



Report

AMA Trade Mission To The
Philippines
At The Invitation Of CCP
Summer 1963



*The Chinese Manufacturers' Association
of Hong Kong*

**Report of the
Trade Mission to the Philippines**

June 1963

CONTENTS

	Page
Foreword	5
Biographic Sketches of Mission Members... ..	7
Part I — Findings and Conclusions	11
Trade Prospects between the Philippines and Hong Kong -	
by Wong Tok-Sau... ..	12
On Trade between Hong Kong and the Philippines -	
by C. K. Choi	13
The Prospects of Aluminiumware in the Philippines -	
by C. K. Choi	14
The Philippine Economy	15
Part II — Voice of the Mission	31
A Rising Tide Is Bound to Float a Boat	32
Friends of Many Years' Standing	33
Closer Cooperation for Mutual Prosperity	34
Experience Will Point the Way	35
Need for Modification of Customs Regulations	36
Salamat Po	38
Farewell... ..	39
Part III — Mission's Activities in the Philippines	41
Call at the Foreign Office of the Philippines	42
Press Conference... ..	44
Various Social Functions	45
Programme of Activities	47

A SYMBOL OF FRIENDSHIP AND COOPERATION



His Excellency Emmanuel Pelaez, Vice President of the Republic of the Philippines, poses with Mr. Wong Tok Sau, President of the Chinese Manufacturers' Association of Hong Kong and Leader of the CMA Trader Mission to the Philippines, at the farewell party given by the Mission before its departure. After returning to Hong Kong, Mr. Wong Tok Sau wrote a letter of appreciation to His Excellency Emmanuel Pelaez, which is shown on the reverse page...



The Chinese Manufacturers' Association of Hong Kong
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Our Ref:

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28th June, 1963.

His Excellency Emmanuel Pelaez,
Vice President,
Ministry for Foreign Affairs,
Republic of the Philippines.

Your Excellency,

I have to express the greatest appreciation to Your Excellency for the honour you have done the Chinese Manufacturers' Association Trade Mission to the Philippines by your esteemed guidance and encouragement in the work to promote yet greater trade between Hong Kong and your good country. The Mission have returned to the Colony and they are unanimous in their praise of Your Excellency and that I should say so in writing.

The inspiration Your Excellency have infused into all concerned in the promotion of better goodwill and greater wellbeing of the Philippines in relation to Hong Kong commands applause, and in this connection I have taken the liberty to forward herewith the editorial of the China Mail dated 25th June, 1963 for your perusal at leisure.

On behalf of the Chinese Manufacturers' Association of Hong Kong and its Trade Mission, I must add that we are one and all overwhelmed with gratitude to Your Excellency for sparing the time to attend our Farewell Dinner to the Philippines and granted us the opportunity to hear your speech, so full of wisdom and immanently righteous in the conduct of affairs in mankind. I have the honour to be your staunch admirer.

Yours most respectfully,

THE CHINESE MANUFACTURERS' ASSOCIATION OF HONG KONG

Wong Tok Sau.

Encl:

FOREWORD

Britain's attempt to join the European Economic Community late last year shook Hong Kong like an earthquake. The Brussels negotiations when viewed beyond their immediate and dramatic consequences, had the grave implications which might prove damaging for Hong Kong's economic well-being. It was a time of distrust, of fear, of bitterness (in certain quarters at least). Hope and despair punctuated our daily lives as the negotiations went from hopefulness to despair.

Then suddenly, the bubbles burst. The Brussels negotiations were ended without achieving the ends for which they were called.

Life went on in Hong Kong . . . but not the same as before this disturbing event in Brussels. It has awakened in us the harsh reality that to survive economically we must have economic independence.

Within the Chinese Manufacturers' Association, important meetings were called during and after the Brussels negotiations. And a single fact emerged from all these meetings, that as an Association, embracing the greatest number of leading industrialists in Hong Kong, the CMA should take the initiative of sending trade missions abroad. The object of these trade missions is to present Hong Kong to foreign traders, giving them the essential facts about our industry and stable economy, thus convincing them of the mutual benefits through increased two-way trade. Also, these trade missions should attempt to find out market possibilities for Hong Kong and to look into the feasibility of entering into joint ventures with foreign industrialists as a means of augmenting our technical know-how.

To date, several missions have gone and returned. Several yet will be leaving for their respective destinations in due course.

One of the countries with which the CMA deems possible to increase trade is the Philippines. The CMA Trade Mission to the Philippines left Hong Kong at the invitation of the Philippine Chamber of Commerce on June 15.

Terms of Reference

1. To explore market potentials in the Philippines.
2. To inform Philippine businessmen of the economic situation in Hong Kong and to foster good trade relations.
3. To probe the possibility of joint ventures between Hong Kong and Philippine manufacturers.
4. To promote two-way trade between Hong Kong and the Philippines.

Hong Kong C.M.A. Trade Mission to the Philippines



Leader of Mission

Mr. Wong Tok Sau, President of The Chinese Manufacturers' Association of Hong Kong

WONG Tok Sau, B.Sc. (Lingnan), born in Amoy, Fukien Province, 1913; educated at Amoy University, Yen Ching University, Lingnan University and University of the Philippines;

- Managing Director: The Amoy Canning Corp., (Hong Kong.) Ltd.
and its group of companies in Hong Kong and Malaysia.
- Chairman: General Electronics (Hong Kong) Ltd.
Elcom Manufacturing Co., Ltd.
Ching Luen Enterprises Ltd.
- Vice-Chairman: Hotel Merlin (H.K.) Ltd.
Universal Condenser Corp., Ltd.,
New Zealand Dairy Supplies (Singapore) Ltd.
New Zealand Dairy Supplies (Malaya) Ltd.
Hongkong Preserved Ginger Distributors Ltd.
- Deputy General Manager:
- President: The Chinese Manufacturers' Association of Hong Kong.
Chinese Chamber of Commerce, Kowloon.
The Amoy Association, Singapore.
- Permanent Hon. President: Ngau Tau Kok District Manufacturers' Federation.
- Hon. President: Hongkong Textile Make-Up Goods Manufacturers' Association.
Hongkong & Kowloon Oxyfacetylene Elector Welding Traders Association.
Hongkong Wongs' Clan Association.
Hoi Tin Athletic Association.
- Vice-Chairman of Supervisory Committee: Yaumati Kai Fong Welfare Advancement Association.
- Permanent Advisor: Lok Sin Tong Benevolent Society, Kowloon.
- Hon. Advisor: Pok Oi Hospital, Yuen Long.
- Member of Executive Committee: Hongkong Discharged Prisoners' Aid Society.
Tenancy Tribunal Panel, Supreme Court, Hong Kong.
Employers' Federation of Hong Kong.
Working Committee on Productivity, Hong Kong.
Cotton Advisory Board, Hong Kong.

Deputy Leader

Mr. Choi Cheung Kok, Vice President of the Chinese Manufacturers' Association, Hong Kong.

Aged 51. Born in the Chiu Yeung District of Kwangtung Province, China, a locality noted to have produced personalities for their pluck, resourcefulness and wealth of cooperative spirit.

Grown up in a family of notable social standing, Mr. Choi arrived in Hong Kong, after graduating from the Ho Tung College, Swatow to participate in the management of an import-export concern of his family interest. Founded the Ting Tai Metal Ware Factory Ltd. in 1948, he is, ever since, its General Manager. The Wahchong Tingtai Metal Manufacturing Co. Ltd., a wholly owned subsidiary of Ting Tai Metal Ware Factory Ltd., was formed later of which he is Chairman and Managing Director since inception of its operation. In further developing his immense interest in aluminium, he founded in 1960 the Excelsior Metallurgical Works Co., Ltd. of which he also is Chairman and concurrently Managing Director. With the formation of the Excelsior, a consolidated group of companies under his guidance and direction came into being in the Colony, specialising in the production of semi-fabricated and finished products of aluminium. He was elected in 1949, Senior Director of the Po Leung Kuk, Hong Kong, a well-known benevolent organization whose services to the poor and dependless in the community have won acclaim both local and abroad. Mr. Choi's industrial interest, admittedly, is multiple: a line like imitation jewellery manufacturing had not escaped his attention. He established the Grace Artificial Jewellery Manufacturing Co., Ltd., directing its various aspects of activities in the capacity of its Managing Director. He retains the supervisorship of Charm Ying Company, an old established import-export house which formed a unique sector of commercial life in the Western District of Hong Kong. He is Honorary President of the Hong Kong Chiu Chow Chamber of Commerce Limited. Vice-President of the Chinese manufacturers' Association, Hong Kong and Superintendent of the Hong Kong Singapore Hipchun Association, apart from holding such important offices in benevolent, social and educational institutions in Hong Kong as President of Gee Tuck General Association, Vice-President of Aw & Choy Clans' Association, Manager of Chiu Sheung School and Director of Hong Kong & Kowloon Chiu Chow School.



**MR. HAKING WONG
ADVISER**

Managing Director of W. Haking Industries (Mechanics & Optics) Ltd. 991, King's Road, Hong Kong. Mr. Haking Wong is the Chairman of the Board of Directors of W. Haking Industries (Mechanics & Optics) Ltd., which is the only concern in Hongkong in the manufacture of Cameras, Binoculars and other Optical Instruments. Mr Wong is now the Hon. President of the Chinese Manufacturers' Association which he served on several occasions in the capacities of Vice Chairman, President etc. Mr. Wong has been active in the industrial circles both in Hong Kong and abroad for over thirty years, and he is considered to be one of the foremost industrialists in Hong Kong.



**MR. CHAN KAM SING
HON. SECRETARY**

General Manager of Shun Wo Knitting Factory, 83, Chatham Road, 4/F (B), Kowloon, H.K. Director of Soon Sing Enterprises Ltd., H.K. Director of Chinese Manufacturers' Association.



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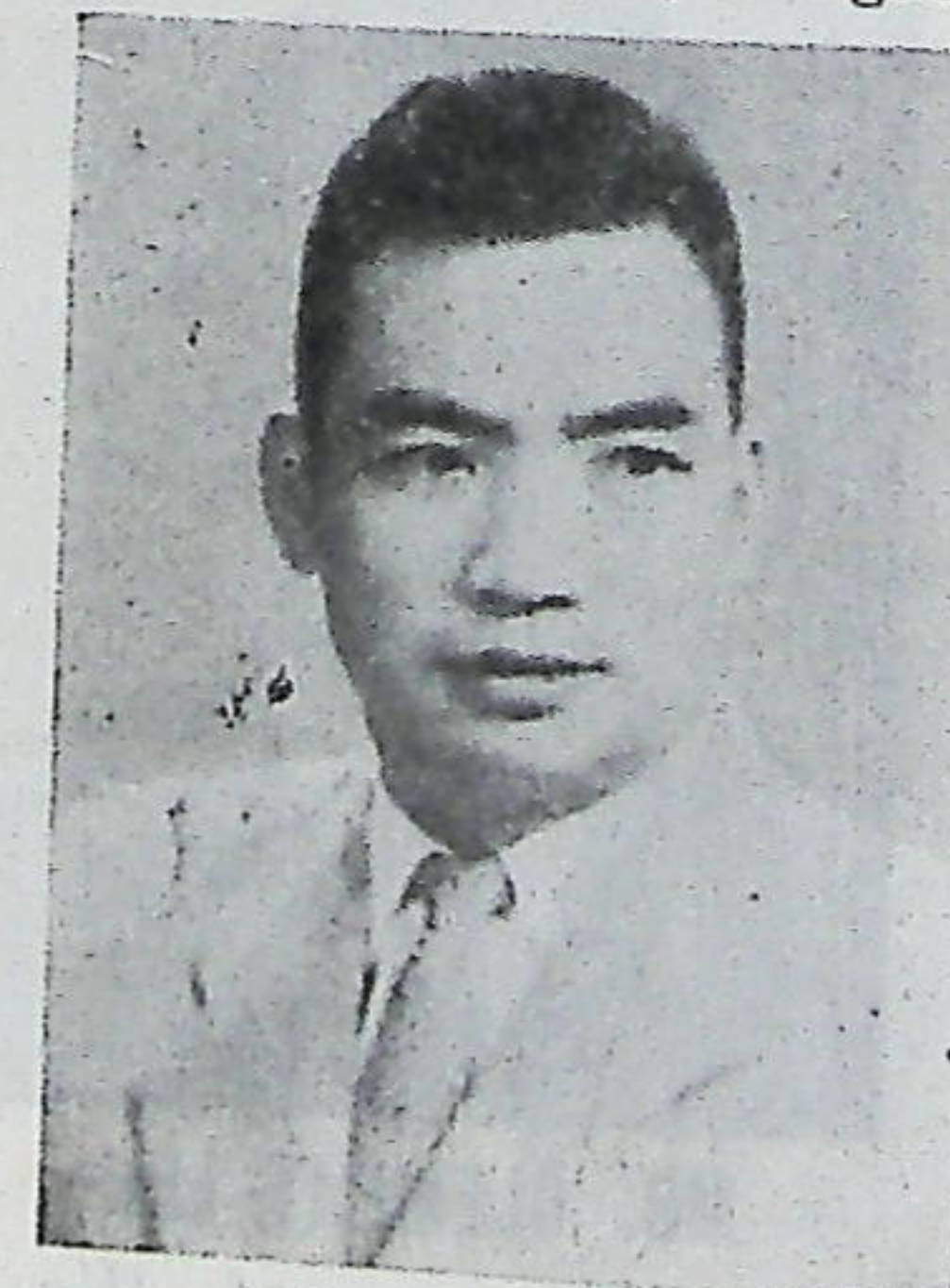
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MEMBERS



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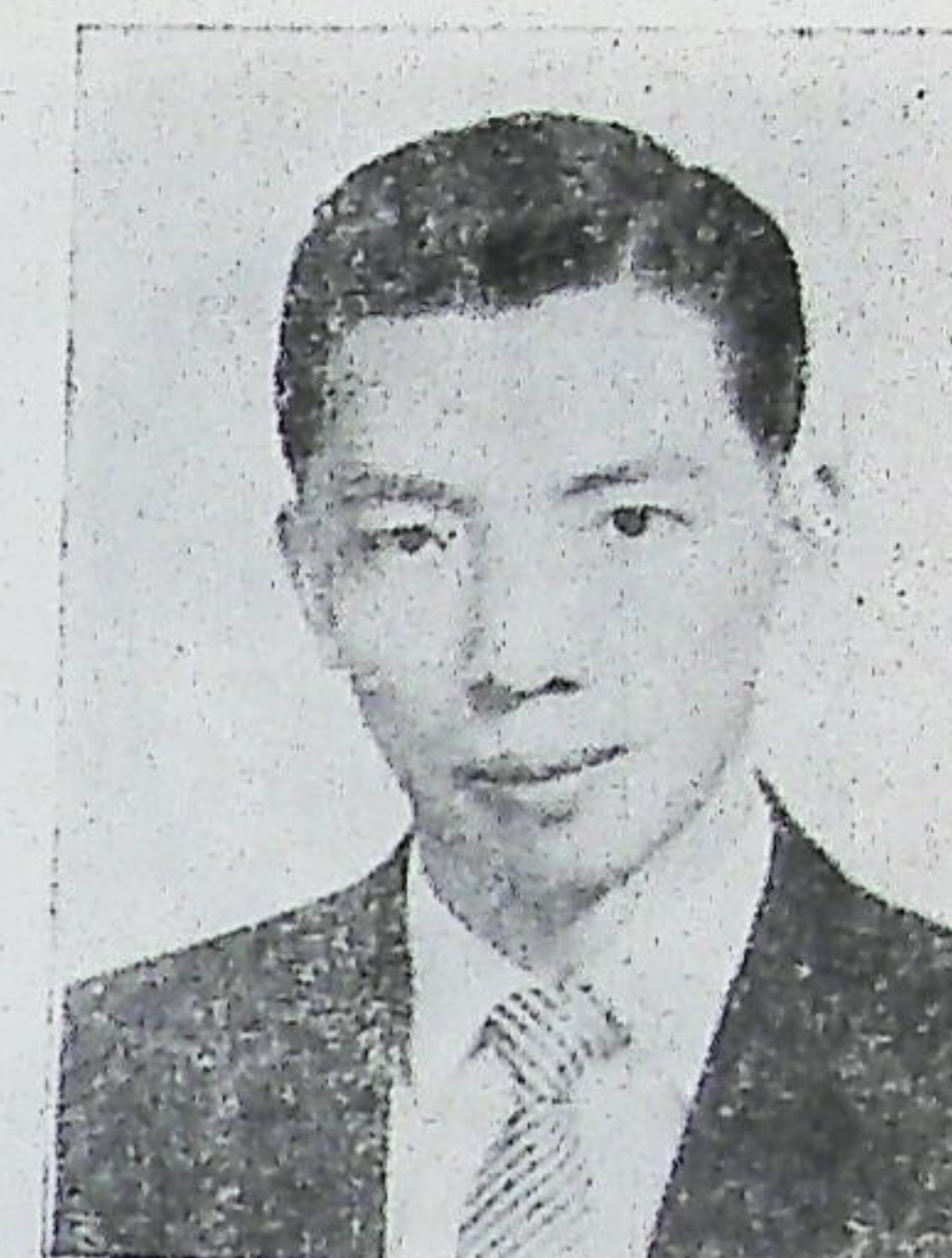
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MR. YOUNG YEE YAO

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MR. DING SZE JACK

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Vice-Chairman: The Federation of
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MR. CHANG WE ZEN

Manager of East Horizon Optical
Mty. Director - Manager of East
Horizon Optical Manufactory, Ltd.



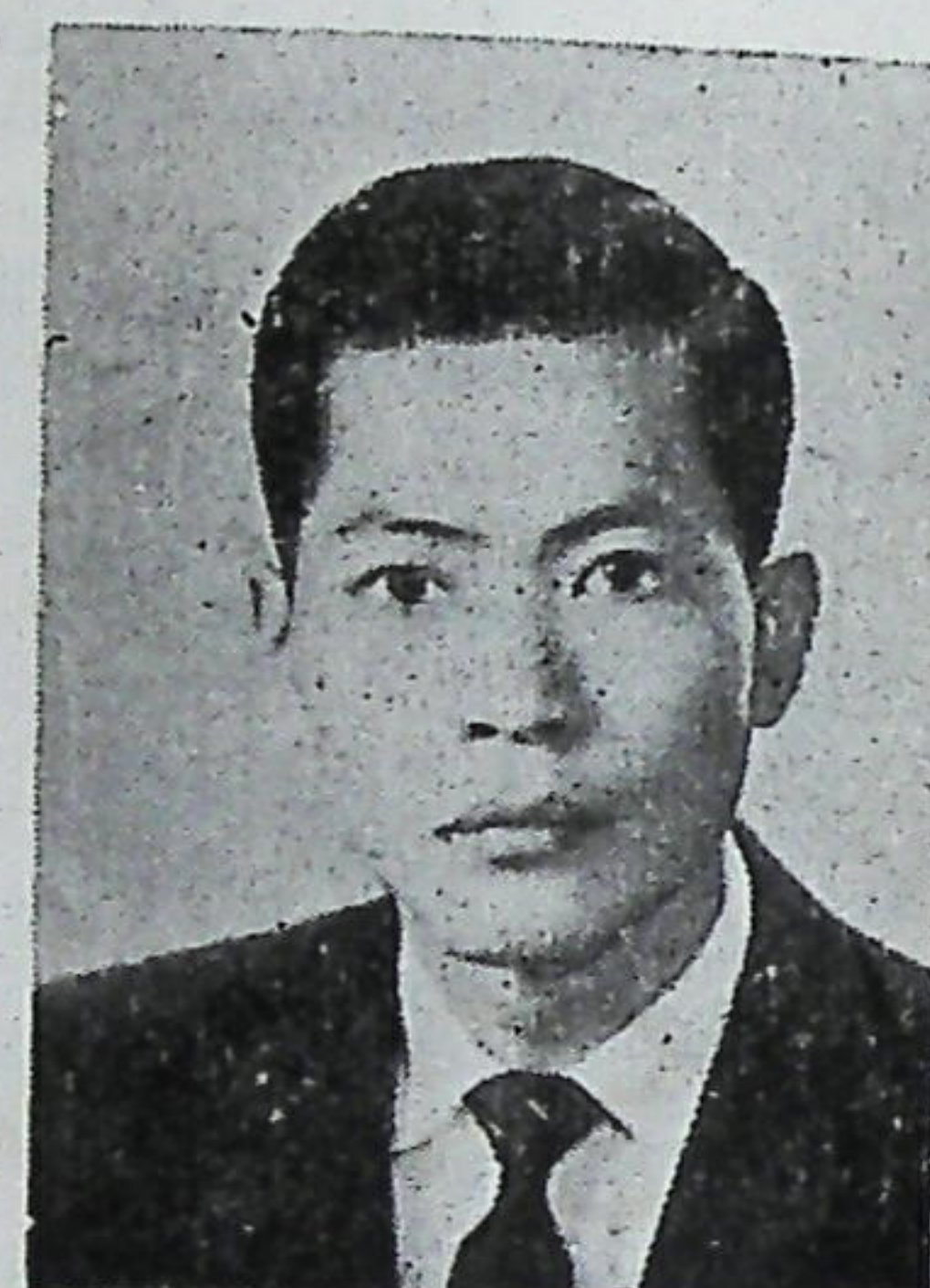
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MR. ANG CHONG CHOU

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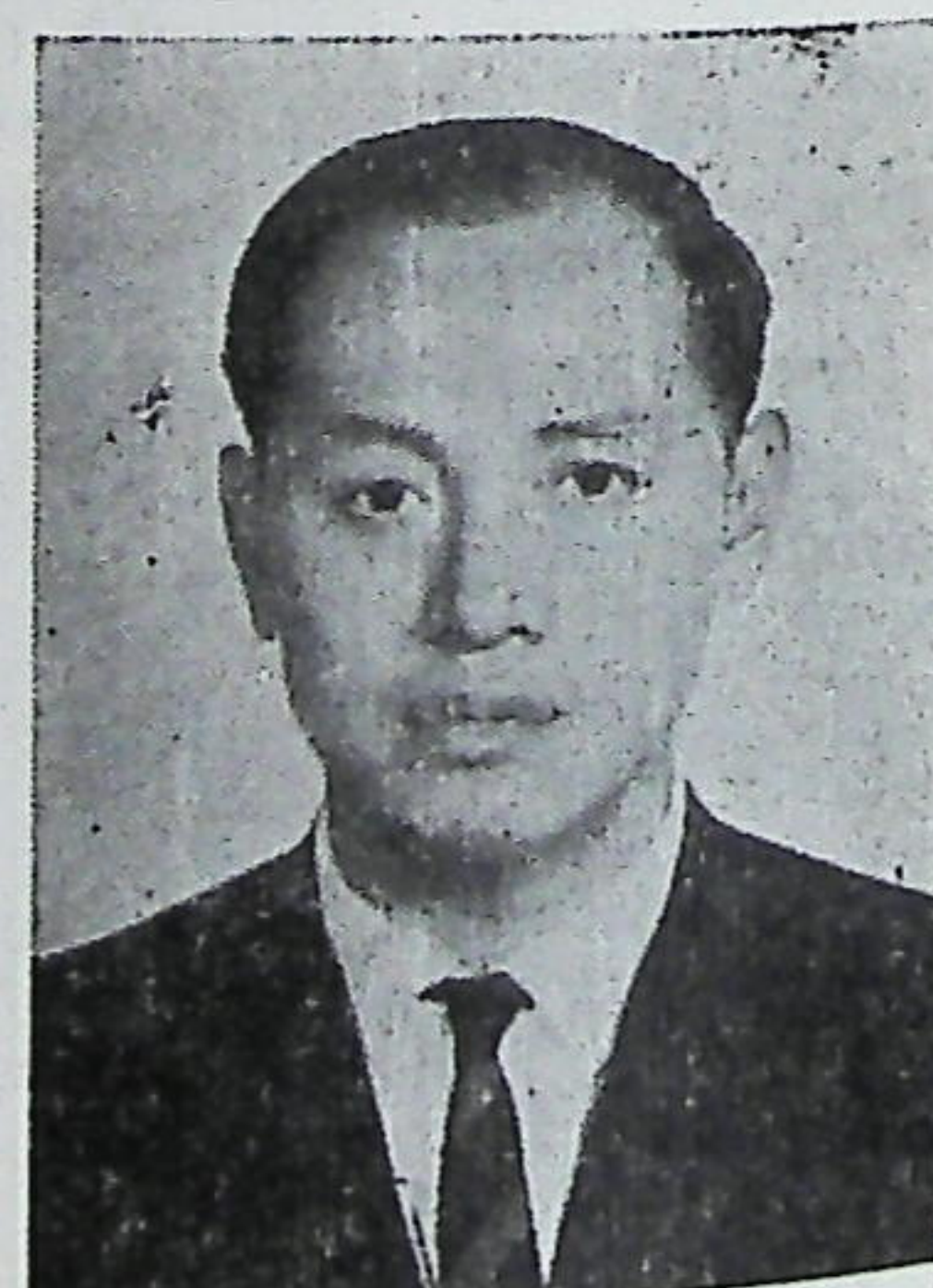
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MR. LAU CHOR SEN

Manager: Chip Tak Weaving Factory
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MR. CLEMENT LEE

Managing Director of Wo Foo
Enterprise Ltd. Rm. 610, Man Yee
Bldg., Manager of Kowloon, Bakelite
Accessories Manufactory, Manager of
Ming Kee Plastic Works.

Part I

Findings and Conclusions

Trade Prospects Between The Philippines And Hong Kong

By Mr. WONG TOK SAU

President of the Chinese Manufacturer's Association & Leader of the CMA Trade Mission to the Philippines

With due regard to the history of the Philippines in relation to all that makes up Hong Kong, the trade between the two places should be booming.

From time immemorial the Chinese have migrated to the Philippines taking with them the culture, customs and traditions which stood the test of time, and now still remain as part and parcel of the Filipino people.

The Chinese, who made the Philippines their home, mixed and inter-married with the local people, and this is reflected in the number of people occupying positions of high esteem in the society of this new and up-coming Republic. Many of them still retain the same surnames, and if they appeared in Hong Kong one could not tell if they were people from abroad. The Chinese, who are Filipinos now, come largely from two Provinces in China, Kwangtung and Fukien, and through them and their associates two-way trade was carried on up to the present day. The Chinese having so much in common with the Filipinos cannot but become the strong bond in business between the Philippines and Hong Kong.

A STONE'S THROW

Geographically speaking, the Republic of the Philippines with its spread of thousands of islands, is, by modern standards, only a stone's throw from Hong Kong. This proximity is another reason why trade between the two places should continue to prosper and thrive. The vast land of the Philippines is richly endowed by nature with resources in abundance. There is about two-thirds of Philippines' soil in the southern part still waiting for development. With the revival of national consciousness of the Filipino people by President Macapagal, the people of the Philippines cannot fail to make progress.

Progress in the industrial field can be seen everywhere in the Philippines. It is learned that many are the newly set up factories, who made use of the available Government aid of paying by instalments for setting up factories, appropriated by Government out of indemnity in kind from Japan.

Now that the Philippine Government has launched its 5-year socio-economic plan, with the liberalization of foreign exchange for international trade, simultaneously legislating better facilities for the greater promotion of exports, there is indeed a very bright future for this new Republic of the Philippines.

INDUSTRIAL CENTRE

Hong Kong, as all are aware, has turned from an entrepot into an industrial centre in the course of the last decade. It had to struggle to find economic solvency. Bare of natural resources but possessing a population who persistently strove to earn an independent living, Hong Kong has now attained economic stability, however precarious its foundation may be. Precarious because no matter how much industrialized the Colony may be, it must have customers to buy its products. With the unfair discrimination of various man-made forms in restrictions or quotas building up in certain parts of the world against the import of Hong Kong goods, the precariousness of the Colony's economic stability can be visualized. In spite of these man-made obstacles Hong Kong has won out, for it has progressed year after year in the volume of exports abroad. The total export of Hong Kong products reached over HK \$3,930,000,000 in 1961, while in 1962 the figure was over HK \$4,380,000,000. In the first half of the current year the Colony exported goods to the value of over HK \$2,370,000,000, an increase of more than HK \$270,000,000, or more than 10% over that for the same period in 1962. This, of course, was largely due to the competitiveness of Hong Kong products in the world market.

Turning to the existing trade between the Philippines and Hong Kong, it is regrettable that it has been going down hill. The export of Hong Kong products to the Philippines last year was to the value of only some HK \$22,000,000 while the Philippines exports to Hong Kong only reached some HK \$16,000,000. These are negligible figures and something should be done to improve matters.

LIBERALIZATION

Now, however, with the liberalization of trade and of foreign exchange to give greater impetus to the promotion of both import and export, and as explained by Vice-President Pelaez, it is to be applauded, for infusing more liveliness to trading in general there is no limit to the greater well-being of the Republic of the Philippines as a whole.

We are all aware that every country has good reasons to attain a balanced trade. With Hong Kong being a free port, if the Philippines can export to more than it imports from Hong Kong, and if the latter can manage to do more re-export, all will be well, as the adjustments thus made will prove mutually beneficial. The reason is simple. Once the Philippines increases its volume of export to Hong Kong, the amount of goods sent from Hong Kong to the Philippines would be increased correspondingly. This tendency conforms to the theory that a rising tide is bound to float a boat, and it should be the sustaining factor for trade

between the two areas to thrive and prosper, thus bolstering up their economic well-being.

Having only spent some ten-days in the Philippines, I lay no claim to my views being conclusive, for there is too much to be seen and considered and too little time to do it in.

In conclusion, on behalf of the Chinese Manufacturers' Association and as Leader of its trade mission to this great country, I have to express my appreciation to all industrial and commercial organizations, particularly the Philippines Chamber of Commerce who invited us to make the visit, for their fine hospitality and invaluable guidance to make our mission a success. I have also to thank our Deputy Leader, Mr. Choi Cheung Kok and members of the CMA trade mission for their unfailing cooperation and staunch support to achieve as much as we have done, in creating a better atmosphere for greater trade between the Philippines and Hong Kong in the foreseeable future.

On Trade Between Hong Kong And The Philippines

By Mr. C. K. Choi, Vice-President, Chinese Manufacturers' Association.

The Chinese Manufacturers' Association trade mission to the Philippines left Hong Kong on June 15 for a 15-day visit to Manila. As Deputy Leader of the mission, I must say this has been a most pleasant journey and this historic trip of the CMA trade mission has been very successful in fulfilling the objectives it set out to do.

One of the principle objectives is to improve the relationship between the two places. Another, no less important, is to promote two-way trade.

During the mission's sojourn in the Philippines, members have called on the local government officials and have held interesting discussions with local business and industrial leaders. We stood on common ground in all these talks, that is the common desire to improve our trade relationship.

The Vice-President of the Philippines, Mr. Emmanuel Pelaez, has emphasized his nation's policy which is to take care of

the trading interests of all concerned, and has said that it has never been the Philippines' policy to be selfish in its economic outlook.

Business leaders have expressed their hope that the trade relationship between the Philippines and Hong Kong will be cemented ever further for mutual benefits. They also hope that the unnecessary restrictions in the two-way trade will be removed.

Fine Examples

We have visited many local industrial and commercial organisations. They are well-equipped and are of considerable scale. In many ways, they are fine examples for Hong Kong industry. We have been informed, while there, that many of the industrial set-ups started with material supplied under war reparations.

Philippines' five year plan has been very successful, and with its modification of foreign exchange regulations, local industry has prospered considerably. Of late,

we have been informed, the government has given further impetus to industry to export finished products to help industry to further develop itself.

The Philippines consists of a group of small islands, thousands in number. These are rich, fertile islands. In the southern islands, about two-thirds of the land has not been developed. It is a country of abundance. If the country's immigration regulations are modified and adequate guarantee is given to the foreign investor, Hong Kong industrialists will find the Philippines an ideal place for development. Let us not forget the Philippines has a population of

The Prospects Of Aluminiumware In The Philippine Market

By C. K. Choi

Simultaneous with the cultural evolution of mankind, better and better articles are produced by man to make life more and more comfortable and pleasant. In our history there were times when stoneware and earthenware were popular in our ancestors' homes. In the modern times, however, articles made of metal have taken the predominant position and more recently, aluminiumware has emerged to be the most popular in our homes.

Such is the natural course of development, for aluminium, with its nontarnishing and non-oxidizing qualities, makes wares that are free from rust, lustrous, light, durable and hygienic. Yet their prices are comparatively cheaper than most wares made of other metals. Apart from household utensils, aluminium is also being extensively used in the manufacture of automobiles, airplanes, steamships and furniture and in the construction and decoration of houses.

The aluminium industry in Hong Kong was born only some 15 years ago. After struggling through the difficult initial stages it has established itself on a sound and healthy foundation and grown to its present scale. It is, of course, hardly comparable in size to its counterparts in the advanced industrial countries, but its products are parallel in every respect to the recognized international standards. Some of its products are even better than their Japanese rivals and unmatched in quality by those produced in any of the Southeast Asian countries.

The Philippines has always been one of the major markets for Hong Kong-

over 30,000,000: a substantial internal market!

Trade between Hong Kong and the Philippines has been improving. Hong Kong products, reasonable in price and good in quality, have always been welcome to the Filipino consumer at large. As long as Hong Kong goods maintain their good standard of quality, they will have a brilliant future in this market.

Hong Kong and the Philippines have close regional and historical associations, there has been a great friendship between the two peoples, and I am confident that this relationship will further improve as time goes on.

manufactured aluminiumware, especially in those more popular brands which have won a good reputation for their quality. The outlook for this market is very promising indeed, provided that we sell our products in an orderly manner and pay good attention to business ethics in so doing.

The export of Hong Kong-made aluminiumware was formerly handled by a joint organization formed, by agreement, of the local factories to avoid unfair competition, but this organization was dissolved at the expiry of the agreement. It was unfortunate to find that a few factories were underselling their products in order to boost their sales, and for the sake of profit they even cut the cost of production at a sacrifice of quality. This has created a very bad impression among the Philippine buyers and eventually, they will be the very ones to face the consequences.

I must say that the absolute majority of the manufacturers in Hong Kong are adhering firmly to their fine tradition of business ethics, and are forging ahead in a sound and proper manner. These are the firms which have won the confidence and cooperation of their Filipino partners. They have been able to retain a strong foothold in the Philippine market.

The potentiality of the Philippine market for Hong Kong-manufactured aluminiumware has not been fully explored. I have reason to believe that if we continue to strengthen our friendly relations and cooperation with our Filipino partners, the prospects for further increasing our exports to the Philippine market are very promising indeed.

THE PHILIPPINE ECONOMY

*A comprehensive review prepared by the Staff, Office of National Planning, National Economic Council, Republic of the Philippines.
(By courtesy of the Philippine Consulate General, Hong Kong.)*

Economic development is normally a cumulative process. The output of goods and services of the nation grows with the exploitation of natural resources, the formation of capital and the increase in population. Depending on the combination of several factors of production and efficiency of their employment, growth proceeds fast or slowly, but seldom at a uniform rate.

Most developing nations today consciously plan for a significant transformation from a predominantly agricultural economy to one where manufacturing industry expands side by side with and complements agriculture. This change requires the initial importation of new skills and the reorientation of social attitudes towards work, cooperative effort and new forms of business organization. Because of large investments involved, in both local and foreign currencies, the process of development is usually accompanied by shortage in foreign exchange and instability in domestic prices.

A review of any particular economy will indicate if the growth of output and services outstrips that of population, if industrialization takes place at an adequate pace, if there are any sectors that lag behind and deter the nation's economic growth and if 8 pt. development goes on in a milieu of stability. The intention of this paper is to show from the overall and sectoral developments of the Philippine economy in 1961 through part of 1962 the rate and nature of the economic progress being achieved by the nation.

I. THE ECONOMY AS A WHOLE

The performance of the economy, by and large, was more than what could be expected, considering the unsettled conditions brought about by the change from control to decontrol of imports and foreign exchange. The fact that the exchange rate has stabilized under conditions of decontrol without affecting adversely the process of economic growth showed the capacity of the economy to adjust itself under most trying conditions.

NATIONAL OUTPUT In 1961 gross national product at market prices was estimated at P.13.1 billion. Considering, however, that prices have risen by 13.1% since 1955, this national output, in terms of 1955 prices, was actually P.11.6 billion.

Output in real terms increased by 6.1%. If the average population growth of 3.2% is deducted growth in real income per capita is at the rate of 2.9%.

A perceptible change in the pattern of production has taken place. While the percentage contribution of agriculture to gross national income has not changed, that of manufacturing increased from 16.8% in 1960 to 17.5% in 1961. This was no doubt the effect of economic policies designed to encourage industrialization.

Real per capita gross national product in 1961 was P.405 compared to P.394 in 1960. At the prevailing free market rate of exchange, this was equivalent to \$105 which was lower than the per capita gross national product of many ECAFE countries.

CAPITAL FORMATION. The national account shows that gross domestic investment at current prices in 1961, which consists of additional plant and equipment, different kinds of construction and changes in inventory stock, was P.1.1 billion. This was 8.2% of gross national product.

It may be pointed out that capital formation in 1961 was 14.4% below that of 1960. This is due mainly to the drop of the investment in durable equipment and to a reduction in inventories.

There appears to be many reasons for this change. The higher cost of imported equipment and the restriction on credit deterred the expansion of existing plants and the building of new ones. The year 1960 was unusual since in that year was recorded a considerable investment in water transport in the form of the procurement of several NDC and reparations vessels. Besides, due to uncertainties in the exchange rate during 1961, business confidence was very low.

During the early part of the first half of 1962, capital formation in the form of durable equipment decreased further. However, as the free market rate of exchange stabilized and because of the inducements provided by the basic industries law, and the relaxation of credit, a good number of private projects which were held in abeyance were being carried out vigorously.

PUBLIC FINANCE. Government transactions on cash basis for the year showed an overall deficit of P.222 million. This was more than seven times the deficit in 1960. The deficit was financed by long-term borrowing and by an overdraft line of P.100 million from the Central Bank.

Government cash transactions measure more accurately the impact of government operations on consumer and business income spending. Cash operations of the government resulted in net additions to money supply of some P.98 million during 1961.

The government's financial position was also shown by conventional budget figures on fiscal year basis. Government expenditure have exceeded receipts by P.154 million. This was more than 3 times the deficit in FY 1960.

The composition of government spending has changed, with emphasis on expenditures for economic and social development. Expenditure accounts allocated 62% for economic and social development and 38% for current operating expenditures. Capital outlay are estimated at 25% of total expenditures. The outstanding public debt went up to P.2,871 million at the end of 1961, an increase of 18% over that of 1960.

MONEY AND CREDIT. Credit and monetary restraints were relaxed in 1961 in an effort to encourage productive activities. As a result, money supply expanded over that of 1960 by about 17% so that at year-end, it was P.2.2 billion. Towards this expansion, the government contributed P.226 million while the rest originated from the private sector.

Total credit reached an all time record of P.1.2 billion or 36% over that of 1960. Of this amount, more than P.3.0 billion was extended by commercial banks. The rest was granted by the Central Bank, mostly to the government.

Credits granted by commercial banks showed a desirable pattern. Of the total P.3.0 billion, P.1.0 billion went to commercial activities, P.1.7 billion to production and the rest to consumption.

Total reserves of commercial banks, amounting to P.317.6 million, was P.56.0 million more than that of 1960. There was a gain of P.26.0 million in excess reserves.

Loans granted by selected financial institutions reached the sum of P.847.2 million compared to P.456.8 million in 1960. Of this amount, P.430.6 million went to industry, P.251.2 million to consumption, P.101.0 million to real estate and P.47.7 million to agriculture.

In 1962, domestic credits rose by less than 1% in March and has remained on that level through June.

PRICE. Prices continued their upward trend in 1961. The low level of agricultural output (partly destroyed by typhoons), the higher cost of imported items and the poor marketing facilities caused prices to rise on a broad front.

The consumer price index for all items in 1961 showed a rise over the previous year of 1.5% for Manila and 5.5% for regions outside Manila. For food, the rise in Manila was 2.5% but it was about 9% in regions outside Manila. In clothing, the increase in prices was negligible.

The higher increase in the prices of food items was primarily due to increased cost of importation. On the other hand, the stable prices of clothing showed that there was sufficient stock or that people had shifted to domestically produced textiles.

As a rule, prices of imported goods went up by three times as much as those locally produced.

The price situation became serious at the end of 1961 so that government measures were adopted to prevent hoarding of prime commodities. The decontrol of foreign exchange at the beginning of 1962 accentuated the rise in prices especially of imported food items. For the first half of 1962, prices of locally produced products were about equal that at the end of 1961.

BALANCE OF PAYMENTS. There was a serious deterioration of the balance of payments position in 1961. The trade balance showed a deficit of \$112.3 million during the year compared to a deficit of only \$43.5 million in 1960.

The trade deficit was mainly due to a reduction in the volume and value of exports and the corresponding increase in the value of imports. Total exports went down by \$61.4 million while total imports rose by \$7.4 million. The terms of trade in 1961 was 9% lower than that of previous year. This was due to an 8% decrease in export prices and 2% increase in import prices.

Including invisible expenditures, total deficit for 1961 was \$120.0 million. This was financed mainly by a draw-down on the international reserve in the amount of \$88.7 million so that at end of year it was only \$103 million.

Although foreign loans rose to \$52.3 million, total donations fell to almost half of that in 1960 and there was a net capital outflow of \$44.3 million. This peak capital

outflow was a reversal of the trend during the previous four years. It consisted mostly of short-term capital for settlement of obligations and for transfer of funds which could then be remitted freely.

It January, 1962, full decontrol was adopted which has placed the foreign exchange in the free market except that of export earnings 20% of which has been retained by the Central Bank payable at P.2.00 to \$1.00. As a consequence, the effective exchange rate increased and this trend continued for the first four months following decontrol. It was beyond the expectation of many that the exchange rate under the free market would stabilize at current levels.

FOREIGN EXCHANGE TRANSACTION. Exclusive of Central Bank transactions on short-term foreign loans, total receipts as of June 30, 1962, which amounted to \$86.06 million exceeded total disbursement of \$69.51 million by \$16.55 million. Compared with the corresponding figure for 1961, this year's foreign exchange receipts is bigger by \$20.76 million as against the increase in disbursements by only \$5.70 million. The favourable change in foreign exchange transactions is attributed partly to an improvement in export receipts which went up from \$48.25 million in June, 1961 to \$53.84 million in June, 1962; and to a drop in the import payments by 11.5 million during the year. This favourable behaviour in international trade is the result of foreign exchange decontrol. Moreover, there had been net receipts on invisible payments and capital flows so that international reserve again rose to \$142.76 million as of July 1962.

EMPLOYMENT AND WAGES. The total estimated labour force in 1961 was 9.1 million. Of this 5.2 million was found in agriculture and 3.3 million in the non-agricultural sectors. About 6.3% was estimated to be unemployed.

During the year, production expanded by 7.6% while employment rose by only 1.5%. This shows that manufacturing industries could improve their productivity in the face of higher cost due to exchange rate revision. While this adjustability is good, it also means that if more employment cannot be provided new enterprises must be established.

In mining, the gap between growth in production and employment was more marked. Production expanded by 9.8% while employment dropped by 2.9%. One reason claimed was that a gold mining company was forced to close and lay-off about 500 men.

Employment in construction industry rose by 6% and in transportation and communication utilities by 3.7%.

Money wages for skilled labour remained practically the same. For unskilled labour, money wages rose by 2.5%. However, the rise in consumer prices negated the increases in money wages of unskilled labour. Real earnings of skilled labour actually declined.

Employment trends in 1962 show a rise in the following industries: food, textile, non-metallic mineral products, construction and utilities.

Wage trends in 1961 continued in early part of 1962 so that real wages of skilled labour deteriorated while that of unskilled labour practically remained the same.

II. AGRICULTURE

Agriculture, for many years to come, will remain to be the dominant productive sector of the economy. In 1961, it contributed 34% to national income and employed 61% of the total labour force.

FOOD CROPS. Production of food crops in 1961 was 7.4 million metric tons, a gain of 2.6% over the output of the previous year. The increase was valued at P.133 million.

Output of palay decreased from 3,739.5 thousand tons in 1960 to 3,704.8 thousand tons in 1961. Corn production, on the other hand, was 1,209.6 thousand tons, an increase of 3.8% over that of previous year. During the year, the same problem of price and supply stabilization confronted both industries. Other problems are inadequate financing, insufficient marketing facilities, lack of irrigation and so forth.

Production of fruits and nuts in 1961 was 700.7 thousand tons. This was 25,300 tons more than that of previous year. The increase was encouraged by the larger foreign demand for bananas, mangoes and pineapples. Output of vegetables, however, dropped from 161,600 tons in 1960 to 146,900 tons in 1961.

Coffee produced in 1961 amounted to 33,300 tons, an increase of 7,400 tons compared to 1960 output. Cacao production was 3,600 tons, exceeding that of previous year by 600 tons. Locally produced coffee needs upgrading in quality. Foreign demand for local cacao is increasing.

Production of Irish potato rose from 6,600 tons in 1960 to 10,100 tons in 1961. Output of peanuts, however, was reduced to 12,800 tons in 1961.

Reports indicate an increase in production in 1962, of food crops especially palay, corn and root crops.

COMMERCIAL CROPS. Production of commercial crops dropped from 3,096.3 thousand tons in 1960 to 3,024.6 thousand tons in 1961. The decrease in output was valued at P.9.0 million.

Copra production in 1961 was low amounting to 1,071 thousand tons. Output of desiccated coconut, however, increased from 42,000 tons in 1960 to 59,300 tons in 1961. Kadang-kadang continued to plague our coconut industry.

Centrifugal sugar and muscovado produced in 1961 was a little less than that produced in 1960. Production of centrifugal sugar decreased from 1,439 thousand tons in 1960 to 1,353 thousand tons in 1961. Output of molasses also slightly went down to 355,000 tons in 1961. The sugar industry has to reduce its cost of production to compete in the world's market, especially in the years to come.

Abaca production in 1961 reached 114,800 tons, a gain of 20,300 tons over that produced in 1960. A major export before the war, abaca has not recovered its former status despite governmental assistance.

Ramie production in 1961 was only 2,000 tons. It is expected to increase in the years to come when the NDC integrated textile plant in Davao would start operating.

Cotton production, a mere 400 tons in 1961, appears somewhat neglected after a series of large-scale failures in experimentation. Moreover, cotton fields in Ilocos region have given way to tobacco which enjoys price support.

LIVESTOCK AND POULTRY. Livestock and poultry in 1961 decreased considerably from that of the previous year as shown in the following comparative DANR figures:

Livestock	1960	1961
Carabaos	3.7	3.5
Cattle	1.1	1.0
Swine	6.6	6.2
Chickens	52.3	50.0
Ducks	2.2	1.9

It is to be pointed out that the above figures do not include the livestock found in small farms. Illicit and clandestine slaughter of animals still fit for breeding purposes retarded considerably the growth of the livestock population.

Production of meat, milk and eggs is inadequate to meet the requirements of our growing population. It is important that we encourage research to improve management and productivity. Importation of superior breeds or strains of livestock for propagation is highly desirable but we cannot depend on this source alone.

Importation of meat and preparations, milk and other dairy products is increasing. In 1961, we imported these products in the total value of P.58 million. It seems that the goal of self-sufficiency cannot be reached for some time, with prospect of 1962 production not too encouraging.

FISHERIES. Fish production in 1961 increased somewhat over that of the previous year; however this output was enough to meet only 41% of total demand.

Output of commercial fishing vessels was 125.6 million kilos; those of fishponds, 60.8 million kilos; and those of municipal fisheries and sustenance fishing, 268.4 million kilos. The total value of production was estimated at P.470.8 million.

Importation of fish and preparations in 1961 was valued at P.34.6 million.

The problems of fishing industry are: (1) wanton destruction of fishing grounds with the use of explosives and poisons; (2) antiquated methods and obsolete equipment; (3) slow expansion of fishpond culture; and (4) lack of complementary facilities such as cold storage plants and processing facilities.

FORESTRY. Production of logs in 1961 was 2.8 billion board feet, about 3.8% higher than that of 1960. Of this output 1.6 billion board feet was exported.

Production of lumber decreased from 445.1 billion board feet in 1960 to 384.8 billion board feet in 1961. Likewise, the export of lumber decreased from 60.5 to 54.7 million board feet during the corresponding years.

The main problem of forestry is conservation not only to maintain our forest reserves but also to prevent floods and soil erosion. Intesad of logs being exported they should first be processed into plywood and veneers.

Encouraged by high foreign exchange rate, production and exportation of logs will continue to increase.

III. MANUFACTURING AND MINING

Most developing countries try to encourage industrialization so that manufacturing industries will grow side by side with agriculture and other productive sectors. Some countries that have shown undue concern with power development and the establishment of industrial plants have been criticized for having a *fetish* for industrialization.

Sometimes, the criticism is valid when a developing country overlooks the potential of their own agriculture or when a young country, without iron ore resources, tries to put up an integrated steel mill because it is the symbol of national prestige. But where a country seeks to industrialize on the basis of factor endowments and long-run comparative advantage, the programme makes sense for it will not only provide more employment but also increase the national output.

MANUFACTURING. Overall output of manufacturing in 1961 was better than that of 1960. The index of the volume of production rose from 150.5 to 161.1, a gain of 7%.

Manufacturing expanded because effective demand also rose as a result of increased money supply. Moreover, manufacturers were able to import more raw materials when import restrictions were relaxed.

The index of the physical volume of production in selected manufacturing industries for 1960 and 1961 are shown in the following table:

INDEX OF MANUFACTURING PRODUCTION
(1955 = 100)

	1960	1961	% Change
TOTAL MANUFACTURING			
Durable Manufactures	150.5	161.1	7.0
Non-durable Manufactures	152.0	157.0	3.3
	143.2	180.7	26.2
SELECTED INDUSTRIES			
Food Manufactures	148.5	158.0	6.4
Textiles	277.1	281.8	1.7
Paper products	166.8	183.3	9.9
Rubber products	245.3	255.8	4.3
Chemicals	135.2	144.3	6.7
Furniture & Fixtures	85.0	115.3	44.0
Non-metallic mineral products	171.8	176.6	2.8
Metal products	168.0	255.1	51.8
Machinery	67.2	123.5	83.8
Electrical Machinery	197.6	253.0	28.0

Sources: Central Bank Statistical Bulletin, December, 1961

CB News Digest, June 12, 1962

Production of durable manufactures, which suffered a slump in 1960 recovered markedly in 1961, with a gain of 26.2%. This upturn was the main factor to the rise of output in 1961. The industries which exhibited pronounced gains were: machinery manufacture, metal products, electrical machinery, apparatus, appliance and supplies, furniture and fixtures.

Output of non-durable manufactures also increased but modestly and at a lower rate than in 1960. The index of output showed an increase of 3.3% in contrast to the 5% gain the previous year. The industries which showed small gains were: paper products, rubber products, food manufacture, chemicals, and others.

For the first quarter of 1962, production index was 169.2, 8.5 points more than the average of 1961. Those leading in production were: electrical machinery, metal products, chemicals, paper, textiles and food manufactures.

The overall gain in output could also be due to reduction in supply from imports arising from an increased cost of importation following decontrol.

Rubber is an up and coming industry. Production in 1961 by the four rubber products manufacturing industries was already 3,700 tons against an actual demand of 10,000 tons.

MINING. Mining industry in 1961 showed a gain of 9.8% over that of 1960. The index of physical output rose from 126.7 to 139.1.

Total value of mineral production increased from ₱270.2 million in 1960 to ₱320.3 million in 1961, a gain of ₱50.2 million. This increase was due to the incentives provided by favourable exchange rates as a result of decontrol and the increase in world demand especially for copper and iron ores.

The comparative value of mineral production for 1960 and 1961 are shown in the following table:

MINERAL PRODUCTION (At Current Prices in Million Pesos)

MINERAL	1960	1961	% Distribution	
			1960	1961
PRODUCTION	270.2	320.4	100.0	100.0
Metallic Minerals	179.2	210.0	66.3	65.5
Gold	58.0	61.6	21.5	19.2
Silver	2.0	1.6	0.7	0.5
Base Metals	119.2	146.8	44.1	45.8
Zinc	2.8	1.7	1.0	0.5
Copper	59.1	78.3	21.9	24.5
Manganese	1.1	0.9	0.4	0.3
Chromite	34.0	34.7	12.6	10.8
Iron	20.7	28.7	7.7	9.0
Quicksilver (Mg)	1.3	1.7	0.5	0.5
Molybdenum	0.1	0.7	—	0.2
Non-metallic Minerals	91.0	110.4	33.7	34.5
Cement	54.3	69.5	20.1	21.7
Coal	3.4	3.5	1.3	1.1
Rock asphalt	0.4	0.2	0.1	0.1
Sand Gravel, etc.	32.9	37.2	12.2	11.6

Source: Office of Statistical Coordination and Standards, NEC

Metallic minerals accounted for ₱210 million or 65.5% of total mineral production in 1961. Its output increased by 21.3% over that of 1960, compared to a gain of 17.2% for non-metallic minerals.

Mineral products which showed notable production gains were: copper, iron, quicksilver, molybdenum, and cement. Those which produced less were: silver, zinc, manganese, and rock asphalt.

As of June 1962, mineral production reached ₱266.0 million, indicating an increasing production and trade during the year. Base metals which showed marked gain in output were: copper, chromite and iron ore. The increase in output was due to increase in volume of production and not to rise in prices.

Foreign trade, in 1961, contributed 8.5% to the gross national product. This share in the country's output is relatively small compared with that in other countries such as Japan (24%) and United Kingdom (30.8%).

There is one basic weakness in Philippine foreign trade—only four main export crops viz., copra, sugar, logs, and abaca constitute about 75% of total exports. Reliance on a few primary products for the bulk of a country's foreign exchange earnings is not desirable.

BALANCE OF TRADE. Total foreign trade which was \$1,164 million in 1960 dropped slightly to \$1,111 million in 1961. The slight reduction in total trade was the net result of decrease in exports and a slight increase in imports.

Between 1960 and 1961, exports decreased by \$61 million while imports increased by \$7 Million. While total foreign trade dropped only 5%, trade deficit rose from \$43.5 million in 1960 to \$112.3 million in 1961.

On straight sale, balance of trade deficit was \$63.8 million; if barter is included there was a surplus of \$4.2 million.

According to the Bureau of the Census and Statistics figures, there was trade surplus in goods of \$1.2 million from January to June of 1962. We hope this favourable trend will be carried through the year.

TERMS OF TRADE. The terms of trade in 1961 was 9% lower than that of 1960. Its cause was a combination of 8% drop in by 5.2%, beverages and tobacco by 6.5%, mineral fuels by 17% and machinery and transportation equipment by 6.7%.

Terms of trade with the U. S., Japan and other major trading countries in Europe moved over a wide range. That with Japan declined by .4% while that with Belgium dropped by 20%.

The first five months of 1962 showed that export prices went up but because of the larger increase in import prices, the net terms of trade declined slightly.

PATTERN OF EXPORTS. The value of the first ten principal exports declined from \$419.5 million in 1960 to \$429.1 in 1961. The ranking of exports and their comparative values are shown in the following table:

EXPORTS BY COMMODITY (F.O.B. value in million U.S. dollars)

Commodity	1960	1961	Per Cent Change
Total Domestic Exports.....	558.8	497.9	-10.9
Total Ten Principal Exports..	491.5	429.1	-12.7
Copra	138.6	88.2	-36.3
Abaca Unmanufactured ...	41.8	28.8	-31.1
Desiccated Coconut	18.8	14.5	-22.9
Chromite ore	17.2	16.8	-2.49
Copper Concentrates	18.3	17.8	-2.73
Coconut oil	15.7	15.9	1.27
Iron ore	8.6	9.1	5.81
Logs & Lumber	91.6	92.4	.87
Sugar Centrifugal	133.5	135.1	1.2
Pineapple (canned)	7.4	10.5	41.9
Other Export Commodities	67.4	68.8	2.07

Source: CB Annual Report, 1961.

Copra export, which was first in 1960, became third in 1961. This was primarily due to 18% drop in prices. Centrifugal sugar was the largest export in 1961 with logs and lumber second.

Another significant change was the drop of abaca export from \$41.8 million in 1960 to \$28.8 million in 1961.

The pattern of exports for the six months of 1962 was practically the same except that exports of oil nuts and oil kernels rose from third to second place.

PATTERN OF IMPORTS. The first ten principal imports expanded a little from \$450 million in 1960 to \$453 million in 1961. The ranking of imports and their comparative values are shown in the following table:

TEN PRINCIPAL IMPORTS OF THE PHILIPPINES 1960-1961

Commodity Group	1960	1961	Per Cent Change
Total Imports	603.870	611.298	1.2
Total Ten Principal Imports	449.857	452.964	0.7
Machinery other than electric.....	86.509	119.860	38.6
Base metals	56.870	58.832	3.4
Transport equipment	109.507	58.624—46.5	
Mineral fuels, lubricant and related materials ...	59.784	49.243—17.6	
Cereal & cereal preparations	24.538	48.715	98.5
Electric machinery, apparatus and appliances	21.180	25.795	21.8
Dairy products	24.411	24.225	-0.8
Textile yarns, fabrics and made-up articles.....	30.513	33.261—23.8	
Paper, paperboard & manufactures thereof	16.667	21.777	30.7
Textilefiber not manufactured into yarns	19.878	22.632	13.9

Source: CB Annual Report, 1961

Imports of transport equipment, which was the largest in 1960, was no longer so in 1961. Perhaps, this was partly because a considerable number of reparations vessels came from Japan. Machinery became the largest import in 1961.

Another significant change was the increased demand in 1961 for cereal and cereal preparations imports of which represented a rise of 98.5% over those of the previous year.

The pattern of imports from January to June of 1962 remained practically the same.

DIRECTION OF TRADE. Foreign trade with other countries in 1961 showed no change in composition but a change in relative shares.

The U. S. continued to be the largest trading partner of the Philippines. Imports from U. S. moved from 42% of total imports in 1960 to 47% in 1961, while exports rose from 51% to 54% of total exports.

Trade with Asia in general, amounting to \$308 million, was 17% below that in 1960.

Trade with Japan, accounting for 21% of Philippine foreign trade in 1961, dropped by 5%. Export to Indonesia declined by 69% while imports from that country decreased by 33%. The Philippines, together with Malaya and Thailand organized the Association of Southeast Asia to increase multilateral trade within the area.

Trade with Northwestern Europe remained unchanged. Exports to this area declined by 28% while imports from these countries went up by 23%.

Exports to the European Common Market in 1961, consisting mainly of copra and unmanufactured abaca, accounted for 15% of total exports. Imports were, however, 10% of the total. Both exports and imports were slightly higher than those in 1960.

Through the first half of 1962, trade with Japan dropped significantly while that with other countries practically remained the same.

V. BASIC FACILITIES

Basic facilities and services, such as power, transportation and communications, are vital to an expanding economy. The establishment and development of these facilities and services are in fact a precondition to economic growth in most developing countries.

Adequate and dependable electric power is essential to support the growth of agriculture, commerce and industry, especially in this modern age of mechanization and automation. Ample irrigation facilities are needed to increase the productivity of the farms so that production of food can keep up with the growing population. Better transportation services and improved communication systems to facilitate regional exchange of goods and bring down cost are vital to promote greater economic activity and the integration of the market economy.

POWER. There was a fair increase in 1961 in the country's electric power capacity. Total electric power capacity was 653,000 KW at year end, an increase of 56,000 over that of 1960. Actually, MERALCO added 60,000 KW with the operation of the 7th Rockwell unit; however, several private franchise holders in Central Luzon retired some of their inefficient electric plants.

Manila and Maria Cristina areas continue to be the two main industrial centres and the foci of electric power development.

MERALCO's 7th Rockwell unit averted in time the impending power shortage in Manila area. The National Power Corporation will complete by 1965 the construction of Angat hydroelectric project with 208,000 KW capacity.

For the Maria Cristina area, the NPC has negotiated with World Bank for the construction of 50,000 KW plant to provide power for some basic industries to be established there. At the same time arrangements were being made to put up an additional 100,000 KW plant for the Iligan steel mill project which will be carried out soon.

To promote rural electrification, NPC had two transmission line projects; one connecting Maria Cristina and Cagayan de Oro, and the other, connecting 63 towns in Central Luzon with the main NPC line.

IRRIGATION. More than 25,000 additional hectares of cultivated land were provided with irrigation in 1961. This represented an increase in production of 800,000 cavans of palay.

The irrigation projects completed during the year were 6 national gravity irrigation systems, 21 communal irrigation systems and 78 pump irrigation systems—all covering 26,100 hectares.

At year-end, the government had a total of 69 national gravity systems, 201 communal gravity systems and 399 pump irrigation systems—aggregating 416,000 hectares.

Several irrigation projects were under construction during the first half of 1961. They cover areas in Cagayan, Central Luzon, Quezon and Occidental Negros. When completed in two years, they will provide irrigation to 55,000 hectares, which is expected to increase rice production by 2.0 million cavans.

TRANSPORTATION. At the end of 1961, there were 37,153 kilometers of roads of all classes, an increase of 214 kilometers over that of the previous year. Many of the roads were paved with concrete and temporary bridges replaced with permanent structures. Number of vehicles per kilometer dropped from 4.9 in 1960 to 3.8 in 1961.

Coastwise shipping tonnage increased by 6,000 gross tons while that of overseas shipping by 32,000 gross tons. The increase in coastwise tonnage is insignificant, although the Stanford Research Institute report recommended that a large part of existing tonnage need replacement. On the other hand, development of merchant fleet was fairly good. At year-end, the overseas tonnage of 262,000 gross tons could carry about 12% of total foreign trade.

In support of shipping services, ports were expanded and rehabilitated. About 140 new municipal ports were opened for coastwise trade. Dredging of harbours was carried on with vigor. In Manila, Piers 3 and 15 were being reconstructed to provide more berthing facilities.

The Manila International Airport terminal was completed to promote international air travel. Other airport were also developed to accommodate Viscount and Friendship planes for domestic air transportation service. This development will gradually meet the need for extending transportation to isolated rural areas.

The Manila Railroad Company increased its rolling stock by 200 units over that of 1960. Extension work to Cagayan and Sorogon were started.

COMMUNICATION. Telephone facilities in Manila area expanded fairly with an increase of 9,400 units in 1961.

In Manila area, at year-end, there were 84,000 telephone units of which 7,400 were operated by the government and the rest by the Philippine Long Distance Company. The annual increase had been inadequate to meet the increasing demand. It will take time to cover the backlog of telephone applications of about 45,000.

The performance during the first half of the current year indicated improvement over that of 1961. The accelerated growth of facilities was due to the programmes of expansion.

VI. EDUCATION AND WELFARE

Like most developing countries, one of the most important assets of the Philippines is her growing population. But this asset unless wisely employed and properly developed, becomes a liability, a deterrent rather than an effective factor for economic growth.

To serve as an instrument for greater national output, the people must have skills, maintained in good health, and must help themselves individually or through collective effort. This implies problems of education, public health and community development. The solution to the first two problems demands huge investment in facilities such as schools, hospitals and equipment. Community effort, especially in rural areas, means cultural transformation. It means changes in social attitudes on the part of the people as regards: the will to work, the will to cooperate with one another, the will to help themselves.

EDUCATION. Facilities for free elementary education for the nation's children in 1961 were not adequate. Of the estimated 4.73 million of school age (7-12 years), 4.0 million were enrolled in the public schools and 200,000 in private schools. More than 530,000 children slightly more than that in 1960 could not be accommodated.

Actually, 7,053 additional public elementary classes were organized but enrollment increased by 30,000. More than ₱10.7 million was spent for the construction of 2,700 classrooms of all types. Notwithstanding such efforts, total facilities proved inadequate to provide opportunity to all those who seek education.

The public school's principal problem was inadequate finance. Proposals for the adoption of a financing system involving local governments failed to get the approval of Congress.

During the school year 1961-62, a total of 12 additional vocational schools were established by the government, 2 of which were agricultural schools, 5 were trade-industrial schools and the other 5 were fishery schools. Enrollment in public vocational schools increased from 64,800 to 68,800. Enrollment in private vocational schools was 56,800 in 1961-62.

HEALTH. There was improvement in the health of the people compared with that of the preceding year. Death rate dropped from 7.7 per 1000 in 1960 to 7.4 per 1000 in 1961. Likewise, infant death rate went down from 73.1 to 72.4 per 1000 live births.

Most of the common diseases were under control although "El Tor", a cholera type of disease broke out in September registering 9,923 cases with mortality of 1,405.

Health services, particularly in rural areas, were improved. Thirty rural health units were established during the year, bringing the total at year-end to 1,376 units. Since 1960, a total of 1,190 doctors, nurses, midwives and sanitary inspectors were recruited.

At the end of the first half of 1962, 9 new hospitals were established. Free hospital beds were still scarce — 1 to every 3,900 people. Most hospitals admit more than their bed capacity, resulting in overcrowding and inadequate food for the patients.

In addition, there were also established 36 TB chest clinics, one mobile filariasis control team, and 2 regional schistosomiasis advisory teams.

COMMUNITY DEVELOPMENT.

People in rural areas were oriented from an attitude of dependence on government assistance to one of self-help. To do this, PACD emphasized civic responsibility, increased food production, improved health and sanitation, and promotion of public improvements.

During the period, 1961 to the first half of 1962, some 7,800 self-help projects were carried out. They included poultry and swine raising, plant nurseries, weed control, irrigation, water supply, plant pest control, power sprayers, health centres and other home industries. The PACD also helped in the control of schistosomiasis.

About 287,000 barrio people took part in these activities while nearly 2,000 trainees were given training as development workers. The PACD helped in the election of officials for the barrio councils.

During the first half of 1962, the PACD emphasized food production in their programme.

SOCIAL SERVICES. Three types of social services were extended: public assistance, child welfare, and vocational rehabilitation of the handicapped.

Public assistance included financial and material help. Some 57,000 indigent families and 484,000 families who were disaster-victims were given financial aid. Transportation was given to 3,400 persons who were victims of military operations against dissidents. Of the 25,000 families to be resettled at the beginning of the year, only 900 were transferred to government projects.

About 500 children were accommodated in institutions or foster homes. Group care activities were organized in urban areas. A total of 58 juvenile control units were established.

Rehabilitation programme received foreign aid from Colombo Plan, U.N., ILO, Overseas Blind and Catholic Relief Services. The Dagupan Training Centre, the second of its kind in the country, was completed and inaugurated.

SUMMARY

Problems of the Economy and Its Development

Capital formation has remained at a low level (8.2%) in 1961. The decline in investment, particularly in durable equipment, is bound to lead to a drop in income growth in the future.

The absence of an adequate supply of long term credit and inadequacy of foreign exchange resources accounted for the low level of investment in the private sector.

The unemployment situation did not improve in 1961. Because of the low level of investment, the increase in employment was only 1.5% in 1961 against an estimated increase of the labour force of 3.2% in 1961. The portion of the labour force in agriculture

which is seriously underemployed was still high (57%) in 1961.

The drop in real wages is due to the continued increase in prices. The inflation resulted from a variety of causes including credit expansion and increase in public debt incurred through the inflationary sale of bonds to commercial banks with Central Bank support. The result is an increase in the money supply and, therefore, purchasing power unaccompanied by a proportionate increase in the corresponding supply of goods and services. Accordingly, imports of consumer goods have to be increased to arrest a further rise in prices with the consequent drain on the international reserve.

Remedial Measures Adopted

During the first half of 1962, concerted steps were taken to effect both the short and long-run solutions to the problems of the economy and its development although the problems of high price, low investment and unemployment prevailing in 1961 were still evident. Obviously, the measures adopted to improve the economic situation could not possibly bear fruit in 9 months. These significant remedial measures included:

- 1) the decontrol of foreign exchange designed to make efficient productive enterprises replace inefficient ones which survived because of artificial support under controls;
- 2) tariff adjustments to protect desirable infant industries and to offset the increase in prices of essential consumer goods;
- 3) assistance extended to the private sector towards the establishment of a private development bank;
- 4) price subsidy for price and corn to protect levels of living of the low income groups;
- 5) creation of the Emergency Employment Administration to create more job opportunities;
- 6) measures to secure long term loans for development from United States and international financial institutions;
- 7) improvement in the efficiency of tax collection; and

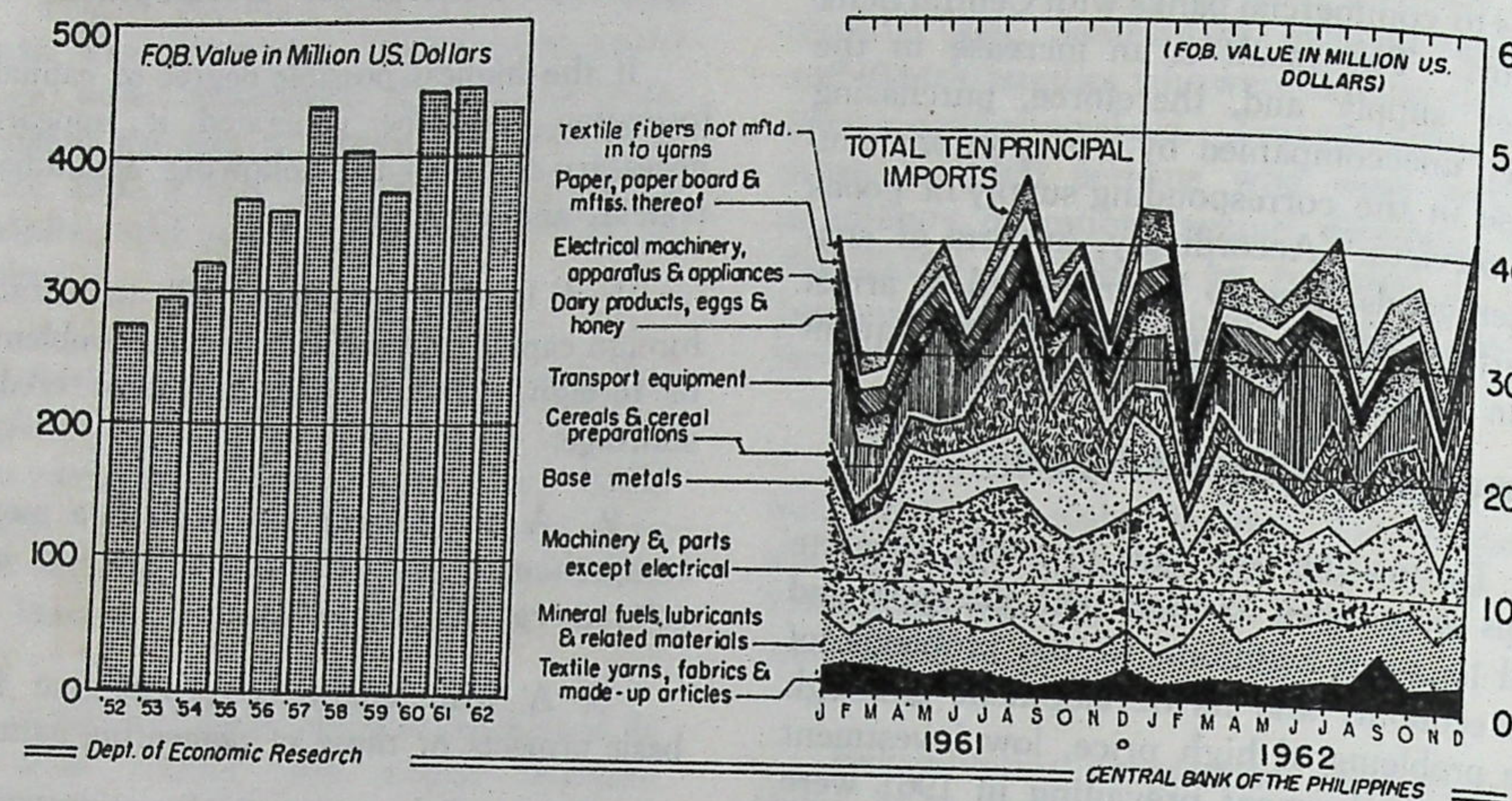
8) relentless drive to reduce graft and corruption in the government which is bound to improve the climate for investment in the country.

Additional Policies for Development

If the highest possible degree of capital formation must be generated it appears necessary to adopt the following additional policies and measures:

1. A foreign investment bill to attract foreign capital and partly solve the problems of foreign exchange and long-term credit shortage;
2. A set of incentives such as a more comprehensive tax incentives law to accelerate capital formation;
3. A loan guarantee programme for basic projects or those of pioneering nature;
4. A special programme for stimulating new export industries that turn out processed or manufactured products;
5. A policy requiring project proponents the employment of the technical services of experts in the project preparation, establishment and initial operation of plants of specified minimum capitalization;
6. Intensification of the industrial research programme and establishment of a bureau of standards for industrial manufactures;
7. Re-examination of public land distribution programme and imposition of higher tax on all idle lands;
8. Re-examination of agricultural cooperatives programme in order to evolve a more realistic agricultural credit and cooperative marketing programme to maximize farm production;
9. Intensification of the community development programme and the complementary extension programme not only to increase rural income but also to strengthen the base of democracy in this country; and
10. Formulation of a long-range programme and policy to conserve the country's natural resources.

TEN PRINCIPAL IMPORTS OF THE PHILIPPINES 1952 - 1962

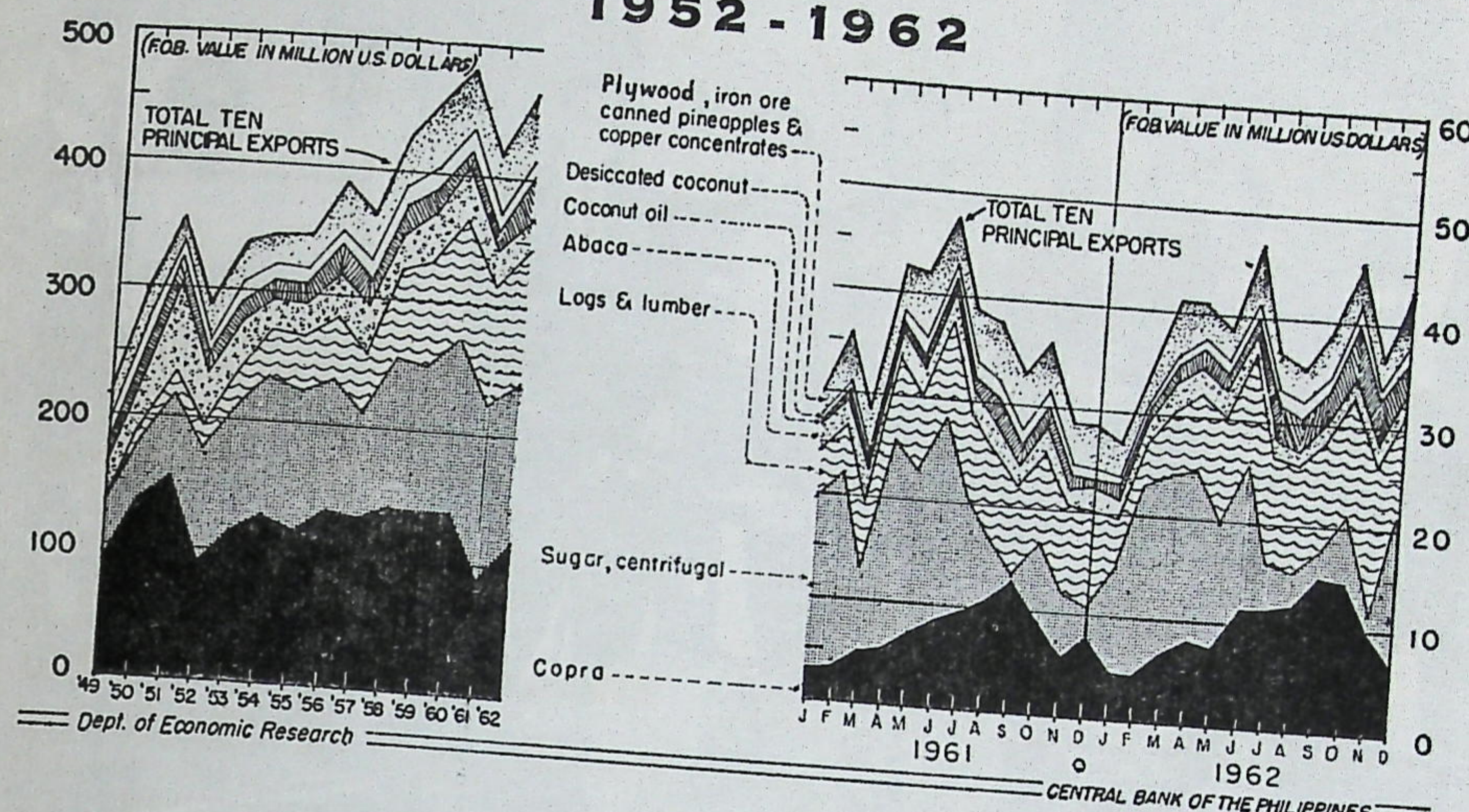


(f.o.b. value in thousand U.S. dollars)

Period	Total Ten Principal Imports (1)	Textile yarns, fabrics and made-up articles (2)	Mineral fuels, lubricants and related materials (3)	Machinery and parts except electrical (4)	Base metals (5)	Cereals and cereal preparations (6)	Transport equipment (7)	Dairy products, eggs and honey (8)	Electric machinery, apparatus and appliances (9)	Paper, paper-board and manufactures thereof (10)	Textile Fibers not Manufactured into Yarn & Thread (11)
1952	274,658	77,054	41,827	31,934	20,817	34,557	21,335	18,289	10,962	15,551	2,332
1953	294,029	74,867	48,895	40,580	31,140	21,595	21,620	24,095	13,234	14,776	3,227
1954	322,226	82,431	54,143	44,262	30,219	25,856	25,350	23,985	17,524	16,018	2,438
1955	369,981	85,318	53,828	52,173	38,541	36,915	30,249	28,330	21,929	19,044	3,464
1956	361,905	59,607	57,860	77,181	44,393	26,161	29,023	29,592	19,575	18,202	5,781
1957	439,263	77,185	60,988	82,964	64,573	37,549	33,346	31,513	25,165	20,363	8,745
1958	403,082	53,872	60,988	77,638	50,254	52,088	28,605	29,202	20,263	17,051	13,121
1959	374,540	38,641	59,720	79,069	50,441	23,121	40,978	18,909	29,330	19,017	14,716
1960	449,857	30,513	59,784	86,509	56,870	24,538	109,507	24,411	21,180	16,667	19,878
1961	452,884	23,261	49,163	119,860	58,832	48,715	58,624	24,225	25,795	21,777	22,632
January	41,047	2,047	5,037	10,203	3,009	1,435	10,175	3,305	1,802	1,596	2,438
February	31,315	2,503	2,846	6,836	2,827	1,306	5,740	2,391	2,346	1,242	3,278
March	30,274	2,330	4,577	6,060	3,432	2,005	3,269	3,069	2,281	1,673	1,578
April	38,700	2,174	3,938	10,890	5,124	2,554	4,246	1,823	2,296	1,577	2,088
May	40,183	1,784	4,927	10,034	4,057	2,641	9,234	1,639	2,032	1,484	1,451
June	34,292	1,981	4,989	9,875	5,041	2,400	4,254	1,323	1,580	1,877	872
July	40,060	1,997	4,070	12,369	4,575	6,138	3,453	1,348	2,394	2,153	1,563
August	46,046	1,763	5,126	11,984	5,183	9,823	3,462	1,729	2,279	2,201	2,486
September	37,021	1,005	4,033	10,900	4,478	5,421	4,263	2,100	1,326	1,866	1,629
October	40,496	1,369	3,199	9,504	6,843	9,130	3,219	1,787	2,650	1,548	1,327
November	32,445	1,558	2,985	10,460	4,455	3,903	3,001	878	2,011	1,576	1,618
December	43,005	2,750	3,516	10,745	8,908	1,959	4,308	2,833	2,798	2,984	2,204
1962	432,887	26,531	59,782	105,344	50,279	29,811	62,872	31,130	21,530	16,457	29,151
January	41,627	1,609	2,446	14,162	5,197	2,748	5,029	4,634	1,870	1,626	2,306
February	27,158	1,770	3,700	7,659	3,844	1,355	3,663	1,533	1,539	1,057	1,238
March	37,974	2,024	6,791	8,622	5,846	2,693	4,376	1,320	1,919	1,655	2,928
April	37,270	1,933	3,671	8,441	6,045	1,765	5,960	2,061	2,042	1,589	2,563
May	35,527	1,692	5,249	9,545	3,392	1,300	5,533	2,339	2,109	1,298	3,070
June	38,153	1,701	5,244	7,596	3,298	1,955	12,143	1,102	1,442	1,031	2,641
July	41,270	2,229	5,085	8,358	5,542	5,526	4,583	2,430	2,278	1,557	2,782
August	30,283	2,494	5,081	6,811	3,413	1,984	3,685	2,029	1,307	1,252	2,247
September	35,916	4,097	4,389	8,151	3,880	3,368	4,038	3,478	1,809	1,059	1,647
October	37,267	2,026	7,333	8,587	2,881	2,265	5,946	2,892	1,877	1,386	2,074
November	29,125	2,395	4,088	6,611	3,238	1,374	3,080	2,380	1,437	1,548	2,974
December	41,317	2,561	5,925	10,901	3,503	3,478	4,836	4,332	1,901	1,399	2,681

Source: Department of Economic Research, Central Bank of the Philippines.

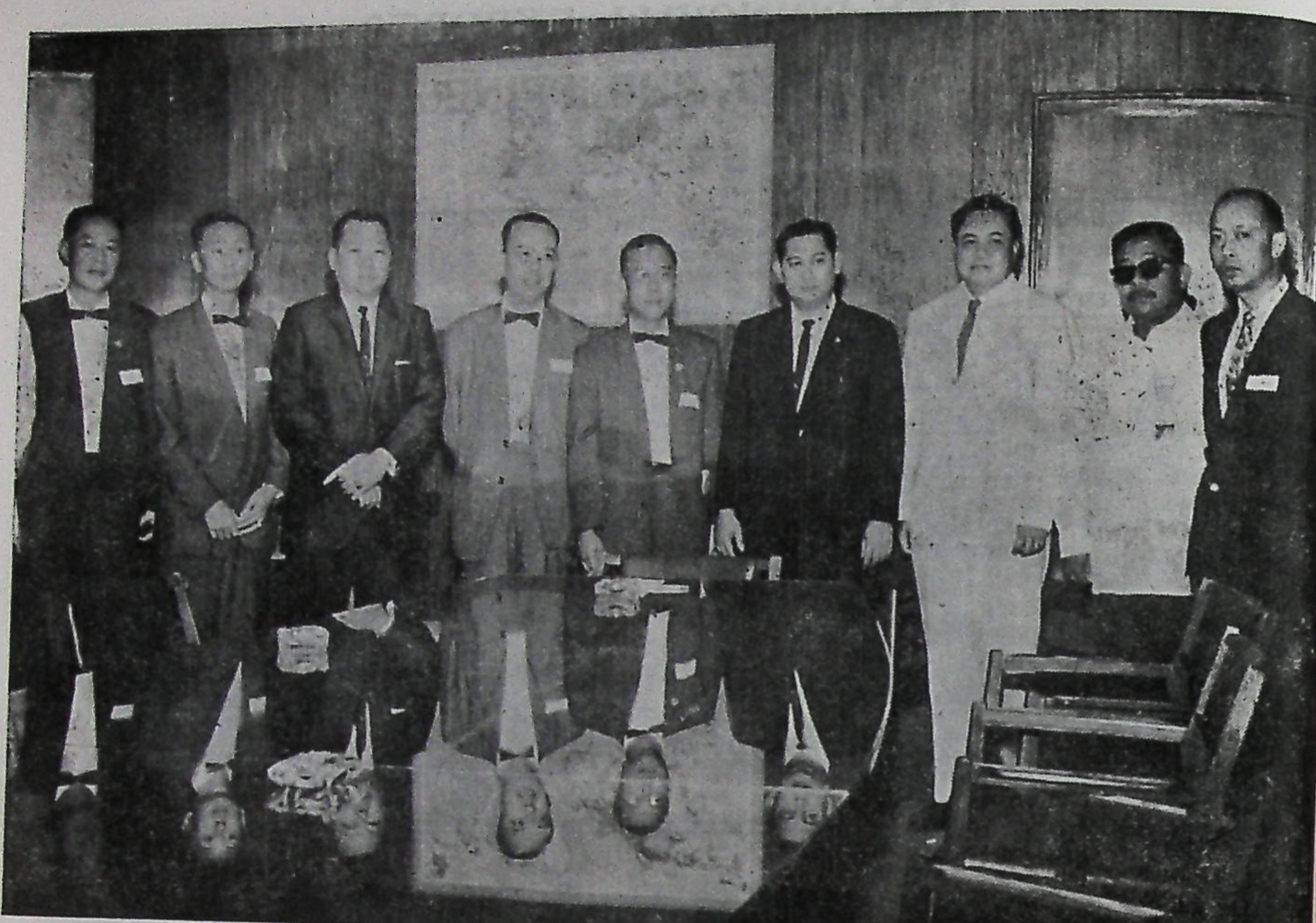
TEN PRINCIPAL EXPORTS OF THE PHILIPPINES 1952 - 1962



(f.o.b. value in thousand U.S. dollars)

Period	Total (1)	Copra (2)	Sugar centrifugal (3)	Logs and lumber (4)	Abaca, unmanufactured (5)	Coconut oil (6)	Desiccated coconut (7)	Plywood (8)	Iron ore (9)	Pine-apples, canned (10)	Copper concentrates (11)
1949	215,891	89,643	45,232	3,260	28,900	17,510	19,366	17	2,378	6,837	2,748
1950	297,671	137,953	45,906	10,691	41,635	21,482	24,157	59	4,584	9,474	1,730
1951	357,857	153,131	64,248	17,267	66,993	24,496	14,902	58	7,097	8,146	1,519
1952	288,188	90,670	89,881	18,946	40,960	15,421	9,740	46	11,116	11,296	112
1953	335,867	116,976	95,778	28,937	38,919	17,144	13,524	14	11,306	11,045	—
1954	344,688	130,075	106,295	35,590	26,344	16,568	15,748	236	10,747	4,706	5,433
1955	346,291	118,680	106,609	41,542	27,833	16,534	12,810	923	10,301	5,940	1,274
1956	386,394	134,100	106,609	48,828	34,970	23,976	12,358	1,516	11,454	5,487	12,396
1957	365,669	131,958	82,802	45,059	38,988	21,356	15,153	2,281	11,080	4,556	12,436
1958	428,406	139,079	115,533	60,061	28,515	24,091	16,410	6,484	9,151	4,404	14,778
1959	457,461	138,073	112,636	80,444	38,863	22,484	18,166	13,635	9,062	8,023	16,075
1960	480,813	138,643	133,484	91,600	41,773	15,669	18,837	6,482	8,639	7,400	18,285
1961	420,271	88,196	135,076	92,423	28,796	15,939	14,529	7,950	9,119	10,478	17,765
January	29,728	3,165	16,172	4,684	2,361	391	425	431	422	435	1,242
February	34,663	3,355	18,809	4,805	2,498	885	551	400	572	1,068	1,420
March	27,778	4,965	8,540	6,212	3,016	778	732	700	743	932	1,160
April	42,184	5,371	20,315	8,139	2,432	1,221	947	671	302	1,756	1,030
May	40,074	7,198	15,612	7,339	2,445	1,197	1,379	791	1,273	1,160	1,480
June	46,632	8,287	19,738	9,303	2,763	1,344	1,598	707	417	1,403	1,072
July	38,330	9,561	11,329	7,897	2,223	1,403	1,431	694	979	1,067	1,746
August	36,726	10,796	6,184	8,344	2,621	2,530	1,670	718	826	913	2,124
September	31,369	12,756	877	8,788	2,089	1,827	1,464	702	972	689	1,205
October	35,700	9,248	7,669	8,984	2,457	1,906	1,598	685	840	264	2,055
November	28,277	5,794	6,652	8,558	1,657	1,466	1,042	682	792	68	1,466
December	28,810	7,700	3,185	9,270	2,234	991	1,192	769	981	723	1,765
1962	468,197	112,670	121,977	112,123	24,704	31,264	15,070	11,111	9,409	11,387	18,482
January	26,954	4,359	10,261	4,913	1,851	1,709	783	548	819	1,186	525
February	34,460	4,316	18,632	3,927	1,955	1,395	678	704	741	1,428	684
March	41,566	6,744	17,901	6,429	2,613	1,687	893	999	441	1,669	2,190
April	41,718	8,175	16,660	7,442	2,381	1,864	924	843	836	1,133	1,460
May	39,728	7,709	12,167	10,473	2,602	1,368	1,182	1,027	335	1,232	1,633
June	46,733	11,318	14,110	10,842	1,762	1,193	1,459	1,609	886	1,876	3,667
July	36,990	11,543	4,300	10,208	2,147	2,921	1,774	1,214	1,229	468	1,186
August	35,251	12,087	3,078	10,971	1,677	3,032	1,279	837	478	670	1,342
September	38,757	15,366	2,337	10,441	1,686	2,862	1,910	697	478	485	1,658
October	45,990	14,865	6,362	11,611	2,199	5,374	1,712	902	806	512	1,291
November	36,933	9,588	1,806	14,163	2,037	4,756	1,076	1,058	646	512	1,983
December	43,117	6,600	14,363	10,703	1,794	3,103	1,391	673	1,077	552	2,861

Source: Department of Economic Research, Central Bank of the Philippines.



Call on the Secretary of Commerce and Industry Mr. Rufino G. Hechanova (fourth from right). Mr. Clementa Abella, Vice President of the Philippine Chamber of Commerce is seen third from right.



CMA trade mission leader Mr. Wong with Deputy leader Mr. Choi seen with President and Vice Presidents of the Philippine Chamber of Commerce.

HONG KONG-PHILIPPINES MERCHANDISE TRADE

1960-1962

Unit: HK \$1,000

	Imports			Exports			Re-export		
	1962	1961	1960	1962	1961	1960	1962	1961	1960
Live animals, chiefly for food ...	—	—	—	—	—	—	—	—	—
Meat and meat preparations...	2.3	—	—	—	—	—	—	—	—
Dairy products, eggs and honey...	5.1	10.9	—	57.8	7.0	28.2	82.0	607.2	0.2
Fish and fish preparations ...	21.5	—	—	—	—	—	177.7	33.3	22.7
Cereals and cereal preparations ...	17.7	118.0	0.1	125.4	53.9	127.1	437.5	40.9	350.4
Fruits and vegetables ...	4,778.6	5,094.6	452.4	294.6	19.5	10.4	10.1	261.9	85.0
Sugar and sugar preparations ...	5.0	20.5	3,416.6	526.6	204.1	359.1	738.4	536.8	347.1
Coffee, tea, cocoa, spices, and manufactures thereof...	93.6	57.1	2,840.4	55.2	—	2.4	141.3	75.0	127.3
Feeding stuff for animals (not including unmilled cereals)...	3,682.4	2,729.7	201.9	10.6	0.7	1.7	1,947.7	2,576.2	696.2
Miscellaneous food preparations...	91.8	30.0	48.0	—	—	—	—	—	—
Beverages ...	—	—	—	157.9	211.8	94.0	62.7	61.5	32.6
Tobacco and tobacco manufactures ...	639.7	768.4	509.6	7.9	7.2	11.0	106.7	130.7	107.8
Oil-seeds, oil nuts and oil kernels ...	132.4	—	1,385.5	—	—	—	544.0	707.8	38.6
Crude rubber, including synthetic and reclaimed...	—	—	—	—	—	—	30.3	22.1	4.4
Wood, lumber and cork ...	421.6	285.9	286.3	—	—	—	114.3	172.8	66.1
Pulp and waste paper ...	2,602.7	2,852.1	2532.3	—	—	10.3	—	—	—
Textile fibres (not manufactured into yarn, thread or fabrics) and waste ...	26.5	—	—	—	—	—	81.2	—	38.5
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones	—	—	—	—	—	—	21.6	16.5	9.3
Metalliferous ores and metal scrap ...	—	—	—	35.3	34.2	31.4	—	40.0	—
Animal and vegetable crude materials, inedible, n.e.s. ...	258.8	472.1	210.5	—	110.0	171.5	301.4	171.6	97.1
Mineral fuels, lubricants and related materials ...	9.9	107.9	25.1	23.2	11.3	13.5	54.3	56.4	102.3
Animal and vegetable oils (not essential oils), fats, greases and derivatives ...	—	—	—	—	—	—	21.3	1.8	23.1
Chemical elements and compounds ...	—	—	—	17.1	3.0	7.8	999.1	582.8	552.2
Mineral tar and crude chemicals from coal, petroleum and natural gas ...	—	181.8	1.7	9.1	19.5	38.2	—	—	—
Dyeing, tanning and colouring materials...	3.1	—	0.4	344.7	—	0.1	3,899.7	3,765.3	6,303.4
Medicinal and pharmaceutical products ...	949.5	495.4	291.2	385.1	80.2	54.3	5,315.6	5,075.0	4,822.3
Essential oils perfume materials; toilet, polishing and cleansing preparations	34.8	3.1	—	11.5	24.4	30.7	99.5	39.2	206.8
Explosives and miscellaneous chemical materials and products ...	12.8	—	—	3,211.6	443.8	2.3	4,028.6	3,069.3	892.2
Leather, leather manufactures, n.e.s., and dressed furs ...	—	7.0	—	—	—	—	0.8	13.1	51.9
Rubber manufactures, n.e.s. ...	—	2.9	—	76.5	96.8	144.2	143.4	190.6	55.4
Wood and cork manufactures (excluding furniture) ...	180.1	323.6	451.8	40.1	—	18.1	279.1	97.7	335.0
Paper, paperboard and manufactures thereof...	5.4	5.4	86.4	109.4	23.5	33.9	1,431.4	1,358.5	1,635.0
Textile yarn, fabrics, made-up articles and related products ...	1,368.5	971.9	1,036.9	2,189.4	1,875.1	8,342.2	307.7	595.4	883.7
Non-metallic mineral manufactures n.e.s. ...	—	—	8.0	102.7	105.5	149.7	23.2	14.3	5.2
Silver, platinum, gems and jewellery ...	—	—	—	206.3	17.4	78.1	304.9	805.4	1,090.2
Base metals ...	—	—	—	1,649.4	3,67.3	1,908.8	364.5	334.5	556.5
Manufactures of metals...	133.0	—	34.3	2,675.5	2,685.5	1,932.5	4,430.4	2,742.3	1,819.4
Machinery other than electric ...	946.2	54.8	74.0	1,999.1	1,278.3	1,028.7	1,054.1	801.6	639.1
Electric machinery, apparatus and appliances...	9.1	0.9	—	652.9	608.8	461.8	492.0	444.6	454.1
Transport equipment ...	72.4	33.4	5.1	3,425.7	—	941.3	—	—	—
Prefabricated buildings; sanitary, plumbing, heating and lighting fixtures & fittings	—	—	—	1,754.2	1,939.0	1,489.6	—	—	—
Furniture and fixtures ...	—	4.2	1.3	36.6	54.4	116.3	4.2	—	—
Travel goods, and similar articles ...	—	—	—	65.8	120.9	124.2	18.8	0.9	0.5
Clothing ...	2.59	3.7	6.3	251.1	256.9	1,155.4	123.1	17.6	111.8
Footwear ...	—	—	—	10.2	53.1	269.2	35.7	5.0	—
Professional, scientific and controlling instruments; photographic and optical good, watches and clocks ...	81.2	13.3	9.8	116.9	77.8	59.1	419.1	419.0	376.4
Miscellaneous manufactured articles, n.e.s. ...	8.5	98.6	37.8	1,610.0	1,084.7	1,401.2	701.4	683.4	689.3
Live animals, not for food ...	1.1	2.2	44.9	—	—	—	—	—	—
Commodities, n.e.s. ...	4.4	9.1	—	184.6	126.1	—	111.1	84.0	—
TOTAL MERCHANDISE	16,625.4	14,764.2	13,998.6	22,390.1	1,5312.8	20,756.7	29,473.9	26,695.9	23,834.7

Source: Department of Commerce and Industry, Hong Kong.

Part II

Part II

Voice of the Mission

A Rising Tide Is Bound To Float A Boat

Shortly after the mission's arrival in Manila on June 15, members attended a dinner party given in their honour by the 1962 Philippine Chamber of Commerce Trade Mission to Hong Kong.

The party was held at the Chamber of Commerce of the Philippines Building, Magallanes Drives.

In his speech of thanks, leader of the CMA mission, Mr. Wong Tok-sau, quoted the theory "A rising tide is bound to float a boat" to describe the prospects of trade between the Philippines and Hong Kong. The text of his speech follows:

As they always say, it is better late than never. And so, to all members of the CCP Trade Mission who visited Hong Kong last year we present ourselves. For all our poor entertainment and inadequate attention during your stay with us, there is only one redeeming factor. It is our presence here to-night in apology though belated.

As you all know, like your visit to Hong Kong last year, we are here also on a fact-finding visit. Of course we fully expect that in an up-coming country like the Philippines there will be many things to see and so little time for us to do so because of our brief stay. Just the same, each and every member of our mission has come with an open mind to see for themselves and gather first-hand information. The success of this mission will depend on your help and guidance.

The Great Past

The trade between the Philippines and Hong Kong was great in the past. This can be attributed to two main factors. Geographical proximity is the first. The second is because the Filipinos and Hongkongites have more or less the same mode of living, tradition and custom, with the same likes and dislikes. Due to these two

reasons I have just mentioned, Hong Kong residents have taken a great liking to the native products of the Philippines, just as the Filipino people have cultivated a taste for Hong Kong products. In recent years, however, the trade between the Philippines and Hong Kong has been steadily going downhill. A few statistics of last year will bear me out. Goods shipped from Hong Kong to the Philippines amounted to a total of \$22,390,098 in Hong Kong currency, against those shipped from the Philippines to Hong Kong which totalled HK\$16,654,893.

The figures I have just quoted are but a fraction of the total amount of export and import trade in each of the two areas. It is incredible that the amount involved is



so little. We are all aware that every country has good reasons to attain a balanced trade. With Hong Kong being a free port, if the Philippines can export to more than it imports from Hong Kong, and if the latter can manage to do more re-export, all will be well, as the adjustments thus made will prove mutually beneficial. The reason is simple. Once the Philippines increases its volume of export to Hong Kong, the amount of goods sent from Hong Kong to the Philippines would be increased correspondingly. This tendency conforms to the theory that a rising tide is bound to float a boat, and it should be the sustaining factor for trade between the two areas to thrive and prosper, thus bolstering up their economic well-being.

Right Direction

The easing of foreign exchange controls by the Philippine Government is a step in the right direction. It is hoped that the double inspection system now adopted by the Philippine Bureau of Customs will be modified to better facilitate the entry of Hong Kong products. On the other side of the picture, it behoves us to support the new economic policy of the Philippines, by encouraging Hong Kong factory owners to use their capital, technical know-how and experiences to enter into joint ventures with the people of your country, on a basis of collaboration to invest their capital and establish factories in this country for local production and sale. At the same time we hope your authorities concerned will encourage the export of agricultural products and other raw material to Hong Kong for industry, so that a balanced trade can be achieved. This is because if it is hoped to achieve a balanced trade through stringent controls imposed on the entry of goods from outside, a lopsided tendency in the supply and demand situation is bound to arise. This phenomenon not only will have reper-

cussion on the people living here, but also is an irrational arrangement in so far as the principles of economics are concerned.

On this first night of our visit, we are given the opportunity to sample the traditional hospitality for which your country and your people are so famous. We like it very much and you are wonderful. By 3rd December, the 21st Exhibition of Hong Kong products, annually sponsored by our Association will be opened. I hope all the distinguished members of your Trade Mission can make it again this year. Your visit to Hong Kong would give us the chance to reciprocate your kindness and hospitality. Your attendance at our annual event will be rewarding in the sense that it will provide us all with the chance to compare notes and exchange our opinion freely.

It is my hope that, bound by ties of goodwill and mutual esteem, leaders of the industrial and commercial circles in the Philippines and Hong Kong will continue as they had in the past to work hand in hand for greater economic progress to the Philippines and Hong Kong.

Friends of Many Years' Standing

Speech by Mr. Wong Tok Sau, Leader of the CMA Trade Mission to the Philippines, at a luncheon party given in their honour by the Chamber of Commerce of the Philippines at the Army & Navy Club on 16th June, 1961:

Gentlemen:

On behalf of the Chinese Manufacturers' Association Trade Mission to the Philippines, I have the pleasure to express great appreciation to the Chamber of Commerce of the Philippines, our friends of many years standing, for their guidance and assistance to make this most congenial meeting possible. I am indeed happy to see so many familiar and smiling faces, and I am gratified to be among friends who wish us well.

As we stepped on the soil of Manila, we saw for ourselves your great country which has every indication of a great future, and we are deeply moved by your hospitality and kindness for which your people are so famous.

My colleagues and I have come to seek your cooperation to create closer understanding, better goodwill and to promote more opportunities for greater trade between the Philippines and Hong Kong.

Although people of these two places have been on the best of understanding and friendship, trade between us in recent years has receded as statistics reveal. In 1962 Philippines exports to Hong Kong was only HK\$16,650,893.00 while Hong Kong exports to the Philippines amounted to no more than HK\$22,390,098.00 and re-exports to the amount of just over HK\$50,000,000.00. These are negligible amounts, and something must be done to improve matters.

Hong Kong is a free port, allowing unhindered access to the world's goods, and we welcome Philippine goods and produce. In return we would urge our Philippine friends to simplify procedure for the entry of Hong Kong goods into your market. Such reciprocal facilities, we believe, will greatly enhance the opportunity for larger volumes of two-way trade.

As we are now among you, leaders of a very wide cross-section of the Philippines community, we welcome your constructive suggestions to point the way to greater grade in the mutual interest of the Philippines and Hong Kong.

I can still recall rather vividly the visit paid by your trade mission to the 20th Exhibition of Hong Kong Products last year, when joint ventures by Hong Kong people and the people of the Philippines was raised. We in Hong Kong are very happy to encourage our industrialists to set up factories jointly with you in the Philippines, but we must have your cooperation and that of your Government to give us every facility, so that such commendable suggestions can be made into realities.

I would like to take this opportunity to extend the open invitation to the Philippines Chamber of Commerce to form yet another trade mission or delegation to visit



Mr. Wong Speaks at the party

the forthcoming 21st Exhibition of Hong Kong Products, with Display of Industrial Machinery and Raw Material, sponsored by the Chinese Manufacturers' Association of Hong Kong.

In conclusion, on behalf of the CMA Mission, I wish you all happiness and prosperity.

CLOSER COOPERATION FOR MUTUAL PROSPERITY

In the evening of June 17 a dinner was given in honour of the CMA mission by the Federation of Filipino-Chinese Chambers of Commerce at the Aristocrat Sun Ya Restaurant, Dewey Boulevard, Manila.

In his speech, Mr. Wong Tok-sau, leader of mission, called upon the businessmen and industrialists in the Philippines and Hong Kong to promote closer cooperation for the common objective of mutual prosperity.

Nature has placed the Philippines right where China may look across to her every morning on awakening. History tells us that some ten centuries ago early immigrants from China took with them to these fair shores a glorious civilization which has stood the test of time and the changing world. This being so, it is therefore all the more gratifying for me to be present at a gathering like this, so harmonious in Sino-Philippine relationship.

Like your Chinese overseas communities, many members in our industrial and commercial circles in Hong Kong also come from Fukien and Kwantung provinces. Over the years, intermarriages have made a great majority of your Chinese immigrants virtual Filipinos, so much so that they are members of your own big happy family. Basing on

this kinship, the trade between the Philippines and Hong Kong gives the added intimate touch. This affinity is so conducive to business transaction that when it comes to trade between your country and Hong Kong or whenever Hong Kong industrialists and businessmen come over here on business, it is just like a partnership among members of the same family. This in itself is a very good reason why the economic ties between the Philippines and Hong Kong become stronger as time goes on.

As you all know, I am leading this mission on an on-the-spot survey to gain a first-hand information of the potential in industry and commerce in this country. This visit is motivated by an earnest desire on our part to further improve the trade between the two areas and explore all possibilities for Hong Kong investment in this country.

In answer to the call of the Philippines, I have often encouraged my colleagues in industry of Hong Kong to invest here by establishing factories, thus accelerating the expansion of Philippines industry. I am sure many among you know that the Amoy Canning Corporation, of which I am the managing director, is now in the process of opening a branch here. I hope the authorities concerned in your government will accord us every facility so that we may carry our plans to success. At the same time, I look forward to you all for help and guidance.

It is regrettable that the trade between the Philippines and Hong Kong is far from being ideal in recent years. We need not, however, be over gloomy in that respect for



A toast to the binding friendship between the Philippines and Hong Kong.

as long as we keep abreast of world trend and in pace with the industrial and commercial development of both areas, business leaders on both sides can find the way to expand the scope of their activities and increase the volume of business. It therefore behoves all engaged in industrial and commercial undertakings both in the Philippines and in Hong Kong to promote closer cooperation in order that we may attain our common objective, the prosperity of the Philippines and Hong Kong.

The 21st Exhibition of Hong Kong Products, annually sponsored by the Hong Kong Chinese Manufacturers' Association will be opened in December this year. This time the exhibition site will be located at Hung Hom, on the Kowloon side. With an area of well over 300,000 square feet, the site will be the most spacious we ever had so far.

It will be our largest yet, with a wide range of products on display. In this connection, ample facilities are provided for foreign visitors and businessmen interested in visiting the exhibition or making inquiries for trading with us. I now extend to all Filipinos and overseas Chinese alike our most cordial welcome to visit our annual event.

Before I conclude, I would like to say that I look forward in the days to come to more and better Sino-Philippine cooperation, which will help the Philippines to achieve its national aspiration. I now wish you health and prosperity. Thank you.

Experience Will Point the Way

The four Philippine suburban chambers of commerce and industry tendered a warm welcome to the CMA trade mission during a dinner on June 18 at the Polar Room of the D & E Restaurant, Quezon Boulevard Extension, Quezon City, with Mr. Luis Camara as coordinator.

The four bodies are:

Mandaluyong Chamber of Commerce and Industry
Caloocan Chamber of Commerce and Industry,
San Juan Chamber of Commerce and Industry
Quezon City Chamber of Commerce and Industry.

At the dinner, Mr. Wong Tok-sau, leader of the CMA mission, said:

We are indeed thankful to the president, directors and the members of your Chambers, our hosts to-night for entertaining us with such friendliness and sincerity. Our visit here is an on-the-spot survey of the local industrial and commercial potential,

and it is gratifying for good reasons. Being either businessmen or industrialists, our common interests and aspirations cannot but be a close bond, ensuring our everlasting cooperation.

After the war, Hong Kong changed from an entrepot into an industrialized city. Although sustained by the support of our friends overseas in the last decade, we, in Hong Kong, feared and struggled hard against adversity year after year. This perseverance, however, bought about progress in Hong Kong's foreign trade. Basing on the statistics of Hong Kong's export during

the last three years, the figures in 1960 amounted to HK\$3,937,745,296. For 1961, the sum total was HK\$3,930,040,758. Compared to last year's total amount of HK\$4,387,328,638, the current year shows an appreciable increase both in general export and in export of finished products.

This is evidence in itself that despite the discrimination practiced and the controls imposed by Governments of various countries against Hong Kong's industrial effort, our industry has forged ahead and expanded over man-made obstacles. It can be said that the success of this up-hill battle has been due to our friends, overseas, who consistently and persistently helped us to win through.

It is to be noted that the two-way trade between the Philippines and Hong Kong is far from being ideal in recent years. We need not be over gloomy, however, because as long as we keep abreast of world trend and in pace with the industrial and commercial development of both areas, we can overcome past errors. Experience will point the way to create better understanding, a common ground for collaboration, and a basis on which to expand the scope of our activities and increase the volume of our business to the benefit of all. It behoves all engaged in industry or in commerce both in the Philippines and in Hong Kong to engender confidence in one another and attain the common objective.

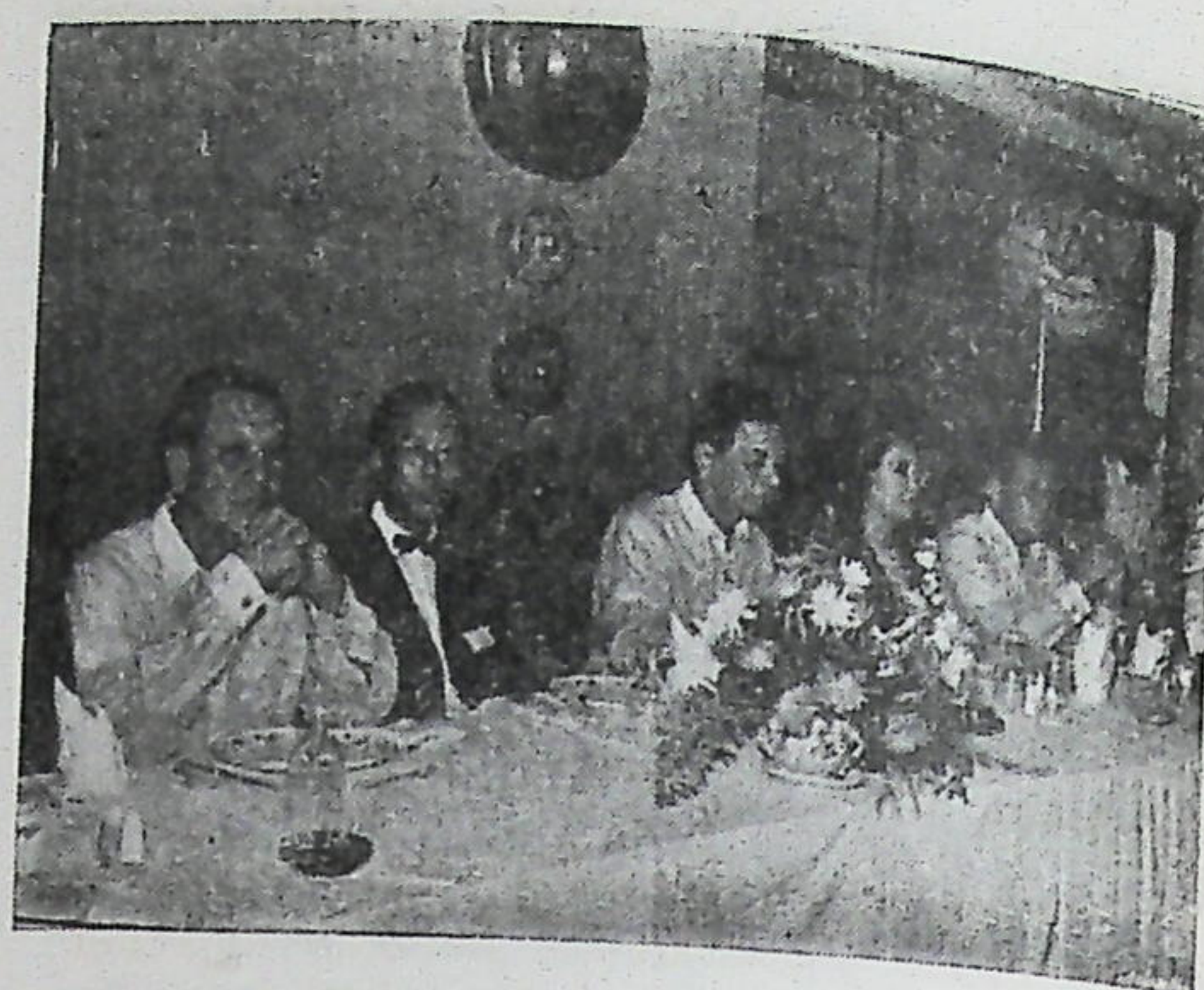
Need for Modification of Customs Regulations

On June 24, the CMA mission was invited to a luncheon given in its honour by the Philippine Chamber of Producers and Exporters.

Addressing the hosts, the mission leader, Mr. Wong Tok-sau, expressed hope for the Philippines to modify her customs regulations and encourage the export of agricultural products and raw materials to Hong Kong. He said:

The Hong Kong Chinese Manufacturers' Association has taken the initiative to organise this mission for the purpose of conducting an on-the-spot business survey here in the Philippines. The main idea underlying this visit is to observe the industrial and commercial developments of a fast progressing country like yours, as a basis for coordination of our own industry and commerce in Hong Kong. It is in this way that there can be perfect cooperation established to further expand the trade between your country and Hong Kong.

Our Trade Mission stepped on the soil of the Philippines on the 15th of June and within one week, through the guidance and



At the dinner...

The Exhibition of Hong Kong Products, annually sponsored by the Hong Kong Chinese Manufacturers' Association, will be opened on the 3rd December this year. We now extend in advance our cordial welcome to all members of your chambers to come and see it. We also welcome any suggestions or constructive criticism, for such will be the motive force for further improvement.

On behalf of all members of my trade mission, allow me to wish each and every one of you the best of health and greater prosperity.

cooperation of trade leaders and government officials of your country, particularly the officers of the Chamber of Commerce of the Philippines, we have been given the opportunity to gain an insight into your commercial and industrial activities. We have anticipated good things, and now having seen with our own eyes, we are convinced of your achievements in the fields of trade, commerce and industry. It is our firm belief that with your abundant natural resources, under the direction of your own people, your country's future will be bright and it will not be a surprise to see the Philippines a leading country in commerce and industry in the Far East.

The trade between the Philippines and Hong Kong began since time immemorial and had flourished considerably in the past. Geographical proximity is the first contributing factor to our commercial relations and because of our long association the Filipinos and the people of Hong Kong have similar mode of living, customs and tradition and likes and dislikes. For these two reasons, Hong Kong residents have a great liking for the native products of the Philippines, just as the Filipino people have cultivated a taste for Hong Kong products. But during recent years the trade between the Philippines and Hong Kong has been steadily going downhill.

It is incredible that the volume of our trade should be so little. We are all aware that every country has good reasons to attain a balanced trade. With Hong Kong being a free port, if the Philippines can export more to us than it imports from Hong Kong, and if Hong Kong can do more re-export trade, all will be well, as the adjustments thus made will prove mutually beneficial. The reason is simple. Once the Philippines increases its volume of exports to Hong Kong, Hong Kong exports to the Philippines would increase correspondingly. This should be the sustaining factor for trade between the two areas to thrive and prosper, thus bolstering up their mutual economic well-being.



Cold meat, but warm and friendly atmosphere:

The decontrol of foreign exchange instituted by the new administration of the Philippines is a step in the right direction. It is hoped that the strict and dilatory customs regulation of the Philippines will be modified to better facilitate the entry of Hong Kong products here and the shipment of Philippine products to Hong Kong. On the other side of the picture, it behoves us to support the new economic policy of the Philippines, by encouraging Hong Kong factory owners to use their capital, technical know-how and experience to enter into joint ventures with the people of your country, on a basis of close collaboration to establish factories in this country for local production and sale. At the same time we hope your authorities concerned will encourage the export of agricultural products and other raw materials to Hong Kong for its industries so that a balanced trade can be achieved.

I fully understand the philosophy behind the strict regulations on foreign trade for the Philippines. It is for the stabilisation of the Philippine economy and welfare of the people, and it is hoped that the implementation of this sound policy will not defeat its own purpose.

During our visit here we are deeply aware of the new atmosphere that is pervading everywhere in this country. We are no less impressed by the thriving industry and commerce and a happy people imbued with bright hopes for the future. Since our stay here is only of short duration, we cannot claim to have gained a deep insight into your economic set-up. As a result, our observations can only be skin deep. It is the ardent hope of each and every member of our mission that distinguished members of your Chamber will grant us their guidance so that we may act accordingly. After this mission returns to Hong Kong, the information we have acquired will be the spring-board for our concerted effort to further promote the trade between the Philippines and Hong Kong.

Salamat Po

To return the hospitality of its hosts, the CMA trade mission gave a gratitude dinner at the Petal Room, Manila Hotel, in the evening of June 25.

In his speech at the response party, Mr. Wong Tok-sau, leader of the CMA mission, said:

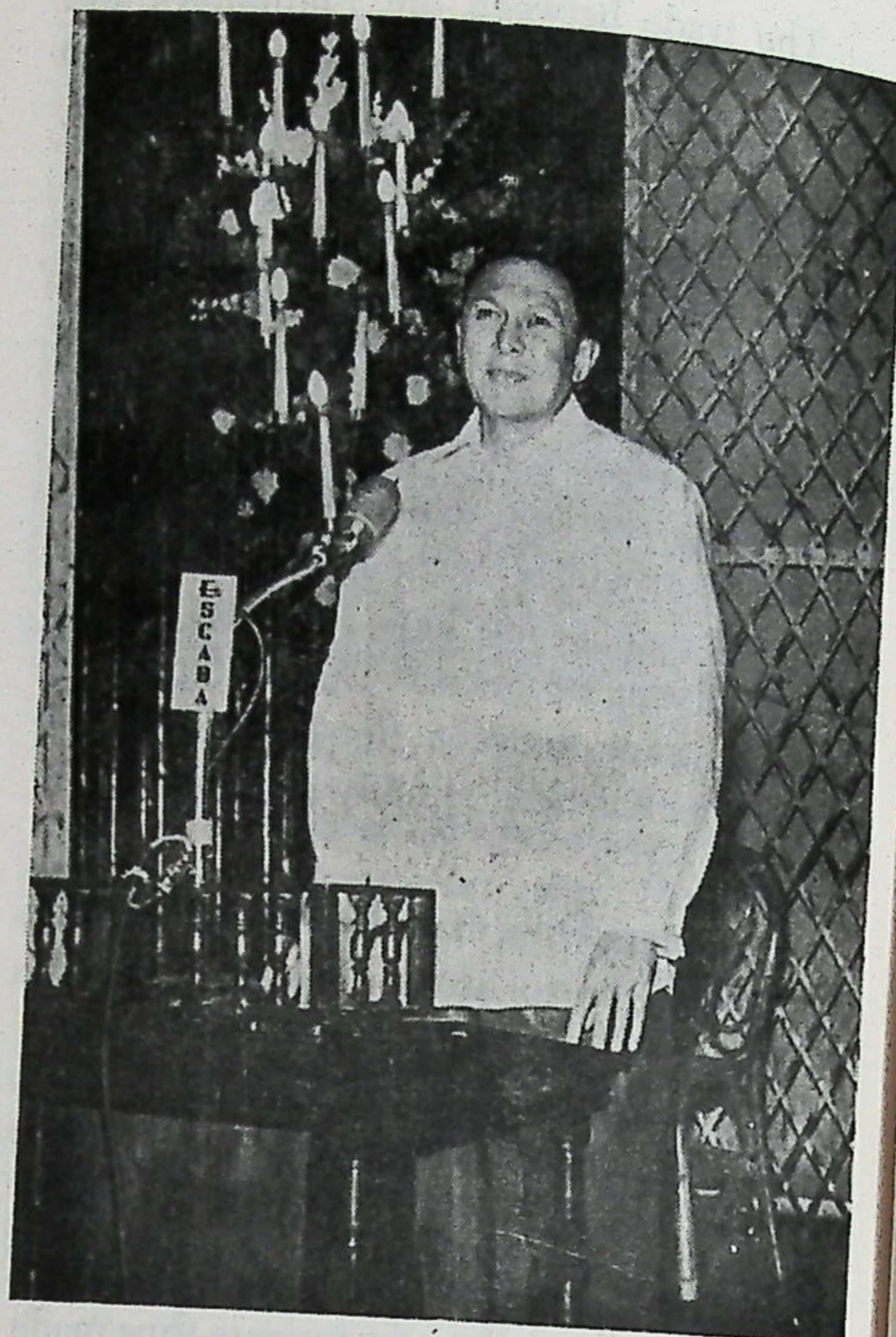
Your Excellencies, Ladies and Gentlemen:

On behalf of the members of the Hong Kong Trade Mission to the Philippines, sponsored by the Chinese Manufacturers' Association of Hong Kong, I have the pleasure to extend a hearty handshake of gratitude to all our kind hosts, who have worked so hard to make our brief sojourn here so enjoyable and fruitful.

From the bottom of our hearts we say "salamat po" to each and every one of them, and we hope that before long, your mission will come to Hong Kong again, thus giving us the opportunity to reciprocate the kindnesses and courtesies which you have extended us.

Our Trade Mission to your rich and beautiful country arrived on the 15th of June with the prime aim of exploring the possibilities of expanding two-way trade between the Philippines and Hong Kong. Within the short time of 10 days, through the guidance of your eminent President and Vice President, and the cooperation of the directors of the Chamber of Commerce and other organizations, we have been provided with all facilities to gain an understanding of your commercial and industrial activities. We have anticipated progress, and now we are convinced of your achievements in the various fields. It is our firm belief that your abundant natural resources, now being developed by your own people, will in the near future make you one of the leading industrialized nations in the Far East. When we return home, we will not fail to tell our people of the many opportunities on offer here, so that we can better cooperate with you to the mutual benefit of the Philippines and Hong Kong.

Nature has destined the Philippines and Hong Kong close neighbours, and history tells us that some ten centuries ago early



Vice President Palaex speaks at the farewell dinner.

immigrants from China brought with them to these fair shores a glorious civilization that had stood the test of time and the changing world. This being so it is therefore all the more gratifying for me to speak at a gathering like this, so friendly and genial in Sino-Philippine fellowship.

Hong Kong is a free port, allowing unhindered access to the world's goods, and we welcome Philippine goods and produce. In return we would urge our Philippine friends to simplify procedure for the entry of Hong Kong goods into your market. Such reciprocal facilities, we believe, will greatly enhance the opportunity for larger volumes of two-way trade.

I can still recall rather vividly the visit paid by your trade mission to the 20th exhibition of Hong Kong Products last year, when the matter of joint ventures by Hongkongites and Filipinos was raised. We in Hong Kong are very happy to encourage our industrialists to set up factories jointly with you in the Philippines, but we must have your cooperation and that of your Government to give us every facility so that such commendable suggestions can be made into realities.

The trade between the Philippines and Hong Kong has always been conducted on a close and intimate basis. Despite the implementation of a policy of nationalization on a number of industrial and commercial endeavours in the Philippines, industrialists and businessmen in Hong Kong are still keen on investments in this country by establishing factories to make goods for the local market, and export abroad.

The easing of foreign exchange controls by the Philippine Government is commendable. It is hoped that your customs' double inspection system, now in force, will be modified to better facilitate the entry of Hong Kong products. We gladly support your new economic policy which encourages Hong Kong factory owners to use their capital, technical know-how and experiences for joint ventures with the people of your country. We also look forward to your export of raw material and produce to Hong Kong for industry so that you may achieve a balanced trade.

I must not forget to apologize for my frankness in my statements made a few days ago, which might have been unwelcome to certain friends, but I can assure you that I did so in good faith for the good of all, thus paving the way for a healthy growth of Hong Kong-Philippine two-way trade and a yet closer economic cooperation. We are going back to Hong Kong with happy memories, and we will not forget your wonderful hospitality and kindness. Members of our mission have successfully contacted and established firmer understanding with their counterparts and have consummated a number of contracts here. This proves that greater two-way trade can be done if businessmen of both countries avail themselves of the opportunities and work together.

I would like to take this opportunity to mention our 21st Exhibition of Hong Kong Products, sponsored by our Association, which is scheduled to be opened on December 3rd this year for a period of approximately 35 days. We have a section for the display of Machinery and Raw Material from abroad, and all our foreign friends are welcome to participate. The reason for having this section is because Hong Kong has no machinery to speak of and practically devoid of raw material with which to make our products. By the inclusion of such a section the exhibition gives a more comprehensive picture of the Colony's industry, and I am happy that I can extend this invitation in person to our Filipino friends to participate in our forthcoming Exhibition. Please do

Farewell

Mr. C.K. Choi, Deputy Leader of the CMA Trade Mission to the Philippines, said in his farewell speech:

"The purpose of the CMA trade mission to the Philippines is to promote two-way trade. The mission has called on local authorities and trade organisations and the materials it has gathered throughout the mission's stay in the Philippines have been rewarding in throwing light on questions regarding trade promotion.

"The mission is indebted to the various organisations, the Press, and its friends for their hospitality, especially the Chamber of Commerce of the Philippines. I like to thank the CCP for its friendship and members of the mission owe much to this distinguished organisation for their successful visit to the Philippines.

"The mission has also visited many industrial set-ups in the Philippines and we were very much impressed by what we saw. Prosperity was evident in all the factories we visited and all indications are that the country's policy is leading its people to success.

"We were most excited to learn of the fair and equitable policy the Philippine government is pursuing in regard to foreign investors and I have no doubt that this policy is an asset to the nation as its trade grows with its trading partners.

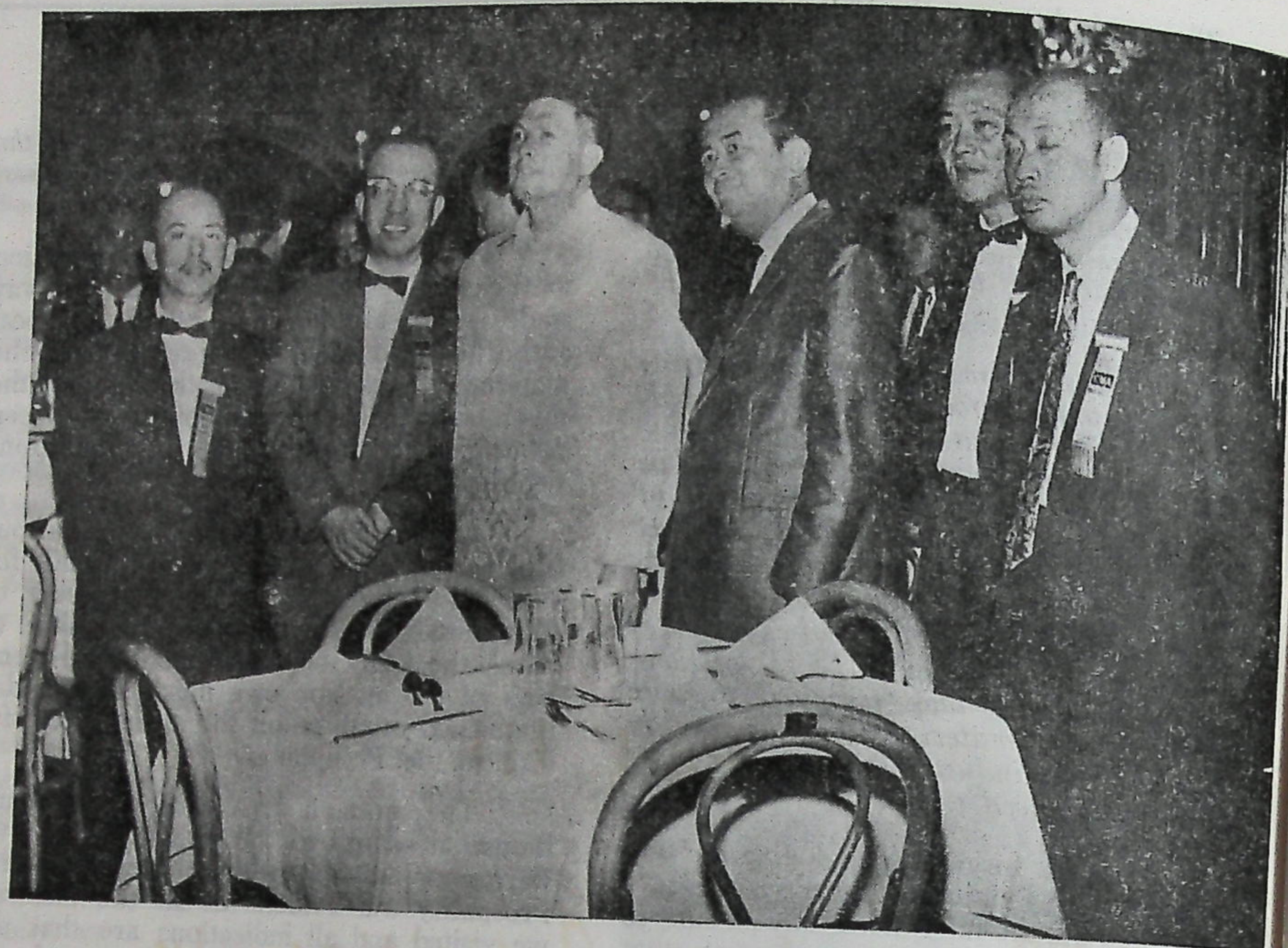
"There are quite a few overseas Chinese in the Philippines and the fact that the Philippine government has included them in its strive for economic progress is enough evidence of its fairness and is one of the many factors that have contributed to the nation's growth.

"The Chinese Manufacturers' Association has almost 2,000 members who will hear our report on the findings of the mission and we will spare no efforts to help bring about greater increase in trade between Hong Kong and the Philippines."

come. We like to see your raw material publicised and used in Hong Kong industry.

In conclusion ladies and gentlemen, please allow me the privilege to ask our Charge d'Affaires of the British Embassy, His Excellency Mr. Theophilus Peters to give a toast on our behalf.

Mabuhay and Salamat po.



At the farewell dinner.



Part III

Mission's Activities in The Philippines

Call at the Foreign Office.



Members of the CMA trade mission pictured with members of the Philippines Foreign Office, in front of the Foreign Office building.



A discussion on trade promotion with the Vice President of the Philippines, His Excellency Emmanuel Palaez, at the Foreign Office.



CMA mission members inspecting the hall of the Foreign Office. His Excellency Palaez, Vice President of the Philippines (second from left), is seen talking to CMA President, Mr. Wong and Vice President, Mr. Choi.



Members of the CMA Trade Mission with representatives of the Press at a conference at Manila Hotel.



Call on the Fukien Times



On arrival at the Manila International Airport On Saturday, June 15 1963, the CMA Trade Mission was given a warm welcome by members of the Chamber of Commerce of the Philippines.



Members of the CMA trade mission seen with their hosts at Bankers Club.



A sumptuous dinner, a hospitable reception, a consolidation of friendship... all at the Bankers Club reception.



Mr. Roger of Chartered Bank seen with Mr. Wong at the Bankers' Club.



Members of the trade mission are seen here during a visit to the British Embassy in the Philippines.



Call on the Chinese Embassy.



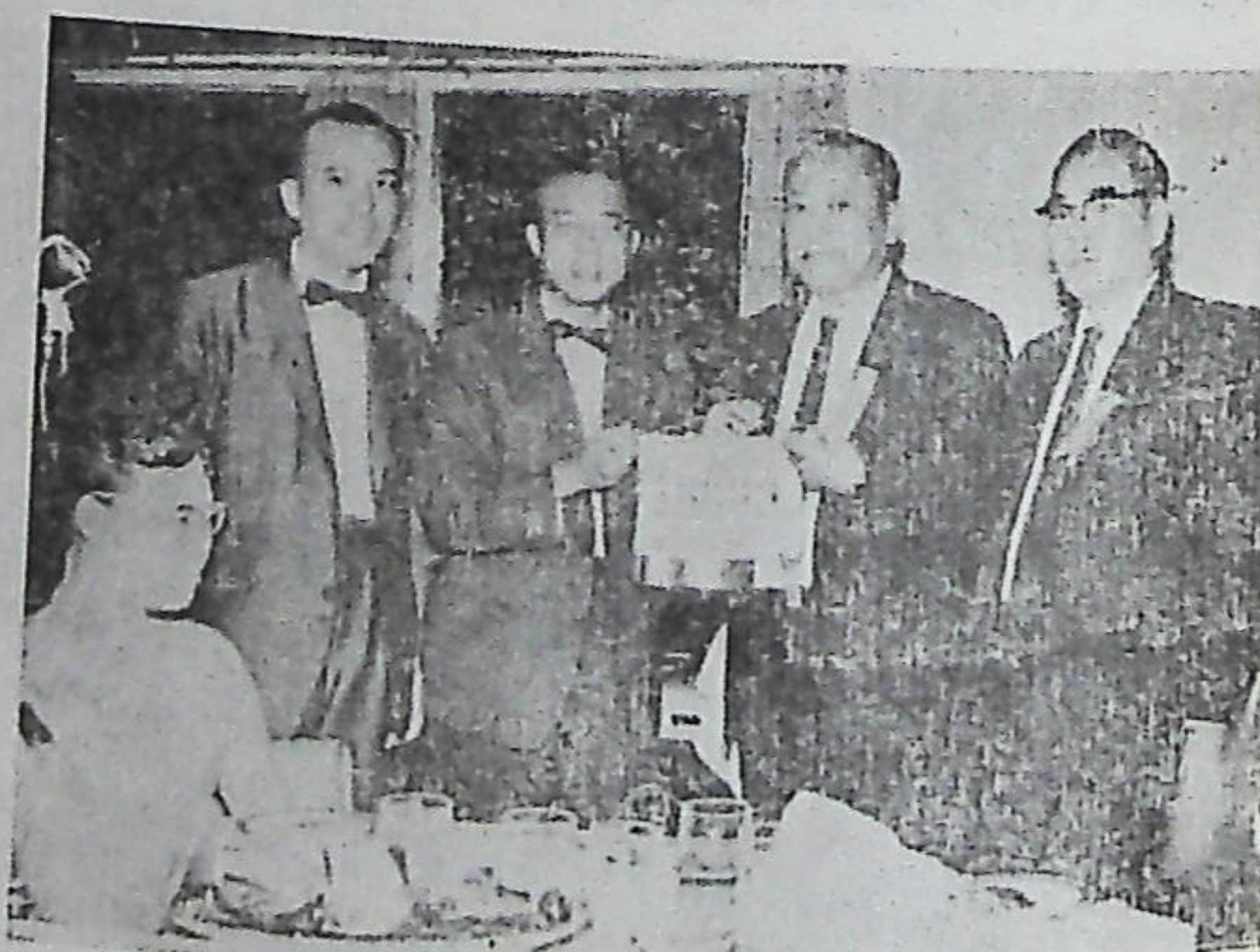
Exchanging flags at the party given by Philippine Chinese Chamber of Commerce.



At the party given by the Philippine Chinese General Chamber of Commerce.



At the party given by Suburban Chambers.



At the party given by the Philippine Chinese Importers Association.

Programme of Activities

June 15 to 26, 1963

June 15 (Saturday)

- 11:05 p.m.—Arrival at the Manila International Airport. Reception Committee: 1962 CCP Trade Mission to Hong Kong led by CCP Acting Vice-President Clemente C. Abella.
- 12:00 p.m.—Dinner tendered by the 1962 CCP Trade Mission to Hong Kong, at the Chamber of Commerce of the Philippines Building, Magallanes Drive, Manila. (Mr. Heriberto Aguinaldo, Mr. Tomas U Lim and Mr. I. Bill Obligacion, coordinators)

June 16 (Sunday)

- 12:15 p.m.—Luncheon given jointly by the Philippines Foodstuff Merchants Association and the Chinese Grocery Association, at 689 Elcano, 3rd floor, San Nicolas, Manila.

June 17 (Monday)

- 9:30 a.m.—Call on Acting Mayor Herminio Astorga, City Hall, Manila.
- 10:30 a.m.—Call on Vice President Emmanuel Pelaez, Department of Foreign Affairs, Padre Faura, Manila.
- 11:30 a.m.—Call on Secretary of Commerce and Industry Rufino G. Hechanova, Boston St., Port Area, Manila.
- 12:00 noon—Luncheon given by the Chamber of Commerce of the Philippines, at the Army and Navy Club of Manila, South Boulevard, Manila.
- 3:00 p.m.—Call on the Chinese Embassy, 2039 Dewey Boulevard, Manila.
- 5:00 p.m.—Press Conference at the Oak Room of the Manila Hotel.
- 7:00 p.m.—Dinner given by the Federation of Filipino-Chinese Chambers of Commerce, at the Aristocrat Sun Ya Restaurant, Dewey Boulevard, Manila.
- 9:30 p.m.—TV interview of the Chairman of the CMA Hong Kong Trade mission over Chamber 11 under the auspices of the Free Enterprise Society.

June 18 (Tuesday)

- 9:00 a.m.—Call on the Federation of Filipino-Chinese Chambers of Commerce, 349 Dasmarinas, Manila.
- 9:30 a.m.—Call on the Philippine Chinese General Chamber of Commerce, 956 Benavides St., Manila.
- 10:30 a.m.—Call on the British Embassy, 1414 Dewey Boulevard, Manila.
- 12:15 p.m.—Luncheon given by the Chamber of Agriculture and Natural Resources at the Aristocrat Zafair, Harrison Boulevard, Manila.
- 8:00 p.m.—Dinner given by the suburban chambers of commerce and industry at the Polar Room of the D & E Restaurant, Quezon Boulevard Extension, Quezon City, with Mr. Luis Camara as coordinator: Madaluyong Chamber of Commerce and Industry, Caloocan Chamber of

Commerce and Industry, San Juan Chamber of Commerce and Industry,
Quezon City Chamber of Commerce and Industry.

June 19 (Wednesday)

- 12:00 noon—Luncheon given by the Philippine Cantonese Association at the Moonlit Terrace, Claro M. Recto Ave., Manila.
8:00 p.m.—Dinner given by the Philippine Chinese General Chamber of Commerce, at the UNO Club Restaurant, 956 Benavides St., Manila.

June 20 (Thursday)

- 9:00 a.m.—Conference at the Philippine Chamber of Industries, Civic House, Manila Hotel.
9:30 a.m.—Visit of factories under the auspices of the Philippine Chamber of Industries.
5:00 p.m.—Cocktails given by the Manila Vice Mayor Herminio Astorga, at the Green Room, Hotel Filipinas, P. Faura St., Manila.
7:00 p.m.—Dinner given by the La Tondena, Inc. and Sycip Salazar, Luna & Associates, at the Midtown Associates, 4th floor, Far East Bank Building, Aduana St. Intramuros.

June 21 (Friday)

- 10:00 a.m.—Conference at the Chamber of Commerce of the Philippines Conference Room, Magallanes Drive, Manila.
12:00 noon—Luncheon given by the Fookien Times Co., Inc., at the Club Filipino, 441 Manga Ave., Manila.
6:30 p.m.—Cocktail-buffet Dinner given by Equitable Banking Corp., China Banking Corp., Philippine Bank of Communications and Pacific Banking Corp., at the Bankers Club of the Philippines, Plaza Goiti, Manila.

June 22 (Saturday)

- 9:00-10:00 a.m.—Conference with well-drillers at the Chamber of Commerce of the Philippines Conference Hall.
10:00-11:00 a.m.—Conference with other organisations at the CCP Conference Hall.
12:00 noon—Luncheon given by the Amoy Anglo-Chinese Alumni Association.
8:00 p.m.—Dinner given by the Philippine Chinese Importers Association.

June 24 (Monday)

- 12:00 noon—Luncheon given by the Philippine Chamber of Producers and Exporters.

June 25 (Tuesday)

- 7:30 p.m.—Gratitude dinner offered by the CMA Hong Kong Trade Mission in honour of their Philippine hosts at the Petal Room, Manila.

June 26 (Wednesday)

- 9:45 a.m.—Return trip to Hong Kong aboard a PAL plane.

