletic Equipment", are hereby authorized to utilize their 2nd quarter, 1959 EP quotas for the importation of athletic supplies and equipment, which are classified in the NEC category and are not manufactured locally.

The foregoing shall take effect immediately and is an exception to the provisions of Memorandum to Authorized Agent Banks No. 949, dated July 3, 1957.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

June 9, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1235

Filipino Flour Importers and Producers who in 1954 enjoyed quota allocations for wheat flour prior to its decontrol, are urged to submit their applications for price confirmation of firm offers for the importation of decontrolled wheat flour on or before June 15, 1959, together with all the requirements called for under Memorandum to Authorized Agent Banks No. 1225, dated May 27, 1959.

Those who fail to submit their applications on or before June 15, 1959, together with all the requirements imposed under MAAB No. 1225, shall lose whatever privilege they may be entitled to thereunder.

Please advise your clients and be guided accordingly.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

June 9, 1959

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1243

Please be advised that importers and producers may utilize their first semester (1st and 2nd quarters) 1959 regular quota allocations up to and including June 30, 1959.

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 30, 1959. Such applications, which should be supported by all documents required by the regulations in each case, 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, 1959; and
- b) Utilization within thirty (30) days from receipt of advice of action taken by the Central Bank on requests for switching of first semester quota allocations which were received by the Central Bank on or before June 30, 1959:

The provisions of this memorandum shall be subject to existing Central Bank rules and regulations and those that may be issued by the Monetary Board from time to time.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

June 29, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1251

Pursuant to a resolution adopted by the Monetary Board at its meeting held on May 21, 1959 reclassifying shoe supplies under Line 45 of the Central Bank "Lines of Business Code and List of Commodity Imports Under Each Line of Business" to the "UI" category, the following commodities are hereby reclassified to the "UI" category in the Central Bank Statistical

Classification of Commodities (Revised December 1, 1958), effective immediately:

- EP 599-01.01 — Plastic sheets and sheetings (excludes manufactured products)
- EP 599-01.02 — Plastic soling and heeling
- EP 599-04.07 — Blacking and leather dressing (excluding paste and powder for cleaning, polishing and preserving leather, i.e., shoe polish and shoe dyes, etc.)
- SEP 611-01.02 — Patent leather
- SEP 611-01.03 — Sole leather (shoulders, heads, bends, sides and butts), excluding belly leather already detached from finished leather
- SEP 611-01.04 — Other upper leathers, n.e.s.
- SEP 611-01.05 — Welting leather
- NEP 611-01.08 — Harness leather
- SEP 611-01.09 — Other leather unmanufactured, n.e.s. (including scrap leather, all types)
- SEP 621-01.02 — Rubber sheeting and soling, n.e.s. (except rubber sheeting and soling for use on conventional shoes)
- EP 621-01.05 — Rubber cement
- NEP 629-09.12 — Rubber heels, n.e.s. (except men's heels with sizes ranging from 25 to 32)
- NEP 629-09.13 — Rubber soles (excluding rubber soles for slippers)
- EP 641-07.00 — Paper materials, coated, impregnated, rubberized or vulcanized, other than bituminized or asphalted
- SEP 651-03.01 — Cotton thread unbleached, not mercerized
- EC 651-04.01 — Cotton thread, bleached, dyed or mercerized
- EP 651-09.01 — Jute thread
- SEP 651-09.09 — Yarn and thread, other fibers, n.e.s.
- NEP 653-05.09 — Nylon mesh
- SEP 655-04.02 — Cotton duck and/or canvas, rubberized or not, n.e.s.
- SEP 655-04.03 — Rubberized cotton fabrics
- SEP 655-04.09 — Rubberized, coated and impregnated fabrics, n.e.s. (Including textile fabrics with preparations of cellulose derivatives or other artificial plastic materials)
- EP 655-04.11 — Flax duck and/or canvas
- NEP 655-05.09 — Elastic fabrics, n.e.s.
- SEP 699-97.05 — Tacks of iron and steel
- EP 699-29.22 — Buckles and buckle clasps, base metal, for clothing, footwear, travel goods and wrist watches
- SEP 699-29.28 — Eyelet, shoes and clothing

SEP 899-99.32 — Shoe findings of all materials, n.e.s. (shoe counters, shoe shanks, shoe ornaments, etc.)

In line with the above, all foreign exchange allocations of Importers listed under line 45 are hereby cancelled and reverted to the Central Bank.

Please be guided accordingly.

(SGD.) VIRGINIA YAFTINCHAY
Special Assistant to the Governor

July 13, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1253

With reference to the use of Philippine Flag Vessels as provided for in Foreign Service Circular No. 765, we quote hereunder pertinent portions of the Second Indorsement of the Honorable, the Secretary of Foreign Affairs, dated June 4, 1959:

“In order to ensure respect for and compliance with the Cabinet policy on the use of Philippine flag vessels as embodied in Foreign Service Circular No. 765, it is desired to suggest the inclusion, if possible, of an appropriate provision in letters of credit in all proper cases, which may be read, for instance, as follows: “Shipment to be made on Philippine flag vessels in accordance with the Cabinet policy as embodied in Foreign Service Circular No. 765.” Please be guided accordingly.

(SGD.) VIRGINIA YAFTINCHAY
Special Assistant to the Governor

July 13, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1254

In connection with barter permit, issued by the No-Dollar Import Office prior to the repeal of Republic Act No. 1410, Agent Banks are hereby requested to submit to this Office the following data on valid and still outstanding permits on hand:

1. Name of barter licensee
2. Barter Permit number

3. Date issued
4. Expiry date and extensions, if any
5. Value of permit (including subsequent increases, if any)
6. Total amount of export negotiations
7. Letters of credit opened against export negotiations as of date of report.

Authorized Agent Banks are enjoined to submit the data requested above immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

July 16, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1255

Pursuant to Resolution No. 860 dated June 26, 1959, of the Monetary Board, the following criteria shall serve as bases for qualification to import decontrolled mosquito coils (DC-599-02.08), to wit:

1) The applicant must be 100% Filipino. For purpose of classifying the nationality of the corporation or partnership, the paid-up capital contribution as of January 5, 1959 shall be used as a basis; that this nationality control must be maintained for the continued enjoyment of the privilege.

2) The applicant must be the exclusive distributor of a foreign manufacturer of mosquito coils. The contract between the applicant and the foreign manufacturer must be duly authenticated by the nearest Philippine Consulate or foreign affairs establishment. The Authentication shall contain certification as to the identity and standing of the manufacturer.

3) The applicant must have a retail store, duly licensed to engage in retail, whose financial position is sufficient to cover the proposed importation.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

July 22, 1959

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1256

Effective immediately, Agent Banks are hereby instructed to refer to the Central Bank all applications for amendment of Letters of Credit opened and/or confirmation letters covering importation of decontrolled items, wherein the following changes are involved:

1. Unit price
2. Local indenter and/or foreign supplier
3. Country of origin
4. Commodity
5. Quantity and/or value of importation

All memoranda inconsistent herewith are hereby revoked.
Please be guided accordingly.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

July 22, 1959

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MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1257

Please be advised that, effective immediately, no extension or renewal of letters of credit shall be made nor allowed by any authorized agent bank without the prior approval of the Central Bank.

(SGD.) ANDRES V. CASTILLO
Deputy Governor

July 22, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1258

Further to our Memorandum to Authorized Agent Banks No. 1251 dated July 13, 1959 on the reclassification of shoe supplies to the "UI" category in the Central Bank Statistical Classification of Commodities (Revised December 1, 1958), Agent Banks are hereby advised that producer-quota holders may be allowed to utilize their quota allocations for shoe supplies under the said "UI" category.

Please be guided accordingly.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

July 30, 1959

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 369)

August 3, 1959

For Amendment:

Construction and other industrial machinery

- a) SEP 716-11.05 — Sewing machine stands and parts (complete
or in knocked down condition) No.

to read:

UI 716-11.05 — Sewing machine stands and parts (complete
or in knocked down condition), of all
materials No.

- b) EP 716-11.01 — Household sewing machines No.

to read:

UI 716-11.01 — Household sewing machines No.

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

-----oOo-----

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1259

Pursuant to a resolution adopted by the Import-Export Committee at its meeting held on July 22, 1959, the following amendments to the Central Bank Statistical Classification of Commodities (Revised December 1, 1958) implementing Central Bank Circular No. 44, shall take effect immediately:

For Amendment:

Construction and other industrial machinery

SEP 716-11.05 — Sewing machine stands and parts (complete or in
knocked down condition)

to read:

UI 716-11.05 — Sewing machine stands and parts (complete or in knocked down condition), of all materials

EP 716-11.01 — Household sewing machines

to read:

UI 716-11.01 — Household sewing machines

Manufacturers of sewing machines may be allowed to switch their quotas to Sewing machine stands and parts (complete or in knocked down condition), subject to the prior approval of the Import-Export Committee.

Please be guided accordingly.

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

August 3, 1959

—————oOo—————

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1260

With a view to expediting the processing of applications for confirmation of price quotations of their proposed importation, please require all your important clients of decontrolled items to submit to this Office, as soon as possible, their financial statements as of December 31, 1958, and/or those as of June, 1959, whichever is available, if they have not as yet submitted the same.

Please be guided accordingly.

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

August 4, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1261

In order to facilitate accounting of L/Cs opened, Agent Banks are hereby advised that hereafter all applications for letters of credit and Supplements to Applications for Commercial Letters of Credit (Form No. 7-A, Revised) required to be submitted to this Office should clearly indicate the corresponding quota allocations against which letters of credit so opened are chargeable, as 3rd quarter 1959 regular quota, 3rd quarter 1959 non-recurring

quota, 4th quarter 1959 advance quota utilization, etc., stating relative reference number and date of Central Bank letter (Column No. 10 of the said Form) and the respective expiry dates of said letters of credit.

Please advise your clients accordingly.

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

August 11, 1959

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1262

SUBJECT: Importation of Raw Cotton under Section 402 of the Mutual Security Act of 1954

Please be advised that the Central Bank of the Philippines received five (5) ICA Procurement Authorizations in the total amount of \$690,104.00 for the importation of raw cotton, described as follows:

1. Authorization No. : 92-1701-00-502-9160
Authorization Value : \$217,185.00
Commodity Code No. : 1701
Contracting Period-From : June 5, 1959
Ending : September 30, 1959
Delivery period -From : August 1, 1959
Ending : October 31, 1959
U.S. Banking Institution
favored with ICA Letter of Commitment No. : Bank of America
92-1234 : New York 15, New York, U.S.A.
Area of Source : United States
2. Authorization No. : 92-1701-00-900-9161
Authorization Value : \$36,955.00
Commodity Code No. : 1701
Contracting Period-From : June 5, 1959
Ending : September 30, 1959
Delivery Period -From : August 1, 1959
Ending : October 31, 1959
U.S. Banking Institution
favored with ICA Letter of Commitment No. : Bank of America
92-1236 : New York 15, New York, U.S.A.
Area of Source : United States

3. Authorization No. : 92-1701-00-900-9162
Authorization Value : \$123,964.00
Contracting Period-From : June 5, 1959
Ending : September 30, 1959
Delivery Period -From : August 1, 1959
Ending : October 31, 1959
Commodity Code No. : 1701
U.S. Banking Institution
favored with ICA Letter of Commitment No. : Morgan Guaranty Trust Company
92-1235 : New York 15, New York, U.S.A.
Area of Source : United States
4. Authorization No. : 492-1701-00-828-9163
Authorization Value : \$227,000.00
Commodity Code No. : 1701
Contracting Period-From : July 1, 1959
Ending : October 31, 1959
Delivery Period -From : August 1, 1959
Ending : December 31, 1959
U.S. Banking Institution
favored with ICA Letter of Commitment No. : Bank of America, N.T. & S.A.
492-1245 : San Francisco, California, U.S.A.
Area of Source : United States
5. Authorization No. : 492-1701-00-502-9164
Authorization Value : \$85,000.00
Commodity Code No. : 1701
Contracting Period-From : July 1, 1959
Ending : November 30, 1959
Delivery Period -From : August 1, 1959
Ending : December 31, 1959
U.S. Banking Institution
favored with ICA Letter of Commitment No. : Bank of America, N.T. & S.A.
492-1246 : San Francisco, California, U.S.A.
Area of Source : United States

All applications for sub-authorization accompanied by the corresponding firm offer (s) and assurance of peso payment shall be submitted to this Office, subject to the provisions of ICA Regulation No. 1, as amended, and the conditions set forth in the procurement authorizations:

Copies of letters of credit opened under these procurement authorizations should be furnished this Office immediately after opening thereof.

Please advise your clients to indicate in their Invitations to Bid the authorization number and include therein the following statement:

"Offers of equal type are not acceptable. However, this does not preclude suppliers offering Form "A" certification against type which must show grade and staple length according to U.S. standards."

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

August 12, 1959

—————oOo—————

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 2
(Implementing Circular No. 95)

Authorized Agent Banks are hereby informed that in its Resolution No. 1065 dated July 31, 1959, the Monetary Board decided that purchases by nonresidents of gold bullion in the free market with blocked peso funds and the resale of the refined gold to the Central Bank under the provisions of Central Bank Circular No. 73, as amended, do not come within the purview of the provisions of Republic Act No. 2609 so as to authorize the Central Bank to collect the foreign exchange margin on such transactions.

Authorized Agents are requested to transmit this decision of the Monetary Board to all their clients.

(SGD.) ANDRES V. CASTILLO

Deputy Governor

August 12, 1959

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Office of the Deputy Governor

MEMORANDUM TO AUTHORIZED AGENT BANKS

Letters of Credit issued, approved and outstanding on or before July 16, 1959 may be extended by the Authorized Agent Banks without referring the same to the Central Bank *if there is absolutely no change in its original terms or conditions*, otherwise such extensions will have to be approved first by the Central Bank.

(SGD.) ANDRES V. CASTILLO

Deputy Governor

August 17, 1959

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1263

In view of numerous requests received by this Office from Importers for extension of time for the submission of the accomplished updated Information Sheet for Importers (CBP-ID Form No. 22), Agent Banks are hereby advised that the deadline for filing the same is extended up to September 15, 1959, and that no more extension shall be granted thereafter.

Please advise your clients accordingly.

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

August 26, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1264

In connection with page 5, No. 3 (b) of the updated Information Sheet for Importers (CBP-ID Form No. 22), attached please find the Schedule II therein indicated, to be accomplished by quota-holding corporations.

Please advise your clients and furnish them with four (4) copies each of the same.

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

Attached: As stated.

August 26, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1265

Re: Closing of Procurement Authorizations Under Section 402,
Mutual Security Act of 1954

For the proper determination of the final amounts paid under the Letters of Commitment issued in favor of U.S. Banking Institutions, please furnish this Department with a complete statement showing total negotiations against

the sub-authorizations issued under the following expired procurement authorizations:

No. 92-1701-00-RI-9151
No. 92-0903-00-RI-9152
No. 92-0903-00-RI-9153
No. 92-1701-00-RI-9156
No. 92-1701-00-RI-9157
No. 92-1701-00-RI-9158

Your immediate compliance will be highly appreciated.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

August 26, 1959

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IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1266

In the issuance of amended release certificates, Agent Banks are requested to see to it that the original set to be amended is surrendered and marked "Cancelled" before another set is issued in its stead.

Please be guided accordingly.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

August 28, 1959

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MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 3 (Implementing Central Bank Circular No. 95)

Effective immediately, all certificates of exemption from payment of the 25 % foreign exchange margin on sales of foreign exchange, under the provisions of Central Bank Circular No. 95, implementing Republic Act No. 2609, shall be signed by Mr. Natalio M. Balboa, Special Assistant to the Governor, as Chairman, Exemption Committee.

These certificates of exemption shall be countersigned by the Auditor of the Central Bank or his duly authorized representative.

(SGD.) ANDRES V. CASTILLO
Deputy Governor

September 4, 1959

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1273

Further to Memorandum to Authorized Agent Banks No. 1258 dated July 30, 1959 on the utilization by producer-quota holders of their quota allocations for "shoe supplies" under the "UT" category, Agent Banks are hereby authorized to give due course to corresponding applications for letters of credit of their producer-clients without previously submitting said applications to the Import Department.

Please be guided accordingly.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

September 21, 1959

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1274

In view of the numerous requests received by this Department for extension of time within which to file the Updated Information Sheet for Importers (CBP Form No. 22), due to the failure of their respective accountants to furnish the data called for therein, please advise your clients who were unable to meet the September 15, 1959, deadline that the same has been re-extended to September 30, 1959; and that thereafter, no request for further extension will be entertained.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

September 22, 1959

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1275

SUBJECT: Importation of Pulp, Paper and Paper Products (Except Newsprint) under Section 402, Mutual Security Act of 1954.

Please be advised that the Central Bank of the Philippines received an ICA Procurement Authorization in the amount of \$400,000.00 for the importation of pulp, paper and paper products (except newsprint), described as follows:

Authorization No.	492-591-828-9201
Commodity Code No.	591
Contracting Period From	June 8, 1959
Ending	January 31, 1960
Delivery Period From	June 8, 1959
Ending	May 31, 1960
U.S. Banking Institution	Bank of America, New York 15,
favored with ICA Letter	New York
of Commitment #492-1237	
Area of Source	World-Wide

All applications for sub-authorization accompanied by the assurance of peso payment and corresponding firm-offers shall be submitted to this Office, subject to the provisions of ICA Regulation No. 1 as amended and the conditions set forth in the procurement authorization, copy attached.

Please furnish the Foreign Aid and Guaranty Division with copies of letters of credit opened under this procurement authorization immediately after opening thereof.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

September 22, 1959

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1276

Further to our Memorandum to Authorized Agent Banks No. 1234, dated June 9, 1959, Agent Banks are hereby advised that the authority granted to Filipino Importers recorded engaged in Line 46 — "Sporting Goods & Athletic Equipment", to utilize their 2nd quarter 1959 EP quotas for the importation of athletic supplies and equipment, which are classified in the NEC category and are not manufactured locally, *shall be considered recurring in nature*, pursuant to the action taken by the Import-Export Committee at its meeting held on September 21, 1959.

The foregoing shall take effect immediately and is an exception to the provisions of Memorandum to Authorized Agent Banks No. 949, dated July 3, 1957.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

September 28, 1959

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1277

Unused third quarter quota allocations of importers and/or producers may be utilized in the fourth quarter of 1959.

Please be guided accordingly.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

September 30, 1959

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1279

SUBJECT: Tax Clearance

Memorandum to Authorized Agent Banks No. 1096 dated April 23, 1958 is hereby amended to read as follows:

Further to Memorandum to Authorized Agent Banks No. 971, dated July 24, 1957, Agent Banks are hereby advised that the local tax clearance required before quotaholders are allowed to open letters of credit for their import refers to tax clearances obtained from the City or Municipal Treasurer where their factories are located in the case of producers, and where they conduct or operate their business, in the case of importers. *However, in cases of importers and producers who are tax-exempt, the presentation of a certificate from the Bureau of Internal Revenue certifying that they are exempt from national and local taxes is sufficient compliance hereof.*

Please be guided accordingly.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

October 5, 1959

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1280

Any importation against price confirmations of firm offers for decontrolled wheat flour, for the 4th quarter of 1959 [(Ref. No. 1-59-F-(4))], shall be in accordance with the following schedule:

One-half (1/2) to be shipped on or before November 15, 1959; and

One-half (1/2) to be shipped after November 15, 1959.

The foregoing schedule shall not apply in the case of those Importers and Producers who have been authorized to import 400 bags (50 lbs.) or less in the 4th quarter of 1959.

Please be guided accordingly.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

October 8, 1959

—oOo—

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1281

Please be informed that ICA Washington has revoked the unsub-authorized portions of the following Procurement Authorizations:

<u>PA No. & Value</u>	<u>Unsub- authorized Balance</u>	<u>Commodity</u>	<u>MAAB Ref. No.</u>
PA 9159 — \$700,000	\$264,465.00	Raw Hides	None
PA 9201 — \$400,000	\$400,000.00	Pulp, Paper & Paper Products (Except Newsprint)	No. 1275 dated Sept. 22, 1959

In view thereof, kindly advise your clients that until further notice no more applications for sub-authorization under above-mentioned Procurement Authorization will be entertained by this Office.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

October 9, 1959

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1282

Pursuant to a resolution adopted by the Import-Export Committee at its meeting held on September 23, 1959, the following amendments to the Central Bank Statistical Classification of Commodities (Revised December 1, 1958) shall take effect immediately.

For Reclassifications

Miscellaneous chemical materials and products

UI 599-01.02	— Plastic soling and heeling	Kilo
UI 599-04.07	— Blacking and leather dressing (excluding paste and powder for cleaning, polishing and preserving leather, i.e., shoe polish and shoe dyes, etc.)	Kilo

to read:

EP 599-01.02	— Plastic soling and heeling	Kilo
EP 599-04.07	— Blacking and leather dressing (excluding paste and powder for cleaning, polishing and preserving leather, i.e., shoe polish and shoe dyes, etc.)	Kilo

Rubber fabricated materials (e.g. pastes, plates, sheets, rods, threads, and tubes of rubber)

UI 621-01.02	— Rubber sheeting and soling, n.e.s. (except rubber sheeting and soling for use on conventional shoes)	Kilo
UI 621-01.05	— Rubber cement	Liter

to read:

SEP 621-01.02	— Rubber sheeting and soling, n.e.s. (except rubber sheeting and soling for use on conventional shoes)	Kilo
EP 621-01.05	— Rubber cement	Liter

Rubber manufactured articles, n.e.s.

UI 629-09.12	— Rubber heels, n.e.s. (except men's heels with sizes ranging from 25 to 32)	Pairs
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UI 629-09.13	— Rubber soles (excluding rubber soles for slippers)	Pairs
<u>to read:</u>		
NEP 629-09.13	— Rubber heels, n.e.s. (except men's heels with sizes ranging from 25 to 32)	Pairs
NEP 629-09.13	— Rubber soles (excluding rubber soles for slippers)	Pairs
<u>Paper and paper board</u>		
UI 641-07.00	— Paper materials, coated, impregnated, rubberized or vulcanized, other than bituminized or asphalted	Kilo
<u>to read:</u>		
EP 641-07.00	— Paper materials, coated, impregnated, rubberized or vulcanized, other than bituminized or asphalted	Kilo
<u>Textile yarn and thread</u>		
UI 651-09.01	— Jute thread	Kilo
UI 651-09.09	— Yarn and thread, other fibers, n.e.s.	Kilo
<u>to read:</u>		
EP 651-09.01	— Jute thread	Kilo
SEP 651-09.09	— Yarn and thread, other fibers, n.e.s.	Kilo
<u>Other textile fabrics of standard type (not including narrow and special fabrics)</u>		
UI 653-05.09	— Nylon mesh	Kilo
<u>to read:</u>		
NEP 653-05.09	— Nylon mesh	Kilo
<u>Special textile fabrics and related products</u>		
UI 655-04.02	— Cotton duck and/or canvas, rubberized or not, n.e.s.	Kilo
UI 655-04.03	— Rubberized cotton fabrics	Kilo
UI 655-04.11	— Flax duck and/or canvas	Kilo
UI 655-05.09	— Elastic fabrics, n.e.s. (elastic braid, uncut webbing, etc.)	Kilo

to read:

SEP 655-04.02	— Cotton duck and/or canvas, rubberized or not, n.e.s.	Kilo
SEP 655-04.03	— Rubberized cotton fabrics	Kilo
EP 655-04.11	— Flax duck and/or canvas	Kilo
NEP 655-05.09	— Elastic fabrics, n.e.s. (elastic braid, uncut webbing, etc.)	Kilo

Manufacture of metals, n.e.s.

UI 699-07.05	— Tacks, of iron and steel	Kilo
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to read:

SEP 699-07.05	— Tacks, of iron and steel	Kilo
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Manufacture of iron and steel and other base metals

UI 699-29.22	— Buckles and buckle clasps, base metal, for clothing, footwear, travel goods and wrist watches	Kilo
UI 699-29.28	— Eyelet, shoes and clothing	Kilo

to read:

EP 699-29.22	— Buckles and buckle clasps, base metal, for clothing, footwear, travel goods and wrist watches	Kilo
SEP 699-29.28	— Eyelet, shoes and clothing	Kilo

Manufactured articles, n.e.s.

UI 899-99.32	— Shoe findings of all materials, n.e.s. (shoe counters, shoes shanks, shoe ornaments, etc.)	No.
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to read:

SEP 899-99.32	— Shoe findings of all materials, n.e.s. (shoe counters, shoe shanks, shoe ornaments, etc.)	No.
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For Amendment:

Textile yarn and thread

UI 651-04.01	— Cotton thread, dyed or mercerized	Kilo
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to read:

UI 651-04.01 — Cotton thread, bleached, dyed or mercerized, n.e.s. (excluding types specified in Code Nos. EC 651-04.04/05) **Kilo**

For Inclusion:

Textile yarn and thread

EC 651-04.01 — Machine embroidery threads, dyed and made from a single yarn count finer than 40's of Egyptian type cotton; each cone or spool not exceeding 500 yards **Kilo**

EC 651-04.05 — Hand embroidery threads made from Egyptian type cotton, boilfast and in skein or ball form, not exceeding 100 yards each skein or 10 grams on each ball **Kilo**

Accordingly, the commodities mentioned above may now be imported by producers and by importers under whose lines of business said commodities were formerly listed as importable, except those recorded engaged in Line 45 — "Shoe Supplies."

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

October 12, 1959

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CENTRAL BANK OF THE PHILIPPINES
Manila

MEMORANDUM TO AUTHORIZED AGENTS

Effective January 1, 1960, the remittable portion of salaries earned by foreign technicians or by alien staffmembers of firms doing business in the Philippines shall be reduced by 50%; provided that the amount remittable by any such foreign technician or alien staffmember who is already enjoying the privilege shall not be reduced to an amount less than \$250.00 a month; provided further, that where the amount remittable at present by any foreign technician or alien staffmember is less than \$250.00 a month, nothing as provided herein shall be construed as an authority to increase such monthly remittances; and

provided finally, that the above policy shall not apply to contracts with individual technicians approved by the Monetary Board.

This memorandum is being issued for the information and guidance of all concerned.

(SGD.) ANDRES V. CASTILLO
Acting Governor

October 12, 1959

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MEMORANDUM TO AUTHORIZED AGENT BANKS

Pursuant to a decision of the Monetary Board at its meeting held on December 26, 1958, in clarification of Memorandum to Authorized Agent Banks dated December 10, 1958, paragraph 3 of Circular No. 79, dated December 9, 1957, is hereby amended in the sense that letters of credit may be allowed to be opened for the importation through barter of non-essential consumer items; provided, however, that a cash marginal deposit of 100% shall be required therefor.

Please be guided accordingly.

(SGD.) ANDRES V. CASTILLO
Deputy Governor

January 8, 1959

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IMPORT DEPARTMENT

AMENDMENT TO THE STATISTICAL CLASSIFICATION OF COMMODITIES (REVISED DECEMBER 1, 1958), IMPLEMENTING CIRCULAR NO. 44

(Release No. 328)

January 5, 1959

For Inclusion:

Crude minerals, excluding coal, petroleum,
fertilizer materials and precious stones

SEP 272-02.03 Testing sand (includes Ottawa sand) Kilo
The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 329)

January 5, 1959

For Amendment:

Iron and steel

EP 681-06.00 Hoop or strip of iron or steel, coated or
not (includes calendar slides) Kilo

to read:

EP 681-06.00 Hoop or strip of iron or steel, coated or
not (excluding calendar slides) Kilo

For Inclusion:

Manufactured articles, n.e.s.

UI 899-99.33 Calendar slides, of all materials Kilo

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 330)

January 5, 1959

For Amendment:

Crude minerals, excluding coal, petroleum,
fertilizer materials and precious stones

UI 272-04.09 Other clay, n.e.s. (molding clay, modeling
clay, decolorizing clay, etc.) Kilo

to read:

UI 277-04.09	Other clay, n.e.s. (molding clay, decolorizing clay, etc.)	Kilo
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For Inclusion:

Crude minerals, excluding coal, petroleum,
fertilizer materials and precious stones

NEP 272-04.03	Modeling clay	Kilo
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The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 331)

January 9, 1959

For Inclusion:

Medicinal and pharmaceutical products

DC 541-09.35	Schistosomiasis (snail fever) medicine* includes "FUADIN")	Kilo
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The amendment indicated above shall take effect immediately.

* Any new brand introduced other than "FUADIN" shall have the previous certification of the Secretary of Health that the same is Schistosomiasis (snail fever) medicine.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

IMPORT DEPARTMENT
AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 332)

January 9, 1959

For Inclusion:

Manufacture articles, n.e.s.

EF 899-13.24 Storage tank liners, of synthetic materials No.
The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT
AMENDMENT TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 333)

January 9, 1959

For Inclusion:

Ores of non-ferrous base metal and
concentrates

SEP 283-19.01 Rutile ore (powdered) Kilo
The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

IMPORT DEPARTMENT

AMENDMENT TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 334)

January 9, 1959

For Classification:

Scientific, medical, optical, measuring and
controlling instruments and apparatus

NEP 861-02.09 Printers' reproducing cameras

to read:

EP 861-02.09 Printers' reproducing cameras

The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

—————oOo—————

IMPORT DEPARTMENT

AMENDMENT TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 335)

January 9, 1959

For Inclusion:

Manufactures of metals, n.e.s.

SEP 699-18.09 Barrel or drum faucets (except for plumbing) No.

The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 336)

January 13, 1959

For Amendment:

Road Motor Vehicles

EP 732-06.00 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, electric parts and hood catch and eye for jeeps and trucks; exhausts, tailpipes and radiators for all makes and types of cars and trucks)

to read:

EP 732-06.00 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, electric parts and hood catch and eye for jeeps and trucks; exhausts, tailpipes and radiators of all makes and types of cars and trucks; and jeep axles with 4" flanged diameter)

For Inclusion:

Road Motor Vehicles

EP 732-06.04 Jeep axles with 4" flanged diameter

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

IMPORT DEPARTMENT

AMENDMENT TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 337)

January 27, 1959

For Reclassification

Office Machinery

SEP 714-02.11 — Duplicating machines No.

to read:

EP 714-02.11 — Duplicating machines No.

The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 338)

January 30, 1959

Effective immediately, the following commodities are hereby inserted in Appendices "A", "B", "C", and "D" of Memorandum to Authorized Agent Banks No. 1137 under the corresponding sub-headings for the general item group of pesticides hereinbelow indicated:

Appendix "A" — BREAKDOWN OF AGRICULTURAL INSECTICIDES
AND INSECTICIDE FORMULATIONS FALLING
UNDER DC 599-02.03

Agricultural Insecticides

DDT (Dichlorodiphenyl Trichloroethane), Technical Geigy

DDT (Dichlorodiphenyl Trichloroethane), Formulations containing 20 to 74 per cent or more DDT:

Emulsible formulation:

Arkotine D. 18
Didimac 20
Geigy M-25
Gesarol E-25
Mistona D-12, D-6
Ortho DDT 2 spray
Pest-B-Gow 2 spray
Resitox

Wettable powder:

Dampo 50
Fenco DDT-W-50
Geigy BA 50% DDT W.P.
Geigy VD 50

DDT (Dichlorodiphenyl Trichloroethane), formulations containing 75 per cent or more DDT:

Geigy VD 75
Geigy MC 75

Geigy BA 75

Benzene hexachloride, technical, and formulations containing 6 per cent or more gamma isomer of benzene hexachloride:

Agrocide 6.5, 15W, & 26 D.P.
BASF benzene hexachloride,
Technical
BASF BHC dust concentrates
BASH BHC wettable powders
Bask Lindane 99/100%
Gammexane emulsion concen-
trate
Gammexane 26 D.P.
Isotox 25 wettable
Isotox 75 seed treat
Isotox spray No. 200
Ortho BHC 12 wettable

Bask Lindane dust concentrate
Bask Lindane wettable powder
Bask Lindane seed dressing
Bask Lindane oil solutions
Gamma emulsion
Gammelin — 20
Ortho BHC 10 wettable
Ortho grain bin spray
Ortho seed guard dry
Perfektan fluid
Perfektan dust

Agricultural sulfur (except formulations), n.e.s.:

BASF wettable sulfur
Kumulus
Lime sulfur W.P.
Ortho lime sulfur

Shell lime sulfur
Special spreading lime sulfur
Sper sul
Sulfinette lime sulfur

Organic phosphate insecticides, technical, and insecticides concentrates and formulations of 15 per cent or more organic phosphates, n.e.s.:

Bladex F-2	Malathion 25 ⁰ / ₀ W.P.
Bladex F-40	Malathion E 57
Diazinon 20 ES	Pestox
Diazinon 40 ES	Phosdrin
Diazinon 40 ⁰ / ₀ W.P.	Shell methyl parathion
Du Pont EPN	Thiodan
Foliafume	Vapophos 4 spray
Fosferno	Vapophos 2 spray
Korlan	Vapophos 50 wettable
	Vapophos XX spray
	Vapotone 40 spray

Polychlor insecticides, technical, and insecticide concentrates and formulations of 15 per cent or more polychlors, n.e.s.:

Aldrex 2	Heptachlor, technical
Bask Aldrin W.P.	Isodrin
Bask Aldrin soil insecticide	Ortho tobacco spray
Bask Dieldrin oil solution	Ortho Mite 15 wettable
Chlordane 72—75 ⁰ / ₀ E.C.	Orthotran 50 wettable
Chlordane 40 — 50 ⁰ / ₀ W.P.	Orthothran 1.5 emulsive
Chlorobenzilate 25E	Resitoxaphene 60
Du Pont Methoxychlor	Shell dieldrin 50 ⁰ / ₀ W.P.
Du Pont spray and dip	Shell Aldrin 40 ⁰ / ₀ W.P.
Endrex	Shell Endrin 19.5 ⁰ / ₀ E.C.
	Shell Endrin dust
	Velsicol heptachlor 2 E
	Velsicol heptachlor 25 ⁰ / ₀ W.P.

Agricultural insecticides and insecticide formulations, n.e.s.:

Arakol	Orthocide Dieldrin seed protectant
Aramex	Orthocide adhesive
Botano R 5 spray	Orthocide DDT 10-5 dust
Calcium arsenate	Orthocide Vapophos 7.5 — 1 dust
Dipterex	Orthocide Vapotone 10 — 66 dust
DN dry mix No. 1	Pybuthrin
DN 289	Pyrethrum extract
Dow grain bin spray	Sesoxane
Dytrol	Supertone dust sticker
Folidol M50 50 ⁰ / ₀ emulsion and dust	Tabutrex
	Tedion emul. concentrate

Folidol E605 emulsion 46.7%	Tedion dust
Gusathion	Tedion smoke generator
Lead arsenate	Timbo root extract
Metasystox	Triogen
Nicona light soluble	Triconal light
Nitro dormant medium	Triumph
Medol soluble oil	Vapona 1
Mitex 13	Volck 92 paste emulsion
Orthene 3D wettable	

Appendix "B" — BREAKDOWN OF INSECTICIDES, RODENTICIDES AND OTHER PESTICIDES, HOUSEHOLD AND INDUSTRIAL, N.E.S. FALLING UNDER EP 599-02.06

Insecticides, rodenticides and other pesticides, household and industrial, n.e.s.:

Ambrocide	Sabadilla
Bug-Geta pellets	Seal treat penta
Deep treat penta	Shelltox
Gamtox mosquito concentrate spray	Shelltox aerosol
Malariol	Shell mistox
OKO spray	Shell snail killer (metaldehyde)
Phozin	Sorexal
Pybuthrin 8/64, 10/50, 6/60 & 5/40	Tetram
Pyrin R, PB, 80PB	Tomorin
Racumin	

Appendix "C" — BREAKDOWN OF FUNGICIDES, OTHER THAN MEDICINAL, FALLING UNDER DC 599-02.02

Fungicides

Agallol	Orthocide 10 dust
Agrosan	Ortho septic seep
Bask green copper	Orthorox
Copper hydra	Ortho cop 53 fungicide
Curoidor	Orthocide 20 dust
Copodust	Ortho rose dust
Carbamate	Perenox
Crag fungicide	Perecloud
Cupravit (OB 21)	Perecot

Dowicide G	Polyram
Du Pont Farzate	Phytomycin
Du Pont Manzate	Shell copper fungicide
Du Pont Zerlate	Solbar (sulphur-bariumpolysulfide)
Du Pont Fermate	Spraycop "530"
Du Pont Thylate	Spraycop "340"
Du Pont Tersan	Sofanate
Fernide	Shirlan AG
Fernasan	TAG fungicide
Fylomac	Terraclor
Granosol	Tritrizol
Kupfer-Kumulus	Tuzet (TMTD)
Lutiram	Zinc Caposel fungicide
Omazene	
Mercurial fungicides	

Appendix "D" — BREAKDOWN OF HERBICIDES FALLING UNDER DC
599-02.09

Herbicides

Herbicides, 2, 4-D and 2,4,5,-T as parent acid:

Agroxone 4	Geigy weed killer 50%
2,4-D (Dimethyl amine salt of dichlorophenoxy acetic acid)	M.C.P.B.
2,4 dow weed killer formula 40	Trioxone
Dow, 2,4,5-T amine weed killer	Shell 2,4-D
Dow MCP amine WDK	Shell weed killer 60 amine
Esteron ten ten	Shell weed killer 50
Esteron brush killer	U 46 powder
Esteron 245	U 46 M Fluid
Estercide 3.3 WDK	U 46 Combi Fluid
Estercide T-4 L.V.	Weed-B-Gon 64-X WDK
Fernesta	Simazin
Fernoxone	
Fernimine	

Herbicides, n.e.s. (including detoliant and crop desiccants):

Aero cyanate	Kuron
Baron	Lallang oil
Bexone	Magron
Bulpur	Monoxone
Chlorea	Nata

Crag Herbicide	Ortho C-1 defoliant
De-Fol-Ate	Penite
Dimethylamine herbicide	Radapon
Dow general weed killer	Rasikal
Dowpon	Shell defoliant
Du Pont Telvar	Shell weed killer 10,11, 20, 30, 130
Du Pont Karmex	Shell AA weed seed killer
Du Pont Neburon	Sodium chlorate
Du Pont Fenuron	Sodite
DNBP Early Frost	Weedicide concentrate
CMU herbicides	
Hedonal	

**Appendix "E" — BREAKDOWN OF FUMIGANTS, SOIL AND GRAIN
FALLING UNDER DC 599-02.05**

Fumigants, soil and grain

Arsenite soil fumigants	Gammexane smoke generator
CBP — 55	Mercurial soil fumigants
Cyanogas G-Fumigant	Mathieson 275
Cymag	Nemagon (Liquid and granules)
Didimac smoke generator	Orthene 3-D 2 spray
Disyston	Paradichlorobenzene
EDB (distilled, crude)	Picfume
Du Pont VPM	D. Dichlorobenzene
Fosferno smoke generator	P. P. Azobenzene smoke generator
Fumazone	

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

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IMPORT DEPARTMENT

**AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44**

(Release No. 339)
February 16, 1959

For Amendment:

Milk and cream: in airtight containers

DC 022-01.03 Condensed sweetened milk
to read:

DC 022-01.03 Condensed sweetened milk (excluding "Colac"
 Concentrated Ice Cream Mix)

Miscellaneous dairy products, in airtight containers, n.e.s.

NEP 029-09.02 Ice cream mix and powder

to read:

NEP 029-09.02 Ice cream mix and powder (including "Colac"
 Concentrated Ice Cream Mix)

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENT TO THE STATISTICAL CLASSIFICATION OF COMMODITIES (REVISED DECEMBER 1, 1958), IMPLEMENTING CIRCULAR NO. 44

(Release No. 340)
February 20, 1959

For Inclusion:

Manufactured articles, n.e.s.

SEC 899-15.16 — Microscope sets, children's, of sufficient magnification
 as to be usable for rudimentary laboratory in-
 struction purposes

The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 341)

February 20, 1959

For Reclassification:

Electric machinery, apparatus and appliances

NEP 721-04.08 — Radio receiving tubes

NEP 721-04.09 — Radio parts (including radio transformers, radio antennae, resistors, inductors, condensers, capacitors, etc.), n.e.s.

to read:

EP 721-04.08 — Radio receiving tubes

EP 721-04.09 — Radio parts (including radio transformers, resistors inductors, condensers, capacitors, etc.), n.e.s.

For Inclusion:

Electric machinery, apparatus and appliances

NEP 721-04.19 — Radio receiving set antennas and parts

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 342)

March 5, 1959

For Amendment:

Milk and cream: in airtight containers

DC 022-01.03 — Condensed sweetened milk (excluding "Colac" concentrated ice cream mix)

to read:

- DC 022-01.03 — Condensed sweetened milk (includes "Colac")
Miscellaneous dairy products, in airtight containers.
n.e.s.
- NEP 029-09.02 — Ice cream mix and powder (including "Colac"
concentrated ice cream mix)

to read:

- NEP 029-09.02 — Ice cream mix and powder (excludes "Colac")

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION OF COMMODITIES (REVISED DECEMBER 1, 1958), IMPLEMENTING CIRCULAR NO. 44

(Release No. 343)

March 9, 1959

For Inclusion:

Miscellaneous chemical materials and products

- DC-599-02.08 — Mosquito coils

For Amendment:

Miscellaneous chemical materials and products

- EP-599-02.06 — Insecticides, rodenticides and other pesticides, household and industrial, n.e.s.

to read:

- EP-599-02.06 — Insecticides, rodenticides and other pesticides,
household and industrial, n.e.s. (excluding mosquito
coil)

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 344)

March 11, 1959

For Amendment:

Meat: Fresh, chilled or frozen

DC 011-01.00 — Meat of bovine cattle (beef, veal)

to read:

DC 011-01.00 — Meat of bovine cattle (beef, veal), excluding
edible offals and organs

For Inclusion:

Meat: Fresh, chilled or frozen

UI 011-07.00 — Edible offals and organs of beef and veal,
n.e.s. (brains, lungs, stomach, sweetbread,
tripe, udder)

Kilo

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 345)

March 11, 1959

For Correction:

Copper

EP 682-02.04 — Bare wire, gauge #20 and finer, solid or
stranded

Kilo

EP	682-0.205	— Bare copperweld wire, tinned wire and other composite wires, solid or stranded	Kilo
UI	682-02.07	— Bare wire, n.e.s. (excluding bare copper wire, gauge #20 and finer, solid or stranded, and bare copperweld wire, tinned wire and other composite wires, solid or stranded)	Kilo

to read:

EP	682-02.04	— Bare wire, gauge #20 and finer, solid	Kilo
EP	682-02.05	— Bare copperweld wire, tinned wire and other composite wires, solid	Kilo
UI	682-02.07	— Bare wire, n.e.s. (excluding bare copper wire, gauge #20 and finer, bare copperweld wire, tinned wire and other composite wires, solid)	Kilo

Manufactures of metal, n.e.s.

EP	699-04.01	— Bare copper wire rope and cables, gauge #20 and finer, solid or stranded	Kilo
EP	699-04.03	— Bare wire rope and cables of copperweld wire, tinned wire and other composite wires, stranded	Kilo
UI	699-04.04	— Copper wire rope and cables, n.e.s. (excluding bare copper wire rope and cables, gauge #20 and finer, solid or stranded, and bare wire rope and cables of copperweld wire, tinned wire and other composite wires, solid or stranded)	Kilo

to read:

EP	699-04.01	— Bare copper wires, ropes and cables, of more than 19 strands	Kilo
EP	699-04.03	— Bare wires, ropes and cables of copperweld wire, tinned wire and other composite wires, stranded	Kilo
UI	699-04.04	— Bare copper wires, ropes and cables, n.e.s. (excluding bare copper wires, ropes and cables of more than 19 strands, and bare wires, ropes and cables of copperweld wire, tinned wire and other composite wires, stranded)	Kilo

For Amendment:

Electric machinery, apparatus and appliances

EP	721-13.00	— Insulated cables and wires for electricity, n.e.s. (excluding insulated copper wires and cables, 19 strands or less)	Kilo
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UI 721-13.01 — Insulated copper wires and cables for electricity, 19 strands or less Kilo

to read:

EP 721-13.00 — Insulated wires and cables for electricity, n.e.s. (excluding plastic-insulated, rubber-insulated, tar-impregnated, braided cotton yarn-insulated or steel-armored (BX) insulated copper wires and cables) Kilo

UI 721-13.01 — Plastic-insulated, rubber-insulated, tar-impregnated, braided cotton yarn-insulated or steel-armored (BX) insulated copper wires and cables for electricity Kilo

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENT TO THE STATISTICAL CLASSIFICATION OF COMMODITIES (REVISED DECEMBER 1, 1958), IMPLEMENTING CIRCULAR NO. 44

(Release No. 346)

March 16, 1959

For Inclusion:

Paper and paperboard

EP 641-19.05 — Paper netting Kilo

The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1198

Pursuant to instructions of the Import-Export Committee, Agent Banks are hereby advised that industry studies are currently being undertaken by the Import Department on the basis of data and information on Producers for calendar/fiscal years 1957 and 1958. For this purpose, and in order to update the required data and information, all Producers shall be required to accomplish CB-ID Form No. 21, as revised, "Operating and Financial Report for Producers", separately for each of the calendar/fiscal years 1957 and 1958. Furthermore, the submission of this report regularly at the end of each calendar/fiscal year shall henceforth be a condition precedent for the continued enjoyment of Producer's quota.

The abovesaid forms shall be furnished the different Agent Banks, which shall distribute the same among their clients concerned. The accomplished form for calendar/fiscal years 1957 and 1958 shall be submitted either thru the quotaholders' banks or directly to the Import Department, Central Bank of the Philippines, *not later than April 30, 1959.*

Please notify your clients concerned and be guided accordingly.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

March 19, 1959

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IMPORT DEPARTMENT

AMENDMENT TO THE STATISTICAL CLASSIFICATION OF COMMODITIES (REVISED DECEMBER 1, 1958), IMPLEMENTING CIRCULAR NO. 44

(Release No. 348)

April 10, 1959

For amendment:

Road motor vehicles

UI 732-06.01 — Exhausts, tailpipes and radiators for all makes and types of cars and trucks.

to read:

UI 732-06.01 — Exhaust systems, tailpipes, and radiators for all makes and types of cars and trucks.

The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENT TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 349)
April 10, 1959

For Inclusion:

Office Machinery

EP 714-02.17 — Electronic integrated data processing machines No.

EP 714-02.18 — Electronic integrated data processing
machine parts Kilo

The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENT TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 350)
April 10, 1959

For Reclassification:

Office machineries

SEP 714-02.12 — Duplicating machine parts.

to read:

EP 714-02.12 — Duplicating machine parts.

The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 351)

April 17, 1959

For correction:

Manufactured articles, n.e.s.

SEP 899-17.15 — Stapling machines

to read:

SEP 899-17.15 — Stapling machines for office use

For Inclusion:

Manufactures of metals, n.e.s.

EP 699-12.08 — Stapling machines for industrial use (including stapling pliers, autoclench, wire stitches, motorized bottomer, etc.)

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 352)

April 17, 1959

For Reclassification:

Power generating (except electric machinery)

SEP 711-09.03 — Automobile engines (gasoline or diesel) No.

SEP 711-09.04 — Truck engines (gasoline or diesel) No.

to read:

EP 711-09.03 — Automobile engines (gasoline or diesel) No.

EP 711-09.04 — Truck engines (gasoline or diesel) No.

Manufactures of metals, n.e.s.

SEP 699-18.03 — Vehicle and marine hardware of metal (boat hardware, buoy shackles, cabin hooks, cable fittings, carlocks, railway car fixtures, etc.) **Kilo**

to read:

EP 699-18.03 — Vehicle and marine hardware of metal (boat hardware, buoy shackles, cabin hooks, cable fittings, carlocks, railway car fixtures, etc.) **Kilo**

For Amendment:

Electric machinery, apparatus and appliances

SEC 721-03.01 — Incandescent lamps (electric bulbs, except general purpose types — 10 to 200 watts with voltage range of 100 to 130 volts and 200 to 260 volts), including auto bulbs, mine lamp bulbs, and other special bulbs. **No.**

to read:

SEC 721-03.01 — Incandescent lamps (electric bulbs) for general lighting purposes, n.e.s. (except general purpose types — 10 to 200 watts with voltage range of 100 to 130 volts and 200 to 260 volts). **No.**

For Inclusion:

Electric machinery, apparatus and appliances

EP 721-03.11 — Electric bulbs for motor vehicles and cycles **No.**

EP 721-03.12 — Special purpose bulbs (mine lamp bulbs, photoflood, pilot light, projection, etc.) **No.**

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 353)

April 21, 1959

For Amendment:

Rubber fabricated materials (e.g. pastes,
plates, sheets, rods, threads and tubes of
rubber)

SEP 621-01.02 — Rubber sheeting and soling Kilo

to read:

SEP 621-01.02 — Rubber sheeting and soling, n.e.s. (except
wingfoot and neolite rubber soling) Kilo

Rubber manufactured articles, n.e.s.

NEP 629-09.12 — Rubber heels Prs.

to read:

NEP 629-09.12 — Rubber heels, n.e.s. (except men's heels
with sizes ranging from 25 to 32) Prs.

For inclusion:

Rubber fabricated materials (e.g. pastes,
plates, sheets, rods, threads and tubes
of rubber)

UI 621-01.08 — Wingfoot and neolite rubber soling

Rubber manufactured articles, n.e.s.

UI 629-09.08 — Men's rubber heels with sizes ranging from
25 to 32 Prs.

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

IMPORT DEPARTMENT

AMENDMENT TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 354)

May 7, 1959

For Inclusion:

Manufactured articles, n.e.s.

SEP 899-16.11 — Ball pen parts

The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 355)

May 7, 1959

For Correction:

Manufactures of metals n.e.s.

SEP 699-06.01 — Copper woven wire (including wire gauze,
wire cloth, wire screens), of nonferrous
base metals.

Kilo

to read:

SEP 699-06.01 — Woven wire (including wire gauze, wire cloth,
wire screens) of copper and copper-base
alloys (brass or bronze)

Kilo

The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 356)

May 25, 1959

For amendments:

Articles made of pulp, of paper and paperboard

NEP 642-01.03 — Multi-wall bags and sacks for desiccated coconuts, cement, gypsum, and other articles weighing 25 lbs. or more*

* May be imported only with previous authority of the Central Bank.

to read:

NEP 642-01.03 — Multi-wall bags and sacks for articles weighing 25 lbs. or more, except those falling under UI 642-01.07

For inclusion:

Articles made of pulp, of paper and paperboard

UI 642-01.07 — Multi-wall bags and sacks, of dimensions 17" x 4" x 37" or smaller

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 357)

June 16, 1959

For Amendment:

Rubber fabricated materials (e.g. pastes, plates, sheets, rods, threads, and tubes of rubber)

SEP 621-01.02 — Rubber sheeting and soling, n.e.s. (except wingfoot and neolite rubber soling).

to read:

SEP 621-01.02 — Rubber sheeting and soling, n.e.s. (except rubber soling and sheeting for use on conventional shoes).

UI 621-01.08 — Wingfoot and neolite rubber soling.

to read:

UI 621-01.08 — Rubber soling and sheeting for use on conventional shoes.

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

—————oOo—————

IMPORT DEPARTMENT

AMENDMENT TO THE STATISTICAL CLASSIFICATION OF COMMODITIES (REVISED DECEMBER 1, 1958), IMPLEMENTING CIRCULAR NO. 44

(Release No. 358)
July 2, 1959

For Amendment:

Medicinal & pharmaceutical products

DC 541-09.01 — Insulin in all forms, including "Tolbutamide" and "Carbutamide" Kilo

to read:

DC 541-09.01 — Insulin in all forms and other antidiabetic preparations Kilo

The amendment indicated shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1246

Effective immediately, all authorized agent banks are hereby requested to forward to the CB Customs Detail, Import Department, all confirmation letters issued for the importation of decontrolled items during the first semester of 1959, for which the corresponding letters of credit have not been opened within the fifteen-day period provided for in Memorandum to Authorized Agent Banks No. 1065 dated January 28, 1958.

Henceforth, confirmation letters that may be revoked for non-use shall be forwarded to the Customs Detail, Import Department, within five days from the date of expiration of the prescribed fifteen-day period.

Please be guided accordingly.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

July 3, 1959

—oOo—

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION OF COMMODITIES (REVISED DECEMBER 1, 1958), IMPLEMENTING CIRCULAR NO. 44

(Release No. 359)

July 7, 1959

For Correction:

Manufacture of metals, n.e.s.

UI 699-16.01 — Tableware, iron or steel (not including silver-plated,
silver or gold-plated). Doz.

to read:

UI 699-16.01 — Tableware, iron or steel (not including silver-plated,
silver or gold-plated), excluding table knives Doz.

For Inclusion:

NEC 699-16.07 — Table knives, iron or steel (not including silver-plated, silver or gold-plated). Doz.

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 360)
July 13, 1959

For Reclassification:

Medicinal and Pharmaceutical Products

SEP 541-01.03 — Vitamin feed supplements

to read:

DC 541-01.03 — Vitamin feed supplements

The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 361)
July 13, 1959

For inclusion:

Rubber manufactured articles, n.e.s.

SEP 629-09.09 — Rubber fenders, bumpers, buffers and the like, for docks and ships.

Clothing, except for clothing

NEC 841-19.09 — Hair nets, all materials.

Special textile fabrics & related products

SEP 655-09.14 — Wicks for kerosene-operated refrigerators, tubular, not mounted.

Glassware

EP 665-01.07 — Medicine dropper-bottles.

The inclusions indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

AMENDMENT TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 362)

July 13, 1959

For Inclusion:

Construction and other industrial machinery

SEP 716-13.57 — Air and gas cleaning and purification equipment, all types (excluding air conditioners) No.

The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

IMPORT DEPARTMENT
AMENDMENT TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 363)
July 13, 1959

For Inclusion:

Furniture and Fixtures

SEP 821-02.04 — Filing cabinets with safe combination locks, insulated
No.

The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT
AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 364)
July 13, 1959

For Amendment:

Other food preparations, n.e.s.

NEC 099-09.33 — Food seasoning in retail containers (monosodium glutamate, Ajinomoto, Accent, Maggi seasoning, etc.)
Kilo

to read:

NEC 099-09.33 — Food seasoning in retail containers (monosodium glutamate, Ajinomoto, Accent, Maggi seasoning, Bouillon, etc.)
Kilo

For Inclusion:

Other food preparations, n.e.s.

NEP 099-09.35 — Bouillon, bulk form, in containers of 50 lbs. and above
Kilo

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

IMPORT DEPARTMENT
AMENDMENT TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 365)

July 13, 1959

For Inclusion:

Manufacture of iron and steel and other base metals

EP 699-29.35 — Tire serials Kilo

The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT
AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 366)

July 28, 1959

For Amendment:

Glasswares

NEC 665-09.04 — Chimneys, globes, shades, for lighting fixtures. No.
to read:

NEC 665-09.04 — Chimneys, globes, shades, for lighting fixtures (ex-
cluding glass chimneys for air-pressure lamps). No.

Sanitary, plumbing, heating and lighting fixtures and
fittings

EC 812-04.05 Gas mantles. No.
to read:

EC 812-04.05 — Gas mantles (excluding soft gas mantles for kerosene
air-pressure lamp). No.

EP 812-04.07 — Spare parts, kerosene air-pressure lamp. Kilo
to read:

EP 812-04.07 — Spare parts, kerosene air-pressure lamp (including
soft gas mantles and glass chimneys). Kilo

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

IMPORT DEPARTMENT

AMENDMENT TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 367)

July 28, 1959

For Inclusion:

Other chemicals, n.e.s.

EP 513-01.05 — Radioactive isotopes (including cobalt, cesium, iridium, thulium, tantalum) Kilo

The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENT TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958),
IMPLEMENTING CIRCULAR NO. 44

(Release No. 368)

July 28, 1959

For Amendment:

Manufactured articles, n.e.s.

EP 899-13.05 — Industrial brushes (wheel, cup and end type) Doz.

to read:

EP 899-13.05 — Industrial brushes (wheel, cup and end type),
including wire hand scratch brushes Doz.

The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958), IMPLEMENTING
CIRCULAR NO. 44

(Release No. 370)

August 14, 1959

For Amendment:

Electrical machinery, apparatus and appliances

EP 721-04.09 Radio parts (including radio transformers, resistors,
inductors, condensers, capacitors, etc), n.e.s.

to read:

EP 721-04.09 Radio parts (including radio transformers, resistors,
inductors, condensers, capacitors, built-in or self-
contained antennae, etc.) n.e.s.

NEP 721-04.19 Radio receiving set antennae and parts

to read:

NEP 721-04.19 External (outside receiving) radio antennae and parts

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY

Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958), IMPLEMENTING
CIRCULAR NO. 44

(Release No. 371)

August 14, 1959

For Amendment:

Miscellaneous chemical materials and products

EP 599-04.04 Glue

to read:

EP 599-04.04 Glue (excluding animal hide glue)

For Inclusion:

Miscellaneous chemical materials and products

EP 599-04.09 Glue, animal hide

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958), IMPLEMENTING
CIRCULAR NO. 44

(Release No. 372)

September 21, 1959

For Amendment:

Road motor vehicles

UI 732-03.01 — Trucks

to read:

UI 732-03.01 — Trucks (excluding specially fabricated logging trucks)

For Inclusion:

Road motor vehicles

EP 732-03.04 — Specially fabricated logging trucks¹

¹This code number may be used only by lumber and logging companies.

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958), IMPLEMENTING
CIRCULAR NO. 44

(Release No. 373)

October 5, 1959

For Inclusion:

Manufacture of metal, n.e.s.

EP 699-18.11 — Industrial casters with load capacity of three
hundred fifty pounds (350 lbs.) or heavier Kilo

For Amendment:

Construction and other industrial machinery

EP 716-02.00 — Industrial trucks, (sometimes known as industrial tractors for use in factories, railroad stations, docks, etc. for internal transport)

to read:

EP 716-02.00 — Industrial trucks (sometimes known as industrial tractors for use in factories, railroad stations, docks, etc. for internal transport) and parts (including industrial wheels) Kilo

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION OF COMMODITIES (REVISED DECEMBER 1, 1958), IMPLEMENTING CIRCULAR NO. 44

(Release No. 374)

October 12, 1959

For Reclassification:

Miscellaneous chemical materials and products

UI 599-01.02 — Plastic soling and heeling Kilo

UI 599-04.07 — Blacking and leather dressing (excluding paste
and powder for cleaning, polishing and pre-
serving leather, i.e., shoe polish and shoe
dyes, etc.) Kilo

to read:

EP 599-01.02 — Plastic soling and heeling Kilo

EP 599-04.07 — Blacking and leather dressing (excluding paste
and powder for cleaning, polishing and pre-
serving leather, i.e., shoe polish and shoe
dyes, etc.) Kilo

Rubber fabricated materials (e.g. pastes, plates, sheets, rods, threads, and tubes of rubber)

UI 621-01.02 — Rubber sheeting and soling, n.e.s. (except rub-
ber sheeting and soling for use on conven-
tional shoes) Kilo

UI 621-01.05 — Rubber cement Liter

to read:

SEP 621-01.02 — Rubber sheeting and soling, n.e.s. (except rub-
ber sheeting and soling for use on conven-
tional shoes) Kilo

EP 621-01.05 — Rubber cement Liter

Rubber manufactured articles, n.e.s.

UI 629-09.12 — Rubber heels n.e.s. (except men's heels with
sizes ranging from 25 to 32) Pairs

UI 629-09.13 — Rubber soles (excluding rubber soles for
slippers) Pairs

to read:

- NEP 629-09.12 — Rubber heels, n.e.s. (except men's heels with sizes ranging from 25 to 32) Pairs
- NEP 629-09.13 — Rubber soles (excluding rubber soles for slippers) Pairs

Paper and paper board

- UI 641-07.00 — Paper materials, coated, impregnated, rubberized or vulcanized, other than bituminized or asphalted Kilo

to read:

- EP 641-07.00 — Paper materials, coated, impregnated, rubberized or vulcanized, other than bituminized or asphalted Kilo

Textile yarn and thread

- UI 651-09.01 — Jute thread Kilo
- UI 651-09.09 — Yarn and thread, other fibers, n.e.s. Kilo

to read:

- EP 651-09.01 — Jute thread Kilo
- SEP 651-09.09 — Yarn and thread, other fibers, n.e.s. Kilo

Other textile fabrics of standard type
(not including narrow and special fabrics)

- UI 653-05.09 — Nylon mesh Kilo

to read:

- NEP 653-05.09 — Nylon mesh Kilo

Special textile fabrics and related products

- UI 655-04.02 — Cotton duck and/or canvas, rubberized or not, n.e.s. Kilo
- UI 655-04.03 — Rubberized cotton fabrics Kilo
- UI 655-04.11 — Flax duck and/or canvas Kilo
- UI 655-05.09 — Elastic fabrics, n.e.s. (elastic braid, uncut webbing, etc.) Kilo

to read:

- SEP 655-04.02 — Cotton duck and/or canvas, rubberized or not, n.e.s. Kilo

SEP 655-04.03	— Rubberized cotton fabrics	Kilo
EP 655-04.11	— Flax duck and/or canvas	Kilo
NEP 655-05.09	— Elastic fabrics, n.e.s. (elastic braid, uncut webbing, etc.)	Kilo

Manufacture of metals, n.e.s.

UI 699-07.05	— Tacks, of iron and steel	Kilo
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to read:

SEP 699-07.05	— Tacks, of iron and steel	Kilo
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Manufacture of iron and steel and other base metals

UI 699-29.22	— Buckles and buckle clasps, base metal, for clothing, footwear, travel goods and wrist watches	Kilo
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UI 699-29.28	— Eyelet, shoes and clothing	Kilo
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to read:

EP 699-29.22	— Buckles and buckle clasps, base metal, for clothing, footwear, travel goods and wrist watches	Kilo
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SEP 699-29.28	— Eyelet, shoes and clothing	Kilo
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Manufactured articles, n.e.s.

UI 899-99.32	— Shoe findings of all materials, n.e.s. (shoe counters, shoe shanks, shoe ornaments, etc.)	No.
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to read:

SEP 899-99.32	— Shoe findings of all materials, n.e.s. (shoe counters, shoe shanks, shoe ornaments, etc.)	No.
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For Amendment:

Textile yarn and thread

UI 651-04.01	— Cotton thread, dyed or mercerized	Kilo
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to read:

UI 651-04.01	— Cotton thread, bleached, dyed or mercerized, n.e.s. (excluding types specified in Code Nos. EC 651-04.04/05)	Kilo
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For Inclusion:

Textile yarn and thread

- EC 651-04.04 — Machine embroidery threads, dyed and made from a single yarn count finer than 40's of Egyptian type cotton; each cone or spool not exceeding 500 yards Kilo
- EC 651-04.05 — Hand embroidery threads made from Egyptian type cotton, boilfast and in skein or ball form, not exceeding 100 yards each skein or 10 grams on each ball Kilo

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

AMENDMENTS TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958), IMPLEMENTING
CIRCULAR NO. 44

(Release No. 375)
October 12, 1959

For Correction:

Cork, raw and waste (including natural
cork in blocks and sheets)

- EP 244-01.01 Cork: blocks or sheets, including cubes or square slabs, cut or trimmed to size for crown caps Kilo

to read:

- EP 244-01.01 Natural cork in blocks, sheets, cubes or square slabs Kilo

Cork Manufactures

- SEP 633-01.01 Agglomerated cork in slabs, blocks, boards, planks, sheets, rods, sticks and the like (including cubes or square slabs, cut or trimmed to size for corks or stoppers) Kilo

to read:

EP 633-01.01 Agglomerated cork in slabs, blocks, boards,
plank sheets, rods, sticks and the like (in-
cluding cubes, square slabs, or rods, cut or
trimmed to size for cork stoppers, crowns, or
crown caps) Kilo

The amendments indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENT TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958), IMPLEMENTING
CIRCULAR NO. 44

(Release No. 376)
October 12, 1959

For Inclusion:

Aluminum

SEP 684-02.12 Aluminum foil spotting materials (cut to size) for
manufacture of crown caps Kilo

The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENT TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958), IMPLEMENTING
CIRCULAR NO. 44

(Release No. 377)
October 12, 1959

For Inclusion:

Pigments, paints, varnish, & related materials

EP 533-03.29 — Synthetic coating enamel (flexible vinyl coat-
ing material) for collapsible aluminum tubes Kilo

The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

IMPORT DEPARTMENT

AMENDMENT TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958), IMPLEMENTING
CIRCULAR NO. 44

(Release No. 378)

October 12, 1959

For Inclusion:

Manufactured articles, n.e.s.

SEP 899-17.22 Stapling machine (for office use) parts Kilo

The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

—oOo—

IMPORT DEPARTMENT

AMENDMENT TO THE STATISTICAL CLASSIFICATION
OF COMMODITIES (REVISED DECEMBER 1, 1958), IMPLEMENTING
CIRCULAR NO. 44

(Release No. 379)

October 12, 1959

For Inclusion:

Cotton

SEP 263-05.00 Caulking cotton Kilo

The amendment indicated above shall take effect immediately.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

IMPORT DEPARTMENT

AMENDMENTS TO LIST OF COMMODITY IMPORTS UNDER EACH LINE OF BUSINESS

Release No. 38

January 9, 1959

ADDENDA —

Effective immediately, the following commodities are hereby inserted in the corresponding list of commodity imports for the lines of business hereinbelow indicated:

- 06 — Books, School and Office Supplies
 - 06-NEP-272-04.03 Modeling clay
- 07 — Construction Materials
 - 07-SEP-272-02.03 Testing sand (includes Ottawa sand)
- 11 — Electrical Equipment and Supplies
 - 11-EP-272-13.00 Mica, uncut or unmanufactured, in sheets or blocks, films, and splittings; scrap mica, unground or ground
- 21 — Hardware
 - 21-SEP-272-02.03 Testing sand (includes Ottawa sand)
- 24 — Industrial Machineries and Equipment
 - 24-SEP-272-02.03 Testing sand (includes Ottawa sand)
- 27 — Leather Manufactures
 - 27-SEP-899-99.32 Shoe findings of all materials, n.e.s. (shoe counters, shoe shanks, shoe ornaments, etc.)
- 32 — Office Equipment
 - 32-EP-599-07.00 Cementing preparations for repairing, sealing and adhesive use
 - 32-SEP-599-09.09 Chemical materials and specialties, n.e.s. (soldering and welding fluxes and solutions, ink eradicators, phosphate plasticizers for sizing fabrics, phosphate plasticizers used to make grease-proof tile, silicone compounds, water-proof compounds, carbonizing compounds, chemical grinding compounds, cleaning compounds, bread making compounds, chemical abrasive compounds, emulsifying agents, stabilizers, etc.)

Effective immediately, the following corrections are hereby effected in the listing of the commodities hereinbelow enumerated:

30-SEP-861-02.12 Photographic and cinematographic supplies
n.e.s. (motion pictures screens, photo
mounts, etc.) excludes photoflash bulbs
and tubes

The following commodity is hereby deleted from the line of business enumerated below, effective immediately:

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

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[320]

02 — Auto and Truck Parts and Accessories

02-EP-732-06.04 Jeep axles with 4" flanged diameter
02-SEP-699-18.03 Vehicle and marine hardware of metal (boat hardware, buoy shackles, cabin hooks, cable fittings, carlocks, railway car fixtures, etc.)

21 — Hardware

21-EP-599-02.07 Wood preservatives
21-SEP-699-18.09 Barrel or drum faucets (except for plumbing)

ERRATA —

Effective immediately, the following corrections are hereby effected in the listing of the commodities hereinbelow enumerated:

32 — Office Equipment

32-SEP-714-02.11 Duplicating machines

to read:

32- EP-714-02.11 Duplicating machines

36 — Photographic Equipment and Supplies

36-NEP-861-02.09 Printers' reproducing cameras

to read:

36- EP-861-02.09 Printers' reproducing cameras

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENTS TO

LIST OF COMMODITY IMPORTS UNDER EACH LINE OF BUSINESS

Release No. 40

April 24, 1959

ADDENDA —

Effective immediately, the following commodities are hereby inserted in the corresponding list of commodity imports for the lines of business hereinbelow indicated:

06 — Books, School and Office Supplies

06-SEC-899-15.16 Microscope sets, children's, of sufficient magnification as to be usable for rudimentary laboratory instruction purposes

- 07 — Construction Materials
07-EP-272-04.02 Fire clay (including bonding mortar)
- 09 — Department Stores
09-NEP-721-04.19 Radio receiving set antennas and parts
09-SEC-899-15.16 Microscope sets, children's, of sufficient magnification as to be usable for rudimentary laboratory instruction purposes
- 10 — Drug Stores and Pharmaceutical Laboratories
10-SEP-292-04.00 Plants, seeds, flowers and parts of plants, n.e.s. mainly for use in medicines or perfumery (liquorice roots, rosemary leaves, belladonna, etc.)
- 21 — Hardware
21-EP-716-03.03 Lifting machinery of conveyors (lifts, hoists, winches, cranes, jacks, pulley tackles, belt conveyors, motor dumpers and the like)
24-EP-899-13.24 Storage tank liners, of synthetic materials
- 24 — Industrial Machineries and Equipment
24-EP-899-13.24 Storage tank liners, of synthetic materials
24-SEP-642-09.23 Recording rolls and sheets for self-recording apparatus and instruments
- 34 — Paper and Paper Products
34-EP-641-19.05 Paper netting
- 40 — Radio Stores and Spare Parts and Supplies
40-NEP-721-04.19 Radio receiving set antennas and parts

ERRATA—

Effective immediately, the following corrections are hereby effected in the listing of the commodities hereinbelow enumerated:

- 02 — Auto and Truck Parts and Accessories
02-EP-732-06.00 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, electric parts and hood catch and eye for jeeps and trucks; exhausts, tailpipes, and radiators for all makes and types of cars and trucks)

to read:

02-EP-732-06.00 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, electric parts and hood catch and eye for jeeps and trucks; exhausts, tailpipes and radiators of all makes and types of cars and trucks; and jeep axles with 4" flanged diameter)

07 — Construction Materials

07-EP-682-02.04 Bare wire, gauge #20 and finer, solid or stranded
07-EP-682-02.05 Bare copperweld wire, tinned wire and other composite wires, solid or stranded
07-EP-699-04.01 Bare copper wire rope and cables, gauge #20 and finer, solid or stranded
07-EP-699-04.03 Bare wire rope and cables of copperweld wire, tinned wire and other composite wires, stranded

to read:

07-EP-682-02.04 Bare wire, gauge #20 and finer, solid
07-EP-682-02.05 Bare copperweld wire, tinned wire and other composite wires, solid
07-EP-699-04.01 Bare copper wires, ropes and cables, of more than 19 strands
07-EP-699-04.03 Bare wires, ropes and cables of copperweld wire, tinned wire and other composite wires, stranded

09 — Department Stores

09-NEP-721-04.08 Radio receiving tubes
09-NEP-721-04.09 Radio parts (including radio transformers, radio antennae, resistors, inductors, condensers, capacitors, etc.), n.e.s.

to read:

09-EP-721-04.08 Radio receiving tubes
09-EP-721-04.09 Radio parts (including radio transformers, resistors, inductors, condensers, capacitors, etc.), n.e.s.

10 — Drug Stores and Pharmaceutical Laboratories

10-EP-599-02.06 Insecticides, rodenticides and other pesticides,
household and industrial, n.e.s.

to read:

10-EP-599-02.06 Insecticides, rodenticides and other pesticides,
household and industrial, n.e.s. (excluding
mosquito coil)

11 — Electrical Equipment and Supplies

11-EP-682-02.04 Bare wire, gauge #20 and finer, solid or strand-
ed

11-EP-682-02.05 Bare copperweld wire, tinned wire and other
composite wires, solid or stranded

11-EP-699-04.01 Bare copper wire rope and cables, gauge
#20 and finer, solid or stranded

11-EP-721-04.03 Bare wire rope and cables of copperweld wire,
tinned wire and other composite wires,
stranded

11-EP-721-13.00 Insulated cables and wires for electricity, n.e.s.
(excluding insulated copper wires and ca-
bles, 19 strands or less)

to read:

11-EP-682-02.04 Bare wire, gauge #20 and finer, solid

11-EP-682-02.05 Bare copperweld wire, tinned wire and other
composite wires, solid

11-EP-699-04.01 Bare copper wires, ropes and cables, of more
than 19 strands

11-EP-699-04.03 Bare wires, ropes and cables of copperweld
wire, tinned wire and other composite wires,
stranded

11-EP-721-13.00 Insulated wires and cables for electricity, n.e.s.
(excluding plastic insulated, rubber-insulat-
ed, tar-impregnated braided cotton yarn-
insulated or steel-armored (BX) insulated
copper wires and cables)

19 — Groceries, Confectioneries, Candies and Sweets

19-EP-599-02.06 Insecticides, rodenticides and other pesticides,
household and industrial, n.e.s.

19 19-NEF-029-09.02 Ice cream mix and powder, in airtight contain-
ers

to read:

- 19- EP-599-02.06 Insecticides, rodenticides and other pesticides, household and industrial, n.e.s. (excluding mosquito coil)
- 19-NEP-029-09.02 Ice cream mix and powder (excludes "Colax"), in airtight containers

21 — Hardware

- 21- EP-682-02.04 Bare wire, gauge #20 and finer, solid or stranded
- 21- EP-682-02.05 Bare copperweld wire, tinned wire and other composite wires, solid or stranded
- 21- EP-699-04.01 Bare copper wire rope and cables, gauge #20 and finer, solid or stranded
- 21- EP-699-04.03 Bare wire rope and cables of copperweld wire, tinned wire and other composite wires, stranded
- 21- EP-721-13.00 Insulated cables and wires for electricity, n.e.s. (excluding insulated copper wires and cables, 19 strands or less)

to read:

- 21- EP-682-02.04 Bare wire, gauge #20 and finer, solid
- 21- EP-682-02.05 Bare copperweld wire, tinned wire and other composite wires, solid
- 21- EP-699-04.01 Bare copper wires, ropes and cables, of more than 19 strands
- 21- EP-699-04.03 Bare wires, ropes and cables of copperweld wire, tinned wire and other composite wires, stranded.
- 21- EP-721-13.00 Insulated wires and cables for electricity, n.e.s. (excluding plastic-insulated, rubber-insulated, tar-impregnated braided cotton yarn-insulated or steel armored (BX) insulated copper wires and cables)

23 — Industrial Chemicals

- 23- EP-599-02.06 Insecticides, rodenticides and other pesticides, household and industrial, n.e.s.

to read:

- 23- EP-599-02.06 Insecticides, rodenticides and other pesticides, household and industrial, n.e.s. (excluding mosquito coil)

40 — Radio Stores and Spare Parts and Supplies

40-NEP-721-04.08 Radio receiving tubes

40-NEP-721-04.09 Radio parts (including radio transformers, radio antennae, resistors, inductors, condensers, capacitors, etc.), n.e.s.

to read:

40- EP-721-04.08 Radio receiving tubes

40- EP-721-04.09 Radio parts (including radio transformers, resistors, inductors, condensers, capacitors, etc.) n.e.s.

47 — Tablewares and Kitchenwares, Including Glassware

47-NEC-666-01.01 Dishes and other tableware, stoneware (excluding plain, white, undecorated plates, cups, saucers and bowls of all sizes)

to read:

47-NEC-666-01.01 Dishes and other tableware, ironstoneware

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor



IMPORT DEPARTMENT

MEMORANDUM TO AUTHORIZED AGENT BANKS NO. 1222

Please be advised that the Monetary Board, under its Resolution No. 576 dated April 24, 1959, has approved a maximum mark-up interest rate of 2-1/4% over the 5-1/4% interest rate charged on the \$10 Million (Credit No. 1022-B) and \$5 Million (Credit No. 59) credit lines of the Central Bank with the Export-Import Bank of Washington and Development Loan Fund, respectively. Accordingly, local commercial banks may not collect an annual effective rate of interest in excess of 7-1/2% in cases where peso loan accommodations are extended to their clients in connection with transactions approved under the foregoing Central Bank credit lines.

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

May 5, 1959

IMPORT DEPARTMENT

AMENDMENTS TO LIST OF COMMODITY IMPORTS UNDER EACH LINE OF BUSINESS

Release No. 41

May 28, 1959

ADDENDA —

Effective immediately, the following commodities are hereby inserted in the corresponding list of commodity imports for the line of business hereinbelow indicated:

02 — Auto and Truck Parts and Accessories

02- EP-721-03.11 Electric bulbs for motor vehicles and cycles

06 — Books, School and Office Supplies

06- SEP-899-16.11 Ball pen parts

24 — Industrial Machineries and Equipment

24- EP-699-12.08 Stapling machines for industrial use (including stapling pliers, autoclench, wire stitches, motorized bottomer, etc.)

24- EP-721-03.12 Special purpose bulbs (mine lamp bulbs, photo flood, pilot light, projection, etc.)

32 — Office Equipment

32- EP-714-02.17 Eletronic integrated data processing machines

32- EP-714-02.18 Electronic integrated data processing machine parts

ERRATA —

Effective immediately, the following corrections are hereby effected in the listing of the commodities hereinbelow enumerated:

02 — Auto and Truck Parts and Accessories

02- SEP-699-18.03 Vehicle and marine hardware of metal (boat hardware, buoy shackles, cabin hooks, cable fittings, carlocks, railway car fixtures, etc.)

02- SEP-711-09.03 Automobile engines (gasoline or diesel)

02- SEP-711-09.04 Truck engines (gasoline or diesel)

to read:

02- EP-699-18.03 Vehicle and marine hardware of metal (boat hardware, buoy shackles, cabin hooks, cable fittings, carlocks, railway car fixtures, etc.)

02- EP-711-09.03 Automobile engines (gasoline or diesel)

02- EP-711-09.04 Truck engines (gasoline or diesel)

06 — Books, School and Office Supplies

06- SEP-899-17.15 Stapling machines

to read:

06- SEP-899-17.15 Stapling machines for office use

07 — Construction Materials

07- SEP-699-06.01 Copper woven wire (including wire gauze, wire cloth, wire screens), of non-ferrous base metals

to read:

07- SEP-699-06.01 Woven wire (including wire gauze, wire cloth, wire screens) of copper and copper-base alloys (brass or bronze)

09 — Department Stores

09-SEP-714-02.12 Duplicating machine parts

09- SEC-721-03.01 Incandescent lamps (electric bulbs, except general purpose types — 10 to 200 watts with voltage range of 100 to 130 volts and 200 to 260 volts), including auto bulbs, mine lamp bulbs, and other special bulbs

to read:

09- EP-714-02.12 Duplicating machine parts

09-SEC-721-03.01 Incandescent lamps (electric bulbs) for general lighting purposes, n.e.s. (except general purpose types — 10 to 200 watts with voltage range of 100 to 130 volts and 200 to 260 volts)

11 — Electrical Equipment and Supplies

- 11- SEC-721-03.01 Incandescent lamps (electric bulbs, except general purpose types — 10 to 200 watts with voltage range of 100 to 130 volts and 200 to 260 volts), including auto bulbs, mine lamp bulbs, and other special bulbs

to read:

- 11- SEC-721-03.01 Incandescent lamps (electric bulbs) for general lighting purposes, n.e.s. (except general purpose types — 10 to 200 watts with voltage range of 100 to 130 volts and 200 to 260 volts)

21 — Hardware

- 21- SEP-699-06.01 Copper woven wire (including wire gauze wire cloth, wire screens), of non-ferrous base metals

to read:

- 21- SEP-699-06.01 Woven wire (including wire gauze, wire cloth, wire screens) of copper and copper-base alloys (brass or bronze)

24 — Industrial Machineries and Equipment

- 24- SEP-699-18.03 Vehicle and marine hardware of metal (boat hardware, buoy shackles, cabin hooks, cable fittings, carlocks, railway car fixtures, etc.)

to read:

- 24- EP-699-18.03 Vehicle and marine hardware of metal (boat hardware, buoy shackles, cabin hooks, cable fittings, carlocks, railway car fixtures, etc.)

32 — Office Equipment

- 32- SEP-714-02.12 Duplicating machine parts

to read:

- 32- EP-714-02.12 Duplicating machine parts

45 — Shoe Supplies

- 45- SEP-621-01.02 Rubber sheeting and soling
45- NEP-629-09.12 Rubber heels

to read:

- 45-SEP-621-01.02 Rubber sheeting and soling, n.e.s. (except wing
foot and neolite rubber soling)
45-NEP-629-09.12 Rubber heels, n.e.s. (except men's heels with
sizes ranging from 25 to 32)

49 — Tires and Other Rubber Products

- 49-SEP-621-01.02 Rubber sheeting and soling
49-NEP-629-09.12 Rubber heels

to read:

- 49-SEP-621-01.02 Rubber sheeting and soling, n.e.s. (except wing-
foot and neolite rubber soling)
49-NEP-629-09.12 Rubbers heels, n.e.s. (except men's heels with
sizes ranging from 25 to 32)

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENTS TO
LIST OF COMMODITY IMPORTS UNDER EACH LINE OF BUSINESS

Release No. 42

June 11, 1959

ADDENDA —

Effective immediately, the following commodity is hereby inserted in the
corresponding list of commodity imports for the line of business hereinbelow
indicated:

02 — Auto and Truck Parts and Accessories

- 02-EP-716-03.19 Other construction and conveying machinery
parts, n.e.s. (except melting kettles for tar,
asphalt, and other bituminous materials
with capacity ranging from 80 to 375 gal-
lons)

ERRATA —

Effective immediately, the following correction is hereby effected in the listing of the commodity hereinbelow enumerated:

09 — Department Stores

09-NEP-864-09.00 Other time-recording devices, n.e.s. (excluding watches and clocks)

to read:

09-SEP-864-09.00 Other time-recording devices, n.e.s. (excluding watches and clocks)

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

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IMPORT DEPARTMENT

**AMENDMENTS TO
LIST OF COMMODITY IMPORTS UNDER EACH LINE OF BUSINESS**

Release No. 43

July 3, 1959

ADDENDA —

Effective immediately, the following commodities are hereby inserted in the corresponding list of commodity imports for the lines of business hereinbelow indicated:

11 — Electrical Equipment and Supplies

11- EP-313-04.02 Lubricating oil (includes coolant, cutting oil, insulating or transformer oil)
11-SEP-642-09.23 Recording rolls and sheets for self-recording apparatus and instruments.

24 — Industrial Machineries and Equipment

24-SEP-716-11.05 Sewing machine stands and parts (complete or in knocked down condition)

24-SEP-721-01.10 Electric motors, open protected type or drip-proof type 1/100 to 3/4 H.P., 1 phase to 3 phase, 4 poles, 60 cycles, voltage range of 110-220, speed range

30 — Movie Equipment

30- EP-721-03.12 Special purpose bulbs (mine lamp bulbs, photo-flood, pilot light, projection, etc.)

DELETION —

The following commodity is hereby deleted from Release No. 40, dated April 24, 1959, effective immediately:

21-EP-721-13.00 Insulated cables and wires for electricity, n.e.s. (excluding insulated copper wires and cables, 19 strands or less)

to read:

21-EP-721-13.00 Insulated wires and cables for electricity, n.e.s. (excluding plastic-insulated, rubber-insulated, tar-impregnated braided cotton yarn-insulated or steel-armored (BX) insulated copper wires and cables)

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENTS TO
LIST OF COMMODITY IMPORTS UNDER EACH LINE OF BUSINESS

Release No. 44

August 27, 1959

ADDENDA —

Effective immediately, the following commodities are hereby inserted in the corresponding list of commodity imports for the lines of business hereinbelow indicated:

03 — Bazaars

03-NEC-841-19.09 Hair nets, all materials

- 04 — Beauty Shop, Hair Dressing and Accessories
 04-NEC-841-19.09 Hair nets, all materials
- 05 — Bicycle and Parts and Accessories
 05- EP-721-03.11 Electric bulbs for motor vehicles and cycles
- 06 — Books, School and Office Supplies
 06- EP-861-09.01 Engineering and surveying instruments (excluding pencils)
- 09 — Department Stores
 09-SEP-655-09.14 Wicks for kerosene-operated refrigerators, tubular, not mounted
 09-SEP-821-02.04 Filing cabinets with safe combination locks, insulated
 09-NEC-841-19.09 Hair nets, all materials
- 10 — Drug Stores and Pharmaceutical Laboratories
 10- EP-513-01.05 Radioactive isotopes (including cobalt, cesium, iridium, thulium, tantalum)
 10- EP-665-01.07 Medicine dropper-bottles
 10- EP-862-01.01 X-ray films
 10- EP-862-03.00 Chemical products for use in photography put up for retail sale
- 21 — Hardware
 21- EP-599-04.09 Glue, animal hide
- 22 — Household Appliances
 22-SEP-655-09.14 Wicks for kerosene-operated refrigerators, tubular, not mounted
- 24 — Industrial Machineries and Equipment
 24- EP-699-29.35 Tire serials
 24-SEP-716-13.57 Air and gas cleaning and purification equipment, all types (excluding air conditioners)
- 29 — Medical Equipment and Supplies
 29- EP-861-01.08 Optical examining and diagnostic instruments, apparatus, and appliances, n.e.s., (ophthalmoscope, retinoscope, etc.)

32 — Office Equipment

32-SEP-821-02.04 Filing cabinets with safe combination locks,
insulated

43 — Ship and Boat Parts and Accessories

43-SEP-629-09.09 Rubber fenders, bumpers, buffers and the
like, for docks and ships

47 — Tablewares and Kitchenwares, Including Glasswares

47- EP-699-29.16 Stoppers, bottle caps (screw cap-type, ex-
cluding crown caps for soft-drink and
beverage bottles), capsules and other
packing accessories, of base metal

49 — Tires and Other Rubber Products

49- EP-699-29.35 Tire serials
49-SEP-629-09.09 Rubber fenders, bumpers, buffers and the
like, for docks and ships

ERRATA —

Effective immediately, the following corrections are hereby effected in the listing of the commodities hereinbelow enumerated:

06 — Books, School and Office Supplies

06- EP-599-04.04 Glue

to read:

06- EP-599-04.04 Glue (excluding animal hide glue)

07 — Construction Materials

07- EP-599-04.04 Glue

to read:

07- EP-599-04.04 Glue (excluding animal hide glue)

09 — Department Stores

09- EF-721-04.09 Radio parts (including radio transformers,
resistors, inductors, condensers, capacitors,
etc.), n.e.s.

09-NEP-721-04.19 Radio receiving set antennae and parts
 09-NEC-665-09.04 Chimneys, globes, shades, for lighting fixtures

to read:

09- EP-721-04.09 Radio parts (including radio transformers, resistors, inductors, condensers, capacitors, built-in or self-contained antennae, etc.), n.e.s.
 09-NEP-721-04.19 External (outside receiving) radio antennae and parts
 09-NEC-665-09.04 Chimneys, globes, shades, for lighting fixtures (excluding glass chimneys for air-pressure lamps)

16 — Fishing Supplies

16- EP-812-04.07 Spare parts, kerosene air-pressure lamp
 16- EC-812-04.05 Gas mantles

to read:

16- EP-812-04.07 Spare parts, kerosene air-pressure lamp (including soft gas mantles and glass chimneys)
 16- EC-812-04.05 Gas mantles (excluding soft gas mantles for kerosene air-pressure lamps)

19 — Groceries, Confectioneries, Candies and Sweets

19-NEC-099-09.33 Food seasoning in retail containers (monosodium glutamate, Ajinomoto, Accent, Maggi seasoning, Bouillon, etc.)

to read:

19-NEC-099-09.33 Food seasoning in retail containers (monosodium glutamate, Ajinomoto, Accent, Maggi seasoning, Bouillon, etc.)

21 — Hardware

21- EP-599-04.04 Glue
 21- EP-812-04.07 Spare parts, kerosene air-pressure lamp
 21- EP-899-13.05 Industrial brushes (wheel, cup and end type)
 21- EC-812-04.05 Gas mantles

to read:

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|------------------|---|
| 21- EP-599-04.04 | Glue (excluding animal hide glue) |
| 21- EP-812-04.07 | Spare parts, kerosene air-pressure lamp (including soft gas mantles and glass chimneys) |
| 21- EF-899-13.05 | Industrial brushes (wheel, cup and end type), including wire hand scratch brushes |
| 21- EC-812-04.05 | Gas mantles (excluding soft gas mantles for kerosene air-pressure lamp) |

22 — Household Appliances

- | | |
|------------------|--|
| 22- EP-721-04.09 | Radio parts (including radio transformers, resistors, inductors, condensers, capacitors, etc.), n.e.s. |
|------------------|--|

to read:

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| 22- EP-721-04.09 | Radio parts (including radio transformers, resistors, inductors, condensers, capacitors, built-in or self-contained antennae, etc.), n.e.s. |
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24 — Industrial Machineries and Equipment

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| 24- EP-899-13.05 | Industrial brushes (wheel, cup and end type) |
|------------------|--|

to read:

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|------------------|---|
| 24- EP-899-13.05 | Industrial brushes (wheel, cup and end type), including wire hand scratch brushes |
|------------------|---|

26 — Lamps, Lanterns and Parts

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|------------------|---|
| 26- EP-812-04.07 | Spare parts, kerosene air-pressure lamp |
| 26- EC-812-04.05 | Gas mantles |

to read:

- | | |
|------------------|---|
| 26- EP-812-04.07 | Spare parts, kerosene air-pressure lamp (including soft gas mantles and glass chimneys) |
| 26- EC-812-04.05 | Gas mantles (excluding soft gas mantles for kerosene air-pressure lamp) |

39 — Printing Machines, Equipment and Supplies

39- EP-599-04.04 Glue

to read:

39- EP-599-04.04 Glue (excluding animal hide glue)

40 — Radio Stores and Spare Parts and Supplies

40- EP-721-04.09 Radio parts (including radio transformers, resistors, inductors, condensers, capacitors, etc.), n.e.s.

40-NEF-721-04.19 Radio receiving set antennae and parts

to read:

40- EP-721-04.09	Radio parts (including radio transformers, resistors, inductors, condensers, capacitors, built-in or self-contained antennae, etc.), n.e.s.
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40-NEP-721-04.19 External (outside receiving) radio antennae
and parts

DELETION —

Due to their reclassification to "DC" and "UI" items, the following commodities are hereby deleted from the lines of business enumerated below, effective immediately:

	<u>Commodities</u>	<u>Lines Affected</u>
SEP-541-01.03	Vitamin food supplement (now DC)	10 — Drug Stores and Pharmaceutical Laboratories
SEP-716-11.05	Sewing machine stands and parts (now UI)	42 — Sewing Machines and Accessories
EP -716-11.01	Household sewing machines) (now UI))	09 — Department Stores 42 — Sewing Machines and Accessories
EP -641-07.00	Paper materials, coated) impregnated, rubberized) or vulcanized, other) than bituminized or) asphalted (now UI))	34 — Paper and Paper Products 45 — Shoe Supplies

<u>Commodities</u>		<u>Lines Affected</u>
EP -599-01.02	Plastic soling and heeling (now UI)	) 37 — Plastic and Synthetic) Goods 45 — Shoe supplies
EP 651-03.01	Cotton thread, unbleached, not mercerized))
EP -651-09.01	Jute thread	) 45 — Shoe Supplies
SEP-699-29.28	Eyelet shoes and clothing)
NEP-653-05.09	Nylon mesh (All UI)))
EP -655-04.03	Rubberized cotton fabrics)
EP -655-04.09	Rubberized, coated and impregnated fabrics, n.e.s., (including tex- tile fabrics with prepa- rations of cellulose derivatives or other artificial plastic materials	) ) ) 45 — Shoe Supplies)) 48 — Textile Importers)))
SEP-655-04.02	Cotton duck and/or canvas, rubberized or not, n.e.s. (All UI))))
SEP-611-01.02	Patent leather)
SEP-611-01.03	Sole leather (shoulders, heads, bends, sides and butts), excluding belly leather already detached from finished leather	) ) ) ) ) 27 — Leather Manufactures
SEP-611-01.04	Other upper leathers, n.e.s.))
SEP-611-01.05	Welting leather)
SEP-611-01.09	Other leather unmanufac- tured n.e.s. (including scrap leather, all types	) ) 45 — Shoe Supplies)
SEP-899-99.32	Shoe findings of all mate- rials, n.e.s. (shoe counters, shoe shanks, shoe ornaments, etc.)))))
NEP-611-01.08	Harness leather (All UI)))

CommoditiesLines Affected

SEP-621-01.02	Rubber sheeting and soling	)	45 — Shoe Supplies
NEP-629-09.12	Rubber heels)	
NEP-629-09.13	Rubber soles (excluding	)	49 — Tires and Other
	rubber soles for	)	Rubber Products
	slippers))	
	(All UI))	
SEP-651-09.09	Yarn and thread, other	)	45 — Shoe Supplies
	fibers, n.e.s.)	
EC -651-04.01	Cotton thread, bleached,	)	52 — Yarns, Thread and
	dyed or mercerized	)	Wearing Apparel
	(All UI)	)	Accessories
EP -599-01.01	Plastic sheets and sheet-	)	03 — Bazaars
	ings (excluding manu-	)	37 — Plastic and Synthetic
	factured products)	)	Goods
	(now UI)	)	45 — Shoe Supplies
		)	49 — Tires and Other
		)	Rubber Products
EP -599-04.07	Blacking and leather	)	10 — Drug Stores and
	dressing (excluding	)	Pharmaceutical
	paste and powder for	)	Laboratories
	cleaning, polishing and	)	27 — Leather Manufactures
	preserving leather, i.e.	)	45 — Shoe Supplies
	shoe polish, shoe dyes,)	
	etc.))	
	(now UI))	
EP -621-01.05	Rubber cement	)	02 — Auto and Truck Parts
	(now UI)	)	and Accessories
		)	03 — Bazaars
		)	09 — Department Stores
		)	45 — Shoe Supplies
		)	49 — Tires and Other
		)	Rubber Products
EP -655-04.11	Flax duck and/or canvas	)	37 — Plastic and Synthetic
	(now UI)	)	Goods
		)	45 — Shoe Supplies
		)	48 — Textile Importers

<u>Commodities</u>		<u>Lines Affected</u>
EP -699-29.22	Buckles and buckle clasps, of base metal, for clothing, footwear, travel goods and wrist watches) (now UI)	) 03 — Bazaars) 09 — Department Stores) 45 — Shoe Supplies)))
NEP-655-05.09	Elastic fabrics, n.e.s. (elastic braid, uncut, webbing, etc.) (now UI)	) 20 — Haberdashery and) Wearing Apparel) Stores (Men and) Ladies) 45 — Shoe Supplies 48 — Textile Importers
SEF-699-07.05	Tacks, of iron or steel (now UI)) 02 — Auto and Truck Parts) and Accessories 06 — Books, School and Office Supplies 13 — Farm Implements and Spare Parts 21 — Hardware 24 — Industrial Machineries and Equipment 45 — Shoe Supplies

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

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IMPORT DEPARTMENT

AMENDMENTS TO

LIST OF COMMODITY IMPORTS UNDER EACH LINE OF BUSINESS

Release No. 45

September 29, 1959

ADDENDA —

Effective immediately, the following commodities are hereby inserted in the corresponding list of commodity imports for the lines of business herein-below indicated:

11 — Electrical Equipment and Supplies

11-EP-721-03.12 Special purpose bulbs (mine lamp bulbs,
photoflash, pilot light, projection, etc.)

20 — Haberdashery and Wearing Apparel Stores (Men and Ladies)

20-NEP-652-02.15 Twilled cotton fabrics, woven with dyed
yarns (including twilled woven sport de-
nims)

29 — Medical Equipment and Supplies

29-EP-721-03.12 Special purpose bulbs (mine lamp bulb,
photoflash, pilot light, projection, etc.)

ERRATA —

Effective immediately, the following correction is hereby effected in the
listing of the commodity hereinbelow enumerated:

10 — Drug Stores and Pharmaceutical Laboratories

10-EP-899-11.06 Hygienic, medical and surgical articles of
synthetic materials

to read:

10-EC-899-11.06 Hygienic, medical and surgical articles of
synthetic materials

(SGD.) VIRGINIA YAPTINCHAY
Special Assistant to the Governor

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EXCHANGE CONTROL DEPARTMENT
MEMORANDUM TO AUTHORIZED AGENTS

It has been reported to this Office that the following American Express
Company Travelers Checks were lost:

<u>Date</u>	<u>Check No.</u>	<u>Denomi- nation</u>	<u>Amount</u>	<u>Sold to</u>
(a) 5-30-59	Definite numbers unknown but included in the fol- lowing numbers:			
	T 36 028 518 to 519 only	\$20.00		
	T 45 379 800 to 813 incl.	\$20.00		
	P 63 931 440 to 449 incl.	\$50.00	\$170.00	Arthur B. Benson
(b) 6-12-59	T 19 139 925 to 931 incl.	\$20.00		
	F 91 392 801 to 826 incl.	\$10.00		
	P 54 875 372 to 373 only	\$50.00	\$500.00	Dr. Karl Uth

Authorized Agents are requested to report to this Department whether or not these checks have been cashed with them. If not, the same should not be honored if presented for payment. Instead they should be forwarded to this Department with a statement of the names and addresses of the persons presenting them for payment.

June 29, 1959

(SGD.) AMADO R. BRINAS
Director

—oOo—

EXCHANGE CONTROL DEPARTMENT
MEMORANDUM TO AUTHORIZED AGENTS AND
AIRLINE AND SHIPPING COMPANIES

Subject: EC Form No. 103-IB (Revised)

1. Paragraph 1 of Memorandum to Authorized Agents and Airline and Shipping Companies, dated August 3, 1959, is hereby amended to read as follows:

"1. All concerned are hereby advised that an exemption certificate on EC Form No. 103-IB (Revised) is valid for thirty days from date of issue. The form is hereby modified to indicate the period of validity of the certificate granted, as shown in the attached sample. The application shall be accompanied with a true copy of applicant's latest income tax returns, and an affidavit stating in detail:

- a. The purpose of the trip.
- b. The date of last preceding departure for abroad, if any; destination; purpose; whether travel was covered by an exchange license or an exemption certificate and the amount granted as travel funds as the case may be.
- c. The name and address of the travel agency entrusted with the presentation of the application and the release of the corresponding license, if application for exemption is filed through a travel agent.

No application shall be accepted for filing unless applicant's passport is presented for verification.

2. This memorandum shall take effect immediately.

October 7, 1959

(Sgd.) REINALDO ALINO
Assistant Director

SECURITIES MARKET DEPARTMENT

MEMORANDUM TO:

**ALL PROVINCIAL AND CITY TREASURERS AND AUDITORS
AND MUNICIPAL TREASURERS:**

We are quoting hereunder the 2nd Indorsement dated September 7, 1959, of the Auditor General of the Republic of the Philippines, in connection with our request for the approval and concurrence of his Office with the compendium of pointers and guides prepared by us in the encashment of government bonds in the open market by all municipal treasurers pursuant to the Provincial Circular (Unnumbered) of the Secretary of Finance dated September 16, 1957, for your information:

**"Republic of the Philippines
GENERAL AUDITING OFFICE
Manila**

**"2nd Indorsement
September 7, 1959**

"Respectfully returned, thru the Auditor, to the Deputy Governor, Central Bank of the Philippines, Manila, with the information that this Office interposes no objection to the issuance of the sub-joined compendium of pointers and guides to Municipal Treasurers prepared by the Central Bank in connection with the encashment of R & D as well as PW & ED Bonds to their respective bondholders. For uniformity, however, it is suggested that the interests earned during the period the bonds are in the possession of the Municipal Treasurers be taken up under income account 'Ca-66, Other Receipts' instead of 'Ca-22, Interests on Deposits and Investments.' In order not to tie-up local funds used for the purpose, Municipal Treasurers should be required to exchange for cash all bonds in their possession with the PNB Branch or Agency at the end of each month except during the cut-off periods mentioned in the aforesaid compendium of pointers and guides.

"The holding of such bonds by Municipal Treasurers as cash items is also hereby authorized as an exception to the provisions of Section 14 of the Revised Manual of Instructions to Treasurers prohibiting the holding of cash items by accountable officials.

"It is likewise requested that copy of the compendium of pointers and guides be furnished not only to Municipal Treasurers but to all Provincial and City Auditors as well, for their guidance in the audit of the cash and accounts of said officers.

"(SGD.) PEDRO M. GIMENEZ
Auditor General"

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The above quoted indorsement is contained in Provincial Treasurers' Memorandum No. 179 of the Auditor General dated September 7, 1959.

JUAN CAÑIZARES
Director

September 9, 1959