



PWPA Holds 61st Annual General Assembly

The Philippine Wood Producers Association (PWPA) held its 61st Annual General Assembly of Members last October 19, 2012 at the MAN Multipurpose Hall, Quezon City – exclusively for PWPA members and loyal sponsors.

With the theme: “The Wood Industry: Facing a New Horizon,” the meeting updated the members on the status of the wood industry and heard from members insights and recommendations as guides for the PWPA to move forward the industry vis-à-vis Executive Order No. 23, the logging moratorium in natural, residual forest.

Chairman Fernando Lu gave the opening statement welcoming the members. He expressed the hope that with the difficulties the industry is facing, the simple gathering would inspire the members to share their ideas and recommendations to help each other and the industry.

Chairman emeritus Meneleo Carlos, Jr. of the Federation of the Philippine Industry who is also the President of the RI Chemical Corp., the co-presenter of the general assembly, gave a short message about the need for intensifying tree plantation



Wood Industry Meeting. (l-r) PWPA Chairman Fernando Lu, FPI Chairman Emeritus Meneleo Carlos, Jr. and PWPA President Antonio Olizon welcome PWPA officers, members and sponsors.

development to support the wood needs of the country now that the lifting of EO 23 is uncertain. Additionally, the Department of Environment and Natural Resources announced the need to reforest another 300,000 hectares for fuelwood alone.

He introduced the concept of the barangay nursery that sister company, Claveria Tree Nursery, Inc. (CTNi), is modeling in Misamis Oriental using the cloning technology in propagating seedlings that are faster in growth and cheaper in cost than what any other nurseries offer.

CTNi general manager Roberto Togle made a presentation about

mass producing genetically superior tree seedlings by macrosomatic cloning. He also showed the indicative cost for establishing a typical barangay nursery wherein a cloned seedling costs P7.00 versus the buying price of National Greening Program at P12.00/seedling.

During the business meeting, President Olizon requested Directors Jhonny Young and Calvin Tan David to present the status of the wood industry and financial standing of the PWPA, respectively.

Director Young said the continued implementation of EO 23, which is on its 19th month already, has caused much difficulties to the wood industry. He said illegal logging, intended to be stopped by EO 23, continues to persist with impunity. Illegal logging and the influx of undeclared, misdeclare or underdeclared plywood from China have made legally-produced local wood products uncompetitive. He said despite the different efforts the PWPA had done, the lifting of EO 23 is still uncertain.

President Olizon told the members that the PWPA will continue to work

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PWPA on the Danger of Imported Plywood

The Philippine Wood Producers Association (PWPA) continues its best efforts to arrest the influx of undeclared, misdeclared or underdeclared China-made plywood in the local market.

The flow of importation of China-made plywood has already created a severe dislocation of the local plywood industry consisting of 30 mills nationwide that directly employing more than 30,000 workers, half of whom has already lost their jobs.

No less than 300 to 400 containers of such plywood enter the country on a monthly basis with one container equivalent to nearly P1 million worth.

Such huge volume of cheap, substandard plywood not only has displaced 50% of the market share of locally produced plywood but more seriously has been displacing local labor. For every container of such plywood entering the country, about 16 local workers are being displaced.

Such huge volume of plywood entering the country is also a huge

loss in government revenues, in the forms of import tax, value-added tax and other taxes. Practically, all arrivals of China-made plywood escape taxes by having them declared by unscrupulous "shell companies" as mere construction materials or panels, phenolic boards, etc.

Because such plywood are substandard by the measure of the Department of Trade and Industry (DTI) Bureau of Product Standard and are tested high in formaldehyde emission, they pose structural danger and health hazard to workers, users, and home occupants.

In October 18, 2012, the PWPA met again with Bureau of Customs Commissioner Rozzano Rufino Biazon to make an appeal for assistance to stop the entry of smuggled plywood from China. The PWPA, in its letter handed to Commissioner Biazon on the same date, has indicated the tariff headings wherein such plywood belong and also the ports of origin where they are coming from.

Commissioner Biazon assured PWPA of his bureau's assistance. He said he appreciates the move of the private sector, like the PWPA, in helping the government in its anti-smuggling campaign.

Just after the meeting, according to news reports, Commissioner Biazon ordered the close monitoring of plywood importation especially those coming from Tsing Tao and Quing Dao ports in Shandong Province, China.

The PWPA, through its Plywood Council, also continues to cooperate with the DTI in monitoring such plywood at the retail outlets. It also posted the quality and standard of locally produced plywood as it advertised, in English and Chinese, the poor quality and hazard of China-made plywood as a warning local buyers and consumers.

The Plywood Council also closely coordinates with the DTI Bureau of Product Standard in developing technical guidelines to ensure the quality standards of plywood being manufactured and sold in the local market.

PWPA Presents a Paper at the NAST PHL

The Philippine Wood Producers Association (PWPA) presented a paper on processed wood products at the Roundtable Discussion on "Processed Food and Wood Products: Current Status, Issues and Concerns" sponsored by the National Academy of Science and Technology, Philippines (NAST PHL) on November 28, 2012 at Acacia Hotel, Muntinlupa City.

It was the second in the series of round table discussions being conducted by the NAST PHL in preparation for its 35th Annual Scientific Meeting (ASM) which will be held on July 10 and 11, 2013 with the theme "Harnessing Science and Technology: Reversing the Decline of the Manufacturing Sector in the Philippines."

NAST PHL is the country's highest advisory body to the government and the science community on matters related to science and technology.

Executive Director L. D. Angeles made the paper presentation and reactors to the paper were Dr. Menandro Acda, a professor from the UPLB College of Forestry and Natural Resources (UPLBCFNR) and Dr. Romulo Aggangan, the director of the Forest Products Research and Development Institute, DOST. (See related story on page 9)

During the open forum on the presentation, Dr. Antonio Carandang, the director of the Forest Development Center of the UPLBCFNR and PWPA deputy executive director Maila Vasquez - co-authors of the paper with

For. Angeles - and the reactors responded to the queries from the audience.

Academician (Acad.) Ruben Villareal, the moderator and master of ceremonies, said the paper was well presented and the NAST PH should take note of the mentioned bills (Sustainable Forest Management Act and the Land Use Policy Act) that the Congress has not passed for so many years.

Acad. Rafael Guerrero III made a synthesis of the food and wood industries presentations and concluded that most of the challenges they faced have similarities that science and technology should do concrete actions on to help improve the food, particularly the fish and livestock, and wood industries.

PWPA Speaks Before the Convention of Foresters

The Philippine Wood Producers Association President Antonio Olizon presented a paper entitled “Forest Law Enforcement, Governance and Trade (FLEGT)” during the 64th Anniversary Convention of the Society of Filipino Foresters on September 19-21, 2012 at the Subic Bay Exhibition and Convention Center.

President Olizon traced the development of forest law enforcement, governance and trade in the Philippines, its implementation, and impacts on the forests and the wood industry of the country. He also made key recommendations and possible actions to be taken towards its effective implementation. *(See related story below)*

Other paper presented during the conference were: The State of Philippine Forest by Dr. Antonio Carandang; Forest Law Enforcement by Gen. Renato Miranda; Holistic Evaluation and Approaches to Curb Illegal Logging in the

Philippines by Forester-Atty. Wilfrido Pollisco; Pagsasaayos ng Kagubatan: Isang Hamon ng Pulitika at Hindi ng Teknolohiya by Dr. Antonio Contreras; Initiatives on Strengthening Forest Law Enforcement and Governance by Atty. Ma. Generosa Maslang; Lokal na Inisyatiba sa Pagprotekta ng Kagubatan: Karanasan at Mga Isyung Kinakaharap ng Bantay Gubat ng Mangatarem by Mr. Ely Curimao; National Greening Program by Dir. Ricardo Calderon; SCUFA: A Triumph of Forest Restoration and Economic Uplift by Mariano Saclauso, Sr. and Framework for a National Action Plan on Forest Law Enforcement, Governance and Trade by Dr. Manuel Bonita.

The convention was attended by more than 1,000 professional foresters coming from the different regions of the country and representing various sectors from the government agencies, the non-government organizations, the academe and research and the private sector.

From the Perspective of the Wood Industry: Forest Laws Enforcement, Governance and Trade in the Philippines by Antonio C. Olizon¹

(First of two parts)

Good afternoon...

Before anything else, allow me to congratulate the members of the Society of Filipino Foresters on its 64th Founding Anniversary. Come to think of it, this Society is only three years OLDER than the organization I am representing, the PHILIPPINE WOOD PRODUCERS ASSOCIATION (PWPA).

It is a privilege for me and for the PWPA to be a PART of this Conference. It is our fervent HOPE that today we will make great progress in examining, strengthening and unifying our efforts at FOREST LAW, ENFORCEMENT, GOVERNANCE AND TRADE, or FLEGT for short, to ensure the sustainability of our country's forest resources.

FLEGT is an international action plan on forestry laws. It is a voluntary agreement on how

each country may be able to enforce properly and effectively laws governing forest and carry out proper liberal trade on timber and timber products.

The Philippines has not yet signed the Voluntary Partnership Agreement (VPA) that will adopt and implement an internationally accepted FLEGT action plan.

Today I seek to share with you the perception of the private wood industry on the implementation of forest laws enforcement, governance and trade in the country. My presentation will revolve around 2 key points:

- The Issues and concerns on FLEGT in the Philippines; and
- Our recommendations and possible actions towards the effective implementation of FLEGT.

Let me illustrate my FIRST POINT with a story.

About forty years ago, when I was also forty kilos lighter, I was a young bachelor starting out in the wood business. I encountered a famous, or maybe INFAMOUS, FORESTER. Itago na lang natin siya sa pangalang Mr. G.

I will never forget what Mr. G told me while we were on a small boat approaching Cotabato City one day. He said, “You know Tony, we made a thousand laws for our forests here in the Philippines so that if you violate just one, you can already be considered and called a VIOLATOR.”

I'm not sure exactly how many laws we really have but what I do know is that a lot of them are ANTIQUATED, IMPRACTICAL, AND MISGUIDED.

ANTIQUATED. *The Philippine forestry law is outdated, the Executive Orders keep on chang-*

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IFMA Holders Meet DENR Secretary¹

The Philippine Wood Producers Association (PWPA) representatives joined the group of IFMA holders (IFMA Association of the Philippines or IFMAP) in meeting with DENR Secretary Ramon Paje on October 24, 2012 at his office in Quezon City to discuss issues and concerns relative to EO 23 and to request his assistance in bringing the same to the President in the hope he (the President) may lift the 20-month long logging moratorium.

At the outset, Secretary Paje said that he might not be able to help in having the EO 23 lifted because the President will be the one to decide on it. However, he said he will be able to help along some areas, as what everyone likewise can do, within the purview of EO 23, for example:

1. On Public-Private Partnership

Secretary Paje said the DENR has a target of 300,000 hectares for NGP (National Greening Program - EO 26) for 2012 and he is thinking of assigning 1/3 or 100,000 hectares of it (outside of existing IFMA areas) to the private sector through contract planting.

He claimed that at contract price of P12,000/hectare, return on investment after 10 years will be much more. However, the bid price for matured planted trees, at whatever end-use, will be based on the amount the planting contractor, or anyone, is willing to competitively offer over and above the P12,000/hectare investment of the government.

DENR is still preparing the mechanics of contracting.

2. On Wood and Products Certification

Secretary Paje said that he has commissioned the Forest Development Center (FDC), UPLB CFNR at Los Banos, to start drawing-up the certification process.

He requested the IFMAP, PWPA, SFF (Society of Filipino Foresters) and FDC to form the committee for the purpose.

3. On Wood Summit

Secretary Paje said that in his meeting with SFF, the idea of a wood summit, that will bring together stakeholders in the wood industry, like the IFMAP, PWPA, CFIP, the academe, the professionals and the government, might be a good way to make the President to see, from the results of the summit, that there is still a need for natural-grown timber for furniture, plywood and lumber manufacture.

He said the same committee he mentioned earlier might be able to help in the formulation of the framework of the summit that may be held in January 2013.

4. On the Review/Evaluation (R/E) of Tenurial Instruments

Secretary Paje said that he intentionally did not go through the R/E in accordance with EO 23 but opted instead to use the regular or usual R/E conducted by the field offices because if the R/E of EO 23 were done, only three IFMAs would pass. He said the results of the R/E by the regional offices are already being finalized.

He suggested, however, that to lift EO 23, the President should be

convinced that the wood industry could be a backbone of the economy that the country may rely on.

He suggested that the presentation to the President should show the impact of EO 23 to the whole wood industry - from the producers down to the consumers and also should answer the questions like:

- If going into wood business is good, why are there companies losing?
- Why are there companies not paying forest charges?
- What happened to the 7.6 million hectares denuded forest areas? Why was it left denuded until now?

He said that the common objective should be: everybody must be happy. He added that for the past 18 months, the government is seeing the ingredients of its success such as the massive cleansing of illegal logging hotspots (it was reduced to 27 from 100+ areas) and the use of military solution to illegal logging in Mindanao.

Messrs. Antonio Antonio, Robert (Bong) Siquian and Green Circle owner Romeo Roxas of the IFMAP gave the introduction, rationale and objectives of the meeting, respectively. PWPA Executive Director L. D. Angeles, whenever asked by Secretary Paje, gave his professional opinions and answers to the questions and made clarifications to certain unfounded remarks by Secretary Paje.

The meeting did not really meet the IFMAP objectives nor did it open opportunity to fully present its position paper on EO 23. Instead, it was Secretary Paje who was able to make his position and agenda clear.

¹ Prior to this meeting, on August 13, 2012, IFMAP and the PWPA representatives met with DENR undersecretaries Demetrio Ignacio and Ernesto Adobo, Jr. and other key DENR and FMB officials. No substantive result came out of the meeting as Secretary Paje, accordingly, has the final say on the issues and concerns that were raised.

Official Statement of the Philippine Wood Producers Association (PWPA)

26 September 2012

Recent news reports on seizure and confiscations of illegally cut logs are proofs that the country's forests are even more in danger after the issuance of Executive Order 23. Running after illegally cut logs is not forest protection nor sustainable forest management.

E.O 23 issued on Feb. 23, 2011 imposed a moratorium on logging in the natural and residual forest in the whole country.

The EO 23 aims to protect the country's natural and residual forest and stop illegal logging.

The same EO ordered the DENR to review and evaluate all existing forestry agreements and immediately cancel those that violated the terms and conditions and existing national laws, rules and regulations.

Since the signing of the EO 23 on February 2011, Integrated Forest Management Agreement (IFMA) holders were ordered to remove their machineries and equipment from their concession areas.

Ostensibly, by stopping the logging operations of the legitimate IFMA holders, it would be easier to monitor movement of illegal logs from the cutting area to the wood processing plants or to the ports where these logs will be loaded on vessels.

In order to add teeth to the anti-illegal logging drive, the EO 23 created also the Anti-Illegal Logging Task Force (AILTF) with DENR Secretary Paje as Chairman and the secretaries of DILG and DND, and the AFP chief of staff and PNP Director General as members.

Inspite of AILTF and the deputation of the personnel of the AFP, PNP, Philippine Coast Guard, Marina and the Presidential Anti-Organized crime Commission, illegal logging continues to flourish with impunity. As media widely report, rampant log smuggling causing unabated destruction of the forest goes on while the heavy influx of undocumented lumber and plywood from China still floods the market.

Secretary Paje has not yet issued the implementing guidelines on the review/evaluation of the IFMAs that could have guided President Aquino to lift or not the logging moratorium. His continuous inaction to review and evaluate the IFMAs as mandated by the EO 23, is a disregard to the provision of the EO 23.

The worse of EO 23:

- shut down the operations of responsible companies, translating to loss of business and investments and dislocating other industries reliant on the products of the wood industry such as the furniture-makers.
- eliminated the jobs of about 200,000 Filipinos, directly and indirectly, and negatively impacting local communities in both economic and social terms.

The legitimate wood industry players were saddened on the untimely death of DILG Secretary Robredo, since he started and had some leads on the illegal logging activities. It had to take the likes of the late Secretary Robredo to take the initiative to have a thorough investigation on the illegal logging activities.

As the head of DENR, Secretary Paje should take command responsibility to remedy the serious state of affairs happening in our forest and in the wood industry - a vital sector of the environment protection and socio-economic development of the country.

The Philippine Wood Producers Association, a 61-year-old organization representing the wood industry, has lost its confidence in the leadership of the DENR. Its inaction and ineffectiveness in implementing the provisions of EO 23 and its keeping the wood industry in an uncertain state, the Administration would be in a very difficult situation to achieve Daang Matuwid, and it is losing its true partners in sustainably managing the country's forest resource and pursuing inclusive growth.

Note: The above official statement was sent to various print media.

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*Glimpses from the 61st Annual General Assembly of PWWA Members
19 October 2012, MAN Multipurpose Hall, Quezon City*



From the Perspective....

(Continued from page 3)
 ing, and rules are disorganized as they are frequently modified. Past and present regulations on forestry, environment, wood processing and timber trade are still rooted on a 37-year old decree that has already outlived its usefulness. There are instances when rules and regulations of DENR hardly have any legal basis. In our country, what appears as FLEGT is a mere response without too much preparation to certain issues or guidelines BY SOMEBODY new at the helm of the environment and natural resources department. Never mind if these new laws or regulations contradict older ones, creating much confusion on implementation.

The Sustainable Forest Management Act (SFMA) remains unlegislated since the 8th Congress, which is 25 years ago.

Some of existing laws are seldom based on vision or science.

IMPRACTICAL AND MISGUIDED.

The loss of natural forests in the Philippines is attributed to two (2) main causes; namely: the legal conversion of forest lands to Alienable and Disposable (A & D) lands on one hand, and the ILLEGAL LOGGING in classified forest lands, on the other.

In 1936, through Commonwealth Act No. 141, forests in declared A & D lands must be removed for homestead settlements, sale, lease or confirmation of imperfect or incomplete titles by judicial or by administrative legalization (free patent). Holders of short-term timber licenses in A &

D lands were urged to hasten their cutting of the timber. They were even penalized if they failed to remove and manifest at least 70% of their allowable annual cut of timber.

95% of forest cover loss is attributed to land conversion while only 5% on logging damage as reflected in the Master Plan for Forestry Development study done for the DENR by Jakko Poyry Oy, funded by ADB-FINNIDA in 1990.

Forest Cover Loss, in 000 ha. (1934-1990)

Period	1934-1945	1945-1955	1955-1965	1965-1975	1975-1985	1985-1990	Total '34-'90	Ave. Ann. Loss	% Forest Cover Loss
Beginning Balance	17000	15700	13900	11800	8800	8800	-	-	-
Less: Losses due to Forest conversion	1260	1740	2200	2835	1880	460	10375*	185	95%
Logging damage	40	60	100	165	120	40	525**	9	5%
Total	1300	1800	2300	3000	2000	500	10900	194	100%
Ending Balance	15700	13900	11800	8900	8600	8300	-	-	-

Note: Up to the mid 1970's TLA-holders must harvest at least 60% of their annual allowable cut or else the TLA is cancelled.

Reference: Summarized from Notes and References, p. 47, Appendix 3, Main Report, Master Plan for Forestry Development, DENR-Jakko Poyry Oy (funded) MANECCOR (Pala) TA 902 PPH of ADB-FINNIDA, 30 June 1990

* - Total Forest Cover Loss. ** - Damage out of 5,000,000 Hectares Logged.

IMPRACTICAL AND MISGUIDED. Despite our efforts, most lawmakers and politicians have voted for a total logging ban simply because it is the more popular way, EVEN IF THIS WAY HAS PROVEN MORE HARMFUL TO OUR FORESTS.

A study by the UPLB and the FMB/DENR in 1996 covering 33 CANCELLED TLA areas reveals that, in just NINE (9) YEARS from TLAs cancellation, these areas have fallen victim to the negative effects of illegal logging and kaingin-making. The study seems to indi-

cate THAT it is better that the forests, for their own protection and sustainable management, HAVE TENURED STEWARDS.

Ambrosius Ruwindrijarto, the Indonesian environmentalist and 2012 Ramon Magsaysay awardee, himself said that illegal logging is a complex and serious problem; illegal logging is not simply the destruction of the forests; it is also about the system of corruption and the wealth it creates.

The 2012 Ramon Magsaysay awardee was also able to demonstrate THAT FORESTS WITH TENURE ARE SAFE from illegal logging. His NGO together with communities manage 200,000 HECTARES of forests in Indonesia. The same maybe said of the forests sustainably managed by the IFMA holders in the Philippines.

IMPRACTICAL AND MISGUIDED. Our existing laws on FLEGT is generally oriented to its narrowest concept and sense. It is ORIENTED TOWARD REGULATION AND PUNISHMENT. Enforcement is plain fault-finding and imposing sanctions;

Governance disregards the equal protection clause of constitutional law for it is biased against the LEGITIMATE STAKEHOLDERS

while favoring or exempting others; and IN THE MATTER OF TRADE, legitimate players are more challenged with processes, regulations and cost than the ILLEGITIMATE ONES. It is the opinion of the stakeholders in the private wood industry that forestry

governance has been made unnecessarily complicated.

Our opinion is that FLEGT in its universally-accepted concept, intention and practice, is yet to happen seriously and extensively in the Philippines.

IT CAN NEVER BE EFFECTIVE as to be productive, even when implemented TO ITS EXTREME, such as in the CATCH-ALL SOLUTION of the LOGGING MORATORIUM OR LOGGING BAN. To the contrary, FLEGT without a strong foundation is INEFFECTIVE AND MAY EVEN BE HARMFUL. For example:

- The Philippines has lost most of its natural forests while forest protection, restoration and development are weak and slow, injured further by widespread illegal logging, firewood gathering and charcoal making that cannot seem to be controlled;
- The Philippines, from a net exporter of timber and timber products, has become a net importer of the same;
- The logging moratorium (EO 23), as an improvised FLEGT, has eliminated the role of the legitimate stakeholders in sustainable management of the natural and residual forests.

The question begging for an answer is: Why can the Philippines not implement a real FLEGT in a manner recognized by the international community?

To be continued on next issue

¹ PWPA President A. C. Olizon delivered the paper/speech during the 64th SFF Convention, Sept. 19-21, 2012 at Subic Bay Freeport Zone, Philippines.

Key Results of the UPLB-FMB/DENR Study

Situation	Before Cancellation	Nine-years after cancellation	Percent change
Population, no.	121,300	154,300	+27
Employment, no.	30,000	9 (equipment guards)	(100)
Upland farmers family, no.	49	230	+370
Land-use change, in hectares (All 33 TLAs in 7 regions)			
Old growth forest	602,000	136,000	(77)
Second growth forest	445,500	438,700	(2)
Other forest	276,000	132,000	(55)
Cultivated/Open	338,000	963,800	+185
Total area	1,661,500	1,661,500	-

PROCESSED WOOD PRODUCTS: CURRENT STATUS, ISSUES/CONCERNS AND PROSPECTS

Executive Summary¹

Background. Processed wood products, specifically lumber, veneer and plywood are the primary material outputs of the upstream sector of the Philippine wood industry.

Invariably, they are utilized directly in housing and other types of construction as well as the material inputs to the downstream sector of the wood industry that includes furniture and furnishings and manufactured articles of wood such as doors and windows and other woodworks.

The upstream sector consists primarily of sawmilling, veneering and plywood-making vertically integrated with timber sourcing. Once it also included the manufacturing of pulp and paper, transmission poles, foundation pilings, railroad ties, and underground mine timber.

Current status. One of the pillars of the national economy, especially during the post-war reconstruction period, the upstream sector has been generally on a gradual decline.

In the last four decades, the local volume production of lumber sank by nearly 80%; veneer, 55%; and plywood – the major wood-based panel products (that include particle board and fiberboard), 46%. The drop in their aggregate production was 70% (from a yearly average of 2,548,000 cubic meters in the period 1973-1978 to 790,000 cubic meters, in the period 2009-2011).

To meet the apparent domestic demand for lumber, veneer and plywood, the country is impelled to import them yearly.

From a negligible value at the beginning of the 1990's, the imports of lumber and veneer peaked between 1994 and 2003 at a yearly average value of US\$99 million and US\$22 million, respectively; while plywood, recently, between 2009-2011 at US\$39 million, mainly because of the influx of China-made plywood. Between 1994 and 2011. Their aggregate yearly imports averaged at 355,000 cubic meters valued at US\$112 million.

On the other hand, the aggregate export of these primary wood products, hugely dominated by lumber, has been on a slump.

From a yearly average peak at 1,157,000 cubic meters valued at US\$275 million in the period 1979-1983, exports, in the period 1999-2003, plunged to 109,000 cubic meters valued at only US\$18 million. A very weak but untenable recovery of their export started during the period 2004-2008.

In sum, from a net exporter of these primary wood products - and their manufactured surplus raw material, timber or logs - the country has become a net importer of the same since the mid-1990's.

Despite its difficult state, the upstream sector has, until the promulgation of Executive Order No. 23 of 2011, been able to supply the consumers with price-affordable processed wood products and the downstream sector with its needed raw materials in the manufacture of secondary manufactured wood products, the export of which has made the balance of trade in wood yet in favor of the country.

Causes, issues and concerns. The main cause for the weakening and decline of the upstream sector has been the visionary policies of the government with respect to land use and, in particular, the forests. The loss of the forests and, by extension, the scarcity of timber, were the collateral results of these policies.

The land-use policy, specifically the Public Land Act (CA No. 141 of 1936), as variously amended, has converted forest-rich lands of the public domain into alienable and disposable lands. The 1990 ADB-funded Master Plan for Forestry Development noted that 95% of the loss of forest cover has been due to this land classification or conversion process.

The tacit policy to "capitalize" the forests to earn needed FOREX has allowed the proliferation of short-termed, unsustainable forest concessions. Aimless regulations and profligate practices were tried halted through PD No. 705 of 1975 coupled with the subsequent overlapping policies of selective logging bans. They miserably failed in attaining their objectives because of weak forest governance and indifferent enforcement of regulations by the concerned institutions.

Ensuing and often-changing policies and regulations were palliative measures unable to retain and manage, by and large, the remaining forests, that, today, stand at only 7.2 million hectares – 24% and 45% of the total land and forest land areas of the country, respectively.

The poor state of the forests, and by extension, of the primary sector, is reflected in the dwindling local, legal, commercial timber/log production and the increasing imports of timber/logs for the manufacture of processed wood products. From a yearly average high of 9,000,000 cubic meters during the period 1973-1976, local timber/log production has ebbed to only 743,000 cubic meters during the period 2009-2011 and with imports peaking at about 636,000 cubic meters during the period of 1994-1998.

Local production and imports of timber/logs, and the processing and marketing of wood products, perforce, have been affected by, and the lingering after-effects of, the Asian financial crisis of 1997 and the global economic crisis of 2007.

However, the fact remains that the upstream sector today is in the decline, albeit in the doldrum, for lack of raw material, timber/logs. It is compounded severely by the promulgation of EO No. 23 that bans logging in the natural and residual forests and restricts even primary wood processing.

In sum, the primordial issues and concerns facing the upstream sector, that may collaterally impact on the downstream sector and even the public consumers, are: 1) local raw material scarcity; 2) the further rise of illegal logging that has now encroached into the licensed forest areas closed by EO No. 23; 3) difficulty of accessing at timber/logs from abroad due to exporting countries' policies and systems of quotas, taxes and prices and thrust toward value-adding manufacturing; 4) the competition posed by the dumping of cheap imported wood products, particularly plywood; and 5) the continuous idling of existing investments and, conversely, the dearth of LDI/FDI investments

(Continued on page 11)

Wood Industry in 2012 & 2013 Projection

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ood Industry: 2012 Assessment

In February 2011, President Benigno S. Aquino III issued Executive Order No. 23, otherwise known as, "Declaring a Moratorium on the Cutting and Harvesting of Timber in the Natural and Residual Forests and Creating the Anti-Illegal Logging Task Force." The issuance of EO 23 stopped all tenurial holders from operating in natural and residual forests as equipment were brought down from the forest area.

Except for the timber cut in the natural and residual forests prior to the issuance of EO 23, no cutting nor transport of the same has henceforth

been allowed. With the limited supply of raw material logs, it was expected that prices of lumber, veneer and plywood will increase; however, it was not as expected. The price increases were only felt during the first six months; thereafter, they stabilized because of the influx of substandard plywood from China and the proliferation of illegal logging filled up the demand.

In terms of wood processing mills, renewal of the permits have been difficult because the 5-year log supply contract requirement is hard to get.

In 2012, the same situation as in 2011 is being felt by the industry.

Wood processing mills rely on plantation timber which is dwindling in supply and on imported natural timber.

The influx of substandard plywood from China still continues, hence local producers have difficulty in competing against.

Projection for 2013

With the situation continuing and the EO 23 not being lifted, it is projected that many wood processing mills will slowdown their operations; some to close down. The raw material logs will come from a) tree plantations; and b) imports but with difficulty because of high costs triggered by the policies of value-adding processing, export quotas and taxes. If not prevented, imported substandard plywood and illegal logs will continue to supply needed demand.

PWPA Submits Concept Paper for the Wood Industry Summit

T

he Philippine Wood Producers Association (PWPA) submitted to the

Forest Management Bureau (FMB) its draft concept paper for the proposed Philippine Wood Industry Summit to be held on January or February 2013.

The wood summit aims to bring together all stakeholders in the wood industry, like the PWPA, IFMAP, CFIP, the academe, the professionals and the government to come up with a common position so the President may

appreciate that there is a need for natural-grown timber for furniture, plywood and lumber manufacture, for example.

During the second consultation meeting on November 15, 2012, the *ad hoc* Pre-Summit Committee adopted the PWPA's suggested summit objectives: 1) ensure the availability, sufficiency and sustainability of raw materials for the wood industry; 2) promote local and global competitiveness of the wood industry including compliance to international trade regulations; and 3)

protect the forests and the environment. The PWPA's suggested broad topics and outputs of the Summit was also tentatively adopted.

It was also agreed that the FMB will submit the Summit concept paper together with a Special Order on the holding the Summit to Secretary Paje for his approval.

Specific topic papers will be identified by the *ad hoc* Pre-Summit Committee on November 29, 2012 who will continuously meet starting December 2012.



Reports to Members. Directors David (left) and Young report the financial status of the Association and the state of the wood industry, respectively.

PWPA Holds...

(Continued from page 1)

hard for the lifting of the logging moratorium.

Director David summarized the PWPA 2011 financial report prepared by SGV as he requested for the continuous support of the members to the Association.

Deputy executive director Maila Vasquez read the official statement of PWPA regarding the implementation of EO 23. (See official statement on page 5)

The members re-elected all incumbents

as directors of the Board for the year 2012-2013, namely: Ms. Edith Alcantara, Mssrs. Victor Consunji, Calvin Tan David, Alfonso Keh, Jr., Robert Kua, Fernando Lu, Charlie Liu, Evaristo Narvaez, Jr., Antonio Olizon, Aristeo Puyat, Stanley Tan, Ramon Uy and Johnny Young. (See photos on p.7)

The principal presenters of the General Assembly were RI Chemical Corp. and CTNi of the Resins Inc. Group of Companies while the major sponsors were Bondtite Pty. Ltd. and Matimco, Inc.

PWPA Meets New DENR-NCR Director

The Philippine Wood Producers Association (PWPA) made a courtesy call last July 31, 2012 to Forester Neria Andin, the new Regional Executive Director (RED) of the Department of Environment and Natural Resources-National Capital Region (DENR-NCR).

RED Andin, the former OIC, FMB Director, together with her key staff,

welcomed the PWPA as she assured the PWPA that DENR-NCR will continue to be the partner of the wood industry attending to its concerns.

PWPA Director Ramon Uy thanked RED Andin as he said that there are some concerns and issues facing the PWPA members in the NCR that need to be discussed and clarified. He also expressed that the courtesy call will only be the first of the

many meetings that both DENR-NCR and PWPA will make towards more effective dialogues.

Director Uy also reminded RED Andin to take note of the different point of entries in San Jose Nueva Ecija, Sto. Tomas, Batangas and Sinoloan, Laguna as well as Batangas and Manila where illegal logs/wood products may enter.

PWPA Attends National Export Congress

The Philippine Wood Producers Association (PWPA) attended the National Export Congress on December 5, 2012 at the Philippine Trade Training Center, Pasay City. The National Export Congress was organized by the Department of Trade and Industry-Bureau of Export Trade Promotion (DTI-BETP), Export Development Council (EDC), and the Philippine Exporters Confederation, Inc. (PHILEXPORT) and is jointly supported by export oriented private sector associations and government agencies.

With the theme "Mabuhay ka, Exporter," the Congress aims to encourage exporters to rise above global

challenges and boost their performance by way of recognizing their contribution to export growth and the Philippine economy and will also provide new information to upgrade their current capabilities.

The Congress was opened by Director Senen Perlada of the Bureau of Export Trade Promotion of the Department of Trade Industry. He said that the Philippines has reached a point in export history where the chance should not be missed, he said exporters should face up with the challenge and abolish its fears, that they should be prepared for success. He said that in times when you hit the rock bottom, there is no way but to go up.

On the part of the private sector, President Sergio Ortiz-Luis, Jr. of the Philippine Exporters Confederation, Inc. and Vice Chair of the Export Development Council said that exporters should not only weather the storm but should also meet their targets. He said that they should be confident and be able to sustain and improve until the end of 2012.

The Congress was also the venue to recognize selected exporting companies who has shown good performance for the year.

Export innovation and productivity and competitiveness programs were the topics of the panel discussion of the National Congress.

Processed Wood Products...

(Continued from page 9)
in forest/tree plantation development.

Prospects Benchmarked on its recent performance, however feeble, the recovery and future growth of the upstream sector has a good prospect. The "taming" of the cited major constraints, which are within the power and control of the government, could transform the prospect to reality. For the upstream sector has visible investments in infrastructure, both in the forests and in their mills; skilled manpower; scientifically-based technologies; and good

long track records. Complementarily, it has obligations to fulfill to its workers and communities and responsibilities to honor in sustaining and managing the forests and the environment. All available elements are present to be an active participant in the inclusive growth policy of the government.

On the other hand, a dim prospect faces the timber primary sector and even the downstream sector, if the government, that highly regulates the wood industry continues on with its industry-unfriendly policies.

¹ Executive Summary of the paper, as above titled, prepared by PWPA Executive Director L. D. Angeles, UPLBCFNR FDC Director Antonio P. Carandang, Ph.D and PWPA Deputy Executive Director M. R. Vasquez and presented to the Round Table Discussion on Processed Food and Wood Products: Current Status, Issues and Concerns on November 28, 2012 at the Acacia Hotel Manila, Filinvest Corporate City, Alabang, Muntinlupa City, hosted by the Agricultural Science Division, National Academy, Science and Technology, Philippines.

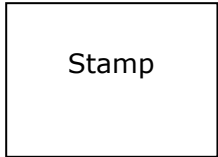
Metro Manila Survey of Plywood Prices in Peso/Panel

As of June 2012 vs. December 2012

	Before (June 2012)	Now (December 2012)		Before (June 2012)	Now (December 2012)
	(in Pesos/piece)			(in Pesos/piece)	
3mm (1/8) plywood	235	195	18 mm (3/4) plyboard	858	705
4 mm (3/16) plywood	345	280	1/8 lawanit	273	275
5 mm (1/4) plywood ordinary	350	285	3/16 lawanit	370	375
5 mm (1/4) plywood marine	391	305	1/4 Hardiflex	380	385
10 mm (1/2) plywood	600	495	1/2 Gypsum Board	375	380
18 mm (3/4) plywood ordinary	968	795			

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

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