



House-Approved SFM Bill Now in the Senate

The House of Representatives-approved House Bill 5792, otherwise known as the Sustainable Forest Management (SFM) Act, was endorsed last March 5, 2009 to the Senate of the Philippines.

The Senate's Environment and Natural Resources (ENR) Committee together with committees concerned such as Revision of Laws, Finance, and Ways and Means, Local Government and Cultural Communities, aided by the joint Technical Working Group, was about to finalize its own version of the bill on the SFM Act when overtaken by the reorganization of the Senate in late 2008.

The Philippine Wood Producers Association (PWPA), that has been closely following the progress of SFM bills in

Fresh Face of Hope. Senator Jamby Madrigal now steers the ENR Committee which is hoped would push the SFM bill into law this 14th Congress.



Congress, however, has been assured by the Senate's new ENR Committee Secretary, Mr. Norberto Villanueva, that the SFM bill is one of the priority bills being handled by Sen. Jamby Madrigal, the new Chairperson of the ENR Committee.

The PWPA has made a comparative review of the HB 5792 and Senate version of the SFM bill and has con-

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DENR Lifts Suspension of Tree Harvesting in Region X



Main Source. Almost 85% of the national harvest of timber now comes from tree plantations, according to forestry statistics.

Department of Environment and Natural Resources (DENR) Secretary Jose Atienza, Jr., in his memorandum to the Regional

Executive Director, Region X, dated April 2, 2009, clarified that tree species planted in tenured public forest lands and in titled private lands are exempted from the coverage of his memorandum dated January 19, 2009 suspending the issuance of Environmental Compliance Certificate (ECC) and other related permits, including the harvesting of trees.

The said suspension was prompted by the flash flood that particularly hit hardest coastal Cagayan de Oro City.

Prior to the issuance of the lifting of the suspension order, the Philippine Wood Producers Association (PWPA), through its letter dated March 20, 2009, has requested Secretary Atienza to lift the suspension of his January 19, 2009 memorandum in order for the wood processing mills in the Region, much depend-

ent upon the supply of plantation timber, to be able to resume their normal operations.

The PWPA also commended Secretary Atienza for initiating the investigation as to the main cause(s) behind the said flood and to take appropriate actions against the party (ies) responsible for the damaging effects of the flood.

The PWPA said then the wood processing operations of its members have a significant impact on the economy of the Region. About ten big wood-processing company-members in the Region are utilizing timber that come mostly from tree plantations in private lands in the Region for their wood manufacturing.

The PWPA added that the key

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Atienza rallies judiciary, other government agencies in effective enforcement of environmental laws

Saying that the Philippines has already sufficient environment laws, Environment and Natural Resources Secretary Lito Atienza today (April 16) urged the participants to the Forum on Environmental Justice, including other members of the Cabinet and the Judiciary to ensure the effective enforcement of environmental laws.

"We have enough laws to cover our environment but we seem not to implement these laws properly and effectively," Atienza said, adding that the challenge confronting the environment now lies in the effective enforcement of laws, effective prosecution and impartial judgment.

"We are very fortunate to have been blessed with natural wealth but we do not follow the law," Atienza lamented.

He also said that crime and punishment remains the best mode of making people toe the line as he called on the green courts to hasten the litigation and prosecution of the more than 3000 environmental cases pending in the courts.

Atienza was in Baguio City as one of the main speakers in the 2-day Forum on Environmental Justice called by Supreme Court Chief Justice Reynato S. Puno to craft ways by which the courts could help in protecting and preserving the environment.

The forum was highlighted with the signing of a memorandum of commitment on environmental justice between Atienza and Puno, together with other government officials.

Around 500 individuals from various government agencies, including the judges appointed to the 117 designated environmental courts, non-government organizations and

other stakeholders participated in the event.

Atienza expressed appreciation to the justice Chief for his commitment to the environment, particularly in designating 117 environmental or green courts.

He likewise thanked President Gloria Macapagal Arroyo for her efforts to protect the environment and in giving him the opportunity to be a part of the solution to environmental problems as secretary of the DENR.

At the same time, Atienza shared his agency's top priority programs to the participants. Among these are the massive dredging of the Pasig River and the massive dismantling of fishpens and other illegal aqua structures in Manila Bay and Laguna de Bay.

Main Source: www.dennr.gov.ph

House-Approved...

(Continued from page 1)

cluded that there is no substantive difference between them, particularly in reference to the provisions/sections pertaining to the wood industry, which are similarly friendly.

The SFM bill has been pending since the 10th Congress and stakeholders concerned are anticipating its passage into law this 14th Congress. The House of representatives, during those last Congresses has approved the bill twice; however, the Senate has yet to pass its own counterpart bill.

The SFM Act is expected to effect a paradigm shift in the country's forest policy. As a law, it shall replace P.D. No. 705, series of 1975, that, accordingly, is exploitative of the forest resources in nature. The SFM Act, on the other hand, shall properly balance the socio-economic and environmental sustainability needs of the country as mandated by the 1987 Constitution.

DENR Lifts...

programs of Her Excellency, President Gloria Macapagal-Arroyo such as food on the table, self-reliant livelihood, and employment generation that the local wood industry is supporting, are being jeopardized by the suspension order especially at this time of global crisis.

The lifting of the suspension on plantation timber harvesting in the Region not only prevented the loss of jobs and income of the ordinary employees and workers of the PWPA company-members, but has also kept the livelihood of numerous small tree farmers-timber suppliers.

The Philippine Forestry Statistics, published by the Forest Management Bureau, DENR, discloses that at least 65% of the log requirement of major wood processing plants in the Region is being supplied by the small tree farmers therein; the rest from closeby regions and from imports.

<p>WoodStock</p> <p>Bi-monthly publication of the Philippine Wood Producers Association</p>	<p>EDITORIAL BOARD</p> <p>Fernando A. Lu, Chairman of the Board Antonio C. Olizon, President L.D. Angeles, Managing Editor M. R. Vasquez, Newsletter Editor</p>	<p>E-mail us at :</p> <p>info@pwpa.org.ph or philwood@globelines.com.ph for your comments, feedback or letters to the Editor</p>
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Earth Day 2009 Celebrated

PWPA receives Plaque of Appreciation

Environment and Natural Resources Secretary Lito Atienza led the national celebration of Earth Day 2009 at the SM Mall of Asia on April 22, 2009, anchored on the theme, "Tubig at Lupa Buhayin, Hangin Linisin, Batas Tuparin."

"Earth Day is a global event observed annually to remind every citizen of the world of his or her duty to save Mother Earth," Atienza said.

"Whether you are young or old, whatever we do, whether we realize it or not, we impact on the environment. But what is important is that we all take conscious efforts in healing our environment," Atienza added.

Atienza said President Gloria Macapagal Arroyo herself has committed to protect the environment.

"No less than our top national leaders have expressed their unconditional commitment for the environment, and in fact, giving their



Partners in Saving Earth. DENR Secretary Jose Atienza, Jr. (fourth from left), flank by Mother Earth's Odette Alcantara (to his right) and US Ambassador Kristie Kenney (to his left), leads Earth Day 2009 Celebration at Mall of Asia, Pasay City.

guidance for the country to move on fast in our quest for sustainable development," Atienza said.

Earth Day celebration started off with a blessing officiated by Rev. Fr. Ben Beltran, SVD; the singing of the national anthem; and acknowledgement of partners and sponsors by former DENR Secretary and Chairperson of Earth Day Network Philippines Elizea G. Gozun.

Her Excellency Kristie Kenney, U.S. Ambassador to the Philippines gave her Earth Day message saying that environmental protection is an act of every citizen, every day.

Other highlights of the Earth Day program were the signing of a memorandum of agreement between the DENR and the city governments of Mandaluyong, Quezon City, San Juan and Kalocan; launching of an environment book, "A Climate for Life: Meeting the Global Challenge;" story-telling sessions for the kids by Ms. Tintin Bersola Babao (Basura Monster) and Ms. Rica Peralejo (Ang aking mga kaibigan sa kagubatan).

During the Earth Day celebration, the Philippine Wood Producers Association (PWPA) president Antonio Olizon received the Plaque of Appreciation from the EDNP acknowledging PWPA as one of its active partners and sponsors.

Main Source: www.denr.gov.ph

Philippines Tops Earth Hour 2009

PWPA Participates in the EH 2009

For 60 minutes Saturday night (March 28), a record all-time high of more than 15 million Filipinos in 650 major towns and cities from distant islands switched off their lights for Earth Hour, placing the Philippines as the world's top participant in the event, WWF communications officer Gregg Yan told INQUIRER.net.

Yan said the Philippines also placed first in town and city participation out of the 88 countries among 25 different time zones.

Australia, who, among the proprietors of Earth Hour, launched it on March 31, 2007, only placed third with a total of 309 towns and cities. Greece placed second with 484 participating towns and cities.

It is the second time the Philippines has participated in the Earth Hour event and Yan attributed the success of this year to intensified social networking.

According to initial reports, Yan said that the Philippines saved 611 Megawatt-hours (MWH), which is equivalent to shutting down a dozen coal-fired power plants for 60 minutes.

Electric grid figures report that 386 MWH were saved in Luzon, 150 MWH in Mindanao and 75 MWH in Visayas.

"Earth Hour did not end last Saturday night at 9:30 pm. What we hope to have done for the Philippines together with our partners Department of Energy (DoE), Green Army Network and Switch Movement, we hope to have ushered in a new dawn for the Philippines which people realize that being eco-conscious is not only tantamount to securing our resources but it is also tantamount to saving a lot of money," Yan added.

The Philippine Wood Producers Association (PWPA) Chairman Fernando Lu and President Antonio Olizon joined the EH 2009 at the Mall of Asia Ground while its members joined in turning off their lights at their building premises and households.

PWPA is a member of the Green Army Network and actively participated in the preparation for the EH 2009.

Main Source: Article by Erika Tapalla, INQUIRER.net 03/30/2009

Atienza assigns areas for reforestation, food production in PGMA's "green collar jobs"

The Department of Environment and Natural Resources (DENR) has allocated some 21,000 hectares of open lands within the country's watershed areas to be planted with fruit-bearing trees and high value crops beginning this March.

This after DENR Secretary Lito Atienza signed Memorandum Circular 2009-03 segregating 40 percent of the total area of 52,425 hectares, covered by its Upland Development Program (UDP), for agroforestry while setting aside 31,455 hectares for purely reforestation activities within the country's watershed and mangrove areas.

"The distribution of resources and development targets under UDP shall, as much as appropriately possible at the watershed landscape level, be 40 percent for agroforestry development of upland farms," said Atienza in detailing how the UDP will be implemented using entrepreneurship and forest conservation. The UDP will be in support of the government's overall program to help the country tide over the world economic slowdown by stimulating rural growth through job creation and food production while, at the same time, addressing global warming and climate change.

A total of 52,425 upland farmers, each representing one family to develop a hectare will benefit under the UDP program. The UDP is one of two components of DENR's emergency employment efforts under President Gloria Macapagal Arroyo's "green collar jobs" program. The other is the Bantay-Gubat Project where 59,111 qualified members of upland communities will be hired as short-term forest guards to keep watch against forest fires and illegal logging activities.

Under UDP's reforestation component, Atienza allocated 20,970 (40 percent) hectares for the reforestation of watershed areas and another 10,485 hectares (20 percent) for the rehabilitation of mangrove areas, re-vegetation of stream banks with bamboos, and enrichment planting of wildlings inside protected areas.

Some 21.5 million seedlings are expected to be planted during the program where high-quality-grafted planting stocks taken from superior trees will be used including quality propagated planting stocks of fruit trees and seeds for short term agricultural crops.

Livelihood activities of forest-based communities in protected areas are highly regulated and planting of tree species are restricted to indigenous trees thriving in the area using a planting technique called "Assisted Natural Regeneration" (ANR).

ANR, said Atienza, involves enhancing the growth into full maturity of tree wildlings that have already taken root on the forest floor through minimal human intervention like ring weeding or clearing of grasses or weeds from the immediate surrounding of a wildling, application of organic fertilizer, and planting of tree seedlings indigenous in the area being reforested.

Atienza said the 40-40-20 percent distribution will be applied either at the provincial level or watershed level to effectively monitor and bring out transparency in the implementation of the P1.5 billion program, alongside another emergency scheme called "Bantay Gubat" project that will hire 59,111 able-bodied members of upland communities as forest rangers.

Atienza likewise ordered the mobilization of around 131 teams that will oversee the execution of the program from its pre-development stage to on-the-ground implementation of development activities specified in the individual contracts awarded

to the 52,425 beneficiaries, each of whom will be given one (1) hectare.

At the regional level, 15 Regional UDP Task Forces (RUTFs) will be formed, while two sets of provincial UDP task forces (PUTFs) will be created in each province.

Citing that precious public funds will be invested in the program, Atienza put all DENR field officers on notice to choose only the most appropriate development approach to be adopted in the selected sites, saying that they "should be guided by the program objectives of hunger mitigation, employment and income generation for upland farmers, and pump-priming of the rural economy, coupled with the principle of achieving maximum economic and environmental impacts for public resources invested in this program."

The agroforestry approach commands the biggest investment at an average of P32,195 per hectare, while reforestation has an average cost of P10,347 per hectare. Average costing for revegetation of stream-banks and reforestation in protected and mangrove areas using ANR is set at P9,145.

Atienza likewise ordered the establishment of tree seedling nurseries to produce high-quality seedlings for the program at one-nursery-per-100 hectare ratio with a budget of P50,000 per nursery to be operated by an accredited people's organization recognized by the communities of the beneficiaries.

Estimates show that earnings from a hectare of an agroforestry farm can reach up to P23,270 plus a monthly allowance of P3,270 per farmer, while each beneficiary engaged in UDP's reforestation activities stand to get as much as P19,400 to cover the cost and services for seedling production (P8,500), and planting and maintenance activities (P10,900).

Source: www.denr.gov.ph

DENR seizes Php 3.7 million worth of hot lumber at North Harbor

Department of Environment and Natural Resources (DENR) Secretary Lito Atienza yesterday (March 2) led the apprehension of 11 container vans loaded with Php 3.7 million worth of illegally sourced lumber and fitches at Pier 18 in North Harbor, Manila.

"We are placing Manila North Harbor under the department's tight watch as this is the port of entry of illegal logs, lumber and other forest products. These illegally sourced lumber and fitches may find their way to lumber dealers in Luzon through Manila North Harbor," Atienza said.

Atienza has declared 2009 as law enforcement year basically to put a stop to or, at least minimize, the wanton destruction of the country's forests by some greedy and unscrupulous few who flagrantly violate environmental laws.

Atienza said the six container vans are part of the 11 container vans allegedly shipped by Arcela Mini Sawmill and consigned to MV Lumber Construction Supply, Inc., in Baliuag Bulacan. The transported forest products originated from Cotabato and Agusan provinces.

Based on the initial findings of the environment law enforcement task force, the vans contained lumber and fitches with thickness of six inches. However, on opening of at least three of the container vans by Atienza, it was also found to contain hardwood species such as white and red lauan and narra, a banned species.

"This whole thing is highly irregular. For one, the fitches vary in sizes, some as thick as six inches or thicker, while some bear markings indicating that the logs were sourced from carabao logging," Atienza said.

Based on records, MV Lumber violated the terms and condition of its Certificate of Registration as a lumber dealer, wherein it is only allowed to purchase fitches with thickness of below six inches and to be procured only through public auction.

Source: www.denr.gov.ph

DENR team seizes chainsaws, lumber in Quezon, Rizal provinces

Six heavy-duty Stihl chainsaws, including 6,872 board feet of abandoned lumber and fitches were seized recently by the Department of Environment and Natural Resources (DENR) in four anti-illegal logging operations in Infanta, Quezon and Tanay, Rizal last March 4 to 6, 2009.

DENR Secretary Lito Atienza presented the seized chainsaws to media at the DENR grounds in Quezon City yesterday (March 11) in a move to highlight the importance of all sectors' involvement, especially the government's law enforcement agencies, in enforcing environmental and forestry laws.

"The seizures confirmed our suspicion that illegal logging is on the upswing with the onset of the summer season. If left unabated, this will ruin further our already ravaged forests. That's why we are stepping up our forest protection efforts by strengthening our partnership with law enforcement agencies of the government, such as the Philippine National Police and the Armed Forces of the Philippines, as well as non-government organizations and other sectors," Atienza said.

Atienza disclosed that the operatives of DENR's Environmental Law Enforcement Task Force (ELEFTF) were backed up by elements from the Naval Intelligence Special Forces of the Philippine Navy and the 1st and 16th Infantry Battalion of the Philippine Army based in Infanta, Quezon and Tanay, Rizal, respectively.

Initial reports showed that the chainsaws were not registered with the local DENR offices in Infanta and Tanay, which is in violation Republic Act (RA) 9175 or the "Chain Saw Act of 2002" which regulates

the ownership and use of chain saws in the country.

"These chainsaws are on the high-end of the market and only big-time financiers taking advantage of our poor upland farmers can afford to provide them with these expensive equipment," Atienza said, as he cited that job opportunities in uplands are now being opened up by the government through the "Green Collar Jobs" program meant to precisely give upland dwellers a better alternative livelihood instead of allowing themselves to be exploited by financiers of illegal logging operations.

A brand new chainsaw costs as much as P40,000 while a second-hand one costs about P18,000.

The ELEFTF operation in Sitio Alas-asin, Brgy. Daraitan in Tanay, Rizal led to the apprehension of four "stihl" chainsaws and a passenger jeepney loaded with 101 pieces of lumber, with a total volume of 1,342 board feet, and 30 pieces of fitches, with a volume of 1,095 board feet.

Another operation of ELEFTF in Sitio Manggahan in the same barangay netted one chainsaw and 54 pieces of lumber with a volume of 860 board feet.

In Infanta, Quezon, an Isuzu Elf truck with plate number UUC-320 was apprehended in the operation on March 4, 2009 in Barangay Magsaysay, including one "stihl" chainsaw and 247 pieces of abandoned lumber with a volume of 3,573 board feet.

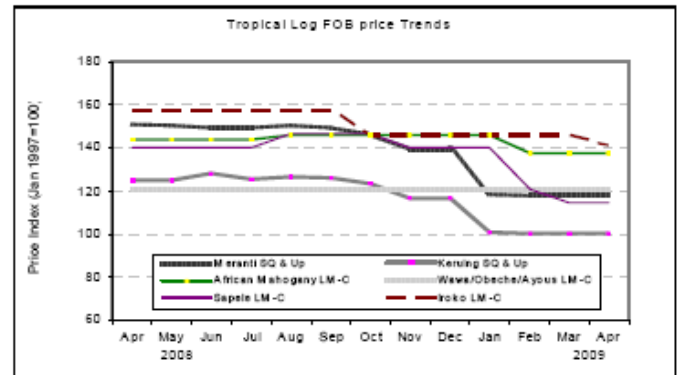
The apprehended vehicles and all the chainsaws forest products seized in the 3-day operation are now stockpiled at the DENR office in Antipolo City for safekeeping pending further investigation.

Source: www.denr.gov.ph

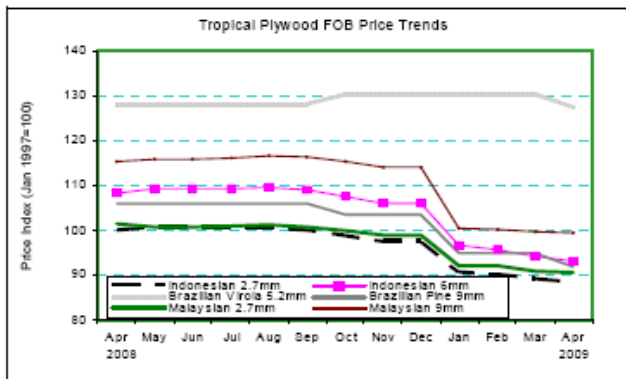
Snapshot of the Tropical Timber Market

E global business in the timber sector continued to struggle in the face of global economic uncertainties. Most West African trade was strong with Asian markets, while European demand was still dull. However, there were some signs of resilience in Europe, with the Italian furniture sector showing strength and hope for growth during the recent Salone furniture show in Milan. In South America, Brazil continued to diversify its exports and export destinations and requested further government support to stave off the effects of the economic crisis. Peru has also redirected its trade to domestic markets and non-traditional export destinations. Guyana exports showed continued resilience, with strong results arising from firm trade in the Caribbean and UK markets.

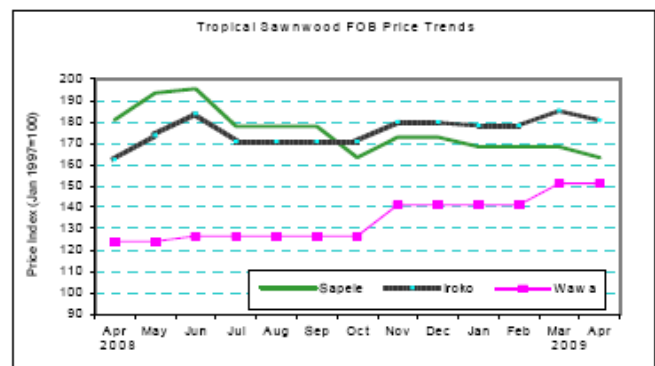
Tropical Log Price Trends



Tropical Plywood Price Trends



Tropical Sawwood Price Trends



Source: Tropical Timber Market Report
Volume 14, Number 8, April 16-30, 2009

Average Plywood and Substitute Prices Survey in NCR

	Before (March 16, 2009)	Now (May 15, 2009)		Before (March 16, 2009)	Now (May 15, 2009)
(in Pesos/piece)			(in Pesos/piece)		
3mm (1/8) plywood	205	187	18 mm (3/4) plyboard	749	702
4 mm (3/16) plywood	266	240	1/8 lawanit	191	188
5 mm (1/4) plywood ordinary	289	275	3/16 lawanit	253	237
5 mm (1/4) plywood marine	327	313	1/4 Hardiflex	361	
10 mm (1/2) plywood	513	469			
18 mm (3/4) plywood ordinary	824	796			

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



Happy Earth Day 2009 on April 22, 2009 at the Mall of Asia. (l-r photos) PWWA President Antonio Olizon (center) receives for PWWA a plaque of appreciation from Secretary Jose Atienza, Jr. as Earth day Philippines Network Chairperson Bebet Gozun looks on; President Antonio Olizon and Chair Fernando Lu in a deep conversation on environment and forest protection with Isabela Governor Grace Padaca; Chair Lu and President Olizon lead the PWWA delegation.



Philippines, Switched Off. Department of Energy Secretary Angelo Reyes leads the Earth Hour (EH) 2009 Switched Off, participated in by the PWWA, on March 28, 2009. The Philippines is the world's top participant of the event.



Yet Another. PWWA Executive Director L. D. Angeles wears the Medal of Recognition for distinctive career achievement awarded by his Alumni Association during the 99th Foundation Day of UPLBCFNR in Los Baños, Laguna. In 2007, Angeles was elevated to its Forestry Hall of Fame, one of only 10, so far.



More Power. Directors Evaristo Narvaez, Jr. (left photo) and Alex Ong (right photo) celebrate their joint birthdays with the directors of the Board during their meeting on April 15, 2009.



Battling Global Meltdown

Asia Scrambles to Fight Recession

BANGKOK, Thailand - Barely eight months ago, Asian governments were too preoccupied with curbing double-digit inflation, as oil and commodity prices surged to levels not seen in decades.

Central banks across Asia had to implement a series of interest-rate increases to rein in inflation.

Now, Asia's economies are fighting a different kind of battle: recession.

In an effort to stimulate their economies, Asian central banks have been cutting key interest rates, with some rates already reaching zero levels, a sharp reversal from the tight monetary policies they adopted just months ago.

With exports plunging and millions of workers losing their jobs, governments across Asia and around the world are rushing to come up with economic stimulus packages to shore up their faltering economies, stimulate growth and avoid slipping into recession.

The effects of the global financial crisis, which intensified last September with the collapse of US investment bank Lehman Brothers, have spilled into the real economies of Asia, most of which project lower growth rates this year.

Weak exports have already pushed Japan, Hong Kong and Singapore into recession. Other Asian countries like Taiwan and South Korea are teetering on the brink of recession.

Experts warn that the current global financial turmoil may take a bigger toll on emerging Asia than the 1997-1998 regional crisis, despite its enhanced financial muscle.

Economic growth in Asia has been severely affected by the global collapse in demand for goods.

Asian exports plunged at double-digit rates in January as a result of weaker European and American consumer spending. Exports account for about 32 percent of Asia's GDP, according to the World Bank.

The sharp drop underscores the vulnerability of Asia's export-driven economies during global downturns and points to more cuts in jobs, production and profits in the coming months.

To counter the global slowdown, the International Monetary Fund has urged governments to "stimulate their economies."

Japan

Japan's parliament passed in January a 4.8 trillion yen (US\$52.2 billion) stimulus plan that includes a cash payout of 12,000 yen (\$133) per taxpayer.

It is considering additional measures to shore up the economy with fresh spending likely to top 10 trillion yen (\$109 billion).

Singapore

Singapore lowered corporate taxes, subsidized wages, guaranteed bank loans and spent more on infrastructure as part of the S\$20.5 billion (US\$13.6 billion) stimulus package.

South Korea

The government has allocated about 140 trillion won (US\$102 billion), or 15 percent of GDP, in liquidity injections, tax cuts and stimulus packages.

Taiwan

The government also announced earlier an additional NT\$200 billion on top of the current

NT\$500 billion stimulus package aimed at creating 150,000 new jobs in 2009 to combat Taiwan's rising unemployment rate, which climbed in December to its highest level since 2003.

China

The Chinese government has announced a 4 trillion yuan (\$586 billion) fiscal stimulus package to spur domestic demand and boost the slowing economy until 2010.

India

India has unveiled a 300 billion rupee (\$6 billion) package to bail out the corporate sector. It has stepped up public expenditures and has given various tax concessions to industry to combat economic slowdown.

Thailand

The new Abhisit Vejjajiva government has introduced two economic stimulus packages.

The first package (18 measures) has earmarked 116.7 billion baht (US\$3.3 billion) for social welfare and infrastructure. The seven measures in the second package are aimed at bolstering the property sector, small- and medium-sized enterprises and venture capital, and at restructuring debt.

Malaysia

The Malaysian government has released a 7 billion ringgit (\$1.9 billion) package to stimulate the faltering economy.

The Philippines

To pump prime the economy and generate three million jobs by yearend, the Philippine government plans a P330 billion (\$6.9

Real GDP growth at selected Asian countries (in percentage)

Country	2008	2009**
Japan	-0.7	-2.6
Singapore	1.2	-5.0
South Korea	2.5	3.0
Taiwan	1.87*	2.1
China	9.0	8.0
India	6.8	6.0
Thailand	3.6*	0-2.0
Malaysia	5.8*	3.5
Philippines	4.6	3.4-4.7
Indonesia	6.2	4.5-5.0
Vietnam	6.2	4.0-6.5
Laos	7.9	8.0
Bangladesh	6.2	6.0

* Preliminary estimates
** Forecast

billion) economic stimulus package. [An economic adviser to President Macapagal-Arroyo claims that only P7 billion is new spending.]

The government has also set-up a P 1Billion livelihood fund for returning OFWs who would lose their jobs abroad

Indonesia

Indonesia has set aside a 71.3 trillion rupiah (\$6.31 billion) stimulus fund to boost the economy amid the crisis.

The package includes the 27.5 trillion rupiah stimulus previously announced.

Condensed from the article of Noel Adlai O. Velasco, Asia News Network, Talk of the Town Section, Philippine Daily Inquirer, March 1, 2009

Emerging market for land-use carbon credits

by Michael A. Cullen
and Leslie L. Durschinger

It is widely accepted that detrimental land-use actions generate at least 18% of global greenhouse gas (GHG) emissions worldwide, mostly from deforestation¹. FAO estimates global forest loss at about 13 million hectares per year, roughly the size of Switzerland, releasing around 1650 MtCO₂ each year. Despite this significant contribution to global emissions, land-use projects represent less than 1% of the official carbon offset market². The rapidly growing worldwide carbon market was estimated by the World Bank to be worth over US\$64 billion in 2007, more than doubling from the previous year's \$31 billion. The market is estimated to exceed \$100 billion in 2008. Emission reduction projects (offsets) accounted for 21% of the total in 2007, with the remainder accounted for by allowances issued by governments for regulatory schemes under the European Union/Emission Trading Scheme (EU/ETS). Voluntary carbon offset transactions from emission reduction projects were worth \$265 million in 2007³.

Within the Clean Development Mechanism (CDM), as of October, 2008, only one Afforestation/Reforestation (A/R) project was approved and registered. An additional 32 A/R projects have been submitted for registration under the CDM and are currently being considered. A drawback to A/R projects under the CDM is that they are not accepted under the current EU/ETS scheme and are exclusively traded on the voluntary market.

In 2007, 18% of traded volume on the voluntary market was accounted for by forestry and agricultural soils projects⁴. Credits from land-use projects often trade at a significant discount to other project types, such as renewable energy, industrial gas, or fuel switching. Still, voluntary buyers and buyers motivated by emerging regulatory schemes are showing growing interest in purchasing credits from projects previously designated as Land Use and Land Use Change and Forestry (LULUCF), now referred to as Agriculture, Forestry, and Land Use (AFOLU). This new designation accounts for a broader set of project types including A/R, improved forest management, reduced emissions from deforestation and degradation (REDD), and agricultural land management.

Evolving regulatory environment

Expansion of the market for land-use project generated carbon credits is driven by changes in the regulatory environment. The EU has recently made a commitment to address the global problem of deforestation. In the absence of regulatory acceptance, voluntary interest in AFOLU projects from institutional and retail buyers is growing.

Japan recently announced that it will institute a voluntary emissions reduction plan where companies would voluntarily agree to cut emissions. The pricing and allocation of allowances has yet to be determined and the Japanese government is reluctant to impose mandatory compliance measures. Nevertheless, Japan has been an important player in the worldwide carbon market and has been a strong supporter of forestry projects.

When Australia's new government took office in December 2007, it immediately signed onto the Kyoto Agreement and began to put in place its rules for GHG reductions. Australia has set up a climate exchange to trade emission reduction credits, and it has proposed recognizing credits from agricultural land use and forestry and appears to be on track in meeting its Kyoto emission reduction targets.

Pending federal legislation in the U.S. and regional initiatives devising legislation to limit GHG emissions and establish cap and trade systems include acceptance of domestic and international forestry projects as offsets. Given the size of the U.S. regulatory market the impact on the demand for land-use credits will be significant. The Dingell-Boucher Bill currently being proposed to the U.S. House of Representatives includes two provisions for carbon offset credits to fulfill compliance obligations in the future cap and trade program. One provision of the legislation creates a domestic U.S. offset program, enabling qualifying emission-reduction projects within the U.S. to generate credits for use within the cap and trade system. Besides allowing for credits from methane capture and destruction projects, this provision specifies that A/R, forest management, reduced deforestation and agricultural projects would be included. A second provision creates an international emission offset program that allows the use of credits generated from international projects for compliance as well and specially outlines forest restoration

and conservation as allowable project types.

Market standards

In Bali (December 2007), the UNFCCC included REDD on its post-2012 roadmap, with more details expected to emerge from its next cop in December 2009. The World Bank, through its Forest Carbon Partnership Facility, is supporting reduced/avoided deforestation efforts at the country level. In addition, the voluntary market for AFOLU projects is growing and gaining credibility with market participants. To date, six projects, a mix of A/R and REDD, have been approved under the Climate, Community and Biodiversity Standard (CCBS) and ten others are currently being audited. CCBS has limited requirements for carbon accounting for AFOLU projects, but it provides valuable metrics for ensuring social and biodiversity benefits. By contrast, the Voluntary Carbon Standard (VCS) provides guidance for accurate accounting of carbon stocks, leakage, and additionality, though no methodologies have been approved to date. Terra Global Capital proposed the first VCS REDD methodology in September, 2008, which is currently under third party validation. It is anticipated that this methodology will be the first approved under the VCS for REDD. Market growth is being driven by these standards that provide transparency for buyers and sellers, carbon accounting methods that are robust and credible, and registration processes that are streamlined and cost effective. But the methodological approaches of the various standards do vary, as they seek to quantify baselines, leakage, and additionality across varying project types. The two main standards currently accepted for AFOLU projects are VCS and CDM. These differ significantly in the types of projects accepted and the details of land eligibility (Table 1).

Prices

Market prices for carbon credits from REDD projects vary widely and are difficult to compare due to varying terms. Based on a limited sample size, they have to date been observed to range from \$2 to \$12 per ton. While the contribution of VCS and CCBS registration ensures a high degree of carbon accounting

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and social and biodiversity benefits, it is unclear how much of a premium the market will place on credits with both CCBS and VCS registration. Nonetheless, REDD projects as a whole are anticipated to play an important role in the market for worldwide carbon offsets.

Discrepancies in market prices for land use carbon credits are common because they originate from different project types and the motivations of buyer vary widely. Prices vary with respect to the regulatory framework and standards to which they have been submitted, and reflect the relative value and risks they represent to potential buyers. A recent survey of the voluntary market by Ecosystems Marketplace noted the following prices were reported for voluntary market transactions per ton of CO₂:

- A/R plantation/monocrop - \$8.20 per ton
- A/R restoration of native species - \$ 6.20 per ton
- Avoided deforestation - \$4.80 per ton
- Agricultural soil - \$3.90 per ton⁵

Demand side drivers

The impending legislation at the national and regional levels in the U.S. and cap and trade systems being implemented in the EU, Australia and Japan, mean that emission caps will continue to tighten and compliance costs will likely increase. Thus, the need for cost effective abatement solutions is high, particularly given the recent economic downturn. Credits from land use projects will continue to provide a low

to medium cost abatement solution for compliance with these regulatory schemes⁶ and for voluntary buyers. Since the voluntary market is expected to grow to US \$50 billion by 2012, the demand for land-use projects with desirable co-benefits to voluntary buyers⁷ will impact the market growth for land use credits. For pre-compliance companies and investors, the U.S. market which is predicted to be worth \$1 trillion by 2020, provides an opportunity to invest early in anticipation of increased regulation and market appreciation. With offset credits from forestry projects specifically allowed in all versions of the proposed U.S. legislation⁸ it is anticipated that the pre-compliance demand for afool projects will increase over the next 2-5 years.

The Kyoto compliance markets are currently limited for forestry (CDM only allows afforestation/reforestation). Companies with Corporate Social Responsibility (CSR) goals have recently been looking more to buy land-use credits, as they have started to understand the issues of permanence and timing of offsets versus their emissions. These companies are actually looking to land-use projects as a cost effective offset source and additionally they value the co-benefits of increased biodiversity, poverty reduction and improved water quality.

Buyers often focus on two issues beyond the importance they place on accurate carbon accounting. One is permanence: the notion that the offsets created and sold from a project will not be reversed by natural or man-made events

that release the project's previously sequestered carbon. The second one is additionality: confirming that that the project resulted in lower green house gas emissions than what would have occurred under a 'business as usual' scenario.

Buyers currently in the market have been categorized as follows:

- Regulatory compliance buyers who need to purchase offsets to meet their regulatory caps;
- CSR companies who purchase credits to meet objectives of environmental responsibility;
- Pre-compliance or early action buyers from corporate entities who will eventually have to comply with a standard;
- Speculators or investors who want to take advantage of possible future price increases; and
- Retail buyers who want to take personal action to offset their carbon footprints.

While each of these buyers has different motivations and pricing objectives, they all need to rely on transparent standards for carbon accounting and the ability to understand the risk related to their carbon offsets purchases.

Can AFOLU projects be brought to market in scale?

It is estimated that reforestation of only 1% of eligible tropical land could give rise to \$5 billion in carbon credits⁹. Each year US \$8 billion worth of carbon (valued at US \$5 per ton) is

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VCS best			
Table 1. Land -use project types and available carbon standards			
Category	Examples	CDM	VCS
Afforestation/ Reforestation	<ul style="list-style-type: none"> • Tree planting with or w/o harvest, on deforested land • Agro-forestry on deforested land • Assigned natural regeneration, on deforested land 	/ / / Deforested prior 1990	/ / / Deforested > 10 yrs prior project starts
Avoided Deforestation (REDD)	<ul style="list-style-type: none"> • Reduction of degradation and deforestation • Enrichment planting or ANR, on degraded lands 		/ /
Improved Forest Management	<ul style="list-style-type: none"> • Conversion from commercial to sustainable timber harvesting • Extending rotations of harvests • Other treatments to restore forest value 		/ / /
Agriculture Land Management	<ul style="list-style-type: none"> • Conservation tillage • Optimized fertilization (reducing N₂O emissions) • Improved water management rice (reducing CH₄) • Rangeland management 		/ / / /

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emitted due to deforestation. Thus the ability for both A/R and REDD to contribute to reducing GHG is significant. However, if forests are to be replanted, stabilized, or deforestation avoided, the developers of such projects will need expertise, capital, and technical support to bring credible projects to market and to implement them. It is also possible that other ecosystem credits including water quality, biodiversity and poverty reduction can attract additional buyers and higher value for bundled co-benefits. The supply of credits from AFOLU projects will be linked to the availability of funding, standards and technical expertise to project developers.

Bringing AFOLU projects to market is a complex matter. Projects have multiple stakeholders and require contributions and coordination across countries, technical skill sets that are not readily available in many developing countries, and a high degree of motivation on the part of local participants.

In-country technical expertise to manage the implementation and monitoring of the projects requires local level capacity to ensure successful outcomes.

Often projects require up-front funding to support startup costs for project development and carbon measurement. Having such funding in place early allows for a better chance of project success. In addition, it must be established who is the legal owner of the credits, and how the transaction can be structured to ensure that credits are only sold once and that a viable counterparty can sign the emissions reduction purchase agreement with buyers. In many countries, it is unclear as to who owns the carbon credits, whether it is actually the land owner, long term land tenants and/or implementer of the project activities. Thus agreements between potential credit owners need to be put in place to ensure that rights to credits are clear between all parties.

Finally, to ensure that income streams can flow fairly to multiple participants, including local communities, revenue flows need to be accurately

predicted and mechanisms put in place to distribute carbon benefits. This means that all financial aspects of the project need to be thoroughly planned and monitored effectively, so all costs and revenues can be accounted for and payments made in a timely and routine fashion.

Conclusion

The AFOLU carbon market is growing at a rapid rate. The demand for land-based offset credits will undoubtedly increase further with changes in the regulatory systems of developed countries, and because there is no other single source that could potentially meet this growing demand. The measurement, permanence, additionality, and risk issues of AFOLU projects will be better understood and managed, and as the market matures numbers of buyers and early investors will increase.

Such maturation will occur as quality projects are brought to market, transparent and rigorous standards are applied, ample technical expertise to measure carbon is developed, and adequate financing to initiate projects is efficiently sourced.

Source: *Tropical Forest Update*, 18 No. 3 2008

Article by Mr. Michael A. Cullen, Managing Director, Terra Global Capital and Mr. Leslie L. Durschinger, Founder and Managing Director, Terra Global Capital

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Condolences

With sincerest condolences to the bereaved family of:

+ Rufino Te Nasser, father-in-law of PWPA director Mr. Robert Kua, who passed away last April 24, 2009.

PWPA in Events

Date	Meetings/Events	PWPA Representatives
March 1	Karera Para sa Kalikasan '09, San Lazaro Leisure Park	Chair Fernando Lu, President Antonio Olizon and Director Aristeo Puyat
4	Earth Hour Phils Press Launch, Hard Rock Café, Makati City	Chair Lu, ED Leonardo Angeles and FEC Maila Vasquez
5	Earth Hour 2009 Weekly Meeting, DOE Board Rm., Taguig City	Chair Lu
11	PWPA Board Meeting, Makati City	PWPA directors and officers
23	Earth Day 2009 Countdown Launch & Press Conference, DENR Visayas Avenue, Quezon City	Chair Lu, ED Angeles
28	Earth Hour 2009, Mall of Asia, Pasay City	Chair Lu and President Olizon
29	Dinner for Life (Pro Life Phils Foundation), Rockwell, Makati City	Chair Lu and President Olizon

Date	Meetings/Events	PWPA Representatives
April 3	Meeting with Trade Commissioners of Canadian Embassy PWPA Board Room, Makati City	EVP Alfonso Keh, Jr., ED Angeles and FEC Vasquez
15	PWPA Board Meeting Makati City	PWPA directors and officers
18	Sandiwang 2009 La Mesa Ecopark, Quezon City	ED Angeles and wife Adelina
22	Earth Day 2009 Celebration Mall of Asia, Pasay City	Chair Lu, President Olizon, Director Keh, Jr., Manager Regino Serafico, FEC Vasquez, FEA Jose Lorenzo, Ms. Sylvia Cortes of ALSONS and Mr. Rudy Cabuay of SPLC
23-24	UPLB CFNR Founding Anniversary Celebration UPLB CFNR, Los Baños, Laguna	ED Angeles, FEC Vasquez and FEA Lorenzo
27	PWPA IFMA <i>ad hoc</i> Committee Meeting PWPA Board Room, Makati City	Chair Lu, Directors Evaristo Narvaez, Jr. and Ramon Uy, ED Angeles, FEC Vasquez and FEA Lorenzo

Note: EVP – Executive VP; VP – Vice President; ED – Executive Director; Mgr.– Manager; FEC – Forestry & Environment Coordinator; IC – Industry Coordinator; FEA – Forestry & Environment Adviser; SA – Systems Analyst; PC - Plywood Council; SC - Steering Committee

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