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Japan in Postwar Philippine Economy*

VICENTE B. VALDEPERAS, JR.

I wish to limit my discussion to matters of foreign trade, and foreign aid in the form of reparations payments. While these obviously do not exhaust the variegated influence of Japan on the post-war Philippine economy, foreign trade and foreign aid are probably the most vital aspects of this influence as well as being more easily documented by official government statistics of both countries. The latter are also assumed to be reliable for the most part in suggesting the general direction and pattern of Japanese-Philippine economic arrangements since 1950.

Between 1950 and 1960, Philippine export receipts (Table 1) increased from \$337 to \$560 million, representing an expansion of some 67 percent or an average of 6.7 percent per year. Over this period, export sales to Japan rose from \$23 to \$159 million or sevenfold, in effect indicating a rate of growth in Japanese absorption of Philippine exports that averaged almost 70 percent per year. As a result, Japan expanded its relative share of the market for Philippine exports

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from 6.8 percent in 1950 to 28.3 percent by 1960, a good four-fold over a period of ten years. There are three explanations for the increasing share of Japan in Philippine export trade during this period. First and somewhat obvious perhaps has been the rapid recovery and expansion of the export sector in the Philippines during the decade, even in the face of an overvalued peso that effectively inhibited what could have been a faster acceleration of export production. A second explanation has been the almost unfettered expansion of productive capacity in Japan, which summoned in effect increasing deliveries of Philippine exportables in the form of material inputs as the Japanese succeeded in accelerating their gross domestic product by 8.8 percent per year.¹ Finally, the prolonged negotiations and eventual approval of the Reparations Agreement in Manila on 9 May 1956 stimulated Japan to increase its absorption of Philippine exports. An elaboration of this point is presented in a subsequent portion of this paper.

However, since 1960 there has been a general deceleration of economic activity in the Philippines. In fact, the annual growth of gross domestic product decelerated from an average of 6.9 percent during 1950-60 to 4.7 percent during 1960-67.² Production of commodity exports decelerated from 6.4 percent per year in 1950-60 down to 5 percent in 1960-67.³ Consequently, export receipts decelerated slightly from \$560 to \$848 million. The deceleration in export value that would have followed a general deceleration in export production was arrested and more than compensated by 1) the devaluation of the peso on 21 January 1962, 2) the escalation of the Vietnam war since 1965, and 3) the acceleration of gross domestic product in Japan at the average rate of 9.6 percent per year during 1960-68, reflecting almost a 10 percent improvement in the rate of annual expansion during the previous decade of 1950-60. Japanese absorption of Philippine exportables in-

¹ Table 187, p. 579, *Statistical Yearbook 1968*, United Nations, New York, 1969.

² *Ibid.*

³ *Statistical Bulletin*, Central Bank of the Philippines, vol. 19, no. 4 (December 1967).

creased from \$159 to \$398 million between 1960 and 1968, or by nearly 19 percent per year, which is significantly different from the comparable rate of annual absorption for the preceding decade 1950-60. Even the persistent postponement on the part of the Philippine Senate to ratify up to this day the Philippine-Japan Treaty of Amity, Commerce and Navigation signed on 9 December 1960 in Manila failed to dampen the guzzling rate at which Japan was absorbing Philippine exportables. As a result, Japan by 1968 was buying up as much as 47 percent of all exportables sold by the Philippines.

In the matter of imports purchased by the Philippines, Japan has continually increased its relative share of the Philippine market for imports from 5.5 percent in 1950 to 23.2 percent in 1960, and finally to 32 percent by 1968, the latest period when good data are available. In absolute values, while total imports to the Philippines increased from \$384 to \$663 million between 1950 and 1960 or by 7.3 percent per year, Japan increasingly supplied from \$21 to \$154 million of the total imports over the period, in effect expanding its supply of imports to the Philippines by 63 percent per year, which was slightly faster than the rate at which the Philippines was supplying Japan with exportables of raw materials during the same period. A number of developments in the Philippines at this time made it possible for the country to expand its purchases of imports in general and for Japan to increase its relative share of the total imports in particular. Productive capacity in the Philippines was expanding fairly rapidly in the decade 1950-60, by 6.9 percent per year as a matter of fact. Part of this expansion was the acceleration of import substitution activities largely under the stimulus of an overvalued peso and the benign umbrella of nationalism or the Filipino First Policy of industrialization. The overvalued peso arbitrarily but nevertheless effectively reduced the peso cost of producing domestic manufacturers, the price of most of which was kept also arbitrarily high under a regime of exchange controls that discriminated against certain categories of imports on the basis of some ambiguous essentiality. The Filipino First Policy of industrialization proved an effective truncheon

scaring away alien operators to their homelands at the same time that it brought into the resulting void all manner of indigenous entrepreneurship running up factories to produce import substitutes. As the range of import substitution expanded and local entrepreneurship waxed in strength and expertise through much trial and error, the level of imports of both fixed equipment and inputs for processing rose rapidly. At the same time, both the Philippine and the United States Governments succeeded in revising their 1946 Trade Agreement, replacing it in 1955 with the Laurel-Langley Agreement which went into effect 1956. The latter Agreement accelerated the assessment of Philippine import duties on American goods which hitherto had enjoyed preferential treatment. Thus, Japanese-supplied imports managed to compete more effectively with those supplied by the Americans. As a matter of fact, Philippine absorption of imports from Japan continually increased by 16.7 percent per year, from \$154 million in 1960 to \$411 by 1968. The general deceleration in the Philippine gross domestic product which rose by 4.7 percent per year over the latter period served only to increase total imports by 9.2 percent per year, even in the face of the devaluation initiated early in 1962 and officially completed late in 1965. Beyond the effects of the 1955 Revised Philippine-United States Trade Agreement, the fact of Japan increasing its sales of exports to the Philippines by 16.7 percent per year and its relative share of the import market in the Philippines from 23.2 to 32 percent between 1960 and 1968 must also be explained by the ability of Japanese manufacturers to increase productivity and to translate productivity gains into stable export prices for Philippine importers.

The relative share of the Philippines in the foreign trade of Japan is increasing, though it amounts to less than 5 percent (Table 2). Philippine purchases accounted for 2.5 percent of the total exports sold by Japan in 1950, and rose to 3.2 percent by 1968. On the other hand, Philippine sales represented 2.3 percent of the total imports bought by Japan

in 1950 and 3.1 percent in 1968. Over the period, the share of the Philippines in the import market of Japan has remained somewhat more stable than its share in the export market of Japan.

This is partly explained by the structure of trade between the Philippines and Japan (Table 3). In 1968, 62.4 percent of the exports sold by the Philippines to Japan were in the nature of raw materials such as logs, and another 28.9 percent in metal ores and scraps which are really material inputs for further fabrication. In other words, more than 90 percent of the Philippine exports sold to Japan are essential grist for manufacturing, the world market for which can be considered fairly stable insofar as incomes are stable in the United States and West Europe, where a large proportion of Japanese exports get sold. Most of the Philippine imports from Japan, on the other hand, are machinery and equipment which account for 38.4 percent, metal products 25.8 percent, and semi-fabricated textile materials 12.9 percent; in short, manufactures the consumption of which can fluctuate as quickly as changes in monetary and fiscal policies affecting decisions to invest in the Philippines. Even as Philippine export and import trade with Japan may not constitute a large part of Japan's foreign trade, it nevertheless represents an increasing proportion of the Philippine Gross National Product (Table 4).

In 1950, the Philippine export and import transactions with Japan amounted to 1.3 percent of its GNP, rising to 5.3 percent in 1960 and to 9.8 percent by 1968. In absolute values, Philippine foreign trade with Japan expanded from \$44 million in 1950 to \$313 million in 1960 and to \$809 million in 1968.

In effect, Japan has become in this part of the world a growing point which like a nerve center stimulates, vivifies and draws into the ambit of its expanding productive activities the rest of Southeast Asia's economies, certainly in the 18 years of Philippine economic expansion that have been documented up to this point. Whether this trend of economic expansion and linkages between the Philippines and Japan

will continue is difficult to establish with comfortable certainty. The tenor of contemporary Philippine policy argues for revising the structure of its exports, which implies that most of them will be effectively impounded at home for further manufacturing, rather than sold abroad as material inputs. Such developments as the Iligan Integrated Steel Mill and the Elizalde Iron and Steel Corporation along with protective tariff walls portend changes in the level and composition of the Philippine import trade with Japan. At the same time, it has been known that industrial wages in Japan are not only relatively higher than in the Philippines, but are continually rising as Japan experiences a scarcity of labor. This in itself should induce Japanese businessmen to set up factories in neighboring Southeast Asian countries, particularly those with a substantial technical and educated labor force and a relatively non-autarkic investment climate.

Besides foreign trade, a second major form of economic arrangements between the Philippines and Japan is in the matter of foreign aid, more specifically the reparations payments that began to be made 7 January 1957.

The arrangements for reparations date as far back as the 1951 San Francisco Conference.⁴ The Filipino and Japanese representatives at the Conference succeeded in signing a peace treaty, though its ratification in the Philippine Congress was premised on an acceptable reparations agreement. Negotiations over the amount and composition of reparations to be paid began 28 January 1952 and was completed 20 May 1955. The Reparations Agreement itself was signed in Manila on 9 May 1956.

The Agreement pegged the reparations to a total value of \$550 million. Payment was to be made in the form of technical services and capital goods. During the first 10 years, reparations were to be paid at an average rate of \$25

⁴ For a brief and lucid account of the reparations question up to 1958, consult Frank H. Golay, *The Philippines: Public Policy and National Economic Development*, 1968 Cornell Paperbacks, (Ithaca, New York: Cornell University Press, 1961), pp. 307-11.

million per year, and in the next 10 years, \$30 million per year. In addition, Japan agreed in a separate note to facilitate \$250 million of loans to be extended "by private Japanese firms and individuals to Filipino firms and nationals on a commercial basis". These loans were to be primarily in the form of capital goods and extended on terms as commercially favorable as would be available.

It has not been possible to gather data on the latter provision concerning loans. Our discussion of the Reparations Agreement will be limited therefore to purely reparations transfers that have flowed between Japan and the Philippines since 7 January 1957. How much has Japan delivered so far, how has the Philippines used the reparations payments up to this point?

Philippine policy on the utilization of reparations payments from Japan was defined in R.A. No. 1789 of 21 June 1957. The private sector is allocated 60 percent of the total reparations to be paid over the period of 20 years, and the public sector, the other 40 percent. Moreover, the portion earmarked for the public sector will be used to stimulate, support and complement private enterprise. If private enterprise fails to use all its share of the reparations goods and services, the remainder will be used by the government. Income from the sale of reparations goods and services will constitute a Special Economic Development Fund which will be available to what was then the Rehabilitation Finance Corporation (RFC) and to the Philippine National Bank (PNB) to be used in the following manner: 1) 50 percent of the Fund for industrial (manufacturing) loans, 30 percent for agricultural loans, and the other 20 percent for public schoolhousing. A revolving fund of ₱20 million, equivalent to \$10 million at the time, was set aside exclusively to help establish rural banks. Another sum of ₱50 million, equivalent to \$25 million then, was also earmarked to buy landed estates for the land reform program that was in effect at the time. Republic Act No. 1789 also enables reparations transfer in the form of consumer goods to be distributed by what was

then the National Marketing Corporation (NAMARCO) during emergency conditions. This legislation set up a Reparations Commission of 3 members to implement Congressional policy on the use of reparations goods and services.

The data that are subsequently adduced are taken from the Reparations Commission's *Reparations Payments Financial Reports as of 22 July 1969*. Since the basic data are quoted in peso values on a fiscal year basis, it will become necessary at some points in this paper to convert the peso values into dollar values, and these on a calendar year basis. For peso-dollar value conversions, Commission officials have suggested using the exchange rate of ₱2/\$1 for the period 1957-1961, and ₱3.90/\$1 from 1962 to 1969.⁵

As of March 1970, Japan has delivered \$350 million of reparations goods and services to the Philippines, leaving \$200 million to be delivered during the next 6 years that remain to the Reparations Agreement. The bulk (94 percent) of the total reparations that have been transferred during 1957-1969 (Table 5) have been in the form of capital goods, such as machineries and equipment of different sorts, while the other 6 percent represented technical services and miscellaneous payments for salvaging sunken vessels and operating the Philippine Reparations mission in Tokyo and the Department of Foreign Affairs.

Moreover, during the last 14 years of the reparations transfers, the government sector appropriated 50.3 percent of the total transfers of ₱615 million, leaving to the private sector the other 49.7 percent. This distribution fails to reflect the 1957 Congressional policy of allocating 60 percent of all reparations to private enterprise. The portion that was absorbed by the private sector was largely applied toward transport and communication (50 percent), exclusively shipping industry, and manufacturing (36.8 percent). The bulk of the reparations appropriated by the government went into public

⁵ This suggestion was made by Atty. Escalona, Acting Assistant Executive Director, Reparations Commission, in an interview with Mr. Eduardo Chaves, graduate assistant, 12 March 1970.

works (39.1 percent), transport and communication services (14.7 percent), education and health (13.7 percent), agriculture, logging, sawmilling and fishing (11.0 percent), and miscellaneous payments (10.4 percent). Thus in terms of the total Japanese reparations transferred so far, most of the Philippine industries, private and public, that have been largely supported are transport and communications services (31.7 percent), manufacturing (22.7 percent), and public works (19.7 percent). Even as the government has appropriated 50 percent of all the reparations, it has limited their utilization to public works production for the most part. Most of the manufacturing and transport and communications services that have been supported by the reparations transfers remain largely operated by private enterprise.

In the matter of private manufacturing, most of the machines and equipment transferred through reparations (Table 6) were used toward production of textiles (50.3 percent) and non-metallic mineral products (27.7 percent), somewhat less toward production of paper products (6.2 percent) and printing (6.5 percent), and even less toward the production of chemicals (3.6 percent) and metal products (3.4 percent).

The government portion of reparations goods and services has been largely appropriated by the national level of the Philippine government (Table 7). In the period 1957-69, about ₱301 million or 97 percent of the government share of the reparations were allotted to the central government while only ₱9 million or 3 percent were allocated to the local governments. At the national level, the government used most of its share of the reparations to support public works (38.3 percent), transport and communication services (15.3 percent), education and health services (13.9 percent), agriculture and fishing (11.4 percent), and miscellaneous payments (10.1 percent). Local governments, on the other hand, used most of whatever they managed to get of the reparations goods and services to underwrite public works (77 percent), rural electrification (13 percent), and education and health services (9 percent).

Between 1957 and 1968, Japanese reparations in machines and equipment accounted for an average of 2.6 percent of

Philippine capital formation in durable goods (Table 8), though this proportion in any one year during the period has ranged from as low as 0.9 percent in 1962 to as high as 10.4 percent in 1958. Deliveries have also fluctuated in value from year to year, ranging from P13.5 million in 1962 to P87.3 million in 1967. As a matter of fact, during the first 10 years of the reparations transfers, i.e., from 1957 through 1966, it was only during the latter year that the reparations flow ever approximated an average annual rate of \$25 million as stipulated in the Reparations Agreement of 9 May 1956. During the second 10 years, the reparations flow since 1966 has never quite reached the annual average rate of \$30 million that the same Agreement also stipulated, even as it is true that since 1957 annual deliveries have tended to increase in general.

There is some evidence that the inflow of reparations from Japan to the Philippines has fluctuated periodically with variations in the political climate in Manila. Data from the Philippine Reparations Commission which are quoted on fiscal year basis (Table 9) show that the volume of reparations deliveries steadily increased from P17 million in 1957 to P44 million in 1958 and to as much as P51 million by 1959. What happened politically between the Philippines and Japan during this period? The happening actually started 9 May 1956 when both countries in signing the Reparations Agreement sounded out the possibility of negotiating a treaty of friendship, commerce and navigation. While waiting for it, however, both countries adopted temporary agreements on trade and immigration on 7 January 1958 and 24 July 1958, and in the course of his state visit to Japan, President Carlos P. Garcia announced on 5 December 1958 an agreement between both countries to arrange for such a treaty. A draft of such a treaty was submitted by Japan in July 1959, its terms negotiated for over a year, finally concluded and signed on 9 December 1960 in Tokyo as the Treaty of Amity, Commerce and Navigation. As it was being negotiated, the inflow of reparations got reduced from P51 to P24 million between July 1959 and June 1960. It was accelerated from P24 to P75 million between

July 1960 and June 1961 when the treaty was concluded. And when it failed of ratification in the Philippine Senate, the reparations transfers were cut down to P14 million between July 1961 and June 1962, and further reduced to P13 million from July 1962 to June 1963. Toward his bid for presidential reelection, Diosdado Macapagal succeeded in persuading Japan to accelerate the reparations transfers. They rose to P39 million between July 1963 and June 1964 on the presumption that effective efforts would be applied toward ratification of the treaty. As the prospects for this became dim, the flow of reparations receded once more to P16 million between July 1964 and June 1965. However, partly because of the public works construction that preceded the presidential elections in November 1965 and partly because they were eventually won by Ferdinand E. Marcos who ran on the platform of more rice, more roads and more schools, the flow of reparations goods expanded enormously to P65 million between July 1965 and June 1966. It continued to increase further to P86 million between July 1966 and June 1967, and even more between July 1967 and June 1968, when reparations transfers totaled P89 million, the greatest volume ever delivered in the 12 years that the Reparations Agreement has been in effect since 1956. The latter development was partly in response to a Philippine court decision legitimizing nationalization of trade activities especially at the retail level, which scared if not excluded the Japanese businessmen in Manila. It was also inspired by the brightening prospects of getting the Philippine Senate to ratify the 1960 Treaty of Amity, Commerce and Navigation under the leadership of Marcos. Marcos needed the reparations machinery and equipment to irrigate more ricefields, build more roads and set up more schoolhouses. He also appeared to have a good chance of steering the Senate towards an eventual ratification of the treaty, having been its president at one time as well as a war hero decorated, it is said, with as many as 17 medals from the United States Government and hence presumably pro-American if not pro-Japan. He also happened to be and still is a golf companion of Kishi, brother of Premier Eisaku Sato. With all his promise, however, Marcos

showed no visible signs of effectively getting the Senate to ratify the 1960 treaty. Thus, Japan once more cut back the flow of reparations goods and services to ₱47 million between July 1968 and June 1969. In short, the history of reparations transfers between Japan and the Philippines up to this point has generally followed the way of most foreign aid programs between the developed and the underdeveloped countries: that is, to use foreign aid as a major political instrument to elicit concessions of an economic or political nature.

For Japan's economic dimensions, its total reparations commitments add up to a rather small proportion of its GNP (Table 10). For the period between 1961 and 1968, total reparations transfers as a proportion of Japan's GNP averaged seven-hundredths of 1 percent per year, while that portion delivered to the Philippines averaged about two-hundredths of 1 percent of Japan's GNP. Over this period, however, reparations deliveries to the Philippines averaged about 22 percent per year of all the reparations transferred by Japan to Southeast Asia.

Commodity trade and reparations transfers have been the major avenues of Japanese penetration in the postwar economy of the Philippines up to this period. The loans that have been periodically extended since 1955 by Japanese private bankers to Filipino firms and nationals constitute another form of Japan's participation in the Philippine economy. Between 1955 and June 1969, such loans averaged 8.4 percent of the annual foreign debt of the Philippines (Table 11). Their magnitude has ranged from as high as 35 percent of the Philippine foreign debt in 1959 to as low as 1.5 percent in 1967. The loans themselves have fluctuated in value between \$3.2 million in 1948 and \$42.4 million in 1959. The fluctuations appear to follow and converge with the sort of periodicity that has characterized the flow of reparations transfers themselves. That is, the volume of loans from private bankers in Japan has risen and fallen as the enthusiasm of Filipinos for negotiating and ratifying a treaty of amity, commerce and navigation rose and declined. It is rather clear from this convergence in the periodicity of both private loans and govern-

ment reparations from Japan that ratification by the Philippines of the 1960 Treaty of Amity, Commerce and Navigation is a necessary condition for increased Japanese participation in the Philippine economy.

While it is probably true that much of the current Philippine hesitancy in ratifying the treaty is inspired by a backlash of emotionalism, it should also be pointed out that there are some basic ambiguities in the 1960 treaty about which many Filipinos are rather uneasy. One relates to navigation in Philippine waters. Japan's policy of territorial demarcation follows the usual international convention which extends national jurisdiction within 3 miles of a country's shoreline. The Philippines, on the other hand, continues to adopt the 12-mile convention. Unless this and other ambiguities get clarified, there is some presumption that the Philippine Senate may continue the kind of foot dragging it has maintained on the ratification of the treaty.

Its failure to ratify the treaty, however, has not completely disenchanted the Japanese businessmen or kept them from getting more involved in Philippine industry. They have generally come either as traders to set up branch offices to distribute capital goods—for example, the operations of C. Itoh and Company Ltd. in Manila—or as direct investors in joint manufacturing and mining enterprises such as their participation in the Elizalde Iron and Steel Corporation, Philippine Iron Mines, in the production of Yamaha musical instruments and Ajinomoto condiments. Japanese direct investments in joint ventures with Filipino businessmen have reportedly averaged between 25 and 30 percent of total equity participation.

In conclusion, during the last 20 years the evidence shows that Japan's participation in the Philippine economy has been steadily increasing. Japan's purchases of Philippine exports expanded by 16 times, while its sales of imports to the Philippines rose by 18 times. Its share of the Philippine export market has risen from less than 10 percent in 1950 to nearly 50 percent by 1968, and its share in the import market in

the Philippines has increased from less than 6 percent to more than 30 percent. It is true, however, that the Philippine-Japan trade continues to follow to this day the colonial pattern of trade that has long characterized the Philippine-United States trade. This is, most of the exports remain in the form of material inputs for further production, while the imports are largely final goods for direct consumption or utilization.

There is some evidence, however, that this pattern of trade will probably get modified, as reparations transfers in the form of machinery and equipment succeed in generating feed-backs particularly from private manufacturing firms in the Philippines. Even as their periodic inflow has been largely determined by political maneuvers, reparations transfers from Japan amount nonetheless to a significant proportion of the Philippine capital formation in durable goods. The same is true of the loans that Japanese private bankers have been extending to Filipino businessmen since 1955.

Further acceleration of Japanese participation in the Philippine economy appears to depend immensely on whether the Philippine Senate soon ratifies the 1960 Treaty of Amity, Commerce and Navigation. A major source of Philippine hesitancy toward its ratification stems from differences in Philippine and Japanese policies on territorial boundaries. Unless this particular divergence in national policies gets resolved, the prospects of a treaty ratification are rather bleak.

Even so, Japanese businessmen have not been discouraged from increasing their participation in several Philippine manufacturing and mining activities. There is good reason to believe that, left to their own initiative and imagination, Japanese and Filipino businessmen will continue to find in joint ventures an increasingly workable mode of economic cooperation, even as it can be effectively accelerated and expanded by an eventual ratification of the treaty of amity, commerce and navigation.

Table 1: Philippine-Japan Foreign Trade 1950-68, values in million U.S. dollars

Period 1	Exports, f.o.b.		Imports, c.i.f.		Relative share	
	2 Total	3 To Japan	4 Total	5 From Japan	6 3/2	7 5/4
1950	\$337	\$ 23	\$ 384	\$ 21	6.8%	5.5%
1955	389	89	641	52	22.8	8.1
1960	560	159	663	154	28.3	23.2
1965	768	254	894	240	33.0	26.8
1966	828	325	957	278	39.2	29.0
1967	812	374	1172	363	46.0	30.9
1968	848	398	1280	411	46.9	32.1

Sources: Total trade data, *International Financial Statistics*, IMF. Trade to and from Japan data, *Statistical Handbook of Japan 1969*, p. 81, Bureau of Statics, Office of the Prime Minister, Japan; and, *Statistical Survey of Japan's Economy 1969*, pp. 42, 46, Economic Affairs Bureau, Ministry of Foreign Affairs Japan.

Table 2: Japan-Philippine Foreign Trade, 1950-68, values in million U.S. dollars

Period 1	Exports, f.o.b.		Imports, c.i.f.		Relative share	
	2 Total	3 to Phil.	4 Total	5 from Phil.	6 3/2	7 5/4
1950	\$ 820	\$ 21	\$ 974	\$ 23	2.5%	2.3%
1955	2011	52	2471	89	2.1	3.6
1960	4055	154	4491	159	3.8	3.5
1965	8452	240	8169	254	2.8	3.1
1966	9776	278	9523	325	2.8	3.4
1967	10442	363	11663	374	3.5	3.2
1968	12971	411	12987	398	3.2	3.1

Sources: *Statistical Handbook of Japan 1969*, p. 81, Bureau of Statistics, Office of the Prime Minister, Japan; and, *Statistical Survey of Japan's Economy 1969*, p. 42, 46, Economic Affairs Bureau, Ministry of Foreign Affairs.

Table 3: Commodity Distribution of 1968
Philippine-Japan Trade

	Philippine Export to Japan	Percent Distri- bution	Philippine Import from Japan	Percent Distri- bution
Total Value (\$1000)	\$398	100.0%	\$411	100.0%
Foodstuffs	21	5.3	22	5.35
Textile materials	5	1.2	53	12.9
Metal ores & scraps	115	28.9	—	0.0
Raw materials, n.e.s.	248	62.4	—	0.0
Mineral fuels	1	.25	—	0.0
Chemicals	2	.50	30	7.3
Machinery & Equipment	1	.25	158	38.4
Non-metallic manufactures	—	0.0	11	2.7
Metal Product	—	0.0	106	25.8
OTHERS	5*	1.2	31	7.5

* Residually estimated.

Source: *Statistical Survey of Japan's Economy 1969*, p. 45, Economic Affairs Bureau, Ministry of Foreign Affairs, Japan.Table 4: Philippine GNP and Trade with
Japan, 1950-1968

Period	Phil. GNP billion U.S. dollars	Phil.-Japan Trade* million U.S. dollars	Phil.-Japan Trade as ratio of Phil. GNP
1950	\$3.2	\$ 44	1.3%
1955	4.3	141	3.2
1960	5.8	313	5.3
1965	7.2	494	6.8
1968	8.2	809	9.8

* Sum of Philippine export and import transactions with Japan.

Sources: 1950 GNP *Statistical Reporter*, National Economic Council, vol. 8, no. 2 (April-June 1969), converted from peso to dollar values at ₱2/\$1 exchange rate, the result subsequently raised by the average rates of real growth during 1950-60 and 1960-67 as quoted in *Statistical Yearbook 1968*, United Nations (New York, 1969), Table 187, p. 579. Philippine-Japan trade data from the previous Table 1.

Table 5: Level and Distribution of Reparations Goods and Services Transferred by Japan to the Philippines, 1957-1969, thousand pesos*, f.o.b.

A. User-Industry	Private		Government		Total	
	Value	Percent	Value	Percent	Value	Percent
Agriculture & fishing	P 16036	5.4	P 34161	11.0	P 50197	8.2
Electrification	305	0.3	7690	2.0	7995	1.4
Mining	5797	2.0	350	0.1	6147	1.0
Manufacturing	117493	36.8	22191	7.0	139684	22.7
Transport & communication	150001	50.0	45596	14.7	195597	31.7
Other projects	15864	5.5			15864	2.6
Public works			121402	39.1	121402	19.7
Education & health			42577	13.7	42577	6.9
Technical services	68	0.0	3356	1.1	3424	0.6
Miscellaneous payments			32232	10.4	32232	5.2
Total	P305564	100.0	P309555	100.0	P615119	100.0
Percent	49.7		50.3		100.0	
B. Types of Reparations						
Machinery & equipment	P305496	99.9	P273967	88.5	P 79463	94.2
Technical services	68	0.0	3356	1.1	3424	0.6
Miscellaneous			32232	10.4	32232	5.2
Total	P305564	99.9	P309555	100.0	P615119	100.0

* Figures rounded off to the nearest thousand.

^b E.g., World War II Veterans Enterprises, Explosive Engineers, Legionaries Enterprises.

Source: *Reparations Payments Financial Reports as of 22 July 1969*, Reparations Commission, Buendia Avenue, Makati, Rizal, Philippines.

Table 6: Distribution of Reparations Machinery and Equipment for Private Manufacturing, 1957-69, thousand pesos*, f.o.b.

Type of Manufacturing	Value	Percent
Food	P 1,075	.5
Tobacco	1,710	.8
Textiles	110,903	50.3
Wood products	400	.2
Furniture	87	.0
Paper products	13,432	6.2
Printing	13,948	6.5
Rubber products	105	.0
Chemicals	7,525	3.6
Non-metallic products	60,582	27.7
Metal products	7,255	3.4
Electrical products	533	0.2
Transport Equipment	768	0.4
Miscellaneous manufactures	391	0.1
Total	P218,714	100.0

* Figures rounded to the nearest thousand.

Source: same as Table 5.

Table 7: Distribution of Reparations Goods and Services absorbed by the Government Sector, 1957-69, thousand pesos*, f.o.b.

User-Industry	National		Local		Total	
	Value	Percent	Value	Percent	Value	Percent
Agriculture & fishing	P 34,161	11.4			P 34,161	11.0
Electrification	6,553	2.3	P 1,137	12.9	7,690	2.0
Mining	350	0.1			350	0.1
Manufacturing	22,191	7.4			22,191	7.0
Transport & communication	45,596	15.3			45,596	14.7
Public works	114,656	38.3	6,746	77.0	121,402	39.1
Education & health	41,774	13.9	803	9.1	42,577	13.7
Technical services	3,285	1.2	71	1.0	3,356	1.1
Miscellaneous payments	32,232	10.1			32,232	10.4
Total	P300,798	100.0	P 8,757	100.0	P309,555	100.0
Percent	97.1		2.9		100.0	

* Figures rounded to the nearest thousand.

Source: The same as Table 5.

Table 8: Japanese Reparations Capital Goods in Relation to Philippine Gross Domestic Capital Formation in Durable Goods, 1957-1968

(in million pesos)

1 Period	2 Philippine Gross Domestic Capital Formation in durable goods	3 Reparations Capital Goods Delivered by Japan	4 3/2 Percent
1957	P 438.3	P 30.5	6.9
1958	457.9	37.6	6.6
1959	567.6	47.7	10.4
1960	591.1	48.8	8.4
1961	1,254.7	44.0	3.5
1962	1,560.0	13.5	.9
1963	1,786.1	26.1	1.5
1964	2,290.0	27.8	1.2
1965	2,261.7	40.9	1.8
1966	2,641.2	75.6	2.9
1967	3,400.8	87.3	2.6
1968	3,589.7	67.8	1.9
Total	P20,829.1	P547.6	2.6

Note: Calendar year data on reparations are averages of 2 fiscal years.

Sources: *Statistical Reporter*, National Economic Council, vol. 8, no. 2 (April-June 1969), for Philippine capital formation in durable goods. Reparations data are from the same source as Table 5.

Table 9: Flow of Reparations Goods (Machines and Equipment), fiscal years 1957-69

Year	Value, f.o.b.
1957	P17,022,075.18
1958	44,001,185.54
1959	51,436,783.74
1960	23,838,421.49
1961	73,839,244.50
1962	14,191,637.92
1963	12,737,250.39
1964	39,448,156.42
1965	16,153,577.89
1966	65,583,770.82
1967	85,615,499.26
1968	88,932,579.70
1969	46,662,697.54
Total	P579,462,880.39

Source: The same as Table 5.

Table 10: Reparations to Philippines in Relation to Japan's Total Reparations Payments and GNP, 1961-68, in million U.S. dollars

1	2	3	4	5	6	7
Period	Reparations Delivered to Philippines*	Japan's Total Reparations Payments	Japan's GNP	2/3 Percent	3/4 Percent	2/4 Percent
1961	22.0	65	53000	33.8	0.12	0.04
1962	3.4	67	59000	5.1	0.11	0.005
1963	6.7	62	68000	10.8	0.09	0.009
1964	7.1	58	80000	12.2	0.07	0.008
1965	10.5	63	88000	16.7	0.07	0.01
1966	19.4	56	102000	34.6	0.05	0.02
1967	22.4	82	120000	27.3	0.06	0.02
1968	17.4	46	142000	37.3	0.03	0.01
Total	<u>\$108.9</u>	<u>\$499</u>	<u>\$712000</u>	<u>21.8</u>	<u>0.07</u>	<u>.015</u>

* Averages of 2 fiscal years, the peso values in 1961 converted to dollar at ₱2/\$1, and those for 1962-68 at ₱3.90/\$1.

Sources: For reparations delivered to the Philippines, the same as that of Table 5. For Japan's total reparations payments and GNP, *Statistical Survey of Japan's Economy 1969*, p. 57, Economic Affairs Bureau, Ministry of Foreign Affairs, Japan.

Table 11: Japanese Private Loans as a Proportion of Total Foreign Debt Outstanding of the Philippines, 1955-1969, million U.S. dollars

1 Period	2 Total Foreign Debt of the Philippines	3 Private Loans from Japan	4 3/2 Percent
1955	\$ 88.4	\$ 4.7	5.3
1956	85.1	4.7	5.3
1957	91.6	3.9	4.2
1958	98.2	3.2	3.2
1959	149.6	42.4	35.0
1960	174.7	38.7	21.5
1961	275.8	34.6	12.5
1962	253.5	29.1	11.5
1963	248.7	23.3	9.3
1964	300.6	17.8	5.9
1965	490.7	20.0	4.0
1966	512.2	16.2	3.1
1967	675.9	10.2	1.5
1968	737.7	13.6	1.7
1969 June	775.0	17.0	2.1

Source: *Statistical Bulletin*, Central Bank of the Philippines, vol. 21, no. 2 (June 1969), pp. 261-2.