

Released for the afternoon of October 12:

Mr. Willis said:

"The Philippine National Bank, provided last winter by Act No. 2612 of the Insular Legislature, has been successfully established, and at the time of my departure from the Islands on August 31, was in excellent condition, and had every reason to expect a successful future. The Bank has been assigned an authorized capital of 20,000,000 pesos, or \$10,000,000 in American currency. Of this amount 10,100,000 pesos, or \$5,050,000, has been subscribed by the Government, and the money to take up the stock appropriated. The Government subscriptions are payable in instalments, however, and in the meantime the balance of the stock has been placed on the market and offered to private subscribers. Sales of the stock were steadily being made in lots of varying size, and there is every reason to suppose that the privately owned shares will be widely distributed throughout the Islands by the time the Government subscriptions are fully paid up. The Philippine National Bank is the depository of the Insular Government, of all municipal governments including the city of Manila, of the provincial governments, of the postal savings bank, and of various other institutions. It is expected that when the transfer of the Manila and Dagupan Railway to the Insular Government has taken place, the financial operations of the railroad will be entrusted to the Philippine National Bank.

The Bank thus has a large volume of purely Governmental business to transact. It has not, however, confined itself to Governmental operations, but has also begun the receiving of general deposits, and has been the recipient of funds from a large number of private depositors, many of them business men in Manila, or other cities of the Philippines. Foreign exchange business has been undertaken by the Bank on a substantial scale, and relations have been established with the principal places on the China coast and in Japan, while good banking connections have been effected in New York, London, and other American and European cities. The Bank is advertising that it intends to make a specialty of

foreign transactions designed to facilitate the exportation and importation of Philippine products, and has already succeeded in attracting to itself a good deal of business of this description.

The prosperity of this, as well as of other banks of the Philippines, of course depends upon the general business situation in the Islands. There seems to be no reason to doubt the soundness of that situation. Exports and import business is steadily advancing and prices of nearly all products were very high at the time I left the Islands. The greatest obstacle to the full development of business is found in the transportation situation, which, of course, has been bad all through the European war, and has been particularly trying during the last few months owing to the obstacles placed in the way of the transaction of business and of the movement of goods as the result of the action of the various belligerent countries. In spite of this handicap, trade is generally admitted to be in a very promising and satisfactory state. The sugar industry, with things as they are in the world's sugar market, is highly profitable wherever modern machinery has been installed as it has at a number of points in the Islands. Very substantial interest in the sugar situation is being shown by outside investors, and there is abundant reason to expect that in the near future there will be a large development of modern sugar mills equipped with proper machinery and able to produce good centrifugal sugar for export. The coconut oil industry is also showing marked development, the business of extracting the oil on the spot having been recently introduced in place of the older method of shipping the copra abroad for the extraction of the oil. The cigar business has been greatly stimulated by the high prices of tobacco in Europe and the United States. Hemp is high in price and as usual is in strong demand. In consequence of the good prices realized for their products the natives have become better customers than in the past, and their desire for American goods of all kinds makes the Islands a desirable market for textiles, automobiles, iron and steel products of all kinds, various forms of wearing apparel, particularly shoes, canned goods, and a great variety of manufactures, particularly those which have a relatively large value in small bulk, and hence are able to bear comparatively high rates of freight.

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One serious obstacle to the growth of business in the Philippines has been the lack of capital and the high rates charged for loans both at banks and elsewhere. The new Bank may be able to relieve this condition in some measure, and is endeavoring to do what it can in that direction, but real relief will come only from the larger investment of funds in the Islands by American capitalists. While it may be a good while before general investors in the United States become very deeply interested in Philippine opportunities, those who are familiar with the business openings in special lines, such as those I have referred to above, are already manifesting genuine interest and in a practical way. The Philippines are developing their trade not only with the United States but also to a very considerable extent with Japan, and in a somewhat lesser degree, with China. Chinese trade has been badly crippled by the revolutionary activities that have been in progress in that country, but conditions appear to be steadily growing more stable there, and as they do, the trade of the Philippines with China will improve still further. Due to the absorption of English merchants in conditions growing out of the war, and to the present forced withdrawal of German money from the field, there is now an unusual opening for American capitalists in China. As recent announcements have shown this opening is being availed of on a very large scale by some of the more enterprising, and there are many indications that small operators will shortly begin to further the sale of American goods in China, recognizing that a very unusual opportunity is now presented to them. Up to date much of the advantage thus offered has been absorbed by the Japanese, but it is likely that they will not long be allowed to enjoy these new and exceptional advantages without competition. While the Philippines can obtain an important and valuable share in this new Chinese trade, the opportunity is one that is a good deal more valuable to American business men than to those in the Philippines. The Philippines for a long time to come will be largely a market for American manufactures, just as China will be, and the trade of the Islands with China will consist largely in the exchange of raw products. The organization of the new bank is intended to assist all these trade movements, and so far as possible to encourage the investment of capital from the United States in the Islands, with the assurance of stable and reasonable accommodation to all forms of legitimate business."

10/10/16