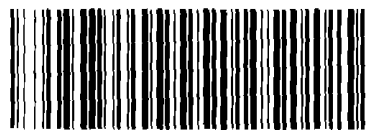


# **CENTRAL BANK OF THE PHILIPPINES**



BANGKO SENTRAL NG PILIPINAS



BSPBK0009509

**Twenty-First Annual Report**

**1969**



## RESPONSIBILITIES AND OBJECTIVES OF THE CENTRAL BANK

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

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

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

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

“(c) To promote a rising level of production, employment and real income in the Philippines.”

Section 2, Article I, Republic Act No. 265





CENTRAL BANK OF THE PHILIPPINES  
MANILA

OFFICE OF THE GOVERNOR

March 31, 1970


President Ferdinand E. Marcos

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 Twenty-First Annual Report (1969) of the Central Bank of the Philippines.

Very Respectfully,



G. S. LICASOS  
Governor



CENTRAL BANK OF THE PHILIPPINES  
MANILA

OFFICE OF THE GOVERNOR


March 31, 1970

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

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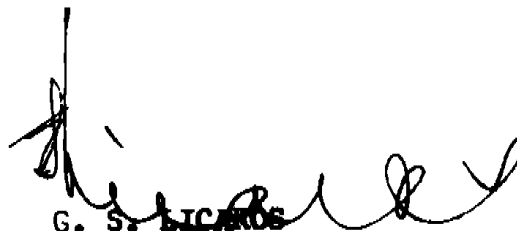
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Very Respectfully,



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Governor



# CENTRAL BANK OF THE PHILIPPINES

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## THE MONETARY BOARD MEMBERS

HON. EDUARDO Z. ROMUALDEZ

*Presiding Officer  
Secretary of Finance*

HON. ALFONSO CALALANG

*Governor, Central Bank of the Philippines*

HON. ROBERTO S. BENEDICTO

*President, Philippine National Bank*

HON. GREGORIO S. LICAROS

*Chairman, Board of Governors  
Development Bank of the Philippines*

HON. RAMON MITRA, SR.

HON. BELEN ENRILE-GUTIERREZ

HON. CESAR C. ZALAMEA

---

## PRINCIPAL OFFICERS

HON. ALFONSO CALALANG

*Governor*

HON. AMADO R. BRIÑAS

*Deputy Governor*





# TABLE OF CONTENTS

	<i>Page</i>
I. OVER-ALL ECONOMIC REVIEW .....	1
II. MONETARY DEVELOPMENTS .....	4
A. Monetary and Credit Policy .....	4
B. Money Supply .....	13
C. Credit Operations of the Banking System .....	18
1. Central Bank Credits .....	18
2. Commercial Banking System Credits .....	21
3. Commercial Bank Structure and Resources .....	22
4. Reserve Position .....	24
D. Other Banking Institutions .....	24
1. Rural Banks .....	24
2. Savings Banks .....	26
3. Postal Savings Bank .....	26
4. Development Bank of the Philippines (DBP) .....	26
5. Private Development Banks .....	28
E. Non-Bank Financial Institutions .....	29
1. Government Non-Bank Financial Institutions .....	29
2. Private Non-Bank Financial Institutions .....	29
F. Capital Investments .....	30
III. FISCAL DEVELOPMENTS .....	31
A. Over-All Review .....	31
B. Cash Operations, CY 1969 .....	32
C. Public Debt .....	35
1. Internal Debt .....	35
2. External Debt .....	39
D. The Bill Market .....	44
E. Movement (and Holders) of Government Securities .....	45
F. Fiscal Operations, FY 1968-69 .....	48
G. Central Bank Operations as Fiscal Agent of the Government .....	52
1. Fiscal Agency .....	52
2. Loans and Credits .....	52
3. Open Market Operations and Payroll Savings Plan ....	53
4. Depository of Counterpart Fund .....	53
IV. BALANCE OF PAYMENTS AND THE INTERNATIONAL RESERVE .....	54
A. Over-All Review .....	54
B. External Trade .....	56
1. Exports .....	57
2. Imports .....	61
3. Direction of Trade .....	63

	<i>Page</i>
C. Non-Trade Transactions .....	66
D. Official Grants and Long-Term Capital .....	66
E. Private Short-Term Capital .....	67
F. International Reserve .....	68
G. Foreign Exchange Market .....	71
1. Structure of Foreign Exchange Rates .....	71
2. Behavior .....	71
3. Central Bank Intervention .....	71
4. The Peso in the Hongkong Market .....	71
V. PRODUCTION .....	73
A. Over-All Review .....	73
B. Agriculture .....	75
1. Domestic Food Crops .....	75
2. Major Export Crops .....	77
C. Manufacturing .....	79
D. Mining .....	81
E. Construction .....	83
F. Real Estate .....	86
G. Public Utilities .....	89
1. Electricity .....	89
2. Transportation .....	89
VI. PRICES .....	98
A. Over-All Price Developments .....	98
B. Consumer Prices in the Philippines .....	99
C. Retail Prices in Manila .....	101
B. Wholesale Prices in Manila .....	102
E. Stock Prices .....	102
VII. GROSS SALES .....	104
VIII. EMPLOYMENT AND WAGES .....	109
A. Over-all Review .....	109
B. Employment and Unemployment .....	109
C. Non-Agricultural Employment .....	111
D. Wage Rates .....	112
E. Earnings .....	113
IX. FINANCIAL CONDITION OF THE CENTRAL BANK AND RESULTS OF OPERATIONS .....	115
A. Financial Condition .....	115
B. Results of Operations .....	117

## CHARTS

1. Annual Per Cent Changes in Money Supply .....	16
2. Credits Granted by Commercial Banks .....	22
3. Loans Granted by Rural Banks .....	25
4. Resources and Expenditures of the National Government .....	52
5. External Trade of the Philippines .....	57
6. Ten Principal Exports .....	59
7. Ten Principal Imports .....	63
8. International Reserve .....	69
9. Foreign Exchange Receipts and Disbursements .....	70
10. Per Cent Changes in the Physical Volume of Production .....	74
11. Per Cent Changes in the Production of Food Crops .....	77
12. Per Cent Changes in the Production of Major Export Crops.....	79
13. Per Cent Changes in Prices .....	99
14. Labor Force and Employment .....	110
15. Financial Condition of the Central Bank .....	115



## APPENDIX

### MAJOR LEGAL AND ADMINISTRATIVE MEASURES OF ECONOMIC SIGNIFICANCE ADOPTED BY THE GOVERNMENT AND THE MONETARY BOARD DURING 1969

Executive Order No. 165 --- Modifying the rates of import duty on certain imported articles as provided under Republic Act numbered nineteen hundred thirty-seven, otherwise known as The Tariff and Customs Code of the Philippines, as amended. . .	120
Executive Order No. 166 -- Modifying the rates of import duty on certain imported articles as provided under Republic Act numbered nineteen hundred thirty-seven, otherwise known as The Tariff and Customs Code of the Philippines, as amended. . .	123
Executive Order No. 168 - <del>Creating</del> a Small Farmers Commission . . .	124
Executive Order No. 183 -- <del>Creating</del> the National Food and Agriculture Council . . . . .	126
Republic Act No. 4853 An act authorizing the President of the Philippines to incur, on behalf of the Republic of the Philippines, loans from the international bank for reconstruction and development and/or other foreign or international financial institution to finance an expanded program of Irrigation Development, and for other purposes . . . . .	129
Republic Act No. 4857 --- An Act to amend certain sections of Republic Act numbered <del>eleven hundred and sixty-one</del> , as amended by Republic Act numbered seventeen hundred and ninety-two, Republic Act numbered twenty-six hundred and fifty-eight, Republic Act numbered thirty-eight hundred and thirty-nine, and Republic Act numbered forty-four hundred and eighty two, otherwise known as "The Social Security Act of 1954." . . . .	132
Republic Act No. 4859 - An Act to amend Sections Two, Four, Five, Six and Ten of Republic Act numbered thirty hundred eighty-nine, as amended, entitled "An Act to Provide for Assistance to the Gold Mining Industry." . . . .	139
Republic Act No. 4860 - - An Act authorizing the President of the Philippines to obtain such foreign loans and credits, or to incur such foreign indebtedness as may be necessary to finance approved economic development purposes or projects and to guarantee, in behalf of the Republic of the Philippines, foreign loans obtained or bonds issued by corporations owned or controlled by the Government of the Philippines for economic development purposes including those incurred for purposes of re-lending to the private sector, appropriating the necessary funds therefor, and for other purposes . . . . .	142

Republic Act No. 4861 — An Act amending Section One of Republic Act numbered one thousand, entitled “An Act Authorizing the President of the Philippines to issue bonds to finance public works and projects for Economic Development, authorized by law, and for other purposes,” as amended .....	145
Republic Act No. 4910 — An Act amending Section Thirty-Seven of Republic Act numbered three hundred thirty-seven, otherwise known as the General Banking Act. ....	148
Republic Act No. 4967 -- An Act extending the life of the Abaca and Other Fibers Development Board, maintaining its own funds therefor and for other purposes. ....	149
Republic Act No. 5169 — An Act empowering the President of the Philippines to sell Government properties for the purpose of raising funds to pay for the Government’s subscription to the Land Bank of the Philippines and to finance the Agricultural Credit Administration. ....	151
Republic Act No. 5171 . An Act to facilitate the entry into the Philippines of international traders and investors of foreign nationality, amending for the purpose subparagraph (d) of Section Nine of Commonwealth Act numbered six hundred thirteen, otherwise known as the Philippine Immigration Act of 1940, as amended by Republic Act numbered five hundred and three. ....	153
Republic Act No. 5490 -- An Act making Mariveles, Province of Bataan, a Port of Entry by amending Section Seven Hundred One of the Tariff and Customs Code of the Philippines, operation and maintenance of a Foreign Trade Zone therein; creating a Foreign Trade Zone Authority; and authorizing the appropriation of the necessary funds therefor. ....	154
Rules and Regulations . . Philippine Deposit Insurance Corporation ..	160
Exchange Rates of Foreign Currencies .....	164
Circular No. 268 --- January 1, 1969 .....	170
Circular No. 269 — February 28, 1969 .....	170
Circular No. 270 . April 16, 1969 .....	171
Circular No. 271 --- April 16, 1969 .....	171
Circular No. 272 — April 16, 1969 .....	172
Circular No. 273 --- April 25, 1969 .....	173
Circular No. 274 . April 25, 1969 .....	174

Circular No. 275 — May 15, 1969 .....	175
Circular No. 276 — June 17, 1969 .....	176
Circular No. 277 — July 1, 1969 .....	176
Circular No. 278 — July 30, 1969 .....	177
Circular No. 279 — August 25, 1969 .....	180
Circular No. 280 — October 4, 1969 .....	180
Circular No. 281 — November 26, 1969 .....	182
Circular No. 282 — November 26, 1969 .....	187
Circular No. 283 — December 22, 1969 .....	188
Circular No. 284 — December 22, 1969 .....	188
Circular No. 285 — December 24, 1969 .....	189
Memorandum to Authorized Agent Banks — February 28, 1969 ....	189
Memorandum to Authorized Agent Banks — March 11, 1969 .....	190
Memorandum to Authorized Agents of the Central Bank — Airline and Shipping Companies and Travel Agencies April 29, 1969...	191
Memorandum to Authorized Agent Banks — July 1, 1969 .....	192
Memorandum to Authorized Agent Banks — July 10, 1969 .....	192
Memorandum to Authorized Agent Banks — December 9, 1969 .....	193





## SOURCES AND SYMBOLS

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

Data on money and banking are derived from the reports of the former Bureau of Banking, Consolidated Statements of Condition of Other Banks (commercial banks, savings banks and rural banks) and other information supplied by other departments of the Central Bank.

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

In conformity with the recommendations of the Statistical Office of the United Nations, index numbers are recomputed about every five years on an up-to-date base.

Gregorian calendar years and months are used. Data for fiscal years ending June 30 are properly noted whenever used.

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

Symbol	Information
. . .	Data not available.
. . . .	Data not applicable or appropriate.
.	Nil or zero.
- -	Data too small to be expressed.
p	(Set up as a superior index) Preliminary.
r	(Set up as a superior index) Revised.
e	(Set up as a superior index) Estimate.
n.e.s.	Not elsewhere specified.

**ROUNDING OF FIGURES.** Any slight discrepancy that may be noticed between the sum of the constituent items and the total as shown in some tables may be attributed to the rounding of numbers.



## I. OVER-ALL ECONOMIC REVIEW

Major production indicators for 1969 emerged with positive gains despite drought and typhoons and the increasing intensity of restraints on credit and imports. These gains, however, were appreciably smaller than those achieved in the previous year. A deceleration in the growth of productive activity in 1969 was made necessary in view of the substantial balance of payments deficit which again hit the economy during the year. The balance of payments difficulties which the economy had experienced in 1968 were aggravated this year as a result of three factors: a sharp drop in export earnings from copra and other coconut products, a persistently high level of imports and a decline in net private capital inflows. Another effect of the stringent policy on imports, to which the continued heavy spending of the government sector also contributed, was the marked rise in prices in the latter part of the year following an earlier period of stability.

As in the previous year, heavy import spending continued to be a major cause of the deterioration in the Philippines' external accounts, although this year's imports were 2 per cent lower than last year's record level, primarily because of the imposition of additional restrictions on the opening of import letters of credit during the second half. This was compounded by two exogenous factors. U.S. military expenditures in the Philippines went down by \$37 million between 1968 and 1969. At the same time, the coincidence of a drought-induced contraction in production and a decrease in world prices precipitated a \$72 million drop in export receipts arising from copra and other coconut products. However, increases in other major export products, particularly minerals, caused the over-all level of export earnings to remain substantially unchanged. Thus, the trade deficit narrowed down from \$274 million to a still sizable \$258 million. However, because of a decline in the net inflow of private short-term capital, the over all deficit in the balance of payments rose to \$137 million in 1969 from \$48 million in 1968 and \$64 million in 1967. The balance of payments deficit was equivalent to 8 per cent of total foreign exchange disbursements and 12 per cent of the import bill in 1969. For the first time on record, Japan displaced the U.S.A. as the leading supplier of Philippine imports.

Faced with the problem of recurring deficits in the balance of payments and the prospects of increased government spending, additional restrictive measures were adopted by the monetary authorities during the year in an effort to moderate further expansion of credit and stabilize or curtail the level of foreign exchange disbursements. These restrictions, however, were not sufficient to offset the massive borrowings of the government sector from the monetary system, particularly the Central Bank, as the quadrennial pattern of government expenditures again emerged markedly during 1969, a presidential election year. The government cash deficit in 1969 amounted

to ₱934 million, breaking further, by more than three times, the record set in the previous year. This year's deficit also nearly equalled the total cumulative value of the deficits sustained during the period 1961-1968.

Money supply, which had increased by 5.3 per cent from end-1967 to end-1968, thus expanded substantially by 19.4 per cent to reach a new high of ₱4,754 million by end-December 1969. During the last four months of the year, the annual rate of growth consistently exceeded the 15 per cent benchmark stipulated under Section 66 of the Central Bank Act.

The ₱772 million monetary expansion in 1969 occurred despite the fact that external transactions were disinflationary by ₱392 million. With government credits rising by 29.8 per cent and private credits increasing by 4.4 per cent, money of internal origin was actually expansionary by ₱1,164 million. This marked the third consecutive time that a large increase in money of internal origin was accompanied by a substantial drop in money of external origin.

In the face of the credit squeeze, quantitative restrictions on imports, drought, typhoons and other agricultural hazards, major production sectors still registered positive advances in 1969 although at decelerated rates compared to those in 1968. Agricultural output advanced by 4.3 per cent in crop year 1969 (as against 11.8 per cent in 1968) with food crop production increasing by 5.3 per cent (9.5 per cent in 1968) and export crops by 2 per cent (17.3 per cent in 1968). These lower rates of growth were largely the result of either the prolonged drought or the regional typhoons suffered by the economy during the year.

Mining activities showed an increase in production of 8.9 per cent while the manufacturing sector came up with an over-all growth rate of 5.3 per cent (based on first nine months data). The comparable rates of growth in 1968 were 14.6 per cent and 8.7 per cent, respectively. Electric power generated by the Manila Electric Company surpassed the previous year's level by 11.5 per cent compared to 12.0 per cent in 1968, while construction activities recorded a 3.8 per cent increase, in sharp contrast to the 10.7 per cent decline registered in 1968. The only activities showing downtrends were those concerned with real estate, the Philippine National Railways and the movement of international shipping.

Price averages for consumers in the Philippines during 1969 were heavily influenced by the restrained movement during the first five months of the year. Lower prices for domestic food items held back prices during the first semester and in part statistically neutralized the subsequent general price increases that occurred in the second half of the year, amounting to 3.0 per cent for consumer prices (Philippines). The average of Manila consumer prices for 1968 thus went up by only 1.5 per cent while that for regions outside Manila increased by 1.7 per cent. Similarly, the 4 per cent drop in wholesale export prices counterbalanced the price rises in domestically-produced (1.3 per cent) and imported (2.1 per cent) goods, thus lowering the over-all increase in wholesale prices to 0.7 per cent.

Given the temperate movement in prices during 1969, the 5 per cent gain in wage rates of both skilled and unskilled laborers in Greater Manila represented an additional improvement in their standards of living. Real wage rates moved up by over 3 per cent for both categories of labor. This came together with an increase of 1.1 per cent in total non-agricultural employment in 1969 and a rise in average monthly earnings of 4.7 per cent for salaried employees and of 4.1 per cent for wage earners.

## II. MONETARY DEVELOPMENTS

The monetary authorities in 1969 were faced with two major problems. One was the persistent balance of payments deficit and the other was the considerable financing needs of the government. Severe measures were taken in the foreign exchange sector to curtail the level of foreign exchange disbursements. On the domestic scene, further restraints on credit were imposed. Nonetheless, these restraints were more than offset by the massive borrowings of the government sector, direct and indirect, from the monetary system so that by the end of the year the monetary situation was one of excess liquidity.

Influenced by these development, money supply which increased by ₱200 million or 5.3 per cent in 1968, expanded substantially by ₱772 million or 19.4 per cent in 1969 to reach a new high of ₱4,754 million at end-December 1969. The annual rate of growth for December exceeded for the fourth consecutive month the 15 per cent benchmark stipulated under Section 66 of Republic Act No. 265. Between September 1968 and September 1969, money supply went up by ₱645 million or 17.7 per cent; by ₱858 million or 23.9 per cent during the 12-month period ending October 1969; and by ₱793 million or 21.8 per cent during the 12-month period ending November 1969. Total domestic credits of the Central Bank and the commercial banking system expanded by ₱1.55 billion or 13.9 per cent in 1969 as against the growth of ₱1.07 billion or 10.6 per cent in 1968. Excess reserves of the commercial banking system improved appreciably by ₱107 million and amounted to ₱186 million at the end of 1969.

### A. MONETARY AND CREDIT POLICY

Confronted with the persistent high level of import demand, the Central Bank in 1969 reinforced its policy of restraint to cushion the pressures on the international reserves.

Among the major measures passed affecting foreign exchange transactions were: (a) the imposition of monthly ceilings on the volume of import letters of credit to be opened by the commercial banks (at first by voluntary agreement but later formalized by the Central Bank); (b) the suspension of the opening of letters of credit for the less essential imports; (c) the limitation of the sale of travel funds to not more than once every 12-month period regardless of the length of stay in amounts ranging from \$200 to \$500 depending on the country of destination; (d) the surrender of foreign exchange by commercial banks equivalent to the amount by which their foreign exchange holdings and other foreign assets realizable on demand exceed 25 per cent of their outstanding foreign liabilities payable within 60 days; (e) the formal adoption of the monthly ceiling on foreign currency letters of credit together with a provision that importation of

any single unit of machinery or equipment valued at more than \$50,000 would require prior approval; (f) the revocation of all exemptions from the special time deposits except in the case of machinery and equipment, spare parts and supplies for machinery and equipment made by and for the use of export and export-oriented industries; importations under the D/A and D/P arrangements were also revoked; (g) the imposition of the special time deposit requirements on automobiles and other items of considerable value brought in by returning residents; and (h) the promulgation of formal regulations covering securities transactions involving foreign exchange.

On the other hand, the significant credit restraints were: (a) the increase in the basic rediscount rate to 8 per cent; (b) the imposition of a two per cent (2%) interest equalization charge on Central Bank loans; and (c) the extension of the special time deposit requirements on import letters of credit and portfolio ceilings on commercial banks' credits.

These were partly nullified, however, by selective relaxations designed principally to increase local production and promote export trade, such as (a) the exemption from the interest equalization charge of all loans to the government and rural banks and advances to commercial banks covered by government securities and RCA promissory notes as well as loans for export financing; (b) the reduction of the holding period of special time deposits; (c) the increase in the proportion of required reserves against special time deposits which can be held in the form of government securities; (d) the increase in the permissible ceiling on domestic credit accounts of commercial banks; (e) the broadening of the definition of an "export-oriented industry" which was exempted from the portfolio ceilings and special time deposit requirements; and (f) the lifting of the ceiling on foreign borrowings and peso-dollar swap arrangements including the reduction of the premium on forward cover for the swap.

A detailed description of these changes in the mix of policy measures is presented hereunder:

#### MEASURES OF RESTRAINT

##### 1. *Extension of Ceiling on Domestic Credit Accounts and Foreign Financing of Commercial Banks*

The Central Bank on January 14, 1969, clarified that the ceiling on banks' domestic credit accounts starting January 1, 1969 would be 103 per cent of their actual levels as of October 12, 1968 and that the ceiling would be increased at the rate of 1 per cent a month until the maximum of 108 per cent is reached. On July 1, 1969, the expiry date of the ceiling on domestic accounts of banks was again extended from October 12, 1969 to December 31, 1969.

To forestall further the continued high level of import demand, the Central Bank issued MAABs on four different dates extending the expiry date

of the ceiling on the foreign financing<sup>1</sup> of commercial banks. The first MAAB dated January 1, 1969 extended the effectivity of the ceiling to February 28, 1969 on which date the second MAAB was issued extending the expiry date of the ceiling further to June 30, 1969. The third MAAB was issued on April 16, 1969 extending the expiry date of the ceiling up to October 16, 1969 with the following provisions: (a) the aggregate deferred-payment letters of credit covering machinery and equipment subject to the ceiling, which may be opened for each one-month period shall not exceed the average monthly total of letters of credit of this category opened by the bank concerned during the period from October 1, 1968 to March 31, 1969 and (b) the aggregate of the other letters of credit within the ceiling which may be opened for each one-month period shall not exceed the average monthly total of non-deferred payments letters of credit opened during the said period October 1, 1968 to March 31, 1969. No shifting<sup>2</sup> shall be allowed from one category to another under (a) and (b). Furthermore, it was stated that on a subsequent date, categories will be established within the ceiling for regular letters of credit to provide a reasonable increase for the importation of raw materials of essential industries. The fourth MAAB was issued on July 1, 1969 extending the expiry date of the ceiling up to December 31, 1969.

## 2. *Regulations on Opening of Import Letters of Credit*

a. Towards the same objective and in response to the Central Bank's exercise of moral suasion, the commercial banks came to an agreement that pending the formulation of guidelines on imports, they may open foreign currency letters of credit beginning June 18, 1969 in accordance with the recommendation of the Bankers Association of the Philippines to the Monetary Board except for commodities falling under the following categories:

- UC — Unclassified Consumer
- SUC — Semi-Unclassified Consumer
- NEC — Non-Essential Consumer
- SEC — Semi-Essential Consumer
- UP — Unclassified Producer
- SUP — Semi-Unclassified Producer

Thus, the opening of import letters of credit was allowed only for the remaining 4 categories of commodities considered of higher priority, namely: EP, EC, SEP and NEP. The agreement also carried a 15 per cent deduction from the monthly ceiling corresponding to the one-month period June 16 to July 15, 1969 from which a daily ceiling was computed on the basis of the remaining 19 working days — June 18 to July 15, 1969. In

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<sup>1</sup> On January 7, 1969, the Central Bank approved the exemption from this ceiling of the importations on deferred payment basis for dollar-earning industries or infrastructure projects included in the Government's program.

<sup>2</sup> However, this was amended to allow shifting from regular letter of credit category to the deferred payment letter of credit category, but not vice versa, under MAAB dated April 29, 1969, and from regular letter of credit category to the stand-by letter of credit category, but not vice versa, as per letter of the Deputy Governor to the BAP dated June 27, 1969.



the subsequent month (July 16-August 15), the limit on the volume of import letters of credit to be opened was further reduced by another 15 per cent to 70 per cent of the average volume opened for aggregate imports during the October 1968-March 1969 base period. The same 70 per cent limit was maintained for the subsequent 3-month period up to November 16, 1969. Starting November 17, 1969, the ceiling on the volume of import letters of credit to be opened was further reduced by another 15 per cent or 55 per cent of the average volume opened during the October 1968-March 1969 base period. Furthermore, the opening of letters of credit against this monthly ceiling was to be split into weekly availabilities. The foregoing monthly ceilings on foreign currency letters of credit established under the memoranda of the Bankers Association of the Philippines dated June 18, July 15, and November 14, 1969 covering the four (4) essential categories of imports were formally adopted and continued in force by virtue of Circular No. 281 dated November 26, 1969. Prior approval of the Central Bank was also required on importation of any single unit of machinery or equivalent valued at more than \$50,000.\*

b. Starting September 15, 1969, the Central Bank also imposed the letter of credit requirement on all imports of raw materials and supplies covered by financing arrangements guaranteed by the DBP. Furthermore, an arrangement regarding imports of capital equipment covered by DBP-guaranteed financing arrangement shall be worked out by the Central Bank and the DBP, with a view to controlling the foreign exchange outflow for such imports under the general principle that such imports should be subject to some kind of letter of credit requirement.

c. From July 22, 1969, the opening of letters of credit for the importation of machinery, equipment and other capital goods exceeding \$20,000 was allowed only on a deferred payment basis. Initial payment for such imports was not to exceed 20 per cent of the total value, and be payable not earlier than the date of shipment from port of origin. The balance was to be paid in more or less equal installments over a period not shorter than three years from the date of shipment.

### 3. *Extension of Special Time Deposits on Imports Letters of Credit*

Simultaneous with the extension of the expiry date of the ceiling on the foreign financing of commercial banks, the Central Bank on January 1, 1969 issued Circular No. 268 extending the expiry date of the special time deposit requirement on import letters of credit under Circular No. 260 dated June 11, 1968, as amended, from December 31, 1968 to February 28, 1969. On February 28, 1969, the Central Bank issued Circular No. 269 which extended further the expiry date of this requirement to June 30, 1969. The expiry date was extended for the third time up to December 31, 1969 by virtue of Circular No. 277 dated July 1, 1969.

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\* As per Circular No. 282 dated Nov. 26, 1969, all imports shall be made only upon prior authorization by the Central Bank except those valued at \$100 or less and imports falling under Circular No. 247 dated July 21, 1967 as clarified by Memorandum to Authorized Agent Banks dated January 6, 1970.

#### 4. *Increase in the Basic Rediscount Rate*

On April 16, 1969, the Central Bank issued a Memorandum to Authorized Agent Banks which raised the basic rediscount rate of the Central Bank applicable to all banking institutions, except rural banks, from  $7\frac{1}{2}$  per cent to 8 per cent. The rediscount rate for rice and corn financing and for export financing remained unchanged at 4 per cent and  $5\frac{3}{4}$  per cent, respectively.

#### 5. *Imposition of a 2 per cent Interest Equalization Charge*

The Central Bank on June 17, 1969 issued Circular No. 276 which imposed a two per cent (2%) interest equalization charge on all its loans and advances in order to align its rates with those prevailing in the world money markets. This interest equalization charge, however, was subject to a monthly review and was to be adjusted from time to time depending on current developments in the money markets.

It was, however, clarified on July 3, 1969 that this 2 per cent interest equalization charge would not apply to loans and advances to the Government and to rural banks. Again, on July 8, 1969, it was decided that the 2 per cent interest equalization charge would not also apply to loans to commercial banks secured by RCA promissory notes and those secured by government securities. Moreover, on December 22, 1969, the 2 per cent interest equalization charge was also not made applicable to loans and advances secured by credit instruments covering export activities falling under Priority I, as listed under Central Bank Circular No. 223, dated June 25, 1966, as amended. This measure was embodied under Circular No. 283 dated December 22, 1969.

#### 6. *Regulations Governing Foreign Exchange Transactions*

a. In addition to the formal adoption of the monthly ceilings on foreign currency letters of credit established under the various memoranda of the Bankers Association of the Philippines, the Central Bank through Circular No. 281 dated November 26, 1969 also promulgated regulations on foreign exchange transactions. Guidelines on the amount of foreign exchange to be sold for travel abroad of residents of the Philippines, remittances for educational, medical and maintenance expenses abroad were given. Likewise, the remittance of profits, dividends, and other remittances such as royalties and premia were subject to guidelines promulgated by the Central Bank. On the receipts side, all receipts of foreign exchange by residents were to be sold to authorized agent banks within one business day following receipt of such foreign exchange.

b. The Central Bank on November 24, 1969 issued two (2) Memoranda to Authorized Agent Banks. The first authorized agent banks to sell, not more than once every 12-month period regardless of the length of stay, travel funds not exceeding \$500 to residents going to North or South America, Europe, Japan, Australia, New Zealand, Africa or the Middle East; and not exceeding \$200 to those going to Hongkong, Taipeh, Okinawa, Guam or other

neighboring countries. The second MAAB required commercial banks to surrender foreign exchange equivalent to the amount by which their foreign exchange holdings and other foreign assets realizable on demand exceeds 25 per cent<sup>3</sup> of their outstanding foreign currency liabilities payable within 60 days.

c. On December 26, 1969, the Central Bank issued a Memorandum to Authorized Agent Banks, Stock Brokers and Dealers and Stock Transfer Agents and Registrars which promulgated formal regulations covering securities transactions involving foreign exchange. This memorandum was in pursuance to the provisions of Circular No. 281 and 284 dated November 26, 1969 and December 22, 1969, respectively.

d. On November 26, 1969, the Central Bank issued Circular No. 282 which revoked all exemptions from the special time deposits except in the case of machinery and equipment, spare parts and supplies for machinery and equipment made by and for the use of export and export-oriented industries. Importations under D/A and D/P arrangements were also revoked although provisions will be made for essential items.

e. From mid-May, imports exceeding \$500 which do not need dollar financing in the Philippines and personal effects exceeding \$500 of returning residents were made subject to the special time deposit requirement with a holding period of 180 days. On December 24, 1969, the Central Bank under Circular No. 285 also imposed the special time deposit requirements on automobiles and other items of considerable value brought in by returning residents except in cases where the returning residents had stayed abroad for at least one (1) year and such items had been used abroad for at least three (3) months.

f. On April 16, 1969 the Central Bank issued Circular No. 270 which lifted the requirement on currency declaration from outgoing or incoming passengers as imposed under Circular No. 266 dated November 26, 1968. Before the end of the month, Circulars Nos. 273 and 274 were also issued. The first provided for an increase in the amount of Philippine notes and coins and checks, money orders and other bills of exchange drawn in pesos against banks operating in the Philippines which incoming and outgoing travelers may bring with them from ₱100 to ₱500. The second circular approved the importation and exportation of the Philippine peso notes and checks, money orders and other bills of exchange drawn in pesos against banks operating in the Philippines in an amount also not exceeding ₱500.

## MEASURES OF RELAXATION

### 7. *Increase in Ceiling on Domestic Credit Accounts of Commercial Banks*

On April 16, 1969, the ceiling on domestic credit accounts of commercial banks was raised from 108 per cent to 112 per cent of their levels as of October 12, 1968, with the proviso that the ceiling should be increased at

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<sup>3</sup> However, on January 2, 1970, this was modified to a maximum of 30 per cent cover for only their regular sight letters of credit.

the rate of 1 per cent a month until the maximum of 112 per cent is reached starting October 1, 1969.

#### 8. *Exemptions from the Portfolio Ceilings and from STD*

a. The Central Bank on April 16, 1969 approved the exclusion from the domestic credit accounts ceiling of loans granted to firms engaged in export-oriented industries, and from the ceiling on the banks' foreign financing of these firms' foreign letters of credit for the importation of machinery and equipment. Furthermore, importation of machinery and equipment of these firms was likewise exempted from the special time deposit requirements.

Firms falling under any of the following categories shall be deemed to be an export-oriented industry:

(i) Those engaged in the production of the following products for exports: logs and lumber; sugar; copra, copra meal or cake; copper concentrates; coconut oil and desiccated coconut; abaca; plywood and veneer; canned pineapple; and other agricultural, forestry, marine and base metal products.

(ii) Those engaged in the processing or manufacture of finished products for exportation, or with an export potential as evidenced by a record of exportation or export contracts, in which at least 70 per cent of total raw material content consists of indigenous raw materials.

(iii) Those engaged in the processing or manufacture of finished products in which domestic value added per unit cost (local raw materials, supplies, labor, fuel, power, transportation, services) is not less than 50 per cent, provided, however, that at least 50 per cent of their total production is destined for export.

b. The Central Bank in a MAAB dated May 16, 1969 also approved the exemption of the importation of machinery, equipment and spare parts of local wearing apparel and embroidery firms from the requirement of opening letters of credit under Circular No. 243, as amended. Furthermore, such importations were likewise exempted from the special time deposit requirements under Circular No. 260 dated June 11, 1968, as amended and from the ceiling on the opening of letters of credit under MAAB dated April 16, 1969, provided their total production is destined for export.

c. On July 22, 1969, the Central Bank excluded, from the domestic credit accounts ceiling of commercial banks, domestic loans granted to newspaper publishers and other news media, and from the banks' foreign financing ceiling, the importation of newsprint under existing arrangements on a D/A basis by newspaper publishers and other news media.

d. The Central Bank on September 5, 1969 authorized the exemption from the foreign financing ceiling and from the special time deposit requirements of importations of spare parts and supplies for machinery and equipment; provided, however, that (a) such importations are made by, and for

the exclusive use of, export industries, and (b) the applications for exemption from such requirements are referred to the Central Bank by the authorized agent banks concerned before the actual opening of the corresponding letters of credit.

e. The Central Bank on September 30, 1969 decided not to count, for purposes of the ceiling established as of October 12, 1968 on commercial banks outstanding foreign currency letters of credit, customers liability acceptances, including import bills trust receipts originating from import bills, any increase in the said ceiling resulting from availment of credit lines and other transactions which resulted in the postponement of foreign debits against the said bank.<sup>4</sup>

However, the Central Bank on November 26, 1969, issued Circular No. 282 which revoked all exemptions from the special time deposit requirements except, in the case of importations of machinery and equipment and spare parts and supplies for machinery and equipment, made by, and for the use of, export and export-oriented industries as defined under MAAB dated April 16, 1969.

9. *Extension of the Effectivity of the Rediscounting at 80% of Loan Value of Loans to the Sugar-Industry*

On August 22, 1969, the Central Bank approved the extension for another period of three (3) crop years ending December 31, 1972 the effectivity of the rediscounting at 80% of loan value of paper covering loans to the sugar industry as an exception to Central Bank Circular No. 223 dated June 25, 1966.

10. *Reduction in Period of Special Time Deposits and Increase in Use of Government Securities as Reserves for STD*

On April 16, 1969, the Central Bank issued Circular No. 271 reducing the period during which the banks shall hold the special time deposits required on import letters of credit from 120 days to 90 days with respect to the following commodities:

- Essential Producer Goods (EP)
- Essential Consumer Goods (EC)
- Semi-Essential Producer Goods (SEP)
- Semi-Essential Consumer Goods (SEC)
- Non-Essential Producer Goods (NEP)
- Semi-Unclassified Producer Goods (SUP)

Special time deposits for the above commodities which have been held for more than 90 days are thereby to be released. Thus, the special time deposits on the remaining four (4) categories of commodities, namely:

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<sup>4</sup> On the same date, the Central Bank also decided to defray part of the cost of utilization of the above-mentioned foreign credits up to an amount not in excess of 2 per cent per annum measured by the value of the foreign exchange sold to the Central Bank as a result of utilization of the above-described credit lines. It is understood that this sharing of the cost of foreign finance up to 2 per cent may be effected through the sale of forward cover at a discount.

NEC, SUC, UP and UC were to continue to be held for 120 days. On the same date, the Central Bank issued a Memorandum to Authorized Agent Banks allowing the composition of the reserve requirements against special time deposits to be 100 per cent<sup>5</sup> in the form of government securities provided that at least 50 per cent of these securities shall be those eligible as reserves against regular deposits of banks.

11. *Lifting of the Ceiling on Foreign Exchange Liabilities of Commercial Banks and Peso-Dollar Swap Arrangements and the Reduction in the Premium on Peso-Dollar Swap Arrangements*

The Central Bank on April 16, 1969 issued Memorandum to Authorized Agent Banks which lifted the ceiling on foreign exchange liabilities (\$1.5 million per bank or its June 26, 1967 level whichever is higher) of commercial banks imposed under Circular No. 258 of March 26, 1968 and also the ceiling on peso-dollar swap arrangements (\$1 million per bank) extended by the Central Bank to commercial banks under MAAB dated December 7, 1962. Furthermore, the premium on these peso-dollar swap arrangements was reduced from  $\frac{3}{4}$  of 1 per cent to not more than  $\frac{1}{8}$  of 1 per cent per annum. Consequently, authorized agent banks may avail of their foreign credit lines by way of acceptance credits without limitation or restriction.

#### OTHER MEASURES

12. The Central Bank on April 16, 1969 issued Circular No. 272 amending Circular No. 222 dated June 11, 1966 which raised the maximum interest rate which commercial banks, savings banks, development banks (including DBP), cooperative banks, rural banks, savings and loan associations and the NACIDA Bank may pay as follows:

(a) Six (6) per cent<sup>6</sup> on savings deposits; and

(b) Seven (7) per cent on time deposits. It also stipulated that no time deposits shall be accepted for a term of less than 180 days or more than 1 year (previously, no time deposits could be accepted for less than 90 days or more than 1 year). Prior to Circular No. 272, the maximum interest rate on time deposits with commercial banks and savings banks was 6 per cent while the other above-cited banks could pay up to 6½ per cent.

13. The Central Bank on August 12, 1969 required commercial banks' branches to invest or utilize at least 50 per cent of their deposits accumulated in a particular region in the same region as a means to develop the region outside Manila. The banks were granted a period of one (1) year from August 12, 1969 within which to comply with this policy. Furthermore, the Central Bank imposed this policy as a condition to the approval of applications for authority to establish new branches outside Metropolitan Manila.

<sup>5</sup> Since June 1967 the commercial banks were permitted to put up only 50 per cent in the form of government securities, although the PNB had already been allowed to use 100 per cent since November 5, 1968.

<sup>6</sup> The previous rate was 5¾ per cent.

## B. MONEY SUPPLY

Money supply movements were rather erratic during the first seven months of 1969. In January-February, money supply declined by ₦214 million, but in March and April, it rose by ₦150 million. In May, it dropped by ₦78 million. After increasing by ₦189 million and reaching the ₦4 billion mark for the first time in June, it declined again in July by an even larger amount of ₦235 million. Thereafter, money supply expanded considerably by ₦959 million or 25.3 per cent from August to December, the largest monthly expansions occurring in September and December in the amounts of ₦334 million and ₦316 million, respectively.

Thus, money supply, which increased by ₦200 million or 5.3 per cent in 1968, expanded further by ₦772 million or 19.4 per cent in 1969 to record a new high of ₦4,754 million at end-December 1969. The annual rate of growth in December also exceeded for the fourth consecutive time the 15 per cent benchmark stipulated under Section 66 of Republic Act No. 265. Between September 1968 and September 1969, money supply went up by ₦645 million or 17.7 per cent; by ₦858 million or 23.9 per cent during the 12-month period ending October 1969; and by ₦793 million or 21.8 per cent during the 12-month period ending November 1969.

The 19.4 per cent annual monetary expansion in 1969 originated solely from non-foreign exchange transactions of the monetary institutions. Government credits rose sizably by ₦1,244 million or 29.8 per cent compared to the ₦350 million or 9.2 per cent increment in 1968. Private credits contributed moderately to the increase in the volume of money, rising by only ₦310 million or 4.4 per cent compared to the ₦718 million or 11.4 per cent increase last year. The slower growth of private credits reflected to a certain extent the policy of restraint of the Central Bank, particularly the quantitative limitations on loan operations. On the whole, total domestic credits went up by ₦1,554 million or 13.9 per cent. In 1968, domestic credits expanded by ₦1,068 million or 10.6 per cent.

The expansionary effect of these credit increases was partly offset by the inflow of private non-demand deposits (₦123 million) and the improvement in government cash and deposit balances (₦106 million). The net miscellaneous transactions of the monetary institutions likewise exerted a contractionary influence on money supply in the amount of ₦161 million as a result mainly of the ₦127 million increase in private commercial banks' capital accounts together with other changes in the liabilities accounts of the banking institutions. On balance, therefore, money of internal origin was expansionary by ₦1,164 million. In 1968, money of internal origin was expansionary by only ₦395 million.

On the other hand, external transactions were disinflationary by ₦392 million. Foreign assets of the Central Bank (net of compensatory borrowings abroad and IMF drawings) declined by ₦422 million. Similarly, commercial banks reported a drop of ₦84 million in their net foreign assets. In 1968 external transactions were also disinflationary by ₦195 million.

# FACTORS RESPONSIBLE FOR MONEY SUPPLY MOVEMENT

As of Dates Indicated

(Million Pesos)

I t e m	1968 December	1969 July	1969 December	Effect on Money Supply <sup>1</sup>		
				July 1969 over Dec. 1968	Dec. 1969 over July 1969	Dec. 1969 over Dec. 1968
I. Money of Internal Origin						
A. Public Sector <sup>a</sup>						
1. National Government						
a) Securities held by Central Bank .....	849.6	1,250.8	1,370.7	+ 401.2	+ 119.9	+ 521.1
b) Securities held by the commercial banking system (KBS) .....	775.2	819.2	1,038.6	+ 44.0	+ 219.4	+ 263.4
c) Central Bank loans .....	406.3	77.2	402.1	- 329.1	+ 324.9	- 4.2
d) Loans to the commercial banking system ....	—	—	—	—	—	—
Less: e) Total National Government balances .....	418.8	687.8	444.0	- 333.6 <sup>b</sup>	- 203.1 <sup>b</sup>	- 130.5 <sup>b</sup>
Cash in Treasury Vaults .....	11.4	30.1	10.8	- 18.7	+ 19.3	+ 0.6
Demand deposits w/ commercial banks ..	248.4	385.7	314.6	- 137.3	+ 71.1	- 66.2
Demand deposits with Central Bank ....	116.8	236.1	78.7	- 119.3	+ 157.4	+ 38.1
Trust funds with Central Bank .....	42.2	35.9	39.9	+ 6.3	- 4.0	+ 2.3
f) Total savings and time deposits .....	377.6	356.0	327.8	+ 21.6	+ 28.2	+ 49.8
Total .....	1,234.7	1,103.4	2,039.6	- 195.9	+ 895.5	+ 699.6
2. Local Government & Semi-Government Entities						
a) Securities held by Central Bank .....	641.2	693.3	746.1	+ 52.1	+ 52.8	+ 104.9
b) Securities held by the KBS .....	438.8	471.8	540.8	+ 33.0	+ 69.0	+ 102.0
c) Central Bank loans .....	404.2	403.1	402.6	- 1.1	- 0.5	- 1.6
d) Loans of the commercial banking system ....	658.8	828.8	916.9	+ 170.0	+ 88.1	+ 258.1
Less: e) Savings and time deposits .....	266.7	288.1	292.0	- 21.4	- 3.9	- 25.3
f) Net miscellaneous accounts of government banks .....	500.9	533.1	554.8	- 32.2	- 21.7	- 53.9
Total .....	1,375.4	1,575.8	1,759.6	+ 200.4	+ 183.8	+ 384.2
Total Public Sector .....	2,610.1	2,679.2	3,799.2	+ 4.5	+ 1,079.3	+ 1,083.8



## FACTORS RESPONSIBLE FOR MONEY SUPPLY MOVEMENT (Continued)

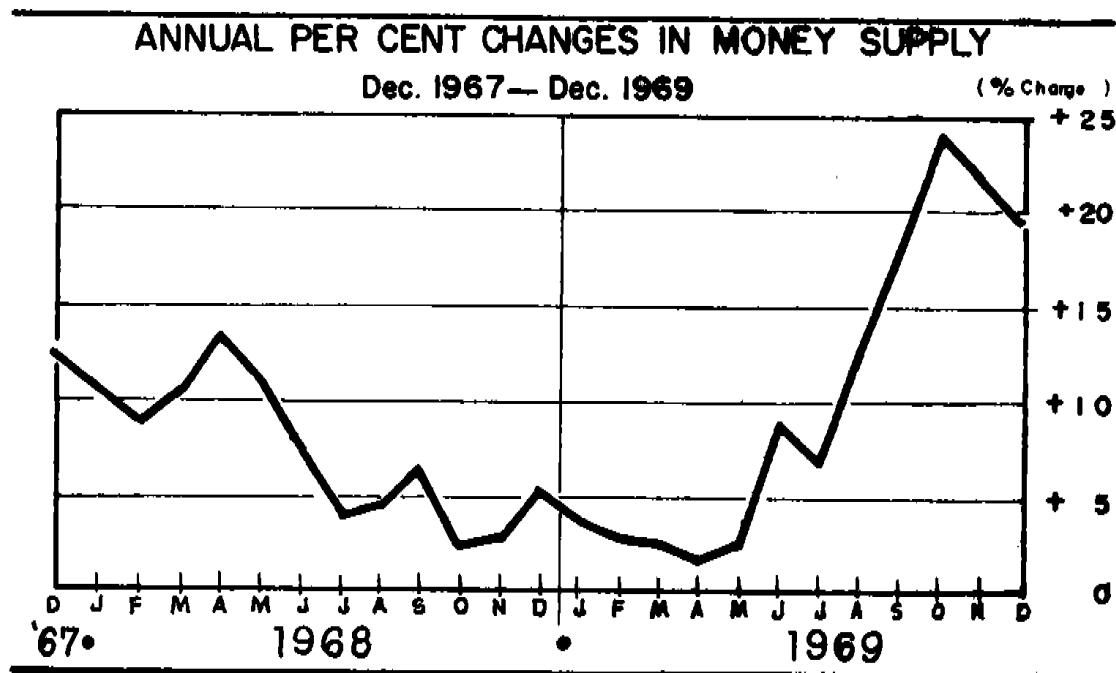
As of Dates Indicated

(Million Pesos)

I t e m	1968 December	1969 July	1969 December	Effect on Money Supply <sup>1</sup>		
				July 1969 over Dec. 1968	Dec. 1969 over July 1969	Dec. 1969 over Dec. 1968
<b>B. Private Sector</b>						
a) Loans, discounts, overdrafts, <sup>c</sup> and customers' liability acceptances of the KBS .....	6,983.0 <sup>d</sup>	7,095.1 <sup>d</sup>	7,249.9 <sup>d</sup>	+ 112.1	+ 154.8	+ 266.9
b) Securities held by the KBS .....	3.6	9.2	47.3	+ 5.6	+ 38.1	+ 43.7
c) Savings, time and other deposits .....	4,265.2	4,139.3	4,387.8	+ 125.9	- 248.5	- 122.6
d) Net Miscellaneous Accounts of the private banks of the KBS .....	861.5	997.4	969.0	- 135.9	+ 28.4	- 107.5
Total Private Sector .....	1,859.9	1,967.6	1,940.4	+ 107.7	- 27.2	+ 80.5
C. Total Public and Private Sectors .....	4,470.0	4,646.8	5,739.6	+ 112.2	+1,052.1	+1,164.3
<b>II. Money of External Origin</b>						
a) International Reserves .....	887.6	731.1	644.2	- 91.9 <sup>b</sup>	- 46.2 <sup>b</sup>	- 138.1 <sup>b</sup>
Less: b) Revaluation of International Reserve .....	267.7	259.1	259.3	+ 8.6	- 0.2	+ 8.4
c) Compensatory borrowings abroad and IMF drawings .....	1,108.0	1,324.2	1,370.7	- 216.2	- 46.5	- 262.7
Total Money of External Origin .....	- 488.1	- 852.2	- 985.8	- 299.5	- 92.9	- 392.4
<b>III. Money Supply</b> .....	3,981.9	3,794.6	4,753.8	- 187.3	+ 959.2	+ 771.9

<sup>1</sup> Plus sign (+) indicates the magnitude of the increase and minus sign (-), the decrease in money supply.<sup>a</sup> Consisting of the National Government, local government and semi-government entities.<sup>b</sup> Adjusted to include National Government expenditures abroad, amounting to ₱64.6 million, ₱40.7 million and ₱105.3 million, respectively.<sup>c</sup> Including unused overdraft lines.<sup>d</sup> Including Central Bank emergency loans to savings banks.

The two components of money supply both recorded increases during the period under review. Peso demand deposits rose by ₱430 million or 19.5 per cent to reach ₱2,635 million and currency in circulation went up by ₱342 million or 19.2 per cent to a year-end level of ₱2,119 million. Since both components grew at approximately the same rate, their ratios to money supply at end-December 1969 remained unchanged at 55.4 per cent for deposit money and 44.6 per cent for currency in circulation compared to a year ago.



MONEY SUPPLY, ITS MONTHLY AND ANNUAL CHANGES AND ITS COMPOSITION  
1967-1969

(Amount in Million Pesos)

End of Period	Money Supply	Monthly Changes		Annual Changes		Currency in Circulation		Peso Demand Deposits	
		Amount	Per Cent	Amount	Per Cent	Amount	% of Money Supply	Amount	% of Money Supply
1967 - December	3,782.5	239.7	6.8	411.2	12.2	1,755.7	46.4	2,026.8	53.6
1968 - January	3,659.7	-122.8	-3.2	345.8	10.4	1,647.2	45.0	2,012.5	55.0
February	3,658.0	- 1.7	—	297.7	8.9	1,667.4	45.6	1,990.6	54.4
March	3,774.5	116.5	3.2	352.6	10.3	1,710.6	45.3	2,063.9	54.7
April	3,855.6	81.1	2.1	451.3	13.3	1,705.7	44.2	2,149.9	55.8
May	3,750.8	-104.8	-2.7	371.5	11.0	1,732.1	46.2	2,018.7	53.8
June	3,698.8	- 52.0	-1.4	258.4	7.5	1,697.1	45.9	2,001.7	54.1
July	3,550.7	-148.1	-4.0	134.4	3.9	1,613.0	45.4	1,937.7	54.6
August	3,511.1	- 39.6	-1.1	149.4	4.4	1,649.6	47.0	1,861.5	53.0
September	3,646.9	135.8	3.9	229.9	6.7	1,680.5	46.1	1,966.4	53.9
October	3,586.5	- 60.4	-1.7	88.0	2.5	1,664.7	46.4	1,921.8	53.6
November	3,644.7	58.2	1.6	101.9	2.9	1,652.3	45.3	1,992.4	54.7
December	3,981.9	337.2	9.3	199.4	5.3	1,777.5	44.6	2,204.4	55.4
1969 - January	3,795.6	-186.3	-4.7	135.9	3.7	1,673.0	44.1	2,122.6	55.9
February	3,768.4	- 27.2	-0.7	110.4	3.0	1,687.1	44.8	2,081.3	55.2
March	3,876.2	107.8	2.9	101.7	2.7	1,679.1	43.3	2,197.1	56.7
April	3,918.3	42.1	1.1	62.7	1.6	1,686.2	43.0	2,232.1	57.0
May	3,840.7	- 77.6	-2.0	89.9	2.4	1,722.6	44.9	2,118.1	55.1
June	4,029.3	188.6	4.9	330.5	8.9	1,690.6	42.0	2,338.7	58.0
July	3,794.6	-234.7	-5.8	243.9	6.9	1,641.7	43.3	2,152.9	56.7
August	3,957.6	163.0	4.3	446.5	12.7	1,742.8	44.0	2,214.8	56.0
September	4,291.6	334.0	8.4	644.7	17.7	1,791.3	41.7	2,500.3	58.3
October	4,444.7	153.1	3.6	858.2	23.9	1,930.9	43.4	2,513.8	56.6
November	4,438.1	- 6.6	-0.1	793.4	21.8	1,947.2	43.9	2,490.9	56.1
December	4,753.8	315.7	7.1	771.9	19.4	2,119.1	44.6	2,634.7	55.4

## C. CREDIT OPERATIONS OF THE BANKING SYSTEM

Domestic credits of the monetary system expanded by ₱1,554 million or 13.9 per cent in 1969 compared to the ₱1,068 million or 10.6 per cent increase in 1968. Sectorally, 80 per cent of the incremental credits went to the public sector which rose to a level of ₱5,418 million, an increase of ₱1,243 million or 29.8 per cent which was more than 3½ times the previous year's expansion of ₱350 million or 9.2 per cent. The rest of the incremental credits went to the private sector which totalled ₱7,297 million at end-1969, an increase of ₱311 million or 4.4 per cent against the expansion of ₱718 million or 11.4 per cent last year. The slow down in the growth of private credits reflected the policy of credit restraint, especially the limitations on the loan portfolios of commercial banks. Institutionwise, the Central Bank accounted for ₱597 million of the total increase in credits. In 1968, the Central Bank credits had risen by only ₱183 million. Credits of the commercial banking system on the other hand expanded by ₱957 million. In 1968, credits of the commercial banking system had gone up by ₱885 million.

### 1. *Central Bank Credits*

Total portfolio transactions of the Central Bank during 1969 expanded substantially by ₱696 million or 19 per cent, compared to the increase of ₱381 million or 11 per cent in 1968. Total outstanding credit portfolio rose to a level of ₱4,395 million at the end of 1969. Outstanding holdings of government securities went up by ₱626 million or 42 per cent as against the increase of ₱102 million or 7 per cent in 1968. This was due mainly to the marked increase of ₱596 million in holdings of Treasury Notes which brought the Central Bank holdings of these Notes to ₱1,032 million at end-December 1969. Net acquisitions of DBP bonds also rose by ₱90 million to a level of ₱596 million and holdings of NAWASA bonds expanded by ₱15 million to ₱76 million. There was, however, a net sale of ₱73 million in PW & ED bonds while holdings of RP External Loan Bonds worth ₱2 million were redeemed. At the end of 1969, total Central Bank holdings of government securities amounted to ₱2,144 million.<sup>7</sup>

Central Bank loans and advances also expanded by ₱70 million or 3.2 per cent, which was smaller compared to the ₱292 million or 15.5 per cent increment in the previous year. Outstanding loans to the commercial banks rose by ₱66 million, compared to the increase of ₱184 million in 1968. Credit accommodations for rice and corn financing increased by ₱118 million compared to the increase of ₱166 million in 1968. Additional financing for

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<sup>7</sup> Including ₱27 million representing Government Note on Treasury Certificate Account.

export activities totalled ₱27 million whereas last year there had been a decrease of ₱93 million. Loans under the special assistance category also expanded by ₱41 million, compared to last year's increase of ₱37 million. On the other hand, additional loans at the basic rediscount rate declined by ₱120 million. At the end of 1969, total outstanding loans to commercial banks rose to the level of ₱1,311 million, ₱410 million of which were borrowings within their rediscount ceilings and ₱901 million, outside the ceiling. Credit accommodations to rural banks also increased by ₱32 million and amounted to ₱133 million. Savings banks borrowed ₱4 million in emergency loans but repaid ₱28 million during the year thus lowering their total outstanding loans by ₱23 million to a level of ₱29 million. The DBP increased its outstanding loans by ₱2 million to a level of ₱37 million.

The National Government during 1969 obtained budgetary loans amounting ₱370 million, larger by ₱100 million compared to those borrowed in 1968. With repayments amounting to ₱290 million,<sup>8</sup> its outstanding budgetary loans rose by ₱80 million to a level of ₱325 million at end 1969. In addition, the National Government repaid ₱84 million of its obligations representing subscription payments to the IMF (₱70 million) and IBRD (₱14 million), thereby reducing the total outstanding to ₱50 million. In the aggregate, Central Bank loans to the National Government declined by ₱4 million to a level of ₱375 million. Budgetary loans to local governments likewise decreased by ₱3 million to ₱16 million and outstanding loans to PVTA-ACA (Special Loans) decreased nominally by ₱0.4 million to ₱349.8 million.

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<sup>8</sup> The outstanding budgetary loans at the beginning of the year amounting to ₱245 million plus ₱45 million loans granted in February-March 1969 were fully liquidated by the end of July 1969. The National Government borrowed a total of ₱325 million during September-November and these were outstanding at year's end.

# STATUS OF THE CENTRAL BANK CREDIT PORTFOLIO

As of December 31, 1969

(Million Pesos)

I t e m	Outstanding as of Dec. 31, 1968	Total Purchases & Loans Granted	Total Sales & Repayments Received	Outstanding as of Dec. 31, 1969	Increase or Decrease (—)
<b>T O T A L</b>	<b>3,699.7</b>	<b>5,203.8</b>	<b>4,508.3</b>	<b>4,395.2</b>	<b>695.5</b>
<b>I. Government Securities</b>	<b>1,490.8</b>	<b>1,222.0</b>	<b>596.0</b>	<b>2,116.8</b>	<b>626.0</b>
<b>A. National Government</b>	<b>849.6</b>	<b>1,076.8</b>	<b>555.7</b>	<b>1,370.7</b>	<b>521.1</b>
1. PW & ED Bonds	228.9	94.6	168.0	155.5	— 73.4
2. Cert. of Indebtedness	15.0	15.0	15.0	15.0	—
3. Treasury Notes	435.7	966.9	370.4	1,032.2	596.5
4. Socio-economic Bonds	4.1	—	—	4.1	—
5. N.I.A. Bonds	3.2	—	—	3.2	—
6. R.P. External Loan Bonds	2.6	0.3	2.3	0.6	— 2.0
7. Replacement Bonds	160.1	—	—	160.1	—
<b>B. Local Gov'ts. (IPMG Bonds)</b>	<b>2.1</b>	<b>—</b>	<b>0.1</b>	<b>2.0</b>	<b>— 0.1</b>
<b>C. Semi-Gov't. Entities</b>	<b>639.1</b>	<b>145.2</b>	<b>40.2</b>	<b>744.1</b>	<b>105.0</b>
1. DBP Bonds	506.5	130.0	40.0	596.5	90.0
2. NAWASA Bonds	61.0	15.0	—	76.0	15.0
3. NPC Bonds	69.6	0.2	0.2	69.6	—
4. MWD Bonds	2.0	—	—	2.0	—
<b>II. Loans and Advances</b>	<b>2,181.6</b>	<b>3,981.8</b>	<b>3,912.3</b>	<b>2,251.1</b>	<b>69.5</b>
<b>A. National Government</b>	<b>379.0</b>	<b>369.9</b>	<b>374.1</b>	<b>374.8</b>	<b>— 4.2</b>
1. Subscription Payment to IMF	116.9	—	70.1	46.8	— 70.1
2. Subscription Payment to IBRD	16.1	—	14.0	2.1	— 14.0
3. Subscription Payment to IDA	1.0	—	—	1.0	—
4. Budgetary Loans	245.0	369.9	290.0	324.9	79.9
<b>B. Local Gov'ts. (Budgetary Loans)</b>	<b>19.0</b>	<b>29.4</b>	<b>32.6</b>	<b>15.8</b>	<b>— 3.2</b>
<b>C. Semi-Gov't. Entities</b>	<b>—385.2</b>	<b>2.0</b>	<b>0.4</b>	<b>386.8</b>	<b>1.6</b>
1. PVTA-ACA Special Loans	350.2	—	0.4	349.8	— 0.4
2. DBP Loans	35.0	2.0	—	37.0	2.0
<b>D. Commercial Banks<sup>1</sup></b>	<b>1,244.3</b>	<b>3,404.2</b>	<b>3,337.8</b>	<b>1,310.7</b>	<b>66.4</b>
1. Loans, Advances & Rediscounts	<b>1,192.1</b>	<b>3,334.1</b>	<b>3,267.9</b>	<b>1,259.3</b>	<b>66.2</b>
a. 4%	138.9	1,017.0	1,119.2	36.7	—102.2
b. 5¼%	211.9	841.0	813.9	239.0	27.1
c. 8%	291.3	826.5	887.2	170.9	—120.4
d. Other Spec. Assistance Loans	550.0	649.6	447.6	811.7	261.7
2. Overdrafts	52.2	70.1	69.9	52.4	0.2
<b>E. Savings Banks</b>	<b>52.9</b>	<b>4.1</b>	<b>27.5</b>	<b>29.5</b>	<b>— 23.4</b>
<b>F. Rural Banks</b>	<b>101.2</b>	<b>172.2</b>	<b>139.9</b>	<b>133.5</b>	<b>32.8</b>
1. Regular Rediscount	84.1	170.8	137.2	117.7	33.6
2. I B R D	17.1	1.4	2.7	15.8	— 1.8
<b>III. Government Note on Treasury Certificate Account</b>	<b>27.3</b>	<b>—</b>	<b>—</b>	<b>27.3</b>	<b>—</b>

<sup>1</sup> Include loans with 2 per cent equalization charge imposed under Circular 276 dated June 17, 1969.

## 2. Commercial Banking System Credits

Domestic credits of the commercial banking system<sup>9</sup> during 1969 increased by ₱957 million or 10.9 per cent and totalled ₱9,764 million at the end of 1969. In the preceding year, domestic credits had registered an increment of ₱885 million or 11.2 per cent.

Of the increase of ₱957 million in domestic credits during the current year, the private sector obtained ₱334 million or 35 per cent compared to last year's share of 75 per cent or ₱665 million. The government sector absorbed ₱623 million or 65 per cent of this year's increase compared to its share of 25 per cent or ₱219 million during 1968. At the end of 1969, private credits amounted to ₱7,268 million and public credits, ₱2,496 million. Classified by type of credit, outstanding loans and discounts rose by ₱739 million, followed by investments in securities (₱409 million). On the other hand, overdrafts and customer's liability acceptances decreased by ₱111 million and ₱80 million, respectively.

Total credits granted by commercial banks during the first nine months of 1969 amounted to ₱12,101 million, or ₱764 million and 6.7 per cent larger than those granted during the comparable months of last year. The distribution of these credits by industry is shown in the following table:

<sup>9</sup> Consisting of commercial banks and rural banks accepting demand deposits.

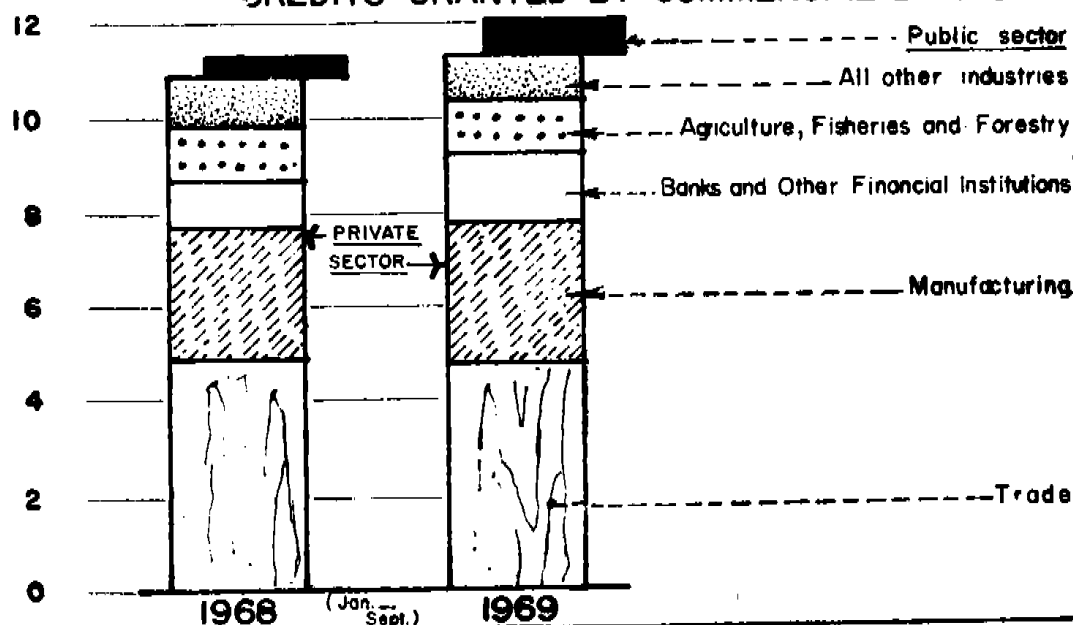
**TOTAL CREDITS<sup>1</sup> GRANTED BY COMMERCIAL BANKS**  
Classified by Industry  
1968-1969  
(Amount in Million Pesos)

Industry	January-September		Increase or Decrease (—)	
	1969	1968	Amount	Per Cent
<b>GRAND TOTAL (Public &amp; Private Sectors)</b> .....	<b>12,101.0<sup>p</sup></b>	<b>11,336.9</b>	<b>764.1</b>	<b>6.7</b>
<b>TOTAL Private Sector</b> .....	<b>11,438.7</b>	<b>10,905.6</b>	<b>578.1</b>	<b>5.3</b>
1. Agriculture, Fisheries and Forestry .....	1,240.3	1,220.4	19.9	1.6
2. Mining and Quarrying .....	67.9	70.7	— 2.8	— 4.0
3. Manufacturing .....	2,800.4	2,634.6	165.8	6.3
4. Construction .....	173.0	151.0	22.0	14.6
5. Public Utility .....	123.6	189.9	— 66.3	— 34.9
6. Services .....	196.8	190.8	6.0	3.1
7. Trade .....	5,078.4	5,089.7	— 50.9	— 0.2
8. Banks and Other Financial Institutions .....	1,391.7	1,019.0	372.7	36.6
9. Real Estate .....	178.2	172.0	6.2	3.6
10. Consumption .....	233.4	167.5	65.9	39.3
<b>TOTAL Public Sector</b> .....	<b>617.3</b>	<b>431.3</b>	<b>186.0</b>	<b>43.1</b>

<sup>1</sup> Consisting of loans, advances, discounts, overdrafts, domestic bills, customers' liability acceptances and export bills. Starting January 1, 1968, data are based on DER Form No. 1-A and 1-B.

( BILLION PESOS)

## CREDITS GRANTED BY COMMERCIAL BANKS



### 3. Commercial Bank Structure and Resources

During 1969, 23 branches and agencies of commercial banks were established, bringing the total units of commercial banks in operation to 606 at end-December 1969, composed of 39 head offices and 567 branches and agencies.

Total resources of commercial banks<sup>10</sup> amounting to ₱12,050 million at the end of 1969 showed a growth of ₱1,139 million or 10.4 per cent compared to the increment of ₱1,276 million or 13.2 per cent last year. Earning assets increased by ₱933 million or 82 per cent of the total expansion in banks' resources, compared with the ₱867 million growth in 1968. By reducing the increase in their liquid assets to only ₱55 million or 3.3 per cent, as against ₱342 million or 26.1 per cent last year, the commercial banks increased their other assets by ₱152 million or 20.8 per cent versus ₱67 million or 10.1 per cent in 1968.

With the increase in demand deposits, current liabilities of commercial banks expanded considerably by ₱945 million or 14.8 per cent in 1969, compared with last year's expansion of ₱386 million. Demand deposits increased by ₱511 million or 54 per cent of the over-all increment. Savings and time deposits gained ₱314 million versus last year's increment of ₱200 million. Similarly, bills payable went up by ₱213 million, slightly below the ₱283 million growth in 1968 while guarantee accounts<sup>11</sup> declined by ₱254 million in 1969 in contrast to a considerable increase of ₱429 million in 1968.

Net worth of commercial banks rose from ₱1,140 million in December 1968 to ₱1,294 million at the end of 1969, or an increase of ₱154 million compared to last year's increase of ₱98 million.

<sup>10</sup> Those pertaining to commercial banks only as distinct from the commercial banking system which includes rural banks authorized to accept demand deposits.

<sup>11</sup> Including special time deposits.



# ASSETS AND LIABILITIES OF COMMERCIAL BANKS

December 31, 1967-1969

(Million Pesos)

I t e m	December 31			Changes During	
	1969	1968	1967	1969	1968
Total Assets .....	12,049.7	10,910.6	9,634.6	1,139.1	1,276.0
Liquid Assets .....	1,706.0	1,651.3	1,309.0	54.7	342.3
Cash .....	224.2	177.0	194.8	47.2	— 17.8
Checks & Other Cash Items .....	261.1	184.3	158.1	76.8	26.2
Due from the Central Bank .....	790.2	791.4	494.8	— 1.2	296.6
Due from other banks .....	430.5	498.6	461.3	— 68.1	37.3
Earning Assets .....	9,463.6	8,530.8	7,663.9	932.8	866.9
Loans and Discounts .....	5,562.3	4,799.9	4,187.6	762.4	612.3
Overdrafts .....	1,251.0	1,317.6	1,250.5	— 66.6	67.1
CLA & Unmatured Export Bills ..	1,009.3	1,127.0	1,138.5	—117.7	— 11.5
Investments in Stocks, Bonds and Other Securities .....	1,641.0	1,286.3	1,087.3	354.7	199.0
Other Assets .....	880.1	728.5	661.7	151.6	66.8
Banking House, Furn. & Fixtures ..	264.1	241.8	207.2	22.3	34.6
Other Real & Chattel Properties ..	188.1	131.4	106.9	56.7	24.5
Miscellaneous Assets .....	427.9	355.3	347.6	72.6	7.7
Total Liabilities & Net Worth ..	12,049.7	10,910.6	9,634.6	1,139.1	1,276.0
Current Liabilities .....	7,308.3	6,363.7	5,978.0	944.6	385.7
Demand Deposits .....	2,372.2	1,861.6	1,756.5	510.6	105.1
Savings Deposits .....	3,127.9	2,762.0	2,455.5	365.9	306.5
Time Deposits .....	1,258.7	1,310.2	1,416.8	— 51.5	—106.6
Due to Banks .....	437.2	354.0	281.5	83.2	72.5
Cashiers' & Managers' Checks ....	112.3	75.9	67.7	36.4	8.2
Other Liabilities .....	3,447.2	3,406.7	2,614.0	40.5	792.7
Dividends Payable .....	—	—	—	—	—
Bills Payable .....	1,991.4	1,778.4	1,495.0	213.0	283.4
Guarantee Accounts .....	555.0	809.1	380.1	—254.1	429.0
Miscellaneous Liabilities .....	900.8	819.2	738.9	81.6	80.3
Net Worth .....	1,294.2	1,140.2	1,042.6	154.0	97.6
Capital Stock Paid-in .....	733.8	647.9	593.5	85.9	54.4
Surplus .....	377.6	348.0	214.3	29.6	133.7
Reserves .....	62.4	59.3	152.6	3.1	— 93.3
Undivided Profits .....	62.9	47.3	46.8	15.6	0.5
Valuation Reserve .....	57.5	37.7	35.4	19.8	2.3

#### 4. *Reserve Position*

The excess reserve position of the commercial banking system<sup>12</sup> showed a marked improvement in 1969. Available reserves for regular deposits went up appreciably by ₱255 million, much more than the ₱148 million increase in required reserves. Since the expansion in available reserves was partly held in the form of a ₱113 million growth in deposit balances with the Central Bank, the ratio of these balances to required reserves went up from 64 per cent in December 1968 to 66 per cent at year-end 1969. Excess reserves which went down by ₱12 million in 1968 rose by ₱107 million during the period under review. From a level of ₱79 million at the start of 1969, excess reserves dropped by ₱25 million in January-February. After an increase of ₱43 million in March, they continued their downtrend during April-May. After a recovery in June, excess reserves went down to a low ₱5 million in July. Thereafter, they registered an upsurge reaching a high of ₱212 million in November. In December, however, excess reserves dropped slightly by ₱26 million and amounted to ₱186 million. On the other hand, potential reserves in 1969 declined by ₱50 million to a level of ₱255 million. Of the total amount, ₱172 million consisted of eligible foreign balances and ₱83 million in the form of cash in vaults and government securities.

#### D. OTHER BANKING INSTITUTIONS

##### 1. *Rural Banks*

The opening of forty-one (41) new rural banks in 1969 brought the total number in actual operation to 452 at the end of December 1969. Of this total, sixty (60)<sup>a</sup> rural banks were authorized to accept demand deposits. By regional distribution, 326 rural banks were located in Luzon, 79 in the Visayas and 47 in Mindanao.

At the end of 1969, total releases to the Rural Bank Trust Fund (the source of counterpart capital) reached a cumulative level of ₱63 million, more by ₱2 million than the end-year 1968 level. This increment represented contributions of the Central Bank. In addition, Central Bank loans outstanding to rural banks rose by ₱32 million. Moreover, there were 141 rural banks which availed of the facilities extended by the CB-IBRD Farm Mechanization Program during 1969.

As a result of these incremental resources, total loans granted by rural banks during the first ten months of 1969 were larger by ₱9 million or 2.4 per cent than those granted during the same months in 1968. This amount was availed of by 342,838 borrowers representing an average of ₱1,097 per borrower compared to the average of ₱1,115 last year. As in the preceding years, the bulk of rural bank loans went to agriculture.

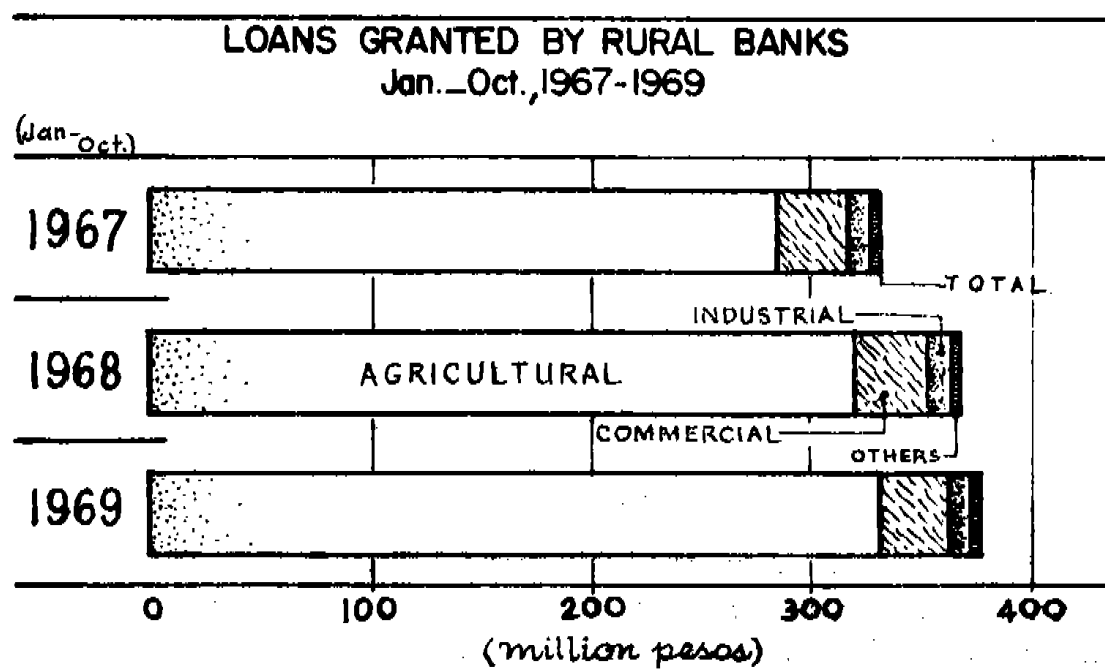
<sup>12</sup> Excluding one (1) commercial bank which stopped operations in July 1968.

<sup>a</sup> Rural banks which are authorized to accept demand deposits are included in the concept of "commercial banking system" discussed previously.

Total resources of the rural banking system as of July 31, 1969 amounted to ₱499 million, an increase of ₱30 million or 7 per cent over the 1968 year-end level. Outstanding loans went up by ₱26 million to a level of ₱416 million and investments in government securities gained nominally by ₱0.5 million to a level of ₱7 million. Total deposit liabilities also expanded by ₱15 million to a level of ₱183 million and net worth rose by ₱12 million to a level of ₱193 million.

**LOANS GRANTED BY RURAL BANKS, CLASSIFIED BY PURPOSE**  
January to October, 1967-1969  
(Million Pesos)

Purpose	January to October			Increase or Decrease (—)			
	1969	1968	1967	1969 over 1968		1968 over 1967	
				Amount	Per Cent	Amount	Per Cent
TOTAL .....	376.1	367.2	328.7	8.9	2.4	38.5	11.7
Agricultural .....	332.4	320.0	283.3	12.4	3.9	36.7	13.0
Commercial .....	31.2	34.5	33.7	— 3.3	— 9.6	0.8	2.4
Industrial .....	11.0	11.0	10.5	—	—	0.5	4.8
Others .....	1.5	1.7	1.2	— 0.2	—11.8	0.5	41.7



## 2. *Savings Banks*

No new savings bank was established in 1969 while one (1) savings bank ceased operations during the year. However, six (6) branches and one (1) extension office were opened, bringing the total units of savings banks in actual operation to 48 (10 head offices, 19 branches and 19 extension offices).

The credit facilities of savings banks<sup>13</sup> suffered a setback in view of the cessation of operations of a savings bank, the continued suspension during the year of the lending operations of another savings bank and the restrictions imposed on still another bank. Thus, total loans granted by these banks dropped by ₱38 million or 27 per cent in contrast to the ₱15 million or 11 per cent expansion registered in 1968. Similarly, the growth in resources slowed down from 21 per cent in 1968 to only 16 per cent in 1969. The ₱79 million expansion in resources in 1969 was brought about mainly by the ₱82 million increment in holdings of government securities. The savings banks during the period under review were granted an additional ₱4.1 million emergency loans by the Central Bank but repaid ₱27.5 million. As a result, outstanding emergency loans of these banks from the Central Bank dropped by ₱23.4 million to a level of ₱29.5 million at the end of December 1969.

Loans outstanding, on the other hand, decreased slightly by ₱2 million to a level of ₱275 million. Deposit liabilities improved by ₱82 million or 24 per cent in contrast to a drop of ₱7 million or 2 per cent in 1968 while net worth decreased by ₱2 million or 3 per cent to a level of ₱66 million as of December 31, 1969.

## 3. *Postal Savings Bank*

Sixteen (16) postal stations of the government-owned Postal Savings Bank were opened during 1969 bringing the total number in operation to 1,445 at the end of 1969. Total resources thus increased by ₱2 million over the 1968 year-end level. However, savings deposits decreased by ₱1 million to ₱58 million. Trust Funds administered by DBP also declined by ₱2 million to a year-end level of ₱74 million.

## 4. *Development Bank of the Philippines (DPB)*<sup>14</sup>

Total loans granted by the DBP during 1969 aggregated ₱558 million, an amount which was larger by ₱159 million or 40 per cent than those granted during 1968. Of the absolute increment, industrial loans accounted for ₱211

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<sup>13</sup> Excluding two (2) savings banks which have stopped operations.

<sup>14</sup> Including Trust Funds.

million, followed by government loans which expanded by ₱1 million. Agricultural and real estate loans, on the other hand, dropped by ₱45 million and ₱9 million, respectively. Of the industrial loans granted of ₱415 million, ₱114 million went to food manufacturing, ₱76 million to textile manufacture, ₱42 million to the manufacture of non-metallic products, ₱30 million to metal industries, and ₱153 million to other industries. Agricultural loans granted amounting to ₱85 million were distributed as follows: coconut, ₱27 million; livestock and poultry, ₱22 million; palay, ₱19 million; sugar, ₱7 million; and other crops, ₱10 million.

Total resources of the DBP increased by ₱474 million or 21 per cent to a level of ₱2,739 million at the end of 1969. Loans outstanding, which represented 73 per cent of total resources, went up by ₱338 million or 20 per cent to a level of ₱1,998 million. Investments in securities, likewise, rose by ₱46 million or 15 per cent to a level of ₱352 million. On the liabilities side, outstanding bonds payable of the DBP increased by ₱295 million, of which ₱218 million represented DBP Progress Bonds and ₱77 million, regular bonds. Loans payable abroad, on the other hand, dropped by ₱62 million to a level of ₱183 million. This was due to the ₱76 million decrease in loans from U.S. commercial banks which more than offset the ₱14 million increase in loans from West Germany and other loans abroad. After increasing by ₱31 million in 1968, total net worth rose further by ₱22 million in 1969 and amounted to ₱651 million at year-end 1969.

The refinancing scheme of the DBP was terminated in 1968 when the objective of the Bank's refinancing program was substantially achieved. Nevertheless, the DBP continued to refinance distressed but essentially viable industries on a case-to-case basis. In such instances, the DBP financial assistance was in the form of non-cash transactions. Instead of outright cash loans, refinancing assistance was extended through the conversion of DBP loan accounts into preferred convertible stocks, or the extension of the term of payment. The DBP in 1969 invested ₱201 million in preferred shares of 28 firms principally engaged in the manufacture of cement, chemical products, fertilizer, textiles, sugar, steel, food, lumber, flour, and other products.

In connection with the refinancing program, the DBP had issued Progress Bonds which may later be exchanged by the holder with any of the industrial preferred shares available in the DBP portfolio. In addition to the ₱281 million worth of Progress Bonds (Series A to E) outstanding at end-December 1968, the DBP obtained authority to float additional Progress Bonds (Series F to H) amounting to ₱140 million. The new bond series, which were non-redeemable during the first five years, were aimed to further develop unqualified acceptance of Progress Bonds as long-term capital instruments. As of December 31, 1969, the total outstanding Progress Bonds amounted to ₱498 million, ₱260 million of which were held by the commercial banks, ₱199 million by the private sector, and the balance of ₱39 million by semi-government entities.

LOANS GRANTED BY DBP CLASSIFIED BY PURPOSE  
1967-1969

(Million Pesos)

Purpose	1969	1968	1967	Increase or Decrease (—)			
				1969 over 1968		1968 over 1967	
				Amount	Per Cent	Amount	Per Cent
TOTAL .....	558.4	399.6	336.3	158.8	39.7	63.3	18.8
Agricultural .....	85.3	130.1	101.3	— 44.8	— 34.4	28.8	28.4
Industrial .....	414.7	203.4	185.1	211.3	103.9	18.3	9.9
Real Estate .....	41.1	50.4	28.8	— 9.0	— 17.9	21.6	75.0
Government .....	17.0	15.7	21.1	1.3	8.3	— 5.4	—25.6

5. *Private Development Banks*

The total number of private development banks grew to 29 with the opening of two new private development banks during 1969. Total loans granted by these banks during the period under review amounted to ₱40 million, ₱4 million more than those granted during 1968. The increment was reflected in capital investments and production loans which rose by ₱2.1 million and ₱2.6 million, respectively.

Total resources of private development banks expanded by ₱14 million to reach ₱144 million at year-end 1969. Total loans outstanding increased by ₱9 million to a level of ₱115 million and investments in securities rose by ₱0.1 million to a level of ₱2 million. Deposit liabilities, likewise, increased by ₱9 million to a level of ₱54 million. Similarly, outstanding re-discounts with the DBP went up by ₱0.4 million to a level of ₱25 million and capital assistance from the same institution increased by ₱1 million to a level of ₱25 million. Net worth also grew by ₱4 million to ₱60 million.

LOANS GRANTED BY PRIVATE DEVELOPMENT BANKS  
CLASSIFIED BY PURPOSE  
1967-1969

(Million Pesos)

Purpose	1969	1968	1967	Increase or Decrease (—)			
				1969 over 1968		1968 over 1967	
				Amount	Per Cent	Amount	Per Cent
TOTAL .....	40.2	35.9	46.0	4.3	12.0	—10.1	— 22.0
Consumption .....	2.4	2.5	0.7	—0.1	— 4.0	1.8	257.1
Commercial .....	—	—	1.1	—	—	— 1.1	—100.0
Production .....	28.5	25.9	37.6	2.6	10.0	—11.7	— 31.1
Capital Investment ....	9.1	7.0	6.3	2.1	30.0	0.7	11.1
Transfer of Assets ...	—	0.1	—	—0.1	—100.0	0.1	—
Public Utilities .....	0.2	0.4	0.3	—0.2	— 50.0	0.1	33.3

## E. NON-BANK FINANCIAL INSTITUTIONS<sup>15</sup>

The lending operations of non-bank financial institutions expanded in 1969 as total loans granted by these institutions amounting to ₱1,131 million were larger by ₱233 million or 26 per cent compared to those granted in 1968. The expansion was recorded in the credits granted by both the government and private non-bank financial institutions. Total credits granted by government non-bank financial institutions increased by ₱127 million to a level of ₱648 million and private non-bank financial institutions granted a total of ₱483 million, or ₱106 million over those granted in 1968.

As in 1968, the GSIS and Bancom were the major lenders as their total loans granted amounted to ₱479 million and ₱297 million, respectively, to account for 68 per cent of the total granted. These were followed by PDCP, ₱147 million; SSS, ₱123 million, stock savings and loan associations, ₱30 million; ACA, ₱24 million; NIDC, ₱22 million; and mutual building and loan associations, ₱9 million. Classified by purpose, commercial loans received the biggest share in the amount of ₱371 million; followed by consumption loans, ₱350 million; real estate loans, ₱268 million; loans to public utilities, ₱53 million; industrial loans, ₱48 million; agricultural loans, ₱39 million; and loans for other purposes, ₱2 million. Total loans outstanding of non-bank financial institutions went up by ₱291 million reaching a level of ₱2,273 million at the end of 1969.

### 1. *Government Non-Bank Financial Institutions*

Total loans granted by government non-bank financial institutions amounted to ₱648 million, an increase of ₱127 million over those granted in the preceding year. The increment was mainly due to the GSIS whose total loans increased by ₱149 million. NIDC loans granted also increased by ₱0.7 million. On the other hand, loans granted by the SSS and ACA dropped by ₱16.4 million and ₱6 million, respectively.

Classified by purpose, the largest share of the total loans granted amounting to ₱345 million went to consumption; followed by real estate, ₱257 million; agriculture, ₱24 million; public utility, ₱16 million; industrial, ₱5 million; and others, ₱1 million. Total loans outstanding of government non-bank financial institutions went up by ₱275 million to a level of ₱2,075 million at end-December 1969.

### 2. *Private Non-Bank Financial Institutions*

Total loans granted by private non-bank financial institutions during 1969 aggregated ₱483 million, ₱106 million more than those granted in 1968. PDCP accounted for ₱62 million of the incremental credits, followed by

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<sup>15</sup> The composition of these various financial institutions were revised in 1968. In the process, private insurance companies and pawnshops were excluded while NIDC, PDCP, Bancom Development Corporation, and Stock Savings and Loan Associations were included. Thus, as discussed below, the Government Non-Bank Financial Institutions consisted of GSIS, SSS, ACA and NIDC while Private Non-Bank Financial Institutions consisted of PDCP, Bancom, mutual building and loan associations and stock savings and loan associations.

Bancom which expanded by ₱37 million. Loans granted by mutual building and loan associations likewise rose by ₱6 million and those of savings and loan associations, by ₱0.9 million. Classified as to purpose, commercial loans accounted for ₱371 million; followed by industrial loans, ₱43 million; loans to public utilities, ₱37 million; agricultural loans, ₱16 million; real estate loans, ₱11 million; consumption loans, ₱4 million; and other loans, ₱1 million. Total outstanding loans of private non-bank financial institutions went up by ₱16 million and amounted to ₱198 million at the end of 1969.

#### F. CAPITAL INVESTMENTS

During 1969, there were 10,803 new business organizations with paid-in capital of ₱410 million registered with the Securities and Exchange Commission and the Bureau of Commerce. Compared to 1968, these newly-registered business organizations represented decreases of 1,318 in number and ₱61 million in capital paid-in. The distribution of the newly-registered firms was as follows: 7,754 single proprietorships with ₱180 million paid-in capital; 2,132 corporations with ₱183 million; and 917 partnerships with ₱47 million. Classified by nationality, Filipino capital, representing 95 per cent of total capital paid-in, declined by ₱35 million. Capital contributed by Chinese and American nationals likewise registered decreases in the respective amounts of ₱17 million and ₱2 million. Paid-in capital of other nationalities was also ₱7 million smaller than that in the previous year.

Classified by industry, the bulk of the paid-in capital was channelled to wholesale and retail trade (₱132 million); followed by real estate (₱49 million); manufacturing (₱48 million); transportation, storage and communication (₱42 million); communication and business services (₱40 million); non-metallic mining and quarrying (₱31 million); construction (₱16 million); recreation and personal services (₱14 million); banks and other financial institutions (₱14 million); agriculture (₱12 million); forestry, fishing and livestock (₱10 million); insurance (₱1 million); and others (₱1 million).



### III. FISCAL DEVELOPMENTS

#### A. OVER-ALL REVIEW

The economic development and social overhead programs of the government which continued to claim the major proportion of new outlays were largely responsible for the tremendous expansion of aggregate expenditures in 1969. The government pushed expenditures to record levels even though it became increasingly evident during the year, as the original and revised budgets for FY 1968-69 would show, that actual revenue collections would not approximate even the most conservative estimates. Because of this policy of expanding expenditures even when not matched by a commensurate growth in revenues, fiscal operations during the year resulted in a huge revenue gap which exceeded that of the previous year, the biggest on record up to that time, by an unprecedented margin.

With cash collections showing an increase of only 11 per cent and disbursements rising sharply by 28 per cent, cash operations in calendar year 1969 resulted in an operating deficit of ₱934 million. This gap corresponded to an increment of 332 per cent over the deficit incurred during the previous year and approximated the cumulative deficits between 1961 and 1968.

The net inflow of additional resources to fund the cash gap during the year amounted to ₱835 million. These were provided by net drawings of ₱66 million from the Central Bank and new issues of government securities amounting to ₱916 million. With sinking fund contributions absorbing ₱62 million and maturing obligations arising from subscriptions of the Philippine Government to the capital stocks of international financial institutions absorbing another ₱85 million, additional resources were provided by a drawdown of ₱99 million from the government's cash balances. Compared to the amount availed of during the previous year, the net inflow of additional resources in 1969 showed an unprecedented increase of 394 per cent.

More than just the size of the deficit, the disturbing fact regarding government operations in 1969 was, as in previous years, the manner in which the deficit was financed. During the year, the response of other sectors of the economy in providing outlets for government securities proved to be less than satisfactory. Consequently, the monetary system, particularly the Central Bank and the trust funds under its management, was again called upon to provide the supplementary funds for government operations. Aside from participating in new issues, the system continued to take an active role in secondary transactions and to respond to monetary measures allowing the use of government securities as reserve assets. As a result, out of the outstanding government securities of ₱4,847 million, 86 per cent was held by the system at the end of 1969 as against 85 per cent during the previous year.

With large new issues of government securities, internal debt increased by ₱1,263 million compared to the debt expansion of ₱426 million in 1968. While the volume of periodic issues was comparatively bigger than in the previous year, the debt expansion was more pronounced during the second half of the year when over 76 per cent of aggregate debt expansion occurred. The National Government accounted for more than three-fifths, while government corporations accounted for more than one-third of the total incremental debt. New issues of DBP securities contributed over 81 per cent of the additional corporate obligations contracted during the year.

The government's use of external funds, as reflected in the movement of the external debt, was more extensive in 1969 than during the previous year. Despite substantial repayments on maturing obligations, the increased availments of external funds by the National Government and by monetary institutions raised the level of foreign obligations by \$86 million in 1969 as against the expansion of \$62 million during the previous year.

On a fiscal year basis, the government sustained an accounting deficit of ₱816 million in FY 1968-69, as total expenditures, inclusive of corporate bonds, rose to ₱3,678 million, or an increment of 23 per cent over the actual of the preceding year. Revenues, on the other hand, amounted to ₱2,862 million, or an increment of 12 per cent over the actual for 1968. The revenue gap during FY 1968-69 was 83 per cent above that of the previous year. Inasmuch as the financial assets available for the purpose were short of the required level, it would appear that the funding of a sizable portion of the revenue gap would be effected in FY 1969-70.

## B. CASH OPERATIONS, CY 1969

In 1969, cash receipts moved up by 11 per cent to ₱4,511 million while disbursements went up by 28 per cent to ₱5,445 million compared to the previous year's totals. At these levels, the cash gap widened to ₱934 million between January and December. Compared to that of the previous year, this gap, which was equivalent to 17 per cent of aggregate disbursements during the year, represented an increment of 332 per cent over that of the previous year and dwarfed the deficits sustained during the previous years.

During the first seven months of 1969, average monthly receipts were in the aggregate of ₱445 million whereas disbursements were held down to the level of ₱438 million. The seasonal surplus achieved during this period was nevertheless not ample enough to head off the increasingly expansive trend of treasury operations during the succeeding months. While aggregate receipts during the remaining five months of the year registered a sharp decline of 37 per cent, disbursements showed a significant increment of 9 per cent compared to the January-July level, thus accounting for the large deficit sustained during the year.

Instead of serving as restraints, the expenditure allotments during the first half of FY 1969-70 set the pace for Treasury operations during the last

tive months of 1969. Accordingly, with revenues aggregating ₱1,570 million, expenditures in July-December amounted to ₱2,192 million. This expenditure level, aside from touching off an accounting deficit of ₱645 million during this particular period, also accounted for more than three-fifths of total expenditures programmed for the entire FY 1969-70.

Aside from the operating gap, the government had to provide for financial outlays in the form of ₱62 million in sinking contributions and the repayment of maturing obligations of ₱85 million arising from subscriptions of the Philippine Government to the capital stocks of international financial institutions. All told, the resources needed by the government during the year to fund these requirements amounted to ₱1,081 million or more than three times the comparable funding requirements in 1968. These were met by fresh funds derived from net drawings of ₱66 million from the Central Bank and new issues of government securities in the aggregate of ₱916 million. The balance of these financial requirements was funded by a drawdown of ₱99 million from the government's cash balances.

As the bulk of the financial operations of the National Government revolves around the General and Bond Funds, these two major pools of government resources also absorb the bigger proportion of the deficits incurred during the given year. On the other hand, because the rest of the government funds are either special or fiduciary in character created for the purpose of pursuing specific areas of activity, these funds invariably contribute surpluses to the Treasury.

In 1969, the combined deficit of the General and Bond Funds was in the aggregate of ₱1,044 million. On the other hand, the Special and Fiduciary Funds registered surpluses amounting to ₱111 million. Moreover, except for the General Fund, which was overdrawn by ₱223 million, all these funds showed positive balances at year's end. This composite picture of the cash situation would tend to support the view that the drawdown of ₱99 million of government balances may have involved the temporary use of the Special and Fiduciary Funds for the purpose of augmenting borrowed funds, an occurrence which gained prominence during the early fifties.

The use of cash balances to fund the shortfall in government receipts was effected through the various depositories which reflected decreases in the holdings, as follows: Treasury vaults and private commercial banks, ₱1 million; Central Bank, ₱39 million; and Philippine National Bank, ₱94 million. Cash in the hands of Treasury Field Cashiers, however, moved up from ₱2 million as of December 31, 1968 to ₱37 million at the end of the year.

# AGGREGATE CASH TRANSACTIONS OF THE GOVERNMENT CY 1968-1969

(Million Pesos)

I t e m	1969	1968
<b>A OPERATIONAL TRANSACTIONS</b>		
1. Disbursements .....	5,444.5	4,271.4
Operating .....	5,316.5	4,170.2
Interest Payments .....	128.0	101.2
2. Receipts .....	4,510.9	4,055.9
3. Net Disbursements .....	933.6	215.5
<b>B. FINANCIAL TRANSACTIONS<sup>1</sup></b>		
1. Sinking Fund Payments .....	61.5	58.0
2. Borrowings from the Central Bank .....	65.7	33.0
Availments .....	369.9	270.0
Repayments .....	304.2	237.0
3. Treasury Notes .....	674.9	4.6
Issue .....	730.9	56.8
Redemption .....	56.0	52.2
4. Treasury Bills .....	98.8	47.1
Issue .....	741.5	645.1
Redemption .....	642.7	598.0
5. Certificates of Indebtedness .....	—	—
Issue .....	15.0	—
Redemption .....	15.0	—
6. IMF Promissory Note .....	(84.1)	—
Issue .....	—	—
Redemption .....	84.1	—
7. ADB Promissory Note .....	( 0.8)	( 2.8)
Issue .....	—	—
Redemption .....	0.8	2.8
8. Bonds <sup>2</sup> .....	141.8	145.2
Issue .....	147.4	326.3
Redemption .....	5.6	181.1
<b>C. CASH BALANCE (+ INCREASE)</b> .....	<b>(98.8)</b>	<b>(46.4)</b>

SOURCE OF BASIC DATA: Bureau of the Treasury.

<sup>1</sup> Refer to net availment of additional resources: Components need not check with those shown in the Internal Public Debt Statement of the Central Bank due to recording lags.

<sup>2</sup> Consisting of PW & ED, NAWASA, NDC and NIA bonds.

# CASH OPERATIONS OF THE NATIONAL GOVERNMENT

By Major Funds

CY 1968-1969

(Million Pesos)

I t e m	General Fund		Special Fund		Bond Fund	
	1969	1968	1969	1968	1969	1968
A. Current Transactions						
Operating Receipts .....	2,697.9	2,484.3	860.8	651.2	72.6	2.9
Operating Disbursements ..	3,480.8	2,524.2	843.3	643.9	205.8	177.8
Surplus or Deficit (—) ..	(782.9)	( 39.9)	17.5	7.3	(133.2)	(174.9)
B. Financial Transactions .....	1,297.9	1,230.3	—	—	—	—
Interest Payments .....	128.0	101.2	—	—	—	—
Sinking Fund Payments ...	61.5	58.0	—	—	—	—
Repayment of Notes Payable	804.2	834.1	—	—	—	—
Repayment of Overdraft, Central Bank .....	304.2	237.0	—	—	—	—
C. Public Borrowings .....	1,858.0	1,152.1	—	—	146.7	146.1
Treasury Notes or Certifi- cates of Indebtedness ..	745.9	56.8	—	—	—	—
Long-term (Bonds) Borrowings .....	0.7	180.2	—	—	146.7	146.1
Treasury Bills .....	741.5	645.1	—	—	—	—
Central Bank Overdraft Line	369.9	270.0	—	—	—	—
D. Net Cash Transactions ....	(222.8)	(118.1)	17.5	7.3	13.5	( 28.8)
E. Status of Cash Balances						
Beginning January 1 .....	( 3.4)	114.7	334.7	327.4	5.1	33.9
Ending December 31 .....	(226.2)	( 3.4)	352.2	334.7	18.6	5.1
Change in Status .....	(222.8)	(118.1)	17.5	7.3	13.5	( 28.8)

SOURCE OF BASIC DATA: Bureau of the Treasury.

## C. PUBLIC DEBT

### 1. Internal Debt

From ₱4,575 million at the beginning of the year, internal public debt moved up to ₱5,838 million as of December 31, 1969. As in the previous year, all levels of government contributed towards the expansion of domestic debt: national, by ₱870 million; local, by ₱11 million; and government corporations, by ₱382 million.

The pace of domestic debt expansion in 1969 was nearly three times that of 1968: ₱1,263 million as against ₱426 million. While the periodic additions to the debt level were substantial compared to those of the previous year, the growth of internally-held public debt in 1969 was concentrated in the second semester. During this period, internal debt rose by ₱966 million, re-

presenting 76 per cent of the aggregate increment for 1969. The debt expansion during the second half of 1969 was triggered by the net issues of the following government securities: Treasury Notes, ₱457 million; Treasury Bills, ₱144 million; and DBP securities, ₱213 million.

Domestic obligations of the National Government advanced to ₱3,537 million at the end of 1969. Net security issues which generated additional financial resources for the government were in the aggregate of ₱755 million. These consisted of Treasury Notes, ₱591 million; Treasury Bills, ₱141 million; and PW & ED Bonds, ₱23 million. The following securities were also issued during the year in payment of certain governmental obligations: ₱3 million worth of Negotiable Land Certificates (NLC) for the expropriation of landed estates; Treasury Bills in the amount of ₱23 million for assistance to the gold industry; and Treasury Notes in the amount of ₱84 million in payment of maturing obligations arising from the additional subscription of the Philippine Government to the capital stocks of certain international financial institutions. Net drawings of the government from the Central Bank during the year amounted to ₱80 million.

The continued uptrend of government corporate indebtedness during the year was, as in previous years, due largely to the borrowing operations of the DBP. Of the increase of ₱382 million in government corporate debt in 1969, the DBP accounted for ₱297 million, consisting of new security issues of ₱295 million and ₱2 million in additional advances from the Central Bank. Other new issues of corporate securities during the year consisted of the following: NPC Bonds, ₱20 million; NAWASA Bonds, ₱53 million; NIA Bonds, ₱11 million; and Land Bank Bonds, ₱2 million.

Local government debt registered an increase of ₱11 million during the year. Budgetary obligations contracted from the ₱34 million at the beginning of the year to ₱31 million as of December 31, 1969 due to payments made on the advances from the Central Bank. However, loans for permanent improvements obtained from the DBP and the GSIS increased by ₱14 million to ₱62 million. Hence, obligations of local governments moved up to the level of ₱121 million at year's end.

With the flotation of a large volume of new issues during the year, outstanding Treasury Notes went up from ₱589 million at the beginning of the year to ₱1,264 million as of December 31, 1969. This amount, of which ₱50 million would become due sometime in 1970, represented more than one-fifth of total internal debt in 1969. Together with a number of PW & ED bond issues, the increased level of outstanding Treasury Notes led to a shift in the maturity structure of outstanding domestic debt at the end of 1969 from long-term to medium-term. Thus, between 1968 and 1969, the ratio of long-term obligations to total domestic debt dropped further from 54 per cent to 46 per cent while medium-term edged up from 25 per cent to 33 per cent. On the other hand, the ratio of short-term obligations to total domestic debt remained unchanged at 21 per cent during the year.

## INTERNAL PUBLIC DEBT

1968-1969

(Million Pesos)

I t e m	December 31, 1968	Additional Borrowings	Repayment	December 31, 1969	Increase or Decrease (—)	
					1968	1969
TOTAL OUTSTANDING .....	4,575.4	2,468.0	1,205.0	5,838.4	425.9	1,262.9
A. GOVERNMENT DEBT I—III .....	4,190.2	2,466.0	1,204.6	5,451.6	427.2	1,261.4
I. NATIONAL GOVERNMENT .....	2,666.6	2,015.6	1,145.4	3,536.8	176.2	870.2
Provisional loans and advances .....	245.0	360.9	290.0	324.9	33.0	79.9
P W & E D Bonds .....	950.8	60.3	28.0	983.1	80.9	32.3
Treasury Notes .....	588.8	730.9	56.0	1,263.8	4.6	674.9
Borrowings to finance subscriptions to International Financial Organizations .....	134.0	—	84.1	49.9	—	—84.1
Negotiable Land Certificates .....	12.9	3.3	—	16.2	— 0.3	3.3
National Collateral Bonds .....	0.8	—	0.1	0.7	—	— 0.1
ITT-Philippines—Bureau of Telecommunications .....	6.2	—	0.7	5.5	6.2	— 0.7
National Public Improvement Bonds .....	2.5	—	—	2.5	—	—
Metropolitan Water District Bonds .....	1.0	—	—	1.0	— 0.5	—
Certificates of Indebtedness .....	15.0	—	—	15.0	—	—
Socio-Economic Bonds .....	50.0	—	—	50.0	—	—
National Government Replacement Bonds .....	180.2	—	—	180.2	—	—
Loans to local Governments assumed by the National Government .....	0.9	—	—	0.9	—	—
Treasury Bills .....	214.8	809.8	645.5	379.1	49.8	164.3
91 Days .....	78.0	312.0	312.0	78.0	— 4.5	—
182 Days .....	130.0	282.5	260.0	152.5	47.5	22.5
173 Days .....	—	45.0	—	45.0	—	45.0
364 Days .....	6.8	5.7	12.5	—	6.8	— 6.8
GMIA's—180 Days .....	—	12.2	6.0	6.3	—	6.2
240 Days .....	—	7.6	—	7.6	—	7.6
270 Days .....	—	6.1	—	6.1	—	6.1
300 Days .....	—	41.5	40.0	1.5	—	1.5
360 Days .....	—	2.0	—	2.0	—	2.0
Tax Anticipation Series—188 Days .....	—	15.0	15.0	—	—	—
126 Days .....	—	50.0	—	50.0	—	50.0
217 Days .....	—	30.0	—	30.0	—	30.0

## INTERNAL PUBLIC DEBT (Continued)

1968-1969

(Million Pesos)

I t e m	December 31, 1968	Additional Borrowings	Repayment	December 31, 1969	Increase or Decrease (—)	
					1968	1969
Obligations to Pre-War Government Employees, Veterans and Individuals arising from World War II ....	263.6	41.3	41.0	264.0	1.8	0.3
Obligations to Pre-War Government Employees .....	105.9	12.0	3.0	104.9	— 1.3	— 1.0
Obligations to Veterans of World War II .....	84.0	39.3	37.5	85.8	3.1	1.8
Pre-War Obligations of the National Government .....	10.0	—	0.5	9.5	—	— 0.5
Certificate of Indebtedness to Holders of Emergency Currency, Pre- and Post- surrender issues .....	63.7	—	—	63.7	—	—
II. LOCAL GOVERNMENTS .....	110.3	55.5	44.8	121.0	21.4	10.7
Provisional loans and advances .....	19.0	36.4	39.5	15.8	9.7	— 3.2
Backpay Obligations to Pre-War Government Employees .....	15.2	0.3	0.4	15.1	— 0.2	— 0.1
Loans from G S I S .....	23.4	1.6	2.4	22.6	7.4	— 0.8
Loans from D B P .....	50.3	17.2	2.5	65.0	4.6	14.7
Manila Public Improvement Bonds .....	2.5	—	—	2.5	—	—
III. GOVERNMENT CORPORATIONS (GUARANTEED)	1,413.3	394.9	14.4	1,793.8	229.6	380.5
N P C Bonds .....	228.8	21.0	1.5	248.3	11.3	19.5
Nawasa Bonds .....	171.0	53.0	—	224.0	33.3	53.0
N I A Bonds .....	50.7	11.3	—	62.0	15.7	11.3
Land Bank Capital Bonds .....	5.0	—	—	5.0	5.0	—
Land Bank Bonds .....	1.1	1.8	—	2.9	1.1	1.8
D B P Bonds .....	650.3	90.0	12.7	727.6	80.5	77.3
D B P Progress Bonds .....	280.9	217.5	—	498.4	83.2	217.5
Backpay Obligations to Pre-War Government Employees .....	6.6	0.1	0.2	6.6	— 0.1	— 0.1
A C A (ACCFA) Notes .....	17.0	—	—	17.0	—	—
M W L Bonds .....	2.0	—	—	2.0	—	—
B. GOVERNMENT CORPORATIONS (NOT GUARANTEED)	385.2	2.0	0.4	386.8	— 1.4	1.6
C B P loans to D B P .....	35.0	2.0	—	37.0	—	2.0
C B P loans to P V T A .....	231.3	—	—	231.3	— 1.4	—
ACCFA Notes .....	118.9	—	0.4	118.5	—	— 0.4



## 2. *External Debt*

External public debt moved up from \$742 million on December 31, 1968 to \$828 million on December 31, 1969. Inasmuch as government corporate indebtedness showed a moderate contraction during the period, the growth of the external debt in 1969 can be attributed solely to the borrowing operations of the National Government and government monetary institutions. The external public debt movement during the year also indicated that the government used external funds more extensively in 1969 than it did in 1968 when the net inflow of such resources amounted to \$62 million.

In 1969, direct obligations incurred by the National Government amounted to \$29 million. These consisted of drawings from its loan accounts with the U.S. AID, \$4 million; IBRD loan, \$1 million; loan from the U.S. Government under PL 480, \$8 million; equipment loan from Japan, \$6 million; and loan from the consortium of banks headed by the Export-Import Bank of Japan, \$10 million. Well in excess of loan amortizations during the period, the new obligations triggered the upward movement of National Government debt from \$223 million at the beginning of the year to \$246 million at the end of 1969.

Because of the continued pressure on the country's foreign exchange reserves, monetary institutions, particularly the Central Bank, increasingly availed of credit lines with foreign financial institutions. Aside from the roll-over of a large portion of the loan from a consortium of U.S. Banks, transactions of the Central Bank with foreign financial institutions consisted of net drawings of \$46 million from the short-term advances obtained from various U.S. and European banks; \$3 million from the loan account with the Amsterdam-Rotterdam Bank; and \$40 million in special advances from U.S. commercial banks. At the same time, the Central Bank also effected the liquidation in full of the \$10 million loan from the Manufacturers Hanover Trust Co. as well as the payment of \$12 million on the \$81.5 million from U.S. banks. The Central Bank was, therefore, the single contributory factor in the upward movement of the external debt of monetary institutions to \$441 million at the end of 1969. On the other hand, PNB repayments of \$7 million on loans from U.S. banks and \$1 million on a loan from the IBRD approximated the amount drawn during the year from the latter institution. As a result, the level of foreign obligations of the PNB was maintained at \$84 million at the end of 1969.

More than nine-tenths of the external obligations incurred by monetary institutions during the year consisted of short-term bank loans. As a result, the maturity structure of outstanding external debt at the end of 1969 showed a significant shift from medium-term to short-term. Thus, between 1968

and 1969, the ratio of short-term obligations to total foreign debt rose from 43 per cent to 53 per cent while medium-term obligations dropped from 40 per cent to 30 per cent. Long-term obligations, on the other hand, remained unchanged at 17 per cent during the year.

Of the external debt of \$828 million at the end of 1969, \$131 million represented obligations which were payable, at the option of the Philippine Government, in Philippine pesos. The latter figure represented a contraction of \$7 million compared to the level at the start of the year due to substantial payments on the loans from the U.S. Export-Import Bank and the U.S. Agency for International Development.

## EXTERNAL PUBLIC DEBT

1968-1969

(In Thousand U.S. Dollars)

Issuer, Interest Rate, Maturity	Outstanding Dec. 31, 1968	Availments	Repayments	Outstanding Dec. 31, 1969	Net Increase or Decrease (—)
<b>T O T A L</b>	<b>741,964<sup>a</sup></b>	<b>281,322</b>	<b>195,029</b>	<b>828,257</b>	<b>86,293</b>
<b>I. National Government:</b>					
<b>a. Direct</b>	<b>223,003<sup>a</sup></b>	<b>29,405</b>	<b>6,451</b>	<b>245,957</b>	<b>22,954</b>
3 — 4% U.S. Export-Import Bank, 1956-1996	9,633	—	99	9,534	— 99
3 — 4% U.S. Export-Import Bank, 1957-1997	8,821	—	190	8,631	— 190
3 — 4% U.S. Export-Import Bank, 1958-1979	4,422	—	214	4,208	— 214
5¼% U.S. Export-Import Bank, 1960-1979	10,248	—	977	9,271	— 977
5¼% U.S. Export-Import Bank, 1961-1977	3,293	—	555	2,738	— 555
6% U.S. Export-Import Bank, 1968-1978	—	606	—	606	— 606
3½% U.S. Agency for International Development, 1959-1972	4,113	64	1,005	3,172	— 941
¾% U.S. Agency for International Development, 1965-1995	3,047	—	170	2,877	— 170
¾% U.S. Agency for International Development, 1964-1998	2,552	—	86	2,466	— 86
4¼% U.S. Agency for International Development, 1965-1996	2,967	—	50	2,917	— 50
3½% U.S. Agency for International Development, 1967-1994	135	—	—	135	—
3½% U.S. Agency for International Development, 1967-1977	—	3,247	—	3,247	— 3,247
5¼% International Bank for Reconstruction & Development, 1961-1978	5,304	—	406	4,898	— 406
5½% International Bank for Reconstruction & Development, 1965-1995	3,379	1,010	—	4,389	— 1,010
Non-Interest Bearing Note, IBRD, on demand	1,557	—	—	1,557	—
5¼% Morgan Guaranty Trust Co., 1963-1973	3,119	—	567	2,552	— 567
6¾% Morgan Guaranty Trust Co., 1968-1975	1,879	—	—	1,879	—
5¼% Standard Electrick Lorenz Aktiengesellschaft, 1963-1972	1,706	—	427	1,279	— 427
5¼% Standard Telephone Cable Pty. Co., Ltd., 1963-1973	1,308	—	238	1,070	— 238
5¼% Bell Telephone Mfg. Co., 1963-1973	1,307	—	262	1,045	— 262
6½% Republic of the Philippines, External Bond, 1965-1980	12,618	—	605	12,013	— 605
Non-Interest Bearing Note, IMF, on demand	90,531	—	—	90,531	—
Non-Interest Bearing Note, IDA, on demand	4,536	—	—	4,536	—
Non-Interest Bearing Note, ADB, on demand	4,250	—	600	3,650	— 600
7% U.S. Private Supplies, 1967-1972	32,221	—	—	32,221	—
7% Toyo Menka Kaisha Ltd., 1967-1972	5,111	6,074	—	11,185	— 6,074
4% U.S. Government Loan, 1968-1975	4,946	8,243	—	13,189	— 8,243
5¼% Export-Import Bank of Japan, 1968-1988	—	10,161	—	10,161	— 10,161

**EXTERNAL PUBLIC DEBT (Continued)**  
1968-1969

(In Thousand U.S. Dollars)

Issuer, Interest Rate, Maturity	Outstanding Dec. 31, 1968	Availments	Repayments	Outstanding Dec. 31, 1969	Net Increase or Decrease (—)
<b>b. Guaranteed</b> .....	<b>139,791</b>	<b>20,721</b>	<b>25,154</b>	<b>135,358</b>	<b>— 4,433</b>
<b>National Power Corporation</b> .....	<b>56,144</b>	<b>5,332</b>	<b>2,861</b>	<b>58,615</b>	<b>2,471</b>
4% U.S. Export-Import Bank, 1952-1975 .....	6,589	—	1,019	5,570 - <sup>d</sup>	— 1,019
6% International Bank for Reconstruction & Development, 1957-1982 .	13,791	—	688	13,103	— 688
5¾% International Bank for Reconstruction & Development, 1961-1986	29,981	—	985	28,996	— 985
5½% International Bank for Reconstruction & Development, 1962-1980	2,796	—	169	2,627	— 169
6% International Bank for Reconstruction & Development, 1967-1987 .	987	3,732	—	4,719	3,732
6% Morgan International Finance Corporation, 1967-1991 .....	2,000	1,600	—	3,600 -	1,600
National Waterworks & Sewerage Authority, 5% IBRD, 1964-1984 ....	13,670	4,289	—	17,959 - <sup>b</sup>	4,289
Government Service Insurance System, 7% U.S. Commercial Banks, 1967-1970	5,000	—	—	5,000	—
<b>Development Bank of the Philippines</b> .....	<b>59,298</b>	<b>11,100</b>	<b>22,080</b>	<b>48,318</b>	<b>—10,980</b>
<del>1½%</del> 5¾%, 6%, 7½% and 8% Private U.S. Commercial Banks, 1961-1972 .....	42,425	7,700	21,900	28,225 ✓	—14,200
9½% Kreditanstalt Fur Wiederaufbau, 1964-1979 .....	9,600	400	—	10,000 -	400
4½% U.S. Agency for International Development, 1968-1988 .....	4,773	—	180	4,593 - <sup>d</sup>	— 180
8% General Telephone & Electronics International Inc., 1968-1972 ..	2,500	1,000	—	3,500 -	1,000
8% Singer Sewing Machine, U.S.A., 1969-1972 .....	—	2,000	—	2,000 -	2,000
<b>Philippine National Railways</b> .....	<b>5,679</b>	<b>—</b>	<b>213</b>	<b>5,466</b>	<b>— 213</b>
6% International General Electric Co., 1962-1970 .....	642	—	213	429 -	213
6% Mitsui & Co., 1965-1977 .....	2,523	—	—	2,523	—
6% C. Itoh & Co., Ltd., 1965-1976 .....	2,514	—	—	2,514	—

EXTERNAL PUBLIC DEBT (Concluded)  
1968-1969

(In Thousand U.S. Dollars)

Issuer, Interest Rate, Maturity	Outstanding Dec. 31, 1968	Availments	Repayments	Outstanding Dec. 31, 1969	Net Increase or Decrease (—)
II. Others*	379,170	231,196	163,424	446,942	67,772
Philippine National Railways	6,333	—	—	6,333	—
6% Mitsui & Co., New York, 1966-1977	525	—	—	525	—
6% Mitsui & Co., Japan, 1966-1977	1,803	—	—	1,803	—
6% C. Itoh & Co., New York, 1966-1977	1,645	—	—	1,645	—
6% C. Itoh & Co., Japan, 1966-1977	521	—	—	521	—
6% Alstom of France, 1965-1976	1,839	—	—	1,839	—
Central Bank of the Philippines	288,686	136,543	69,370	355,859	67,173
IMF Drawings under the Gold Tranche	82,500	—	—	82,500	—
5½% to 14¼% Advances from Private U.S. & European Commercial Banks, 120-180 days	110,119	93,749	47,530	156,338	46,219
13-1/16% Special Advances from Private U.S. Commercial Banks, 120-180 days	—	40,000	—	40,000	40,000
8¾% Special Advance Account — Manufacturers Hanover Trust, 120-180 days	10,000	—	10,000	—	—10,000
5½% Rural Bank Loan — IBRD, 1966-1971	4,567	—	197	4,370	—197
8¾% Notes Payable — U.S. Commercial Banks, 1969-1972	81,500	—	11,643	69,857	—11,643
10¾% Loans Payable — U.S. Commercial Banks, 120-180 days	—	32	—	32	32
7¾% Loans Payable — Amsterdam-Rotterdam, 1969-1973	—	2,762	—	2,762	2,762
Philippine National Bank	84,151	94,653	94,054	84,750	599
5½%, IBRD, 1963-1972 (PDCP)	11,178	231	1,722	9,687	—1,491
6%, IBRD, 1967-1984 (PDCP)	8,696	9,609	1,272	17,033	8,337
Asian Development Bank (PDCP)	—	258	—	258	258
5¼% Loans from U.S. Banks, 120-180 days	64,277	84,555	91,060	57,772	—6,505

- \* Total revised to include the non-interest bearing note issued in favor of the ADB.  
 \* Pertain to obligations which do not carry the guarantee of the National Government.

#### D. THE BILL MARKET

In 1969, three (3) issues of Treasury Bills in different maturities were offered for sale in the regular weekly auctions. For the 91-day maturity, ₦6 million were offered weekly; ₦5 million for the 182-day maturity; and another ₦5 million for the 273-day bills. On November 3, 1969, weekly offerings for the 182-day bills were increased to ₦7.5 million. At year's end, the aggregate par value of the three issues amounted to ₦639.5 million consisting of ₦312.0 million for the 91-day bill; ₦282.5 million for the 182-day bill; and ₦45.0 million for the 273-day bill. The market value of the 91-day bill at the primary level amounted to ₦305.5 million; the 182-day bill at ₦270.4 million; and ₦42.3 million for the 273-day bill, bringing aggregate proceeds to ₦618.2 million. Average annual discount rates were as follows: 8.379 per cent for the 91-day bill; 8.795 per cent for the 182-day bill; and 8.558 per cent for the 273-day bill. Comparative rates in 1968 were: 6.653 per cent for 91-day and 7.329 per cent for 182-day bills.

Treasury bill redemptions during the year amounted to ₦572.0 million, consisting of ₦312 million for 91-day bills and ₦260 million for 182-day bills. At year's ends, total outstanding Treasury bills amounted to ₦275.5 million. This was ₦67.5 million more than the total at the end of 1968.

In order to even out the seasonal fluctuations in Treasury cash flows, Tax Anticipation Bills were issued during the early part and towards the close of 1969. On January 22, 1969, a total of ₦55 million was issued, consisting of ₦40 million with a maturity of 97 days and ₦15 million with a 188-day maturity. The 97-day TABs were sold at an average discount rates of 6.518 per cent and the 188-day maturity at 7.238 per cent. At the end of 1969, ₦80 million worth of TABs were offered and sold with maturities of 126 days for ₦50 million and 217 days for ₦30 million. For the shorter maturity, the average discount rate was 6.559 per cent; while for the longer one, the average discount rate was 7.360 per cent.

In anticipation of allotments from the General Fund, Treasury bills (Gold Mining Industry Assistance Series) were also issued in 1969 to meet subsidy payments to gold producers. This particular issue was offered at par in various maturities ranging from 180 days to 360 days. The total issued during the year amounted to ₦29.6 million, of which ₦6 million have already been redeemed.

Since its introduction in 1966, the response of the market to the government's Treasury Bill program has reflected an increasing dependence on the monetary measures adopted by the Central Bank. This would indicate the need to redesign this program more flexibly so as to take into account the changes in monetary policies from time to time.

## E. MOVEMENT (AND HOLDERS) OF GOVERNMENT SECURITIES

Transactions in government securities in 1969 were in the aggregate of ₦5,957 million compared to ₦3,382 million in 1968. Out of the total sales of ₦3,392 million during the year, new issues accounted for ₦1,705 million while the total purchases of ₦2,433 million included the amount of ₦747 million for the redemption of outstanding issues. As a result, holdings of the different investors in government issues went up by ₦958 million to ₦3,571 million at the end of 1969.

Of the aggregate transactions, those traded for the National Government amounted to ₦2,451 million, while trading for the Central Bank accounted for ₦3,506 million. Compared to their respective volumes in 1968, these represented increases of ₦863 million for the National Government and ₦1,712 million for the Central Bank.

Two factors may be cited as contributing towards the larger volume of transactions during the year, namely: a) the Central Bank's policy of allowing the use by commercial banks of government securities as reserve assets for STD's; and b) the increase in mid-April of the basic rediscount rate to 8 per cent and the addition in June to the basic rate of an interest equalization charge of 2 per cent. In particular, the latter affected the tone of the bill market since this boosted considerably the effective yields of short-dated government issues.

As in previous years, the monetary system, particularly the Central Bank and the trust funds under its management, dominated securities transactions and thus continued to be the principal supplier of supplementary funds for the Government. Securities trading of the Central Bank, which was effected largely through secondary transactions with commercial banks and, to some extent, the interfund transfer operations with trust funds under its management, resulted in a net acquisition of ₦632 million worth of government instruments and in the increase of its holdings to ₦2,166 million. On the other hand, despite a substantial disinvestment on the part of the PNB, commercial bank holdings increased by ₦107 million to ₦765 million during the year.

New security issues traded for the National Government during the year amounted to ₦874 million consisting of PW & ED bonds, ₦32 million; NLC, ₦3 million; Treasury notes, ₦675 million; and Treasury Bills, ₦164 million. Corporate issues, on the other hand, amounted to ₦84 million and consisted of NPC bonds, ₦20 million; NAWASA bonds, ₦53 million; and NIA bonds, ₦11 million.

CENTRAL BANK TRANSACTIONS OF GOVERNMENT SECURITIES<sup>1</sup>  
1969  
(Million Pesos)

I t e m	Value of Securities Held on Jan. 1, '69	Central Bank Sales			Central Bank Purchases			Value of Securities Held on Dec. 31, '69	Increase or (Decrease)
		Original Issues	Non- Original Issues	Total	Redemp- tion	Non-Re- demption	Total		
T o t a l . . . . .	2,612.7	1,704.7	1,686.9	3,391.6	746.6	1,686.7	2,433.3	3,571.0	958.3
I. Outside of the Central Bank . . . . .	1,079.2	1,617.1	386.7	2,003.8	701.9	976.5	1,678.4	1,404.6	325.9
A. Banks other than the Central Bank . . . . .	657.6	768.9	361.0	1,129.9	56.2	966.4	1,022.6	764.9	107.3
1. Phil. National Bank . . . . .	329.4	765.4	55.0	820.4	46.0	806.8	852.8	297.0	(32.4)
2. Other Banks . . . . .	328.2	3.5	306.0	309.5	10.2	159.6	169.8	467.9	139.7
B. Financial Institutions . . . . .	15.4	—	0.1	0.1	—	—	—	15.5	0.1
1. Development Bank of the Phil. . . . .	15.4	—	0.1	0.1	—	—	—	15.5	0.1
C. Insurance Companies . . . . .	120.1	17.0	8.0	25.0	—	—	—	145.6	25.5
1. G.S.I.S. . . . .	59.1	10.0	—	10.0	—	—	—	69.6	10.5
2. S.S.S. . . . .	55.3	7.0	8.0	15.0	—	—	—	70.3	15.0
3. Private . . . . .	5.7	—	—	—	—	—	—	5.7	—
D. Local and Semi-Gov't. Entities . . . . .	27.1	15.5	15.0	30.5	—	6.0	6.0	51.6	24.5
E. Other Private Entities and Individuals . . . . .	42.0	5.9	2.6	8.5	0.1	3.3	3.4	47.1	5.1
F. Undistributed Treasury Bills . . . . .	217.0	809.8	—	809.8	645.6	0.8	646.4	380.4	163.4

[56]



CENTRAL BANK TRANSACTIONS OF GOVERNMENT SECURITIES<sup>1</sup> (Concluded)

1969

(Million Pesos)

I t e m	Value of Securities Held on Jan. 1, '69	Central Bank Sales			Central Bank Purchases			Value of Securities Held on Dec.31,'69	Increase or (Decrease)
		Original Issues	Non-Original Issues	Total	Redemption	Non-Redemption	Total		
II. Central Bank Open Market Operations & Interfund Transfers .....	1,533.5	87.6	1,300.2	1,387.8	44.7	710.2	754.9	2,166.4	632.4
1. Open Market Operations ....		87.6	961.8	1,049.4	44.7	371.8	416.5		
2. Inter-fund Transfers .....		—	338.4	338.4	—	338.4	338.4		
A. Central Bank Portfolio .....	1,100.6	—	1,099.7	1,099.7	15.8	545.9	561.7	1,638.6	537.5
1. Open Market Operations ....		—	954.3	954.3	15.8	357.4	373.2		
2. Inter-fund Transfers .....		—	145.4	145.4	—	188.5	188.5		
B. Bond Sinking Fund .....	326.7	87.6	5.1	92.7	28.1	14.4	42.5	376.9	50.2
1. Open Market Operations ....		87.6	0.6	88.2	28.1	14.4	42.5		
2. Inter-fund Transfers .....		—	4.5	4.5	—	—	—		
C. Securities Stabilization Fund .....	98.1	—	195.4	195.4	0.8	148.0	148.8	144.7	46.6
1. Open Market Operations ....		—	6.9	6.9	0.8	—	0.8		
2. Inter-fund Transfers .....		—	188.5	188.5	—	148.0	148.0		
D. Industrial Guarantee Loan Fund .	8.1	—	—	—	—	1.9	1.9	6.2	( 1.9)
1. Open Market Operations ....		—	—	—	—	—	—		
2. Inter-fund Transfers .....		—	—	—	—	1.9	1.9		

SOURCE OF BASIC DATA: Securities Market Department, Central Bank of the Philippines.

<sup>1</sup> Exclusive of RP External Loan Bonds, DBP Bonds and Land Bank Bonds.

**CENTRAL BANK TRANSACTIONS OF GOVERNMENT SECURITIES**  
**1969**  
(Million Pesos)

I t e m	National Government		Central Bank	
	Sales	Purchases	Sales	Purchases
ALL TRANSACTIONS .....	<u>1,704.7</u>	<u>746.6</u>	<u>1,731.6</u>	<u>1,774.3</u>
NON-CENTRAL BANK .....	<u>1,617.1</u>	<u>701.9</u>	<u>386.7</u>	<u>976.5</u>
Banks Other than Central Bank .....	<u>768.9</u>	<u>56.2</u>	<u>361.0</u>	<u>966.4</u>
Philippine National Bank .....	<u>765.4</u>	<u>46.0</u>	<u>55.0</u>	<u>806.8</u>
Other Banks .....	<u>3.5</u>	<u>10.2</u>	<u>306.0</u>	<u>159.6</u>
Financial Institutions .....	<u>—</u>	<u>—</u>	<u>0.1</u>	<u>—</u>
Insurance Companies .....	<u>17.0</u>	<u>—</u>	<u>8.0</u>	<u>—</u>
G S I S .....	<u>10.0</u>	<u>—</u>	<u>—</u>	<u>—</u>
S S S .....	<u>7.0</u>	<u>—</u>	<u>8.0</u>	<u>—</u>
Private .....	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Local and Semi-Gov't. Entities .....	<u>15.5</u>	<u>—</u>	<u>15.0</u>	<u>6.0</u>
Other Private Entities and Individuals .....	<u>5.9</u>	<u>0.1</u>	<u>2.6</u>	<u>3.3</u>
Undistributed .....	<u>809.8</u>	<u>645.6</u>	<u>—</u>	<u>0.8</u>
CENTRAL BANK .....	<u>87.6</u>	<u>44.7</u>	<u>1,300.2</u>	<u>710.2</u>
Central Bank Portfolio .....	<u>—</u>	<u>15.8</u>	<u>1,099.7</u>	<u>545.9</u>
Bond Sinking Fund .....	<u>87.6</u>	<u>28.1</u>	<u>5.1</u>	<u>14.4</u>
Securities Stabilization Fund .....	<u>—</u>	<u>0.8</u>	<u>195.4</u>	<u>148.0</u>
Industrial Guarantee Loans Fund .....	<u>—</u>	<u>—</u>	<u>—</u>	<u>1.9</u>
NATIONAL GOVERNMENT .....	<u>—</u>	<u>—</u>	<u>44.7</u>	<u>87.6</u>

**F. FISCAL OPERATIONS, FY 1968-69**

Anticipating an expansion of revenues to ₱2,919 million, or an increment of more than 14 per cent over actual revenues during FY 1967-68, the government submitted to Congress a budget which carried a program of expenditures involving an aggregate outlay of ₱3,090 million. The proposed expenditures represented an increase of only 6 per cent over the actuals during the preceding fiscal year and indicated, after sustaining a huge deficit of ₱445 million during the previous years, an apparent desire on the part of the government to exercise restraint.

As submitted to Congress in February 1968, the budget of the National Government envisaged an accounting deficit of ₱171 million which was 64 per cent smaller than that of FY 1967-68. Budget revisions made towards the end of 1969, however, reflected policy implications running counter to the original objective of fiscal restraint. Thus, while revenue estimates were revised downwards to ₱2,899 million, proposed expenditures were increased by 15 per cent over actual spending in FY 1967-68. At the revised expenditure level of ₱3,455 million, the accounting deficit would, instead of being reduced as originally intended, widen to ₱556 million, or almost 25 per cent above the revenue gap in FY 1967-68. Considering that government expenditures during the preceding two fiscal years were far in excess of projected levels, the revised level of expenditures proposed for FY 1968-69 also posed a *caveat* on the probable destabilizing effects of fiscal operations during the year.

Predictably, the revised budget for FY 1968-69 was but a mild statement of the revenue and expenditure policies to be pursued by the government, with adverse collateral effects that would be extended to other sectors of the economy. Actual fiscal operations in FY 1968-69 showed that even as revenue collections fell short of the revised targets, expenditures were pushed to record levels, surpassing even the revised expenditures program by 7 per cent.

At ₱2,862 million, revenues showed an increment of 12 per cent while total expenditures of ₱3,678 million exceeded the FY 1967-68 level by 23 per cent. The resulting deficit of ₱816 million topped the amount envisaged in the revised budget by 47 per cent and that of the previous year, the biggest on record up to that time, by 83 per cent. Constituting 22 per cent of aggregate expenditures during the year, the shortfall in revenues was well above the gap sustained during the previous year. In comparison with the interim peaks of 17 per cent in FY 1965-66 and the 15 per cent ratio noted a year ago, the average deficit/expenditure ratio between fiscal years 1960 and 1969 amounted to 10 per cent.

Government revenues continued their expansive trend in FY 1968-69, although at a smaller growth rate compared to that of the previous year. The increase of government revenues from all sources was sustained primarily by higher tax collections resulting from economic growth, intensified tax effort and, in particular, the tax laws enacted in August 1968 which became operative during the last half of FY 1968-69. Slightly short of the revised targets, tax collections of ₱2,475 million, nevertheless, represented a bigger growth rate of 15 per cent than the 13 per cent increment chalked up in FY 1967-68. The new level of tax receipts accounted for 87 per cent of total government revenues compared to 85 per cent in FY 1967-68. As a percentage of GNP at current prices, however, gross tax revenues rose to 9.4 per cent in FY 1968-69 as against the 9.1 per cent which prevailed during the previous year.

All the major types of taxes registered substantial increases in FY 1968-69. At the same time, the share of local governments in these taxes during the year matched, percentage-wise, the corresponding share in FY 1967-68. The single factor responsible for the depressed growth rate of total government revenues was the contraction by more than 2 per cent of income from non-tax sources, and this was in turn induced by the government's non-participation during the year in the profits of the Central Bank. In FY 1967-68, this source of revenue provided the government with additional funds amounting to ₱57 million.

In broad terms, the direction of government spending in FY 1968-69 followed the pattern of expenditures during the previous year, with all categories showing significant increases. As in the previous year, more than two-thirds of total expenditures were for economic development and for social improvement which also absorbed an even proportion of the aggregate expansion of expenditures.

As the government intensified the construction of infrastructure projects like public highways, irrigation units, the expansion and improvement of waterworks and particularly, as the year drew to a close, the expanded program for community development, expenditures for economic development moved up to ₱1,250 million. This new level of spending for economic development represented an increment of 28 per cent over the preceding year's total and accounted for two-fifths of the additional outlays during the year. As a result, the share of spending for economic development in aggregate government expenditures rose from 33 per cent in FY 1967-68 to 34 per cent in FY 1968-69. On the other hand, spending for social improvement with outlays for education absorbing 65 per cent, increased by 16 per cent to ₱1,214 million and accounted for 25 per cent of the increment in government expenditures during the year. Thus, the share of spending for social improvement in total government expenditures went down further from 35 per cent in FY 1967-68 to 33 per cent in FY 1968-69.

The massive spending for economic development also spawned additional expenditures in the form of current outlays which spilled over into the financial operations of other segments of the government. Hence, due to the increased outlays for the maintenance of peace and order and partly as a result of the participation of the Armed Forces in the construction of infrastructure projects, defense expenditures rose by 14 per cent to ₱525 million. Similarly, largely as a result of the recruitment of additional personnel and the mass adjustment of the salaries and wages of civil servants, general government expenditures moved up by 14 per cent to ₱406 million. Outlays for the servicing of the public debt, the bulk of which was used to fund the capital development program of the government, increased by 78 per cent to ₱284 million during FY 1968-69.

# RESOURCES & EXPENDITURES OF THE NATIONAL GOVERNMENT

Fiscal Years 1967-1969

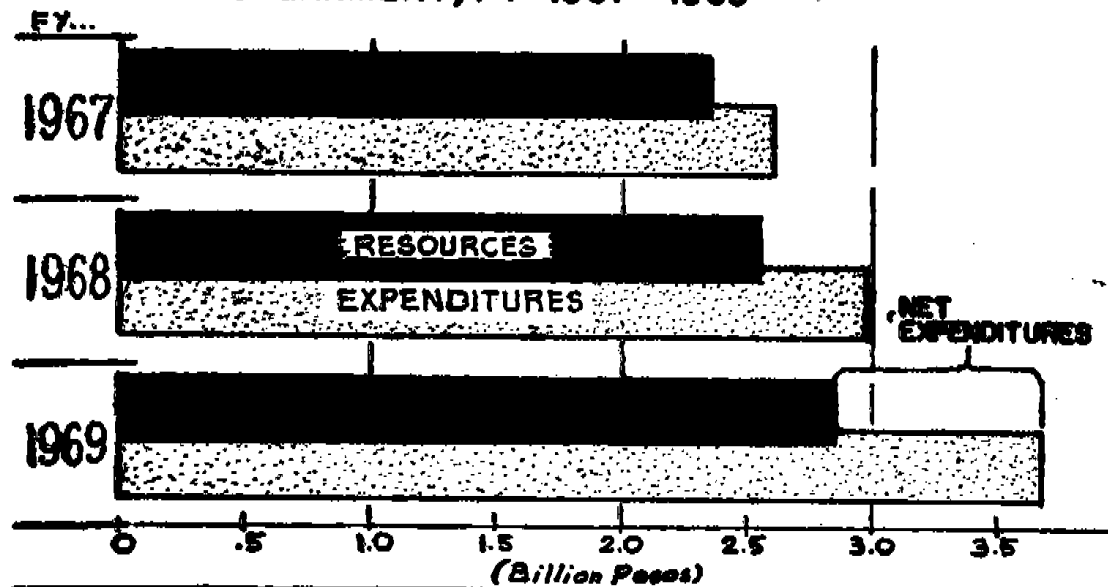
(Million Pesos)

I t e m	1967	1968	1969
I. Expenditures (A + B) .....	<u>2,608.2</u>	<u>2,997.9</u>	<u>3,678.3</u>
A. National Government .....	<u>2,531.0</u>	<u>2,944.3</u>	<u>3,611.0</u>
Acquisition of Goods & Services .....	<u>2,164.2</u>	<u>2,423.7</u>	<u>2,895.3</u>
Current Expenditures .....	946.6	1,174.0	1,416.0
Development services .....	912.6	873.7	1,070.2
Gross capital formation .....	305.0	376.0	409.1
Transfers .....	<u>366.8</u>	<u>520.6</u>	<u>715.7</u>
Current .....	126.2	196.4	113.2
Capital .....	103.8	85.4	182.9
Subsidies .....	44.8	53.2	170.0
Debt interest .....	76.6	92.3	103.5
Direct lending .....	15.8	93.3	146.1
B. Government Corporate Securities .....	<u>76.7</u>	<u>53.6</u>	<u>67.3</u>
Power Projects (NPC Bonds) .....	15.0	18.0	7.9
Waterworks (NAWASA Bonds) .....	45.0	35.0	59.4
Landed estates (NLC) .....	—	0.3	—
Land reform (Land Bank Bonds) ..	—	0.3	—
Irrigation projects (NIA) .....	16.7	b	—
II. Resources .....	<u>2,339.5</u>	<u>2,553.1</u>	<u>2,862.3</u>
Tax Revenue .....	<u>1,915.2</u>	<u>2,156.5</u>	<u>2,475.1</u>
Non-Tax Revenue .....	<u>323.0</u>	<u>339.8</u>	<u>387.2</u>
Operating and service income .....	251.2	268.4	266.7
Miscellaneous income .....	66.5	62.1	78.8
Others .....	2.1	6.7	40.4
Repayment of advances .....	3.2	2.6	1.4
Profits from Central Bank .....	<u>100.9</u>	<u>56.8</u>	—
General Fund .....	<u>100.9</u>	<u>56.8</u>	—
III. Net Expenditures .....	<u>268.7</u>	<u>444.8</u>	<u>816.0</u>

\* Land Bank bonds, ₱1.8 million; Capital bonds, ₱5.0 million and NIA bonds amounting to ₱23 million disbursed during the year were included under National Government expenditures.

<sup>b</sup> Proceeds of NIA bonds disbursed during the year amounting to ₱18.4 million were included under National Government expenditures.

## RESOURCES AND EXPENDITURES OF THE NATIONAL GOVERNMENT, FY 1967-1969



### G. CENTRAL BANK OPERATIONS AS FISCAL AGENT OF THE GOVERNMENT

In 1969, the Central Bank, as fiscal agent of the government, performed the following services through some of its operating departments.

#### 1. *Fiscal Agency*

The Foreign Exchange Department processed 3,876 applications from different bureaus and offices of the government. Of the numerous fiscal agency services undertaken by this Department during the year involving the amount of \$28 million, the more significant ones pertained to the following: (1) replenishment of the working funds of diplomatic offices; (2) servicing of the external obligations of different government agencies; (3) payment for the importation of equipment; and (4) travel and operating expenses of military contingents abroad. During the previous year, applications for fiscal agency services totalled 3,570 involving the amount of \$30 million.

#### 2. *Loans and Credits*

The Department of Loans and Credits granted loans to the national and local governments aggregating ₱406 million in 1969 as against ₱285 million during the previous year. Of the aggregate advances during the period, the national government accounted for ₱370 million and local governments for ₱36 million. Loan repayments of these two levels of government during the year were in the respective amounts of ₱290 million and ₱40 million and thus their outstanding indebtedness with the Central Bank stood at ₱325 million and ₱16 million at the end of 1969. Credit transactions

of the Department of Loans and Credits with other government agencies consisted of the following: (a) extension of an additional loan of ₱2 million to the DBP; and (2) payment by the PVTa of ₱0.4 million which reduced the latter's indebtedness to the Central Bank to ₱350 million at the end of 1969.

The Department also administers the Industrial Guarantee and Loan Fund's (IGLF) financing program for small and medium-sized industries. This financial assistance is carried out through special time deposits lodged by the Central Bank with commercial banks to enable the latter to grant loans to qualified industrial firms. As of December 31, 1969, total assets of the IGLF were in the aggregate of ₱56 million as against ₱55 million at the end of the previous year. During the year, 57 per cent of the resources of the Fund, as against 62 per cent in 1968, were in the form of special time deposits distributed among 25 commercial banks and 1 savings bank. This represented a contraction in the magnitude of financial assistance generated by the Fund from ₱35 million in 1968 to ₱32 million in 1969. There was, however, a significant increase in the Fund's investment in government securities by ₱1 million to ₱15 million at the end of the year.

### *3. Open Market Operations and Payroll Savings Plan*

The Payroll Savings Plan of the Securities Market Department continued its decline with membership down to a total of 20,911 as of December 31, 1969. In 1967, membership in the Plan was in the aggregate of 26,801 as against 23,152 at the end of 1968.

The Department, through the operations of the Securities Stabilization Fund under its management, continued its active support of the government securities market. Total resources of the Fund were in the aggregate of ₱154 million in 1969 as against ₱147 million in 1968. Investments of the Fund in government securities, which consisted largely of corporate bonds, amounted to ₱153 million during the year compared to ₱146 million in 1968. Similarly, the assets of the Bond Sinking Fund which rose from ₱328 million in 1968 to ₱377 million in 1969 consisted largely of long-term government securities, like the PW & ED, NPC and NAWASA bonds.

### *4. Depository of Counterpart Fund*

Disbursements of the Counterpart Fund in 1969 amounted to ₱4 million which pushed total expenditures of the Fund as of December 31, 1969 to ₱279 million. While a number of projects like the irrigation pump, rice and corn production and urban development have been the recipients of assistance from the Fund, outlays for the Technical Assistance Trust Fund of ₱3.6 million accounted for the additional expenditures during the year. At the end of 1969, the balance of the Counterpart Fund with the Central Bank amounted to ₱1.4 million compared to ₱4 million at the end of the previous year.

## IV. BALANCE OF PAYMENTS AND THE INTERNATIONAL RESERVE

### A. OVER-ALL REVIEW

The deterioration in the country's external financial position which started in 1967, continued through 1969 as the over-all balance of payments deficit rose to a high of \$137 million, almost three times that of the preceding year. This developed even as precautionary measures were adopted during the year in an effort to curb credit expansion and stem the excessive drain on the international reserve.

The goods and services account showed a deficit of \$285 million, a drop of \$9 million from last year's \$294 million. This was largely brought about by a narrowing of the merchandise trade deficit (including non-monetary gold) from \$274 million in 1968 to \$258 million, as exports dropped by less than one per cent, while imports declined by almost two per cent. In spite of the effects of adverse weather conditions on agricultural production, exports remained nearly unchanged as favorable prices were registered for some of the country's export products. Significant increases were noted in exports of copper concentrates, logs and lumber, which offset declines in exports of coconut products as copra, coconut oil and desiccated coconut experienced substantial falls in prices. Imports, which had been on a continuous uptrend since 1963, tapered off to \$1,131 million from last year's all time high of \$1,150 million. Although imports were \$15 million higher than last year's levels from January to July, additional restrictions imposed during the latter part of 1969 considerably damped the opening of new import letters of credit. Consequently, imports dropped by \$34 million from August to December, resulting in an over-all decline of \$19 million. Non-trade transactions showed a net outflow of \$27 million, up by \$7 million, as receipts dropped by \$26 million (primarily due to a cutback of \$37 million in US military expenditures in the Philippines) which surpassed the \$20 million drop in disbursements.

Official grants, long-term and short-term capital movements reflected a net inflow of \$148 million (with both receipts and disbursements at lower than last year's levels) which, however, was not of sufficient magnitude to offset the goods and services deficit for the year. Consequently, the international reserve was drawn down from \$195 million at the beginning of the year to \$126 million by the end of 1969. In addition, net short-term borrowings of the Central Bank amounted to \$67 million (compared to a negative \$33 million for 1968) and about \$196 million of short-term loans were rolled over to ease the burden of debt servicing.



As a result of these developments, Central Bank intervention in the foreign exchange market was considerably heavier than last year. Net sales of foreign exchange by the Central Bank amounted to \$60 million compared to \$28 million or an increase of 114 per cent from 1968. The interbank exchange rate, except for a slight decline to ₱3.918 in March was maintained at ₱3.919 compared to last year's average of ₱3.916 per US\$1.00.

# BALANCE OF PAYMENTS OF THE PHILIPPINES<sup>1</sup>

1968-1969

(In million U.S. dollars)

Item	1969 <sup>2</sup>	1968 <sup>2</sup>
A. Goods and Services:		
Exports, f.o.b. ....	873.49	876.17
of which — non-monetary gold .....	18.88	18.46
Imports, f.o.b. ....	-1,131.49	-1,150.22
Trade Balance .....	-258.00	-274.05
Transportation and merchandise insurance .....	-93.87	-79.66
Travel .....	-10.87	-19.84
Investment income .....	-77.34	-97.46
Services rendered to U.S. military .....	58.89	95.68
Pensions from the U.S. government .....	62.27	58.93
Private transfers .....	42.57	32.02
Others .....	-8.51	-9.89
Total A .....	-284.86	-294.27
B. Official Grants and Long-Term Capital:		
Reparations from Japan .....	35.30	27.43
Other grants .....	11.64	15.82
Private loans .....	79.97	105.60
Official loans <sup>2</sup> .....	14.07	36.10
Other private capital .....	7.01	-2.73
Other official capital .....	-0.08	2.10
Total B .....	147.91	184.32
C. Private Short-Term Capital and Net Errors and Omissions:		
Private Short-term capital .....	62.62	174.17
Net errors and omissions .....	-62.20	-112.68
Total C .....	.42	61.49
D. Over-All Position (A + B + C) .....	-136.53	-48.46
E. Monetary Movements:		
Net IMF accounts .....	-	55.00
Commercial banks' liabilities .....	11.72	14.08
Central Bank liabilities .....	67.37	-32.95
Commercial banks' assets (increase —) .....	16.70	-6.04
Central Bank foreign exchange (increase —) .....	24.31	19.49
Central Bank monetary gold (increase —) .....	16.43	-1.12
Total E .....	136.53	48.46

<sup>1</sup> No sign indicates credit; a minus sign, debit. A credit entry represents a net inflow; a debit entry represents a new outflow.

<sup>2</sup> Exclusive of borrowings of government corporations which are classified under the private sector for balance of payments computations.

## B. EXTERNAL TRADE

Philippine overseas trade in 1960 was characterized by the absence of a significant change in exports, a tapering off in imports and a moderate improvement in the balance of trade.

The aggregate value of goods brought in and shipped out of the country amounted to \$1,986 million, declining from last year's peak of \$2,008 million by \$22 million or about 1 per cent. The contraction was brought about by the drop in imports (\$19 million) coupled with a slight decline in exports (\$3 million).

Exports during the period under review dropped slightly from \$858 million to \$855 million or by less than one per cent. Bad weather conditions adversely affected the production of export crops, particularly coconut products, but these were offset by the remarkable performance of other major exports like copper concentrates and logs and lumber and by the expansion in semi-manufactured exports such as base metals and fertilizers.

Similarly, imports which were at a peak level last year (\$1,150 million) contracted by almost 2 per cent to \$1,131 million, reversing the consistent upward trend established since 1963. The fall was due to the decline in volume which completely negated the increase in price.

As a result of these developments, the country's trade deficit improved substantially from \$292 million to \$277 million or by 5 per cent.

Net terms of trade remained at 93 (1955 = 100) because the increments in both import and export prices almost compensated for each other. The purchasing power of exports, however, declined from 163 to 160 due solely to the decrease in export quantum.

Countrywise, the pattern of the direction of trade was almost the same as in the previous year with the United States still on top despite her declining share in both imports and exports. Japan was a close second followed by Germany, the Netherlands, Australia and the United Kingdom in the order of their importance. Percentage-wise, the United States' share of imports dropped by 32 per cent to 28 per cent while that of exports fell from 46 per cent to 42 per cent. On the other hand, Japan's share of imports rose from 28 per cent to 30 per cent, thus, displacing the United States as the principal source of imports. Her share of exports, likewise, rose from 33 per cent to 39 per cent.

### EXTERNAL TRADE OF THE PHILIPPINES

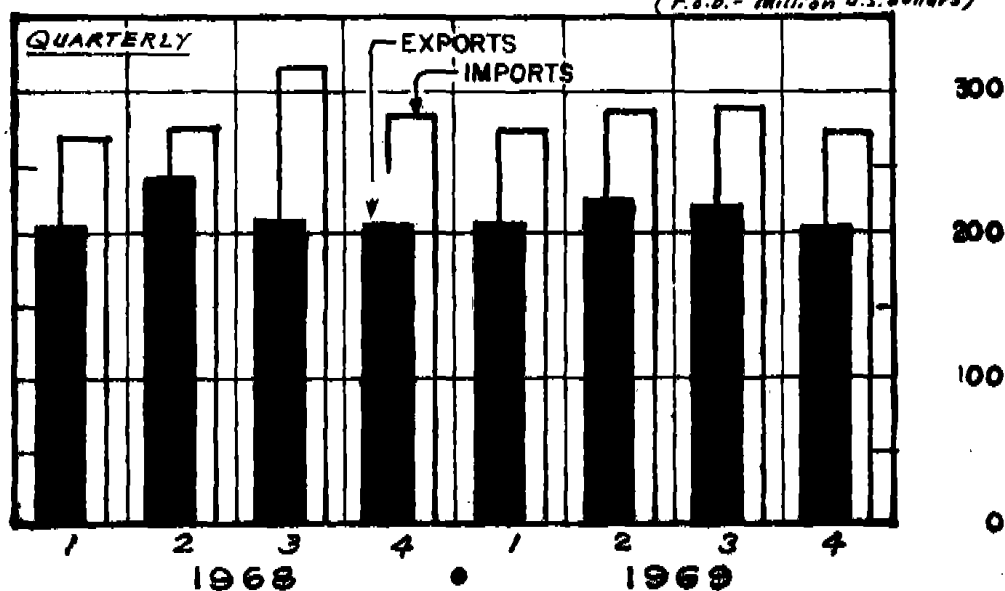
1968-1969

(F.O.B. Value in Million U.S. Dollars)

Period	Imports		Exports		Balance of Trade		Per Cent Change	
	1969	1968	1969	1968	1969	1968	Imports	Exports
T O T A L	1,131.5	1,150.2	854.6	857.7	-276.9	-292.5	- 1.6	- 0.4
1st Quarter	276.8	270.1	205.5	202.9	- 71.3	- 67.2	+ 2.5	+ 1.3
2nd Quarter	289.2	277.1	225.2	241.8	- 64.0	- 35.3	+ 4.4	- 6.9
3rd Quarter	290.1	318.2	221.3	202.2	- 68.8	-116.0	- 8.8	+ 9.4
4th Quarter	275.4	284.8	202.6	210.8	- 72.8	- 74.0	- 3.3	- 3.9

## EXTERNAL TRADE OF THE PHILIPPINES, 1968 - 1969

(F.o.b. - Million U.S. dollars)



### 1. Exports

Reversing the previous year's trend, exports for 1969 at \$855 million showed a downward trend contrasting with the 5 per cent growth rate attained in 1968.

The composition of the ten principal exports experienced a minor change with the exclusion of iron concentrates in favor of canned pineapple which last year was inadvertently eased out of the list because of the unaccounted for shipments of one firm. Had these shipments been included last year, canned pineapple would have been in the 8th position. The rankings of the ten principal exports, likewise, underwent some changes. Copper concentrates which last year occupied the 4th position climbed to the 3rd position, replacing copra which dropped to the 4th position. Desiccated coconut, last year's 7th placer, slipped to the 8th position, exchanging places with canned pineapple. Similarly, veneer sheets, formerly in the 9th position were relegated to the 10th position, swapping places with unmanufactured abaca.

The total value of the ten principal exports which accounted for 85 per cent of total exports amounted to \$724 million, 2 per cent lower than the comparable level last year. Largely responsible for the decline were the contractions recorded in coconut products, plywood and canned pineapple which were only partly offset by the gains made in copper concentrates, logs and lumber and sugar.

Influenced by the construction boom in Japan and the heavy demand for logs of the expanding plywood industry in Korea, exports of logs and lumber (the country's top dollar earner for four consecutive years), valued at \$226 million, rose by 4 per cent at prices and volumes above the previous year's levels. Shipments to Japan, which accounted for 77 per cent of total logs and lumber exports, increased by 6 per cent to \$174 million. Similarly,

sales to Korea (\$23 million) and the United States (\$7 million) rose by 14 per cent and 31 per cent, respectively. Conversely, exports to Nationalist China (Taiwan) dropped from \$17 million to \$11 million or by 34 per cent.

Exports of sugar amounting to \$149 million were 3 per cent higher compared with the previous year. The substantial improvement was due to the 2 per cent increments in both volume and price. Because of our quota commitment and the premium price enjoyed by sugar in the United States, shipments of sugar continued to be dispatched solely to the United States. Volume-wise, shipments this year was sufficient to fill the 1,126,000 short tons basic quota allocated to the Philippines.

Earnings from copper concentrates at \$133 million hit a new record and surpassed the previous year's peak by almost 50 per cent. This remarkable performance was partly due to the increment of prices owing to buoyant demand for copper, particularly in Japan and the United States, and partly due to the increase in volume brought about by an expansion in production. Purchases from Japan increased from \$69 million to \$104 million while sales to the United States went up from \$11 million to \$21 million. Together they accounted more than 90 per cent of copper concentrates exports.

Mainly due to adverse weather conditions which brought production to a low level, earnings from all coconut products suffered declines. As a result of the contraction in prices (10 per cent) and volume (21 per cent), earnings from copra for the year sagged to a record low level of \$87 million, which was 61 per cent below last year's level. Shipments to the United States dropped from \$61 million to \$47 million. Similarly, purchases by other principal markets declined. For the Netherlands, the drop was from \$26 million to \$21 million; for Germany, from \$12 million to \$9 million; and for Japan, from \$9 million to \$6 million.

Exports of coconut oil, which last year rose by 30 per cent, contracted by 35 per cent to \$51 million because volume as well as prices failed to match last year's performance. Sales to the United States accounting for nine tenths of the total amounting to \$45 million were considerably lower than the \$68 million sold last year. In terms of volume, however, shipments to the United States (178,304 metric tons) were more than twice the 80,000 long tons tariff-free quota this year. Shipments to the Netherlands and Germany contracted by 23 per cent and 56 per cent, respectively.

Like copra and coconut oil, prices and volume of desiccated coconut declined. Consequently, earnings from this commodity contracted from \$25 million to \$16 million or by 35 per cent. Shipments to the United States (\$12 million) were reduced to almost half.

Despite an improvement of 13 per cent in prices, plywood exports were lower because of the decline in volume. Shipments for the period aggregated to \$19 million, dropping by about 10 per cent from the previous year's level. The contraction in volume might be due partly to a slowdown in construction activities in the United States.

Exports of canned pineapple, which was eased out in 1968 from the list of the ten principal exports due to incomplete reporting, declined from \$19 million to \$17 million or by 9 per cent. As in the previous year, the principal markets were the United States, the United Kingdom and Japan.

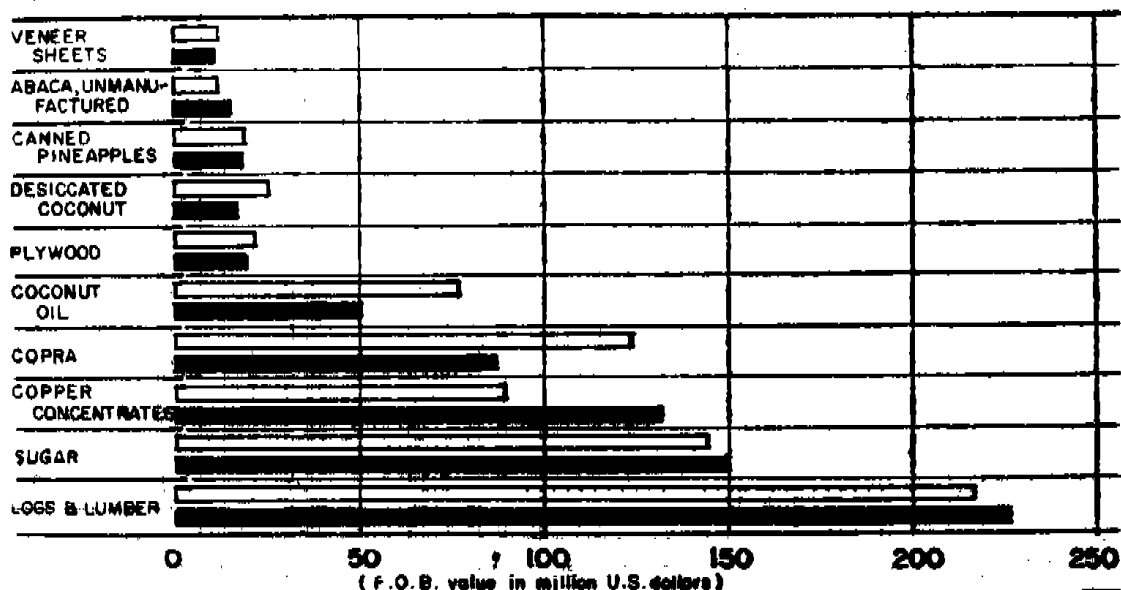
**TEN PRINCIPAL EXPORTS**  
**1968-1969**  
(F.O.B. Value in Million U.S. Dollars)  
(Quantity in Million Kilograms)

Item	1969		1968	
	Quantity	Value	Quantity	Value
TOTAL EXPORTS .....		854.6		857.7
Total Ten Principal Exports .....		723.5		737.0
Logs and lumber <sup>1</sup> .....	3,864.2	226.0	3,579.6	216.6
Sugar <sup>2</sup> .....	979.5	149.0	964.3	144.0
Copper concentrates .....	470.1	132.8	412.4	89.2
Copra .....	508.8	87.3	640.2	123.0
Coconut oil .....	202.5	50.6	255.6	77.3
Plywood <sup>1</sup> .....	74.1	19.4	92.4	21.5
Desiccated coconut .....	54.1	10.0	62.0	24.5
Canned pineapple .....	109.2	17.2	110.7	18.8
Abaca, unmanufactured .....	61.5	14.3	56.8	11.2
Veneer sheets <sup>1</sup> .....	63.8	10.9	71.1	11.5

<sup>1</sup> Quantity in million board feet.

<sup>2</sup> Includes refined sugar.

**TEN PRINCIPAL EXPORTS, 1968 & 1969**



**EXPORTS BY COMMODITY GROUP**  
**1968-1969**

(F.O.B. Value in Million U.S. Dollars)

I t e m	1 9 6 9		1 9 6 8	
	Value	Per Cent	Value	Per Cent
<b>TOTAL EXPORTS</b> .....	<b>854.6</b>	<b>100.0</b>	<b>857.7</b>	<b>100.0</b>
<b>A Total Domestic Exports</b> .....	<b>851.5</b>	<b>99.6</b>	<b>856.2</b>	<b>99.8</b>
<b>1. Agriculture</b> .....	<b>274.4</b>	<b>32.1</b>	<b>303.4</b>	<b>35.4</b>
Sugar .....	148.8	17.4	144.0	16.8
Copra .....	87.3	10.2	123.0	14.3
Tobacco .....	16.7	1.9	15.6	1.8
Abaca .....	14.3	1.7	11.2	1.3
Others .....	7.3	.9	9.6	1.2
<b>2. Logs and Lumber</b> .....	<b>226.0</b>	<b>26.4</b>	<b>216.6</b>	<b>25.3</b>
<b>3. Minerals</b> .....	<b>159.6</b>	<b>18.7</b>	<b>107.3</b>	<b>12.5</b>
Copper concentrates <sup>1</sup> .....	132.8	15.5	89.2	10.4
Iron concentrates .....	8.4	1.0	11.9	1.4
Iron ore .....	1.8	.2	1.9	.2
Chromite ore .....	4.1	.5	3.3	.4
Others .....	12.5	1.5	1.0	.1
<b>4. Manufactured Articles</b> .....	<b>191.1</b>	<b>22.4</b>	<b>228.6</b>	<b>26.6</b>
Coconut oil .....	50.6	5.9	77.3	9.0
Desiccated coconut .....	16.1	1.9	24.6	2.9
Copra meal or cake .....	8.9	1.0	11.0	1.3
Plywood .....	19.5	2.3	21.5	2.5
Veneer core & veneer sheets .....	10.9	1.3	11.5	1.3
Plywood panels faced with metal plastics .....	4.1	.5	6.6	.8
Wood manufactures .....	3.8	.4	2.9	.3
Sugar, confectionery and molasses ..	7.2	.8	9.5	1.1
Canned pineapple .....	17.2	2.0	18.8	2.2
Abaca rope .....	2.0	.2	1.8	.2
Table cloth, jusi, pifia, silk and other fabrics .....	1.5	.2	1.0	.1
Miscellaneous manufactured articles .	2.6	.3	1.2	.1
Others .....	46.7	5.6	40.9	4.8
<b>5. Returned goods and special transactions</b>	<b>.4</b>	<b>—</b>	<b>.3</b>	<b>—</b>
<b>B. Re-exports</b> .....	<b>3.1</b>	<b>.4</b>	<b>1.5</b>	<b>.2</b>

<sup>1</sup> Includes the estimated value of copper concentrates in concentrates of copper and silver.

## 2. Imports

After rising consistently for the last six years, imports for 1969 finally contracted from last year's record level (\$1,150 million) by around 2 per cent. Mainly responsible for this reversal were (1) the series of credit control measures aimed at dampening imports (2) large inventory build-up from last year's importations and (3) voluntary importation cutback instituted by some industries, particularly the automotive assemblers.

Classified according to end-use, imports of producer goods at \$1,023 million increased only minimally while imports of consumer goods declined by 15 per cent to \$109 million. Mixed trends were exhibited by the components of producer goods. Machinery and equipment rose by 4 per cent to \$243 million while the value of semi-processed raw materials was maintained. Imports of unprocessed raw materials, particularly raw cotton, raw jute and cocoa beans declined from \$163 million to \$156 million or by 4 per cent. Imports of supplies, likewise, contracted by 4 per cent to \$49 million. The decrease in consumer goods was wholly accounted for by non-durable consumer goods, notably canned fish and fresh and canned fruits and vegetables.

The composition of the ten principal imports was slightly altered with the inclusion of chemical elements and compounds displacing textile yarns, fabrics and related materials in the process. The ranking of the ten principal imports was practically unchanged except for cereals and cereal preparations which dropped from the 7th position to the 8th position, exchanging places with explosives and miscellaneous chemical materials.

The value of the ten principal imports, which accounted for more than  $\frac{3}{4}$  of total arrivals, rose from \$856 million to \$860 million. Of the ten principal imports, expansions were registered in machinery other than electric (\$20 million), base metals (\$6 million), explosives and miscellaneous chemical materials (\$4 million), dairy products (\$2 million), and mineral fuels and lubricants (\$1 million). On the other hand, those that contracted were transport equipment (\$20 million), textile fibers not manufactured into yarns (\$8 million), electrical machinery and cereals and cereal preparations (\$1 million each). The increase in machinery other than electric was due to the arrivals of component parts for the cement and papermill plants under construction, and expansion in the mining and agricultural sector which boosted the arrivals of tractors, agricultural machinery and parts of earth-excavating and construction machinery. Similarly, increased importations of slabs, blooms and billets by iron and steel manufacturers and the large arrivals of iron and steel coils for re-rolling by the Iligan Integrated Steel Mill boosted importation of base metals. Meanwhile, expanded activities in the plastic industries necessitating bigger imports of plastics in primary form and the bigger arrivals of rubber compounding accelerators for the tire manufacturers were responsible for the expansion in explosives and miscellaneous chemical materials. In the case of dairy products, the increase was accounted for by evaporated milk and powdered milk. Larger imports of crude oil accounted for the expansion in mineral fuels and lubricants. On the other hand, the drop in trans-

port equipment was due to a big decline in the arrivals of railway vehicles for the Philippine National Railways and unassembled cars and trucks due to voluntary importation cutbacks. The substantial decline in the arrival of ships and boats also contributed to the decline in transport equipment. The decrease in cereals and cereal preparations was principally due to wheat flour while the drop in textile fibers not manufactured into yarns was brought about by a reduction in the importation of raw cotton and raw jute.

# IMPORTS CLASSIFIED ACCORDING TO END USE 1968 & 1969

(F.O.B. Value in Million U.S. Dollars)

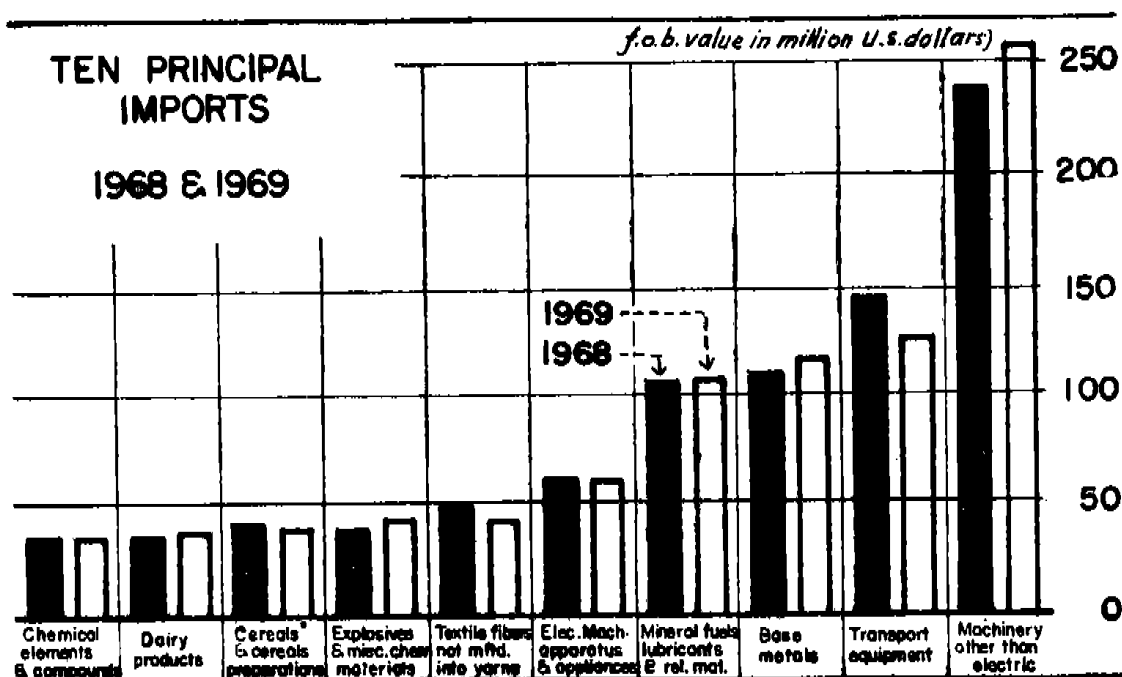
I t e m	1969	% Distri- bution	1968	% Distri- bution	% Change
TOTAL .....	<u>1,131.5</u>	<u>100.0</u>	<u>1,150.2</u>	<u>100.0</u>	- 1.6
Producer Goods .....	<u>1,022.7</u>	<u>90.4</u>	<u>1,021.8</u>	<u>88.8</u>	+ 0.1
Machinery and equipment .....	243.1	21.5	233.6	20.3	+ 4.1
Unprocessed raw materials .....	156.2	13.8	163.0	14.2	- 4.2
Semi-processed raw materials ...	574.1	50.7	574.0	49.9	—
Supplies .....	49.4	4.4	51.2	4.5	- 3.6
Consumer Goods .....	<u>108.7</u>	<u>9.6</u>	<u>128.4</u>	<u>11.2</u>	-15.3
Durable goods .....	10.2	0.9	11.6	1.0	-12.7
Non-durable goods .....	98.6	8.7	116.8	10.2	-15.6

# TEN PRINCIPAL IMPORTS 1968-1969

(F.O.B. Value in Million U.S. Dollars)

I t e m	1969	1968
TOTAL IMPORTS .....	<u>1,131.5</u>	<u>1,150.2</u>
Total Ten Principal Imports .....	<u>860.1</u>	<u>856.1</u>
Machinery other than electric .....	258.5	238.5
Transport equipment .....	124.9	143.9
Base metals .....	116.3	109.7
Mineral fuels, lubricants & related materials .....	106.7	105.8
Electric machinery, apparatus & appliances .....	60.2	60.6
Textile fibers not manufactured into yarn .....	41.8	49.5
Explosives & miscellaneous chemical materials .....	41.7	38.4
Cereals & cereal preparations .....	38.0	40.7
Dairy products .....	37.4	34.9
Chemical elements & compounds .....	34.5	33.9





### 3. Direction of Trade

The declining importance of the United States in Philippine trade continued in 1969 as the United States' share of the country's total trade dropped to 34 per cent as against last year's 38 per cent with both imports and exports contracting. Imports from the United States (\$320 million), accounting for 28 per cent of total imports, declined by 14 per cent. Principal commodity groups that accounted for the contraction were transport equipment, machinery other than electric, cereals and cereal preparations and textile fibers not manufactured into yarns. Exports to the United States, likewise, fell from \$396 million to \$360 million largely because of the drop in copra (\$14 million), coconut oil (\$24 million) desiccated coconut (\$9 million) and plywood (\$2 million). As a result of these developments, the favorable balance of trade with the United States rose from \$19 million to \$40 million.

Trade with Japan, on the other hand, continued to expand as exports (\$329 million) as well as imports (\$337 million) rose by 16 per cent and 3 per cent, respectively. Machinery other than electric, base metals, explosives and miscellaneous chemicals and textile fibers not manufactured into yarns accounted for the increase in imports. Meanwhile, the rise in exports was accounted for mainly by copper concentrates and logs and lumber. Hence, the trade deficit with Japan dropped significantly from \$43 million in 1968 to \$8 million in 1969.

Imports from the European Common Markets (ECM), coming mostly from Germany (\$86 million), the Netherlands (\$31 million) and France (\$21 million), aggregated \$162 million or an increase of about 12 per cent. Principally, imports from this economic bloc consisted of non-electrical machinery, transport equipment, dairy products, chemical elements and electrical ma-

chinery and appliances. Conversely, exports to ECM comprising copra, coconut oil, canned pineapple and unmanufactured abaca contracted by 22 per cent to \$56 million, with Germany and the Netherlands accounting for the bulk of the drop. Consequently, trade deficits were incurred with all the members of the ECM including the Netherlands with which a favorable trade balance had been enjoyed in previous years. The trade deficit with the ECM in 1969 was \$106 million, 43 per cent higher than the deficit in 1968.

The traditional deficit with the European Free Trade Association (EFTA) worsened from \$53 million to \$59 million. Imports from EFTA, supplied primarily by the United Kingdom (\$50 million), Switzerland (\$9 million) and Sweden (\$7 million), were maintained at \$73 million. Exports, composed mostly of copra, canned pineapple, unmanufactured abaca and chrome ore, contracted by 30 per cent from \$20 million to \$14 million because sales to Sweden and Denmark fell by \$4 million and \$3 million, respectively.

Imports from the ECAFE region (excluding Japan), amounting to \$170 million, were 15 per cent higher than the \$148 million recorded last year. Principal suppliers of imports from this region were Australia (\$53 million), Indonesia (\$27 million), Iran (\$23 million), Malaysia (\$21 million), Hong-kong (\$13 million) and Nationalist China (\$12 million). Exports to ECAFE countries declined by 12 per cent to \$62 million largely due to the absence of rice exports to India and Indonesia and the decline in logs and lumber shipments to Nationalist China. As a consequence, the trade deficit with the region widened from \$78 million to \$115 million.

DIRECTION OF TRADE  
1968 & 1969  
(F.O.B. Value in Million U.S. Dollars)

Country	I M P O R T S				E X P O R T S				Balance of Trade	
	1969	%	1968	%	1969	%	1968	%	1969	1968
TOTAL (All Countries)	1,131.5	100.0	1,150.2	100.0	854.6	100.0	857.7	100.0	-276.9	-292.5
North America	347.8	30.7	395.5	34.4	363.4	42.5	393.5	45.9	+ 15.6	- 2.0
U. S.	320.2	28.3	372.2	32.4	360.4	42.2	391.7	45.6	+ 40.2	+ 19.3
Other N.A. countries	27.6	2.4	23.3	2.0	3.0	0.3	1.8	0.2	- 24.6	- 21.3
Central America	1.7	0.2	3.5	0.3	0.2	—	0.5	0.1	- 1.5	- 3.0
South America	7.0	0.6	7.1	0.6	9.0	1.1	7.8	0.9	+ 2.0	+ 0.7
Northwestern Europe	219.3	19.4	200.4	17.4	67.8	7.9	87.0	10.2	-151.5	-113.4
United Kingdom	50.1	4.4	49.0	4.3	6.0	0.7	6.5	0.8	- 44.1	- 42.5
Belgium	9.7	0.9	11.1	1.0	1.2	0.1	1.5	0.2	- 8.6	- 9.6
Netherlands	31.1	2.7	26.0	2.3	30.3	3.5	38.1	4.4	- 0.8	+ 12.1
Germany	86.5	7.6	76.0	6.6	20.0	2.3	24.8	2.9	- 66.5	- 51.2
Other N.W. countries	41.9	3.8	38.3	3.2	10.3	1.3	16.1	1.9	- 31.6	- 22.2
Southern Europe	17.8	1.6	20.5	1.8	10.3	1.2	9.2	1.1	- 7.5	- 11.3
Italy	14.0	1.2	17.4	1.5	3.1	0.4	4.4	0.5	- 10.9	- 13.0
Spain	1.6	0.1	1.4	0.1	7.0	0.8	4.3	0.5	+ 5.4	+ 2.9
Other S.E. countries	2.2	0.3	1.7	0.2	0.2	—	0.5	0.1	- 2.0	- 1.2
East Europe	0.6	0.1	0.3	—	—	—	—	—	- 0.6	- 0.3
Middle East	50.9	4.5	53.8	4.7	0.7	0.1	0.4	—	- 50.2	- 53.4
Other Asia	424.7	37.5	412.5	35.9	393.5	46.6	353.2	41.2	- 31.1	- 59.3
Japan	336.7	29.8	326.6	28.4	328.7	39.2	283.3	33.0	- 8.0	- 43.3
Indonesia	27.4	2.4	23.1	2.0	0.9	0.1	4.7	0.6	- 26.5	- 18.4
Other Asian Countries	60.6	5.3	62.8	5.5	63.9	6.7	65.2	7.6	+ 3.3	+ 2.4
Oceania	59.6	5.3	54.5	4.7	4.9	0.6	3.4	0.4	- 54.7	- 51.2
Other Africa	0.5	—	0.8	0.1	2.2	0.3	1.2	0.2	+ 1.7	- 1.8
Miscellaneous	1.2	0.1	0.3	—	—	—	0.5	—	- 1.2	- 1.2
Other U.S. Insular Possessions	0.4	—	1.0	0.1	2.5	0.3	1.0	0.1	+ 2.1	—

### C. NON-TRADE TRANSACTIONS

By way of contrast with the movement in merchandise trade transactions, the net balance in the country's services and transfer payments account moved into a larger deficit in 1969. From \$20 million in 1968, it rose to \$27 million in spite of a reduction in net payments to foreigners.

The increase in the deficit was accounted for mainly by the sharp drop in United States military expenditures in the Philippines to \$59 million this year from \$96 million in 1968. Another factor contributing to the increase in the deficit was the upturn in disbursements for transportation and merchandise insurance — particularly for passenger fares of residents which went up by \$17 million as a result of an improvement in the reporting of transactions falling under this item by commercial banks.

Restraining measures seemed to have taken effect on other service transactions, as expenditures, although still outrunning receipts, showed some signs of slackening. Payments for investment income to foreigners were a case in point. Although at \$85 million, such payments exceeded receipts from money and capital invested abroad by a significant \$77 million, this over-all deficit on investment income was \$20 million less than in 1968, presumably because of cutbacks in remittances abroad for earnings, profits and dividends. The same was true of travel. Travel expenditures abroad by residents dropped by \$9 million in 1969 in response to restrictions imposed by the Central Bank on foreign travel, thereby causing the deficit on travel to decline to \$11 million from \$20 million last year, a drop of 45 per cent.

Transfer payments covering both pensions from the U.S. Government and private transfers were noticeably higher than in 1968. At \$62 million, pensions received from the U.S. government were \$3 million more than last year's record of \$59 million. Net receipts from private transfers, on the other hand, rose to \$43 million, as compared with \$32 million in 1968, principally because of increased institutional remittances.

In the aggregate, other non-trade transactions rose perceptibly, thus effecting only a slight improvement in the over-all net deficit on other invisibles. However, it must be mentioned that salary receipts on account of services rendered by local residents suffered a sizable decline amounting to \$13 million from their level of \$50 million a year ago. Possibly, this came about as a result of the greater volume of foreign exchange transactions taking place outside the banking system. Concurrently, there was an increase of \$16 million in receipts from miscellaneous services which more than offset the decline in salaries. However, there was a notable expansion in payments made by residents for salaries to foreigners from \$41 million in 1968 to \$53 million in 1969.

### D. OFFICIAL GRANTS AND LONG TERM CAPITAL

The movement of official grants and long-term capital in 1969 resulted in a net inflow which was \$36 million below the level of \$184 million in 1968. The decline was primarily due to the slack in the utilization of long

term foreign credits, which aggregated \$200 million compared to the record inflow of \$247 million in 1968.

Reparations payments from Japan amounting to \$35 million were \$8 million higher than in 1968. These consisted mostly of capital goods for the public sector. On the other hand, official grants from other foreign agencies, including the U.N., were lower by \$4 million.

Borrowings of the private sector which comprised 80 per cent of total loan availments during the period, dropped from \$175 million to \$168 million. The reduction was reflected largely in loans from the Eximbank and from U.S. commercial banks, which declined by \$7 million and \$20 million, respectively. Partly offsetting these declines were the increases of \$4 million in loans from the IBRD and U.S.-AID and \$16 million in the use of supplier's credits.

Loan availments of the government sector were reduced by \$30 million due mainly to the decreases of \$33 million in the use of suppliers' credits and \$13 million in loans of the Development Bank of the Philippines from U.S. commercial banks. These were partly compensated for by the initial loan of \$10 million from Japanese banks for the construction of the Japan-Philippines Friendship Highway and an increase of \$6 million from the U.S.-AID for economic development projects.

Repayments on long-term loans of the private and public sectors increased by \$10 million from \$105 million in 1968.

A notable feature of other long-term private capital movements in 1969 was the net inflow of \$7 million in contrast to the consistent net outflows in previous years. Compared to the net outflow of \$3 million in 1968, this meant an improvement of \$10 million. Although the inflow of direct investments was maintained at about the same level, the amount of capital withdrawn from the country was reduced by \$10 million.

Other official capital decreased by \$2 million due to the reduction in the Fiscal Agency Fund.

#### E. PRIVATE SHORT-TERM CAPITAL

Private short-term capital movements in 1969 reflected a sharp decline of \$111 million from the net inflow of \$174 million in the previous year. This resulted from the drop of \$69 million in the inflow of private short-term funds, particularly in prepayments for exports, coupled with the increase of \$42 million in the outflow of short-term capital. The marked advance in short-term capital outflows may have been due to the repayment of maturing short-term obligations of the private sector. Another contributory factor may possibly be the transfer of funds abroad, triggered by speculations on the dollar parity rate of the peso, particularly during the latter part of the year.

## F. INTERNATIONAL RESERVE

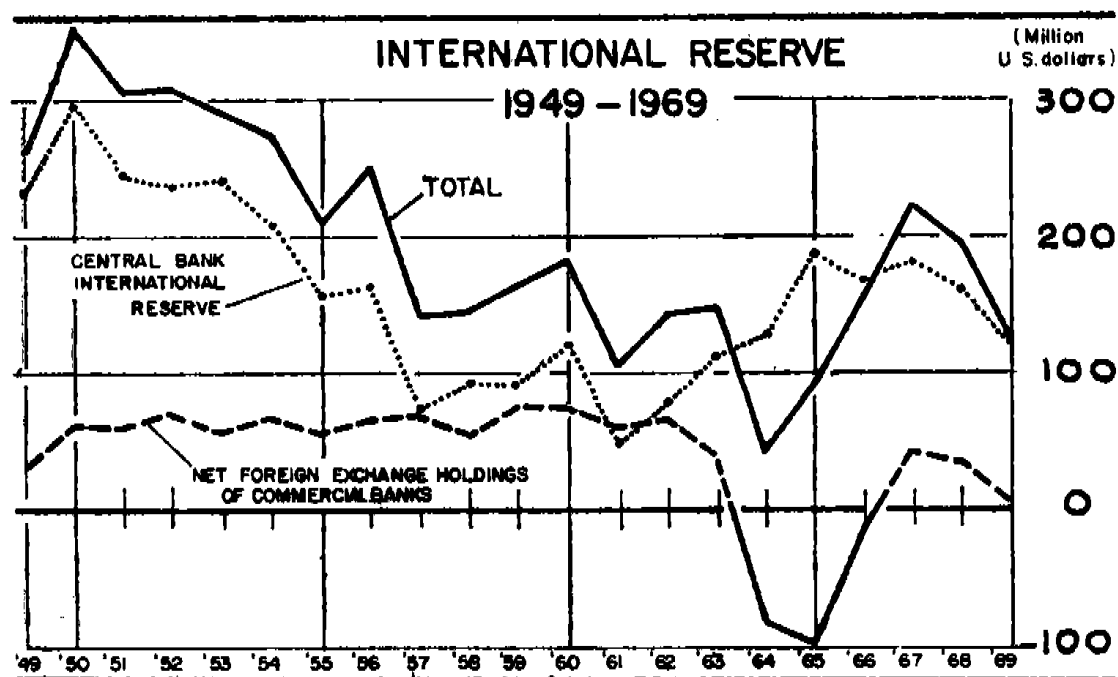
Despite the credit and trade restraint measures and net compensatory borrowings of \$67 million, the international reserves which last year suffered a decline of \$26 million, deteriorated further by \$69 million from \$195 million in 1968 to \$126 million as of the close of 1969. The substantial drain was largely the result of heavy import payments outpacing export receipts by \$264 million which more than offset the invisible surplus of \$196 million.

### INTERNATIONAL RESERVE

1949-1969

(Million U.S. Dollars)

End of Period	Int'l. Reserve of the Central Bank	Net Foreign exchange holdings of commercial 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
1960 .....	120.05	72.01	192.06
1961 .....	44.07	59.27	103.34
1962 .....	75.00	65.84	140.84
1963 .....	109.46	38.00	147.46
1964 .....	123.28	(84.84)	38.44
1965 .....	188.50	(96.88)	91.62
1966 .....	166.09	(14.77)	151.32
1967 .....	179.77	41.71	221.48
1968 .....	161.40	33.67	195.07
1969 .....	120.66	5.24	125.90



The quarterly movement of the international reserve, except for the first quarter, was characterized by a continuous downtrend. Because of the sizable foreign loan availment of \$65 million in the first quarter, the reserve rose to \$218 million in March, \$23 million more than the level obtaining at the start of the year. The second, third and fourth quarters, despite additional foreign loans, resulted in losses of \$42 million, \$31 million, and \$20 million, respectively. The smaller drop in the reserve during the fourth quarter was due largely to the impact of the restrictive trade measures imposed during the mid-part of the year as they considerably reduced import payments for the latter part of 1969.

The Central Bank foreign exchange holdings declined from \$161 million as of the end of 1968 to \$121 million as of the end of 1969, despite the net loan availment of \$67 million from abroad, mainly because of the substantial sales of the Central Bank to stabilize the exchange rate. Moreover, the Central Bank converted \$53 million of its gold holdings into U.S. dollars to meet the heavy demand for foreign exchange as well as to repay part of its maturing obligations. Against these sales, however, the Central Bank purchased \$18 million worth of gold from the Federal Reserve Bank and \$19 million worth from local gold traders. Consequently, the gold holdings of the country went down from \$62 million in 1968 to \$45 million in 1969.

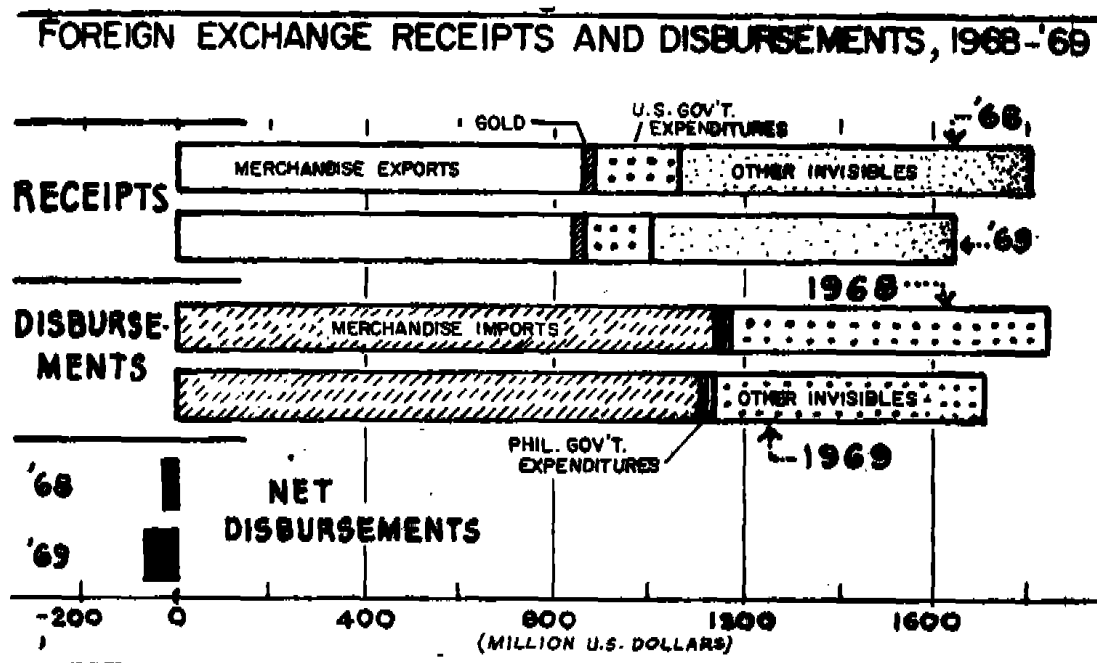
Similarly, the net foreign exchange holdings of commercial banks were down \$28 million to \$5 million. Gross foreign exchange assets of the banking system, at \$152 million at the start of the year, fell to \$130 million in May, the lowest during the year, as most commercial banks unloaded foreign exchange for pesos due to the tax drawdowns as well as for settlement of their foreign liabilities. The gross holdings and liabilities of commercial banks, however, both rose sharply in June, as commercial banks, reacting

to the suspension of ceilings on their foreign exchange liabilities and to the reduction in the premium of peso-dollar swap arrangement authorized by MAAB dated April 16, 1969, availed of their foreign credit lines to finance imports. As a consequence, their foreign liabilities advanced steadily to \$130 million at the end of 1969 while their foreign assets settled at \$135 million at the end of the year.

# FOREIGN EXCHANGE RECEIPTS AND DISBURSEMENTS 1968-1969

(Million U.S. Dollars)

I t e m	1969	1968	Per Cent Increase (Decrease)
<b>Receipts:</b>			
Merchandise exports (c.i.f.)	840.76	859.98	( 2.2)
G o l d	18.51	16.12	14.8
U.S. government expenditures	147.66	182.48	(19.1)
Other invisibles	631.77	753.94	(16.2)
Total	1,638.70	1,812.52	( 9.6)
<b>Disbursements:</b>			
Merchandise imports (c.i.f.)	1,104.59	1,132.71	( 2.5)
Philippine government expenditures	26.78	29.95	(10.6)
Other invisibles	574.93	675.65	(14.9)
Total	1,706.30	1,838.31	( 7.2)
NET RECEIPTS (DISBURSEMENTS)	(67.60)	(25.79)	





## G. FOREIGN EXCHANGE MARKET

### 1. *Structure of Foreign Exchange Rates*

The par value of the Philippine peso was changed from ₱2.00 to ₱3.90 per U.S. dollar (0.227864 gram of fine gold per peso) on November 6, 1965. The official limits established by the Central Bank of the Philippines for its dealings with authorized agent banks are ₱3.8805 buying and ₱3.9195 selling, per U.S. dollar. In spot transactions with their customers, authorized agent banks are permitted to quote minimum and maximum buying rates of ₱3.8610 and ₱3.9195 per U.S. dollar, respectively and minimum and maximum selling rates of ₱3.8805 and ₱3.9390 per U.S. dollar, respectively. Exchange rates for other authorized currencies purchased by the Central Bank are based on the spot buying or selling rates in New York for the currency concerned at the close of the day prior to the actual purchase in Manila, and on the Central Bank's current spot buying or selling rates for the U.S. dollar. Premiums and discounts on forward exchange transactions are, in principle, left to the interplay of market forces, but the Central Bank engages in forward exchange transactions (up to 90 days) with authorized agent banks at the interbank spot rate with fixed premiums.

### 2. *Behavior*

The interbank exchange rate, except for a slight decline to ₱3.918 in March, generally held steady at ₱3.919. Compared to last year's average of ₱3.916, the interbank rate depreciated by ₱0.003 for 1969.

Buying and selling rates of commercial banks in 1969 respectively averaged ₱3.898 and ₱3.932 as compared to last year's averages of ₱3.897 (buying) and ₱3.932 (selling). Buying rates, which in January averaged ₱3.897, held steady at ₱3.898 from February up to the end of the year. Likewise, selling rates were steady at ₱3.932 during the year except in the last quarter of the year when selling rates depreciated to ₱3.935. As a result, the spread between buying and selling rates of commercial banks, which on the average was equivalent to ₱0.035 last year, narrowed to ₱0.034.

### 3. *Central Bank Intervention*

Central Bank intervention in 1969 was generally heavier than it was last year. Sales of foreign exchange through the PNB at \$211 million with a monthly average of \$17 million approximated the previous year's levels. However, purchases which totalled \$151 million reflected a decrease of \$32 million. On the average, purchases amounted to \$13 million monthly as against last year's average of \$15 million. Consequently, net sales of foreign exchange by the Central Bank for the support of the market amounted to \$60 million compared to \$28 million a year ago or an increase of \$32 million.

The continuous downtrend in the purchase of foreign exchange which occurred in the first half of the year can be attributed to dollar scarcity

in the market caused by slack in receipts. The decline in the sales of foreign exchange by the Central Bank which occurred in the last quarter of the year was due to the restraint measures imposed on imports as well as the tightening of credit in the local market.

#### *4. The Peso in the Hongkong Market*

The peso market in Hongkong which is highly speculative in nature has generally not been large in scope. In 1969, the behavior of the peso at the Hongkong exchange market was on the whole erratic and bullish in character brought about by the further tightening of restrictions on foreign exchange and heavy government spending during the last few months of the year.

Thus, the Philippine peso-US\$ telegraphic transfer cross-rate in the Hongkong exchange market fluctuated between ₱4.417 and a high of ₱5.387, averaging ₱4.765 during the year against an average of ₱4.225 last year. Note cross-rates which averaged ₱4.754 as compared to ₱4.216 the previous year depreciated by 11 per cent. In December, 1969, the Philippine peso in Hongkong hit a trough of ₱5.37 for every U.S. dollar primarily due to a large seasonal demand for imports.

## V. PRODUCTION

### A. OVER-ALL REVIEW

In the face of monetary and credit restraints, major production indicators for 1969 manifested continued gains, although at decelerated rates compared with 1968. Agricultural output advanced by 4.3 per cent in crop year 1969 or a third of the growth rate achieved in the previous year. The slowdown was attributed mainly to unfavorable climatic conditions, in particular the drought whose effects persisted through the period. Food crop production increased by 5.3 per cent as compared with the gain of 9.5 per cent in 1968; output of exports rose by only 2 per cent against the upsurge of 17.3 per cent in 1968. The decline in the growth of export crops in 1969 reflected the slower advances registered in the production of principal export crops — tobacco and sugar — which were adversely affected by typhoons and drought. The log industry, apparently influenced by the gradual reduction in log exports resulting from the regulatory effects of the presidential directive, gradually improved but at a much slower pace. Another major industry, abaca, continued to suffer from the existence of close substitutes. On the whole, however, the growth in agricultural production as well as that of the food sector was still above the 3.5 per cent annual increase in population.

The mining industry also displayed uptrends in production with both gold and base metals moving up at slackened rates. The increase in gold recovery from copper mine deposits and improved gold mill capacities contributed to the 2.3 per cent gain in output of this precious metal as compared to the 7.5 per cent increase registered in 1968. In the base metal sector, the de-escalation of the Vietnam War influenced the slowdown in the expansion of strategic war materials, such as copper, resulting in the smaller gain of 11.3 per cent in 1969 as compared to 17.7 per cent in 1968. Thus, the combined increase in output of the mining industry decelerated from 14.6 per cent in 1968 to only 8.9 per cent in 1969.

### INDEX OF THE PHYSICAL VOLUME OF PRODUCTION

1967-1969  
(1955 = 100)

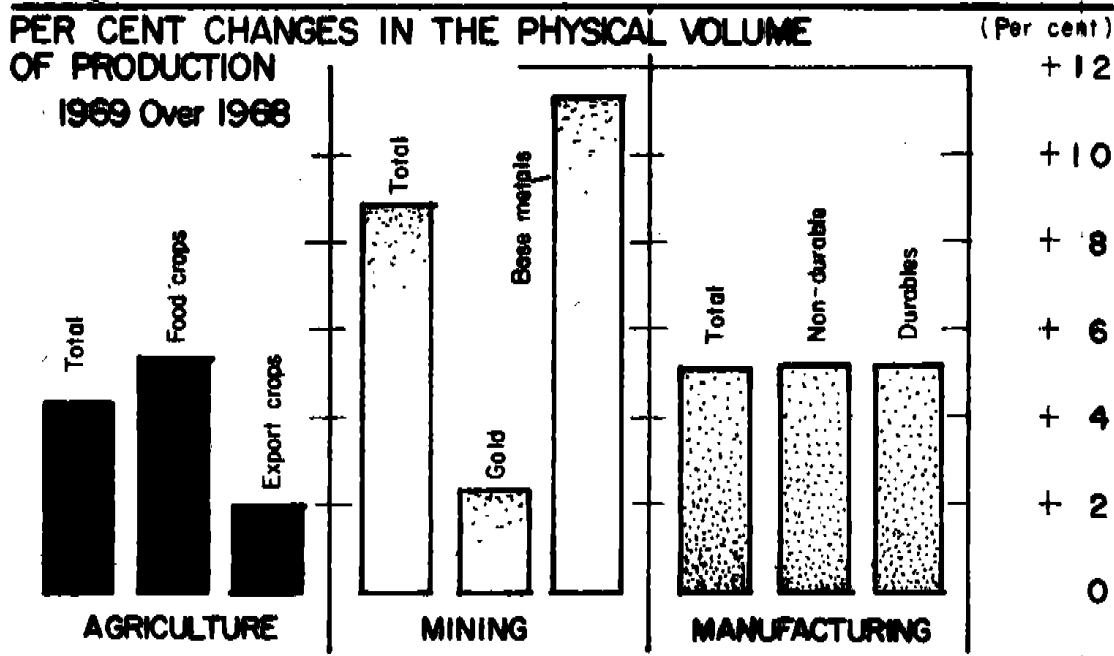
I t e m	1967	1968	1969 <sup>p</sup>	Per cent change	
				1968	1969
Agriculture <sup>1</sup> .....	155.5	173.9	181.4	11.8	4.3
Food Crops .....	154.3	169.0	178.0	9.5	5.3
Export Crops .....	158.4	185.8	189.6	17.3	2.0
Mining <sup>2</sup> .....	181.2	207.7	226.2	14.6	8.9
G o l d .....	117.0	125.8	128.7	7.5	2.3
Base metals .....	231.1	272.1	302.8	17.7	11.3
Manufacturing <sup>2</sup> .....	225.2 <sup>a</sup>	244.7 <sup>a</sup>	257.3 <sup>a</sup>	8.7	5.1
Non-durables .....	215.7	234.8	246.9	8.9	5.2
Durables .....	270.5	292.1	307.4	8.0	5.2

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

<sup>1</sup> Crop year (July 1-June 30).

<sup>2</sup> Calendar year.

<sup>a</sup> January to September.



Manufacturing activity in the first nine months of 1969 did not fare as well as in the comparable period of 1968. This developed as further restrictive measures on credit were adopted. The over-all growth during the period under review was toned down to 5.1 per cent from the 8.7 per cent registered in the earlier year, following the slow-down in the production of both nondurable and durable manufactures. In fact, production activity after the sharp increase in the first quarter tapered off, the indexes in these two quarters barely keeping pace with the levels in the corresponding periods last year.

Other indicators pointed to a slow-down in economic activities. Electric power generated by the Manila Electric Company during 1969 surpassed the previous year's level by 11.5 per cent with sales rising by 12.6 per cent. The expansion, however, was slightly below that of last year. Freight and passenger traffic of the Philippine National Railways dropped considerably between the first semesters of 1968 and 1969. International shipping activities in the Port of Manila moved at a less rapid pace in 1969. Although net tonnages in both incoming and outgoing vessels increased despite the decline in the number of inward and outbound bottoms, the volume carried was not as large as last year.

On the other hand, the construction industry improved significantly in 1969, more than recovering from the slump observed in the previous year. New non-residential construction was prominent in Manila and suburbs while residential buildings were pace-setters in other chartered cities in the archipelago.

## B. AGRICULTURE

Agricultural production continued to improve in crop year 1969 although at a much slower pace compared to the record expansion of the previous year. The relatively poor showing of the farm sector during the period (a gain of 4.3 per cent against 11.8 per cent in 1968) was greatly influenced by adverse weather conditions combining with extraneous factors such as low world prices and slackened demand for certain export products. Thus, performance of the food crops and export group components of the index was far below the buoyant expansion of the previous year.

### 1. *Domestic Food Crops*

The production index of food crops stood at 178.0 (1955 = 100) in crop year 1969. At this level, food output rose by 5.3 per cent as compared to the 9.5 per cent gain obtained in crop year 1968. This expansion, equivalent to the average annual gain registered in the last 3 years, remained above the yearly population increase of 3.5 per cent.

The reported loss in palay output in crop year 1969 resulting from unfavorable weather was about 429.2 thousand metric tons or almost 10 per cent of total expected production for the period. Nonetheless, this was more than recovered through "Operation Recovery" conducted by the Rice and Corn Production Coordinating Council through increased planting of high-yielding varieties, expanded irrigation activities and wider use of fertilizers. With land productivity improving by 2.6 per cent and total hectareage expanding by 3.2 per cent, palay output rose to 5,073.2 thousand metric tons during the period. This represented a gain of 5.9 per cent above the preceding year level although it failed to match the 11.4 per cent growth obtained in the 1968 period.

Corn output dropped to 1,454.6 thousand metric tons because of the continued drought in corn-producing areas. This was a sharp decline of 10.2 per cent compared with the previous year's gain of 8.7 per cent. In spite of the crop harvested to corn increasing to 2,190.0 thousand hectares or by 6.9 per cent, the drop in output meant a 16.0 per cent reduction in the unit yield per hectare. In the previous crop year, unit productivity had improved remarkably.

Other food crops, except for root crops, performed strongly in crop year 1969. The aggregate production of coffee and cacao rose to 52.5 thousand metric tons, increasing by 9.1 per cent or almost fifteen times the gain registered during the previous year. Fruits and nuts output rose by 4.1 per cent to 1,508 thousand metric tons or almost four times the gain registered during the previous year. The harvest of beans and vegetables rose to 254.2 thousand metric tons or 1.3 per cent above the previous year's level. Peanuts (unshelled) production amounting to 15.6 thousand metric tons went up by 4.0 per cent which was slightly lower than the growth rate obtained in the preceding year. In spite of the prolonged dry weather that prevailed during

the period, better seed selection and the wider use of irrigation facilities and fertilizers contributed to the increased output of the above crops. On the other hand the output of root crops continued to drop further to 1,236 thousand metric tons or 5.3 per cent below that obtained in crop year 1968, as unfavorable weather reduced hectareage by about 3 per cent.

Fish production attained a high level in 1969 reaching 1,035.9 thousand metric tons or 10.5 per cent higher than that obtained in the previous year. The improved methods of fish culture and marketing brought about by the expansion of refrigeration and ice plant facilities contributed to the improved fish production. Another factor which further boosted fish output was the operation of the new Navotas Fish Market during the latter part of 1969 which encouraged the expansion of fish output through the stabilization of fish prices and reduction of marketing costs through a more efficient marketing system. The production of meat and poultry products also improved further to 394.3 thousand metric tons or 7.9 per cent above the previous year's level through the maintenance of improved livestock and fowl breeds.

## PRODUCTION OF FOOD CROPS

Crop Years<sup>1</sup> 1967-1969

(Thousand metric tons)

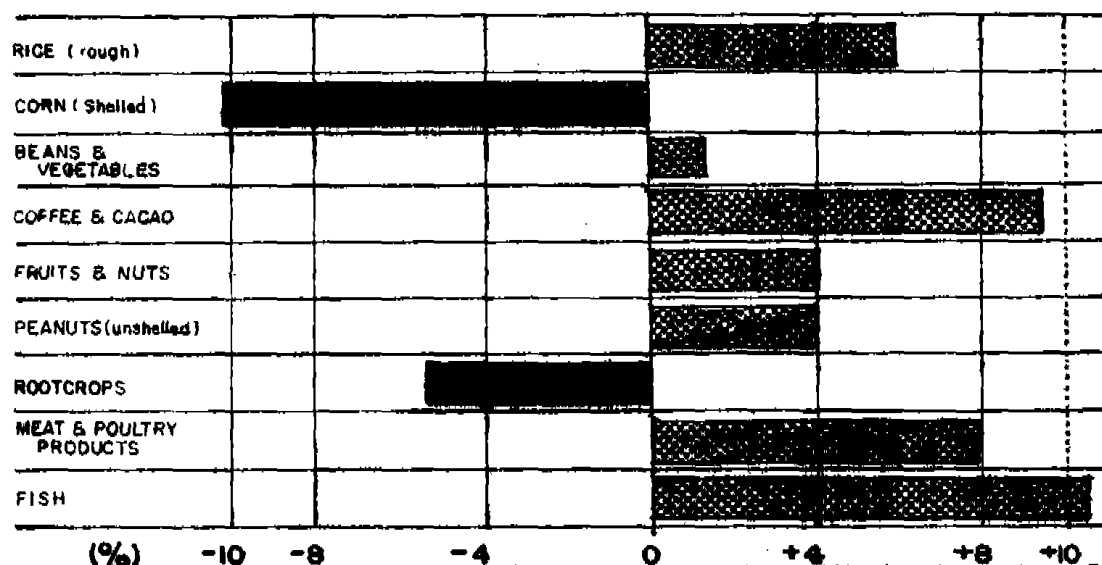
P r o d u c t	1967	1968	1969 <sup>2</sup>	Per cent change	
				1968	1969
Rice (rough) .....	4,298.7	4,788.7	5,073.2	11.4	5.9
Corn (shelled) .....	1,490.0	1,619.1	1,454.6	8.7	-10.2
Beans & vegetables .....	253.2	250.9	254.2	- 0.9	1.3
Coffee & cacao .....	47.8	48.0	52.5	0.4	9.4
Fruits & nuts .....	1,431.3	1,449.2	1,508.4	1.2	4.1
Peanuts (unshelled) .....	14.3	15.0	15.6	4.9	4.0
Root crops .....	1,367.6	1,305.2	1,236.0	- 4.6	- 5.3
Meat & poultry products .....	455.3	365.4	394.3	-19.7	7.9
Fish <sup>2</sup> .....	746.1	937.7	1,035.9	25.7	10.5

SOURCES OF BASIC DATA: Bureau of Agricultural Economics  
Philippine Fisheries Commission

<sup>1</sup> Crop year (July 1-June 30).

<sup>2</sup> Calendar year.

**PER CENT CHANGES IN THE PRODUCTION OF FOOD CROPS**  
**CROP YEAR 1969 Over 1968**



## 2. Major Export Crops

The export sector, after 2 marked improvement in 1968, registered a smaller expansion in crop year 1969. At 189.6, the volume index reflected a gain of 2 per cent as against the increment of 17.3 per cent in the previous year. The restricted performance of export crops in crop year 1969 was traceable to the following factors: (a) depressed prices and the prolonged drought that adversely affected tobacco-producing regions; (b) the heavy damage wrought by typhoons on sugar areas; (c) the effect of the necessary public policy on the gradual reduction of log exports and (4) the stiff competition from close substitutes of abaca.

The output of sugar in crop year 1969 amounting to 1,596.1 thousand metric tons increased by only 0.1 per cent notwithstanding the 4.8 per cent expansion in area planted. In comparison, sugar had posted a gain of 2.2 per cent in crop year 1968. With heavy damage wrought by typhoons in sugar-producing areas, the operation of the two new mills in Batangas and Sagay, each with a plant capacity of 12,000 tons and production totalling 28,650 metric tons or 1.8 per cent of the over-all output of sugar, failed to influence production in crop year 1969.

On the other hand, copra production recovered from a 2.2 per cent decline in crop year 1968 to increase by 1.6 per cent to 1,566.5 thousand metric tons in crop year 1969. Following the slump in production in the previous year brought about by adverse weather, copra output during crop year 1969 resulted in an increase of 1.6 per cent over the 1968 level, notwithstanding the big drop in prices during 1969. Tobacco leaf production amounting to 65.3 thousand metric tons improved by a fractional 0.6 per

cent as compared with the marked increase of 27.0 per cent during the previous year. Depressed export prices contributed to the slackened growth of tobacco output aside from the adverse effects of the prolonged drought in the tobacco-producing regions. Abaca prices improved markedly in 1969 as compared to 1968, but there was no corresponding increase in production. In fact, output fell off by 10 per cent to 93 thousand metric tons in crop year 1969. This may be explained by the continued decline in abaca production resulting from the persistent threat of synthetic fiber substitutes which cause the deterioration (except for 1969) in abaca export prices since 1965.

After the big expansion in logs in crop year 1968, output went up by only 1.7 per cent to 4,790 million board feet. Government restrictions on log exports held back the increase. On the other hand, firmer export prices accounted for the expansion of lumber during 1969, as production increased to 628.4 million board feet or 45.2 per cent above the year-ago level.

## PRODUCTION OF MAJOR EXPORT CROPS

Crop Years<sup>1</sup> 1967-1969

(Thousand metric tons)

P r o d u c t	1967	1968	1969 <sup>a</sup>	Per cent change	
				1968	1969
C o p r a .....	1,576.8	1,541.8	1,566.5	— 2.2	1.6
Sugar, centrifugal .....	1,560.0	1,594.9	1,596.1	2.2	0.1
Abaca, unmanufactured .....	117.6	103.4	93.0	—12.1	—10.1
Tobacco, leaf .....	51.1	64.9	65.3	27.0	0.6
Logs (million bd. feet) .....	3,325.4	4,711.4	4,790.0	41.7	1.7
Lumber (million bd. feet) .....	322.2	432.9	628.4	34.4	45.2

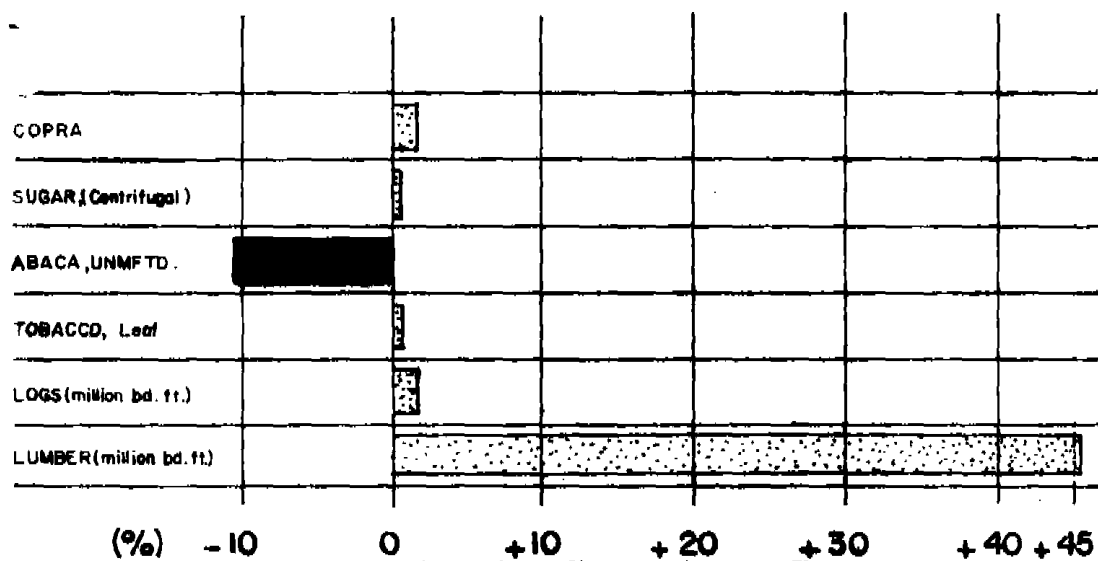
SOURCES OF BASIC DATA: Bureau of Agricultural Economics  
Bureau of Forestry  
Philippine Coconut Administration  
Sugar Quota Administration

<sup>1</sup> Copra year (July 1-June 30).



## PER CENT CHANGES IN THE PRODUCTION OF MAJOR EXPORT CROPS

CROP YEAR 1969 Over 1968



### C. MANUFACTURING

Manufacturing production continued to advance in the first three quarters of 1969 as the preliminary index (1955 = 100) moved up to 257.3, up by 5.1 per cent over the corresponding period in 1968. However, in the face of foreign exchange and credit restraints which appeared to have affected the inflow of raw material requirements of many industries, the over-all performance of domestic manufacturers failed to match the 8.7 per cent gain achieved in the 1968 period. The slack in electric power output and utilization, particularly by the industrial sector, during the period confirmed the slowdown in manufacturing activity. In fact, it was only the sharp increase of 13 per cent obtained in the first quarter of the year that boosted and carried the January-September output to higher levels between 1968 and 1969. The subsequent quarters showed either a levelling off or a modest gain from the comparable figures in 1968.

The production of non-durable goods in the first nine months of 1969 improved by 5.2 per cent above the January-September level of the preceding year with the volume index (1955 = 100) rising to 246.9. This was only slightly more than half the rate of increase a year ago.

Advances registered in dominant industries such as chemicals, food, beverages and petroleum during the period were the principal factors responsible for the uptrend. Following upturns in the output of basic chemicals and vegetable oils, the chemical industry climbed by 8.2 per cent after falling by 0.6 per cent in the preceding year. The food industry registered a higher growth rate of 5.7 per cent in the 1969 period with appreciable gains observed in the output of almost all food items with the exception of processed meat, fish and fruits and vegetables which were 21.1 per cent, 16.3 per cent, and

0.6 per cent below their respective levels in 1968. Production of the petroleum industry climbed further by 21.6 per cent to surpass the increment of 17.8 per cent registered last year. Stimulated by the increasing demand for local fabrics and the large cutback in competitive imports like remnants, the textile industry improved its output by 2.2 per cent to partially recover from the downtrend shown in the preceding year. On the other hand, the beverage group, influenced by the reduction in the export of beer following the cutback in the U.S. military procurement budget, expanded at only one-fourth of the gain obtained in the 1968 period.

Among the less significant industries, rubber and paper products as well as miscellaneous non-durables showed uptrends during the period under review. On the other hand, certain soft goods manufactures, notably tobacco, registered lower levels during the first nine months of 1969. Production setbacks in native cigarettes and a slack in Virginia type pulled down the overall output of the tobacco industry. Footwear and wearing apparel, printing and leather industries also experienced lower outputs ranging from less than 1 per cent to 4 per cent below their respective levels in 1968.

In the first three quarters of 1969, the volume index of the durable sector rose to 307.4, an increase of 5.2 per cent as compared with the 8 per cent gain in the same period of 1968. All the durable industry groups manifested improvements at varying rates with the exception of wood, furniture and fixtures and non-electrical machinery which featured declines during the period. The upturn of 7 per cent in the metal industry due to advances made by aluminum, metal containers and nails was in sharp contrast with the 5.2 per cent cutback noted in the previous year. Notwithstanding the 50 per cent voluntary cutback in the importation of cars, the transport industry displayed an uptrend in the 1969 period with production rising by 7.8 per cent. The probable accumulation of knocked-down cars during the last quarter of 1968, in addition to advance utilization of dollar allocations for the assembler's operation in 1970, appeared to have influenced this expansion. Nevertheless, this improvement was only a third of the expansion obtained in the comparable months of 1968. Output of the non-metallic group which registered a gain of 15.2 per cent in the first nine months of 1968, increased by only 1.4 per cent during the period under review. This was due mainly to the decline in glassware and glass containers, the smaller gain in cement output and the cutbacks in limestone products. In the miscellaneous durables group, gains in the production of musical instruments and pencils were responsible for its 56 per cent over-all expansion.

On the other hand, some industries showed downtrends in production during the first nine months of 1969. Wood manufacturers slid by 11 per cent on account of a slackening in demand for plywood largely in the foreign markets. This was partly reflected in the 4.3 per cent decline in output of furniture and fixtures; however, this was a big improvement on the substantial decrease of 17.1 per cent registered by this industry in the corresponding period of 1968. Production of non-electrical machinery decreased further by more than 50 per cent during the same period.

# INDEX OF THE PHYSICAL VOLUME OF PRODUCTION IN MANUFACTURING

January-September, 1967-1969

(1955 = 100)

I t e m	January-September			Per Cent Change	
	1967	1968	1969 <sup>a</sup>	1968	1969
Manufactures .....	225.2	244.7	257.3	8.7	5.1
Non-durable manufactures .....	215.7	234.8	246.9	8.9	5.2
Manufactured food products, except beverages .....	216.3	226.6	239.6	4.8	5.7
Beverages .....	250.7	314.7	335.6	25.5	6.6
Tobacco products .....	182.0	218.1	197.9	19.8	- 9.3
Textiles <sup>1</sup> .....	364.6	332.2	339.4	- 8.9	-
Footwear, wearing apparel and other made-up textile goods .....	49.7	49.1	47.1	- 1.2	- 4.1
Paper products .....	271.5	230.6	232.9	-15.1	1.0
Printing, publishing and allied industries .....	78.8	73.1	70.8	- 7.2	- 3.1
Leather products, except footwear .....	134.0	126.3	126.2	- 5.7	- 0.1
Rubber products <sup>2</sup> .....	315.9	375.4	421.6	18.8	12.3
Chemicals <sup>3</sup> .....	190.8	189.7	205.3	0.6	8.2
Miscellaneous petroleum and coal products .....	227.7	268.2	326.2	17.8	21.6
Miscellaneous non-durable manu- factures .....	96.1	120.1	124.9	25.0	4.0
Durable manufactures .....	270.5	292.1	307.4	8.0	5.2
Wood and cork manufactures, except furniture and fixtures .....	215.9	274.7	244.7	27.2	-10.9
Furniture and fixtures .....	150.5	124.8	119.4	-17.1	- 4.3
Non-metallic mineral products ....	287.0	330.5	335.2	15.2	1.4
Metal products, except machinery .	351.5	333.3	356.8	- 5.2	7.0
Machinery, except electrical machinery .....	203.4	190.3	91.9	- 6.4	-51.7
Electrical machinery, equipment and supplies .....	417.7	429.8	497.7	2.9	15.8
Transport equipment .....	183.3	225.1	242.7	22.8	7.8
Miscellaneous durable manufactures	61.5	50.5	78.6	-17.9	55.6

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

<sup>1</sup> Includes floor covering.

<sup>2</sup> Includes rubber shoes.

<sup>3</sup> Includes fertilizers.

## D. MINING

The mining industry in 1969 registered a more moderate pace of production activity as compared to the previous year. The combined volume index of gold and base metals rose from 207.7 in 1968 to 226.2 (1955 = 100) in 1969. This meant an increase 8.9 per cent compared to the record of 14.6 per cent gain in 1968 — the highest rate obtained since 1953. The decelerated rate of expansion in the mining industry was due to the smaller improvement

in the production of principal metal, gold, as well as the slowdown in activities of the base metal sector.

Gold mined during 1969 totalled 539,381 fine ounces, exceeding the 1968 level by 12,026 fine ounces or 2.3 per cent. The hiked output of gold obtained as a by-product from primary copper deposits and the increased recovery of gold due to improved mill capacities were responsible for the moderate rise in gold output during the period. However, the relatively higher cost of production during 1969 may have slowed down the rate of expansion of this precious metal when compared to the 7.5 per cent growth rate obtained in the previous year.

In the base metals sector, the production of index for 1969 stood at 302.8 (1955 = 100), a gain of only 11.3 per cent over the 1968 level. Despite the slowdown in the growth rate of copper production, this product still led the expansion obtained in 1969, although smaller than the 17.7 per cent increase in 1968; improved export prices for both copper ore and concentrate stimulated output to 128 thousand metric tons, an increase of 16.2 per cent in 1969. However, this was still below the 28.5 per cent growth rate obtained in the 1968 period which was characterized by demand arising from military operations in Vietnam. Iron output rose to 1,486 thousand metric tons in 1969 or 10.0 per cent above the previous year's level, thus reversing the decline of 8.5 per cent observed in 1968. Higher export prices of iron ore coupled with Japanese preference for iron beach sand contributed to the fast recovery of this industry. The demand for chromite ore for stockpiling in the United States stimulated production to 468 thousand metric tons in 1969, or an increase of 6.6 per cent from 1968.

On the other hand, manganese as well as the other minor base metal industries except zinc, registered cutbacks in output during 1969. Manganese and lead production continued to slump by 60.4 per cent and 58.3 per cent, respectively. Insufficient tonnage of desirable grade ores as well as weak foreign demand for these products accounted for the decrease in output. Quicksilver production went down to 3,478 metric tons or a slight decrease of 1.9 per cent in 1969. In contrast, zinc output, because of increased ore recovery, continued to rise from 2,242 metric tons in 1968 to 3,258 metric tons in 1969 or a gain of 45.3 per cent.

Mixed trends were observed in the non-metallic group in 1969. Coal mined reached 59,540 metric tons to expand by 85.2 per cent, a sharp reversal of the decline experienced in the previous year. This significant recovery may be traced to new uses in cement factories and some thermal plants. Salt production barely increased by 2.0 per cent compared with that of the previous year. This was attributed to the drop in price of salt by almost 25 per cent during the year under review as well as the conversion of some salt beds into fishponds. On the other hand, both silica as well as gravel and sand witnessed losses of more than 7.0 per cent each.

# MINING PRODUCTION 1967-1969

I t e m	Unit of Measure	1967	1968	1969	Per Cent Change	
					1968	1969
G o l d	Fine Ounce	490,557	527,355	539,381	7.5	2.3
Silver	Fine Ounce	1,368,976	1,574,782	1,534,585	15.0	— 2.6
<b>Base Metals:</b>						
Iron ore	Metric ton	1,477,751	1,353,218	1,486,733	— 8.4	9.9
Chromite ore	Metric ton	419,823	439,177	468,078	4.6	6.6
Copper (metal)	Metric ton	85,846	110,275	128,131	28.5	16.2
Manganese ore	Metric ton	80,189	66,043	26,168	—17.6	—60.4
Lead (metal)	Metric ton	89	84	35	— 5.6	—58.3
Zinc (metal)	Metric ton	1,485	2,242	3,258	51.0	45.3
Quicksilver (metal)	Flask	2,611	3,544	3,478	35.7	— 1.9
<b>Non-Metallics:</b>						
C o a l	Metric ton	69,753	32,150	59,540	—53.9	85.2
Sand and gravel	Cubic meter	2,683,917	3,323,870	3,088,851	23.8	— 7.1
Salt	Cavan	2,311,760	4,338,300	4,435,320	87.7	2.2
Silica	Metric ton	311,440	429,226	396,150	37.8	— 7.7

SOURCE OF BASIC DATA: Bureau of Mines

## E. CONSTRUCTION

In 1969, new private construction activity in the Philippines more than recovered from the slump of the previous year. Total permit valuation especially for the residential and non-residential sectors in Manila and suburbs as well as for the 32 chartered cities throughout the archipelago reached ₱472.7 million, an increase of 3.8 per cent in sharp contrast to the 10.7 per cent decline registered in 1968. The amount in 1969, however, was still below the level in 1967.

In the City of Manila, the total value of construction permits picked up strongly in 1969 as it increased by 8.7 per cent to ₱98.9 million, notwithstanding the marked decline of nearly 10 per cent to 2,780 units put up during the period. The upturn came from the 24.3 per cent expansion in the non-residential group representing 61 per cent of total permit valuation in 1969; all its components, particularly in the commercial and institutional types of building, contributed to the increment. New residential construction, however, continued to decline.

Similarly, in the outlying areas outside Manila, the value of private construction which aggregated ₱223.2 million increased by 1.8 per cent in 1969 as compared to the observed slump in 1968. As in Manila, non-residential construction led the upturn as declines continued in new residential activity. Following the same trend, building activity in the 32 chartered cities improved markedly as total permits valued at ₱150.6 million increased by 3.7 per cent as against the downturn in the 1968 period. In contrast to the situation in Manila and suburbs, the residential sector accounted mainly for the recovery.

As in the previous year, addition, alteration and repair activities throughout the archipelago continued to decline. From a downturn of 1.7 per cent in 1968, this phase of construction further slumped by 18.4 per cent in 1969.

**NEW PRIVATE CONSTRUCTION ACTIVITIES IN MANILA, MANILA  
SUBURBS AND CHARTERED CITIES IN THE PHILIPPINES  
1967-1969**

(Value in Million Pesos)

Location	T o t a l			Per Cent Change		Residential			Per Cent Change		Non-Residential			Per Cent Change		Addition, Alteration & repairs			Per Cent Change	
	1967	1968	1969	1968	1969	1967	1968	1969	1968	1969	1967	1968	1969	1968	1969	1967	1968	1969	1968	1969
T o t a l	510.1	455.4	472.7	-10.7	3.8	212.9	209.0	223.1	-1.8	6.7	249.6	199.6	211.4	-20.0	5.9	47.6	46.8	38.2	-1.7	-18.4
Manila	95.5	91.0	98.9	-4.7	8.7	26.3	26.3	25.3	0.0	-3.8	49.3	48.2	59.9	-2.2	24.3	19.9	16.5	13.1	-17.1	-17.0
Manila Suburbs <sup>1</sup>	258.0	219.2	223.2	-15.0	1.8	127.1	124.1	122.2	-2.4	-1.5	111.1	73.1	83.2	-34.2	13.8	19.8	22.0	17.8	-11.1	-19.1
Other Chartered Cities <sup>2</sup>	156.6	145.2	150.6	-7.2	3.7	59.5	58.6	75.6	-1.5	29.0	89.2	78.3	68.3	-12.2	-12.8	7.9	8.3	6.7	5.1	-19.3

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

<sup>1</sup> Composed of the cities of Caloocan, Quezon and Pasay and the municipalities of Makati, Mandaluyong, San Juan and Parañaque.

<sup>2</sup> Composed of 32 selected chartered cities located throughout the country.

**PERMIT VALUATION OF PRIVATE BUILDING CONSTRUCTION  
BY TYPE OF CONSTRUCTION IN THE CITY OF MANILA  
1967-1969**

(Value in Million Pesos)

Type of Construction	1 9 6 7		1 9 6 8		1 9 6 9		Per Cent Change			
							1 9 6 8		1 9 6 9	
	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value
T O T A L .....	3,891	95.4	3,074	91.0	2,780	98.9	— 21.0	— 4.6	— 9.6	8.7
Residential .....	919	26.3	784	26.3	735	25.3	— 14.7	0.0	— 6.3	— 3.8
Non-Residential .....	368	49.2	266	48.2	331	59.9	— 27.7	— 2.0	24.4	24.3
Commercial .....	184	39.8	137	34.3	222	35.6	— 25.5	— 13.8	62.0	3.8
Industrial & public utility <sup>1</sup> .....	19	1.3	8	1.8	16	4.4	— 57.9	38.5	100.0	144.4
Institutional <sup>2</sup> .....	16	5.8	21	9.5	26	16.4	31.2	63.8	23.8	72.6
Others <sup>3</sup> .....	149	2.3	100	2.6	67	3.5	32.9	13.0	— 33.0	34.6
Addition, alteration and repair .....	2,604	19.9	2,024	16.5	1,714	13.7	— 22.3	— 17.1	— 15.3	— 17.0

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

<sup>1</sup>Inclusive of factories, warehouses and plants.

<sup>2</sup>Inclusive of recreational, social, educational, charitable, religious, medical, and other similar institutions.

<sup>3</sup>Inclusive of buildings not classified elsewhere.

## F. REAL ESTATE

In 1969, real estate activity in Manila and suburbs slowed down in sharp contrast to the substantial gains obtained during the 1968 period. Total sales amounting to ₱378.7 million dropped by 19.8 per cent, reversing the 17.8 per cent gain noted in the previous year. Sales in Manila and Quezon City declined by 21.6 per cent and 4.4 per cent, respectively, although in the surrounding cities of Pasay and Caloocan, sales recorded big increments of 187.6 and 35.2 per cent, respectively. Sales in the municipalities around Manila — Makati, Parañaque, Mandaluyong, Malabon, Navotas and San Juan — aggregating ₱90.1 million dropped sharply by 46.2 per cent in contrast to the 43.8 per cent increment in the previous year.

On the other hand, although the number of mortgage deals in Manila and surrounding areas dropped by 12.6 per cent, the value totalling ₱55 million increased by over 3 per cent in 1969 as compared with the fractional increase of 0.3 per cent in 1968. Manila transactions rose to ₱390.9 million or by 45.7 per cent as against the 17.2 per cent decline registered in the preceding year. Volumewise, Quezon City led the expansion, with the number of mortgage transactions reaching 4,760, and Manila ranked second with 2,344 mortgage deals. The corresponding value of mortgage contracts in Manila, however, exceeded that of Quezon City during 1969; Manila registered ₱390.9 million and Quezon City ₱283.0 million, reflecting in the Manila area greater loan values and better risks than those of Quezon City. Real estate mortgage transactions in the suburbs comprising Makati, Parañaque, Malabon, Navotas and San Juan amounted to ₱257.5 million or a 16.5 per cent increase over the 1968 level, to reverse the 24.4 per cent slump observed between 1967 and 1968. The development of residential subdivisions in the suburbs as well as the constant migration from neighboring cities to suburban areas strengthened the growth of real estate mortgages in the different municipalities around Manila.



**REAL ESTATE SALES AND MORTGAGES IN MANILA, OTHER CITIES AND SUBURBS**  
1967-1969

(Value in Pesos)

I t e m	1 9 6 7				1 9 6 8			
	Sales		Mortgages		Sales		Mortgages	
	Number (1)	Value (2)	Number (3)	Value (4)	Number (5)	Value (6)	Number (7)	Value (8)
<b>T o t a l</b> .....	<u>9,840</u>	<u>401,133,017</u>	<u>12,881</u>	<u>923,583,086</u>	<u>9,824</u>	<u>472,421,586</u>	<u>10,562</u>	<u>926,564,849</u>
Cities: .....	<u>8,152</u>	<u>284,699,482</u>	<u>10,467</u>	<u>631,188,474</u>	<u>8,126</u>	<u>304,977,517</u>	<u>8,644</u>	<u>705,475,642</u>
<b>Manila</b> .....	<u>2,383</u>	<u>113,779,048</u>	<u>3,330</u>	<u>323,963,153</u>	<u>2,257</u>	<u>110,494,301</u>	<u>2,716</u>	<u>268,363,577</u>
Other Cities <sup>1</sup> .....	<u>5,769</u>	<u>170,920,434</u>	<u>7,137</u>	<u>307,225,321</u>	<u>5,869</u>	<u>194,483,216</u>	<u>5,928</u>	<u>437,112,065</u>
Suburbs <sup>2</sup> .....	<u>1,688</u>	<u>116,433,535</u>	<u>2,414</u>	<u>292,394,612</u>	<u>1,698</u>	<u>167,444,069</u>	<u>1,918</u>	<u>221,089,207</u>

REAL ESTATE SALES AND MORTGAGES IN MANILA, OTHER CITIES AND SUBURBS (*Concluded*)  
1967-1969

(Value in Pesos)

1 9 6 9				Per Cent Change—1968				Per Cent Change—1969			
Sales		Mortgages		Sales		Mortgages		Sales		Mortgages	
Number (9)	Value (10)	Number (11)	Value (12)	Number (13)	Value (14)	Number (15)	Value (16)	Number (17)	Value (18)	Number (19)	Value (20)
8,718	378,743,611	9,236	954,954,561	—0.2	17.8	—18.0	0.3	—11.3	—19.8	—12.6	3.1
7,591	288,636,856	7,633	697,434,017	—0.3	7.1	—17.4	11.8	— 6.6	— 5.4	—11.7	— 1.1
2,204	86,590,326	2,344	390,872,111	—5.3	— 2.9	—18.4	—17.2	— 2.3	—21.6	—13.7	45.7
5,387	202,046,530	5,289	306,561,906	1.7	13.8	—16.9	42.3	— 8.2	3.9	—10.8	—29.9
1,127	90,106,755	1,603	257,520,544	0.6	43.8	—20.6	—24.4	—33.6	—46.2	—16.4	16.5

SOURCE OF BASIC DATA: Manila Board of Realtors.

<sup>1</sup> Composed of the cities of Caloocan, Quezon and Pasay and the municipalities of Makati, Mandaluyong, San Juan and Parañaque.

<sup>2</sup> Composed of 32 selected chartered cities located throughout the country.

## G. PUBLIC UTILITIES

### 1. *Electricity*

In 1969, electric power generated by the Manila Electric Company rose to 4,787 million k.w.h. from 4,292 million k.w.h. in 1968. This constituted an increase of 11.5 per cent which was only fractionally lower than the earlier year's gain. Similarly, sales of electricity reaching 4,372.5 million k.w.h. during the period exceeded the preceding year's level by 12.6 per cent, or slightly less than the growth of 13.2 per cent registered a year ago. The expanded power requirements of all types of consumers, particularly the commercial sector which utilized 1,299.4 k.w.h. or 20 per cent more than in 1968 as well as the residential group whose consumption went up by 15.3 per cent to 1,231.3 million k.w.h., boosted the over-all output of electricity during 1969. Reflecting partly the slackening activity in the manufacturing sector, electricity used up by the industrial sector rose by only 7.3 per cent to 1,634 million k.w.h. as compared with the 12.5 per cent increment observed in the previous year.

### 2. *Transportation*

The first semester data for 1969 tended to show a deterioration in the activities of the Philippine National Railways in contrast to the brisk performance displayed by the country's rail transport industry in the last 2 years. The combined revenues for both freight handled and passengers carried totalling ₱18.3 million dropped by 31.9 per cent as against the 60.7 per cent growth obtained during the first half of 1968. Similarly, aggregate gross receipts from express and freight handled dropped by 2.1 per cent to ₱4.5 million resulting from a 3.7 per cent decline in freight receipts which, in turn, was due to a 6.8 per cent decrease in the corresponding car loadings. The total number of persons carried was greatly reduced by 47 per cent thus cutting down gross passenger revenues by 38.1 per cent to ₱13.8 million. Last year, passenger revenues rose by a substantial 83 per cent.

Notwithstanding the lower volume of foreign trade that occurred during 1969 as compared to 1968, international shipping movements in the Port of Manila recorded heavier tonnages during the period, but declined in number from the year previous. Despite the 2 per cent decline in the number of incoming vessels, from 2,418 in 1968 to 2,364 in 1969, the corresponding net tonnage amounting to 9,259 thousand metric tons rose by 3.0 per cent as compared to the 0.4 per cent increase in 1968. Similarly, for outgoing bottoms, the number of vessels that cleared the Port of Manila dropped from 2,182 to 2,114 vessels or 3.1 per cent, but was accompanied by a 1.5 per cent increase in net tonnage to 8,254 thousand metric tons.

# PRODUCTION OF SELECTED COMMODITIES

Crop Years 1940; 1960-1969

(Thousand metric tons)

Commodity	1940	1960	1961	1962	1963	1964	1965	1966	1967	1968 <sup>a</sup>	1969 <sup>b</sup>
<b>Food products:</b>											
Rice (rough)	2,363	3,740	3,705	3,910	3,967	3,843	3,993	4,073	4,299	4,789	5,073
Corn (shelled)	572	1,165	1,210	1,266	1,273	1,293	1,313	1,380	1,490	1,619	1,455
Beans and vegetables	116	228	208	230	214	228	242	249	253	251	254
Coffee (dry beans)	2	26	32	43	33	39	44	43	44	44	48
Cacao (dry beans)	0.5	3	4	3	3	4	4	4	4	4	4
Fruits and nuts	372	719	755	996	1,068	1,281	1,284	1,313	1,431	1,449	1,508
Peanuts (unshelled)	7	15	13	11	11	14	13	14	14	15	16
Root crops	615	1,412	1,445	1,334	1,360	1,553	1,537	1,472	1,368	1,305	1,236
Meat and poultry products	237	303	281	290	297	289	308	391	455	365	394
Fish	170	445	455	484	547	604	667	705	746	938	1,036
Other food crops	2	8	30	37	45	45	50	52	54	46	51
<b>Export products:</b>											
Abaca	172	95	115	116	128	134	134	135	118	103	93
Tobacco	32	64	60	72	68	65	46	58	51	65	65
<b>Coconut products:</b>											
Copra	739	1,075	1,071	1,356	1,489	1,487	1,471	1,485	1,577	1,542	1,566
Desiccated coconut	41	42	59	63	67	63	63	77	88	56	52
Coconut oil <sup>1</sup>	213 <sup>a</sup>	232	317	470	587	623	627	657	576	634	571
Copra meal or cake <sup>1</sup>	—	89	98	159	185	212	200	283	204	207	196
<b>Sugar cane products:</b>											
Sugar, centrifugal	947	1,387	1,317	1,468	1,555	1,684	1,557	1,402	1,560	1,595	1,598
Muscovado and panocha	50	58	37	38	46	47	63	58	62	62	68
Kapok	3	3	2	2	1	1	2	2	2	2	2
Maguey	7	2	2	2	2	2	3	3	3	3	3
Ramie	0.9	2	2	4	6	5	6	5	4	1	3
Rubber	0.9	3	4	5	5	6	6	6	7	14	9
Other export crops <sup>2</sup>	119	371	356	397	430	443	525	368	406	503	426

SOURCES OF BASIC DATA: Bureau of Agricultural Economics; Philippine Fisheries Commission; Sugar Quota Administration; Philippine Economic Survey Mission Report; Philippine Coconut Administration.

<sup>1</sup> Calendar year figure.

<sup>2</sup> Inclusive of cotton and molasses, except the 1966 to 1968 data which consist of molasses only, cotton production being less than 0.1 thousand metric tons.

<sup>a</sup> 1937 figures.

# ACTUAL AREA<sup>1</sup> UNDER CULTIVATION FOR PRINCIPAL CROPS

Crop Years 1940; 1960-1969

(Thousand Hectares)

Crop	1940	1960	1961	1962	1963	1964	1965	1966	1967	1968 <sup>r</sup>	1969 <sup>p</sup>
TOTAL	5,173	7,597	7,835	7,919	7,935	7,956	8,252	8,297	8,513	8,571	8,881
Food Crops	3,528	6,010	6,119	6,072	5,978	5,869	5,995	6,062	6,092	6,128	6,435
Rice (rough)	2,080 <sup>a</sup>	3,307	3,198	3,179	3,161	3,088	3,200	3,109	3,096	3,304	3,411
Corn (shelled)	913	1,846	2,046	2,016	1,950	1,898	1,923	2,106	2,158	2,047	2,190
Beans and vegetables	109	159	124	131	124	114	109	110	104	102	105
Coffee (dry beans)	7	31	39	50	42	42	44	46	50	49	50
Cacao (dry beans)	5	7	10	9	10	9	10	9	9	9	9
Fruits and nuts <sup>2</sup>	235	367	408	415	415	418	425	407	412	428	416
Root crops	178	239	283	261	264	288	274	263	252	250	243
Other food crops	1	3	11	11	12	12	11	12	11	11	11
Export Crops	1,645	1,587	1,716	1,847	1,957	2,087	2,257	2,235	2,421	2,443	2,446
Abaca	292	175	175	183	182	210	199	198	186	171	178
Tobacco	58	96	91	101	97	96	79	86	82	94	94
Sugarcane	230	242	232	255	259	270	351	315	309	318	341
Coconut	1,051	1,059	1,200	1,284	1,392	1,482	1,605	1,611	1,820	1,800	1,810
Kapok	3	3	2	3	3	3	3	3	3	3	3
Maguay	8	3	3	3	3	3	3	3	3	3	3
Ramie	0.4	2	2	3	3	3	3	3	3	1	2
Rubber	3	5	10	14	18	20	17	16	15	15	15
Other export crops <sup>3</sup>	—	2	0.6	0.8	0.1	0.1	0.1	b	b	b	b

SOURCE OF BASIC DATA: Bureau of Agricultural Economics.

<sup>1</sup> Crop area harvested.

<sup>2</sup> Inclusive of peanuts.

<sup>3</sup> Cotton area.

<sup>a</sup> Crop area planted.

<sup>b</sup> Less than 0.1 thousand hectares.

**CENTRIFUGAL SUGAR PRODUCTION BY DISTRICT**  
**1940; 1954-1969**

(Production in Metric Tons)

Crop Year	T o t a l		Luzon District		Visayan District	
	No. of Centrals	Production	No. of Centrals	Production	No. of Centrals	Production
1940	..	947,067	..	..	..	..
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	313,502	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
1960	24	1,386,942	8	372,976	16	1,013,966
1961	24	1,316,737	8	314,422	16	1,002,315
1962	26	1,468,186	9	357,471	17	1,110,715
1963	25	1,554,830	9	427,792	16	1,127,038
1964	25	1,683,627	9	410,120	16	1,273,507
1965	27	1,557,363	9	413,171	18	1,144,192
1966	26	1,401,951	8	353,676	18	1,048,275
1967	26	1,559,997	8	374,691	18	1,185,306
1968	27	1,594,947	8	361,185	19	1,233,762
1969	28	1,596,116	9	369,009	19	1,227,107

**SOURCE OF DATA:** Sugar Quota Administration.

# MANUFACTURING PRODUCTION\*, 1960-1969

(Thousand Pesos)

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

[ 88 ]

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								
		Total	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	Slaughtering, preparation and preserving of meat	Dairy products	Processed fruits and vegetables	Processed fish products	Bakery products	Cocoa, choco- late, coffee, sugar and confectionery	Miscellaneous food prepa- rations, n.e.s.
1960 .....	2,545,487	2,078,952	417,184	6,755	46,404	35,928	2,060	29,987	74,929	221,220
1961 .....	3,151,152	2,487,188	501,045	8,904	51,347	50,106	2,131	34,830	72,065	281,663
1962 .....	3,437,706	2,680,316	605,026	10,238	70,477	60,410	2,138	33,745	82,108	345,910
1963 .....	4,077,988	3,148,695	761,930	15,841	87,262	62,795	2,710	38,559	114,071	440,692
1964 .....	4,804,659	3,618,197	925,687	18,521	114,878	59,457	3,216	35,395	145,652	548,568
1965 .....	5,085,058	3,868,488	1,018,866	24,779	125,296	90,848	3,583	33,968	144,409	595,987
1966 .....	5,706,400	4,395,877	1,123,773	28,390	163,248	88,455	6,695	35,085	180,977	620,923
1967 .....	6,302,521	4,829,263	1,250,576	32,709	181,951	103,875	6,025	38,984	214,914	672,118
1968 .....	7,087,157	5,496,604	1,374,804	36,264	192,760	121,782	6,254	37,977	226,537	753,230
1969 <sup>a</sup> .....	5,431,627	4,261,836	1,122,968	22,697	174,701	104,147	3,739	30,425	204,507	582,753

MANUFACTURING PRODUCTION<sup>a</sup>, 1960-1969 (Continued)  
(Thousand Pesos)

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

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 liquors	Soft drinks			Total	Footwear, except rubber	Wearing apparel	Made-up textile goods
1960 .....	200,107	109,098	91,009	258,605	293,477	40,816	13,114	23,547	4,155
1961 .....	213,256	120,010	93,246	303,003	295,516	37,712	12,231	21,430	4,001
1962 .....	244,054	150,963	93,091	287,107	352,239	40,222	11,256	20,242	8,724
1963 .....	286,696	191,953	94,743	262,206	382,773	46,935	18,164	21,470	7,301
1964 .....	326,147	220,097	106,050	343,893	398,426	53,851	18,160	26,261	9,429
1965 .....	350,561	245,146	105,405	384,193	388,486	62,465	19,234	30,087	13,175
1966 .....	392,812	263,283	129,529	484,259	463,315	67,063	18,493	34,539	14,030
1967 .....	428,236	273,921	154,365	531,951	489,099	64,285	14,871	34,898	14,516
1968 .....	545,083	357,353	187,730	658,365	507,629	76,691	19,022	40,798	16,869
1969 <sup>d</sup> .....	429,486	271,213	158,272	485,789	347,885	44,860	10,275	24,275	10,310



MANUFACTURING PRODUCTION\*, 1960-1969 (Continued)  
(Thousand Pesos)

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

Period	Paper Products			Printing, publishing and allied industries	Leather products, except footwear	Rubber products	Chemicals	Miscella- neous prod- ucts of petro- leum & coal	Miscella- neous non- durable ma- nufactures
	Total	Pulp paper, paper board and wall board	Manufactured articles of paper and paper board						
1960 .....	103,522	35,329	68,193	12,890	5,733	107,975	423,729	b	214,914
1961 .....	98,035	39,305	58,730	16,024	5,408	131,472	487,582	b	398,134
1962 .....	112,027	46,018	66,009	14,359	5,764	127,949	528,919	b	362,650
1963 .....	119,409	64,838	54,571	12,045	6,653	154,594	603,110	508,890	3,454
1964 .....	129,348	59,386	69,962	14,231	11,481	173,674	702,817	534,159	4,485
1965 .....	158,899	75,071	83,828	17,870	10,417	167,786	790,882	512,261	3,812
1966 .....	181,177	75,724	105,453	15,940	10,239	173,920	842,958	635,698	4,722
1967 .....	195,176	79,681	115,495	16,894	10,347	182,776	898,926	754,847	6,100
1968 .....	207,545	91,016	116,529	17,328	5,702	194,455	1,074,448	828,898	5,656
1969 <sup>d</sup> .....	148,981	68,099	80,881	9,253	6,768	161,364	838,722	661,296	4,463

MANUFACTURING PRODUCTION\*, 1960-1969 (*Continued*)  
(Thousand Pesos)

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

Period	D u r a b l e m a n u f a c t u r e s								
	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	Glasswares and glass containers	Plate and products sheet glass	Cement
1960 .....	466,535	39,594	12,562	98,880	5,021	7,333	23,352	2,822	53,348
1961 .....	663,964	41,936	12,953	127,344	8,654	8,676	31,443	5,327	65,383
1962 .....	757,391	60,735	12,267	143,097	12,251	10,927	38,293	8,806	66,824
1963 .....	929,293	67,992	17,403	166,286	14,860	14,894	38,202	11,352	78,267
1964 .....	1,186,462	84,706	24,144	214,127	15,977	29,847	42,546	9,268	101,909
1965 .....	1,218,571	83,929	22,462	254,399	15,901	29,212	59,657	11,591	127,646
1966 .....	1,310,523	105,402	13,724	260,818	21,731	25,150	57,077	16,877	131,428
1967 .....	1,473,258	120,035	18,182	317,716	20,457	41,453	64,353	15,790	165,100
1968 .....	1,590,552	136,397	14,035	360,842	11,929	48,102	85,151	18,814	179,105
1969 <sup>a</sup> .....	1,169,792	78,537	11,447	274,295	10,954	31,775	68,676	15,112	131,588

**MANUFACTURING PRODUCTION<sup>a</sup>, 1960-1969 (Concluded)**  
(Thousand Pesos)

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

Period	Non-metallic mineral products, except products of petroleum & coal (Concl'd.)		Metal products, except machinery	Machinery, except electrical machinery	Electrical machinery, apparatus, appliances and supplies	Transport equipment	Miscellaneous durable manufactures
	Limestone products	Non-metallic mineral products, n.e.c. <sup>c</sup>					
1960 .....	786	6,218	165,784	3,612	62,119	73,580	10,404
1961 .....	1,180	6,681	246,602	20,950	90,854	112,244	11,082
1962 .....	1,206	4,790	277,169	23,080	96,996	130,786	13,261
1963 .....	1,875	6,836	299,857	29,248	118,652	217,155	12,699
1964 .....	1,949	12,692	369,653	26,965	152,871	301,084	12,911
1965 .....	2,703	7,649	394,285	24,023	171,833	251,396	16,283
1966 .....	2,509	6,046	429,452	19,404	184,066	282,442	15,215
1967 .....	2,379	8,184	426,257	21,692	218,641	329,480	21,255
1968 .....	3,102	14,644	433,671	18,615	207,146	398,788	21,056
1969 <sup>d</sup> .....	1,229	14,959	333,674	12,607	174,051	265,491	19,688

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

<sup>a</sup> Reported production of 1,130 firms for year 1960; for 1961 & 1962, 1,131 firms; for 1963, 1,122 firms; for 1964, 1,128 firms; for 1965, 1,142 firms; for 1966, 1,165 firms; for 1967, 1,175 firms; for 1968, 1,173 firms; and for 1969, 1,167 firms.

<sup>b</sup> Included in miscellaneous non-durable manufactures.

<sup>c</sup> Includes asbestos products.

<sup>d</sup> January to September.

## VI. PRICES

### A. OVER-ALL PRICE DEVELOPMENTS

Prices during the year 1969 were more volatile than those of 1968. A variety of factors affected the movement of prices, the most important of which were the following:

1. High levels of palay output during crop year 1968 provided the country with enough rice stocks to fill demand through the first semester of 1969. Price levels during the first half of the year were below those of 1968, which in turn were already lower than the prices of 1967. This was, however, followed by a nationwide destruction of crops caused by one of the most prolonged droughts suffered by the country. Consequently, the down-trend in prices of rice was reversed during the second semester of 1969.

2. Continued population expansion and a labor force receiving higher wages (besides raising costs) increased demand pressures.

3. Money supply increased substantially during the last four months of 1969 finally ending the year at a level 19.4 per cent higher than the December 1968 figure.

4. Speculations on the direction of monetary policy and the future of the peso (in addition to actual quantitative restrictions on importations) heightened during the third quarter giving impetus to sharp price increases, particularly during the last quarter of the year.

These inflationary factors were counter-balanced by:

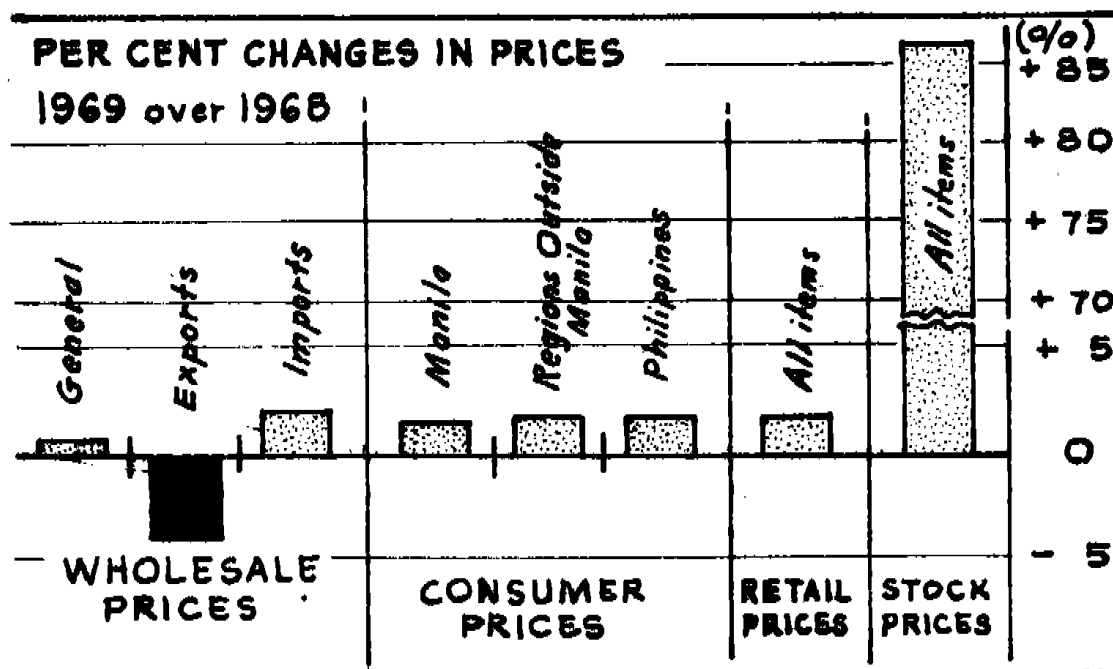
5. A sustained inflow of imported raw materials and producer goods, which boosted domestic production and helped increase supply in the economy.

6. The bullish performance of the stock market which attracted large amounts of liquid funds away from the commodity market, thus reducing inflationary pressures on commodity prices.

7. The fall in export prices during 1969 which was an additional damper to the inflationary tendencies within the economy.

The resulting price averages for 1969 compared to those of the corresponding period of 1968 showed increases of 1.7 per cent at both the consumer and retail levels and a slight 0.7 per cent rise at the wholesale level.

The stock market was highly bullish throughout most of 1969 and achieved an 86 per cent price increase over the average of 1968.



## B. CONSUMER PRICES IN THE PHILIPPINES

Price averages for consumers in the Philippines during 1969 were heavily influenced by the restrained movements during the first five months of the year. Lower prices for domestic food items held back price uptrends during the first semester, with the majority of foodstuffs reflecting price levels below those of the first semester of 1968. The severe drought suffered by the country since the latter part of 1968, however, began to be reflected in food prices (compared to year-ago levels) by May in Manila and by August in regions outside Manila. Successive restrictions on importations augmented the upward push on prices. Prices of imported commodities started moving up in August. These were the major causes of the sharp uptrend recorded during the third quarter which reversed the downward movement in overall consumer prices. The rising movement continued and accelerated through the last quarter of the year and by December 1969, the uptrend in Philippine consumer prices moved up by another 2.5 per cent from the November 1969 level to reach an average which was 7.2 per cent higher than the December 1968 figure. During this whole year period (December 1968 to December 1969), prices of food in the Philippines increased by 8.2 per cent, clothing by 7.7 per cent, rent and repair by 1.4 per cent, fuel-light-water by 4.8 per cent and miscellaneous items by 6.3 per cent.

In Manila, the consumer price level in December 1969 was 2.5 per cent above November and 6.1 per cent above year-ago prices. The uptrend in regions outside Manila was 2.4 per cent from November prices and 7.6 per cent from December 1968 levels.

Despite the acceleration of prices during the second half of 1969, however, the average mark-up in food prices for the year was only 3/10 per cent for regions outside Manila and 1.7 per cent in Manila. Thus, the average

increase in food prices all over the Philippines from 1968 to 1969 was limited to 3/5 per cent.

Prices of cereals in the first half were observed to have gone above 1968 levels only during July in regions outside Manila and during August in Manila. The uptrend, thereafter, was sharp and the 1969 price averages for cereals in regions outside Manila were higher by 2.7 per cent and 1.6 per cent, respectively, from the 1968 averages.

In regions outside Manila, food prices as a whole registered a slightly higher average than those of 1968 (plus 3/10 per cent). Price increases in all the other consumer groups were more pronounced. Of the nine trading regions, only Northwestern Mindanao reflected lower consumer prices during the period. The rest reflected price increases ranging from 0.3 per cent (Southern Tagalog) to 3.9 per cent (Southwestern Mindanao).

In Manila, only the fuel-light-water group came up with a price decline during 1969. Lower prices for vegetables, fruits, eggs & milk and fats & oils failed to offset the higher prices for cereals, fish, meat and miscellaneous food. Thus, food was more expensive by 1.7 per cent. In the miscellaneous food group, the increment was caused by substantial price increases in sugar, coffee, cocoa and food seasoning. Most of the made-up and manufactured non-food items in the consumer index were at more expensive levels.

Classified as to origin, prices of imported items in the Manila Consumer index went up by 2.7 per cent in 1969. Those of domestic origin were up by 1.4 per cent.

**PHILIPPINES: PER CENT CHANGES IN THE CONSUMER  
PRICE INDEX  
1969 over 1968 Averages**

R e g i o n	All Items	Food	Cloth- ing	Rent & Repair	Fuel- light- water	Miscel- laneous
Philippines .....	1.7	0.6	2.9	0.9	0.9	3.7
Manila .....	1.5	1.7	1.2	2.2	-0.7	1.4
Regions Outside Manila .....	1.7	0.3	3.4	—	1.5	4.4
I. Ilocos .....	3.8	3.3	8.4	-0.1	3.0	4.6
II. Cagayan .....	3.8	5.3	3.8	—	0.5	2.5
III. Central Luzon .....	1.6	0.2	4.5	—	3.9	4.0
IV. Southern Tagalog .....	0.3	-2.1	-4.1	—	0.2	7.0
V. Bicol .....	0.4	-2.3	11.5	-0.5	1.4	4.5
VI. Western Visayas .....	2.5	-0.8	4.7	-0.1	0.7	8.1
VII. Eastern Visayas .....	1.4	2.4	1.1	0.2	0.5	-0.7
VIII. Southwestern Mindanao ..	3.9	4.7	5.4	0.9	0.2	3.1
IX. Northeastern Mindanao ..	-0.4	-2.3	3.9	0.1	4.1	1.7

PHILIPPINES: PER CENT CHANGES IN THE CONSUMER  
FOOD PRICE INDEX  
1969 over 1968 Averages

I t e m	Philippines	Manila	Regions Out- side Manila
ALL ITEMS .....	0.6	1.7	0.3
Cereals .....	2.5	1.6	2.7
Fish .....	-2.4	6.6	-5.7
Meat .....	0.6	0.6	0.6
Vegetables .....	-3.8	- 6.1	-2.6
Fruits & Nuts .....	-4.7	-11.4	-2.0
Eggs & milk .....	-2.3	- 0.4	-3.4
Fats & oils .....	-1.9	- 2.3	-1.8
Miscellaneous .....	6.9	9.4	6.1

C. RETAIL PRICES IN MANILA

Retail prices in Manila during 1969 rose by 1.7 per cent from the 1968 average. All groups registered price increases ranging from 0.5 per cent (fuel) to 4.0 per cent (school supplies). The cost of imported goods at the retail level increased by 2.8 per cent compared to the rise in prices of domestic items of 1.4 per cent.

MANILA: PER CENT CHANGES IN THE RETAIL PRICE  
INDEX OF SELECTED COMMODITIES  
1969 over 1968 Averages

I t e m	Per Cent Change
ALL ITEMS .....	1.7
F o o d .....	1.8
Wearing Apparel .....	1.2
Construction materials .....	1.6
F u e l .....	0.5
Drugs & medicine .....	1.5
School supplies .....	4.0
Beverages and tobacco .....	1.5
Household supplies & equipment .....	1.4
Domestic Item .....	1.4
Imported Items .....	2.8

## D. WHOLESALE PRICES IN MANILA

The decline in prices of the export group during 1969 tempered the effect of the increases in prices of manufactured goods, machinery & transport equipment and mineral fuels. The level of wholesale prices rose by only 0.7 per cent above the average of 1968.

Export prices during 1969 were at their lowest points during the second quarter but recovered by the last quarter of the year. The quarterly average for the months of October to December 1969 was 8.8 per cent above the preceding quarter and 12.2 per cent higher than that of the fourth quarter of 1968.

The fall in 1969 prices of the export group was mainly caused by the substantial price losses suffered by copra (11.3 per cent), coconut oil (13.1 per cent), desiccated coconut (33.1 per cent) and copra meal (6.7 per cent). Gains in sugar (3.9 per cent), abaca (23.3 per cent), lumber (2.1 per cent), and logs (3.8 per cent), however, helped offset the bearish trend caused by the depressed market for coconut products.

### MANILA: PER CENT CHANGES IN THE WHOLESALE PRICE INDEX 1969 over 1968 Averages

I t e m	Home Consumption Goods			Export Goods	General
	Domes- tically Produced	Imported	All Goods		
ALL ITEMS .....	1.3	2.1	1.4	— 4.0	0.7
F o o d .....	1.8	3.7	2.0	— 3.6	1.4
Beverages & tobacco .....	—	4.8	0.4	—	0.4
Crude materials .....	—	1.8	0.1	— 3.7	— 1.8
Mineral fuels .....	0.6	1.7	1.1	...	1.1
Animal & vegetable oils .....	—12.5	0.6	—12.1	—12.5	—12.2
Chemicals .....	0.2	1.6	0.6	— 4.5	0.5
Manufactured goods .....	3.8	1.3	2.6	2.2	2.6
Machinery & transport equipment ..	7.1	1.1	3.1	...	3.1
Miscellaneous manufactures, n.e.s. ..	0.6	3.2	0.7	—	0.7

## E. STOCK PRICES

Transactions in the Manila stock market reached new heights during 1969. Starting with the high point of 234.2 (1955 = 100) in January 1969 (an 11 per cent jump from the December 1968 prices), it rose by another 9 per cent in February (254.9), the peak period for the first quarter of 1969. The height of trading, particularly on the speculative board, came at mid-February. The hectic and unprecedented pace of trading, however, triggered a series of government investigations of transactions in oil shares, compelling the Manila Stock Exchange temporarily to suspend trading on the small board to avoid panic selling. This had a bearish influence on the market and activities during the months of March and April were sluggish and cautious. By



May 1969, fears about a possible devaluation and rising world prices for copper boosted the market for copper and other export-oriented issues. Speculations, further bolstered by news about oil explorations and the possibility of a government oil subsidy, also helped stage a come-back for oil shares. Thus, the stock price index moved to 269.6 in May representing an 8 per cent recovery from April. The record week for the first semester was the June 16 to 20 period. The rest of June was a period of general correction and closed with the uncertainty of legislative enactment of the oil subsidy bill.

The stock market bounced back by July with activities shifting to speculative mining and oil shares. The record volume of transactions prompted the start of half-day trading on July 16. By August 6, 1969, the mining average hit the 2,000 mark.<sup>16</sup> After a "technical correction" during the third week of August, the market accelerated its bullish trend. As a result, the mining average hit 2,987.36 in September 16, the highest level of transactions chronicled in the 42-year history of the Manila Stock Exchange. The market, however, closed the month at the average level of 2,410.03.

All these activities in the mining sector brought the September 1969 stock price index for Manila 152.9 per cent higher than the level of September 1968 and 92 per cent over that of January 1969.

The third quarter of 1969 started with a slump. The October level was 18.6 per cent lower than the price average of September. Speculations on the election returns and the eventual direction of monetary policy played a major role in the withdrawal of funds from the stock market during this month. A short-lived recovery was made in November (with stock prices only 27.8 points short of the September peak), but a somber atmosphere prevailed in December and prices fell even lower than the October level. Peak prices during June and September, however, still dominated the annual average which went 86 per cent higher than those of 1968.

The mining group carried the trend in 1969 (up 101.5 per cent) with the commercial & industrial group contributing a slight increase (2.2 per cent). All other stock issues were at lower prices.

Volume of transactions during 1969 was about 211.2 per cent above that of 1968 with a corresponding increase in value of 254 per cent.

<sup>16</sup> Manila Stock Exchange index for volume of transactions.

MANILA: PER CENT CHANGES IN THE STOCK PRICE INDEX  
1969 over 1968 Averages

I t e m	Per Cent Change
ALL ESTABLISHMENTS .....	86.0
B a n k s .....	— 10.8
I n s u r a n c e .....	— 1.5
Commercial & Industrial .....	2.2
M i n i n g .....	101.5
S u g a r .....	— 14.0

## VII. GROSS SALES

The over-all gross sales index moved up from 174.0 in 1968 to 183.3 in 1969 or an increase of 5.3 per cent. The increment was, however, smaller than the 9.4 per cent increase in 1968. In general, sales activity in 1969 followed the same trend observed in the major sectors of the economy.

Sales during 1969 in all the five major industrial divisions showed advances over 1968, with the transportation, storage and communication division recording the largest gain of 20.8 per cent. This was followed by receipts from services which went up by 12.1 per cent, while those from electricity, gas & heat and water & sanitary services also increased by 8.1 per cent. Sales from manufacturing and commerce improved by 4.7 per cent and 3.0 per cent, respectively.

In the manufacturing division, mixed trends were observed. Appreciable increases were registered in the manufactures of non-metallic mineral products (24.7 per cent); in the printing, publishing and allied industries (18.1 per cent); manufactures of products from petroleum and coal (14.8 per cent); beverage industries (11.5 per cent); and chemicals and chemical products (10.0 per cent). These were, however, pulled down by decrements in the following: manufactures of machinery, except electrical machinery (35.7 per cent); furniture and fixtures (33.7 per cent); and textiles (6.0 per cent).

Food manufacturing industries showed a slight improvement of 0.4 per cent in sales. Increases were mostly noted in the canning and preserving of fish & other sea foods and fruits & vegetables and in grain mill products. These were partly offset by declines in cocoa, chocolate & sugar confectionery, bakery products, and preparation & preserving of meat.

Sales in the commerce division on the wholesale level which showed improvements were medicinal & pharmaceutical preparations, industrial, commercial & agricultural machinery, petroleum & other mineral oil products and food, beverages & tobacco. On the retail level, only pharmacies & drug stores and department & variety stores enjoyed brisker activities.

In the transportation, storage & communication divisions, opposing trends were observed. Transport and communication showed increases of 23.6 per cent and 13.9 per cent, respectively, while storage and warehousing dropped by 24.0 per cent.

Receipts in electricity, gas & heat, water & sanitary services all registered increases although at lower rates than last year. Likewise, in the service division both recreation and personal services showed increased receipts, while in 1968 both had recorded decrements.

PER CENT CHANGE OF GROSS SALES AND/OR RECEIPTS  
OF COOPERATING BUSINESS ESTABLISHMENTS  
BY INDUSTRY DIVISION (1962 = 100)

Item	1969 <sup>a</sup>	1968	Per Cent Change
<b>T O T A L</b> .....	<u>183.3</u>	<u>174.0</u>	5.3
<b>1. MANUFACTURING</b> .....	<u>187.8</u>	<u>179.3</u>	4.7
<b>FOOD MANUFACTURING INDUSTRIES</b> .....	<u>162.9</u>	<u>162.3</u>	0.4
Preparation & preserving of meat .....	444.7	458.4	( 3.0)
Manufacture of dairy products .....	269.6	271.1	( 0.6)
Canning & preserving of fruits & veg. ....	78.7	74.1	6.2
Canning & preserving of fish & other sea foods ...	123.3	109.2	12.9
Grain mill products .....	123.6	117.3	5.4
Bakery products .....	137.0	150.4	( 8.9)
Sugar refineries & factories .....	124.1	119.7	3.7
Cocoa, chocolate & sugar confectionery .....	76.1	138.5	(45.1)
Miscellaneous food preparation .....	199.8	190.2	5.0
<b>BEVERAGE INDUSTRIES</b> .....	<u>228.2</u>	<u>204.7</u>	11.5
Distilling, rectifying & blending of spirits .....	296.9	291.1	2.0
Breweries & the manufacture of malt .....	235.0	193.5	21.4
Soft drinks & carbonated water industries .....	193.8	183.9	5.4
<b>TOBACCO MANUFACTURE</b> .....	<u>254.4</u>	<u>236.8</u>	7.4
Cigar & cigarette factories .....	254.6	237.1	7.4
Leaf tobacco redrying & curing plants .....	164.5	164.5	—
Other tobacco manufactures, n.e.s. ....	125.6	125.6	—
<b>MANUFACTURE OF TEXTILES</b> .....	<u>153.2</u>	<u>162.9</u>	( 6.0)
Spinning, weaving & finishing of textiles .....	119.0	180.1	(33.9)
Knitting mills .....	173.8	166.2	4.6
Cordage, rope, twine & net manufacture .....	102.3	105.0	( 2.6)
<b>MANUFACTURE OF FOOTWEAR, OTHER WEARING APPAREL &amp; MADE-UP TEXTILE</b> .....	<u>133.9</u>	<u>134.1</u>	( 0.1)
Footwear, except rubber shoes .....	86.6	91.9	( 5.8)
Wearing apparel, except footwear .....	124.7	123.1	1.3
Made-up textile goods .....	161.7	163.8	( 1.3)
<b>MANUFACTURE OF WOOD, CANE &amp; CORK, EXCEPT MANUFACTURE OF FOOTWEAR</b> .....	<u>251.1</u>	<u>241.1</u>	4.1
Sawmills, planing & other wood mills .....	213.2	195.2	9.2
Veneer & plywood factories .....	345.3	342.5	0.8
Window & door sash, frame & jalousie fty. ....	60.5	60.0	0.8
Other wood & cork manufacturers, n.e.s. ....	85.2	80.9	5.3
<b>MANUFACTURE OF FURNITURE &amp; FIXTURES</b> ....	<u>84.6</u>	<u>127.6</u>	(33.7)
R a t t a n .....	95.7	95.7	—
W o o d .....	102.0	81.1	25.8
M e t a l .....	104.6	118.9	(12.0)
Venetian Blinds & other window screens .....	62.0	169.2	(63.4)
Furniture & fixtures n.e.s. ....	75.4	73.3	2.9

PER CENT CHANGE OF GROSS SALES AND/OR RECEIPTS  
OF COOPERATING BUSINESS ESTABLISHMENTS  
BY INDUSTRY DIVISION (1962 = 100) (*Continued*)

Item	1969	1968	Per Cent Change
<b>MANUFACTURE OF PAPER &amp; PAPER PRODUCTS ..</b>	<b>180.1</b>	<b>185.2</b>	<b>( 2.8)</b>
Pulp, paper & paperboard mills .....	124.8	159.7	(21.9)
Articles of pulp, paper & paperboard .....	216.8	202.0	7.3
Paper & paper products, n.e.s. ....	—	—	—
<b>PRINTING, PUBLISHING &amp; ALLIED INDUSTRIES ..</b>	<b>213.3</b>	<b>180.6</b>	<b>18.1</b>
Newspapers, magazines, periodicals .....	229.0	237.0	( 3.4)
Commercial printing .....	147.6	133.6	10.5
Bindery & blank book products factories .....	73.6	98.9	(25.6)
Printing, publishing, n.e.s. ....	310.3	93.0	233.7
<b>MANUFACTURE OF LEATHER &amp; FUR PRODUCTS ..</b>	<b>127.3</b>	<b>117.5</b>	<b>8.3</b>
Tanneries & leather finishing plant .....	217.9	171.9	26.8
Leather bags, billfolds, etc. ....	85.1	89.2	( 4.6)
Other leather & fur products, n.e.s. ....	92.6	99.9	( 7.3)
<b>MANUFACTURE OF RUBBER PRODUCTS .....</b>	<b>146.0</b>	<b>135.9</b>	<b>7.4</b>
Rubber shoe manufactures .....	150.1	151.7	( 1.1)
Tire & inner tube manufactures .....	148.5	134.1	10.7
Retreading, recapping & vulcanizing plants .....	180.8	170.7	5.9
Rubber products, n.e.s. ....	118.7	133.4	(11.0)
<b>MANUFACTURE OF CHEMICAL &amp; CHEMICAL PRODUCTS .....</b>	<b>201.0</b>	<b>182.8</b>	<b>10.0</b>
Basic industrial chemicals .....	184.3	163.9	12.4
Acids, alkaline, salts, etc. ....	—	—	—
Fertilizers .....	—	—	—
Pigments, driers, fillers .....	—	—	—
Paints, varnishes & lacquers .....	158.2	159.5	( 0.8)
Miscellaneous chemical products .....	215.9	193.9	11.3
<b>MANUFACTURE OF PRODUCTS OF PETROLEUM &amp; COAL .....</b>	<b>185.1</b>	<b>161.2</b>	<b>14.8</b>
<b>MANUFACTURE OF NON-METALLIC MINERAL PRODUCTS EXCEPT PRODUCTS OF PETROLEUM &amp; COAL .....</b>	<b>231.9</b>	<b>186.0</b>	<b>24.7</b>
Structural clay products .....	179.4	174.7	2.7
Glass & glass products .....	279.4	213.0	31.2
Cement .....	223.8	179.2	24.9
Sculpturing .....	82.9	50.3	64.8
Non-metallic mineral products, n.e.s. ....	158.8	158.6	0.1
<b>BASIC METAL INDUSTRIES .....</b>	<b>120.5</b>	<b>119.1</b>	<b>1.2</b>
Iron & steel basic industries .....	147.1	127.8	15.1
Non-ferrous metal basic industries .....	88.7	108.2	(18.0)
<b>MANUFACTURE OF METAL PRODUCTS, EXCEPT MACHINERY &amp; TRANSPORT EQUIPMENT .....</b>	<b>193.5</b>	<b>178.4</b>	<b>8.5</b>
Aluminum cans, tin cans & hollow ware .....	250.9	248.1	1.1
Cutlery, handtools & general hardware .....	344.2	327.3	5.2
Fabricated structural metal products .....	292.6	239.0	22.4
Metal stamping, coating & engraving .....	46.8	44.6	4.9
Fabricated wire products .....	161.7	141.0	14.7
Miscellaneous fabricated metal products .....	94.9	111.6	(15.0)
Blacksmithing & welding .....	97.0	93.8	3.4
Other metal products, n.e.s. ....	122.1	135.5	( 9.9)

PER CENT CHANGE OF GROSS SALES AND/OR RECEIPTS  
OF COOPERATING BUSINESS ESTABLISHMENTS  
BY INDUSTRY DIVISION (1962 = 100) (Continued)

I t e m	1969	1968	Per Cent Change
<b>MANUFACTURE OF MACHINERY, EXCEPT ELECT- RICAL MACHINERY</b> .....	<b>75.7</b>	<b>117.7</b>	<b>(35.7)</b>
Assembly & repair of tractors & farm machinery ....	98.9	116.2	(19.2)
Assembly & repair of industrial machinery .....	126.3	183.0	(31.0)
Assembly & repair of office machinery, except electrical machinery .....	65.7	107.9	(39.1)
<b>MANUFACTURE OF ELECTRICAL MACHINERY, APPARATUS, APPLIANCES &amp; SUPPLIES</b> .....	<b>218.8</b>	<b>208.7</b>	<b>4.8</b>
Electrical transmission & distribution equipment ....	191.6	150.5	27.3
Dry cell & storage batteries .....	344.8	313.6	9.9
Electrical lamps .....	133.7	133.5	0.1
Radio & television receiving sets & parts .....	100.8	79.4	27.0
Other electrical household, office supplies, n.e.s. ....	232.2	242.3	( 4.2)
<b>MANUFACTURE OF TRANSPORT EQUIPMENT</b> ....	<b>234.5</b>	<b>214.5</b>	<b>9.3</b>
Shipbuilding & repairing .....	204.0	116.8	74.7
Motor vehicles .....	241.3	222.1	8.6
Repair of motor vehicles .....	142.0	134.4	5.7
Motor cycles & bicycles .....	108.5	81.6	33.0
<b>MISCELLANEOUS MANUFACTURING INDUSTRIES</b> ..	<b>99.2</b>	<b>103.2</b>	<b>( 3.9)</b>
Professional, scientific measuring & control instruments	479.4	514.4	( 6.8)
Photographic, optical goods, etc. ....	45.4	63.8	(28.9)
Jewelry & related articles .....	86.2	109.0	(20.9)
Musical instruments .....	159.0	149.7	6.2
Plastic products, except wearing apparel .....	100.6	118.6	(15.2)
Button factories .....	78.8	78.8	—
Miscellaneous manufactures, n.e.s. ....	84.8	80.2	5.7
<b>2. ELECTRICITY, GAS &amp; HEAT, WATER &amp; SANITARY SERVICES</b> .....	<b>230.5</b>	<b>213.2</b>	<b>8.1</b>
<b>ELECTRICITY, GAS &amp; STEAM</b> .....	<b>236.6</b>	<b>218.2</b>	<b>8.4</b>
Electricity, gas & steam .....	—	—	—
Electric light & power .....	240.3	224.3	7.1
Gas manufacture & distribution .....	201.3	156.9	28.3
<b>WATER AND SANITARY SERVICES</b> .....	<b>196.0</b>	<b>181.1</b>	<b>8.3</b>
<b>3. COMMERCE</b> .....	<b>165.4</b>	<b>160.6</b>	<b>3.0</b>
<b>WHOLESALE</b> .....	<b>170.7</b>	<b>168.3</b>	<b>1.4</b>
Medicinal & pharmaceutical preparations .....	90.8	87.6	3.7
Agricultural raw materials .....	64.3	74.0	(13.1)
Mineral, metal & industrial chemicals .....	139.2	185.4	(24.9)
Lumber, construction materials .....	149.5	153.5	( 2.6)
Industrial, commercial & agricultural machinery .....	204.6	192.8	6.1
Copra & coconut products .....	131.0	131.5	( 0.4)
Petroleum & other mineral oil products .....	183.0	176.8	3.6
Dry goods, textiles .....	88.1	115.6	(23.8)
Food, beverage & tobacco .....	190.3	170.2	11.8
Wholesale trade, mdse., broker, n.e.s. ....	172.4	171.8	0.3

PER CENT CHANGE OF GROSS SALES AND/OR RECEIPTS  
OF COOPERATING BUSINESS ESTABLISHMENTS  
BY INDUSTRY DIVISION (1962 = 100) (*Concluded*)

Item	1969 <sup>a</sup>	1968	Per Cent Change
<b>RETAIL</b> .....	<b>149.0</b>	<b>136.4</b>	<b>9.2</b>
Grocery & other food liquor stores .....	71.6	88.2	(18.8)
Pharmacies & drug stores .....	296.0	249.2	18.8
Dry goods, apparel & footwear stores .....	94.7	100.6	( 5.9)
Furniture & home furnishings .....	72.0	395.4	(81.8)
Hardware stores .....	146.5	152.5	( 3.9)
Motor vehicles & motor cycles .....	113.8	114.6	( 0.7)
Department & variety stores .....	142.8	130.5	9.4
Retail trades, n.e.s. ....	140.9	142.9	( 1.4)
 <b>4. TRANSPORTATION, STORAGE &amp; COMMUNICATION</b> .....	 <b>267.0</b>	 <b>221.0</b>	 <b>20.8</b>
<b>TRANSPORT</b> .....	<b>247.0</b>	<b>199.9</b>	<b>23.6</b>
Railway transport .....	93.9	94.4	( 0.5)
Omnibus operators .....	115.2	104.0	10.8
Road passenger transport, except omnibus operators ..	68.8	59.8	15.1
Road transport, n.e.s. ....	86.3	91.0	( 5.2)
Ocean transport .....	234.0	247.1	( 5.3)
Water transport .....	153.6	160.4	( 4.2)
Air transport .....	312.0	223.6	39.5
Services incidental to transport .....	400.9	268.0	49.6
Transport, n.e.s. ....	409.7	309.8	32.2
 <b>STORAGE AND WAREHOUSING</b> .....	 <b>111.3</b>	 <b>146.5</b>	 <b>(24.0)</b>
Bonded warehouses .....	124.1	116.3	6.7
Cold storage .....	103.4	164.5	(37.2)
 <b>COMMUNICATION</b> .....	 <b>418.5</b>	 <b>367.4</b>	 <b>13.9</b>
Telephone .....	457.2	386.2	18.4
Other communications, n.e.s. ....	339.8	328.3	3.5
 <b>5. SERVICES</b> .....	 <b>133.6</b>	 <b>119.3</b>	 <b>12.0</b>
 <b>RECREATION SERVICES</b> .....	 <b>115.2</b>	 <b>89.7</b>	 <b>28.4</b>
Motion picture production, dist'n. & proj'n. ....	92.5	72.0	28.5
Theaters & related services .....	129.4	105.7	22.4
 <b>PERSONAL SERVICES</b> .....	 <b>155.5</b>	 <b>148.5</b>	 <b>4.7</b>
Restaurants, cafes, taverns .....	143.4	135.7	5.7
Hotel, rooming houses, camps .....	276.8	254.0	9.0
Laundries & laundry services .....	173.7	168.9	2.8
Barber & beauty shops .....	70.6	86.9	(18.8)
Portrait & commercial photographic studios .....	92.6	101.6	( 8.9)
Personal services, n.e.s. ....	175.4	175.2	0.1

## VIII. EMPLOYMENT AND WAGES

### A. OVER-ALL REVIEW

The total labor force in May, 1969 as estimated by the household sample survey of the Census Bureau was placed at 12,040,000. This represented a sharp decrease of 1,494,000 or 11 per cent from the peak in May 1968. Of the reduction, 1.252 million or 10 per cent came from the ranks of the employed; despite this, the employed, numbering 11.229 million in May 1969, comprised 93.3 per cent of the labor force compared to 92.2 per cent in May 1968. Unemployment was likewise reduced by 242,000 or from 7.8 per cent of the labor force in May 1968 to 6.7 per cent in May 1969.

Central Bank figures compiled from reports of cooperating non-agricultural establishments indicated a slackening in the growth of employment and wages in the non-agricultural sector for 1969. The non-agricultural employment index of the Central Bank went up by 1.1 per cent or lower than the 2.3 per cent increase registered in 1968. The average monthly earnings of both salaried employees and wage earners went up further in 1969 with wage earners improving appreciably on the minimal increase in their 1968 earnings. The average daily money wage rates of both skilled and unskilled laborers showed gains of 5.3 per cent and 4.7 per cent, respectively, but fell short of the sizable increments of the previous year. For the second consecutive year, the average real wage rates of skilled and unskilled laborers increased by 3.7 per cent and 3.2 per cent, respectively, notwithstanding the marked rise in prices during the latter part of 1969. These increases, however, were not as substantial as those registered a year ago.

### B. EMPLOYMENT AND UNEMPLOYMENT

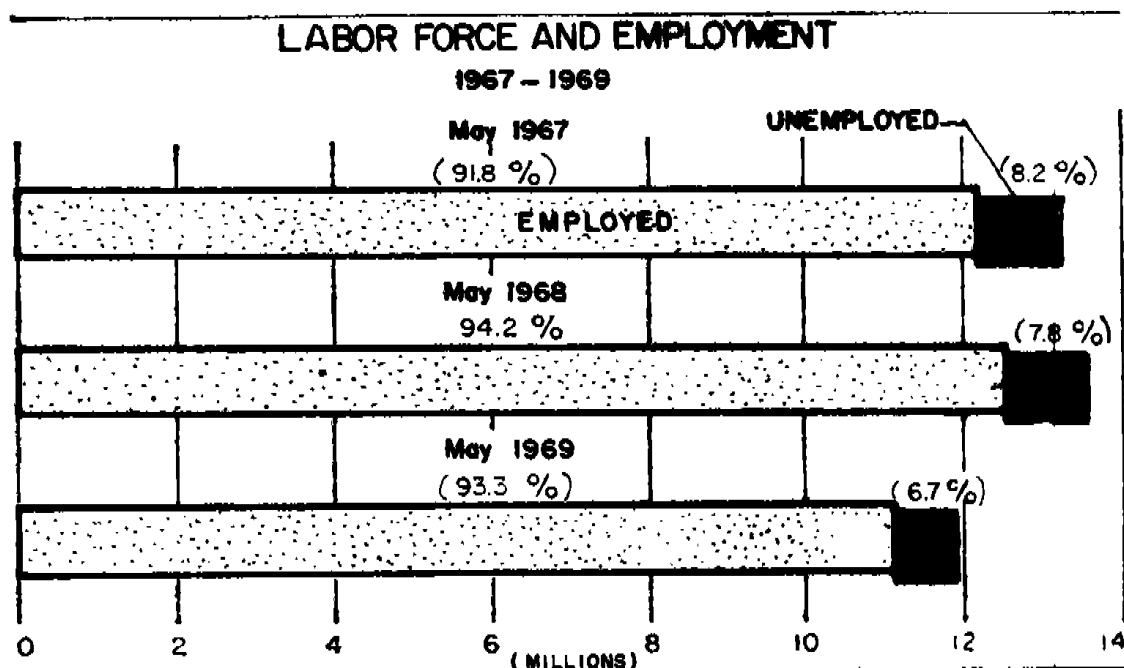
Based on the latest household sample survey conducted by the Bureau of the Census and Statistics, the total labor force appeared to have dropped sharply by 1.494 million or 11 per cent, from 13.534 million in May 1968 to 12.040 million in May 1969. According to the Bureau of the Census and Statistics, the lower estimate of the total labor force may be traceable to the dropping out from the labor force of women and persons in the younger ages or those of school age who were mostly unpaid family workers. This could be partly due to the breakthrough in rice production which increased the need for year-round workers on the farm. Over-all employment was also reduced by 1.252 million or 10 per cent to 11.229 million in May 1969. The number of employed persons, however, represented 93.3 per cent of the labor force compared with 92.2 per cent for May 1968. As a result, the number of unemployed comprised 6.7 per cent of the labor force compared to 7.8 per cent in May 1968.

The employment structure was still predominantly agricultural. Employment in agriculture constituted 56.4 per cent of the total employed in May 1969. Although agricultural employment, as a ratio to total employment, declined from 61.8 per cent at the start of the decade, it appeared to have remained constant since May 1966, the ratio in that year standing at 56.9 per cent. Conversely, non-agricultural employment stabilized, although in absolute terms the number of employed in this sector increased slightly since 1966.

### LABOR FORCE AND EMPLOYMENT 1967-1969

Labor Force Status	May 1967	May 1968	May 1969
Labor Force, thousands .....	13,274	13,534	12,040
Employed .....	12,185	12,481	11,229
(a) By Industry:			
Agriculture .....	6,993	7,202	6,329
Non-Agriculture .....	5,192	5,280	4,900
Unemployed .....	1,089	1,053	811
As Per Cent of Labor Force:			
Employed .....	91.8	92.2	93.3
Unemployed .....	8.2	7.8	6.7

SOURCE: Bureau of the Census and Statistics.





### C. NON-AGRICULTURAL EMPLOYMENT

Notwithstanding the prevailing credit restraint, non-agricultural employment (as estimated by the Central Bank from a sample of 1,289 cooperating non-agricultural establishments) showed a further increment of 1.1 per cent in 1969. This increment, however, was only half that obtained between 1967 and 1968. The slow-down in employment was evident in most major industry divisions: while all divisions reported increased employment in 1968, fewer industry divisions reported increases vi-a-vis divisions reporting reductions in work force in 1969.

The industry divisions which increased employment were the services, manufacturing and transport and communication sectors. Services registered an increment of 2.3 per cent during the period under review, further improving on the gain of 1.2 per cent last year. As in the previous year, this sector was paced by the recruitment of additional personnel in government bureaus and offices. Manufacturing employment continued to show strength, but at a slower pace. The work force in manufacturing increased by 1.5 per cent in 1969 compared to 2.7 per cent in the previous year. Similarly, the transport and communication industry reported a gain in employment of 2.1 per cent which was only a little more than one-half of that registered in 1968.

On the other hand, activities in the other sectors of the economy slowed down. These sectors reported cut-backs in employment in reversal of their performance in 1968. The public utilities sector reduced its employed force by 3.9 per cent, followed by construction and mining and quarrying which recorded losses of 3.3 per cent and 2.2 per cent, respectively. The commercial sector reported a fractional reduction of 0.7 per cent. In the case of the mining industry, it appeared that mining companies, in supporting increased production activities, preferred to maximize the manhours of a smaller labor force rather than hire additional personnel. This is borne out by the substantial increase in the monthly earnings of their salaried employees and wage earners notwithstanding the 2 per cent decline observed in the number of mining workers in 1969.

INDEX OF NON-AGRICULTURAL EMPLOYMENT  
1968-1969  
(1955 = 100)

Industry Division	1969	1968	Per Cent Change
ALL ITEMS .....	141.3	139.8	+1.1
Mining and quarrying .....	83.5	85.4	-2.2
Manufacturing .....	132.5	130.6	+1.5
Construction .....	193.3	199.9	-8.3
Electricity, gas & heat, water and sanitary services ..	159.2	165.7	-8.9
Commerce .....	140.8	141.8	-0.7
Transport and communication .....	149.7	146.6	+2.1
Services .....	166.8	163.0	+2.3
Recreation <sup>1</sup> .....	102.9	101.5	+1.4
Personal .....	141.6	141.8	-0.1
Government <sup>2</sup> .....	170.7	166.6	+2.5

SOURCE OF BASIC DATA: 1,289 cooperating establishments.

<sup>1</sup> Actors, actresses and other players in motion picture studios are not included.

<sup>2</sup> Covering 74 bureaus and offices.

#### D. WAGE RATES

The average daily money wage rates of both skilled and unskilled laborers continued their upward trend in 1969, although at a slower pace. During the period under review, the money wage rate index for skilled laborers rose to 143.0 (1955 = 100) from an average level of 135.8 in 1968, or an increase of 5.3 per cent. This increment, however, fell short of the 8.0 per cent growth registered in 1968. The money wage rate index for unskilled laborers also went up by 4.7 per cent, but this good performance compared unfavorably with the high 11.3 per cent gain obtained between 1967 and 1968.

With smaller improvements in money wages and the upward trend in consumer prices starting August, real wages of skilled and unskilled workers increased at a slower rate during 1969. Real wage rates of skilled and unskilled workers rose by 3.7 per cent and 3.2 per cent, which were only one-half and one-third of their respective increases in 1968.

**WAGE RATES INDEX FOR NON-AGRICULTURAL LABORERS  
IN MANILA AND SUBURBS  
1968-1969  
(1955 = 100)**

Wage Rates	1969	1968	Per Cent Change
<b>Money Wage Rates:</b>			
Skilled laborers .....	143.0	135.8	+5.8
Unskilled laborers .....	160.3	153.1	+4.7
<b>Real Wage Rates<sup>1</sup>:</b>			
Skilled laborers .....	89.2	86.0	+3.7
Unskilled laborers .....	100.0	96.9	+3.2

**SOURCE OF BASIC DATA:** Private firms.

<sup>1</sup> This series has been revised by deflating money wage rate index by the consumer price index (1955 = 100) in Manila.

## E. EARNINGS

Based on reports received from 787 business establishments, the average monthly earnings of salaried employees and wage earners continued to show improvements in 1969, registering increments of 4.7 per cent and 4.1 per cent, respectively, over their 1968 levels. While salaried employees nearly maintained the growth rate of the previous year, wage earners posted an increment eight times that recorded between 1967 and 1968. In contrast, appreciable increments had been registered by salaried employees in 1968.

The average monthly earnings of index of salaried employees rose to 159.4 (1955 = 100) from 152.2 a year ago. As in the previous year, salaried employees in all covered industries contributed to the over-all upturn in earnings. Those in mining and quarrying spearheaded the list with an increment of 6.8 per cent, thereby topping the 5.6 per cent increment in the previous year. Salaried employees in manufacturing followed with 6.1 per cent, an improvement on the 3.3 per cent gain obtained in 1968. The take-home pay of salaried employees in the other industries also recorded increases ranging from 1.6 per cent (public utilities) to 4.9 per cent (commerce). The 1969 increment for public utilities represented a slower advance from the 8.1 per cent gain a year ago.

Similarly, the average monthly earnings index of wage earners went up by 4.1 per cent. Partly because of a reduced work force, wage earners in public utilities gained 8.1 per cent, thereby more than recovering the 1.1 per cent loss registered in 1968. Wage earners in mining and quarrying and manufacturing likewise showed increases of 5.9 per cent and 4.1 per cent, respectively. Although smaller than what their salaried counterparts received for the same period, these were nonetheless improvements on the gains obtained in 1968. On the other hand, wage earners in the commercial sector continued to suffer losses, absorbing another cut of 0.2 per cent in 1969 on top of a 2.4 per cent reduction in 1968. In contrast, salaried employees in commerce registered appreciable increases in both years.

**INDEX OF AVERAGE MONTHLY EARNINGS IN SELECTED  
NON-AGRICULTURAL INDUSTRIES IN THE PHILIPPINES  
1968-1969  
(1955 = 100)**

Industry Division	1969	1968	Per Cent Change
<b>All Workers:</b>			
Salaried Employees <sup>1</sup> .....	159.4	152.2	+4.7
Wage Earners .....	162.6	156.2	+4.1
<b>Mining and Quarrying:</b>			
Salaried Employees .....	150.1	140.5	+6.8
Wage Earners .....	213.3	201.4	+5.9
<b>Manufacturing:</b>			
Salaried Employees .....	166.6	157.9	+5.5
Wage Earners .....	155.4	149.5	+3.9
<b>Electricity, gas and heat, water and sanitary services:</b>			
Salaried Employees .....	163.4	160.8	+1.6
Wage Earners .....	171.6	158.8	+8.1
<b>Commerce:</b>			
Salaried Employees .....	156.2	148.9	+4.9
Wage Earners .....	142.5	142.8	-0.2
<b>Transport and Communication:</b>			
Salaried Employees .....	165.5	159.6	+3.7
Wage Earners .....	140.0	138.0	+1.4

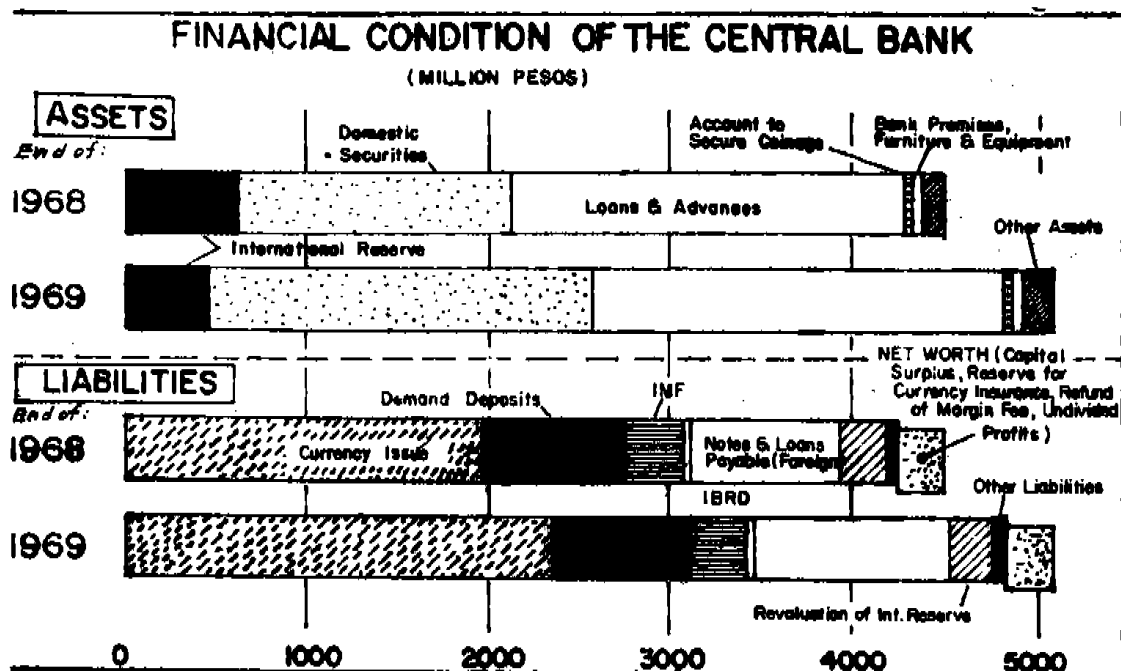
SOURCE OF BASIC DATA: 787 cooperating establishments.  
<sup>1</sup>Salaried employees include executives and supervisors.

## IX. FINANCIAL CONDITION OF THE CENTRAL BANK AND RESULTS OF OPERATIONS

### A. FINANCIAL CONDITION

As a result of the substantial expansion in credits to the government, total resources of the Central Bank in 1969 increased by ₱595 million or 13 per cent to reach a level of ₱5,111 million at the end of the year. This annual growth was substantially larger than the ₱251 million or 6 per cent increase in the preceding year. Of the total expansion in the current year, ₱695 million was accounted for by the increase in outstanding investments in government securities and loans and advances as compared to the slower growth of ₱395 million last year. Total foreign assets, on the other hand, decreased by ₱159 million compared with the smaller drop of ₱72 million in 1968.

Total liabilities of the Central Bank rose sharply by ₱606 million or 14 per cent to a level of ₱4,837 million at year-end 1969. This was brought about by the ₱389 million increase in currency issue and the rise of ₱262 million in foreign liabilities which more than offset the ₱68 million decrease in outstanding deposit liabilities of the Central Bank. Net worth likewise dropped by ₱11 million compared to the lesser decrease of ₱9 million last year.



**COMPARATIVE STATEMENT OF CONDITION OF THE CENTRAL BANK**  
December 31, 1968 — 1969

(In Pesos)

I t e m	December 31, 1969	December 31, 1968	Increase or (Decrease)
<b>ASSETS</b>			
1. International Reserves .....	470,562,212.12	629,453,514.01	(158,891,301.89)
2. Due from U.S. Banks—Special Deposit Account .....	—	—	—
3. Domestic Securities .....	2,116,808,787.56	1,490,849,095.89	625,959,691.67
4. Loans and Advances .....	2,251,081,905.10	2,181,675,827.17	69,406,077.93
5. Account to Secure Coinage ..	39,197,547.39	39,197,565.39	( 18.00)
6. Bank Premises, Furniture and Equipment .....	40,058,615.50	38,854,388.20	1,204,227.30
7. Other Assets .....	193,589,933.71	136,438,885.31	57,151,048.40
<b>TOTAL ASSETS</b> ....	<u>5,111,299,001.38</u>	<u>4,516,469,275.97</u>	<u>594,829,725.41</u>
<b>LIABILITIES</b>			
8. Currency Issue .....	2,357,354,344.78	1,968,337,349.24	389,016,995.54
9. Demand Deposits .....	724,809,099.01	792,719,766.16	( 67,910,667.15)
10. International Monetary Fund	326,050,562.19	326,050,260.81	301.38
11. International Bank for Re- construction & Development	23,906,517.15	24,110,874.65	( 204,357.50)
12. Asian Development Bank- Account B. ....	780,000.00	156,000.00	624,000.00
13. Notes & Loans Payable — Foreign .....	1,066,132,322.41	804,157,258.35	261,975,064.06
14. Revaluation of International Reserves .....	259,270,601.13	267,679,817.57	( 8,409,216.44)
15. Other Liabilities .....	78,691,113.52	47,629,553.42	31,061,560.10
<b>TOTAL LIABILITIES</b>	<u>4,836,994,560.19</u>	<u>4,230,840,880.20</u>	<u>606,153,679.99</u>
<b>NET WORTH</b>			
16. Capital .....	10,000,000.00	10,000,000.00	—
17. Surplus .....	255,453,099.24	269,712,295.59	( 14,259,196.35)
18. Reserve for Currency In- surance .....	2,427,030.27	2,052,933.38	374,096.89
19. Reserve for Refund of Margin Fee .....	438,541.35	789,939.78	( 351,398.43)
20. Undivided Profits .....	5,985,770.33	3,073,227.02	2,912,543.31
<b>TOTAL NET WORTH</b>	<u>274,304,441.19</u>	<u>285,628,385.77</u>	<u>( 11,323,954.58)</u>
<b>TOTAL LIABILITIES &amp; NET WORTH</b> .....	<u>5,111,299,001.38</u>	<u>4,516,469,275.97</u>	<u>594,829,725.41</u>

**COMPOSITION OF THE INTERNATIONAL RESERVE  
OF THE CENTRAL BANK OF THE PHILIPPINES**

December 31, 1968 — 1969

(Amount in Million Pesos)

I t e m	Dec. 31, 1969	Dec. 31, 1968	Increase or Decrease(—)	
			Amount	Per Cent
<b>T O T A L</b> .....	<u>470.6</u>	<u>629.5</u>	<u>—158.9</u>	<u>—25.2</u>
<b>G o l d</b> .....	<u>176.0</u>	<u>240.1</u>	<u>— 64.1</u>	<u>—26.7</u>
<b>Due from Foreign Banks</b> .....	<u>292.1</u>	<u>384.9</u>	<u>— 92.8</u>	<u>—24.1</u>
<b>Foreign Government Securities</b> .....	—	—	—	—
<b>Foreign Currencies</b> .....	<u>2.5</u>	<u>4.5</u>	<u>— 2.0</u>	<u>—44.4</u>

**COMPARATIVE STATEMENT OF DEPOSIT LIABILITIES  
OF THE CENTRAL BANK**

December 31, 1967-1969

(Million Pesos)

Depositor	1967	1968	1969	Increase or De- crease (—) During	
				1969	1968
<b>Commercial Banks</b> .....	<u>468.3</u>	<u>629.3</u>	<u>600.7</u>	<u>—28.6</u>	<u>161.0</u>
<b>Rural Banks</b> .....	<u>2.7</u>	<u>3.7</u>	<u>4.9</u>	<u>1.2</u>	<u>1.0</u>
<b>Savings &amp; Loan Associations</b> .....	<u>0.3</u>	<u>0.7</u>	<u>0.7</u>	<u>—</u>	<u>0.4</u>
<b>Treasurer of the Philippines</b> .....	<u>134.9</u>	<u>116.8</u>	<u>78.7</u>	<u>—38.1</u>	<u>— 18.1</u>
<b>Government Trust Funds</b> .....	<u>33.8</u>	<u>42.2</u>	<u>39.9</u>	<u>— 2.3</u>	<u>8.4</u>
<b>T O T A L</b> .....	<u>640.0</u>	<u>792.7</u>	<u>724.9</u>	<u>—67.8</u>	<u>152.7</u>

**B. RESULTS OF OPERATIONS**

In the course of its normal banking operations, the Central Bank realized a net income of ₱5 million during 1969 as compared to the ₱3 million net profit in 1968. Gross income was more than total expenses as a result of the increase in income derived from domestic loans and advances and income from domestic investments.

Gross income expanded by ₱21 million or 14.8 per cent and amounted to ₱163 million at end-December 1969. This was derived principally from earnings from its credit portfolio which increased by ₱20 million through loans and advances and investments in domestic securities. Miscellaneous income also went up by ₱6 million.

On the other hand, total expenditures went up by ₱19 million and amounted to ₱157 million at year-end 1969. The increase was attributable mainly to the interest and commitment expenses on foreign obligations of the Central Bank amounting to ₱25 million. This item accounted for 61 per cent of the total expenses during the year 1969.

**COMPARATIVE STATEMENT OF INCOME AND EXPENSES**  
For 1969 and 1968

I t e m	1969	1968	Increase or (Decrease)	
			Amount	Per Cent
<b>GROSS INCOME</b> .....	<b>P162,517,410.11</b>	<b>P141,509,248.92</b>	<b>P21,008,161.19</b>	<b>14.8</b>
Income from Foreign Exchange Transactions .....	1,971,963.76	2,954,269.62	( 982,305.86)	(33.3)
Income from Foreign Investments .....	15,013,397.24	19,162,743.81	(4,149,346.57)	(21.4)
Income from Domestic Loans and Advances .....	77,697,806.52	64,714,104.76	12,983,701.76	20.1
Income from Domestic Investments .....	52,889,673.15	45,757,617.50	7,132,055.65	15.5
Miscellaneous Income .....	14,944,569.44	8,920,513.23	6,024,056.21	67.4
<b>TOTAL EXPENSES</b> .....	<b>P157,336,799.17</b>	<b>P138,615,314.15</b>	<b>P18,721,485.02</b>	<b>13.5</b>
Operating Expenditures .....	47,500,922.99	51,915,096.75	(4,405,173.76)	( 8.5)
Non-Operating Expenditures .....	1,563,982.54	1,914,385.10	( 350,402.56)	(21.1)
Capital Expenditures .....	182,100.87	3,752,883.67	(3,570,782.80)	(75.0)
Miscellaneous Expenses .....	2,666,077.59	8,861,641.29	(6,195,563.70)	(69.7)
General Expenditures .....	105,414,715.18	72,171,307.34	33,243,407.84	46.0
of which: Interest and Commitment Expenses (Foreign) .....	95,490,792.64	69,992,926.58	25,497,866.06	36.4
<b>TOTAL NET INCOME</b> .....	<b>P 5,180,610.94</b>	<b>P 2,893,934.77</b>	<b>P 2,286,676.17</b>	<b>79.3</b>



DISTRIBUTION OF ANNUAL NET PROFIT FROM OPERATIONS  
AND COLLECTIONS ON SALES OF FOREIGN EXCHANGE  
OF THE CENTRAL BANK FOR 1969

I t e m	Total	Operations	Margin Fee
Balance—December 31, 1969 .....	<u>₱5,985,770.33</u>	<u>₱5,180,610.94</u>	<u>₱805,159.39</u>
Net Profit for Distribution .....	<u>₱5,985,770.33</u>	<u>₱5,180,610.94</u>	<u>₱805,159.39</u>
To Surplus .....	1,496,442.58	691,283.19	805,159.39
To Securities Stabilization Fund ..	500,000.00	500,000.00	—
To Monetary Adjustment Account	3,989,327.75	3,989,327.75	—

## A P P E N D I X

### MAJOR LEGAL AND ADMINISTRATIVE MEASURES OF ECONOMIC SIGNIFICANCE ADOPTED BY THE GOVERNMENT AND THE MONETARY BOARD DURING 1969

—oOo—

MALACAÑANG  
RESIDENCE OF THE PRESIDENT  
OF THE PHILIPPINES  
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

#### EXECUTIVE ORDER NO. 165

MODIFYING THE RATES OF IMPORT DUTY ON CERTAIN IMPORTED  
ARTICLES AS PROVIDED UNDER REPUBLIC ACT NUMBERED  
NINETEEN HUNDRED THIRTY-SEVEN, OTHERWISE KNOWN AS  
THE TARIFF AND CUSTOMS CODE OF THE PHILIPPINES, AS  
AMENDED.

Pursuant to the powers vested in me by Section 401 of Republic Act  
Numbered Nineteen Hundred Thirty-Seven, I, FERDINAND E. MARCOS,  
President of the Philippines, do hereby direct and order:

SECTION 1. The articles specifically listed hereunder as classified un-  
der Section 401 of Republic Act Numbered Nineteen Hundred Thirty-Seven  
shall pay the following rates of import duty:

<i>T. H. No.</i>	<i>Description of Articles</i>	<i>Rates of Duty</i>
23.01	Flour, meal and residues of meat, marine animals, fish, crustaceans or mollusks, unfit for human consumption, greaves:	
	A. Fish meal, meat and bone meal and feather meal when imported by bonafide feed millers for their exclusive use in the production of animal and/or poultry feeds with previous authorization by the Secretary of	

<i>T. H. No.</i>	<i>Description of Articles</i>	<i>Rates of Duty</i>
	Agriculture & Natural Resources, which authorization shall not be granted when fish meal, meat and bone meal and other meal are already produced locally to meet the requirements of the poultry feeds industry .....	5% ad val.
	B. Other .....	10% ad val.
23.04	Oil cake and other residues (except drugs) resulting from the extraction of vegetable oils.	
	A. Soybean meal:	
	1. Soybean meal when imported by bonafide feed millers for their exclusive use in the production of animal and/or poultry feeds with previous authorization by the Secretary of Agriculture & Natural Resources, which authorization should not be granted when soy beans are already produced locally to meet the requirements of the poultry feeds industry	10% ad val.
	B. Other .....	20% ad val.
28.40	Phosphites, hypophosphites and phosphates:	
	A. Calcium phosphate, when imported by bonafide feed millers for their exclusive use in the production of animal and/or poultry feeds with previous authorization by the Secretary of Agriculture and Natural Resources, which authorization shall not be granted when Calcium phoshate are already produced locally to meet the requirements of the poultry feeds industry ..	5% ad val.
	B. Other .....	10% ad val.
29.38	Provitamins and vitamins, including concentrates:	
	A. Provitamins and vitamins, including concentrates, when imported by bonafide feed millers for their exclusive use in the production of animal and/or poultry feeds with previous authorization by the Secretary of Agriculture & Natural Resources,	

<i>T. H. No.</i>	<i>Description of Articles</i>	<i>Rates of Duty</i>
	which authorization shall not be granted when Provitamins and vitamins are already produced locally to meet the requirements of the poultry feeds industry .....	5% ad val.
	B. Other .....	10% ad val.
29.44	Antibiotics:	
	A. When imported by bonafide feed millers for their exclusive use in the production of animal and/or poultry feeds with previous authorization by the Secretary of Agriculture & Natural Resources, which authorization shall not be granted when antibiotics are already produced locally to meet the requirements of the poultry feeds industry .....	5% ad val.
	B. Other .....	10% ad val.
29.05	Cyclic alcohols and their halogenated, sulphonated or nitrated derivatives:	
	A. Menthol .....	30% ad val.
	B. Other .....	10% ad val.
33.01	Essential oils (terpeneless or not) concentrates and absolutes; resinoids:	
	A. x x x	
	B. Peppermint oil .....	25% ad val.
	C. Other .....	50% ad val.

SEC. 2. After the expiration of thirty (30) days from the issuance of this Order, all the above-described articles entered or withdrawn from warehouses, in the Philippines, for consumption shall be subject to the rates of import duty herein prescribed.

SEC. 3. Any unwarranted increase in prices of local products benefited by these tariff changes may be sufficient ground for the revocation of such tariff changes.

Done in the City of Manila, this 20th day of January, in the year of Our Lord, nineteen hundred and sixty-nine.

(Sgd.) FERDINAND E. MARCOS  
*President of the Philippines*

By the President:  
(Sgd.) RAFAEL M. SALAS  
*Executive Secretary*

MALACAÑANG  
RESIDENCE OF THE PRESIDENT  
OF THE PHILIPPINES  
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

**EXECUTIVE ORDER NO. 166**

MODIFYING THE RATES OF IMPORT DUTY ON CERTAIN IMPORTED  
ARTICLES AS PROVIDED UNDER REPUBLIC ACT NUMBERED  
NINETEEN HUNDRED THIRTY-SEVEN, OTHERWISE KNOWN AS  
THE TARIFF AND CUSTOMS CODE OF THE PHILIPPINES, AS  
AMENDED.

Pursuant to the powers vested in me by Section 401 of Republic Act Numbered Nineteen Hundred Thirty-Seven, I, FERDINAND E. MARCOS, President of the Philippines, do hereby direct and order:

SECTION 1. The articles specifically listed hereunder as classified under Section 104 of Republic Act Numbered Nineteen Hundred Thirty-Seven shall pay the following rates of import duty:

<i>T. H. No.</i>	<i>Description of Articles</i>	<i>Rates of Duty</i>
27.09	Petroleum and shale oils crude .....	10% ad val.
27.10	Petroleum and shale oils, other than crude; preparations not otherwise provided for, containing not less than 70 per cent by weight of petroleum or shale oils, these oils being the basic constituents of the preparation:	
	A. Light oils (e.g., petroleum ethers, gasoline, white spirit) .....	30% ad val.
	B. Medium oils (e.g., kerosene and tractor fuel) .....	11% ad val.
	C. Heavy oils (e.g., gas oils, fuel oils, lubricating oils, paraffin liquid or white oils)	15% ad val.

SEC. 2. After the expiration of thirty (30) days from the issuance of this Order, all the above-described articles entered or withdrawn from warehouses, in the Philippines, for consumption shall be subject to the rates of import duty herein prescribed.

SEC. 3. Any unwarranted increase in prices of local products benefited by these tariff changes may be sufficient ground for the revocation of such tariff changes.

Done in the City of Manila, this 25th day of January, in the year of Our Lord, nineteen hundred and sixty-nine.

(Sgd.) FERDINAND E. MARCOS  
*President of the Philippines*

By the President:  
(Sgd.) RAFAEL M. SALAS  
*Executive Secretary*

MALACAÑANG  
RESIDENCE OF THE PRESIDENT  
OF THE PHILIPPINES  
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

**EXECUTIVE ORDER NO. 168**

CREATING A SMALL FARMERS COMMISSION

WHEREAS, small farmers and settlers who have migrated to Mindanao and other parts of the country need the protection and assistance of the government from landgrabbers and the machinations of vested and powerful interests;

WHEREAS, tension and social unrest, if not bloodshed, are often the outcome of conflicts among Christian and non-Christian settlers and farmers especially in Mindanao;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines by virtue of the powers vested in me by law, do hereby create a Small Farmers Commission composed of the following:

Mr. Raoul Beloso .....	<i>Chairman</i>
Atty. Fernando Santiago .....	<i>Member</i>
Col. Daniel Lantion (Ret.) .....	<i>Member</i>

The Commission shall be responsible for the formulation and implementation in coordination with other governmental agencies of a program of action for small farmers and settlers.

It shall look into the problems of small settlers and farmers arising out of conflicts involving public lands, land conflicts among Christian and non-Christian settlers and farmers; and it shall settle their conflicts and differences. The Commission shall give assistance and protection, especially to small settlers and farmers in Mindanao against landgrabbers.

It shall also investigate situations and study problems peculiar to small farmers and settlers, take appropriate action or submit recommendations to the President and/or other government agencies concerned for necessary decision or action thereon.

The Commission is hereby granted all the powers of an investigating body under Section 71 and 580 of the Revised Administrative Code, includ-

ing the powers to summon witnesses, administer oaths or take testimony or evidence relevant to the investigation, and shall have access to, and the right to examine any book, document, paper or record, as well as the right to require production thereof under a subpoena duces tecum.

The Commission is empowered to call upon any department, bureau, office, agency, or instrumentality of the government for such assistance as it may need for the accomplishment of its task and to create such sub-bodies as may be necessary to implement this order.

The Land Administrative Division of the Land Authority shall be the Secretariat of the Commission through which all communications involving conflicting claims between settlers and farmers and other claimants shall be coursed through for processing and action, and the Chairman may, when the need arises, request the temporary assignment of such competent personnel of any department, bureau, office, agency, or instrumentality of the government to the Commission in furtherance of its purposes and functions under this order.

The Commission shall adopt the necessary rules and regulations including a standard operating procedure, not inconsistent with existing laws and orders of the Department of Agriculture and Natural Resources and other agencies of the government, to implement the provisions of this Order.

Executive Order No. 73 and 117, series of 1967 and 1968, respectively, are hereby repealed.

Done in the City of Manila, this 5th day of February, in the year of Our Lord, nineteen hundred and sixty-nine.

(Sgd.) FERDINAND E. MARCOS  
*President of the Philippines*

By the President:

(Sgd.) RAFAEL M. SALAS  
*Executive Secretary*

MALACAÑANG  
RESIDENCE OF THE PRESIDENT  
OF THE PHILIPPINES  
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

**EXECUTIVE ORDER NO. 183**

CREATING THE NATIONAL FOOD AND AGRICULTURE COUNCIL

WHEREAS, in view of the success in achieving self-sufficiency in rice and corn, the government has launched a national program on food sufficiency;

WHEREAS, the Rice and Corn Production Coordinating Council, the agency responsible for the breakthrough in rice and corn sufficiency, cannot effectively implement the over-all program of food self-sufficiency because of its limited scope, jurisdiction, and authority;

WHEREAS, without a unifying authority, the working together of several government agencies with interrelated functions and activities will eventually lead to duplication, confusion, and unintegrated measures which will frustrate government efforts toward the attainment of self-sufficiency in food commodities.

WHEREAS, there is an urgent need for a coordinating agency that shall oversee, unify and integrate the administration and implementation of the government's good self-sufficiency program.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby create the National Food and Agriculture Council under the Office of the President composed of the following officials who shall attend in person the meetings and deliberations of said body:

1. The Secretary, Department of Agriculture and Natural Resources — Chairman
2. Executive Secretary Rafael M. Salas — Action Officer
3. The Chairman — General Manager, Rice and Corn Administration
4. The Director, Bureau of Plant Industry
5. The Commissioner, Agricultural Productivity Commission
6. The Director, Bureau of Soils
7. The Dean, College of Agriculture, U.P.
8. The Director, Bureau of Animal Industry



9. The Commissioner, Philippine Fisheries Commission
10. The Commissioner, Budget Commission
11. The Chairman, National Land Reform Council
12. The Administrator, Agricultural Credit Administration
13. The Secretary, Presidential Arm on Community Development
14. The Governor, Central Bank of the Philippines
15. The President, Philippine National Bank
16. The Chairman, Development Bank of the Philippines
17. The Administrator, National Irrigation Administration
18. The Administrator, Irrigation Service Unit
19. The Director, Bureau of Agricultural Economics
20. The Director, Office of Statistical Coordination and Standards,  
National Economic Council
21. The Executive Director, Rice and Corn Board

The Action Officer shall have the power and responsibility of administering, directing and overseeing the implementation of the decisions, programs and policies of the Council by the various government agencies and offices having to do with the food self-sufficiency program.

The Action Officer shall maintain a continuous liaison and dialogue with the private sector with the end in view of having them involved in the food self-sufficiency program and coordinating and integrating their activities in this respect with that of the government sector.

The Action Officer shall, in the absence of the Secretary of Agriculture and Natural Resources and on his behalf, supervise the other members of the council in the discharge of their respective functions and duties related to the implementation of the food self-sufficiency program.

The National Food and Agricultural Council shall have a secretariat which shall be headed by an Executive Director and Deputy Executive Director, both of whom shall be designated by the Council, and composed of personnel assigned and/or detailed to the council from the different departments, bureaus, offices and instrumentalities of the government. In addition, all personnel, facilities and resources of the RCPCC and its agencies shall be transferred to the Council.

The Council shall have the following major functions and powers:

- a) It shall supervise, coordinate, and evaluate the implementation of the Food Self-Sufficiency Program of the government.
- b) It shall supervise, coordinate, and integrate all policies and programs of all agencies and instrumentalities of the government charged with the prosecution of existing laws, policies, procedures, rules and regulations concerning production, stabilization, procurement and dis-

tribution, processing and marketing of rice and corn, vegetables and fruits, fish products, livestock, poultry and meat products and other prime food commodities.

- c) It shall formulate the long and short range programs calculated to achieve major self-sufficiency in food commodities.
- d) It shall coordinate with the National Land Reform Council in the formulation and implementation of plans and programs for the attainment of food self-sufficiency in the land-reform districts, as part of the over-all plans and programs for national self-sufficiency.
- e) It shall coordinate and evaluate the activities and accomplishments of all agencies of the government charged with the prosecution of the different aspects of the Food Self-Sufficiency Program. Accordingly, it shall coordinate the release of public funds in accordance with approved programs and projects in food self-sufficiency; and shall release to the public such information and statistics pertinent to the progress and accomplishments of the different aspects of the national program.
- f) It shall have the power and authority to call on any department, bureau, office, agency and other instrumentalities of the government for assistance in the form of personnel, facilities, and other resources as the need arises during the discharge of its functions.
- g) It shall perform other functions as may be necessary to attain the objectives of the National Food Self-Sufficiency Program, and shall discharge such other duties as the President may direct.

The National Food and Agriculture Council shall submit to the President periodic progress reports of the activities.

Done in the City of Manila, this 6th day of May, in the year of Our Lord, nineteen hundred and sixty-nine.

(Sgd.) FERDINAND E. MARCOS  
*President of the Philippines*

By the President:

(Sgd.) RAFAEL M. SALAS  
*Executive Secretary*

[REPUBLIC ACT NO. 4853]

AN ACT AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO INCUR, ON BEHALF OF THE REPUBLIC OF THE PHILIPPINES, LOANS FROM THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND/OR OTHER FOREIGN OR INTERNATIONAL FINANCIAL INSTITUTION TO FINANCE AN EXPANDED PROGRAM OF IRRIGATION DEVELOPMENT, AND FOR OTHER PURPOSES.

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

SECTION 1. The President of the Republic of the Philippines is hereby authorized to incur, on behalf of the Republic of the Philippines, loans in an amount not exceeding a total of fifty million United States dollars, or its equivalent in other currencies, computed at the prevailing rate of exchange at the time the loan is incurred, on such terms and conditions as may be agreed upon, from the International Bank for Reconstruction and Development and/or other foreign or international financial institution which may offer similar or better terms as the International Bank for Reconstruction and Development, for the purpose of helping finance the construction, completion, expansion and or rehabilitation of irrigation system and the construction of multi-purpose dams and reservoirs; *Provided*, That in the case of the latter, the participating agencies shall enter into an agreement providing for the allocation of the costs in the construction of such dams and reservoirs.

SEC. 2. The total proceeds from such loans is hereby constituted into a special fund to be used exclusively in the construction, completion, expansion and/or rehabilitation of irrigation systems and the construction of multi-purpose dams and reservoirs, and shall be administered by the National Irrigation Administration or such other government agencies as authorized by law. Out of the total proceeds from such loans, such sum as may be necessary is hereby appropriated to implement Republic Act Numbered Eight Hundred ninety-nine. The National Irrigation Administration or other government agency as authorized by law, shall consult with the Department of Agriculture and Natural Resources and such regional planning bodies as may be involved in respect to the planning of such projects or any projections of the usefulness of such projects to agricultural production and development in the areas affected: *Provided*, That in the selection of such projects priority shall be based on the following considerations, namely:

1. Areas producing rice and corn;
2. High benefit-cost ratio;
3. Areas declared as land reform districts under Republic Act Numbered Three Thousand eight hundred and forty-four; and
4. Fair geographical distribution.

SEC. 3. In carrying out the construction, completion, expansion and/or rehabilitation of irrigation system and the construction of multi-purpose dams and reservoirs financed by such loans, the National Irrigation Administration or other government agency as authorized by law, shall award all contracts for construction and for purchase of articles, materials and supplies, (including building materials) for such construction to the lowest responsible bidders on the basis of price, quality, experience and other relevant factors and in accordance with existing laws: *Provided*, That when needed services, articles, materials and supplies are not obtainable within the Philippines at internationally competitive prices, the President of the Philippines may authorize the procurement thereof as an exception to the restrictions and preferences provided for in Act Numbered Forty-Two hundred and thirty-nine, Commonwealth Act Numbered Five hundred and forty-one, and Republic Act Numbered Nine hundred and twelve: And *provided, finally*, That under the provisions of Commonwealth Act Numbered One hundred and thirty-eight only one preference of fifteen per cent shall be applied, that is, in favor of articles, materials, or supplies of the growth or production of the Philippines, or manufactured in the Philippines substantially from articles, materials, or supplies of the growth, production or manufacture of the Philippines, offered by bidders who are citizens of the Philippines, or corporations, partnerships, associations, or firms duly organized and registered under the laws of the Philippines seventy-five per centum of the capital of which is owned by citizens of the Philippines.

SEC. 4. All capital constructions herein authorized, irrespective of the source of funds, shall be covered by the pertinent provisions of the Revised Administrative Code of the Philippines, except that they shall be under the authority of the National Irrigation Administration or other government agency as authorized by law.

SEC. 5. The National Irrigation Administration or other government agency as authorized by law shall collect from the users of its irrigation systems constructed, completed, expanded, and/or rehabilitated under this Act and administered by it, such fees as may be necessary to finance the continuous operation of the system and reimburse within a certain period, not less than twenty-five years, the cost of construction thereof.

SEC. 6. In order to enable the National Government to meet the yearly interest and amortization payments on the loans, the corresponding irriga-



[REPUBLIC ACT NO. 4857]

AN ACT TO AMEND CERTAIN SECTIONS OF REPUBLIC ACT NUMBERED ELEVEN HUNDRED AND SIXTY-ONE, AS AMENDED BY REPUBLIC ACT NUMBERED SEVENTEEN HUNDRED AND NINETY-TWO, REPUBLIC ACT NUMBERED TWENTY-SIX HUNDRED AND FIFTY-EIGHT, REPUBLIC ACT NUMBERED THIRTY-EIGHT HUNDRED AND THIRTY-NINE, AND REPUBLIC ACT NUMBERED FORTY-FOUR HUNDRED AND EIGHTY TWO, OTHERWISE KNOWN AS "THE SOCIAL SECURITY ACT OF 1954."

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

SECTION 1. Section three of Republic Act Numbered Eleven hundred and sixty-one, as amended by Republic Act Numbered Seventeen hundred and ninety-two, Republic Act Numbered Twenty-six hundred and fifty-eight, Republic Act Numbered Thirty-eight hundred and thirty-nine, and Republic Act Numbered Forty-Four hundred and eighty-two, is hereby amended by amending paragraph (a) to read as follows:

"SEC. 3. *Social Security System.* — (a) To carry out the purposes of this Act, the Social Security System with principal place of business in Manila or Quezon City, Philippines, is hereby created. The system shall be directed and controlled by a Social Security Commission composed of the Secretary of Labor and six appointive members, two of whom shall represent the labor group, two, the management group and two, the general public, to be appointed by the President with the consent of the Commission on Appointments. The Chairman of the Commission shall be designated by the President of the Philippines from among the appointive members of the Commission. The term of the appointive members shall be three years: *Provided*, That the terms of the first six appointive members shall be one, two and three years for every two members, respectively. All vacancies, except through the expiration of the term, shall be filled for the unexpired term only. The appointive members of the Commission shall receive fifty pesos per diem for each meeting actually attended by them: *Provided*, That no compensation shall be paid for more than eight meetings a month."

SEC. 2. Section five of the same Act is further amended by amending paragraph (a) to read as follows:

"SEC. 5. *Settlement of Claims.* — (a) Any dispute arising under this Act with respect to coverage, entitlement to benefits, collection and settlement of premium contributions and penalties thereon, or any other matter

related thereto, shall be cognizable by the Commission, and any case filed with the Commission with respect thereto shall be heard by the Commission, or any of its members, or by hearing officers duly authorized by the Commission, and decided within twenty-days after the submission of the evidence. The filing, determination and settlement of claims shall be governed by the rules and regulations promulgated by the Commission."

SEC. 3. Section eight of the same Act is further amended by amending paragraph (e), subparagraph 8 of paragraph (j), and paragraph (k) thereof, and adding thereto new paragraphs (l), (m), (n), (o), and (p) which shall read as follows:

SEC. 8. *Terms defined.* — For the purposes of this Act, the following terms shall, unless the context indicates otherwise, have the following meanings:

"(e) *Dependent.* — The legitimate spouse, or unmarried legitimate or legitimated child of the covered employee who is under twenty-one years of age, or the parents of said employee who are wholly dependent upon him for regular support.

"(j) *Employment.* — Any service performed by an employee for his employer, except —

"(8) Services performed in the employ of a foreign government or international organization, or their wholly owned instrumentality: *Provided however,* That his exemption notwithstanding, any foreign government, international organization, or their wholly-owned instrumentality employing workers in the Philippines or employing Filipinos outside of the Philippines may enter into an agreement with the Philippine Government for the inclusion of such employees in the Social Security System except those already covered by the United States civil service retirement system: *Provided, further,* That the terms of such agreement shall conform with the provisions of this Act on coverage and amount of payment of contributions and benefits: *Provided, finally,* That the provisions of this Act shall be supplementary to any such agreement.

"(k) *Beneficiaries.* — Those designated as such by the covered employee from among the following:

"The legitimate spouse, the legitimate, legitimated, acknowledged natural children and natural children by legal fiction, and their legitimate descendants, the legitimate parents, the brothers, and the sisters.

"In the absence of any of the foregoing, any other person designated by him.

"(l) *Payment ratio.* — The ratio obtained by dividing the total number of monthly contributions from the month of coverage to the last day of the second quarter preceding the quarter of death or permanent disability







be entitled to the basic lump sum amount plus five-twelfths of one per cent of the basic lump sum amount for each monthly contribution in excess of one hundred twenty monthly contributions: *Provided*, That any of the following conditions is satisfied at the time of death or total and permanent disability:

"1. He shall have paid eighteen monthly contributions within the thirty-six calendar month period ending on the last day of the second quarter preceding the quarter of death or total and permanent disability; or

"2. His payment ratio is not less than eighty per cent; *Provided, further*, That if none of the foregoing conditions are satisfied, his death or total and permanent disability benefit shall be the above amount multiplied by one and one-fourth times his payment ratio: *Provided, finally*, That the death or total and permanent disability benefit shall not be less than the total contributions paid by him and his employer in his behalf to the System nor less than five hundred pesos: *Provided, however*, That a covered employee who dies or becomes totally and permanently disabled in the month of coverage shall be entitled to the minimum benefit."

SEC. 7. Section fourteen of the Same Act is further amended to read as follows:

"SEC. 14. *Sickness benefit*. -- (a) under such rules and regulations as the Commission may prescribe, any covered employee under this Act who has paid at least twelve monthly contributions and who, on account of sickness or bodily injury is confined for more than five days in a hospital, or elsewhere with the Commission's approval shall, for each day of such confinement, or fraction thereof, be paid by his employer, or by the System if such person is unemployed or is a voluntary member, an allowance equivalent to seventy per cent of the average daily salary credit if he has at least one dependent, otherwise, forty per cent of the average daily salary credit, but in no case shall the total amount of such daily allowance, if any, be less than two pesos and fifty centavos nor exceed eight pesos nor paid for a period longer than one hundred twenty days in one calendar year; nor shall any unused portion of the one hundred twenty days sickness benefits granted under this section be carried forward and added to the total period allowable in the subsequent year: *Provided*, That such allowance shall begin only after all current sick leaves of absence with full pay, if any, to the credit of the employee shall have been exhausted: *Provided, further*, That payment of such allowances shall be promptly made by the employer every regular pay day, or on the fifteenth and last day of each month in the case of direct payment by the System, for as long as such allowances are due and payable.

"(b) One hundred per cent of the daily benefits provided in the preceding paragraph shall be reimbursed by the System to said employer upon

receipt of satisfactory proof such payment and legality thereof: *Provided*, however, that the claim for reimbursement shall be adjudicated by the System within a period of two months from receipt thereof, *Provided*, further, That should no payment be received by the employer within one month after the period prescribed herein for adjudication, the reimbursement shall thereafter earn simple interest of one per cent per month until paid."

SEC. 8. Section fifteen of the same Act is further amended to read as follows:

"SEC. 15. *Non-transferability of benefits.* — The system shall pay the benefits provided for in this Act to such persons as may be entitled thereto in accordance with the provisions of this Act: *Provided*, That the beneficiary who resides in a foreign country, which does not extend benefits to a Filipino beneficiary residing in the Philippines or to a Filipino beneficiary residing in the Philippines or which is not recognized by the Philippines, shall not be entitled to receive any benefits under this Act: *Provided further*, That if the recipient is a minor or a person incapable of administering his own affairs the Commission shall appoint a representative under such terms and conditions as the Commission may deem proper: *Provided, further*, That such appointment shall not be necessary in case the recipient is under the custody of, or living with, the parents or spouse, in which case the benefits shall be paid to such parents or spouse as representative payee of the recipient. Such benefits are not transferable, and no power of attorney or other document executed by those entitled thereto in favor of any agent, attorney, or any other individual for the collection thereof in their behalf shall be recognized except when they are physically and legally unable to collect personally such benefits: *Provided, finally*, That in the case of death benefits, if no beneficiary has been designated said benefits shall be paid to the legal heirs in accordance with the laws of succession."

SEC. 9. Section twenty-four of the same Act is further amended to read as follows:

"SEC. 24 *Employment records and reports.* — (a) Each employer shall report to the System the names, ages, civil status, occupations, salaries and dependents of all his employees, who are in his employ and who are or may later be subject to compulsory coverage within a period of thirty days from the date of their employment: *Provided*, That if an employee subject to compulsory coverage should die or become sick or disabled without the the System having previously received a report about him from his employer within the period prescribed, the said employer shall pay to the employee or his legal heirs damages equivalent to the benefits to which said employee would have been entitled had his name been reported on time by the employer to the System: *Provided, further*, That the records and reports duly





on the official rate of exchange of ₱3.90 to U.S.\$1.00, or any other rate that may subsequently be fixed by the government.

“(i) ‘Ounce’ means troy ounce which is one-twelfth part of a pound of five thousand seven hundred sixty grains, or four hundred eighty grains or 31.1035 grams;

“(j) ‘Refined gold’ means gold that has been purified to the fineness acceptable to the Central Bank;

“(k) ‘Mine producing gold as principal product’ refers to a mine where the receipt from whatever source from the sale of gold is more than fifty per cent of the total receipts; and

“(l) ‘Mine producing gold as by-product’ refers to a mine where the receipts from whatever source from the sale of gold is fifty per cent or less of its total receipts.

“SEC. 4. *Gold producers qualified to receive assistance.* — To be entitled to the assistance provided in this Act, a gold producer must sell to the Central Bank, and the Central Bank is hereby directed to purchase, its entire production of newly-mined gold, whether produced as principal product or as by-product, at the official price defined in Section 2(h) hereof. Should a gold producer sell his gold in violation of this section at any time during a certain year, the entire production for that year shall not be entitled to assistance. Any assistance already given shall be refunded, and the manager or person incharge of the mining corporation that sells its gold produce or part thereof in violation of this section shall, upon conviction, be punished by a fine of not more than ₱5,000 or an imprisonment of not more than two years or both in the discretion of the court. The Central Bank shall issue a receipt for all gold purchased by it under this Act, which receipt shall show the number of ounces of gold purchased.

“SEC. 5. *Manner of payment under this Act.* — In addition to the official price defined in Section 2(h), all gold producers shall receive assistance as follows:

“(a) Mines producing gold as by-product — fifty pesos per ounce.

“(b) Mines whose annual production of gold as principal product is one hundred thousand ounces or less — sixty pesos per ounce plus seventy per cent of the positive difference between the cost of production per ounce of gold and the official price: *Provided*, That this assistance and the official price shall not exceed two hundred sixty pesos per ounce.

“(c) Mines whose annual production of gold as principal product is more than one hundred thousand ounces — fifty pesos per ounce plus sixty-

five per cent of the positive difference between the cost of production per ounce of gold and the official price: *Provided*, That this assistance and the official price shall not exceed two hundred thirty pesos per ounce.

“Every gold producer enjoying assistance shall give a bonus equivalent to seven and one-half per cent of the assistance received to its employees whose salaries do not exceed five hundred pesos per month.

“SEC. 6. *Term.* — This direct assistance shall cease when the present official world price of gold of US \$35.00 per ounce is increased by international treaty or convention to an amount equivalent to at least seventy dollars per ounce.

“SEC. 10. *Determination of the cost of production.* — The Board shall determine the cost of production of each gold mine every semester of each calendar year during the effectivity of this Act.

SEC. 2. This act shall take effect upon its approval.

Approved, September 2, 1966.







proportion to be maintained until such time as the loan is fully paid: *Provided, however,* That during any time that any amount of the loan remains outstanding, failure to meet with the capital ownership requirement shall make the entire loan immediately due and demandable, together with all penalties and interests, plus an additional special penalty of two per centum on the total amount due.

SEC. 4. The implementation of this Act shall be subject to, and governed by, the provisions of Executive Order No. 236, dated February 13, 1957, prescribing procedures for the planning of development finances, the issuance of government securities, and the disbursement of proceeds, and creating the Fiscal Policy Council and the Technical Committee on Development Finance, as amended by Executive Order No. 26, dated May 26, 1966, not inconsistent with this Act, which are hereby adopted by reference and made an integral part of this Act.

SEC. 5. It shall be the duty of the President, within thirty days after the opening of every regular session, to report to the Congress the amount of loans, credits and indebtedness contracted, as well as the guarantees extended, and the purposes and projects for which the loans, credits and indebtedness were incurred, and the guarantees extended, as well as such loans which may be reloaned to Filipino-owned or controlled corporations and similar purposes.

SEC. 6. The Congress shall appropriate the necessary amount out of any funds in the National Treasury not otherwise appropriated, to cover the payment of the principal and interest on such loans, credits or indebtedness as and when they shall become due.

SEC. 7. This Act shall take effect upon its approval.

Approved, September 8, 1966.

[REPUBLIC ACT NO. 4861]

AN ACT AMENDING SECTION ONE OF REPUBLIC ACT NUMBERED ONE THOUSAND, ENTITLED "AN ACT AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO ISSUE BONDS TO FINANCE PUBLIC WORKS AND PROJECTS FOR ECONOMIC DEVELOPMENT, AUTHORIZED BY LAW, AND FOR OTHER PURPOSES," AS AMENDED.

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

SECTION 1. Section one of Republic Act Numbered One thousand is hereby amended to read as follows:

"SECTION 1. Upon the recommendation of the Secretary of Finance, the Monetary Board, and the National Economic Council, the President of the Philippines is authorized to issue, preferably in the Philippines, or abroad if necessary, in the name and in behalf of the Republic of the Philippines bonds in an amount not exceeding two billion pesos to finance public works and self-liquidating projects for economic development, which are authorized by law, including expropriation of lands for subdivision and resale to individuals, or to repay or service bonded obligations of the Government incurred for such projects: *Provided, however,* That no single issue shall exceed two hundred million pesos and that no further issue shall be made if million pesos and that no further issue shall be made if eighty per centum of the immediately preceding issue has not been sold: *And, provided, further,* That not more than twenty-five per centum of any issue is spent for non-self-liquidating and non-revenue-producing projects. A self-liquidating project is defined as one which directly generates revenue to at least pay for its cost within the maturity period of bonds issued for the purpose. Cost is defined as actual cost of the project plus interest payments and service charges. Investments in the self-liquidating projects in provinces, cities and municipalities shall be limited by the paying capacity of the province, city or municipality to be certified by the Secretary of Finance: *Provided,* That the probable income from such projects shall be taken into consideration: *Provided, finally,* That not more than five per centum of this bond issues shall be used to pay unserviced government obligations, loans and advances, secured or unsecured, guaranteed by the National Government, made by government-



SEC. 3. Any violation of the provisions of this Act shall be punishable by imprisonment for not less than one year or more than five years, in addition to a fine of not less than one thousand pesos nor more than ten thousand pesos at the discretion of the Court: *Provided*, That if the offender is a public officer or employee, he shall, in addition to such imprisonment and fine, suffer perpetual disqualification to hold public office.

SEC. 4. This Act shall take effect upon its approval.

Approved, September 8, 1966.

[REPUBLIC ACT NO. 4910]

AN ACT AMENDING SECTION TWENTY-SEVEN OF REPUBLIC ACT  
NUMBERED THREE HUNDRED THIRTY-SEVEN, OTHERWISE  
KNOWN AS THE GENERAL BANKING ACT.

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

SECTION 1. Section twenty-seven of Republic Act Numbered Three  
hundred thirty-seven, otherwise known as the General Banking Act, is hereby  
amended to read as follows:

“SEC. 27. Any commercial bank organized under the laws of the Phil-  
ippines may, with the prior approval of the Monetary Board, establish branches  
in the Philippines or branches and agencies outside the Philippines, and  
the bank shall be responsible for all business conducted in such branches  
to the same extent and in the same manner as though such business had all  
been conducted in the head office. The hours and times during which all  
types of banks with their branches and extension offices are to conduct and  
transact their business shall not exceed eight hours a day to be selected by  
the banking institution concerned between eight o'clock in the morning to  
eight o'clock in the evening, which time shall be reported to the Monetary  
Board.

“For the purposes of this Act, a bank and its branches shall be treated  
as a unit.”

SEC. 2. This Act shall take effect upon its approval.

Approved, June 17, 1967.

[REPUBLIC ACT NO. 4967]

AN ACT EXTENDING THE LIFE OF THE ABACA AND OTHER FIBERS DEVELOPMENT BOARD, MAINTAINING ITS OWN FUNDS THEREFOR AND FOR OTHER PURPOSES.

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

Section 1. This Act shall be known as the Abaca and Other Fibers Development Program Act.

Section 2. It is hereby declared to be a national policy to rehabilitate and expand the abaca and other fibers industry of the country to maintain its world supremacy and the world demand for abaca and other Philippine fibers and their by-products, and to provide adequate measures to ensure permanent stability in the production and consumption of abaca and other fibers.

Sec. 3. The life of the Abaca and Other Fibers Development Board shall be deemed extended for a period of one year from the approval hereof.

Sec. 4. The Abaca and Other Fibers Development Program envisioned in this Act shall be under the direct control and supervision of the Secretary of Agriculture and Natural Resources, through a Board composed of the Director of the Bureau of Plant Industry, Director of the Bureau of Fiber Inspection Service, Commissioner of the Agricultural Productivity Commission, one representative each of the three abaca-producing regions namely Bicol, Visayas, and Mindanao and the President of the Philippine Association of Abaca Producers and Exporters to be appointed by the President of the Philippines with the Approval of the Commission on Appointments of the Congress of the Philippines. Each member shall receive a per diem of fifty pesos per meeting actually attended.

Sec. 5. The Program shall cover the following phases considered necessary to attain the primary objectives of bringing at least to pre-war level the production of abaca and other fibers, reducing their cost of production to compete successfully with other hard fibers in the world markets, achieving the desired level of abaca and other Philippine fiber exports, and finally, maintaining a well-balanced production and demand of abaca and other fibers:

1. Production and distribution of planting materials to be disposed of at nominal cost, for the rehabilitation of depleted plantations and expansion to newly-opened areas;

2. Improvement and operation of fiber extraction methods to reduce the cost of production and improve the quality of the fibers;
3. Development, establishment and promotion of new industries using abaca and other fibers as raw materials;
4. Abaca and other fibers scientific, agricultural, industrial and commercial research;
5. Abaca and other fibers local and foreign trade promotion; and
6. General administration.

Sec. 6. The balance of appropriations provided for in Republic Acts Numbered Three thousand and forty-five and Four thousand seven hundred twenty-one, shall continue to be expended to carry out the provisions of this Act aside from its present appropriations in the General Appropriations Act.

Sec. 7. Any amount earned in the operation of any of the projects under the Abaca and Other Fibers Development Program shall be credited to the name of the Program and constituted as a revolving fund to be used as determined through the resolution of the Board.

Sec. 8. The budget and the production plan for the year shall be prepared by the Administration and submitted to the Board for approval within thirty days before the end of the fiscal year.

Sec. 9. The Abaca and Other Fibers Development Program shall have an auditor who shall be assisted by his staff, to be appointed by the Auditor General. Salaries of and all other expenses in maintaining the Auditor's Office shall be paid by the Program.

Sec. 10. The Chairman-General Manager of the Abaca and Other Fibers Development Program shall submit a report through the Secretary of Agriculture and Natural Resources, to the President of the Philippines, the President of the Senate, the Speaker of the House of Representatives, and the Committee on Agriculture of both chambers of Congress, on the operation of the Program, not later than thirty days after the end of the fiscal year.

Sec. 11. All laws or parts thereof inconsistent with the provisions of this Act are hereby repealed.

Sec. 12. This Act shall take effect upon its approval.

Approved, June 17, 1967.



[REPUBLIC ACT NO. 5169]

AN ACT EMPOWERING THE PRESIDENT OF THE PHILIPPINES TO SELL GOVERNMENT PROPERTIES FOR THE PURPOSE OF RAISING FUNDS TO PAY FOR THE GOVERNMENT'S SUBSCRIPTION TO THE LAND BANK OF THE PHILIPPINES AND TO FINANCE THE AGRICULTURAL CREDIT ADMINISTRATION.

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

SECTION 1. For the purpose of raising funds to pay for the Government's subscription to the Land Bank of the Philippines and to finance the Agricultural Credit Administration, the President of the Philippines, without prejudice to private rights previously acquired, is hereby empowered to sell in accordance with this Act, the properties of the National Government enumerated in Schedule "A".

SEC. 2. Any sale that may be made pursuant to this Act shall be conducted through public bidding: *Provided*, That the appraised market value of the property shall be stated in the invitation to bid and no bid below the same shall be accepted: *Provided, further*, That the details of the procedure in public bidding shall be formulated and carried out by a Committee created for the purpose which shall be composed of the Secretary of Finance, as Chairman, the Auditor General, the Secretary of General Services, the Chairman of the National Land Reform Council and a representative of the minority party receiving the second largest number of votes in the last Presidential election who shall be appointed by the President exclusively from a list of three recommendees of such minority party: *Provided, further*, That the Committee shall not be considered fully constituted and ready to function until after the member representing the minority party has been appointed and has qualified: *Provided, furthermore*, That the minority party shall submit its recommendation to the President within sixty days from the approval of this Act, or from the last Presidential election, as the case may be, in the absence of which the committee shall be deemed to be so constituted even without such member from the minority party: *Provided, furthermore*, That the minority representative shall receive a *per diem* of fifty pesos for each day he attends a meeting of the committee: *Provided, furthermore*, That any contract, deed or instrument disposing such properties of the government executed by the Committee, thru its chairman before it becomes valid and binding must first be approved by the President: *Provided, furthermore*, That in the disposition of lands, no bid shall be entertained, except from individuals, corporations or associations qualified under existing laws to acquire or hold lands of the public domain in the Philip-

pires: and *Provided, finally*, That no bid shall be entertained from the Central Bank of the Philippines.

SEC. 3. The appraised market value of the real property to be sold thru public bidding shall be determined by a Board, consisting of three real property appraisers to be constituted by the Committee created under Section two hereof from a list of recommendees submitted by the Philippine Association of Real Estate Appraisers.

SEC. 4. Seventy-five *percentum* of the proceeds accruing from the sale of government properties pursuant to this Act shall be delivered to the Land Bank and credited as government subscription to the capital of said Bank pursuant to Section eighty-one, Republic Act Numbered Three thousand eight hundred forty-four, otherwise known as the "Agricultural Land Reform Code." The balance of twenty-five per centum shall be delivered to the Agricultural Credit Administration to carry out the loaning activities of said Administration under Chapter V of Republic Act Numbered thirty-eight hundred forty-four.

SEC. 5. It shall be the duty of the President to report to Congress, from time to time, the details of sales consummated in accordance with the provisions of this Act.

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

Approved, August 4, 1967.

[REPUBLIC ACT NO. 5171]

AN ACT TO FACILITATE THE ENTRY INTO THE PHILIPPINES OF INTERNATIONAL TRADERS AND INVESTORS OF FOREIGN NATIONALITY, AMENDING FOR THE PURPOSE SUBPARAGRAPH (d) OF SECTION NINE OF COMMONWEALTH ACT NUMBERED SIX HUNDRED THIRTEEN, OTHERWISE KNOWN AS THE PHILIPPINE IMMIGRATION ACT OF 1940, AS AMENDED BY REPUBLIC ACT NUMBERED FIVE HUNDRED AND THREE.

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

SECTION 1. Subparagraph (d) of the first paragraph of Section nine of Commonwealth Act Numbered Six hundred thirteen, otherwise known as the Philippine Immigration Act of 1940, as amended, is hereby further amended so as to read as follows:

“(d) An alien entitled to enter the Philippines under and in pursuance of the provisions of a treaty of commerce and navigation (1) solely to carry on substantial trade principally between the Philippines and the foreign state of which he is a national or (2) solely to develop and direct the operations of an enterprise in which, in accordance with the Constitution and the laws of the Philippines he has invested or of an enterprise in which he is actively in the process of investing, a substantial amount of capital; and his wife, and his unmarried children under twenty-one years of age, if accompanying or following to join him, subject to the condition that citizens of the Philippines are accorded like privileges in the foreign state of which such alien is a national.”

SEC. 2. The provisions of Republic Act Numbered One thousand three hundred and ninety-three and other laws, part of laws or rules and regulations inconsistent with the provisions of this Act are hereby repealed.

SEC. 3. This Act shall take effect upon its approval.

Approved, August 4, 1967.

[REPUBLIC ACT NO. 5490]

AN ACT MAKING MARIVELES, PROVINCE OF BATAAN, A PORT OF ENTRY BY AMENDING SECTION SEVEN HUNDRED ONE OF THE TARIFF AND CUSTOMS CODE OF THE PHILIPPINES, AS AMENDED, PROVIDING FOR THE ESTABLISHMENT, OPERATION AND MAINTENANCE OF A FOREIGN TRADE ZONE THEREIN; CREATING A FOREIGN TRADE ZONE AUTHORITY; AND AUTHORIZING THE APPROPRIATION OF THE NECESSARY FUNDS THEREFOR.

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

SECTION 1. *Declaration of Policy.* — It is hereby declared to be the policy of the government to stimulate, expedite, encourage and promote foreign commerce as a means of making the Philippines a vital center of international trade, of strengthening our foreign exchange position, of hastening industrialization, of overcoming domestic unemployment, of accelerating the development of the country and of insuring the economic security of all the people as provided in the Constitution.

SEC. 2. *Mariveles Port: establishment of foreign trade zone therein: admission of foreign and domestic merchandise.* — To obtain the above policy, Mariveles, Province of Bataan, is hereby made a principal port of entry by further amending section seven hundred one of Republic Act Numbered Nineteen hundred thirty-seven, otherwise known as the Tariff and Customs Code of the Philippines, as amended, to read as follows:

“SEC. 701. *Collection Districts and Ports of Entry thereof.* — For administrative purposes, the Philippines shall be divided into as many collection districts as there are at present existing, the respective limits of which may be changed from time to time by the Commissioner of the Bureau of Customs, upon approval of the department head. The principal ports of entry for the respective collection districts shall be Manila, Sual, Tabaco, Cebu, Pulupandan, Sia-in, Iloilo, Davao, Legaspi, Zamboanga, Jolo, Aparri, Jose Panganiban, Cagayan, Tacloban, San Fernando, Hinigaran, Dumaguete City, San Jose, Maasin, Maaao, Iligan City, Batangas, Bulatay, Supang, Virac, Cabugao, Gaang, Dagupan City, Bislig, Catbalogan, Surigao and Mariveles.”

There is hereby established in the Mariveles Port a foreign trade zone herein referred to as the Zone. Foreign and domestic merchandise of every description, except such as is prohibited by law, may, without being subject to the customs and internal revenue laws and regulations of the Philippines, except as otherwise provided in this Act, be brought into the Zone and may

be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign or domestic merchandise, or otherwise manipulated, or be manufactured except as otherwise provided in this Act, and be exported, destroyed or sent into customs territory of the Philippines therefrom, in the original package or otherwise, under the following terms and conditions:

(1) When foreign merchandise is sent from the Zone into the customs territory of the Philippines, it shall be subject to the laws and regulations of the Philippines affecting imported merchandise;

(2) Whenever the privilege shall be requested and there has been no manipulation or manufacture effecting a change in tariff classification, the Commissioner of Customs shall take under supervision any lot or part of a lot of foreign merchandise in the Zone, cause it to be appraised and taxes determined and duties liquidated thereon. Merchandise so manufactured under the supervision and regulation prescribed by the Secretary of Finance, and whether mixed or manufactured with domestic merchandise or not may, under regulation prescribed by the Secretary of Finance, be exported or destroyed, or may be sent in customs territory upon the payment of such liquidated duties and determined taxes thereon. If merchandise so taken under supervision has been manipulated or manufactured, such duties and taxes shall be payable on the quantity of such foreign merchandise used in the manipulation, or manufacture of the entered article. Allowance shall be made for recoverable and irrevocable waste; and if recoverable waste is sent into customs territory, it shall be dutiable and taxable in its condition and quantity and at its weight at the time of entry. Where two or more products result from the manipulation or manufacture of merchandise in the Zone, the liquidated duties and determined taxes shall be distributed to several products in accordance with their relative value at the time of separation with due allowance for waste as provided for above;

(3) Subject to such regulations respecting identity and the safeguarding of the revenue as the Secretary of Finance may deem necessary, articles, the growth, product, or manufacture of the Philippines, on which all internal revenue taxes have been paid, if subject thereto, and articles previously imported on which duty and/or tax has been paid, or which have been admitted free of duty and tax, may be taken into the Zone from the customs territory of the Philippines, placed under the supervision of the Commissioner, and whether or not they have been combined with or may part, while in said Zone, of other articles, may be brought back thereto free of quotas, duty, or tax;

(4) If in the opinion of the Secretary of Finance their identity has been lost, such articles not be entitled to free entry by reason of non-compliance with the requirements made hereunder by the Secretary of Finance shall be treated when they re-enter customs territory of the Philippines as foreign merchandise under the provisions of the customs; tariff and internal revenue laws in force at the time;

(5) Under the rules and regulations of the Secretary of Finance, articles which have been taken into the Zone from customs territory for the sole purpose of exportation, destruction (except destruction of distilled spirits, wines and fermented liquors), or storage shall be construed to be exported for the purpose of —

“(a) the draw-back warehousing and bonding, or any other provisions of the Customs and Tariff Code, of the Philippines, as amended, and the regulations thereunder; and

“(b) the statutes and bonds exacted for the payment of drawback, refund, or exception from liability for internal revenue taxes and for purposes of the internal revenue laws generally and the regulations thereunder. Such a transfer may also be considered an exportation for the purpose of other laws and regulations in so far as offices or agencies charged with the enforcement of those laws deem it advisable. Such articles may not be returned to customs territory for domestic consumption except where such return is in the public interest.

(6) Articles produced or manufactured in the Zone and exported therefrom shall on subsequent importation into the customs territory of the Philippines be subject to the import laws applicable to like articles manufactured in a foreign country except that articles produced or manufactured in the Zone exclusively with the use of domestic merchandise, the identity of which has been maintained in accordance with the second condition of this section, may, on such importation, be entered as Filipino goods returned.

Sec. 3. *Creation of a Foreign Trade Zone Authority.* — A Foreign Trade Zone Authority, hereafter referred to as Authority is hereby created to be composed of a Chairman and four members who shall be appointed for a term of six years by the President, with the consent of the Commission on Appointments; *Provided*, That the terms of office of the first appointees shall be fixed as follows: the Chairman shall be for six years, two members shall be for four years, and the last two members shall be for two years: *Provided, further*, That upon the expiration of his term, a member shall serve as such until his successor shall have been appointed and qualified: *Provided, finally*, That no vacancy shall be filled except for the unexpired portion of any term. The Authority shall hold its office in Mari-veles.

No person shall be appointed as Chairman or member of the Foreign Trade Zone Authority unless he is a citizen of the Philippines, of good moral character and of unquestionable integrity and responsibility, and of recognized competence in customs administration, taxation, economics, commerce and industry.

The Chairman shall receive a salary of twenty-four thousand pesos per annum, and each member shall receive a salary of twenty thousand pesos per annum.

**Sec. 4. Powers and Duties.** — The Foreign Trade Zone Authority shall have the following powers and duties:

(a) To fix and delimit the site of the Zone which shall at all times remain to be owned by the Government, and which shall have a contiguous and adequate area with well-defined and policed boundaries, with adequate enclosures to segregate the Zone from the customs territory for protection of revenues, together with suitable provisions for ingress and egress of persons, conveyance, vessels and merchandise sufficient for the purposes of this Act;

(b) To determine and regulate the enterprise to be established within the port in order not to adversely affect the operations of existing domestic industries outside the Zone, and to operate the Zone as a public utility wherein all the rates and charges for all services or privileges within the Zone shall be fair and reasonable, and the Authority shall afford all who may apply for the use of the Zone and its facilities and appurtenances uniform treatment under like conditions subject to such treaties or commercial conventions as are now enforced or may hereafter be made by the Philippines with any foreign government from time to time;

(c) To direct the management operation and maintenance of the Zone and to provide necessary facilities and appurtenances thereof;

(d) Upon application to grant, under uniform and reasonable rates and regulations made thereunder, permit to persons, firms, corporations or association the use of the Zone and its facilities, the privilege to erect such buildings and other structures within the Zone as will meet their particular requirements: *Provided*, That such permission shall not constitute a vested right as against the government, nor interfere with the regulation of the Authority nor interfere with or complicate the revocation of the grant: *Provided, further*, That such permits shall not be granted on terms that conflict with the public use be necessary to carry out the provisions of this Act;

(e) To authorize expenditures out of its net operating income but not in excess of two hundred fifty thousand pesos, in addition to its annual appropriations;

(f) To issue such rules and regulations not inconsistent with the provisions of this Act or the rules and regulations of the Secretary of Finance made hereunder and as may be necessary to carry out the provisions of this Act;

(g) To appoint, fix remunerations, and remove for cause all officers and employees; and

(h) To exercise all the powers necessary to attain the purpose for which it is organized and for which this Act is enacted.

**Sec. 5. Assignment of customs officers and guards.** — The Secretary of Finance shall assign to the Zone the necessary customs officers and guards

to protect the revenue and provide for the admission of foreign merchandise into customs territory.

Sec. 6. *Vessels subject to Philippine laws.* — Vessels entering or leaving the Zone shall be subject to the operation of all laws of the Philippines, except as otherwise provided in this Act, and vessels leaving the Zone and arriving in customs territory of the Philippines shall be subject to such regulations to protect the revenue as may be prescribed by the Secretary of Finance.

Sec. 7. *Annual Report.* — The Authority shall submit, within ten days from the opening of the regular session of Congress, an annual report to the Presiding Officers of both Houses, containing the details of the operation and fiscal condition of the Zone and transmit copies of said report to all members of Congress.

Sec. 8. *Promulgation of rules and regulations by the Secretary of Finance.* — The Secretary of Finance shall prescribe within six months from the effectivity of this Act such rules and regulations as may be necessary to carry out this Act.

Sec. 9. *Penalties.* — Any person violating any provision of this Act or any of the rules and regulations promulgated under Section four hereof, shall suffer the penalty of imprisonment of not less than five years nor more than ten years and fine of not less than five thousand pesos nor more than ten thousand pesos and, in addition, such violation shall ipso facto constitute a valid ground for the revocation of all privileges, permits and authorization granted to such person under this Act: *Provided, however,* That if the offender is a corporation, firm, partnership or association, the penalty shall be imposed upon the guilty officer or officers, as the case may be of the corporation, firm or association, if such guilty officer or officers be alien or aliens, in addition to the penalties herein prescribed, he or they shall be deported without further proceedings on the part of the Deportation Board.

Any officer or employee of the Government who by himself or through his agent acting under his discretion and authority, shall connive, abet, or tolerate the violation of the provisions of this Act or any rules and regulations promulgated under Section four hereof or who fails to report within thirty days any violation thereof to the fiscal or chief of police in the place where the Zone is located shall suffer the penalties prescribed in the preceding paragraph including perpetual disqualification to hold public office.

The foregoing penalties shall be without prejudice to the assessment and collection of such taxes and duties as may be due on the foreign-made articles or merchandise which have been landed in the Zone and have not been re-shipped to a foreign port at the time of the revocation of the authority of the offender to operate within the Zone. In the event such taxes and duties shall not for any reason be paid upon demand by the Collector of



Customs of the port within whose collection district the Zone is located, the foreign-made articles or merchandise of the offender remaining within such Zone at the time of revocation of its authority to operate therein, including its physical plants, machinery and equipment therein, shall, after due notice and hearing, be forfeited in favor of the Government and may be disposed of by the Government in the manner and for such purpose as it may so desire.

Sec. 10. *Appropriations.* — To carry out the purpose of this Act, there is hereby authorized to be appropriated, out of any funds in the National Treasury not otherwise appropriated, the sum of two hundred fifty thousand pesos for the fiscal nineteen hundred sixty-nine.

Sec. 11. *Effectivity.* — This Act shall take effect upon its approval.

Approved, June 21, 1969.

**PHILIPPINE DEPOSIT INSURANCE CORPORATION**  
**Manila**

**RULES AND REGULATIONS**

Pursuant to the provisions of Section 4 of Republic Act No. 5517 entitled "An Act Creating a Fund From Which Shall be Disbursed Amounts Necessary to Pay Depositors, in Amounts Not Exceeding Ten Thousand Pesos (₱10,000.00) Per Individual Depositor of Banks Which are Forbidden to Do Business by the Central Bank Pursuant to Section Twenty-Nine of Republic Act Numbered Two Hundred Sixty-Five," the Philippine Deposit Insurance Corporation hereby promulgates and prescribes the following implementing Rules and Regulations:

Section 1. Definition of Terms as Used in These Rules and Regulations:

- (a) *Fund* — is the amount of cash or its equivalent which has been set aside and made available to the Philippine Deposit Insurance Corporation out of the profits of the Central Bank of the Philippines by the Monetary Board for the Implementation of Republic Act No. 5517.
- (b) *Deposit* — means the unpaid balance of money or its equivalent received by the bank in the usual course of its business and for which it has given or is obliged to give credit to its deposit liability account, whether current or demand, savings or time deposits.
- (c) *Individual Depositor* — refers to a natural or artificial person or persons with a deposit account or accounts in a bank maintained in the same capacity and the same right in the name or names of such person or persons or in the name of another for his/its/their own benefit. In determining the net amount due each individual depositor, there shall be added together all deposits in the bank maintained in the same capacity and the same right for his benefit in his own name or in the name of others.

Section 2. Determination of Depositors Entitled to Payment under the Provisions of Republic Act No. 5517.

Only depositors of the following banks are entitled to payment of their deposits:

- (1) A bank which has been forbidden to do business by the Central Bank pursuant to Republic Act No. 265; and
- (2) Any bank which, between the effective date of this Act and the date the Philippine Deposit Insurance Corporation commences the grant of insurance coverage to banks pursuant to Republic Act No. 3591, may be forbidden to do business by the Central Bank pursuant to Section 29 of Republic Act No. 265.

For this purpose, the PDIC shall rely upon information officially furnished by the Central Bank on the matter.

**Section 3. Assignment of Claim Agents and/or Authorized PDIC Personnel.**

- (a) There shall be appointed Claim Agents who shall have the power to investigate, examine, verify and pass upon the validity of all claims made by individual depositors of banks pursuant to the provisions of this Act, on the basis of bank records turned over to PDIC by the Central Bank of the Philippines and/or the records of the depositors maintained in good faith and in the regular course of business.

There shall also be hired necessary personnel to assist the Claim Agents in the implementation of the Act.

- (b) Each Claim Agent shall have the power to administer oath, to examine under oath, and take and preserve the testimony of any persons relating to such claims.

**Section 4. Filing of Claims.**

- (a) No payment of deposit shall be made by PDIC unless a claim shall have been filed, processed and approved for release of payment.
- (b) Claims shall be filed by the depositor or his duly authorized agent at the bank premises on the dates scheduled for payment after claim forms shall have been distributed thereat. The schedules for payment shall be published in at least two newspapers of general circulation and/or posted in a conspicuous place at the bank premises.
- (c) If after termination of the pay-off operation by PDIC in the bank, any claim or payment of deposits has not been filed, the same shall be filed in the Office of the PDIC. No claim, however, shall be entertained by PDIC unless such claim is filed within two months from the date of termination of the said pay-off in the bank and the date shall be indicated in notices which shall be published in at least two leading newspapers of general circulation. This rule, however, shall not be construed as a bar to the right of a depositor to claim against the bank or the receiver or the agency charged with the duty of winding up the affairs of the bank as the case may be.

**Section 5. Procedure and Mode of Payment.**

- (a) The individual depositor shall surrender and/or submit his/her or its savings passbook, latest statement of current deposits, certificates of time deposits and such other documents and/or records as may be necessary in the investigation, examination and verification of the validity and of the existence and amount of his/her or its de-

posit claims. When the amount of deposit exceeds ₱10,000.00 such evidence/evidences shall be returned to the owner after payment of the deposit due the said owner.

- (b) The individual depositor shall accomplish a Deed of Assignment to subrogate the Fund in place of such depositor to the extent of the amount paid.
- (c) Payment of claims shall be as follows:
  - 1. Claims from ₱0.01 to ₱500.00 shall be paid in cash.
  - 2. Claims which exceed ₱500.00 and up to ₱10,000.00 shall be paid by checks.
- (d) No payment of deposit per individual depositor as defined in Section 1(c) of these Rules and Regulations shall exceed the amount of ₱10,000.00.

**Section 6. Various types of deposits and a guide for determining the status of the depositor's claims.**

- (a) In determining the amount due to any depositor, there shall be added together all deposits in the bank maintained in the same capacity and the same right for his benefit either in his own name or in the name of others.
- (b) A deposit account owned by two or more persons payable upon orders of all the owners is a joint account and the owners are presumed to have equal interest/share in the account. In case any of the owners of the joint account also owns a separate individual deposit, the same shall be added to his share in the joint account in determining his total deposits.

This same rule shall apply when several accounts are owned jointly by the same combination of persons or names. The interests/shares in all the joint accounts of each co-owner shall be consolidated and added to his individual account maintained by him in his own right and name, and he shall be paid the total of his deposits which shall in no case exceed ₱10,000.00.

- (c) A deposit account owned by two or more owners payable to either owner i.e., A and/or B or A or B is a joint and several account and such owners shall be treated as a single individual depositor as defined in this Rules and Regulations. Such account is owned by the owners in a right different from their individual deposits, and shall be treated as a separate account maintained in a different right capacity.

When two or more accounts payable to the order of either owners are owned jointly and severally by the same combination of persons or names, all such accounts shall be added together and paid the equivalent amount but in no case to exceed ₱10,000.00.

- (d) When the record of the bank shows that an account is in the name of a natural or artificial person or persons such person or persons shall be considered as the actual owner of the account in the absence of any evidence or information to the contrary. And if, in addition to the account of such person or persons, another account is maintained in the name of another with a designation on description that the latter is a trustee, administrator, executor or agent of the former, the two accounts shall be added together. For example, an account in the name of A must be added to an account in the name of B, acting as agent of A, to determine the net amount due to A.
- (e) An account maintained by a married woman in her own name and in her own right shall be treated independently from that maintained by the husband in his own name and in his own right.
- (f) An account maintained by a minor or deposited by another for the minor's account shall be considered as a deposit of such minor and shall not be added to the deposit of his guardian.
- (g) A corporation or association with juridical personality which maintains a deposit account in its name, shall be treated as an individual depositor and any deposit account maintained by any member thereof shall be separate and distinct and treated as another individual deposit for the account of the member.
- (h) Problems or situations that are not covered or treated in the foregoing paragraphs shall first be submitted by the Claim Agent In-Charge to the Claims Liquidation Committee for consideration and decision, before any payment is made to the depositor whose claim is in question.

APPROVED AND CONFIRMED,  
August 25, 1969.

#### C E R T I F I C A T I O N

This is to certify that the foregoing Rules and Regulations to implement Republic Act 5517 was approved and confirmed by the Board of Directors of the Philippine Deposit Insurance Corporation in its meeting held on August 25, 1969 in the City of Manila.

(SGD.) CONCEPCION M. RECTO  
*Alternate Secretary*

CENTRAL BANK OF THE PHILIPPINES  
FOREIGN EXCHANGE DEPARTMENT  
MANILA

EXCHANGE RATES OF FOREIGN CURRENCIES  
January 1969

Country	Unit of Currency	Equivalent in U.S. Currency	Equivalent in Philippine Currency at Official Rate	Foreign Currency Unit Per U.S. \$
<b>I. MEMBER-COUNTRIES OF THE INTERNATIONAL MONETARY FUND</b> (Currencies with Par Value)				
1. Afghanistan .....	Afghani .....	\$ .02222	₱ .08666	45.00000
2. Australia .....	Dollar .....	1.12000	4.36800	.89286
3. Austria .....	Schilling .....	.03846	.14999	26.00000
4. Belgium .....	Franc .....	.02000	.07800	50.00000
5. Burma .....	Kyat .....	.21000	.81900	4.76190
6. Burundi .....	Franc .....	.01143	.04458	87.50000
7. Canada .....	Dollar .....	.92500	3.60750	1.08108
8. Ceylon .....	Rupee .....	.16800	.65520	5.95237
9. Costa Rica .....	Colon .....	.15094	.58867	6.62500
10. Cyprus .....	Pound .....	2.40000	9.36000	.41667
11. Denmark .....	Krone .....	.13333	.51999	7.50000
12. Dominican Rep. ....	Peso .....	1.00000	3.90000	1.00000
13. Ecuador .....	Sucre .....	.03556	.21668	18.00000
14. El Salvador .....	Colon .....	.40000	1.56000	2.50000
15. Ethiopia .....	Dollar .....	.40000	1.56000	2.50000
16. Finland .....	Markka .....	.23810	.92859	4.19997
17. France .....	Franc .....	.20255	.78995	4.93706
18. Germany .....	Deutsche Mark .....	.25000	.97500	4.00000
19. Ghana .....	New Cedi .....	.98000	3.82200	1.02041
20. Greece .....	Drachma .....	.03333	.12999	30.00000
21. Guatemala .....	Quetzal .....	1.00000	3.90000	1.00000
22. Guyana .....	Dollar .....	.50000	1.95000	2.00000
23. Haiti .....	Gourde .....	.20000	.78000	5.00000
24. Honduras .....	Lempira .....	.50000	1.95000	2.00000
25. Iceland .....	Krona .....	.01754	.06841	57.00000
26. India .....	Rupee .....	.13333	.51999	7.50000
27. Iran .....	Rial .....	.01320	.05148	75.75000
28. Iraq .....	Dinar .....	2.80000	10.92000	.35714
29. Ireland .....	Pound .....	2.40000	9.36000	.41667
30. Israel .....	Pound .....	.28571	1.11427	3.50000
31. Italy .....	Lira .....	.00160	.00624	625.00000
32. Jamaica .....	Pound .....	2.40000	9.36000	.41667
33. Japan .....	Yen .....	.00278	.01084	360.00000
34. Jordan .....	Dinar .....	2.80000	10.92000	.35714
35. Kenya .....	Shilling .....	.14000	.54600	7.14286
36. Kuwait .....	Dinar .....	2.80000	10.92000	.35714
37. Lebanon .....	Pound .....	.45631	1.77961	2.19148
38. Liberia .....	Dollar .....	1.00000	3.90000	1.00000
39. Libya .....	Pound .....	2.80000	10.92000	.35714
40. Luxembourg .....	Franc .....	.02000	.07800	50.00000
41. Malawi .....	Pound .....	2.40000	9.36000	.41667
42. Malaysia .....	Dollar .....	.32667	1.27401	3.06132
43. Mexico .....	Peso .....	.08000	.31200	12.50000
44. Morocco .....	Dirham .....	.19761	.77068	5.06049
45. Nepal .....	Rupee .....	.09877	.38520	10.12500
46. Netherlands .....	Guilder .....	.27624	1.07734	3.62000
47. New Zealand .....	Dollar .....	1.12000	4.36800	.89286
48. Nicaragua .....	Cordoba .....	.14286	.55715	7.00000
49. Nigeria .....	Pound .....	2.80000	10.92000	.35714
50. Norway .....	Krone .....	.14000	.54600	7.14286
51. Pakistan .....	Rupee .....	.21000	.81900	4.76190
52. Panama .....	Balboa .....	1.00000	3.90000	1.00000

**CENTRAL BANK OF THE PHILIPPINES  
FOREIGN EXCHANGE DEPARTMENT  
MANILA**

**EXCHANGE RATES OF FOREIGN CURRENCIES  
January 1969 (Concluded)**

Country	Unit of Currency	Equivalent in U.S. Currency	Equivalent in Philippine Currency at Official Rate	Foreign Currency Unit Per U.S. \$
53. Philippines	Peso	\$ .25641	₱ 1.00000	3.90000
54. Portugal	Escudo	.03478	.13564	28.75000
55. Rwanda	Franc	.01000	.03900	100.00000
56. Saudi Arabia	Riyal	.22222	.86666	4.50000
57. Sierra Leone	Leone	1.20000	4.68000	.83333
58. Singapore	Dollar	.32667	1.27401	3.06122
59. Somalia	So. Shilling	.14000	.54600	7.14286
60. South Africa	Rand	1.40000	5.46000	.71429
61. Spain	Peseta	.01429	.05573	70.00000
62. Sudan	Pound	2.87156	11.19908	.34824
63. Sweden	Krona	.19330	.75387	5.17321
64. Syrian Arab Rep.	Pound	.45631	1.77961	2.19148
65. Tanzania	Shilling	.14000	.54600	7.14286
66. Thailand	Baht	.04808	.18751	20.80000
67. Trinidad & Tobago	TT Dollar	.50000	1.95000	2.00000
68. Tunisia	Dinar	1.90476	7.42856	.52500
69. Turkey	Lira	.11111	.43333	9.00000
70. Uganda	Shilling	.14000	.54600	7.14286
71. United Arab Rep.	Pound	2.87156	11.19908	.34824
72. United Kingdom	Pound	2.40000	9.36000	.41667
73. United States	Dollar	1.00000	3.90000	1.00000
74. Uruguay	Peso	.13514	.52705	7.40000
75. Yugoslavia	Dinar	.08000	.31200	12.50000
76. Zambia	Kwacha	1.40000	5.46000	.71429

**II. MEMBER-COUNTRIES OF THE INTERNATIONAL MONETARY FUND  
(Currencies without Par Value)**

1. Argentina	Peso	.00286	.01115	350.00000
2. Bolivia	Peso Boliviano	.08418	.32830	11.88000
3. Brazil	New Cruzeiro			
Free Rate		.27397	1.06848	3.65000
4. Chile	Escudo			
Trade Rate		.14084	.54928	7.12000
5. China	NT Dollar	.02494	.09727	40.10000
6. Columbia	Peso	.06090	.23751	16.42000
Principal Selling Rate				
7. Korea	Won	.00358	.01396	279.00000
8. Mali	Franc	.00203	.00792	493.71000
9. Hongkong	Dollar	.16500	.64350	6.06061
10. Paraguay	Guarani	.00794	.03097	126.00000
11. Peru	Sol	.02584	.10078	38.70000
12. Venezuela	Bolivar			
Selling Rate		.22222	.86666	4.50000
Other Export Rate		.22321	.87052	4.48000
13. Vietnam	Piastre	.00847	.03303	118.00000

**III. NON-MEMBER COUNTRIES OF THE INTERNATIONAL MONETARY FUND  
(Currencies without Par Value)**

Switzerland	Franc			
Spot Rate		.23234	.90613	4.30400
Forward Rate		.23304	.90886	4.29100

SOURCE OF DATA: International Financial Statistics, November 1968.

CENTRAL BANK OF THE PHILIPPINES  
FOREIGN EXCHANGE DEPARTMENT  
MANILA

FOREIGN RATES OF FOREIGN CURRENCIES  
March 1969

Country	Unit of Currency	Equivalent in U.S. Currency	Equivalent in Philippine Currency at Official Rate	Foreign Currency Unit Per U.S. \$
I. MEMBER-COUNTRIES OF THE INTERNATIONAL MONETARY FUND (Currencies with Par Value)				
1. Afghanistan	Afghani	\$ .02222	₱ .08666	45.00000
2. Australia	Dollar	1.12000	4.36800	.89286
3. Austria	Schilling	.03846	.14999	26.00000
4. Belgium	Franc	.02000	.07800	50.00000
5. Burma	Kyat	.21000	.81900	4.76190
6. Burundi	Franc	.01143	.04458	87.50000
7. Canada	Dollar	.92500	3.60750	1.08108
8. Ceylon	Rupee	.16800	.65520	5.95237
9. Costa Rica	Colon	.15094	.58867	6.62500
10. Cyprus	Pound	2.40000	9.36000	.41667
11. Denmark	Krone	.13333	.51999	7.50000
12. Dominican Rep.	Peso	1.00000	3.90000	1.00000
13. Ecuador	Sucre	.05556	.21668	18.00000
14. El Salvador	Colon	.40000	1.56000	2.50000
15. Ethiopia	Dollar	.40000	1.56000	2.50000
16. Finland	Markka	.23810	.92859	4.19997
17. France	Franc	.20255	.78995	4.93706
18. Germany	Deutsche Mark	.25000	.97500	4.00000
19. Ghana	New Cedi	.98000	3.82200	1.02041
20. Greece	Drachma	.03333	.12999	30.00000
21. Guatemala	Quetzal	1.00000	3.90000	1.00000
22. Guyana	Dollar	.50000	1.95000	2.00000
23. Haiti	Gourde	.20000	.78000	5.00000
24. Honduras	Lempira	.50000	1.95000	2.00000
25. Iceland	Krona	.01136	.04430	88.00000
26. India	Rupee	.13333	.51999	7.50000
27. Iran	Rial	.01320	.05148	75.75000
28. Iraq	Dinar	2.80000	10.92000	.35714
29. Ireland	Pound	2.40000	9.36000	.41667
30. Israel	Pound	.28571	1.11427	3.50000
31. Italy	Lira	.00160	.00624	625.00000
32. Jamaica	Pound	2.40000	9.36000	.41667
33. Japan	Yen	.00278	.01084	360.00000
34. Jordan	Dinar	2.80000	10.92000	.35714
35. Kenya	Shilling	.14000	.54600	7.14286
36. Kuwait	Dinar	2.80000	10.92000	.35714
37. Lebanon	Pound	.45631	1.77961	2.19148
38. Liberia	Dollar	1.00000	3.90000	1.00000
39. Libya	Pound	2.80000	10.92000	.35714
40. Luxembourg	Franc	.02000	.07800	50.00000
41. Malawi	Pound	2.40000	9.36000	.41667
42. Malaysia	Dollar	.32667	1.27401	3.06122
43. Mexico	Peso	.08000	.31200	12.50000
44. Morocco	Dirham	.19761	.77068	5.06049
45. Nepal	Rupee	.09877	.38520	10.12500
46. Netherlands	Guilder	.27624	1.07734	3.62000
47. New Zealand	Dollar	1.12000	4.36800	.89286
48. Nicaragua	Cordoba	.14286	.55715	7.00000
49. Nigeria	Pound	2.80000	10.92000	.35714
50. Norway	Krone	.14000	.54600	7.14286
51. Pakistan	Rupee	.21000	.81900	4.76190
52. Panama	Balboa	1.00000	3.90000	1.00000



CENTRAL BANK OF THE PHILIPPINES  
FOREIGN EXCHANGE DEPARTMENT  
MANILA

EXCHANGE RATES OF FOREIGN CURRENCIES  
March 1969 (Concluded)

Country	Unit of Currency	Equivalent in U.S. Currency	Equivalent in Philippine Currency at Official Rate	Foreign Currency Unit Per U.S. \$
53. Philippines .....	Peso .....	\$ .25641	₱ 1.00000	3.90000
54. Portugal .....	Escudo .....	.03478	.13564	28.75000
55. Rwanda .....	Franc .....	.01000	.03900	100.00000
56. Saudi Arabia .....	Riyal .....	.22222	.86666	4.50000
57. Sierra Leone .....	Leone .....	1.20000	4.68000	.83333
58. Singapore .....	Dollar .....	.32667	1.27401	3.06122
59. Somalia .....	So. Shilling .....	.14000	.54600	7.14286
60. South Africa .....	Rand .....	1.40000	5.46000	.71429
61. Spain .....	Peseta .....	.01429	.05573	70.00000
62. Sudan .....	Pound .....	2.87156	11.19908	.34824
63. Sweden .....	Krona .....	.19330	.75387	5.17321
64. Syrian Arab Rep. ....	Pound .....	.45631	1.77961	2.19148
65. Tanzania .....	Shilling .....	.14000	.54600	7.14286
66. Thailand .....	Baht .....	.04808	.18751	20.80000
67. Trinidad & Tobago ...	TT Dollar .....	.50000	1.95000	2.00000
68. Tunisia .....	Dinar .....	1.90476	7.42856	.52500
69. Turkey .....	Lira .....	.11111	.43333	9.00000
70. Uganda .....	Shilling .....	.14000	.54600	7.14286
71. United Arab Rep. ....	Pound .....	2.87156	11.19908	.34824
72. United Kingdom .....	Pound .....	2.40000	9.36000	.41667
73. United States .....	Dollar .....	1.00000	3.90000	1.00000
74. Uruguay .....	Peso .....	.13514	.52705	7.40000
75. Yugoslavia .....	Dinar .....	.08000	.31200	12.50000
76. Zambia .....	Kwacha .....	1.40000	5.46000	.71429

II. MEMBER-COUNTRIES OF THE INTERNATIONAL MONETARY FUND <sup>a</sup>  
(Currencies without Par Value)

1. Argentina .....	Peso .....	.00286	.01115	350.00000
2. Bolivia .....	Peso Boliviano ..	.08418	.32830	11.88000
3. Brazil .....	New Cruzeiro .....			
Free Rate .....		.26525	1.03447	3.77000
4. Chile .....	Escudo .....			
Trade Rate .....		.13513	.52700	7.40000
5. China .....	NT Dollar .....	.02494	.09727	40.10000
6. Columbia .....	Peso .....			
Principal Selling Rate .....		.05920	.23088	16.89000
7. Korea .....	Won .....	.00355	.01385	281.00000
8. Mali .....	Franc .....	.00203	.00792	493.71000
9. Hongkong .....	Dollar .....	.16500	.64350	6.06061
10. Paraguay .....	Guarani .....	.00794	.03097	126.00000
11. Peru .....	Sol .....	.02584	.10078	38.70000
12. Venezuela .....	Bolivar .....			
Selling Rate .....		.22222	.86666	4.50000
Other Export Rate .....		.22321	.87052	4.48000
13. Vietnam .....	Piastre .....	.00847	.03303	118.00000

III. NON-MEMBER COUNTRIES OF THE INTERNATIONAL MONETARY FUND  
(Currencies without Par Value)

Switzerland .....	Franc .....			
Spot Rate .....		.23239	.90632	4.30300
Forward Rate .....		.23331	.90990	4.28600

SOURCE OF DATA: International Financial Statistics, January, 1969.

CENTRAL BANK OF THE PHILIPPINES  
FOREIGN EXCHANGE DEPARTMENT  
MANILA

EXCHANGE RATES OF FOREIGN CURRENCIES  
November 1969

Currency	Unit of Currency	Equivalent in U.S. Currency	Equivalent in Philippine Currency at Official Rate	Foreign Currency Unit Per U.S. \$
<b>I. MEMBER-COUNTRIES OF THE INTERNATIONAL MONETARY FUND</b> (Currencies with Par Value)				
1. Afghanistan	Afghani	\$ .02222	₱ .08666	45.00000
2. Australia	Dollar	1.12000	4.36800	.89286
3. Austria	Schilling	.03846	.14999	26.00000
4. Belgium	Franc	.02000	.07800	50.00000
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6. Burundi	Franc	.01143	.04458	87.50000
7. Canada	Dollar	.92500	3.60750	1.08108
8. Ceylon	Rupee	.16800	.65520	5.95237
9. Costa Rica	Colon	.15094	.58867	6.62500
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11. Denmark	Krone	.13333	.51999	7.50000
12. Dominican Rep.	Peso	1.00000	3.90000	1.00000
13. Ecuador	Sucre	.05556	.21668	18.00000
14. El Salvador	Colon	.40000	1.56000	2.50000
15. Ethiopia	Dollar	.40000	1.56000	2.50000
16. Finland	Markka	.23810	.92859	4.19997
17. France	Franc	.18004	.70215	5.55419
18. Germany	Deutsche Mark	.27000	1.06470	3.66000
19. Ghana	New Cedi	.98000	3.82200	1.02041
20. Greece	Drachma	.03333	.12999	30.00000
21. Guatemala	Quetzal	1.00000	3.90000	1.00000
22. Guyana	Dollar	.50000	1.95000	2.00000
23. Haiti	Gourde	.20000	.78000	5.00000
24. Honduras	Lempira	.50000	1.95000	2.00000
25. Iceland	Krona	.01138	.04430	88.00000
26. India	Rupee	.13333	.51999	7.50000
27. Iran	Rial	.01320	.05148	75.75000
28. Iraq	Dinar	2.80000	10.92000	.35714
29. Ireland	Pound	2.40000	9.36000	.41667
30. Israel	Pound	.28571	1.11427	3.50000
31. Italy	Lira	.00160	.00624	625.00000
32. Jamaica	Pound	2.40000	9.36000	.41667
33. Japan	Yen	.00278	.01084	360.00000
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39. Libya	Pound	2.80000	10.92000	.35714
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43. Mexico	Peso	.08000	.31200	12.50000
44. Morocco	Dirham	.19761	.77068	5.06049
45. Nepal	Rupee	.09877	.38520	10.12500
46. Netherlands	Guilder	.27624	1.07734	3.62000
47. New Zealand	Dollar	1.12000	4.36800	.89286
48. Nicaragua	Cordoba	.14286	.55715	7.00000
49. Nigeria	Pound	2.80000	10.92000	.35714
50. Norway	Krone	.14000	.54600	7.14286
51. Pakistan	Rupee	.21000	.81900	4.76190
52. Panama	Balboa	1.00000	3.90000	1.00000

**CENTRAL BANK OF THE PHILIPPINES**  
**FOREIGN EXCHANGE DEPARTMENT**  
**MANILA**

**EXCHANGE RATES OF FOREIGN CURRENCIES**  
**November 1969 (Concluded)**

Country	Unit of Currency	Equivalent in U.S. Currency	Equivalent in Philippine Currency at Official Rate	Foreign Currency Unit Per U.S. \$
53. Philippines	Peso	\$ .25641	₱ 1.00000	3.90000
54. Portugal	Escudo	.03478	.13564	28.75000
55. Rwanda	Franc	.01000	.03900	100.00000
56. Saudi Arabia	Riyal	.22222	.86666	4.50000
57. Sierra Leone	Leone	1.20000	4.88000	.83333
58. Singapore	Dollar	.32667	1.27401	3.06122
59. Somalia	So. Shilling	.14000	.54600	7.14286
60. South Africa	Rand	1.40000	5.46000	.71429
61. Spain	Peseta	.01429	.05573	70.00000
62. Sudan	Pound	2.87156	11.19908	.34824
63. Sweden	Krona	.19330	.75387	5.17321
64. Syrian Arab Rep.	Pound	.45631	1.77961	2.19148
65. Tanzania	Shilling	.14000	.54600	7.14286
66. Thailand	Baht	.04808	.18751	20.80000
67. Trinidad & Tobago	TT Dollar	.50000	1.95000	2.00000
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69. Turkey	Lira	.11111	.43333	9.00000
70. Uganda	Shilling	.14000	.54600	7.14286
71. United Arab Rep.	Pound	2.87156	11.19908	.34824
72. United Kingdom	Pound	2.40000	9.36000	.41667
73. United States	Dollar	1.00000	3.90000	1.00000
74. Uruguay	Peso	.13514	.52705	7.40000
75. Yugoslavia	Dinar	.08000	.31200	12.50000
76. Zambia	Kwacha	1.40000	5.46000	.71429

**II. MEMBER-COUNTRIES OF THE INTERNATIONAL MONETARY FUND**  
(Currencies without Par Value)

1. Argentina	Peso	.00286	.01115	350.00000
2. Bolivia	Peso Boliviano	.08418	.32830	11.88000
3. Brazil	New Cruzeiro			
Free Rate		.24390	.95121	4.10000
4. Chile	Escudo			
Trade Rate		.10649	.41531	9.39000
5. China	NT Dollar	.02494	.09727	40.10000
6. Columbia	Peso			
Principal Selling Rate		.05727	.22335	17.46000
7. Korea	Won	.00349	.01361	286.00000
8. Mali	Franc	.00203	.00792	493.71000
9. Hongkong	Dollar	.16500	.64350	6.06061
10. Paraguay	Guarani	.00794	.03097	126.00000
11. Peru	Sol	.02584	.10078	38.70000
12. Venezuela	Bolivar			
Selling Rate		.22222	.86666	4.50000
Other Export Rate		.22321	.87052	4.48000
13. Vietnam	Piastre	.00847	.03303	118.00000

**III. NON-MEMBER COUNTRIES OF THE INTERNATIONAL MONETARY FUND**  
(Currencies without Par Value)

Switzerland	Franc			
Spot Rate		.23212	.90527	4.30800
Forward Rate		.23239	.90632	4.30300

SOURCE OF DATA: International Financial Statistics, September 1969.

\* Devalued — Effective August 10, 1969

\*\* Revalued — Effective October 27, 1969

**CENTRAL BANK OF THE PHILIPPINES**  
**M a n i l a**

**CIRCULAR NO. 268**

Series of 1969

Pursuant to Resolution No. 2252 of the Monetary Board approved on December 16, 1968, the special time deposits on import letters of credit imposed under Circular No. 260 dated June 11, 1968, shall remain in force until February 28, 1969. All the other provisions of Circular No. 260 and the amendments thereto shall continue to be in force.

This Circular shall take effect immediately.

(SGD.) ALFONSO CALALANG  
*Governor*

January 1, 1969

—O—

**CIRCULAR NO. 269**

Please be advised that the special time deposits on import letters of credit imposed under Circular No. 260 dated June 11, 1968 shall remain in force until June 30, 1969. All the other provisions of Circular No. 260 and the amendments thereto shall continue to be in force.

This Circular shall take effect immediately.

(SGD.) ALFONSO CALALANG  
*Governor*

February 28, 1969

## **CIRCULAR NO. 270**

Pursuant to Resolution No. 594 dated April 14, 1969, of the Monetary Board, Circular No. 266, dated November 26, 1968, is hereby revoked, effective immediately.

Henceforth, no currency declaration of any kind shall be required either from outgoing or incoming passengers.

FOR THE MONETARY BOARD:

(SGD.) AMADO R. BRIÑAS  
*Deputy Governor*

April 16, 1969



## **CIRCULAR NO. 271**

Pursuant to Monetary Board Resolution No. 594 dated April 14, 1969, the period during which the banks shall hold the special time deposits required on import letters of credit under Circular No. 260 dated June 11, 1968, as amended, is hereby reduced to ninety (90) days with respect to the following commodities:

- Essential Producer Goods (EP)
- Essential Consumer Goods (EC)
- Semi-Essential Producer Goods (SEP)
- Semi-Essential Consumer Goods (SEC)
- Non-Essential Producer Goods (NEP)
- Semi-Unclassified Producer Goods (SUP)

Special time deposits for the above commodities which have been held for more than ninety days are hereby released. Non-essential consumer (NEC) commodities and other commodities of lower category [semi-unclassified consumer (SUC), unclassified producer (UP), and unclassified consumer (UC) commodities] shall continue to be subject to special time deposits which shall be held for one hundred twenty (120) days.

This Circular shall take effect immediately.

FOR THE MONETARY BOARD:

(SGD.) AMADO R. BRIÑAS  
*Deputy Governor*

April 16, 1969

## CIRCULAR NO. 272

Pursuant to Monetary Board Resolution No. 594 dated April 14, 1969, Items No. 2, 3a and 3c of Circular No. 222 dated June 11, 1966, as amended, is hereby further amended to read as follows:

"Pursuant to x x x x x

1. x x x

2. *Savings deposits* —

*Commercial banks, savings and mortgage banks, development banks (including the Development Bank of the Philippines), cooperative banks, rural banks, saving and loan associations and the Nacida Bank.* — The maximum rate of interest on savings deposits of these banks shall be six per cent (6%) per annum, compounded quarterly.

3. *Time deposits* x x x

a. *Term of time deposits* — No time deposit shall be accepted for a term of less than one hundred eighty (180) days or more than three hundred sixty (360) days, or one (1) year.

b. x x x x x

c. *Schedule of interest rates.*

*Commercial banks, savings and mortgage banks, development banks (including the Development Bank of the Philippines), cooperative banks, rural banks, savings and loan associations and the Nacida Bank.* — A maximum annual interest rate of seven per cent (7%) shall be allowed on time deposits in accordance with the following schedule:

a) 180 days — 6-1/2%

b) 360 days — 7%

d. x x x

This Circular shall take effect immediately.

(SGD.) AMADO R. BRIÑAS  
*Deputy Governor*

April 16, 1969

## **CIRCULAR NO. 273**

Pursuant to the provisions of Republic Act No. 265 and by unanimous vote of the Monetary Board, and with the approval of the President of the Philippines and in accordance with executive and international agreements to which the Republic of the Philippines is a party, the following regulations are hereby promulgated:

SECTION 1. Section 4 of Central Bank Circular No. 265 dated November 20, 1968, is hereby amended to read as follows:

"Sec. 4. Any incoming or outgoing traveller may bring with him Philippine notes and coins and checks, money orders and other bills of exchange drawn in pesos against banks operating in the Philippines in an amount not exceeding ₱500.00; provided, that, an amount in excess of ₱500.00 may be brought by such incoming or outgoing traveller only upon prior authorization of the Central Bank; and, provided, further, that the value of the coins shall not be in excess of the amounts allowed under existing law."

SEC. 2. Section 6 of Central Bank Circular No. 265 dated November 20, 1968, is hereby amended to read as follows:

"6. Strict observance of the provisions of this Circular is enjoined; and any person, firm or corporation, who, being bound to the observance thereof, or of such other rules, regulations or directives as may hereafter be issued in implementation of this Circular, shall fail or refuse or comply with, or abide by, or shall violate or attempt to violate the same, shall be subject to the penal sanctions provided for under Section 34 of the Central Bank Act."

SEC. 3. This Circular shall take effect immediately.

FOR THE MONETARY BOARD:

(SGD.) AMADO R. BRIÑAS

*Deputy Governor*

April 25, 1969

## **CIRCULAR NO. 274**

Pursuant to Monetary Board Resolution No. 594 dated April 14, 1969, the following regulations are hereby promulgated:

1. Any person, firm, company or corporation may import or export Philippine peso notes and checks, money orders and other bills of exchange drawn in pesos against banks operating in the Philippines in an amount not exceeding ₱500.00; provided, that an amount in excess of ₱500.00 may be imported into or exported from the Philippines upon prior authorization of the Central Bank.

2. The violation of the provisions of this Circular, including the attempted exportation of Philippine peso notes and checks, money orders, and other bills of exchange drawn in pesos against banks operating in the Philippines in excess of ₱500.00 without prior authorization from the Central Bank, shall subject the offender to the penal sanctions provided under Section 34 of the Central Bank Act.

3. This Circular shall take effect immediately.

FOR THE MONETARY BOARD:

(SGD.) AMADO R. BRIÑAS  
*Deputy Governor*

April 25, 1969



**CIRCULAR NO. 275**

May 15, 1969

**Re: *Bank Advertisements***

As a rule, a bank has no power to carry any business other than that of banking and related operations, except to protect itself from losses on account of loans made in pursuance of its regular banking business. Therefore, to avoid any misconception on the part of the public as to the extent of the business of a bank, pursuant to Monetary Board Resolution No. 682 dated April 29, 1969, all banks are prohibited from printing, publishing, issuing or distributing any form of advertisement (in newspapers, magazines, television, radio, billboards, brochure, prospectus or any other media) nor shall any bank allow itself to be used/mentioned in any form of advertisement related to services, such as the acquisition, sale, resale or lease of real estate, including those for subdivision into residential/commercial lots with/without houses/buildings, insurance privileges and other non-banking activities/services, which are not directly related to the business of banking or in pursuance of regular banking business.

The prohibition pertaining to advertisements on real estate business shall not, however, apply to building and loan associations insofar as they are allowed by law to acquire real estate for subdivision purposes.

Any violation of the provisions of this Circular shall be subject to the penal provisions of Section 34 of Republic Act No. 265.

(SGD.) ALFONSO CALALANG  
*Governor*

## **CIRCULAR NO. 276**

Pursuant to Monetary Board Resolution No. 933 dated June 17, 1969, the Central Bank will collect a two per cent (2%) interest equalization charge on all its loans and advances in order to align its rates with those prevailing in the world money markets.

This interest equalization charge, therefore, is subject to a monthly review and shall be adjusted from time to time depending on current developments in such money markets.

This Circular shall take effect immediately.

(SGD.) ALFONSO CALALANG  
*Governor*

June 17, 1969

—O—

## **CIRCULAR NO. 277**

Pursuant to Monetary Board Resolution No. 1037 dated July 1, 1969, the special time deposits on import letters of credit imposed under Circular No. 260 dated June 11, 1968, as amended, shall remain in force until December 31, 1969. All the other provisions of Circular No. 260 shall continue to be in force.

This Circular shall take effect immediately.

(SGD.) ALFONSO CALALANG  
*Governor*

July 1, 1969

**CIRCULAR NO. 278**

**Subject: Submission of Monthly Reports on Savings and Time Deposits.**

Effective August 1, 1969 all savings and loan associations are hereby required to accomplish and submit to the Department of Savings and Loan Associations, monthly reports on savings and time deposits, sample copies of which are attached.

These reports shall be accomplished in triplicate, the original and duplicate copies of which shall be submitted/mailed to said Department on or before the 10th of the following month for which the report is made.

End of month balances of savings and time deposits reported should tally with the controlling accounts as reflected in the statement of financial condition as of the same date.

In addition, savings and loan associations are required to:

1. Pre-number their savings deposit passbooks; and
2. Submit to the Department of Savings and Loan Associations the serial numbers of their printed Certificates of Time Deposits.

(SGD.) ALFONSO CALALANG  
*Governor*

Encl.: a/s  
July 30, 1969

(Name of Association)

(Address)

# SAVINGS DEPOSITS REPORT

For the Month of \_\_\_\_\_, 19\_\_\_\_

**INSTRUCTIONS:** This report must be accomplished in triplicate, the original and duplicate copies of which should be submitted/mailed to the Department of Savings and Loan Associations, Central Bank of the Philippines, Manila, on or before the 10th of the month following that for which the report is made. The triplicate copy should be retained by the association for its file.

## I. TRANSACTIONS DURING THE MONTH

	No. of Accounts	Amount
1. Balance at beginning of month .....	.....	P.....
2. Accounts opened during the month ..	.....	.....
3. Deposits during the month (excluding new accounts) .....	.....	.....
4. Interest Credits .....	.....	.....
5. Accounts closed during the month ..	.....	.....
6. Withdrawals during the month .....	.....	.....
7. Balance at end of month .....	.....	P.....*

## II. OUTSTANDING BALANCES AS OF THE END OF THE MONTH

	No. of Accounts	Amount
Up to P500 .....	.....	P.....
Over P500 to P1,000 .....	.....	.....
Over P 1,000 to P 2,000 .....	.....	.....
Over P 2,000 to P 3,000 .....	.....	.....
Over P 3,000 to P 5,000 .....	.....	.....
Over P 5,000 to P 7,000 .....	.....	.....
Over P 7,000 to P10,000 .....	.....	.....
Over P10,000 to P15,000 .....	.....	.....
Over P15,000 to P20,000 .....	.....	.....
Over P20,000 to P30,000 .....	.....	.....
Over P30,000 to P50,000 .....	.....	.....
Over P50,000 .....	.....	.....
<b>T O T A L</b> .....	.....	<b>P.....</b>

PREPARED BY:

CERTIFIED CORRECT:

(Signature)

(Signature of Authorized Officer)

(Designation)

(Designation)

<sup>1</sup> Interests on savings deposits are credited at the end of each calendar quarter.

\* This amount should tally with the general ledger balance at the end of the month.

.....  
(Name of Association)

.....  
(Address)

**SAVINGS DEPOSITS REPORT**

For the Month of ....., 19.....

**INSTRUCTIONS:** This report must be accomplished in triplicate, the original and duplicate copies of which should be submitted/mailed to the Department of Savings and Loan Associations, Central Bank of the Philippines, Manila, on or before the 10th of the month following that for which the report is made. The triplicate copy should be retained by the association for its file.

**I. TRANSACTIONS DURING THE MONTH**

	<i>No. of Accounts</i>	<i>Amount</i>
1. Balance at beginning of month ....	.....	P.....
2. Accounts opened during the month ..	.....	.....
3. Interest Credit .....	.....	.....
4. Accounts closed during the month ..	.....	.....
5. Balance at end of month .....	.....	P.....

**II. OUTSTANDING BALANCES AS OF THE END OF THE MONTH**

	<i>No. of Accounts</i>	<i>Amount</i>
P100 up to P1,000 .....	.....	P.....
Over P 1,000 to P 3,000 .....	.....	.....
Over P 3,000 to P 5,000 .....	.....	.....
Over P 5,000 to P10,000 .....	.....	.....
Over P10,000 to P15,000 .....	.....	.....
Over P15,000 to P20,000 .....	.....	.....
Over P20,000 to P30,000 .....	.....	.....
Over P30,000 to P50,000 .....	.....	.....
Over P50,000 .....	.....	.....
T O T A L .....	.....	P.....

**PREPARED BY:****CERTIFIED CORRECT:**

.....  
(Signature)

.....  
(Signature of Authorized Officer)

.....  
(Designation)

.....  
(Designation)

\* This amount should tally with the general ledger balance at the end of the month.

## CIRCULAR NO. 279

Pursuant to Monetary Board Resolution No. 1431, dated August 22, 1969, the effectivity of Circular No. 226, dated July 25, 1966, authorizing the re-discounting, at 80% loan value, of eligible papers covering loans to the sugar industry as an exception to Circular No. 223, dated June 25, 1966, is hereby extended for another period of three (3) crop years ending December 31, 1972.

(SGD.) ALFONSO CALALANG  
*Governor*

August 25, 1969

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## CIRCULAR NO 280

October 4, 1969

Subject: *Regulations on Section 38 of the General Banking Act*

In its Resolution No. 1573 dated September 12, 1969, the Monetary Board promulgated the following:

I. The attention of all Savings and Mortgage banks and Private Development banks is hereby called to the provisions of Section 38 of Republic Act No. 337 (General Banking Act), the first paragraph of which reads —

“Whenever there is a call by depositors of a savings bank for repayment of their deposits and the call so made shall result in reducing its legal reserves below the amount required by the Monetary Board, such bank shall not make any new loans or investment of the funds of depositors or earnings of such funds until the call of the depositors has been satisfied and its legal reserves have been restored to the required minimum.”

II. The following definition of terms, rules and regulations are hereby adopted for purposes of proper observance of the above-cited provision of law:

(1) Any reduction in the bank's legal reserves against its deposit liabilities below the minimum amount required by the Monetary Board, computed in the manner specified in Section 105 of Republic Act No. 265, shall be considered due to a “call by depositors for repayment of

their deposits" if the bank incurs a deficiency in its reserve position at the close of business for the day during which withdrawals from deposit accounts were paid by the bank.

(2) Whenever the bank's legal reserves are reduced below the required minimum due to a "call by depositors for repayment of their deposits" as defined above, as of the close of business on the previous day, starting on the next working day:

- (a) The bank concerned shall automatically inhibit itself from making any new loans or investments, *except* investments in government securities eligible as reserves against deposit liabilities;
- (b) The bank concerned shall not release all or any part of approved loans;
- (c) The bank concerned shall not grant any extension or renewal unless twenty per cent (20%) of the outstanding balance of the loan has been repaid or liquidated by the borrower.

(3) The restriction enumerated above shall be automatically lifted when the bank's legal reserves have been restored to the required minimum.

III. The bank concerned should incorporate in the loan agreement to be entered into by and between the bank and its borrowers the condition that whenever the bank's legal reserves are reduced below the amount required by the Monetary Board due to a call by depositors for repayment of their deposits, no release of all or any part of the approved loans shall be made until the bank's legal reserves have been restored to the required minimum.

IV. Any violation of the rules and regulations implementing Section 38 of Republic Act No. 337 shall be subject to the penalties provided for in the second paragraph thereof, (quote):

"Any officer or director of a savings and mortgage bank who makes or causes to be made any loan or investment of funds of depositors or of the earnings of such funds in violation of this section shall be punished by imprisonment for not less than one year nor more than ten years and by a fine of not less than one thousand nor more than ten thousand pesos."

V. This Circular shall take effect immediately.

(SGD.) AMADO R. BRIÑAS  
*Deputy Governor*

## CIRCULAR NO. 281

### REGULATIONS ON FOREIGN EXCHANGE

SECTION 1. Pursuant to the provisions of Republic Act No. 265 (Central Bank Act), the Monetary Board, by unanimous vote and with the approval of the President of the Philippines, and in accordance with existing executive and international agreements to which the Republic of the Philippines is a party, hereby promulgates these regulations governing foreign exchange transactions.

SEC. 2. The monthly ceilings on foreign currency letters of credit under the memoranda of the Bankers Association of the Philippines dated June 18, July 15, and November 14, 1969 (appended hereto as Annexes "A", "B" and "C") covering importation of commodities falling under the following categories:

- Essential Producer goods
- Essential Consumer goods
- Semi-Essential Producer goods
- Non-Essential Producer goods

are hereby adopted and continued in force; provided, that the importation of any single unit of machinery or equipment valued at more than \$50,000.00 shall require the prior approval of the Central Bank.

SEC. 3. Foreign exchange for travel abroad of residents of the Philippines, remittances for educational expenses and student maintenance abroad, maintenance and expenses of dependents abroad of Philippine residents, medical expenses and maintenance, as well as remittances of profits, dividends, and earnings of property of non-residents, shall be allowed pursuant to guidelines promulgated by the Central Bank. Remittances, under existing agreements, of foreign shipping and airline companies, cable and telephone companies; film and other rentals, royalties, insurance and reinsurance premia, and other miscellaneous remittances under existing agreements; shall likewise be allowed under guidelines promulgated by the Central Bank.

SEC. 4. The present balances of peso accounts of foreign central banks and non-resident commercial banks with authorized agent banks may be freely debited, and such accounts may hereafter be credited only through inward foreign exchange remittances. Accounts with authorized agent banks of United Nations agencies and other international institutions of which the Government of the Republic of the Philippines is a member, as well as accounts of foreign government agencies and establishments, shall continue to be operated in accordance with the applicable agreements and the practice heretofore followed for such accounts.

SEC. 5. Except to the extent authorized in the preceding sections and until the Monetary Board shall otherwise provide, resident persons, firms or



corporations shall not enter into any contract or transaction involving or which may involve settlement in foreign exchange, or involving any assets belonging to them expressed in foreign currencies or payable or deliverable abroad. Similarly, no person, firm or corporation, whether a resident of the Philippines or not, shall enter into any contract or transaction involving any assets existent within the Philippines belonging to a non-resident person, firm or corporation, including, where applicable, their exportation or importation.

The Central Bank shall service existing obligations of residents, corporate or otherwise, to the extent of available foreign exchange resources and expected foreign exchange receipts, in accordance with such priorities as the Monetary Board may deem necessary and reasonable. The Central Bank shall prepare projections of foreign exchange receipts and adopt, periodically, budgets covering the various categories of foreign exchange expenditures and payments.

SEC. 6. All receipts of foreign exchange by any resident person, firm, company or corporation shall be sold to the authorized agents of the Central Bank by the recipients within one business day following the receipt of such foreign exchange. Any resident person, firm, company or corporation residing or located within the Philippines, who acquires foreign exchange shall not, unless authorized by the Central Bank, dispose of such foreign exchange in whole or in part, nor receive less than its full value, nor delay taking ownership thereof except as such delay is customary: *Provided, That,* within one business day upon taking ownership or receiving payment of foreign exchange the aforementioned persons and entities shall sell such foreign exchange to the authorized agents of the Central Bank.

SEC. 7. The provisions of existing circulars, memoranda, and other regulations of the Central Bank not inconsistent with the provisions of this Circular shall continue in force until modified or revoked by the Monetary Board of the Central Bank.

SEC. 8. Strict observance of the provisions of this Circular is hereby enjoined; and any person, firm, company or corporation, whether residing and/or located in the Philippines or not, who, being bound to the observance of said provisions, or of such other rules, terms and conditions, or directives which may be issued by the Central Bank in implementation of this Circular, shall fail or refuse to comply with, or abide by, or violate the same, shall be subject to the penal sanctions of the Central Bank Act.

SEC. 9. This Circular shall take effect immediately and shall continue to be in force and effect until modified or repealed by the Monetary Board of the Central Bank.

FOR THE MONETARY BOARD:

(SGD.) ALFONSO CALALANG  
*Governor*

November 26, 1969

BANKERS ASSOCIATION OF THE PHILIPPINES  
Manila, Philippines

June 18, 1969

**URGENT**

**MEMORANDUM TO MEMBER BANKS**

Until further advice and pending the formulation of guidelines on imports by the monetary authorities, it was agreed that banks may open foreign currency letters of credit, beginning today, in accordance with the recommendations of the Bankers Association of the Philippines to the Monetary Board per its letter dated June 16, 1969 (copy attached) except for commodities falling under the following categories:

UC --- Unclassified Consumer  
SUC --- Semi-Unclassified Consumer  
NEC --- Non-Essential Consumer  
SEC --- Semi-Essential Consumer  
UP --- Unclassified Producer  
SUP --- Semi-Unclassified Producer

In computing the daily ceiling, the following formula is to be followed:

*Monthly Ceiling (June 16-July 15/69) Less 15% = Daily ceiling*  
*19 days\**

\* (remaining working days June 18 to July 15/69)

It is understood however, that any unused portion of the daily ceiling may be cumulated until July 15, 1969.

The percentages and the holding period on Special Time Deposits are unchanged.

Banks are also reminded to submit *without delay* the report on the inventory of foreign currency letters of credit outstanding as of the close of business on June 6, 1969 direct to the Department of Economic Research, Attention: Mrs. Escolastica Bince.

(SGD.) CHESTER G. BABST  
*President*

A TRUE COPY:  
/mgp-11/12/69

**BANKERS ASSOCIATION OF THE PHILIPPINES**  
**Manila, Philippines**

July 15, 1969

**URGENT**

**MEMORANDUM TO ALL MEMBER BANKS:**

Until further advice it was agreed that banks may continue to open foreign currency letter of credit in accordance with our Memorandum to Member Banks dated June 18, 1969 (copy attached), except that another 15% cut on each bank's monthly ceiling (for the period July 16-August 15, 1969) shall be made. (Total reductions shall be 30% of monthly ceiling established under MAAB dated April 16, 1969).

Banks may now dispense with the daily ceilings and operate within their monthly ceilings (70% )

The percentages and holding period on Special Time Deposits are unchanged.

(SGD.) **CHESTER G. BABST**  
*President*

Encl.: a/s

**A TRUE COPY:**

/mgp-11/12/69

BANKERS ASSOCIATION OF THE PHILIPPINES  
Manila, Philippines

November 14, 1969

*URGENT/RUSH TELEGRAM*

**TO: PRESIDENTS OF MEMBER BANKS**

EFFECTIVE IMMEDIATELY A FURTHER FIFTEEN PERCENT CUT SHALL BE EFFECTED ON IMPORT LETTERS OF CREDIT SO THAT MONTHLY CEILINGS STARTING MONDAY NOVEMBER SEVENTEENTH SHALL BE FIFTY-FIVE PERCENT OF MONTHLY AVERAGE OF BASE PERIOD STOP FURTHERMORE OPENING OF LETTERS OF CREDIT AGAINST THIS MONTHLY CEILING SHALL HENCEFORTH BE SPLIT INTO WEEKLY AVAILABILITIES.

(SGD.) CHESTER G. BABST  
*President*  
BANKERS ASSOCIATION  
OF THE PHILIPPINES

*A TRUE COPY:*

/mgp-11/21/69

## **CIRCULAR NO. 282**

1. Importations other than those allowed under Sec. 2 of Circular No. 281 dated November 26, 1969, shall be made only upon prior authorization from the Central Bank.

2. All imports valued at more than \$100.00, except those falling under Circular No. 247 dated July 21, 1967, shall be covered by letters of credit. Accordingly, the authorization granted under Circular No. 252 dated October 26, 1967, as amended by Memorandum to Authorized Agent Banks dated November 28, 1967, to import certain commodities on a D/A, D/P, or open-account basis is hereby revoked. Provision will be made for essential items previously imported under D/A, D/P, open-account or other special arrangement.

3. All exemptions from the special time deposit requirements are hereby rescinded, except in the case of importations of machinery and equipment and spare parts and supplies for machinery and equipment, made by, and for the use of, export and export-oriented industries as defined under Memorandum to Authorized Agent Banks dated April 16, 1969.

4. The purchase, sale and transfer of securities are hereby permitted.

5. All provisions of existing circulars, memoranda and other regulations of the Central Bank inconsistent with the provisions hereof are hereby revoked.

This Circular shall take effect immediately.

FOR THE MONETARY BOARD:

(SGD.) ALFONSO CALALANG  
*Governor*

November 26, 1969

### **CIRCULAR NO. 283**

Pursuant to Monetary Board Resolutions Nos. 1980 and 2219, dated November 25 and December 16, 1969, respectively, the 2% interest equalization charge imposed under Central Bank Circular No. 276, dated June 17, 1969, shall not apply to loans and advances secured by promissory notes of the Rice and Corn Administration, government bonds and other government securities and credit instruments covering export activities falling under Priority I, as listed under Central Bank Circular No. 223, dated June 25, 1966 as amended.

This Circular shall take effect immediately.

(SGD.) ALFONSO CALALANG  
*Governor*

December 22, 1969

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### **CIRCULAR NO. 284**

Effective immediately, Section 4 of Circular No. 282 dated November 26, 1969, is hereby repealed.

FOR THE MONETARY BOARD:

(SGD.) ALFONSO CALALANG  
*Governor*

December 22, 1969

**CIRCULAR NO. 285**

December 24, 1969

Pursuant to Monetary Board Resolution No. 1932 dated November 18, 1969, automobiles and other items of considerable value being brought in by returning residents shall be subject to the special time deposit requirements, except in cases where the returning resident had stayed abroad for at least one (1) year, and it is shown that the automobile and/or other items being brought in had been purchased out of his earnings abroad, and had been used abroad by the returning resident for at least three (3) months.

This Circular shall take effect immediately.

(SGD.) ALFONSO CALALANG  
*Governor*

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**MEMORANDUM TO AUTHORIZED AGENT BANKS**

Please be advised that the ceiling on outstanding foreign currency letters of credit, customer's liability acceptances, including import bills and trust receipts originating from import bills, of commercial banks as of October 12, 1968 shall remain in force until *June 30*, 1969. All other provisions of Memorandum to Authorized Agent Banks dated October 12, 1968 shall continue to be in force.

This Memorandum takes effect immediately.

(SGD.) ALFONSO CALALANG  
*Governor*

February 28, 1969

## **MEMORANDUM TO AUTHORIZED AGENT BANKS**

Pursuant to Monetary Board Resolution No. 382 dated February 25, 1969, all authorized agent banks are hereby advised that letters of credit opened by Filipino contractors for the importation of construction materials and supplies to be used exclusively in projects covered by contracts with United States government agencies in the Philippines are hereby exempted from the special time deposit requirements and excluded from the foreign currency letter of credit ceiling established under Memorandum to Authorized Agent Banks dated October 12, 1968, subject to the following conditions:

- a) Payment to the Filipino contractor shall be made in dollars which must be sold to authorized agent banks. The bank concerned shall submit a report of such sale to the Foreign Exchange Department, Central Bank;
- b) The contractor-importer shall submit to the agent bank, together with the application for the establishment of letter(s) of credit, copies of contracts and bills of materials and supplies, jointly certified by the contractor and a responsible officer of the U.S. Government agency concerned. A copy of the contract and the bill of materials and supplies, together with a copy of the letter of credit opened, shall be forwarded by the agent bank concerned to the Foreign Exchange Department; and,
- c) The release certificate shall be issued by the agent bank after it shall have been satisfied that the commodities listed in the bill of lading are among those appearing in the bill of materials and supplies specified to be imported under the contract.

This memorandum shall take effect immediately.

(SGD.) ALFONSO CALALANG  
*Governor*

March 11, 1969



## FOREIGN EXCHANGE DEPARTMENT

### MEMORANDUM TO AUTHORIZED AGENTS OF THE CENTRAL BANK — AIRLINE AND SHIPPING COMPANIES AND TRAVEL AGENCIES

Effective immediately, the following additional rules and precautionary measures shall be observed in connection with the sale of foreign exchange for travel, as well as the return or surrender of passenger tickets for cancellation and/or refund purposes:

- 1) The amount of foreign exchange sold shall be stamped and indicated by the Authorized Agent also on the inside part of the back cover or passenger's coupon of the airline ticket or on the most appropriate part of a boat ticket, as the case may be. Foreign exchange shall no longer be sold on the basis of stamped tickets.
- 2) Passengers who, in any manner or form whatsoever, impliedly or expressly request refund on or cancellation or exchange of tickets for which foreign exchange for travel has been purchased from Authorized Agents of the Central Bank must, before refund, cancellation or exchange is made, present a certification from the Authorized Agent concerned stating that the amount of foreign exchange purchased by the passenger, minus the amount of foreign exchange allowed by the regulations for each day of *actual stay abroad*, has been re-sold to the same Authorized Agent. This requirement shall apply only where the claim for refund is in excess of the peso equivalent of U.S.\$200.00, or where the ticket returned for cancellation or exchange is totally unused. Furthermore, the tickets referred to herein may not, under any circumstances whatsoever, be used for the payment of other tickets or converted into an MCO (Miscellaneous Charge Order).
- 3) Claims or requests for refund or cancellation or exchange, referred to in paragraph 2 above, of passengers who have purchased foreign exchange on the basis of the tickets involved, which are not supported by the required certification mentioned above, shall not be granted and shall immediately be reported by the airline or shipping company *and* travel agency concerned to the Foreign Exchange Department of the Central Bank within forty-eight (48) hours from receipt of such claims or returned tickets for cancellation or exchange.

All concerned are advised that any violation of Central Bank circulars, memoranda and other regulations will give ground for the application of the penal sanctions provided for under Section 34 of R.A. No. 265, otherwise known as the Central Bank Act.

The cooperation of all concerned will be highly appreciated.

(SGD.) A. V. ANTIPORIDA  
*Director*

April 29, 1969

## **MEMORANDUM TO AUTHORIZED AGENT BANKS**

Pursuant to Monetary Board Resolution No. 1038 dated July 1, 1969, please be advised that the ceiling on domestic credit accounts and the ceiling on foreign currency letters of credit and related accounts, which have been established under Memorandum to Authorized Agent Banks dated April 16, 1969, shall remain in force until December 31, 1969.

This memorandum shall take effect immediately.

(SGD.) ALFONSO CALALANG  
*Governor*

July 1, 1969

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## **MEMORANDUM TO AUTHORIZED AGENT BANKS**

Effective immediately, the Central Bank shall sell forward exchange either on a swap or straight basis to cover agent bank's liabilities arising from bankers' acceptance financing. The forward rates posted daily by the Central Bank at the Trading Floor to cover swap transactions under MAAB (FED-31) shall also be applicable to transactions on a straight forward basis.

(SGD.) ALFONSO CALALANG  
*Governor*

July 10, 1969

## **MEMORANDUM TO AUTHORIZED AGENT BANKS**

**SUBJECT: REMITTANCES AND DEPOSITS OF DOLLAR EARNINGS  
OF FILIPINO NATIONALS EMPLOYED IN VIETNAM.**

With reference to the dollar remittance provisions of the Offshore Labor Agreement by and between the Government of Republic of the Philippines and the Government of the United States, the latter recently adopted the policy that all new or renewed contracts between contractors and U.S. Government agencies to be performed in Vietnam will contain a mandatory dollar remittance scheme provision requiring that U.S. dollar payments for salaries and allowances will be made outside the Republic of Vietnam to the account of the third country nationals in a bank of his choice in his country of citizenship or permanent residence. A similar provision is also required to be inserted by contractors in all new or renewed sub-contracts that involve the employment of third country nationals in Vietnam.

In line with the above policy, the Monetary Board, under its Resolution No. 1981 dated November 25, 1969, approved the following rules and regulations prescribing the conditions under which the Authorized Agents of the Central Bank may accept remittances and service deposits of dollar earnings of Filipino nationals working in Vietnam:

1. Except for certain payments corresponding to living and quarters allowances which are being paid in the currency (piasters) of the host country, the salaries and allowances of Filipino nationals which are payable in U.S. dollars outside the Republic of Vietnam shall be remitted to the Philippines for conversion into pesos in cases of direct payment transfers or deposited to dollar deposit accounts.

2. All remittances of U.S. dollars to the Philippines hereinabove described for deposit to dollar deposit accounts shall be credited to specified accounts with any Central Bank Authorized Agent Banks in Manila or in any of their branches or agencies in the provinces.

3. Dollar deposit accounts may be opened and/or maintained in the form of savings or time deposit accounts.

4. Any withdrawal against a dollar deposit account for local disbursements shall be allowed only in pesos.

5. Any withdrawal to cover remittance of foreign exchange abroad shall be limited only to legitimate purposes consistent with existing regulations of the Central Bank. The depository bank concerned shall accomplish the prescribed form for each particular purpose of remittance for and on behalf of the depositor, upon receipt from the depositor-remitter of the pertinent documents supporting each request for remittance.

6. In no case shall re-deposit of funds to a foreign bank deposit account be allowed, whether such foreign bank deposit account is in the name of the

depositor in whose dollar deposit account transfer of funds shall be drawn or in the name of another person.

7. The dollar deposit account of any Filipino citizen whose services abroad has been terminated shall be automatically converted to peso deposit account upon his return to the Philippines. The Philippine National Bank shall from time to time request the Department of Labor of the names of returning Filipino workers covered by the mandatory dollar remittance plan whose services abroad have been terminated and the Philippine National Bank shall take immediate steps to disseminate such information to its provincial branches and agencies and other Agent Banks concerned.

8. Interest accruing to any dollar savings or time deposit account may be credited in dollars or paid in pesos at the option of the depositor. The balances of dollar deposit accounts shall be reviewed at least quarterly by the depository banks and reported quarterly to the Central Bank, indicating in such report the balance of each deposit account, new dollar deposit accounts opened and dollar deposit accounts converted to peso deposits.

9. Any provisions of Memorandum to Authorized Agent Banks dated November 27, 1967, copy attached, which are not inconsistent with the provisions of this Memorandum are hereby continued in force and effect. Moreover, foreign exchange transactions under this Memorandum are exempted from the provisions of Section 6 of Central Bank Circular No. 281 dated November 26, 1969 requiring that all receipts of foreign exchange from invisibles by residents shall be sold to Authorized Agents of the Central Bank by the recipients thereof within one (1) business day following the date of receipt of the foreign exchange.

10. Any violation of the provisions of this Memorandum shall subject the offender to the penal sanctions provided for under Section 34 of the Central Bank Act.

11. This memorandum shall take effect immediately.

(SGD.) ALFONSO CALALANG  
*Governor*

December 9, 1969  
Encl.: As stated