



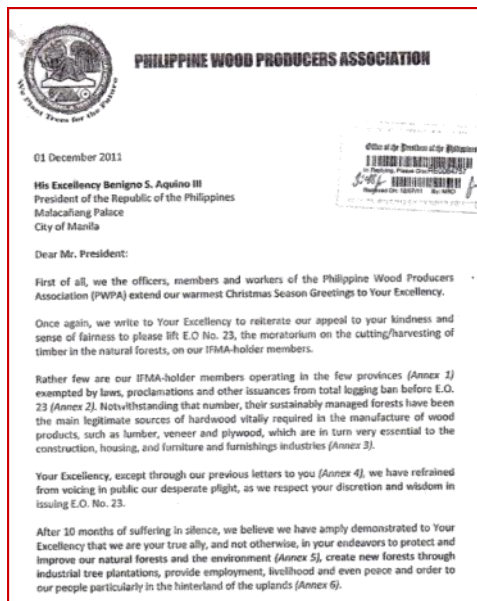
Wood Industry Appeals Anew Lifting of Logging Moratorium

The Philippine Wood Producers Association (PWPA) recently appealed again to President Benigno Aquino III to lift EO 23, the moratorium on the harvesting of timber from the natural residual forests in the country imposed on February 1, 2011.

In its letter-appeal dated December 1, 2011, the PWPA stated it has been over a year that the legitimate players of the wood industry, like the members of the PWPA who are holders of government production-sharing contracts called Integrated Forest Management Agreements (IFMAs), have stopped operations in their forest concessions to comply with EO 23, resulting in a business vacuum and loss of jobs.

To begin with, the PWPA said, it has informed the President that the association complied wholeheartedly to the wisdom of the President's EO 23 in the hope that its members will be distinguished as a law-abiding ally of his Administration against the pernicious illegal loggers and that, after the called-for mandatory review and evaluation of their performance under the IFMAs, the moratorium will be timely lifted so as to allow them to resume their operations.

The PWPA lamented that the review and evaluation of their IFMAs by the DENR has never been carried



out, despite several request letters and formal meetings with the Department.

The PWPA is the 60-year old national organization of companies involved in the sustainable management of natural forests, development of industrial tree plantations, and manufacturing and trading of wood products like lumber, veneer and plywood. Its IFMA-holder members with wood processing mills have been sustainably operating the same forest areas for over 50-years until they were halted by EO 23.

The letter stated that in compliance with EO 23 and as ordered by the DENR, the PWPA IFMA-holder

members brought down from the forests all their logging, road-building and hauling equipment and inevitably also laid-off their workers. Only the PWPA members obeyed in silence EO 23 while the illegal loggers and log black-marketers who should have been the object of EO 23 continued with impunity their environmentally-destructive activities.

In the letter, the PWPA said the President should know by now that illegal logging is the true environmental menace and it must be stopped. This was evidenced by the devastating floods of Storm Sendong in the cities of Cagayan de Oro and Iligan which was tragically aggravated by the flow of hammering illegal logs and also by the widely reported millions of pesos worth of confiscated illegal logs in Lanao del Sur, Davao City and Cagayan Valley, among other places.

The PWPA hopes the President will now heed their appeal to lift the logging moratorium so that its members could resume their operations, which means, rehire their workers, re-enliven the socio-economic life of rural, upland communities and most importantly, protect and sustainably manage their forest areas, develop tree plantations and supply the country of its need for wood products, a service the PWPA has been giving for over 60 years.

A Year After EO No. 23...

A Review

Our members have been stopped from their timber harvesting operations in their natural residual forests upon the issuance on February 4, 2011 of Executive Order (EO) No. 23, the moratorium on logging in natural and residual forests. It is the same forests that have been the sources of raw materials for their wood processing plants. The same forests that they have zealously guarded over the years in the practice of the Sustainable Forests Management. The same forest they would want to be perpetual forests.

Our members, through our Philippine Wood Producers Association (PWPA), have petitioned the Department of Environment and Natural Resources (DENR) Secretary Ramon Paje and Undersecretary Ernesto Adobo, Jr. to extend the three-month period allowed them to haul their logs cut prior to E.O. 23 for the reason that the weather during the 1st quarter of 2011 was highly abnormal - the rainfall excessively heavy - preventing them to haul down the DENR inventoried logs to their plants/logyards.

The PWPA was tasked by the DENR to refer its petition to the individual members of the Anti-Illegal Logging Task Force (AILTF), the DILG, DND, AFP, PNP, who, in turn, referred or deferred the decision to the DENR Secretary, the chairman of the AILTF.

It was only on November 28, 2011, almost 6 months from the date of the PWPA petition, did the DENR issue AILTF Resolution No. 2011-006 granting the extension of hauling of logs only for those with paid forest charges. Our members were very disappointed at the very slow decision of DENR that resulted in the deterioration/loss of economic value of the logs.

EO 23 still exists, painfully obeyed by our members who are legitimate industry players; but impunitively disregarded by the illegal loggers.

In its March 29, 2011 issue, the "Philippine Star" quoted Sec. Paje as saying that E.O. 23 will stop illegal logging, kaingin and other forms of forest destruction; but on Dec. 15, 2011, after Storm Sendong destroyed parts of Cagayan de Oro and Iligan Cities, Sec. Paje declared that there exists illegal logging in Bukidnon and Lanao del Sur which is under ARMM.

E.O. 23, being a national policy, did not exempt the ARMM provinces nor did it limit the supervision of the AILTF, which Sec. Paje heads. Bukidnon has been under a logging ban since the time of DENR Secretary Fulgencio Factoran, Jr. during the administration of President Cory Aquino.

After Storm "Sendong," the DENR was quoted that reforestation should be done to mitigate floods. The query of the people of Mindanao was: "We thought that DENR over the past many years have been conducting program of massive reforestation. Was Bukidnon and the Misamis provinces excluded from that reforestation and forest protection program?"

Business Mirror, on its March 24, 2011 issue, reported "DepEd will save P1 Billion yearly when it uses illegal logs to build school furniture... (and) to date, the DENR has an inventory of some 17,608 cubic meters (7.47 million board feet) of confiscated logs that have been either donated or due for donation".

Does it mean the DENR will continue to tolerate illegal logging and confiscate illegal logs to supply DepEd

with its needs? How would the DENR convert those logs into lumber and plywood? But, DepEd still continues to purchase tables and chairs and spends for construction of classrooms.

The PWPA is joining the nation in wishing the government success to its National Greening Program. We are all hoping that this new program will be totally different from the past DENR reforestation programs, the more recent one, the P2.3 billion (but as claimed, only P1.2 billion was released) Upland Development Program of then DENR Secretary Lito Atienza and Senior Undersecretary Paje.

PWPA still hopes to meet with President Aquino to explain to him the side of the private sector. PWPA, the most affected sector was never consulted before the issuance of E.O. 23. So far, four letters to the President were sent seeking his audience. It used to be that the past DENR secretaries brought the PWPA to the sitting President to give briefing or discuss wood industry issues but not anymore.

Meantime, plywood smuggling still continues. Records from China and from our Bureau of Customs show a big disparity in the volume of plywood traded. Much more are recorded in China than in the Philippines.

PWPA has brought this matter to the attention of the Bureau of Customs, DTI and the DENR. Meetings were held with them; so far, no encouraging development. PWPA is still hoping that Commissioner R. Biazon and Dep. Comm. D. Lim will make a difference and save the plywood sector of the wood industry.

Barbarians at the Gate

How to defend against the imported plywood siege¹

Global competition has taken a heavy toll on local plywood manufacturing.

Plywood manufacturing has been under threat, starting with trade liberalization policies of the Ramos presidency, when the Philippines started reducing import duties from rates as high as 20% for plywood, through countless free trade agreements, up to the present time wherein only a 5% duty shields plywood from absolute free trade.

However, even in this marginal duty of 5%, we cannot depend on or take solace in. Our notoriously porous borders have been very difficult to police.

As the wood industry in general reeled from the promulgation on February 2011 of Executive Order No. 23, the moratorium on harvesting/cutting of timber in the natural and residual forests, overseas competitors saw this as an invitation to export plywood to the Philippines.

The continuous arrival of huge shipments of plywood from China, starting in April 2011, almost equivalent to 20% of the local plywood volume production for 2010, has dampened the prices of plywood, seriously affecting what was produced locally.

The plywood prices have gone down from November 2010 level as compared to the November 2011 level as most plywood imported from China were sold in the market at a much lower prices than those produced locally.

China-made plywood undersells the locally produced ones because of the following simple reasons:

1. China-made plywood are substandard in thickness specifications;
2. China-made plywood have inferior glue quality (posing hazard to health of consumers and users with very high formaldehyde emissions)
3. China-made plywood are often imported undisclosed, has no import duty, EVAT, etc.

To show the huge volume of China-made plywood entering into the Philippine market undeclared and thus, underselling locally produced plywood, the comparative export data from the Bureau of Customs in China to the Philippines Bureau of Customs are revealing; as the September 2011 records will tell:

Bureau of Customs	
China	Philippines
US\$ 3.7 M in value	US\$ 777,000 in value

PWPA has taken this threat seriously, and has initiated cooperation with the BOC. The association has reported this matter to the Bureau of Customs, and is looking forward to a partnership in trying to persuade importers to declare their plywood imports properly.

Newspaper ads were placed by PWPA calling the attention of consumers and the dealers of these substandard plywood and to warn the smugglers of imported plywood of the possible penalties.

PWPA has also instituted and maintained assistance and cooperation with the DTI in sustaining market monitoring efforts. It is expected that in the coming months, changes in the monitoring

scheme would help monitoring be more effective in detecting and apprehending illegally imported, or substandard plywood.

But ultimately, we must maintain our competitiveness, for through these porous borders of ours, I fear despite the good efforts of BOC, strength of law, the existence of standards, and vigorous market monitoring, market forces might still prevail.

In order to maintain the competitiveness of local plywood, We must be able to differentiate our product in ways valued by the local market, and effectively communicate this difference to our customers.

Ways we can differentiate by:

- *performance* – dimensionally more stable and with thicker Face and Back
- *appearance* – imported plywood have super thin faces that bleed out red glue
- *fitness/ suitability for use* – imported plywood is very prone to mold growth in our humid climate.
- *Safety in use* – imported MR plywood emits high levels of formaldehyde
- *product consistency and traceability* – known local manufacturers can offer better support and service
- *adherence to standards* – local plywood certified made to PS standards

How we as an industry can do this, herein lies our chance to prosper and survive.

¹ Prepared by the Secretariat, PWPA

<p>WoodStock</p> <p>Bi-monthly publication of the Philippine Wood Producers Association</p>	<p>EDITORIAL BOARD</p> <p>M. R. Vasquez, Deputy Executive Director R. M. Serafico, Manager</p>	<p>E-mail us at :</p> <p>info@pwpa.org.ph or philwood@globelines.com.ph or facebook account for your comments, feedback or letters to the Editor</p>
--	---	---

PWPA Sets Strategic Plans

The Philippine Wood Producers Association (PWPA) had its strategic planning workshop held last November 11, 2011, at the AIM Centre in Makati City with the objective of exploring action options to improve the state of the wood industry especially with the ongoing implementation of Executive Order (EO) No. 23 - the moratorium on harvesting timber in natural and residual forests.

The workshop was preceded by an executive session wherein the officers and the directors of the Board set apart the critical wood industry issues the workshop has to consider and elaborate on.

The PWPA secretariat, during the workshop, began with a presentation of the different activities and initiatives undertaken to have the IFMAs of member-companies be reviewed and evaluated by the DENR toward the lifting of EO No. 23.



Hurdling the Barriers. Directors and officers of PWPA and resource persons plan out strategies to move forward the wood industry.

The different recommendations, earlier worked-out by a PWPA small group to move forward the lifting of EO 23 were presented by Executive Vice President Alfonso Keh, Jr.

Opinions and possible remedies from the legal point of view were made by Attys. Michael Lopez, John Balisnomo and Manuel Manaligod, Jr. of CVC Law Office.

Former DENR Undersecretary, Society of Filipino Foresters President Renato de Rueda, from the perspective of a former government official and practicing professional, suggested actions to be considered in dealing with the industry-government issues.

Another resource person, who has intimate knowledge about the wood industry and the government, said what is happening today to the industry is a *déjà vu*, a repeat of similar executive decisions made by past administrations. He emphasized the need to educate the public to know

the environmental role the PWPA plays.

After a very intensive yet productive discussion on the most critical issues facing the industry, VP-director Charlie Liu grouped the strategy options to be considered into clusters of move-forward action plans: 1) extra-judicial such as lobbying in its ethical sense; 2) administrative, dealing with DENR and other government agencies; and 3) public relations with trade association, media and the public.

Another executive session wrapped up the planning workshop.

PWPA Meets Malaysian Timber Council

The Philippine Wood Producers Association (PWPA), headed by VP-Director Ramon Uy, meets with the Malaysian Timber Council (MTC), headed by its Director for Policy and Planning Unit, Dr. Erik K. L. Ng last November 3, 2011 at the Milky Way, Makati City. The meeting aimed at continuing a closer working relationship between the two associations and also to invite the PWPA to the MTC Woodmart 2012 to be held in Kuala Lumpur from October 4-6, 2012.



PWPA Makes Courtesy Visit to Senator Escudero

The Philippine Wood Producers Association (PWPA) led by President Antonio Olizon, EVP Alfonso Keh, Jr. and VP Evaristo Narvaez, Jr. made its traditional courtesy call to Senator Francis Joseph “Chiz” Escudero, the new Chairman of the Senate’s Committee on Environment and Natural Resources, last November 22, 2011 at his Senate Office in Pasay City.

Senator Escudero welcomed the PWPA delegation as he asked how the EO No. 23 has been affecting the operations of the PWPA and their workers. He said when the President was considering issuing the EO 23, his (Escudero’s) position was not to include areas under tenure.

President Olizon introduced the members of the PWPA delegation. Executive Director (ED) Leonardo Angeles made a short presentation on the status of the wood industry with elaboration from President Olizon and Director Narvaez, Jr.

Senator Escudero said he is familiar with the sustainable forest management being practiced by the PWPA. He empathized with PWPA since the EO 23, to him, is not a good

issuance by the President. He added that DENR Secretary Paje can not be expected to help notwithstanding the mandate of EO 23 that there be a review/evaluation of the IFMAs by the DENR as only the President can lift EO 23.

Told that the PWPA has already written the President, Senator Escudero advised it to try to write him another letter which the Senator would hand carry himself to the President.

Senator Escudero also advised the PWPA not to be silent on the issue of the logging moratorium, but to consider requesting columnists to write about the plight of the industry, or to advertise it as an appeal to the President himself.

With regards to the Sustainable Forest Management Act (SFMA), he said the ENR committee report was



Lending an Advice. Senator and ENR Committee Chair Chiz Escudero (left) intimates his views on industry issues with PWPA President Antonio Olizon and VP-Director Evaristo Narvaez, Jr.

already prepared and will be submitted. He said SFMA may be the answer to the problem poised on the industry by EO 23. He added he will try inserting a provision in the SFMA the recognition of a national wood trade organization as the accreditation body of those in the wood industry, similar to that of Integrated Bar of the Philippines.

With Senator Escudero during the meeting was his Chief of Staff, Atty. Rolando Tan while with PWPA also were ED Angeles, Deputy ED Maila Vasquez and Communication Consultant Victoria Crisostomo.

PWPA Meets BOC Deputy Commissioner Lim



Meeting the BOC Intelligence Group. PWPA delegation, headed by President A. C. Olizon (second from left), meets with BOC Deputy Commissioner Danilo Lim, (third from left).

The Philippine Wood Producers Association (PWPA) led by President Antonio Olizon met with new Bureau of Customs (BOC) Deputy Commissioner Danilo Lim last December 22, 2011, at his Office at the Port of Manila for a courtesy call and a briefing on the harmful impact of imported plywood from China on the local wood industry.

Deputy Commissioner Lim, a retired AFP general,

instructed his chief of staff, Reynaldo Ordonez, also a retired AFP general, to coordinate closely with PWPA in monitoring and surveillance of imported plywood entering the country. The meeting was a sequel to an earlier visit made by PWPA to BOC Commissioner Ruffy Biazon.

With President Olizon were Director Alfonso Keh, Jr. Executive Director (ED) Leonardo Angeles, Deputy ED Maila Vasquez, Industry Coordinator Ricardo Patawaran, Ms. Sylvia Cortes of Alsons, Mr. Ramon Lim of SMWPI and Mr. JV Magsaysay.

On Logging and Flood In Cagayan de Oro and Iligan Cities¹

The Philippine Wood Producers Association (PWPA) sympathizes with the people who have been severely and tragically affected by floods brought in by tropical storm Sendong in Northern Mindanao, particularly in Cagayan de Oro City and Iligan City.

Press, radio, and TV accounts have blamed rampant illegal logging, mining and deforestation in surrounding watersheds of these cities as the aggravating causes of the hapless event. Even DENR Secretary Ramon Paje was quoted as saying in several press conferences that the huge number of illegally cut logs swept down by the flashflood caused the death of some people and the damage to certain communities and infrastructure.

In the early confusion of, and culprit blaming for, the unfortunate event, the PWPA refrained from issuing any statement that maybe construed as an attempt to exculpate itself from such event.

Now, the PWPA wishes to say its piece, however, belatedly.

1. The PWPA is the accredited national organization of company-members who are variously involved in the sustainable management of natural residual forests, the development of industrial tree plantations in open forest lands, and the manufacturing of wood products such as lumber, veneer, plywood and construction wood materials. It was established in 1951 (SEC Registration No. 6092) taking-off from its predecessor-in-intent organization founded in 1939.

It has a stringent By-Laws and Code of Ethics, including strict compliance with government rules and regulations, that not more than 15 members have sustainable operations, through Integrated Forest Management Agreement (IFMA), in the same natural residual forests for the last 50 years. They are **located in only 10 provinces out of a total of 82 provinces** of the country (in parts of Apayao, Isabela, Aurora, Zamboanga del Norte, Misamis Oriental, Davao del Norte, Sultan Kudarat, Agusan del Sur, Surigao del Sur and Lanao del Sur).

2. All PWPA IFMA-holders have stopped their government-prescribed logging opera-

tions since the imposition of EO 23, the nationwide logging moratorium issued by President Noynoy Aquino on February 1, 2011. They have brought down from the forests all their logging equipment as ordered by the DENR, and laid-off their forest workers, except their concession guards. The wood processor-members of the PWPA are now importing their natural hardwood requirements even at a very high cost. Some have partial operations while others have stopped altogether.

Under EO 23, the Anti-Illegal Logging Task Force (AILTF) was created composed of the DENR, DILG, DND, AFP and PNP with Secretary Paje as its Chair. EO 23 is nationwide in scope, meaning, there were no exemptions from its coverage, including the ARMM. The AILTF, whose personnel work directly under Secretary Paje, is mandated to lead the anti-illegal campaign. Also, created under EO 23, and reiterated in EO No. 26, is the National Greening Program likewise chaired by Secretary Paje. Notwithstanding the AILTF, newspapers are replete with accounts of illegal logging all over the country intensified by the cut-off of legal sources from IFMA areas and the high cost of wood importation.

What surprised the PWPA most was the reported claim by Secretary Paje that the illegal logs flashed down to Cagayan de Oro City came from Bukidnon where there has been no logging in natural forests for more than 20 years now. The PWPA wondered why illegal logging seems to be happening before the eyes of the AILTF. And despite countless reforestation programs for the past 20 years, where are the trees (and the taxpayer's money) of such programs?

It should also be considered that Secretary Paje, who has been with the DENR for the past 20 plus years, has held various key positions including senior undersecretary in the recent DENR administration of former Secretary Atienza, and was also designated head of operations. With this history in the DENR, he should be first to know how illegal logging is carried out and how it should be contained or eliminated. And as a forester himself, he

should know that log bans have always proven to be counter-productive to the intent of saving our forests as only legal loggers comply with such bans.

On the point of the recent flooding in Bukidnon, it is interesting to note that the only timber harvesting done in the Bukidnon area is the one being conducted by Bukidnon Forest, Inc., a government corporation operating directly under the DENR with Secretary Paje as chairman. This is together with other Community-Based Forest Management-permittees and small-operator licensees whose licenses were granted by the DENR.

3. The PWPA decries the fact that EO No. 23 and similar fiats as well as practically all forestry rules and regulations only affect the legitimate industry players when all along they play their role as government's ally in the little corners of the national forests where they have been privileged to operate...sustainably and responsibly. It would seem the government has thought that including the legitimate players in a logging moratorium or prescribing strict regulatory measures will stop floods, landslides, deforestation, and illegal logging.

The PWPA claims no expertise on floods and landslides mitigations; the experts and scientists have. The PWPA has no control over deforestation nor illegal logging; the government has. The PWPA only wishes to echo hereunder what experts and scientists say:

- *From: Forests and Floods. A publication of FAO and CIFOR, 2005.*

Every year large-scale floods in Asian lowlands affect the personal and economic fortunes of millions of people. A common reaction is to blame the mismanagement of Asia's uplands and the clearing of forests for the misery brought to the lowlands. Conventional wisdom – more fiction than fact, about the role and benefits of forests – has clouded the perspective of decision-makers leading to an over-emphasis on reforestation and forest protection at the expense of a more holistic watershed and river-basin management. The

(Continued on page 8)

On the Proposal for Total Log Ban Law¹

Environment and Natural Resources Secretary Ramon Paje was quoted by media as saying that he “asked President Aquino to certify as urgent proposed legislation that would put a stop to all forms of logging in the natural forest.”

According to Secretary Paje, legislating a log ban would give his department, and other agencies of government, “more teeth” against illegal logging as a log ban law would “set in stone” rules to protect the Philippine forests that would outlive the Aquino Administration.

The Philippine Wood Producers Association (PWPA) said there is no further need for a law to ban logging in the natural forest as there are existing orders that only have to be implemented effectively by the Department of Environment and Natural Resources (DENR).

“What Secretary Paje must do is simply put his department’s best efforts at effectively implementing existing logging ban orders that are already in place,” said PWPA Executive Director Leonardo Angeles.

Angeles mentioned the logging ban orders issued during the administrations of Presidents Marcos, Cory Aquino and Ramos virtually covering the country’s entire forest lands. He added that President Macapagal-Arroyo imposed in 2004 a nationwide logging suspension that she subsequently lifted in mid-2005 but only in Regions 11 (Davao) and 13 (Caraga), and in Zamboanga del Sur, Sultan Kudarat, South Cotabato, Apayao, Southern Isabela and Northern Aurora.

“It is only in ten provinces of the country where the 15 members of the PWPA are responsibly and sustainably operating in the same natural residual forests for over 60 years before the issuance by President Aquino of EO 23, the nationwide logging moratorium in natural and residual forests,” Angeles clarified.

The PWPA decried that despite existing orders of logging ban or moratorium, illegal logging activities are openly and incessantly occurring in untenured forest lands and even in the national parks and protected areas. The DENR, even as it is legally fully-clothed with mandates, orders and proclamations, has never been able to successfully curb illegal logging. As the DENR openly admits, it just does not have the necessary financial and physical

resources, even if it is aided by the DND, DILG, AFP and PNP in so-called convergence Anti-Illegal Task Force created under EO 23, to combat syndicated illegal logging. It has only confiscated, from time to time and here and there, illegally cut timber as its accomplishment.

“Confiscation is not an accomplishment... it manifests failure of duty because the myriads of saplings and trees have been already wantonly cut and forever gone that no amount of reforestation can ever replace them,” Angeles said.

He said the DENR has to be more ingenious or innovative in controlling illegal logging, charcoal-making and kaingin-making. The DENR may consider out-of-the-box measures suggested by many well-meaning sectors, such as we in PWPA has been trying to do for the past, to contain illegal activities in forest lands, he added.

The PWPA laments logging ban or moratorium affects most seriously and damagingly only the legitimate players or stakeholders like the few members of the PWPA, also usually used as the visible scapegoat for every flooding-related calamity and tragedy that visits the country.

Only the PWPA members faithfully stopped their logging operations and immediately brought down all their logging equipment on Day One of the EO 23, and laid-off their workers after sensing that there will be no early lifting of the moratorium, despite much pleading to Secretary Paje for the required review and evaluation of their agreements.

It is public knowledge that despite the logging ban and moratorium, illegal logging, charcoal-making, and kaingin-making continue unstopably all over the untenured forest lands of the country. This is recently evidenced by numerous small-diameter logs and tablon (squared timber) swept down by flood waters to Cagayan de Oro City and Iligan City and media-reported confiscation of illegally cut logs in the Cagayan Valley.

The PWPA submits that the proposal of Secretary Paje for President Aquino to urge Congress to legislate a ban on all forms of logging in all natural forest is ill-advised to say the least.

Firstly, there are already existing orders, including EO 23, that ban or put under moratorium logging in the natural forests. The DENR must only implement them, particularly in open-access, free-for-all forests.

Secondly, a nationwide logging ban has been intensely debated since the 8th Congress until Congress itself (both Senate and House of Representatives), in keeping with the mandate of the Constitution that it “shall provide, for such period as it may determine measures to prohibit logging in endangered forests and watershed areas,” settled to pass a measure called Sustainable Forest Management Act (SFMA).

The DENR must support its early passage by Congress. SFMA tells the DENR – who has sole jurisdiction over all forest lands (defined separately from national parks and mineral lands but still under the jurisdiction of the DENR) – the proper and appropriate measures to manage, develop, use and protect what the SFMA has separately designated as protection forests and production forests.

SFMA is the way to develop and conserve the patrimony of the country, far more effective in all ways than total logging ban, which academicians, scientists and practitioners contend, and experiences have proven, as generally an unproductive, wasteful measure.

Lastly, instead of prolonging the implementation of EO 23 (now on its 11th month) and proposing to “set it in stone” through a logging ban legislation, Secretary Paje may consider recommending to the President the lifting of the moratorium, at least to tenure holders with no record of any violation of the terms and conditions in their agreements nor of the existing forestry rules and regulations.

In that way, these agreement holders, particularly concerned members of PWPA, shall be able to resume and continue to model responsible, sustainable and climate-friendly forest management operations, continue to contribute to employment generation and socio-economic/ livelihood development in rural and upland areas as well as to indigenous communities.

¹ Appeared in Philippine Star as an article entitled “Wood producers bucks Paje’s total log ban proposal” by Ms. Marianne Go last January 9, 2012

On Logging & Floods...

(Continued from page 6)

reality is far more complex than removing people living in watersheds, imposing logging bans, or implementing massive reforestation. (He Chungchui, Assistant Director-General, FAO, in his foreword to the publication)

In many countries, there is a widespread belief that forests can prevent or reduce floods. An immediate frequently drawn conclusion is that floods occur because forests have been cleared or degraded. **The reality, however, is that direct links between deforestation and floods are far from certain.**

In a rush to identify culprits, assumptions are made about the processes observed in one region from other regions, or extrapolating from small to large scales.

Oversimplification is common, frequently leading to initiatives such as logging bans or resettlement of people in watershed areas – often with minimal benefits but very definite negative social and economic implications.

The role of forests in solving flood problems remains uncertain. Sound science provides little evidence to support anecdotal reports of forest harvesting or rural land use practices leading to lower-basin catastrophic floods.

Building on better understanding of the physical processes and the relationships between land use and hydrology, more effective responses can be designed to reduce the magnitude of disasters without repeating the mistakes of the past.

- From: On Floods, Deforestation and Logging. A Statement from Sound Environmental Governance, Inc. (SEGI)¹², authored by Jun Factoran.

Landslides and floods are triggered when rain becomes excessive beyond a threshold limit; deforestation and logging being tagged as the main cause after every massive flooding is without firm scientific basis.

Studies have shown most landslides and floods are triggered when rain becomes very excessive. The “sponge” effects of forests have threshold levels. Ondoy in 2009 dumped one month’s worth of rain in just 6 hours while Sendong dumped one month’s

value of rain over 24-hour period (very much beyond the “sponge” effects of forests).

There is not a shred of scientific evidence to suggest that logging or deforestation play significant roles in massive floods. Floods are a consequence of climate change manifested in excessive rain rather than logging per se. This is why other countries that supposedly have more forests as Australia, Brazil, China and Thailand also suffered from destructive inundations.

The government should focus on other major drivers of flooding such as lack of flooding warning, high tide, false sense of security and expansion of informal settlers in highly vulnerable areas.

Deforestation leading to denudation of forests is caused mainly by land conversion, primarily for agricultural use. Scientific studies on legal and sustainable forest operations confirmed that timber harvesting need not destroy the natural production forests nor adversely affect the forest environment. Also, studies on the status of cancelled and expired timber license agreements revealed negative results for log ban as forest destruction became worse as these areas were rendered open-access, unmanaged and unguarded making them free-for-all types of unrestricted exploitation.

We support the all out war against illegal logging. However, EO 23 does not lead to significant reduction in illegal logging but increased the illicit practice by organized syndicates and impoverished forest dwellers. Meantime, the good forest managers have been penalized to give way to the illegal loggers. It is imperative that the remaining sustainable forest operations remain as sustainable forest management units rather than be banned from harvesting.

In conclusion, the PWPA supports the recommendations emanating from the above study/publication and statement:

- From FAO and CIFOR.

“It should be clear that large-scale reforestation programs, the adoption of soil and water conservation technologies in agriculture, logging bans and resettlement of upland people will not significantly reduce the incidence or severity of catastrophic floods...the

scope for forests to reduce the severity of major floods is rather limited.

The most effective approaches to reducing damage caused by catastrophic floods require a strong focus on downstream areas and flood plains. The justification quoted from the Integrated Floodplain Management on the Mekong River adopted by the Mekong River Commission in 2001; thus:

- Land-use planning measures are aimed at keeping people away from floodwaters;
- Structural measures are aimed at keeping floodwaters away from people;
- Flood preparedness measures recognize that no matter how effective the above types of management measures are, an overwhelming flood will eventually occur; and
- Flood emergency measures deal with the aftermath of major events by helping affected people to cope with the effects of floods.
- From the statement of the SEGI.
- **Decision-makers and scientists must interconnect.** Focusing on deforestation and logging as the main culprits after every massive flooding in the country is irresponsible and without firm scientific basis;
- **Enforce the Comprehensive Land Use Plans;** and
- **Review the impacts of EO 23** as far as controlling illegal logging is concerned and its effects on the legitimate tenure holders.

¹¹ Partly appeared in Philippine Star as an article entitled “PWPA sets record straight” by Ms. Mariane Go last January 8, 2012

¹² SEGI or Sound Environmental Governance Inc. is a non-stock, non-profit, non-governmental organization registered with the SEC and is composed of former DENR officials with recognized expertise or significant contribution in the fields of forestry, mining, lands, protected areas, ecosystems research and environment. Former DENR Secretaries Fulgencio Factoran, Victor Ramos, Ricardo Umali and Horacio Ramos are among founders.

PWPA Attends Training Workshop on Timber Legality Assurance System

The Philippine Wood Producers Association (PWPA) attended the 2nd Sub-Regional Training Workshop on Timber Legality Assurance System (TLAS) last October 25-27, 2011 at Kota Kinabalu, Sabah, Malaysia.

The workshop aims to provide an overview of the policies related to timber legality and market initiatives; exchange of experiences on TLAS and Voluntary Partnership Agreements (VPAs) between ASEAN Member States; enhance the capacity of the participating countries to develop and implement TLAS through exchange of lessons learned; and elaborate next steps for sub-regional and/or national level processes in the Mekong region.

The participants are from Cambodia, Indonesia, Laos, Malaysia, Myanmar, Thailand, Vietnam and the Philippines represented by Foresters Genesis Francisco (government sector – FMB/DENR) and Maila Vasquez (private sector – PWPA), the resource persons from European Forest Institute, and observers from Finland, Vietnam and Malaysia.

Dr. Alex Hinrichs, Forest Law Enforcement, Governance and Trade (FLEGT) Asia Regional Advisor,

welcomed the participants and gave the rationale of the training workshop.

He said that with the increasing global concern to combat illegal logging and its associated timber trade malpractices, there are many initiatives being implemented like the EU Timber Regulation, the US Lacey Act and Public Procurement Policies of many countries that demand the importation of timber and timber products should be verified through a credible Timber Legality Assurance System (TLAS).

He added that the ASEAN adopting a reference framework for timber legality at the forest management unit level and for chain of custody is a very significant initiative in promoting the development of a credible systems for the verification of timber legality at the national level.

The verification of the legality of timber is the main thrust of the EU FLEGT VPA where it was already concluded with Ghana, Cameroon, Republic of Congo, Central African Republic, Indonesia, and Liberia. VPA negotiations are currently underway with Malaysia and Vietnam.

The European resource persons presented important information on

relevant international initiatives and the role of stakeholders in the development of TLAS under FLEGT VPAs.

Participating countries

made presentation about their TLAS accomplishments and the challenges they are still facing. The Philippines, who has not yet expressed its interest on TLAS development, presented the policies dictating the flow of timber in the country.

The participants were divided into three thematic groups, each group to discuss one of the following issues: a) timber tracking and control; b) how to define timber legality; and c) how to identify and secure stakeholder support. The results of the discussion provided possible areas the regional exchange could focus on the following year.

The participants in their visit to the forest area and processing sites of the Sabah Forest Industries SDN BHD, witnessed how the company has put in place the traceability requirements of the Sabah draft TLAS and other private sector verification systems, as well as how progress was regularly monitored through an independent audit program being implemented by Global Forest Services under the oversight of the Sabah Forest Administration and a German-Dutch support program. The participants learned that the private sector in Sabah is responsive to increased transparency and targeted control, with precise requirements and security in existence.

The different documentary requirements presented by the Sabah Forest Industries are already being prepared by tenure holders in the country. What seems lacking is the enforcement and systematic monitoring.

It is opined that implementing TLAS in the Philippines will be to the advantage of the legal tenure holders because traceability of the timber will be required which may curb illegal logging. However, developing TLAS might be a challenge.



2nd Sub-Regional Training Workshop on Timber Legality Assurance
Kota Kinabalu, Sabah, Malaysia
25-27 October 2011



The Indispensability of Hardwoods

DEFINITIONS AND USES:

Hardwood vs. Softwood

Hardwoods – The trees and/or wood of the Angiosperm class that have vessels or pores, broadleaves, and with seeds borne in ovaries, such as oaks and maples common in the temperate zone and lauans or merantis and teaks common in the tropical zone, particularly in SE Asia.

Softwoods – The trees and/or wood of the Gymnosperm class with tracheids (instead of vessels and pores), generally needle or scale-like leaves and with seeds in cones, such as pines, cedars and podocarps common in the temperate zone but may be found also

in high-elevation areas in the tropical zone.

The use of the terms hardwoods and softwoods in local trade is confused. For example, any botanically defined hardwood from tree plantation of Falcata, Gmelina or Mangium is called “softwood,” simply because the wood is young and not as hard as the natural hardwood lauans or narra.

Utility or Use-wise of Hardwood

Hardwoods and softwoods, in their mature stage, could be both similar or even excel each other in hardness; however, they vary in strength properties such as bending, compression, stiffness and toughness, as well as in

workability, durability and grain or beauty.

Mature hardwoods possessing much of such desirable properties, furnish most of the wood for furniture and furnishings, carpentry, implements, and other industrial uses where durability and structural stability are required.

Softwoods are principally for light or temporary construction and in mines as props legs, and cribbing, for boxing and crating; and for pulp and paper.

Source:

Philippine Official Reference for Forest-Related Terms and Definitions, ITTO PD 222/03 Rev. 1 (F) Lexicon of Philippine Trees by Felipe M. Salvosa

PHILIPPINE CONSUMPTION AND SOURCES OF HARDWOODS

The apparent domestic consumption of wood, generally, if not entirely of hardwoods, is about 3 million cubic meters (cum) and their sources of supply are indicated, thus:

In cum of roundwood equiv., 5-yr ave. – 2005-2009

Type of Wood	Consumption	Local Production	Import	Unaccounted/ Presumed illegal
Industrial Wood	3.0 M	0.9 M	0.7 M	1.4 M
Fuel Wood	40.0 M	40.0 M	nil	Sources of local production unspecified

Source: Local & Import, 2009 Phil. Forestry Statistics. DENR/FMB. Fuelwood, FAO per Professor Dr. Rebugio of UPLB.

The annual local timber/log production of close to a million cum comes from two sources: about 80% from tree plantations of mostly Falcata and some Mangium and Gmelina species and about 20% from the production natural residual forests of mostly lauan or dipterocarp species.

The annual imported wood materials, such as logs, lumber and veneer of about 700,000 cum, valued at about US\$ 155 million, are practically, entirely of natural (not plantation) hardwoods.

Unaccounted local sources of logs are definitely natural hardwoods from untenured forest lands of the country.

In essence, about 2/3 of the apparent domestic consumption of about 3 million cum of wood, in round timber equivalent, is of natural (not plantation) hardwoods.

Natural (not plantation) hardwoods are for the manufacture of structural lumber (for housing and construction), marine plywood (used in heavy construction and fishing boat-building) and export-destined furniture and furnishings as well as other secondary processed wood products that have brought into the country a yearly average of US\$ 760 million between 2005 and 2009, according to the FMB/DENR and NSO data.

Plantation logs are generally used in the manufacture of ordinary plywood and lumber for fruit and vegetable cratings; pallets; and matchstick and boxes.



PHILIPPINE WOOD PRODUCERS ASSOCIATION

Notice and Warning on Substandard and Smuggled Plywood

The Philippine Wood Producers Association Inc. (PWPA), the national association of leading Plywood Manufacturers in the country, hereby issues the following notice and strong warning:

1. The PWPA member-companies, along with other plywood companies, duly licensed with the Bureau of Product Standards (BPS) are the only legitimate manufacturers and legal source of locally produced plywood:

Only locally manufactured plywood made by manufacturers duly licensed with the BPS are authorized to bear the "PS" mark.

2. Imported plywood must pass through the Bureau of Product Standards, for certification and product testing on integrity and safety. Each and every panel must bear the ICC (IMPORT COMMODITY CLEARANCE) serially numbered sticker. They must not bear a PS (PRODUCT STANDARD) mark nor the brand of any locally licensed plywood manufacturer. For imported plywood, only those with authentic ICC stickers can be legally sold.



3. It has come to the attention of PWPA that unscrupulous individuals and companies have been smuggling plywood into the country; selling them Absent Any Markings, or with the unauthorized and unlawful use of the foregoing PS mark; passing them off as locally manufactured.

These smuggled plywood have been found to be substandard:

- ▲ They are not properly dried.
 - ▲ They can warp and deform anytime.
 - ▲ They may introduce wood boring pests, such as "Buk Buk."
 - ▲ They have very thin external veneers and cannot be sanded.
 - ▲ They have very high and strong emissions of Formaldehyde, which poses a serious health hazard to the consumer, and is cancerous.
4. The sale, trading and distribution of these substandard, improperly marked, unlicensed imported plywood is **UNLAWFUL**. Stores and establishments, both wholesale and retail, are strongly advised to stop dealing in these substandard, improperly marked, unlicensed imported plywood.
 5. Aside from cheating the general public, these plywood importers are defrauding the Government because they under declare the value of their importation and they do not declare the product they imported correctly. These plywood importers are also cheating the Government by depriving it of the correct duties and taxes. This is **SMUGGLING**. This is **ECONOMIC SABOTAGE**.

WARNING is hereby given to the general public, and more particularly to any and all persons or entities engaged - in the illegal importation, distribution and/or sale of these smuggled plywood to immediately cease and desist from these acts. Otherwise, PWPA and its members will not hesitate to report to the proper authorities, and/or prosecute any person or entity found involved in these illegal activities, civilly and criminally, to the fullest extent of the law.

Lastly, we are **CALLING THE ATTENTION OF THE CONCERNED GOVERNMENT AGENCIES, especially the:**

- ▲ Department of Finance, Bureau of Customs, and Bureau of Internal Revenue
- ▲ Department of Justice and the National Bureau of Investigation

to take the necessary and appropriate actions against these illegal plywood importers.

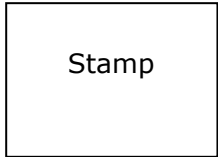
Metro Manila Survey of Plywood Prices in Peso/Panel

As of Dec. 6, 2011 vs. Feb. 20, 2012

	Before (Dec. 6, 2011)	Now (Feb. 20, 2012)		Before (Dec. 6, 2011)	Now (Feb. 20, 2012)
	(in Pesos/piece)			(in Pesos/piece)	
3mm (1/8) plywood	205	235	18 mm (3/4) plyboard	830	858
4 mm (3/16) plywood	288	345	1/8 lawanit	248	273
5 mm (1/4) plywood ordinary	308	350	3/16 lawanit	315	370
5 mm (1/4) plywood marine	346	391	1/4 Hardiflex	362	380
10 mm (1/2) plywood	528	600	1/2 Gypsum Board	470	375
18 mm (3/4) plywood ordinary	931	968			

Note: all pick-up prices inclusive of VAT retail prices

The Philippine Wood Producers Association
 3/F LTA Condominium Building
 118 Perea Street, Legaspi Village,
 Makati City 1229



RI CHEMICAL CORPORATION



Our Major Products

Our **ALKYD, PHENOLIC, ACRYLIC, MALEIC, EPOXY AND EMULSION RESINS** are used widely by the paint industry for architectural and industrial coatings.

Our **UNSATURATED POLYESTER RESINS (UPR)** are raw materials for the handicraft industries, for the fabrication of boats, vehicle components, for furnitures and a large variety of industrial, architectural and consumer products.

Our **URES (Urea Formaldehyde Adhesives), PHENORES (Phenol Formaldehyde Adhesives), and HOTMELT ADHESIVES** are used by all the plywood mills, particle board and Laminated Veneer Lumber (LVL) plants in the Philippines.

Our **POLYVINYL ACETATE ADHESIVES** are used by the woodworking and packaging industries.




A trusted player in the synthetic resins industry

- ◆ With over 50 years of tradition in chemical manufacturing.
- ◆ Serving several essential industries locally and internationally.
- ◆ Committed to building a winning organization that fosters excellence, creativity, and innovation and safeguarding the community and the environment.

Plant & Sales Office

- Resins Inc. Compound, E. Rodriguez Jr. Ave., Bagong Ilog, Pasig City 1600
- Tel: +632-671-9842 to 53 • Fax: +632-671-2825
- E-mail: info@richem.com.ph • Website: www.richem.com.ph