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Trends in Philippine Agricultural Trade

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TRENDS IN PHILIPPINE AGRICULTURAL TRADE

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SUMMARY

The past decade has been a time of changing trends in Philippine trade — not only in markets and sources, but also in quantity, value, and composition. In agricultural trade, the big change has been in composition, principally from Philippine imports of food commodities to imports of farm raw materials.

Although the composition of agricultural imports has changed considerably, the percentage of farm imports from the United States has remained relatively stable. Thus, the United States has met competition in the Philippines from other agricultural exporting countries and maintained a large share of the trade. However, this is not true for total trade; the U.S. share of the combined import and export trade of the Philippines dropped from 77 percent in 1949 to 56 percent in 1959. During these years the Philippines expanded trade with other countries, especially Japan.

Philippine imports of agricultural commodities annually amount to roughly $100 million, or 20 percent of total imports; agricultural exports amount to over $300 million, or 70 percent of all export earnings. Despite the 3 to 1 favorable balance of agricultural trade, the Philippine economy since the war has suffered from a chronic trade deficit. Large imports of nonagricultural goods have been necessary for economic reconstruction and development as well as for consumption. It was not until 1959 that the Philippines enjoyed its first postwar trade surplus.

The ravages of war destroyed much of the accumulated wealth of the 7,000-island Republic. Export crops were neglected during the war; production after liberation was low. Also, a fast-growing population (27.5 million in 1960), increasing at the annual rate of 3.18 percent, has kept the need for imports for consumption at a relatively high level.

As a result of the postwar trade deficit, there has been a marked drain in the nation's international reserves. Foreign exchange holdings dropped from $669 million in 1945 to $145 million at the end of 1957. Stabilization and austerity programs have helped reverse the outflow of dollars, and the country's international reserves climbed to about $200 million during the latter part of 1960.

Agricultural production has also played a significant role in reversing the balance of trade and increasing the country's foreign exchange holdings. Export earnings from agricultural crops in the past decade have been raised to a relatively high level, while increased production of food crops has alleviated expenditures for imports. Total agricultural production in 1960 was about twice the prewar level.

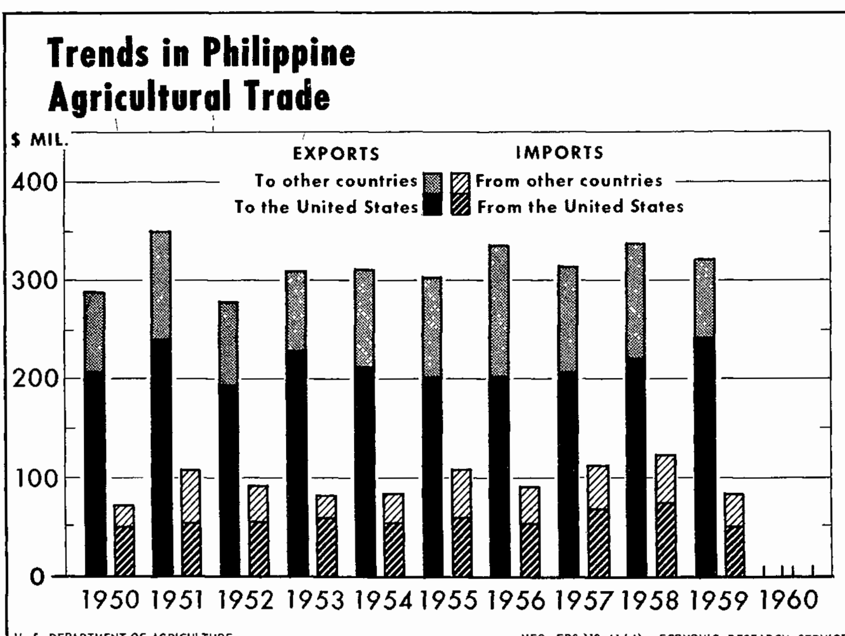
As the Philippine economy has grown, there has occurred a marked change in the country's international trade patterns. Exports of coconut products, sugar, logs and lumber, abaca, minerals, and canned pineapples continue to dominate the export picture, but coconut products have replaced sugar as the largest foreign exchange earner. The composition of imports is undergoing even greater change, owing to Philippine import restrictions, technological progress, changing food tastes, and a rapidly increasing population.

The greater emphasis being given imports of agricultural raw materials, rather than of food commodities, is the result of increased industrialization and probable continued shortage of dollar reserves.

With the rapid development of the Philippine textile industry, there will be fewer cotton textile imports. Raw cotton imports, however, will be needed as there is little prospect for greatly increased domestic production.

Canned filled milk, made from coconut oil and nonfat milk solids, is now being produced in the Philippines. This product is well accepted by the consumers and undersells evaporated whole milk. The result has been a shift from canned milk imports to imports of dry milk solids.

Wheat flour has grown in importance in the Filipino diet, with rolls and bread becoming a popular breakfast food for the urban population. Philippine wheat flour mills are causing a shift from



imports of wheat flour to imports of wheat. Normal milling capacity of Philippine wheat flour mills in 1961 is expected to be 230,000 metric tons. Local consumption is estimated at about 272,000 metric tons.

Still more changes are expected to result from the Revised Trade Agreement of 1955 between the United States and the Republic of the Philippines. As the trade agreement becomes less preferential, the Philippines may find a need for becoming a member of the General Agreement on Tariffs and Trade (GATT). The structure of Philippine exports and the special trade relationships with the United States have obviated the need for any important international tariff negotiations.

While the Philippines remains the fourth or fifth most important supplier of agricultural products to the United States, it appears that the importance of the United States as a supplier of the Philippines is declining. This downward trend in past years indicates that the Philippines is finding other markets for its expanding exports and is purchasing raw materials from other sources.

The hope for expanding U.S. agricultural exports to the Philippines lies principally in three commodities — cotton, wheat, and nonfat milk solids. At the present time, the United States is maintaining a good share of the markets for these products. But unless some means for developing trade is implemented, the United States will become less competitive in the Philippine market and commercial imports of U.S. agricultural products will be reduced.

BALANCE OF PAYMENTS

Historical Developments

Before World War II the Philippines had no difficulty earning enough foreign exchange to pay for the imports and services required by its people. Exports customarily exceeded imports and United States Government expenditures provided another substantial source of foreign exchange receipts; transactions on current and capital account usually showed a surplus. The basis for necessary growth in the money supply was provided by the accumulation of dollars through moderate balance of payments surplus.

But the country's favorable international monetary situation was changed during the war years. Much of the accumulated wealth of the Philippines was destroyed — buildings, public works, industrial machinery, transportation facilities, valuable records, and innumerable other public and private properties suffered tremendous destruction.

Export crops were neglected during the war and production of all agricultural products after liberation was low. This caused a disruption of the agricultural economy and led to an unfavorable balance of trade. Large financial grants and other assistance from the United States aided recovery of the Philippine economy. But production lagged behind the needs of the rapidly growing population, creating a need for imports and causing a drain on the country's foreign exchange holdings.

Trade and payments immediately following the war illustrate the changing economic situation. In 1945 the Philippines added $256 million to its dollar reserves, representing primarily the large war and postwar military expenditures of the United States. Imports that year amounted to only $29 million, all in the second half of the year. In 1946 the Philippines drew down $207 million from its dollar reserves, representing the sharp drop in military expenditures and the resumption of considerable imports before exports had resumed.

The balance of payments in the years from 1947 to 1949 had four characteristics that distinguished it from the prewar years; first, the much smaller volume of exports; second, the great importance of the United States Government disbursements; third, the much larger volume of imports; and fourth, the much larger amount of nontrade payments. Furthermore, the net position changed from a moderate surplus before the war to a large deficit in 1948 and 1949.

It is the behavior of these major elements which explains the serious deterioration in the Philippine balance of payments position from the time of independence to the 1950's. The net reserves, which amounted to $669 million at the end of 1945, fell to $260 million at the end of 1949. At the rate at which the balance of payments deficit was being incurred during the last quarter of 1949, the reserves would have been entirely exhausted within another year.

During the first 6 months of 1950, the Philippine Government succeeded in halting the drain on reserves by the drastic application of the import and exchange controls put into effect late in 1949. These were instituted by the Central Bank in an attempt to hold domestic expenditures in check in the face of rising income, while at the same time maintaining a safe level of foreign exchange reserves.

In 1950 the foreign exchange reserve position rose to $356 million, then dropped to $304 million in 1951 and fluctuated through 1953. Thus, the period from the second half of 1951 through most of 1954 was marked by relative stability both internally and externally.

The succeeding period, from 1955 to 1957, was a time of accelerated development for the economy as a whole. This development was sparked mainly by government investments in social and economic projects. The heavy government expenditures financed through bank-supported borrowings, however, allowed new inflationary pressure to set in. To counteract this, a liberal import policy was adopted in 1956. But in consequence, the international reserves of the country dropped to a new low of $140 million by the end of 1957. This marked a new foreign exchange crisis.

Recent Situation

Recent domestic developments have had a favorable effect on the Philippines' balance of payments. The most apparent impact of the government's austerity program, announced at the end of 1957, was made on the balance of payments position in 1958. A further reduction of imports in 1959 caused even larger net receipts that year. Also, some improvement resulted from the stabilization program initiated by the government in mid-1959. Much of the rise in foreign exchange holdings late in 1960, however, reflected the low level of sales of free market dollars for imports pending clarification of rules governing such sales after institution of gradual foreign exchange decontrol.

On the internal side, the essential elements of the stabilization program were (1) tightened Central Bank restrictions on private credit through an increase in the rediscount rate and higher reserve requirements for commercial banks; (2) increased tax rates and the abolition or reduction of tax exemptions afforded "new and necessary" industries; and (3) reduced government expenditures.

On the external side, the principal ingredient of the government's program was the levy of a margin fee on most sales of foreign exchange by the Central Bank. Other measures taken to conserve foreign exchange included additional curbs on Central Bank dollar allocations and the increased use of deferred credit arrangements for the acquisition of capital goods.

These stabilization measures have helped to bring inflationary pressures under control and have tended to strengthen the peso.

TABLE 1.—Balance of payments: Foreign exchange receipts and disbursements, 1949-59

Period	Receipts	Disbursements	Net 1/
	Million dollars	Million dollars	Million dollars
1949.	621.00	764.50	-143.50
1950.	581.20	480.80	100.40
1951.	564.80	614.40	- 49.60
1952.	536.33	534.84	1.49
1953.	570.92	580.18	- 9.26
1954.	572.60	595.84	- 23.24
1955.	592.20	652.46	- 60.26
1956.	636.38	619.88	16.50
1957.	662.95	747.73	- 84.78
1958.	663.93	651.24	12.69
1959.	708.19	690.26	17.93

1/ Minus (-) means net disbursement.
Statistical Bulletin, Central Bank of the Philippines.

International Reserves

The effects of the government's austerity and stabilization programs have been most clearly reflected in the country's international reserves. In 1957 the Philippines had lost, in net terms, over one-half of its international reserves, when the year-end figure stood at $140 million. Although there were fluctuations during 1958, the beginning level of reserves was generally maintained and the figure at the end of the year was $145 million.

In 1959 there was a reversal of the Philippines' chronic trade deficit. Export earnings exceeded import disbursements by $20 million, and the country's international reserves were boosted to $163 million by the end of the year. Total exports for 1959 were valued at $530 million, easily the highest figure on record. The principal reason for this favorable performance was a continued strong demand for Philippine exports at generally favorable prices. For some products, prices were so favorable that sizable increases in earnings were registered despite very small increases or even decreases in actual export volume.

During 1960 the international reserves of the Philippines continued to increase as the business community showed a disinclination to avail itself of free market dollars. This was both because of the rate of exchange for these dollars and, probably to a greater degree, because of the tight controls over their use. In the last quarter of 1960, international reserves climbed to over $200 million.

TABLE 2.—International reserves: Net foreign exchange holdings of the Central Bank and of other banks, 1945-59

End of period	Central Bank	Other banks	Total
	Million dollars	Million dollars	Million dollars
1945.	587.20	81.95	669.15
1946.	333.66	108.89	442.55
1947.	388.96	64.52	453.48
1948.	399.77	20.31	420.08
1949.	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

Statistical Bulletin, Central Bank of the Philippines.

AGRICULTURAL TRADE POLICY

Exchange Controls

Exchange controls administered by the Central Bank of the Philippines since 1949 have been the principal factors influencing the conduct and direction of foreign trade. Through these controls, imports are limited to what is considered most essential. These include products that assist in the industrialization of the country, raw materials not produced in the country and needed by an "essential" industry, and consumer goods of a nonluxury character.

For the purpose of licensing foreign exchange for payments of imports, the Central Bank of the Philippines classifies each commodity under the following categories: (1) Producers Goods: a. Essential; b. Semi-essential; c. Nonessential. (2) Consumers Goods: a. Essential; b. Semi-essential; c. Nonessential. (3) Unclassified items (banned). (4) Decontrolled.

No exchange may be made available by Authorized Agent Banks for commodities listed as unclassified items in the Commodity List issued by the Central Bank. However, unclassified items may be imported in certain instances under special authority by the Central Bank.

The unit of currency in the Philippines is the peso. It has an official value of US$0.50, but on April 25, 1960, it was partially devalued. This was the beginning of the first phase of a program to lift government restrictions on gold and foreign exchange transactions. The full decontrol program is to be put into effect gradually over a period of 4 years or less.

Under the program, all foreign exchange receipts in the Philippines must be surrendered to the Central Bank. The bank then makes reimbursement in pesos for part of these receipts at the "free" market rate. The new rates are called "free" since it is said that they will be varied in response to fluctuations in demand. The Central Bank reserves the right to determine the "free" market rate.

It is planned to shift all foreign exchange transactions to the new "free" market rate and to abolish exchange controls. The Philippine Government intends to substitute higher tariffs and export taxes for the exchange margin. Thus, eventually, the rates will be unified on the import side, as well as the export side.

Tariffs

There have been no changes in tariff rates since enactment of the new Tariff and Customs Code in July 1957. Like that of the United States, the Philippine Tariff Code relates specifically to import duties, and no duties are levied on exports. Under the Philippine-U.S. revised trade agreement, imports of U.S. products will be levied at 50 percent of full duty from July 1, 1959, to December 31, 1961. The average full rate of duty for all commodities — agricultural and nonagricultural — is roughly 15 percent.

Exchange Margin

An exchange margin bill signed into law on July 16, 1959, and effective until December 31, 1964, provides for increasing the peso cost of most imports between 25 and 40 percent. The Monetary Board of the Central Bank was empowered to fix the margin over the bank's normal selling rates at the rate "it may deem necessary to effectively curtail any excessive demand upon the international reserve."

The exchange margin was initially assessed at the rate of 25 percent on the sales of foreign exchange for most purposes, including payment for the great majority of import items. On November 28, 1960, the exchange tax was reduced from 25 to 20 percent.

The margin bill also contains a mandate that "monetary authorities shall take steps for the adoption of a 4-year program of gradual (exchange) decontrol." This was the authority for the decontrol program which went into effect April 25, 1960.

Under the law, a few agricultural commodities were exempt. Raw cotton was exempt only if imported under the provisions of Public Law 480 or Section 402 of the Mutual Security Act. Evaporated milk was later ruled as not a substitute for filled milk; therefore, it was exempt from the margin fee. However, on June 24, 1960, the Central Bank approved a resolution setting a rate of 2.5 pesos to the dollar for commodities imported under Section 402 and Public Law 480. This gave the same effect as levying a 25-percent fee on these commodities.

Special Import Tax

Under the Philippine-U.S. Revised Trade Agreement of 1955, the Philippines agreed to replace its 17-percent tax on sales of foreign exchange with a special import tax applicable only to commodity imports. The special import tax is imposed on imports from all sources.

On January 1, 1956, this tax was set at a rate of 17 percent and is to be reduced by 10 percent of the initial rate or 1.7 percent each year beginning with calendar year 1957 until its elimination on January 1, 1966. The tax is to be reduced as follows:

	Percent
1956	17.0
1957	15.3
1958	13.6
1959	11.9
1960	10.2
1961	8.5
1962	6.8
1963	5.1
1964	3.4
1965	1.7
1966	0

At the end of 1958, the Philippine Government indicated that it was not going to reduce the special import tax from 13.6 percent for 1958 to 11.9 percent for 1959, as called for in the schedule set forth in the agreement. Instead, an escape clause provision was invoked which makes it possible, if a shortfall develops in special import tax and import duty collections on U.S. goods, to retain the preceding year's tax rate or even to increase the tax to any higher rate stipulated in the schedule if that should be necessary to restore tax revenue to the benchmark provided in the agreement.

Because of differing interpretations of the trade agreement escape clause the Philippine President delayed an official proclamation of the 1959 tax rate, as required by domestic Philippine legislation, although collections were made at the 17-percent rate. It was not until July 14, 1959, that the President of the Philippines proclaimed a rate of 15.3 percent for the special import tax, retroactive to January 1, 1959. The overpayment collected by the

Philippine Customs since the first of the year was returned to individual importers concerned. The drop on January 1, 1960, of 5.1 percentage points from 15.3 to 10.2 percent represented a return to the normal schedule.

Percentage Sales Tax

Excise taxes, known as percentage sales taxes, are imposed on most commodity transactions in the Philippines. They are likewise levied on most imports except that compensating taxes are imposed, in lieu of sales taxes, on commodities imported for consumption and not for sale. Agricultural raw materials are subject to sales taxes.

For imports, the sales tax – sometimes referred to as the advance sales tax when applied to imports — is based on total landed cost, first inflated by 100 percent for luxuries, 50 percent for semiluxuries, and 25 percent for all other goods, plus the exchange margin for all goods on which applicable.

The tax is payable by the importer before the release of the imported items from the custody of customs or the post office. The tax does not apply, however, to imported commodities used by the importer directly for manufacturing or preparing articles subject to a specific tax or articles for export and forming a part thereof. Specific taxes are imposed on tobacco products.

Agricultural products in their original form when sold or exchanged by the producer or owner of the land where produced are exempt from payment of the sales tax.

Barter

A new barter law, signed by the Philippine President on June 19, 1959, limits barter to "marginal and submarginal" products. Unlike an earlier law, it does not deal with the nonbarter "no dollar" commodities imported without dollar allocations being received from the Central Bank.

Eligibility of a product for barter is dependent upon the judgment of the National Economic Council (NEC). Only products in adequate supply to meet local requirements and which cannot be exported profitably for dollars or other freely convertible currency are eligible for certification by the NEC.

Barter trade may be carried on with any country with which the Philippines has diplomatic relations. Foreign commodities allowed to be imported in exchange are limited to essential producer goods, semiessential producer goods, and essential consumer goods.

Quantitative Controls

Before the legislation banning or restricting imports of some commodities, the only quantitative trade restrictions were absolute quotas on exports of sugar and cordage to the United States.

Sugar and cordage.—The Sugar Quota Administration (SQA) in the Philippine Department of Commerce and Industry is responsible for issuance of licenses or permits for the exportation of all quota products to the United States. Distribution of quotas is made on the basis of historical performance. Legislation in July 1960 provided that a representative of the Philippine Sugar Association and of the National Federation of Sugar Planters participate in the SQA in all matters governing the allocation of sugar quotas.

The Export Sugar Division of the SQA issues permits for sugar quota exports to the United States. Permits for cordage and all duty-free quota items destined for the United States are issued by the Quota Products Division.

Rice and corn.—Importation of rice and corn was banned by legislation on May 15, 1959. The new law was primarily aimed at protecting and promoting the interests of producers and planters of rice and corn to foster and accelerate self-sufficiency. There is a provision in the law, however, that should there be an existent or imminent shortage in the local supply of such gravity as to constitute a national emergency, the President may authorize the importation of these cereals in such quantities as to cover the shortage.

Wheat flour.—Although technically decontrolled, flour imports have actually been controlled informally by the Central Bank. The Bank is controlling the total volume of imports in order to insure that the domestic producers are able to sell all the flour they mill. Informal quotas are being established that give preference to Filipino importers.

The Philippine Cassava Flour Law, passed in 1951, prescribes "as a condition for the issuance of any license to import wheat flour from abroad that the importer shall buy cassava flour in such proportions not to exceed 30 percent of wheat flour by weight as may be prescribed by the Administrator of Economic Coordination and shall sell cassava flour and wheat flour in the same proportion."

The required purchase amount of cassava flour for wheat flour imports is set at 10 percent. While importers have to buy this quantity of cassava flour before they can obtain customs release of their imports, local flour mills are exempt from this requirement.

There is no requirement that the cassava flour must be mixed with the wheat flour. As a result of this loophole, wheat flour importers merely have to show the Philippine Government a certificate stating that they have purchased the required amount of cassava flour. The flour is then resold at a substantial discount back to the cassava producers. Often it is only a paper transaction with no cassava flour actually being delivered.

Tobacco.—In 1949 the Philippine Government inaugurated a program to encourage local production of tobacco in order to become self-sufficient. In accordance with Philippine Law 698, enacted in May 1952, imports of unmanufactured tobacco into the Philippines were subject to quota limitations. This was primarily designed to reduce requirements for foreign exchange.

In 1954 when the Virginia-tobacco price support law was passed, it also included a provision restricting the import of Virginia leaf tobacco in that year to 40 percent of 1950 imports and for 1955, 25 percent. For 1956 and succeeding years, imports have been limited to that amount needed, above local production, to produce the same quantity of manufactured products produced the preceding year. This law has virtually eliminated the importation of U.S. tobacco by the Philippines.

Animals for slaughter.—In May 1960, the Philippines placed a ban on cattle imported for slaughter. Before then there had been no objection and imports had taken place for the previous 12 years. The ban was later canceled and on September 30, 1960, an administrative order was issued fixing the import quota for slaughter cattle at 18,000 head per year. For the period up to December 31, 1960, the quota was 9,000 head.

Imports are being controlled to stimulate development of the domestic livestock industry. Cattle prices have remained high in the Philippines because of the war's depletion of the livestock population and the ban on carabao slaughter in more recent years.

This regulation applies only to slaughter cattle and does not affect livestock for breeding purposes.

Coffee.—Legislation, which went into effect June 18, 1960, prohibits the importation of roasted coffee beans, roasted ground coffee, instant or soluble coffee in powder form, extract or concentrate in liquid form, or finished coffee products in any form, raw coffee beans of the robusta, excelsa, and liberica varieties. Imports of raw coffee beans of the arabica variety are to be gradually reduced each year and completely banned in 1964.

INTERNATIONAL TRADE

Philippine foreign trade is based essentially on the exports of raw materials and the imports of a wide variety of finished goods. The export trade consists principally of the sale of about 10 products which, in recent years, have accounted for approximately 90 percent of all exports. Predominant among these are three products — copra, sugar, and logs and lumber — which represent about two-thirds of all exports.

Philippine imports in postwar years have consisted mostly of finished manufacturer goods either for final use or for further processing and finishing in the country. While consumer goods constituted the bulk of imports in the early postwar years, accounting for more than 60 percent in 1949, a greater emphasis has been placed on imports of raw materials and capital goods since the imposition of exchange and import controls in 1949. Now, consumer goods account for less than one-fifth of all imports, while raw materials and capital goods represent more than half and about one-fourth, respectively.

Balance of Trade

When the Philippines entered world trade after the war, it emerged as a net importer. From 1945 through 1958, it suffered a chronic trade deficit. Net imports ranged from a high of $338 million in 1949 to a low of $11 million in 1950.

The trend was reversed in 1959, and net exports totaled $20 million. This was mainly a result of the country's stabilization measures and reduced imports. A strong demand for Philippine products kept prices at a high level and although the volume of some exports was lower, export earnings were higher than in any previous year.

TABLE 3.—Balance of trade: Imports and exports, 1946-59

Period	Imports	Exports 1/	Net 2/
	Million dollars	Million dollars	Million dollars
1946.	295.9	64.2	-231.7
1947.	511.1	263.4	-247.7
1948.	584.9	309.6	-275.3
1949.	585.9	247.9	-338.0
1950.	341.9	331.0	- 10.9
1951.	489.0	427.4	- 61.6
1952.	421.4	345.7	- 75.7
1953.	452.4	398.3	- 54.1
1954.	478.7	400.5	- 78.2
1955.	547.7	400.6	-147.1
1956.	506.2	453.2	- 53.0
1957.	613.2	431.1	-182.1
1958.	558.7	492.8	- 65.9
1959.	509.1	529.5	- 20.4

1/ Includes re-exports.
2/ Minus (-) means net imports.
Statistical Bulletin, Central Bank of the Philippines.

Direction of Trade

The United States has been the traditional market for Philippine products. In 1959, 58 percent of all exports by value went to the United States, 23 percent to Japan, 16 percent to Northwestern Europe. In recent years, Japan and Northwestern Europe have been of increasing importance as markets for Philippine products.

Although trade with the United States as a percentage of total trade has declined, the United States remains the principal market, as well as the main supplier for the Philippines. But during the postwar period, the United States' relative importance as a supplier of Philippine imports has declined more than its importance as a market. This trend has been particularly noticeable since the revised trade agreement went into effect in 1956.

Prior to 1956, the major factor responsible for the declining share of trade with the United States was the need of the Philippines to market increased production of coconut products, mineral, and timber. This resulted in larger shipments to Western Europe and Japan. Other markets in Asia include Hong Kong, Taiwan, South Korea, the Federation of Malaya, and Singapore.

Japan is the Philippines' second most important trading partner. Trade has more than doubled since 1955. Japan absorbs about 90 percent of Philippine exports to Asia and the Far East, while 50 percent of Philippine imports from this region are supplied by Japan. During the past decade, except for 1952, the Philippines has enjoyed a favorable balance of trade with Japan.

West Germany, the United Kingdom, and the Benelux countries (the Netherlands, Belgium, and Luxembourg) have been important trading partners for the Philippines in recent years. Trade consists essentially of Philippine exports of copra and other coconut products, as well as abaca. In most years, trade with Europe has been heavily in favor of the Philippines.

TABLE 4.—Direction of trade: Imports from and exports to selected countries, 1949-59

Year	United States		Japan		Indonesia		Netherlands	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
1949. . . .	469.3	176.5	16.1	11.3	16.0	2.4	0.8	2.3
1950. . . .	255.1	240.1	14.2	22.0	4.4	.2	1.2	7.4
1951. . . .	349.9	276.3	33.0	30.1	10.9	1.4	5.1	21.9
1952. . . .	307.2	231.7	18.4	38.4	12.2	.5	3.4	13.4
1953. . . .	347.0	271.2	20.1	48.3	10.4	.3	6.7	17.3
1954. . . .	322.9	241.5	29.1	50.5	13.0	.2	9.6	32.8
1955. . . .	356.3	239.6	43.4	61.0	18.9	.1	9.0	29.7
1956. . . .	300.4	244.0	51.2	80.4	22.4	.1	10.2	39.3
1957. . . .	335.6	226.3	73.7	77.8	28.7	1/	14.4	44.1
1958. . . .	288.9	274.6	81.0	90.6	39.3	1/	11.6	45.8
1959. . . .	231.8	292.5	90.0	116.6	43.7	1/	13.4	41.2
	United Kingdom		West Germany		Canada		Belgium	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
1949. . . .	5.0	3.0	0.9	7.2	13.2	3.6	6.6	2.1
1950. . . .	5.3	5.4	2.6	1.7	8.8	4.4	3.3	7.9
1951. . . .	6.5	12.8	3.1	4.0	13.6	4.9	4.8	16.9
1952. . . .	5.0	5.9	3.3	3.3	14.8	3.8	3.1	8.9
1953. . . .	4.2	5.1	3.8	5.1	11.3	2.3	3.3	6.1
1954. . . .	9.2	4.9	8.7	10.7	14.9	3.5	6.7	5.6
1955. . . .	12.8	5.4	11.4	9.1	18.0	1.4	5.6	4.3
1956. . . .	15.3	6.9	17.2	13.8	16.1	1.5	9.1	8.1
1957. . . .	23.3	6.6	26.8	9.3	16.8	2.2	12.6	9.7
1958. . . .	19.0	6.4	25.9	11.1	11.5	1.4	5.2	8.4
1959. . . .	21.5	8.7	23.7	14.6	14.0	1.3	6.3	5.9

1/ Less than $50,000.
Statistical Bulletin, Central Bank of the Philippines.

Argentina has been the most important South American supplier of goods to the Philippines, while Colombia and Venezuela have been the most important customers.

Agricultural Exports

Agricultural exports account for approximately half of the Philippine foreign exchange earnings; therefore, production of export crops is of prime importance to the strength of the economy and well-being of the country.

The trend indicates that the percentage of agricultural exports among total exports is becoming less. During the first part of the 1950's, agricultural exports represented about 80 percent of the country's total export earnings. But in the last part of the decade, this group of exports was only 70 percent of the total value.

Nevertheless, the dollar value of agricultural exports increased. From 1950 to 1954 the average annual value of agricultural exports was $308 million, but for the last half of the decade the average value was $323 million.

Of the average value of agricultural exports, coconut products have accounted for approximately half. Sugar and molasses have accounted for about one-third and abaca for about one-tenth. Other significant agricultural exports include canned pineapples and leaf tobacco.

Coconut products.—The Philippines is the world's leading exporter of coconut products, accounting for more than half moving in world trade. In 1959, coconut products accounted for 55 percent of agricultural and 35 percent of total Philippine exports.

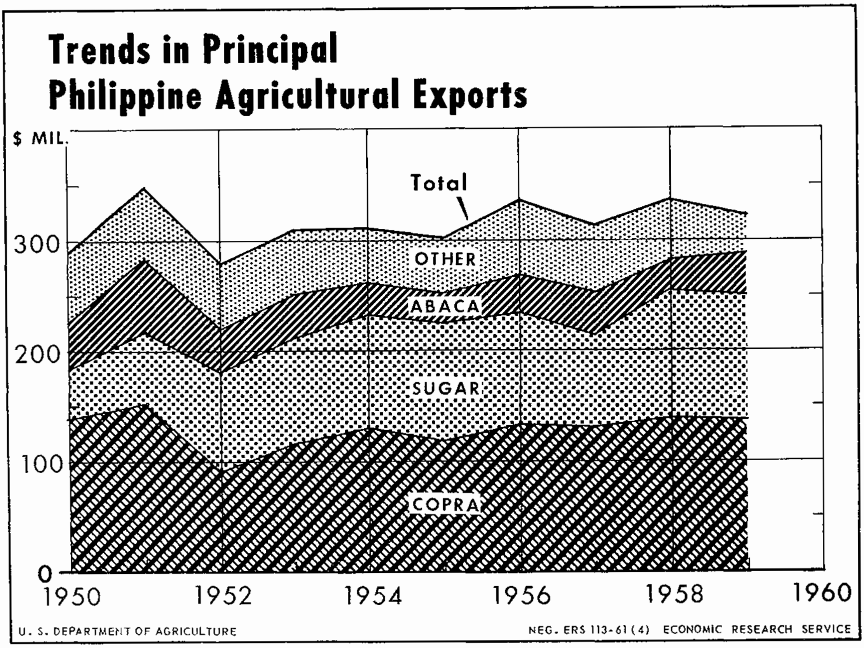


TABLE 5.—Agricultural trade: Value of exports by commodity groups, 1950-59

Commodity group	1950	1951	1952	1953	1954
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Livestock and animal products.	287	437	157	329	169
Cereals and preparations . . .	1,913	2	10	316	94
Fruits, nuts and vegetables.	33,762	22,173	21,519	28,305	18,947
Sugar and preparations . . .	49,378	72,172	99,492	99,278	110,333
Tobacco, unmanufactured.	1,583	2,834	4,529	4,533	4,094
Fats, oils, and oilseeds.	158,154	178,861	105,935	133,864	145,491
Rubber, natural. . .	590	718	696	105	109
Natural fibers . . .	40,616	68,128	40,123	37,969	26,926
Other agricultural products.	3,457	3,953	5,944	5,275	4,721
Total agricultural	289,740	349,278	278,405	309,974	310,884
Total all exports	328,408	413,029	350,864	398,633	399,791
	Percent	Percent	Percent	Percent	Percent
Agricultural share of total.	88.2	84.6	79.3	77.8	77.8
	1955	1956	1957	1958	1959
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Livestock and animal products.	383	454	57	176	429
Cereals and preparations . . .	21	19	23	51	4,699
Fruits, nuts and vegetables.	20,973	22,513	25,661	22,799	21,721
Sugar and preparations. . . .	107,663	107,466	84,747	120,149	118,588
Tobacco, unmanufactured.	3,358	4,882	3,305	7,936	4,040
Fats, oils, and oilseeds.	137,113	156,994	154,819	149,269	129,679
Rubber, natural. . .	273	---	---	---	---
Natural fibers . . .	27,969	36,689	39,757	31,318	39,556
Other agricultural products.	5,411	7,359	5,228	5,214	4,528
Total agricultural	303,164	336,376	313,597	336,912	323,239
Total all exports	413,563	471,353	430,665	459,806	504,806
	Percent	Percent	Percent	Percent	Percent
Agricultural share of total.	73.3	71.4	72.8	73.3	64.0

Foreign Trade and Navigation of the Philippines.

TABLE 6.—Agricultural trade: Exports of selected commodities, by value, 1950-59

Year	Copra	Coconut oil	Desiccated coconut	Abaca	Sugar Centrifugal	Pineapples, canned
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1950.	137,953	21,482	24,157	41,635	45,906	9,474
1951.	153,131	24,496	14,902	66,993	64,248	8,146
1952.	90,670	15,421	9,740	40,960	89,881	11,296
1953.	116,323	17,144	15,748	38,919	95,778	11,045
1954.	130,075	16,568	13,524	26,344	105,624	4,706
1955.	118,680	16,535	12,810	27,833	106,295	5,940
1956.	134,100	23,976	12,858	34,970	100,609	5,487
1957.	131,958	21,356	15,153	38,988	82,802	4,556
1958.	139,079	24,091	16,410	28,815	115,533	4,404
1959.	138,073	22,484	18,166	38,863	112,636	8,023

Statistical Bulletin, Central Bank of the Philippines.

Copra is the country's top dollar earner. Although the volume of copra exports was down in 1958 and 1959 from the previous 2 years, earnings averaged almost $140 million. A drought in 1958 reduced production considerably, but a strong world demand kept prices high.

Until the drought, Philippine coconut output had followed a trend of fairly steady growth since the war. The ravages of cadang-cadang disease have been serious, but efforts to control the disease have been intensified. Barring adverse weather and with some success in the control of cadang-cadang, coconut production should regain its upward climb.

TABLE 7.—Copra: Exports by quantity and country of destination, 1950-59

Year	United States	Netherlands	Colombia	West Germany	Total 1/
	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons
1950.	457,784	29,749	18,070	3,447	707,186
1951.	392,805	91,385	27,201	4,948	775,026
1952.	305,158	78,415	29,494	12,914	670,843
1953.	314,303	82,850	29,455	18,745	603,205
1954.	301,854	177,468	36,394	52,964	763,320
1955.	309,942	191,510	67,251	45,229	804,838
1956.	338,601	248,320	77,506	70,183	966,303
1957.	320,293	298,353	72,757	41,060	943,011
1958.	313,977	255,402	34,317	40,936	811,878
1959.	305,792	189,727	12,345	43,160	681,107

1/ Total includes other countries.
Statistical Bulletin, Central Bank of the Philippines.

Most of the copra export earnings are in the form of U.S. dollars; therefore, copra is most important in solving the country's dollar problem. Shipments of copra to the United States in 1959 accounted for about half of the total copra earnings. The Netherlands was the other big customer, accounting for over one-fourth. Practically all of the coconut oil and desiccated coconut exported from the Philippines during the past decade have gone to the United States. The United States also has been the major market for copra cake and meal, but in 1959 most of these exports went to Europe.

TABLE 8.—Coconut oil and desiccated coconut: Exports by quantity to the United States and all countries, 1950-59

Year	Coconut oil		Desiccated coconut	
	United States	All countries	United States	All countries
	Metric tons	Metric tons	Metric tons	Metric tons
1950.	63,616	69,806	69,989	73,050
1951.	40,199	77,854	43,985	47,452
1952.	56,757	80,548	38,559	39,081
1953.	58,167	59,473	49,180	49,496
1954.	63,994	65,208	44,898	45,659
1955.	69,925	74,177	48,281	48,529
1956.	89,509	108,929	47,344	48,691
1957.	86,218	97,646	52,085	54,935
1958.	82,183	86,956	48,494	51,631
1959.	58,622	64,629	48,307	49,499

Statistical Bulletin, Central Bank of the Philippines.

Sugar.—Measured by foreign exchange earnings, sugar products were of more importance to the Philippine economy than coconut products before World War II. Since then the relative importance of the sugar industry has declined as that of the coconut industry has increased, but foreign exchange earnings of both industries are larger than prewar. In recent years, sugar exports have accounted for slightly more than one-third of the value of agricultural exports and about one-fifth of total exports. Practically all of the sugar exports have gone to the United States.

Philippine sugar production during the past 10 years has been on the uptrend as a result of increased plantings and higher centrifugal sugar yields. Since 1956, the Philippines has filled its U.S. export quota of 980,000 short tons (96 degrees) in every year except 1957. Its failure to do so in 1957 was mainly because of errors in determining the domestic consumption quota.

The U.S. allocation of 176,426 short tons of nonquota sugar to the Philippines in 1960 may further stimulate production in the near future. The Philippine sugar industry is well financed and managed. It has sufficient mill capacity to expand its output by 50 percent if necessary. Land and resources are available to expand the sugarcane area 690,000 acres, enough to produce 2 million tons of sugar. In 1959 the output was about 1.5 million tons.

The relatively high wage rate prevailing in the Philippines and the fact that the industry has been geared to producing for the U.S. quota make it doubtful that the expansion would result from other than an increased U.S. quota, with its favorable tariff and price.

TABLE 9.—Centrifugal sugar and canned pineapples: Exports by quantity to the United States and all countries, 1950-59

Year	Sugar, centrifugal		Pineapples, canned	
	United States	All countries	United States	All countries
	Metric tons	Metric tons	Metric tons	Metric tons
1950. . . .	415,048	420,475	65,388	65,388
1951. . . .	555,640	567,004	53,376	53,436
1952. . . .	793,357	793,357	77,534	77,545
1953. . . .	782,781	782,781	74,618	74,635
1954. . . .	852,446	869,403	34,013	34,013
1955. . . .	909,437	926,796	35,399	36,180
1956. . . .	844,657	893,596	20,920	23,452
1957. . . .	659,090	709,112	17,625	21,535
1958. . . .	922,708	969,599	17,075	21,330
1959. . . .	907,942	933,762	43,420	44,238

Statistical Bulletin, Central Bank of the Philippines.

Pineapples.—Although pineapples are grown throughout the Philippines for home use, the only important area for commercial production is in the Province of Bukidnon on Mindanao. At Del Monte, Mindanao, the Philippine Packing Corporation (PPC), a branch of a California firm, has a plantation with an area of about 17,000 acres. PPC operates the farm and cannery on a year-round basis.

Philippine exports of canned pineapple have fluctuated considerably in the past 10 years, from the peak of 78,000 tons in 1952 to the low of 21,000 tons in 1958. Almost all of the shipments have gone to the United States, though since 1955 small quantities have been shipped to Canada and some of the European countries.

Abaca.—Although abaca was one of the predominant exports in the years immediately before and after the war, its importance as a foreign exchange earner has declined during the 1950's. Production of abaca in the Philippines has been plagued by mosaic disease; present production is only about three-fourths of the prewar average. However, Philippine exports still account for the major portion of the world trade in abaca.

Abaca has also suffered from competition with synthetic fibers and African sisal. World abaca production has declined about 20 percent during the past 10 years, principally because of the rapidly increasing output of sisal. Continued good buying interest from abroad caused a generally strong market throughout 1959 and 1960. Prices rose to the highest levels since the Korean War.

Increased production in 1959 and 1960 was mainly because of over-stripping in some areas to take advantage of higher prices. There have been few new plantings during the past 3 years, and areas abandoned because of mosaic disease and unfavorable weather exceeded new plantings.

About 90 percent of the world abaca production is in the Philippines, with small quantities elsewhere in Asia and in Central America. Although natural hazards have plagued the abaca industry, the Philippines does not face any serious challenge in its abaca production supremacy.

Practically all of the baled fiber produced in the Philippines is exported. The United States and Japan are the principal buyers, taking over half the exports. The United Kingdom and West Germany are next in importance as markets for abaca.

TABLE 10.—Abaca: Exports by quantity and country of destination, 1950-59

Year	United States	Japan	United Kingdom	West Germany	Total 1/
	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons
1950	49,204	15,813	12,375	2,415	96,312
1951	61,691	16,887	21,841	3,671	127,658
1952	46,881	26,287	12,515	3,203	109,607
1953	41,342	30,724	14,056	4,432	112,157
1954	25,005	29,380	13,802	4,454	97,848
1955	29,389	34,314	16,448	6,118	111,820
1956	34,794	34,417	18,299	5,139	122,251
1957	38,076	32,692	14,679	5,581	115,804
1958	28,145	25,153	14,326	4,031	92,800
1959	25,293	27,370	15,343	3,881	97,172

1/ Total includes other countries.
Statistical Bulletin, Central Bank of the Philippines.

Tobacco.—A barter program with the United States in 1958 was responsible for the first sizable exports of Philippine-grown Virginia-type tobacco. Total exports in 1959 amounted to 4,112 metric tons, of which 2,383 tons were shipped to the United States. The tobacco was low grade, mostly sun-dried, which was not suitable in the manufacture of quality tobacco products. Exports in 1959 dropped to 818 tons, mostly to the United States. West Germany provided the only other market of any significance in 1958 and 1959.

Exports of native leaf, other than Virginia-type, during the last half of the decade did not reach the 1950-54 average. Spain was, by far, the principal market for Philippine native leaf tobacco during the 1950's, taking about 90 percent of the total. Exports during the past 2 years have declined.

TABLE 11.—Tobacco, unmanufactured: Exports by quantity and country of destination, 1950-54 average and 1955 to 1959

Item and Country	Average 1950-54	1955	1956	1957	1958	1959
	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons
Virginia leaf:						
United States. .	----	----	1/	----	2,383	701
Hongkong. . . .	----	----	3	----	----	2
West Germany .	----	----	2	----	1,565	114
Other.	----	----	----	1/	164	1
Total	----	----	5	1/	4,112	818
Native leaf:						
United States. .	329	183	268	39	123	1
Belgium	386	350	606	353	264	121
French East Indies.	528	50	358	199	----	----
French Africa .	141	158	175	272	185	59
Netherlands . .	128	138	233	166	37	41
Spain.	6,549	4,451	5,694	6,949	5,705	4,899
Other.	----	----	----	----	----	----
Total	8,204	5,579	7,708	8,184	6,479	5,350
Stems, scraps, etc.:						
United States. .	459	1,425	2,482	2,363	3,355	1,458
Belgium	15	46	13	23	55	25
Netherlands . .	----	136	145	115	139	59
Other	----	40	----	89	3	----
Total	574	1,647	2,645	2,590	3,552	1,542

1/ Insignificant.
Philippine Bureau of the Census and Statistics.

Exports of stems and scraps in 1958 were the largest ever recorded. The United States absorbed the bulk of shipment in 1958, taking 3,355 tons. In 1959, the United States was again the principal customer, taking 1,542 tons. The Netherlands and Belgium accounted for the remainder.

Agricultual Imports

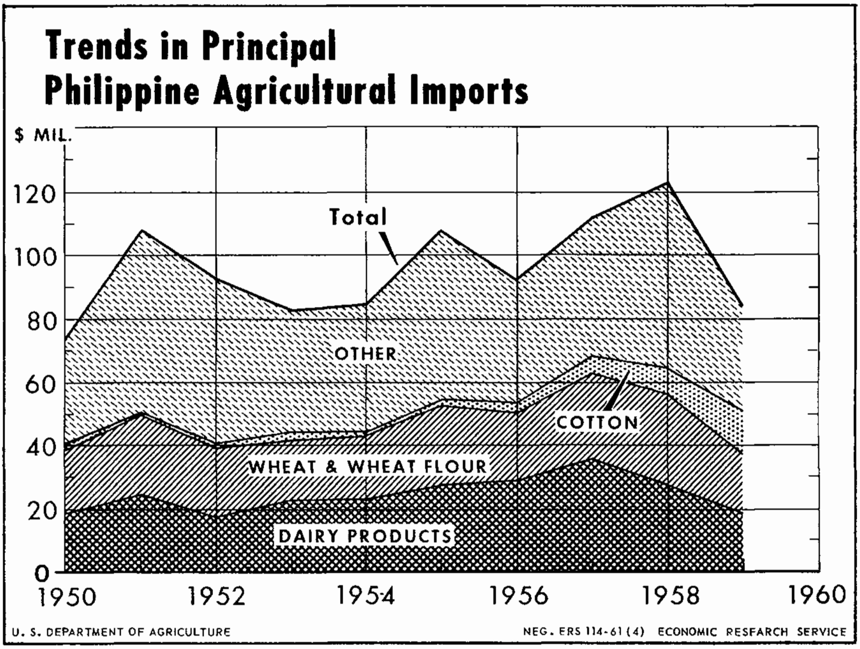
Philippine imports of agricultural products amount to only about one-third the value of agricultural exports; however, a significant share of the country's food and fiber consumption is imported. Of the total value of imports, agricultural goods represented between 18 and 23 percent during 1950-58. In 1959, a substantial decrease in food imports caused the agricultural share of total imports to drop to 16 percent.

TABLE 12.—Agricultural trade: Value of imports by commodity groups, 1950-59

Commodity group	1950	1951	1952	1953	1954
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Livestock and animal products.	21,772	31,068	20,154	26,415	30,277
Cereals and preparations . . .	22,943	43,109	34,786	20,706	26,187
Fruits, nuts and vegetables.	5,759	6,492	5,195	5,347	3,981
Sugar and preparations . . .	615	681	365	567	538
Tobacco, unmanufactured.	6,917	5,088	14,221	11,714	7,591
Fats, oils, and oilseeds.	3,414	5,215	2,425	3,004	3,151
Rubber, natural. . .	3	43	17	3	48
Natural fibers. . . .	1,747	1,136	1,699	3,325	2,223
Other agricultural products.	10,344	14,963	10,270	11,129	10,440
Total agricultural	73,514	107,795	92,131	82,210	84,437
Total all imports	356,180	479,516	426,112	447,339	451,636
	Percent	Percent	Percent	Percent	Percent
Agricultural share of total.	20.6	22.5	21.6	18.4	18.7
	1955	1956	1957	1958	1959
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Livestock and animal products.	36,730	38,849	45,162	41,994	28,549
Cereals and preparations . . .	34,550	26,210	36,927	52,058	21,524
Fruits, nuts and vegetables.	5,540	4,571	5,482	3,462	2,379
Sugar and preparations . . .	664	464	539	432	402
Tobacco, unmanufactured.	12,692	4,606	128	2,557	1,737
Fats, oils, and oilseeds.	2,702	3,726	3,619	2,478	2,027
Rubber, natural. . .	7	743	2,005	2,249	3,385
Natural fibers . . .	2,773	4,783	7,845	10,258	16,454
Other agricultural products.	11,903	8,290	10,392	7,300	7,596
Total agricultural	107,561	92,243	112,098	122,788	84,052
Total all imports	536,341	509,607	621,390	553,279	520,962
	Percent	Percent	Percent	Percent	Percent
Agricultural share of total.	20.1	18.1	18.0	22.2	16.1

Foreign Trade and Navigation of the Philippines.

Food imports accounted for over 80 percent of agricultural imports before 1959. Their decline is largely a result of the government's efforts to help the country achieve self-sufficiency in basic foods, such as rice and corn. Wheat flour, dairy products, meat and meat products, and rice have been the major agricultural imports. But the trend is toward wheat and nonfat milk solids for processing and raw agricultural nonfood materials for certain growing industries.



Wheat and wheat flour.—For many years the Philippines has been one of the best customers for U.S. wheat flour. But its importance as a flour market is being changed to an important outlet for wheat. In 1958 the United States supplied nearly 200,000 metric tons of flour out of Philippine total imports of 300,000 tons. Also in 1958, the United States supplied all of the 8,622 tons of wheat imported. By 1960, U.S. flour exports had dropped considerably, while wheat exports had increased 13 times over the 1958 level.

Action causing this change in imports was the result of a 5-year economic and social development program adopted by the Philippine National Economic Council in 1957. One of the large projects recommended was the establishment of a wheat flour mill, which began operation in October 1958. All of the 3,000 metric tons of wheat used in the initial milling came from the United States. The bleached, vitamin-enriched product was introduced on the local market in 50-pound bags under the trade name "Cinderella."

TABLE 13.—Agricultural trade: Imports of selected commodities, by value, 1950-59

Year	Milk, evap-orated	Milk, con-densed	Milk, pow-dered & dry skim	Rice	Wheat flour	Cotton, raw
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1950. . . .	9,373	5,364	1,820	616	20,306	1,747
1951. . . .	13,914	5,848	3,057	16,359	24,574	747
1952. . . .	10,188	4,385	539	11,524	21,554	1,106
1953. . . .	12,415	5,740	2,026	insig.	18,650	2,362
1954. . . .	13,686	4,897	1,723	4,156	19,560	1,126
1955. . . .	17,087	4,614	2,450	6,411	25,169	1,974
1956. . . .	18,670	4,159	3,293	3,488	21,084	3,574
1957. . . .	22,698	5,271	3,115	7,007	26,879	5,589
1958. . . .	14,937	3,908	6,512	20,747	28,188	8,406
1959. . . .	6,348	4,938	5,374	859	13,238	14,201

Foreign Trade and Navigation of the Philippines.

TABLE 14.—Wheat, unmilled: Imports by quantity and value and country of origin, 1958 and 1959 1/

Country of origin	1958		1959	
	Metric tons	1,000 dollars	Metric tons	1,000 dollars
U.S. Pacific Coast.	----	----	5,552	399
U.S. Atlantic Coast	8,622	577	15,765	1,143
Canada.	----	----	44,389	2,986
Australia	----	----	13,887	783
United Arab Republic . . .	----	----	10	2
Total	8,622	577	79,603	5,313

1/ No imports of wheat prior to 1958.
Foreign Trade and Navigation of the Philippines.

Since the dollar cost of imported wheat flour is higher than the cost of wheat grain, it was expected that by milling its own flour the Philippines could conserve some of its dollars. In addition, byproducts from flour milling provide protein feeds which are used to produce high-protein foodstuffs. And the Philippines has been striving to increase production of meat, eggs, poultry, pork, and milk. Also, it was expected that the industry would stimulate production of cotton textiles for flour bags, thereby increasing employment.

Since 1958, the flour mill has increased its annual capacity from 50,000 to 90,000 metric tons. Early in 1960, a second mill with a capacity of 40,000 tons began operation, and two more mills are under construction and expected to be in operation about the middle of 1961. Completion of these mills will give the Philippines a normal milling capacity of approximately 230,000 metric tons. Two more mills scheduled for completion in 1962 will raise this capacity to 330,000 metric tons.

Since the United States is competitive with other major wheat exporters in price and quality, it is expected that a large share of wheat required by the flour mills will be imported from the United States. The United States Department of Agriculture is cooperating with Western Wheat Associates and the Great Plains Wheat Association to promote use of a greater variety of wheat products and thereby increase wheat consumption. Availability of desirable types of wheat and a good representation in market development activity, particularly at a time when buying habits for new mills are being established, should promote imports of U.S. wheat.

TABLE 15.—Wheat flour: Imports by quantity and country of origin, 1950-59

Year	United States	Canada	Australia	Japan	Total 1/
	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons
1950.	86,561	87,695	2,273	16	176,556
1951.	100,390	115,472	190	82	216,134
1952.	84,730	109,743	1,492	9	195,974
1953.	74,460	92,485	34	7	166,986
1954.	80,289	106,600	865	43	187,797
1955.	109,804	130,664	4,146	67	244,729
1956.	98,915	108,213	7,703	110	214,987
1957.	149,397	112,311	24,372	88	286,616
1958.	199,852	91,209	8,105	116	299,479
1959.	82,028	55,449	4,181	23	139,342

1/ Total includes other countries.
Foreign Trade and Navigation of the Philippines.

Rice and corn.—The 1959 ban on rice and corn imports, except in an emergency, eliminates the Philippines as a market. Rice imports in 1958 amounted to 195,717 tons, or $20 million as compared to $7 million the year before. In 1958 the United States was the principal source of rice, supplying 38 percent. Thailand was the second largest supplier, with about 27 percent of the total.

Imports of rice from the United States consisted of 17,086 tons under Title I of Public Law 480 and 31,358 tons bartered for refractory chrome ore under Title III of that law. Previously, Thailand had been the principal source of rice, with Burma and the Indochinese countries being secondary sources.

Corn has been rather insignificant in Philippine trade. Because of low production in 1957, 10,748 tons of shelled corn were imported from the United States. In 1958, 20,638 tons were imported from the Union of South Africa.

Cotton.—Consumption of cotton in the Philippines continues to grow with expansion of the textile industry. Production is insignificant; therefore, import requirements of raw cotton have increased substantially in recent years.

TABLE 16.—Rice, milled: Imports by quantity and country of origin, 1950-59

Year	United States	Thailand	Burma	South Vietnam	Total 1/
	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons
1950.	203	3,335	----	----	3,538
1951.	36	129,411	----	----	129,849
1952.	3,251	29,949	29,922	----	63,123
1953.	insig.	insig.	----	----	1
1954.	4	15,000	----	----	42,629
1955.	1,105	50,476	11,937	----	63,518
1956.	1,370	24,671	----	----	42,401
1957.	1,930	62,821	----	2,500	77,904
1958.	48,897	131,323	5,200	32,639	230,669
1959.	6,502	----	----	----	6,502

1/ Total includes other countries.
Foreign Trade and Navigation of the Philippines.

About 22,000 of the 23,000 tons of cotton imported by the Philippines in 1959 came from the United States. And future imports are expected to rise even higher. Mill consumption at the present time is about 172,000 bales. As of June 1960, there were 314,212 spindles operating and approximately 350,500 spindles installed. By July 1961 it is expected that about 450,000 spindles will be in operation.

The amount of cotton consumed in home spinning has been estimated at from 14,000 to 50,000 pounds. An accurate figure is almost impossible to obtain, since most of the cotton never leaves the small farm where it is produced. The Philippines has estimated that about 4,500 acres were under cotton in 1959-60 and the acreage appears to be decreasing. But it is still within the realm of possibility that the Philippines will some day supply its own cotton needs.

The Philippine Government has generally encouraged expansion of the domestic textile industry. As a result, the textile mills have been able to get the dollars they have needed for new machinery and raw cotton. It is reported that the Central Bank has already approved installation of up to a total of 525,000 spindles and supposedly will make the necessary dollars available. But as local mills come closer to their goal of meeting total needs of the textile market, they are being bothered more and more by competition from imported textile goods.

The Philippines has been buying most of its cotton from the United States, mainly under Section 402 of the Mutual Security Act or under Public Law 480. During June 1959 to June 1960, there was an empasse over the exchange rate to be applied to these programs. The Central Bank made dollars available for the purchase of cotton during the latter part of 1959 and in 1960. At present approximately 95 percent of all cotton imports come from the United States, while most of the remainder comes from Mexico.

TABLE 17.—Cotton, raw: Imports by quantity and country of origin, 1950-59

Year	United States	Mexico	Norway	Bolivia	Total 1/
	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons
1950.	2,688	----	----	----	2,688
1951.	779	----	----	----	779
1952.	1,342	----	----	----	1,342
1953.	3,407	----	----	----	3,659
1954.	1,319	----	----	----	1,357
1955.	2,249	68	----	----	2,317
1956.	4,631	143	----	----	4,820
1957.	8,516	----	40	----	8,606
1958.	12,650	----	----	----	12,650
1959.	21,653	1,452	10	44	23,159

1/ Total includes other countries.
Foreign Trade and Navigation of the Philippines.

Meat and meat products.—Imports of meat products in 1959 reached only about half the 1958 level and fell to the lowest point since 1953. Fresh, canned, and corned beef, pork, fresh liver, kidneys, tongue and hearts, and meat paste and spread suffered considerable decreases from the preceding year's level. Only fresh mutton, lamb, canned poultry, and unspecified meat products showed gains. Of the total arrivals, canned and corned beef accounted for about 70 percent.

Mutton, lamb, and meat juices are classified as nonessential consumer commodities. Sausage casings, both natural and artificial, are classified as essential producer commodities. Aside from these commodities, only live cattle, fresh beef and veal, and canned and corned beef remain on the import list of the Central Bank. All others are banned.

Australia continues to be the major source of meat products for the Philippines, mainly because of proximity and lower prices. Besides the United States, Argentina, Brazil, and Uruguay are other major sources, with Argentina supplying a large share of the canned and corned beef.

Dairy products.—The bulk of Philippine dairy needs is met by imports of dairy products. Out of Philippine imports in recent years, dairy products have accounted for about 5 percent of the total value. During the last 3 years there has been a gradual change in the physical make-up of milk imports. Arrivals of canned evaporated milk have progressively declined since 1957, while imports of nonfat milk solids have increased.

Imports of evaporated milk in 1959 were less than half the 1958 level and below a third of the 1955-57 average. Since the United States is the major supplier of this commodity, it has suffered the most drastic cut. Because of the government's policy of assisting the development of the local milk industry, the Philippine market for evaporated milk may shrink still further in the future.

TABLE 18.—Meat and meat products and total dairy products: Imports by quantity and value, 1950-59

Year	Meat and meat products		Dairy products	
	Metric tons	1,000 dollars	Metric tons	1,000 dollars
1950.	2,653	1,830	52,121	18,420
1951.	7,317	5,026	63,305	24,833
1952.	3,268	2,381	48,291	17,533
1953.	5,027	3,275	63,139	22,868
1954.	11,332	6,659	71,497	23,014
1955.	13,895	7,924	88,338	27,184
1956.	17,865	8,558	99,696	28,857
1957.	16,576	8,293	121,029	35,664
1958.	20,366	8,918	90,589	27,393
1959.	11,064	5,686	63,099	18,683

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TABLE 19.—Milk, evaporated: Imports by quantity and country of origin, 1950-59

Year	United States	Nether-lands	Denmark	Great Britain	Total 1/
	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons
1950.	34,662	----	----	----	34,668
1951.	48,471	217	117	----	48,968
1952.	32,861	1,137	----	----	34,473
1953.	40,614	3,202	82	----	44,168
1954.	41,791	4,947	98	5	52,844
1955.	58,341	7,829	22	203	66,537
1956.	60,067	13,818	107	704	75,268
1957.	70,214	19,087	91	439	90,803
1958.	47,895	9,172	36	140	57,277
1959.	19,335	5,766	164	51	25,430

1/ Total includes other countries.
Foreign Trade and Navigation of the Philippines.

Competition from the Netherlands and importations by the National Marketing Corporation (NAMARCO) of lower priced brands are mainly responsible for the decreasing U.S. share of the Philippine market for condensed sweetened milk. The Dutch product undersells the U.S. milk by about 5 cents per tin of 14 ounces. Since 1954 the United States has been a minor supplier of condensed sweetened milk while the Netherlands has maintained practically all of the market.

The United States was almost shut out of the sterilized and fresh milk market in 1959; however, it gained a substantial share of the canned butter trade, which was very small the year before.

TABLE 20.—Milk, condensed, sweetened: Imports by quantity and country of origin, 1950-59

Year	United States	Denmark	West Germany	Netherlands	Total 1/
	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons
1950.	10,352	3	----	569	10,924
1951.	2,802	418	----	9,333	13,969
1952.	8,025	21	----	1,165	9,255
1953.	8,573	89	----	3,538	12,219
1954.	483	54	----	10,813	11,446
1955.	81	1	----	11,308	11,398
1956.	9	5	31	11,517	11,563
1957.	322	182	30	13,942	14,489
1958.	55	90	210	10,760	11,157
1959.	446	288	307	14,530	16,208

1/ Total includes other countries.
Foreign Trade and Navigation of the Philippines.

Also, the United States remained the major supplier of powdered milk, nonfat dry milk, and malted milk. The nonfat dry milk market in the Philippines is becoming more competitive, as Australia, New Zealand, and the Netherlands give it increased attention.

TABLE 21.—Milk, powdered and dry skim: Imports by quantity and country of origin, 1950-59

Year	United States	Australia	New Zealand	Netherlands	Total 1/
	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons
1950.	2,602	27	2	----	2,671
1951.	2,738	22	----	15	2,960
1952.	524	108	----	147	779
1953.	2,348	222	70	----	2,645
1954.	2,261	162	73	53	2,592
1955.	4,519	218	43	99	4;914
1956.	7,573	32	27	43	7,708
1957.	8,121	64	6	136	8,462
1958.	17,871	73	154	135	18,374
1959.	18,940	140	397	144	19,691

1/ Total includes other countries.
Foreign Trade and Navigation of the Philippines.

Canned filled milk, as produced in the Philippines, is made by combining refined coconut oil with reconstituted nonfat dry milk. The end product is composed of 6 percent fat and 20 percent nonfat solids. Total solids content of filled milk, 26 percent, is near that of evaporated milk, which usually contains 7.8 or 7.9 percent milk-fat and about 18 percent nonfat solids.

There are 3 plants in the Philippines producing canned filled milk at the present time. Two other plants, mainly producers of ice cream, also use non fat dry milk. The combined annual requirement of non fat dry milk for all 5 plants is about 18,000 metric tons.

All milk imports are presently exempt from the exchange margin fee and the special import tax. Filled and fresh milk are subject to the exchange margin fee, but neither form is imported.

Tallow.—Imports of inedible tallow totaled about 13.4 million pounds in 1959, as compared with 9.3 million pounds in 1958, 12.3 million pounds in 1957, and 11.9 million pounds in 1956. The United States, with the exception of small imports from other countries, has supplied all the Philippines tallow imports. Local production is estimated at only 700,000 pounds.

Almost all tallow production goes to the manufacture of soap. Of the 14.3 million pounds consumed in 1959, it is estimated that 52 percent was used in the manufacture of toilet soap and 47 percent was used to make laundry soap.

Data for the past several years indicate an upward trend in consumption of inedible tallow. A drop in 1958 consumption from 1957 was because of the delay in release of dollar allocations for tallow imports. This drop was more than made up in 1959 by deliveries of imports in 1959 purchased with the delayed 1958 allocations, and by the sharp fall in 1959 coconut oil production because of drought. Prices of coconut oil increased as a result of the shortage, which encouraged greater use of imported tallow.

Over the short run, a substantial increase is expected in laundry soap consumption, which will boost consumption of tallow. Toilet soap consumption is expected to increase at about the same rate as the population growth — 3 percent.

Since tallow is classified as an Essential Producers Goods, there has been no serious dollar allocation problem to importers. The amount of future imports will depend upon the price relationship with coconut oil, effects of the decontrol program, and the extent to which detergents replace ordinary laundry soaps.

Tobacco.—Except for a barter arrangement in 1958, no U.S. leaf tobacco has been legally shipped to the Philippines since enactment of the 1954 law restricting imports. Before this legislation, the Philippines was the fifth ranking export market for U.S. tobacco. The new policy adopted by the Philippine Government has caused tobacco imports from the United States to drop from an average of 10,000 tons from 1950-55 to an almost negligible amount in recent years.

As a result of the barter deal, the United States shipped almost 2,000 tons of tobacco to the Philippines in both 1958 and 1959. Under the law, the Philippine Virginia Tobacco Administration must certify shortage of the leaf.

No statistics are available on the actual consumption of tobacco products in the Philippines. As a result of hot, humid climate

TABLE 22.—Tobacco, unmanufactured: Imports by quantity and country of origin, 1950-54 average and 1955 to 1959

Item and country	Average 1950–54	1955	1956	1957	1958	1959
	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons
Leaf tobacco: 1/						
United States. .	10,086	11,158	3,126	1	1,872	1,715
Other.	2	----	----	4	7	----
Total	10,088	11,158	3,126	5	1,879	1,715
Wrapper tobacco:						
United States. .	2/	2/	14	21	56	30
Stems and scraps:						
United States. .	61	56	----	----	----	----
Other.	----	----	----	----	----	----
Total	61	56	----	----	----	----

1/ Mostly Virginia flue-cured tobacco. Burley estimated at 5-10 percent of total.

2/ Not shown separately prior to 1956.

Philippine Bureau of the Census and Statistics.

most of the year, tobacco products deteriorate very rapidly. Thus, manufacturers and dealers keep limited stocks at any one time and these are quickly moved into consumption channels.

Philippine Bureau of Internal Revenue sources indicate that about 73 million cigars were moved into trade channels in 1959. Also included were 5.5 billion native-type cigarettes and approximately 13.1 billion of the Virginia type. Of the latter, about 98 million were king-size cigarettes. In addition, black market cigarettes still command a fairly good share of the market in the Manila area. Some of the better-than-average income groups still prefer American or British cigarettes over the local brands even though they cost two or three times as much.

Total cigarette arrivals in 1959 were only about half of the 1958 level. Cigarettes, the only manufactured tobacco product imported in 1959, amounted to 12 million pieces valued at $54,500. Only 1,400 pieces were imported from Hongkong and the remainder came from the United States. This was about half the 1958 level and an insignificant amount compared to the 1950-54 average of a billion pieces. In the first part of the decade, chewing tobacco and smoking tobacco were also important imports from the United States.

TRADE WITH THE UNITED STATES

Trade relations between the Philippines and the United States have undergone several historic changes, as political relations between the two have changed. The United States acquired sovereignty over the Philippines on December 10, 1898, and on November 15, 1935, the Government of the Commonwealth of the Philippines assumed almost complete autonomy over internal affairs under authority of the Independence Act of March 24, 1934. On July 4, 1946, the Philippines became fully independent.

Reciprocal free trade, subject to minor restrictions, was instituted with the passage of the United States Tariff Act of 1909. In 1913, quantity limitations on sugar and tobacco and duty on rice were removed. But in 1934, when the first U.S. Sugar Act was passed, absolute limits on the amount of sugar which might be imported were imposed. A processing tax to be remitted to the Philippine Treasury of 3 cents per pound on coconut oil expressed from Philippine copra either in the United States or in the Philippines was provided in an act of May 1934. An absolute quota for cordage was set at 6 million pounds by an act on June 14, 1935. In 1939, amendments to the Independence Act of 1934 provided for declining duty free quotas on certain products.

The Philippine Trade Act of 1946 provided for a continuance of quotas on certain articles and a duty free period from 1946 to 1954 followed by declining quotas and a 5-percent increment of increased duty each succeeding year until in 1974 when the full U.S. import duty would be imposed on Philippine products.

Revised Trade Agreement

On September 6, 1955, the United States and the Philippines signed an agreement, effective January 1, 1956, revising the 1946 Trade Agreement between the two countries. A summary of the parts of the revised trade agreement which affects agricultural trade is given below:

General tariff preference.—At the present time the U.S. tariff rate on Philippine articles is 10 percent of the lowest duty rate applicable to imports from other countries. The Philippine tariff rate on U.S. articles is 50 percent of the full Philippine duty rate. These rates went into effect in 1959 and will remain in effect through 1961.

Changes in tariff rates are to be made in 3-year steps except for Philippine duties, which will remain constant from 1965 through 1973. On January 1, 1974, duty rates on United States and Philippine articles will reach 100 percent of the lowest rates (the Cuban rate in the case of U.S. duties). On July 4, 1974, the U.S. rate on Philippine articles will change from 100 percent of the Cuban rate to 100 percent of full (non-Cuban) U.S. duties.

The schedule of declining tariff preference provided in the revised agreement is as follows:

	U.S. Rate Percent	Philippine Rate Percent
1956-58	5	25
1959-61	10	50
1962-64	20	75
1965-67	40	90
1968-70	60	90
1971-73	80	90
1974 (Jan. 1 - July 3)	100	100

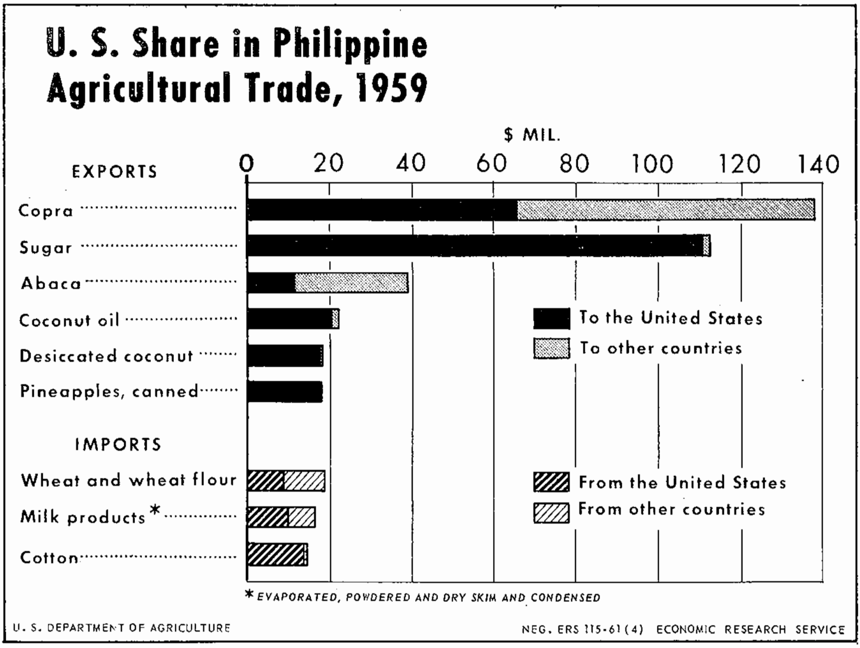

TABLE 23.—Total trade: Exports to all countries, to the United States, and percentage to the United States, 1950-59

Year	Total	To U.S.	U.S. share
	1,000 dollars	1,000 dollars	Per- cent
1950.	328,408	235,970	71.9
1951.	413,029	283,667	68.7
1952.	350,864	235,906	67.2
1953.	398,633	275,946	69.2
1954.	399,791	260,284	65.1
1955.	413,563	251,457	60.8
1956.	471,353	256,598	54.4
1957.	430,665	261,380	60.7
1958.	459,806	271,029	58.9
1959.	504,806	303,730	60.2

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Special import tax.—In addition to Philippine import duties, U.S. articles are subject to a special import tax. This tax was instituted in 1956, and is to be completely eliminated on January 1, 1966. (A detailed discussion of this tax is given in the section on agricultural trade policy.)

Quotas and duties on certain Philippine products.—Absolute quotas are levied on sugar and cordage, and they are subject to the declining tariff schedule provided above for Philippine articles. According to the revised trade agreement, quotas on sugar "shall

TABLE 24.—Total trade: Imports from all countries, from the United States, and percentage from the United States, 1950-59

Year	Total	From U.S.	U.S. share
	1,000 dollars	1,000 dollars	Percent
1950.	356,180	234,322	65.8
1951.	479,516	349,583	72.9
1952.	426,112	282,176	66.2
1953.	447,339	350,271	78.3
1954.	451,636	323,401	71.6
1955.	536,341	338,444	63.1
1956.	509,607	317,857	62.4
1957.	621,390	367,403	59.1
1958.	553,279	289,678	52.4
1959.	520,962	273,232	52.4

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be without prejudice to any increase which the Congress of the United States might allocate to the Philippines in the future." The schedule is as follows:

Article	Amount
Sugar	952,000 short tons (commercial weight) or 980,000 short tons (96 degrees)
Cordage.	6,000,000 pounds

Tariff quotas are applied to cigars, scrap tobacco, and stemmed and unstemmed filler tobacco and coconut oil. These are not absolute quotas and there is no limit on the amount of these commodities that can be imported. However, a certain percentage of the specified quotas is permitted to enter the United States duty free. The schedule of tariff quotas is as follows:

Articles	Amount
Cigars.	200,000,000 cigars
Scrap tobacco	6,500,000 pounds
Coconut oil	200,000 long tons

The duty free portion of the quotas is decelerated in terms of 3-year steps. For 1959-61, this portion is set at 90 percent; for 1962-64, 80 percent; for 1965-67, 60 percent; for 1968-70, 40 percent; and for 1971-73, 20 percent. Beginning in 1974 the duty free preference is to be eliminated. Quantities imported in excess of the duty free portions will be subject to 100 percent of the United States-Cuban duties. As in the case of other Philippine products, full U.S. duties will be applied after July 3, 1974.

Import and export restrictions.—The revised agreement provides that either country may impose import quotas on articles of the other country if, as a result of the preferential treatment accorded under the agreement, such articles are "being imported in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or directly competitive articles." Import quotas are also permitted for balance of payments reasons.

A quota imposed by one country on the importation of an article from the other country to protect domestic industry, however, shall not be less than the actual imports of that article during the immediate preceding period which corresponds to the length of time for which the quota is established, except that the President of the importing country is authorized to reduce the quota by an amount corresponding to that by which he finds domestic production can be increased during the period of the quota.

There was added in the revised agreement a general statement that, with the exception of import quotas established for protection of domestic industry or for protection of international monetary reserves, either country imposing import or export restrictions or prohibitions must do so on a nondiscriminatory basis. Moreover, by an exchange of notes between the two countries effected at the time of signing of the revised agreement, it is understood that "in addition to providing for prior notification and an opportunity for consultation regarding quotas imposed (for protection of domestic industry or balance of payments reasons) would also afford a basis for consultation in cases of nondiscriminatory import and export restrictions or prohibitions to the extent that the 2 parties find such consultation practicable."

Public Law 480

Two Title I, Public Law 480 agreements have been signed with the Philippines. One was in June 1957 and the other in June 1958. A third Title I program, involving mostly cotton, reached the stage of negotiation in June 1959. But because of a disagreement over exchange rate matters, the agreement was never concluded and it was necessary for the Philippines to buy cotton with dollars. The bulk of these imports came from the United States and the remainder from Mexico.

The Philippines acted in the middle of 1960 to break the exchange rate empasse, which had blocked Public Law 480 and Section 402 sales since imposition of exchange margin fee in July 1959. The Monetary Board action was in time for the obligation of Section 402 funds for the purchase of cotton under the fiscal year 1960 aid program before the funds lapsed. Action by the Board also provided a basis upon which the two governments can enter into negotiations for new Public Law 480 sales agreements.

Public Law 480 programs in the Philippines have been as follows:

Title I, signed June 25, 1957

Commodity	Quantity	Market value
		Mil. dol.
Rice	15,000 m.t.	2.5
Cotton, upland	32,000 bales	4.9
Dairy products		1.125
Meat (variety)		.5
Inedible tallow	2,200 m.t.	.5
Beans (dry edible)		.05
Ocean transportation		.725
Total		10.3

Currency uses under this agreement were — 29 percent for U.S. uses, including agricultural market development, and 71 percent for Philippine uses (Common Defense and economic development loans).

Title I, signed June 3, 1958

Commodity	Quantity	Market value
		Mil. dol.
Rice	25,000 m.t.	3.6
Ocean transportation		.5
Total		4.1

Currency uses under this agreement were — $3 million for U.S. uses, including agricultural market development and $1 million for country uses (Common Defense grant).

Title III: Foreign Donation Authorizations:

	Food	Dollar costs
	1,000 lbs.	1,000 dol.
Fiscal years:		
1955	3,437	659
1956	6,030	1,083
1957	14,282	2,675
1958	52,521	8,277
1959	56,173	7,934
1960	48,084	4,800

Title III: Barter:

	Value of U.S. agricultural commodities, U.S. fiscal years 1957-60			
	1957	1958	1959	1960
	1,000 U.S. dol.	1,000 U.S. dol.	1,000 U.S. dol.	1,000 U.S. dol.
Cotton.	26	254	--	27
Wheat	--	--	--	1,077
Nonfat dry milk. . .	--	98	316	267
Tobacco.	--	--	--	437
Rice.	--	--	4,167	---

Agricultural Exports

The United States has consistently been the Philippines' best customer. During the past decade, the United States purchased between 61 and 75 percent of the country's annual agricultural exports. Of total Philippine exports, the United States bought between 60 and 72 percent annually. While the U.S. share of each of these markets remained fairly stable, the percentage of nonagricultural goods going to the United States dropped steadily from a high of 73 percent in 1950 to a low of 34 percent in 1959. Although the percentage was less than half, the actual value of nonagricultural goods more than doubled.

Philippine agricultural exports by value to the United States have followed a steady upward trend during the past 5 years. In the first half of the 1950's, these exports fluctuated from a low in 1952 of $193 million to a high in 1951 of $240 million. In 1959, Philippine agricultural exports to the United States reached $242 million. Larger earnings from copra, abaca, and canned pineapples were responsible for the 1959 increase.

About 80 percent of all Philippine exports by value to the United States are agricultural. This percentage has been fairly constant since 1955, while in the previous 5 years it was slightly higher. The makeup of Philippine agricultural exports to the United States during the past decade has remained stable. Sugar, coconut products, abaca, canned pineapples, and tobacco account for practically all of the agricultural exports to the United States.

The Philippines ranks about the fourth most-important supplier of agricultural commodities to the United States. During recent years, it has accounted for approximately 98 percent of U.S. copra and 20 percent of U.S. cane sugar imports annually. The Philippines, along with Cuba, Canada, Mexico, Australia, and New Zealand, has been one of the principal suppliers of supplementary products.

Agricultural Imports

The United States has also been the major supplier for the Philippines. During the past decade, the United States annually supplied between 56 and 72 percent of all agricultural imports. Of total

TABLE 25.—Agricultural trade: Value of exports to the United States, by commodity groups, 1950-59

Commodity group	1950	1951	1952	1953	1954
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Livestock and animal products.	25	50	16	6	4
Cereals and preparations . . .	---	insig.	---	1	---
Fruits, nuts and vegetables.	31,729	24,420	21,372	28,386	19,068
Sugar and preparations . . .	49,708	72,441	91,317	104,917	110,664
Tobacco, unmanufactured	142	181	820	701	416
Fats, oils, and oilseeds	102,331	99,959	49,345	74,059	70,083
Rubber, natural. . .	787	939	594	170	39
Natural fibers . . .	20,280	38,875	20,980	15,808	8,515
Other agricultural products.	2,784	3,244	8,494	6,161	3,365
Total agricultural	207,786	240,109	192,938	229,508	212,154
Total all exports	235,970	283,667	235,906	275,946	260,284
	Percent	Percent	Percent	Percent	Percent
Agricultural share of total.	88.1	84.6	81.8	83.2	81.5

	1955	1956	1957	1958	1959
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Livestock and animal products.	---	---	5	12	---
Cereals and preparations . . .	---	3	---	---	---
Fruits, nuts and vegetables	17,551	19,802	24,157	20,200	25,533
Sugar and preparations . . .	109,959	106,263	101,676	110,586	110,167
Tobacco, unmanufactured	690	1,687	2,012	1,906	2,403
Fats, oils, and oilseeds	63,069	61,495	60,751	73,791	92,211
Ruber, natural . . .	260	94	---	21	---
Natural fibers. . . .	8,020	12,164	15,087	10,864	11,151
Other agricultural products.	2,601	1,986	3,334	2,918	505
Total agricultural	202,150	203,494	207,022	220,298	241,970
Total all imports	251,457	256,598	261,380	271,029	303,730
	Percent	Percent	Percent	Percent	Percent
Agricultural share of total.	80.4	79.3	79.2	81.3	79.7

Foreign Agricultural Trade of the United States.

Philippine imports, the United States provided between 52 and 78 percent of the value of the goods. The U.S. share of nonagricultural imports during the decade fluctuated between 50 and 80 percent. Thus, the United States has remained the major source of Philippine imports.

The total value of agricultural imports from the United States during the decade fluctuated between a low of $50 million in 1950 and 1959 to the high of $76 million in 1958. Agricultural products have accounted for about 18 percent of total imports from the United States in recent years. The percentage has fluctuated between 16 percent in 1951 and 26 percent in 1958. The Philippines ranked the fourteenth best customer for U.S. agricultural products in 1956, when the revised trade agreement was signed. However, its importance as a U.S. customer appears to be decreasing and, as tariff preferences decline more rapidly, exporters from both countries may face a more difficult market.

In contrast to the fairly stable export pattern to the United States, the import picture is undergoing considerable change. There has been a trend toward imports of agricultural raw materials and decreased imports of food commodities. Imports of wheat flour have given way to a demand for wheat grain to be processed in the country's flour mills. Nonfat milk solids is needed to produce evaporated filled milk and raw cotton is required for the textile mills. Thus, these three commodities — cotton, nonfat milk solids, and wheat appear to offer the best opportunity for expanding U.S. agricultural exports to the Philippines.

TABLE 27.—Agricultural trade: Exports to all countries, to the United States, and percentage to the United States, 1950-59

Year	Total	To U.S.	U.S. share
	1,000 dollars	1,000 dollars	Percent
1950.	289,740	207,786	71.7
1951.	349,278	240,109	68.7
1952.	278,405	192,938	69.3
1953.	309,974	229,508	74.0
1954.	310,884	212,154	68.2
1955.	303,164	202,150	66.7
1956.	336,376	203,494	60.5
1957.	313,597	207,022	66.0
1958.	336,912	220,298	65.4
1959.	323,239	241,970	74.9

Foreign Agricultural Trade of the United States, and Foreign Trade and Navigation of the Philippines.

TABLE 26.—Agricultural trade: Value of imports from the United States by commodity groups, 1950-59

Commodity group	1950	1951	1952	1953	1954
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Livestock and animal products.	17,965	21,908	17,366	22,833	21,007
Cereals and preparations . . .	9,679	8,921	8,808	8,638	8,511
Fruits, nuts and vegetables.	4,246	5,772	4,981	5,723	5,177
Sugar and preparations . . .	485	465	339	492	441
Tobacco, unmanufactured.	7,143	5,910	15,386	10,983	11,026
Fats, oils, and oilseeds.	3,395	4,529	2,306	2,595	2,157
Rubber, natural. . .	---	---	---	---	---
Natural fibers . . .	1,938	1,891	1,049	2,431	1,414
Other agricultural products.	5,150	5,137	4,543	5,478	4,387
Total agricultural	50,001	54,533	54,778	59,173	54,120
Total all imports	234,322	349,583	282,176	350,271	323,401
	Percent	Percent	Percent	Percent	Percent
Agricultural share of total.	21.3	15.6	19.4	16.9	16.7

Commodity group	1955	1956	1957	1958	1959
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Livestock and animal products.	24,532	27,806	29,390	22,532	15,616
Cereals and preparations . . .	11,364	11,266	18,425	28,446	10,296
Fruits, nuts and vegetables.	4,488	3,915	5,123	1,999	2,626
Sugar and preparations . . .	502	295	316	92	820
Tobacco, unmanufactured.	11,423	1,682	190	1,830	2,353
Fats, oils, and oilseeds.	1,750	1,862	2,289	2,289	2,115
Rubber, natural. . .	---	---	---	---	---
Natural fibers . . .	2,200	4,137	6,003	11,595	13,373
Other agricultural products.	3,717	2,748	6,531	6,396	3,178
Total agricultural	59,976	53,711	68,267	75,694	50,377
Total all imports	338,444	317,857	367,403	289,678	273,232
	Percent	Percent	Percent	Percent	Percent
Agricultural share of total.	17.7	16.9	18.6	26.1	18.4

Foreign Agricultural Trade of the United States.

Although the Philippines imported 74,429 metric tons of milled rice from the United States in 1958, it is doubtful that it will provide a market for U.S. rice in the future. Increased local production coupled with the ban on rice and corn imports practically eliminates the market for these commodities. Trade restrictions have also virtually eliminated tobacco imports. While there is some potential for an increased market for U.S. tallow, lard, hides and skins, and variety meats, imports of these commodities are regulated by the government in order to stimulate development of the domestic livestock industry.

TABLE 28.—Agricultural trade: Imports from all countries, from the United States, and percentage from the United States, 1950-59

Year	Total	From U.S.	U.S. share
	1,000 dollars	1,000 dollars	Percent
1950	73,514	50,001	68.0
1951	107,795	54,533	50.6
1952	92,131	54,778	59.5
1953	82,210	59,173	72.0
1954	84,437	54,120	64.1
1955	107,561	59,976	55.8
1956	92,243	53,711	58.2
1957	112,098	68,267	60.9
1958	122,788	75,694	61.6
1959	84,052	50,377	60.0

Foreign Agricultural Trade of the United States, and Foreign Trade and Navigation of the Philippines.

TABLE 29.—Agricultural trade: Percentage of total exports of selected products, by value exported to the United States, 1950-59

Year	Copra	Coconut oil	Abaca	Sugar	Pineapples, canned
	Percent	Percent	Percent	Percent	Percent
1950	64	91	56	99	100
1951	50	52	53	98	100
1952	45	69	48	100	100
1953	53	98	41	100	100
1954	39	98	30	98	100
1955	38	95	32	98	97
1956	34	83	35	95	95
1957	34	89	39	94	84
1958	39	96	36	97	82
1959	48	90	30	99	98

TABLE 30.—Agricultural trade: Percentage of total imports of selected products, by value imported from the United States, 1950-59

Year	Milk, Evaporated	Milk, Condensed	Milk, powdered & dry skim	Wheat flour	Cotton
	Percent	Percent	Percent	Percent	Percent
1950.	100	97	98	47	100
1951.	99	22	96	46	100
1952.	96	92	81	41	100
1953.	94	74	96	42	92
1954.	92	5	94	39	97
1955.	90	1	95	40	97
1956.	83	1/	98	42	93
1957.	80	3	94	51	99
1958.	87	1	97	66	100
1959.	44	3	95	56	94

1/ Insignificant.

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