



PWPA Joined PGMA's State Visit to New Zealand

A Philippine Wood Producers Association (PWPA) delegation, led by chairman Antonio Olizon, joined President Gloria Macapagal-Arroyo in her State Visit to New Zealand (NZ) on May 28-30, 2007.

President Arroyo herself was accompanied by four cabinet members, including DENR Secretary Angelo Reyes, six members of Congress, including Senator Miriam Defensor-Santiago, 27 business delegates, including



Inviting NZ Investments. Philippine government and business leaders discuss investment opportunities in the country before NZ counterparts-audience during the Business Meeting held on 29th May 2007 in Auckland. (from left: BPAP president Danilo Reyes, PWPA chair Antonio Olizon, DA secretary Arthur Yap, DTI secretary Peter Favila, Ambassador and PCCI president Donald Dee, Investment NZ president Nick Arathimos)

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Office of the President
of the Philippines
Malacañang

MEMORANDUM

FROM : THE EXECUTIVE SECRETARY

TO : Secretary, Department of Environment and Natural Resources
Director-General, National Economic and Development Authority
Secretary, Department of Trade and Industry
Secretary, Department of Finance
Secretary, Department of Science and Technology
Secretary, Department of the Interior and Local Government
Chairpersons, Regional Development Councils

DATE : June 25, 2007

The attached Philippine Forestry Development Forum Resolution dated June 3, 2005 is hereby adopted to form part of the basis for the major undertakings of the Government relative to forest and the forestry sector.

With the adoption of this Resolution, the Department of Environment and Natural Resources (DENR) is hereby directed to serve as the lead agency in the coordination and implementation of the different activities called for under the Resolution, with the full cooperation of the National Economic and Development Authority, Department of Trade and Industry, Department of Finance, Department of the Interior and Local Government, Department of Science and Technology and the different Regional Development Councils. The DENR shall ensure the active participation of the forest-based industries, academe and civil society sectors in all initiatives relative to this Resolution.

By authority of the President:

EDUARDO R. ERMITA
Executive Secretary

Much Awaited Adoption. Copy of the memorandum from the Office of the President adopting the Philippine Forestry Development Forum Resolution (see insert).

CERTIFIED COPY

MARIANTONIO M. BIMBANAL
Director III
Malacañang Records Office

Malacañang Adopts Forestry Forum Resolution

The Office of the President, in a memorandum dated June 25, 2007 signed by Executive Secretary Eduardo Ermita, has adopted the Resolution of the Philippine Forestry Development Forum to form part of the basis for the major undertakings of the government relative to the forest and the forestry sector of the country.

The Department of Environment and Natural Resources (DENR) was directed to serve as the lead agency in the coordination and implementation of the different activities stated in the Resolution.

The DENR will also ensure that all initiatives relative to the Resolution will have the active participation of the forest-based industries, academe and civil society.

It may be recalled that on June 2-3, 2005, the Philippine Wood Producers Association, in cooperation with the DENR, Asian Development Bank (ADB), the Society of Filipino Foresters and the UPLB College of Forestry and Natural Resources, hosted the Philippine Forestry Development Forum at the ADB Auditorium, Mandaluyong City. The theme of the forum was "Sustainable

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PWPA Joined PGMA's...

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those from PWPA and the furniture sector, and media reporters.

Chair Olizon presented a report on the potential forestry projects for investment in the Philippines, i.e. in tree plantation and wood transit processing, during the 29th May, Auckland business meeting: "Philippine-New Zealand: Opportunities for Business Partnership," organized by the Philippine Department of Trade and Industry, the NZ Trade and Enterprise Business Group and the Philippine Chapter of the ASEAN-NZ Business Council.

The report was received with positive response, particularly the prospect of establishing the wood transit processing in the Philippines, in the light of the shutting-down or consolidation of wood mills in NZ.

President Arroyo was much impressed about the R & D at the NZ Research Institute at Rotorua, especially in seedling propagation in the nursery. She was informed a similar activity is being done by the Bukidnon Forest Industries (BFI), initially a Philippine-NZ joint-venture in tree plantation development.

President Arroyo and NZ Prime Minister Helen Clark signed two bilateral agreements on the conservation of natural resources and combating transnational crimes.

The State Visit yielded potential \$1.22

billions in NZ investments: \$1 billion for reforestation project; \$150 million, gold mining; \$40 million, local wood processing; and \$30 million, export of Philippine fruits.

Reyes said the project proposal for tree plantation is due to the climatic advantage of the country where trees for lumber take 15 years to mature as against 30 years in NZ.

Olizon said the local wood industry would gain much from processing raw wood from NZ due to available idle mill capacity and strategic market location of the Philippines.

The PWPA delegates also included Mr. Philip Yao, chairman of the Philippine-NZ Business Council and Forester Rene de Rueda.



Malacañang Adopts...

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MEETING OF MINDS. Philippine Forestry Development Forum convenors and guests (front row, l-r): PWPA president Antonio Olizon, former DENR undersecretary Renato de Rueda, SFF president Ricardo Umali, congressman Leovigildo Banaag, DENR secretary Michael Defensor, Mother Earth Phils. director Odette Alcantara; ADB director Muhammad Mannan; UPLBCFNR dean Ramon Razal; (back row, l-r) PWPA EVP Alfonso Keh, Jr., PWPA chairman Fernando Lu, FAO/ UN forestry officer Patrick Durst, ADB specialist Tetsuro Miyazato, Nature Foundation president Antonio Oposa, Jr., PWPA directors Robert Kua and Evaristo Narvaez, Jr. and ADB specialist Bobur Alimov.

Forest Management: A Holistic Path to National Development" with the primary objective of creating an informed awareness of the importance of a sustainable forestry sector in the national development.

The forum was able to draw a crowd of more than 360 participants representing the different sectors of the society like the business, the government and non-government organizations.

Among the recommendations of the Resolution is the creation of a Timber Industry Development Board the DENR is currently formulating together with all concerned stakeholders.

In Search for Investments. (from l-r) PWPA chairman Antonio Olizon, DTI secretary Peter Favila, forester Rene de Rueda and DTI coordinator Zaf Masahud during a break of the business meeting held in Auckland, New Zealand.

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PWPA Initiates Amendment of DAO 2007-01

Led by president Fernando Lu, the Philippine Wood Producers Association (PWPA) met with Parks and Wildlife Bureau director Theresa Mundita Lim to air its apprehensions on the possible unlimited implementation of the DENR Administrative Order (DAO) 2007-01 re: List of Threatened Plant Species.

President Lu informed Lim about the position of PWPA - as contained in its letter-petition for the DENR to clarify the DAO and also as elaborated by it to DENR secretary Angelo Reyes - that TLAs and IFMAs are long-term legal tenurial instruments allowing their holders to utilize commercial timber on a sustainable basis and may not be superseded by mere permits as required in the DAO.

A short presentation on the implications of the DAO on the wood industry was made by executive director Leonardo Angeles as he concluded that arbitrarily implementing it would tantamount to a total logging ban in natural production forest that, in turn, would redound to the closure of wood mills, massive lay-offs of laborers, and loss of revenues.

The DAO, intended to implement Republic Act No. 9147, also known as "Wildlife Resources Conservation and Protection Act," prohibits the cutting of practically all commercial tree species, including the dipterocarps listed therein - the very important raw material of the wood industries.

Director Lim, who chairs the Philippine Plant Conservation Committee (PPCC) that drafted DAO 2007-01, informed PWPA that an amending Order exempting legally-tenured forest areas, was already submitted by her to the office of the DENR Secretary for review and possible approval.

The PWPA thanked Lim for her initiative as it also recommended to her the review of the list of the so-called threatened economically important tree species and to include PWPA and other stakeholders as members of the committee, to which Lim agreed.

The PPCC is presently composed of representatives from the government agencies and the academe only.

Foresters Jose Lorenzo and Maila Vasquez of PWPA and forester Nermalie Lita of PAWB actively participated in the discussion during the meeting.

PWPA to Hold Workshop

In its regular meeting last June 13, 2007, the directors of the Board of the Philippine Wood Producers Association (PWPA) agreed to hold a one-day workshop to draw-up a strategic framework of policy and programs designed to match its "best-effort intentions with performance" in order to be more responsive to its members and other stakeholders.

The workshop aims to have a consensus on the kind of basic and "bonding-related" services to its members and image-enhancing and CSR activities.

To support these endeavors, the workshop will explore ways and means to beef-up its financial resources in measures acceptable to its members.

Directors Stanley Tan, Charlie Liu, Ramon Uy and Willy Yao were appointed to compose the Steering Committee to plan-out the Workshop.

The directors agreed to hold the Workshop on July 7, 2007 at the Palms Country Club, Muntinlupa City.

Reyes Keynotes ASEAN Talks to Curb Timber Smuggling in Southeast Asia

Environment and Natural Resources secretary Angelo Reyes, last June 26, 2007 at the Hyatt Hotel in Manila, expressed optimism that bolder measures will soon be taken among member countries of the Association of Southeast Asian Nations (ASEAN) to solve the problem of trading of illegally cut timber between importing countries and timber-producing ASEAN countries.

Speaking at the opening of the East Asia -Forest Law Enforcement and Governance (EA -FLEG) Technical Workshop, Reyes said that the two-day meeting "marked the beginning of

the collaboration and cooperation between and among governments and civil society" to counter the global problem of illegal logging.

Participants in the meeting include national forestry and customs officials from member countries of the ASEAN as well as from Japan, Papua New Guinea and Korea.

The workshop will discuss the strategies by which concerned ASEAN member-countries can effectively carry out their respective roles to enable local forestry and customs officers to identify misdeclared, undocumented or "stolen timber" from legitimate timber products before

timber cargoes are shipped to another country.

The workshop's output will be presented to the ASEAN Senior Officials in Forestry (ASOF) Roundtable Meetings on Strengthening EA-FLEG to be attended by key forestry policy makers from ASEAN countries at the same venue from June 28 to 29, 2007.

In 2005, the World Bank said that illegal logging accounts for at least US\$10 billion annually in losses in the global market, and about US\$5 billion in annual losses in government revenues.

Source: www.dennr.gov.ph

PWPA Called On Lao Prime Minister

A Philippine Wood Producers Association (PWPA) delegation led by president Fernando Lu met with H. E. Prime Minister (PM) Bouasone Bhoupavanh of the Lao PDR at his Presidential Suite, Sofitel Philippine Plaza Hotel, Pasay City, last June 8, 2007 to discuss possible business opportunities and trade between Lao and the Philippines.



With his key cabinet members and ambassador to the Philippines, the PM spoke to the delegation, through an English interpreter, about situations in Lao PDR:

1. It has liberalized its investment policy through a decree to encourage foreign capital. To be signed with the Philippines today is in an agreement to foster trade and investment relations between the two countries.
2. Forest is rich and the usual allowable quota of timber to be cut has been recently increased because of clear-felling the forest to give way to:
 - the hydropower development along the Mekong River, and
 - the conversion of some forestland into rubber plantation.
3. The export of logs is banned but export of finished and semi-finished wood products is allowed. A few foreign companies are already shipping out wood products.
4. Investment in establishing wood processing mills is encouraged, preferably in tie-up with the local companies.
5. Infrastructure is improving but being a land-locked country, the way-out, as it were, could be through

Seeking Possible Business Opportunities. (Seated l-r) PWPA EVP Alfonso Keh, Jr., VP-director Evaristo Narvaez, Jr., president Fernando Lu, Lao PDR Prime Minister Bouasone Bhoupavanh, Philippine Ambassador to Lao PDR, Elizabeth Buensuceso, PWPA member and chairman of Philippine-New Zealand Business Council Philip Yao and director Stanley Tan. (at the back, l-r) Mr. Buster Elevado of DTI and DFA director Marshall Alferez.

Bangkok (Gulf of Thailand) and/or southern Myanmar (Andaman Sea); however, through Vietnam was not mentioned.

In conclusion, the PM expressed the hope PWPA members would take a look at Lao as an investment hub for wood processing and trade of wood products.

President Lu informed the PM a PWPA trade mission had been in Lao, but the key issue facing Philippine investors is their inability to compete with companies of Lao-neighbor Thailand that has comparative advantages.

In response to the query of Mr. Philip Yao on the repatriation of profit, the PM said it is allowed under the decree.

In response to the query of PWPA director E. Narvaez, Jr. on the possibility of a mining

venture in Lao, the PM said his country is rich in various minerals but are hardly explored as he welcomed joint venture therein.

In response to the query of president Lu on the prospect of Lao importing heavy duty vehicles, the PM also welcomed a proposal or project therealong in tie-up with local firms.

Philippine Ambassador to Lao PDR Elizabeth Buensuceso, after the meeting, assured the PWPA delegation that investing in Lao is a good business, especially the big direct market China is just its neighbor.

The PWPA delegation included EVP A. Keh, Jr., directors E. Narvaez, Jr. and S. Tan, executive director L. Angeles and member P. Yao, also the chairman of the Philippine-New Zealand Business Council.

Average Plywood and Substitute Prices Survey in NCR

	Before (June 19, 2007) (in Pesos/piece)	Now (July 16, 2007)		Before (June 19, 2007) (in Pesos/piece)	Now (July 16, 2007)
3mm (1/8) plywood	225	228	18 mm (3/4) plyboard	762	749
4 mm (3/16) plywood	270	267	1/8 lawanit	150	172
5 mm (1/4) plywood ordinary	293	282	3/16 lawanit	235	250
5 mm (1/4) plywood marine	347	334	1/4 Hardiflex	375	363
10 mm (1/2) plywood	530	476			
18 mm (3/4) plywood ordinary	820	790			

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

PWPA Represented in the International Conference on Wood-based Bioenergy

The Philippine Wood Producers Association (PWPA), through its forestry and environment Coordinator, Mailla Vasquez, joined the International Conference on Wood-based Bioenergy held last May 17-19, 2007 in Hannover, Germany.

Upon the recommendation of the PWPA and nomination by the Department of Environment and Natural Resources, through the Forest Management Bureau, the International Tropical Timber Organization (ITTO) sponsored the attendance of forester Vasquez in the Conference.

The Conference, in conjunction with the LIGNA* Hannover 2007, was organized by the ITTO in collaboration with the UN Food and Agriculture Organization and the German Federal Ministry of Economics and Technology.

Aimed at raising the awareness of decision makers on the technical and economic potential of efficiently utilizing logging residues and wood-processing wastes for increasing energy sources in tropical countries, the Conference dealt with:

- the current and prospective contribution of wood residue-based energy generation in tropical countries including the technology and economics attendant therewith; and
- recommendations on future actions and



Participants at Fagus Gropius Exhibition, Alfred, Hannover, Germany. Photo by H. O. Ma, ITTO.

policies that could assist tropical countries in enhancing efficiency by developing the sustainable use of wood residues and wastes for energy generation and assessing potential impacts of support measures to mitigate climate change.

Representatives from Cameroon, Gabon, Ghana, Papua New Guinea, Cambodia, Indonesia, Japan, Malaysia, Korea, Philippines, Belgium, France, Germany, Rome, Sweden, Switzerland, Bolivia, Guatemala, Mexico, Brazil and Peru attended the Conference.

The Conference included the following activities:

Guided visit to LIGNA*2007

The participants visited selected stalls of

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Key Messages

- **Wood-based bioenergy offers countries, including developing countries in the tropics, an opportunity to improve their energy security**
- **Wood industries can use wood residues for the co-generation of energy to increase the cost-effectiveness of their operations**
- **The use of wood-based bioenergy can help reduce greenhouse gas emissions**
- **The wood-based bioenergy sector needs to be developed on the basis of sustainable forest management**
- **The international community should support the development of efficient and cost-effective wood-based bioenergy through the transfer of appropriate technology and investment**

Forum on Biodiversity and Climate Change Attended by PWPA

Representatives from government agencies, private sector, NGOs and students from the University of the Philippines gathered in the College of Science Auditorium at UP Diliman, Quezon City last May 24-25, 2007 to attend the lecture/film showing on Biodiversity and Climate Change.

The forum was in line with the celebration of the International Day for Biological Diversity (May 22 of every year), - which also coincided with UNEP's Environment Day - with theme on Climate Change to create or enhance public awareness on the importance and linkages of climate change and biodiversity.

The various presentations show the richness of the Philippine ecosystem and how it can contribute to safeguard or mitigate worsening climate change.

1. Wetlands

Coastal and freshwater wetlands and forests are home to a great diversity of species and are important carbon sinks. They store more than 40% of global terrestrial carbon. However, due to pollution and their conversion and destruction they are not enough to effectively sequester carbon dioxide - the gas that accounts for 60% of the global warming effects.

Some impacts of climate change or global warming are: a) sea level rise; 2) increase sea temperatures; 3) changes in water cycle precipitation, evaporation, transpiration, run-off and groundwater recharge and flow; 4) change in land use and water consumption.

The best mitigation measure recommended was to conserve, maintain and restore wetlands and forests.

2. Philippine rainforest

Haribon Foundation shared its plan for ROAD 2020 (restoring the Philippine rainforest), i.e. planting at least 1 million hectares of native

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Earth's Natural Defenses against Climate Change 'Beginning to Fail'

The earth's ability to soak up the gases causing global warming is beginning to fail because of rising temperatures, in a long-feared sign of "positive feedback," new research reveals today.

Climate change itself is weakening one of the principal "sinks" absorbing carbon dioxide - the Southern Ocean around Antarctica - a new study has found.

As a result, atmospheric CO2 levels may rise faster and bring about rising temperatures more quickly than previously anticipated. Stabilizing the CO2 level, which must be done to bring the warming under control, is likely to become much more difficult, even if the world community agrees to do it.

The news may give added urgency to the meeting in three weeks' time between the G8 group of rich nations and the leading developing countries led by China, at Heiligendamm in Germany, when an attempt will be made to put together the framework of a new world climate treaty to succeed the current Kyoto protocol.

"This is a timely warning in advance of Heiligendamm and the G8 that the climate clock is beginning to tick faster," said the leading environmentalist Tom Burke, visiting professor at Imperial College London.

"The shift that has been detected in a four-year study by researchers from the University of East Anglia, the British Antarctic Survey and the Max-Planck Institute for

Biogeochemistry, published in the journal *Science*, is one of the most ominous in the development of climate change. It implies a breach in the planet's own defenses against global warming.

Human society has hugely benefited from the earth's natural carbon absorption facility, which means oceans and forests take up roughly half of the CO2 pumped into the atmosphere, in the so-called carbon cycle. What is left in the atmosphere is known as the "airborne fraction".

If sinks weakened, the airborne fraction would be likely to get bigger. Although supercomputer models of the climate have for some time predicted the weakening of the ocean and terrestrial sinks, no example of it happening has actually been detected - until now.

Now the research team has found the vast Southern Ocean, which is the earth's biggest carbon sink, accounting for about 15 per cent of the total absorption potential, has become effectively CO2-saturated.

The level of the gas it is absorbing has remained static since 1981 - but in that time the amount emitted has grown by 40 per cent, so it has stopped keeping pace and much more CO2 is left over to trap the sun's heat.

The effect - revealed by scrutinizing observations of atmospheric CO2 from 40 stations around the world, is thought to have been caused by an increase in ocean wind speeds. Stormier weather and stronger waves are churning

up the sea and bringing natural CO2 stored there closer to the surface - which reduces the ability of the surface to absorb the gas from the air.

The increased winds are believed to be caused by altered atmospheric temperature regimes produced by two separate processes - the depletion of the ozone layer over Antarctica by chlorofluorocarbon gases from aerosol spray cans (now phased out), and global warming.

It is thus a positive feedback - an effect of climate change which itself makes climate change worse. Some researchers fear that feedbacks may make global warming happen much faster, and harder to control, than generally appreciated. The pessimism of scientists such as James Lovelock is largely based on the fact that most feedbacks in the earth's system are likely to work against us.

"This is the first unequivocal detection of a carbon sink weakening because of recent climate change," said the lead author of the study, Corinne Le Quééré, of the University of East Anglia. "This is serious. Whenever the world has greatly warmed in the past, the weakening of CO2 sinks has contributed to it."

Professor Chris Rapley, director of the British Antarctic Survey, said: "Since the beginning of the Industrial Revolution the world's oceans have absorbed about a quarter of the 500 gigatons [millions of tonnes] of carbon emitted by humans. The possibility that in a warmer world the Southern Ocean is weakening is a cause

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Promising Start for Sarawak Timber Industry

The timber-based industry in Sarawak saw a promising start in the first two months of this year with local manufacturers taking the initiative to produce more value-added products.

Sarawak Timber Industry Development Corp. reported the export value of timber and timber products rose by 17.48 % to RM1.27 B in the Jan-Feb period of this year compared to RM1.08 B in the same period of last year.

Plywood, "riding on a boom" based on a steady supply chain, remained the major export contributor, making up 55 % or RM696 M of the total export despite a 17.74 % decrease in volume to 422,571 m³.

The export of logs and sawn timber increased in the first two months while that of plywood and other timber products had dropped.

Generally, there were moderate increases in free-on-board (FOB) prices of most timber products due to the relentless rainfall throughout Sarawak.

India remained the largest buyer of Sarawak logs with 246,158 m³ or 42.34 % of the total export, followed by Japan, Taiwan and China. About 82 % of the total export of MDF went to Japan.

The Middle East emerged as the new face for Sarawak sawn timber with the import volume increasing to 32,949 m³ from 22,144 m³ but Thailand remained the major importer with 53,153 m³ or 30.7 % of the total export.

*Source: Asian Timber
Forestry/Panell
Woodworking/ Furniture)
March/April 2007*

On PQMA's State Visit to NZ, World Environment Day and Others

By Ferdie Lu

Our problems are man-made, therefore they may be solved by man. No problem of human destiny is beyond human beings."

- John F. Kennedy

Chairman Tony Olizon, who joined President Gloria Macapagal Arroyo's state visit to New Zealand, impressed not only his fellow delegates but also the Kiwi businessmen by his presentation. It was concise and full of substance that really put the PWPA's message across. The briefing drew interest from the New Zealand executives on the possible areas of investments in transit processing and industrial tree plantations.

xxx

PWPA's Forestry Consultant, former DENR Undersecretary Rene de Rueda went a few days ahead of the delegation to do an in-depth study of the harmonious timber operations in Maori lands. The results of the research can be used as a model for the peaceful utilization of natural resources in areas occupied by indigenous peoples. It may be recalled that the Indigenous Peoples Rights Act was patterned after New Zealand's Crown Forestry Assets Act and Crown Forestry Rental Trust. Rene also reviewed the tree plantation systems and how potential foreign investments may adopt these to the Philippine scenario.

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To commemorate the World Environment Day last June 5th, the Department of Environment & Natural Resources (DENR) and the Green

Army Philippines Network Foundation, Inc. (Green Army) launched "Trees for Life: 20 Million Seedlings for Planting." The program aims at planting 20 million tree seedlings all over the country from July to November in four thematic areas, namely: Critical Watersheds and Protected Areas; Mangrove and Coastal Areas; Upland Forestry Areas; and Urban Parks, Schools, Military Camps and Residential Areas.

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The Green Army is a multi-sectoral coalition of environmentalists, academicians, business, civic and private sectors which was actively involved in last year's Green Philippines Highways project where more than 800,000 trees were planted over a stretch of over 4,000 kilometers of Philippine highways from Aparri to Jolo. The project landed in the Guinness Book of World Records. The PWPA is an active member of the Green Army.

xxx

A PWPA delegation headed by this writer, called on Lao PDR Prime Minister Bouasone Bhoupavanh at his suite at the Sofitel Philippine Plaza on June 8th. This was requested by the Departments of Trade and Foreign Affairs following a visit to Vientiane in November 2004 of a PWPA group composed of Vice President Jun Narvaez, former director Felix Sy and this columnist. The Prime Minister was in Manila for a three-day official trip to witness the signing by officials of Philippines and Lao PDR of an agreement on the promotion and protection of investments based on sovereign equality and mutual benefit.

xxx

On the occasion of his 146th birth anniversary on June 19th, our national hero Dr. Jose Rizal was honored as an

environmentalist by a multi-sectoral coalition which included the DENR, the Green Army, Mother Earth Philippines, Artists for the Environment and the Archdiocese of Manila. The event took place at the Orchidarium of the Rizal Park as a sequel of the "Trees for Life" program launched on World Environment Day.

xxx

Rizal was an environmentalist during his time when it was not yet fashionable to have concern for Mother Earth. While in exile in Dapitan, our hero planted trees and designed a sustainable water system for the community. While he was in Heidelberg, Germany, Rizal enjoyed nature and took long walks through the Schwarzwälder (Germany's Black Forest).

xxx

A happy note on DENR DAO 2007-01 on the List of Threatened Plant Species - In a meeting with the PWPA, Parks and Wildlife Bureau (PAWB) Director Dr. Theresa Mundita Lim assured the wood industry that it is not the spirit of the DAO to impose a virtual log ban and curtail harvesting of commercial tree species. She showed members of the PWPA delegation a draft amendment that would exempt legally tenured areas from the coverage of the administrative order. Thank you Director Lim!

xxx

The officialdom of PWPA condoles with the bereaved family of Mr. Jose Valenzuela of Luzon Mahogany Timber Industries Inc. who was brutally killed by a still unidentified gunman. Mang Joe, as he is fondly called, is the alter-ego and representative of Director Manuel Ng.

xxx

Remembering Rizal, the Environmentalist

The 146th June 19 birthday anniversary of national hero Dr. Jose Rizal was celebrated at the Rizal Park Orchidarium in Manila by the Department of Environment and Natural Resources (DENR) and the Green Army Foundation by remembering Rizal as an environmentalist.

The event was attended by representatives from non-government organizations, private sector, students and some descendants of Rizal.

DENR secretary Angelo Reyes, in a welcome address, said that as a child and even during Rizal's exile, he [Rizal] has shown his love for nature and concern for the environment by planting trees.

However, Reyes added that through the years, the state of the environment has declined and that there is a need for people to act together to reverse the damage.

He said that global warming caused by climate change is real and irreversible if not acted upon by citizens around the world acting jointly. He said that there is still time to do it as he challenged everyone to act now if everyone wants a better environment everyone

rightfully deserves.

Inspirational messages were given by Ms Gemma Cruz-Araneta, one of the descendants of Rizal and former Department of Tourism secretary and national artist F. Sionil Jose.

Ms. Araneta focused her message on maintaining the uniqueness of the works of our heroes while national artist Jose made a close connection between trees and literature [books are made from paper, paper comes from trees] as he added that literature teaches morality but that the greatest problems of the society are despair, cynicism, shame and corruption over which everyone is to be blamed because of everyone's apathy, lost of memory and ignorance of history.

Another highlight of the program was the distribution of saplings for adoption by interested guests who will not only plant the trees but also nurture them throughout their growth.

The Philippine Wood Producers Association was represented by Chair Tony Olizon, executive director Ding Angeles, forestry & environment coordinator Maila Vasquez and system analyst Floren Andres.

Trees for Life Program Launched

The Philippine Wood Producers Association (PWPA) led by chairman Antonio Olizon attended the *symbolic launching program* of the Trees for Life Program of the Department of Environment and Natural Resources (DENR) and the Green Army Foundation (GAF) on June 5, 2007 at the CCP Complex, Roxas Blvd., Pasay City.

With chair Olizon were president Fernando Lu, executive vice president Alfonso Keh, Jr. and executive director Leonardo Angeles.

Highlights of the program is the signing of the Memorandum of Agreement between the DENR and the

GAF to implement the Trees for Life Program and handing of tree seedlings to school children. Secretary Angelo Reyes signed for the DENR and GAF president Edgar Chua.

The program aims to raise, plant and nurture 20 M seedlings/saplings all over the country to be planted between July and November of 2007.

The four thematic areas where the 20 M seedlings are to be planted by various stakeholders are: 1) Critical Watersheds and Protected Areas; 2) Mangrove and Coastal Areas; 3) Upland Forestry Areas; and 4) Urban Parks, Schools, Military Camps and Residential Areas.

Demand for Softwood Plywood Expands

The plywood market conditions of softwood and South-east Asian plywood seems contrasting in Japan.

Major housing companies and regional builders are rushing to secure thick softwood plywood, particularly 24 to 28mm which are used for base sheets of houses.

The usage of thick plywood for floor foundations is spreading among builders

and demand is expected to increase further.

Japanese manufacturers of softwood plywood have frequently raised prices, following price hikes for Russian logs.

Prices of 12mm plywood, for instance, are now close to the levels of those for tropical plywood.

Source: Asian Timber (Forestry/Panell Woodworking/Furniture) March/April 2007

Earth's Natural ...

(Continued from page 6)
for concern."

The Government's chief scientific adviser, Sir David King, said: "We have quite a large number of positive feedbacks to worry about, and this appears to be another one.

But the seriousness of it would depend on if it was affecting the whole ocean, or merely the Southern Ocean."

In recent years it has become clear that the rate at which CO2 was accumulating is itself increasing. The level currently stands at about 382 parts per million by volume

(ppm), up from 315 ppm in 1958.

In the past decade the rate has jumped from about 1.6 ppm annually to well above 2 ppm - a fact which, as The Independent reported in October 2004, may well signal that the earth's absorption ability is shrinking.

Asked if this rate increase could now be linked to weakening sinks, Dr Le Quéré said: "I think we are just at the border of detecting that." She added: "All the carbon cycle experts have their eyes on it."

Source: Internet: Science <http://www.sciencemag.org>

a Q & A guide: Carbon Forestry Projects in the Philippines

Part 2 of the of the response of the Global Forestry Services, Inc. to the queries of Philippine Wood Producers Association on Carbon Credit Financing for forestry projects.

5Q: What are the documentary requirements and the step-by-step procedures in applying for carbon credits?

5A: (continuation)

The core of any CDM project is the Project Design Document. The Project Design Document defines the project in terms of activity, length, eligibility, crediting choices, impact and chosen methodology. Creating the Project Design Document. The Project Design Document is prepared by the project participants and submitted to a Designated Operational Entity for validation. Once validated by the Designated Operational Entity (providing there are no objections from the CDM Executive Board), the project is registered and can begin to compile CERs. The methods described in the Project Design Document and implemented by project participants during the project establishment and monitoring are prescribed under the CDM.

A project must apply a methodology that has already been approved by the Executive Board. If no suitable methodology exists, the project is obliged to submit its own methodology for approval. This is a long and costly procedure and should be avoided if possible. Verification of sequestered carbon is also the responsibility of the Designated Operational Entity. Upon

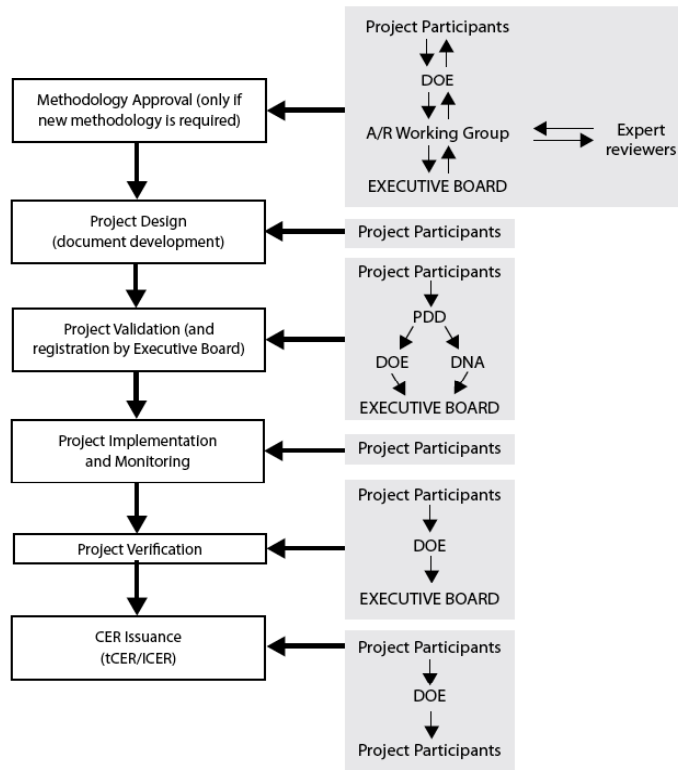


Diagram illustrating the steps for, and players involved in, project registration and the issuance of CERs.

verification, the Executive Board can issue carbon credits.

6Q: Who determines the amount/weight of carbon credits? Is the amount/weight of carbon credits based on projections or through monitoring and evaluation methods?

6A: The amount/weight of carbon credits is initially done by the project developers/consultants to begin the project documentation. This is usually done in the form of secondary data obtained through various credible agencies/departments. The projections are verified by a third-party Designated Operational Entity (DOE) (an accredited body of the UNFCCC). Protocols, guide-

lines and checklists have been created that all major Designated Operational Entities use in their procedures to ensure their analyses are completed in a credible, independent, non-discriminatory and transparent manner. The CDM and Joint Implementation Validation and Verification Manual can be found at: www.vvmanual.info. One the project begins, the project is monitored and verified by the third party DOE.

7Q: Aside from tree species, are there other pre-conditions for developing/establishing forest plantations under a carbon credit agreement, e.g. plant spacing, number of surviving stems, silviculture treat-

ments such as pruning, thinning, etc?

7A: The only precondition in the project is that the project developer shall follow the project design document accurately. Failure to do so will result in the failure of the DOE to successfully validate that the project is meeting the stated outline and thus, carbon credits will not be issued or released by the Executive Board.

8Q: Can timber crops be harvested at an end-use rotations of the tree species, e.g. pulp wood at 6-8 year rotation? Sawntimber at 12-16 year? Veneer/peeler timber at 18-20 year?

8A: Yes provided the project is additional.

9Q: Can the carbon credit agreement be renewed after each harvest of timber crops and at the resumption of developing forest plantation at the same area?

9A: Yes and no. The duration of the project is determined during the Project Design Document (PDD) development. The agreement [Emission Reduction Purchase Agreement (ERPA)] is between the project developer and the carbon credit purchaser and can be agreed upon in many ways. For example, a project developer how is developing a 60 year project may only sell the credits in 20 year blocks to maximize carbon credit prices. This is up to the strategy of the project developer.

10Q: What happens to the carbon credit agreement if

(Continued on page 10)

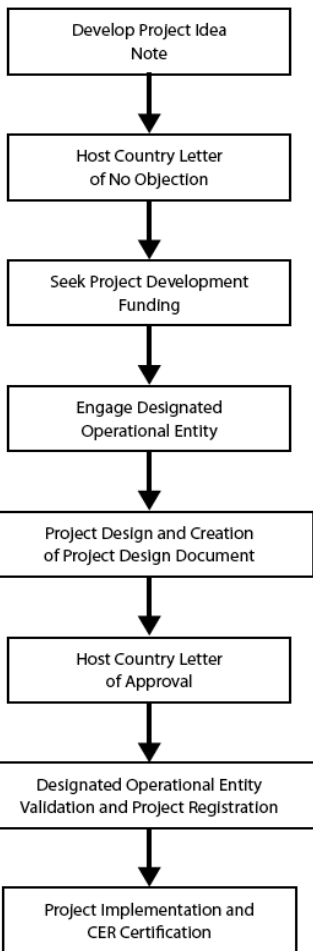
a Q & A guide...

the forest plantations covered by an agreement happened to be destroyed by force majeure factors, e.g. fire, typhoon, landslide, etc?

As the project is typically paid on delivery of the carbon credits, the dominant portion of the risk rests with the project developer. Risks to the seller refer to any event (s) that negatively effect the expected greenhouse gas (and consequently financial) benefits to the project. These risks include:

- Natural risks: fire, disease, lower than predicted growth rates, drought, floods, damaging winds;
- Anthropogenic factors: encroachment, poaching, fire, vandalism;
- Political risks: policy changes, unstable governments;
- Economic risks: exchange rates, interest rates, lower than expected tCER/ICER prices, changes in opportunity cost of land.

As stated above, under the CDM system risk is concentrated with the seller. However, this is not the case where there has been an upfront payment for CERs or where the buyer to fulfill an assigned amount commitment relies upon a particular supply of credits. Buyers can mitigate their risk by only paying upfront for projects in which they have high confidence of **successful delivery**. Confidence should be attained through examining the risk mitigation activities and policies of the seller. As the greatest risk lies with the



Obtaining a host country letter of no objection at this early stage informs the Designated National Authority of your plans and prevents future unpleasant surprises.

Entering into an early dialogue with the Designated Operational Entity is advantageous for obtaining advice on choice of methodology and potential future pitfalls.

The letter of approval is critical. Without it, the project cannot be registered.

Diagram above describes the 8 critical steps in afforestation/reforestation project development and approval and is complementary to the diagram in page 8.

seller, the seller retains the greatest opportunity and responsibility for risk mitigation. Beyond deciding optimal project location and planting design, policies can be implemented to further mitigate risks to the project, examples include:

- "Good practice management systems" to control the occurrence of, and the response to, damaging events;
- "Self-insurance reserves", where a portion of carbon credits is kept as reserves against a future shortfall. If damage does not occur,

then the reserve can be sold at the end of the crediting period;

- Involvement of stakeholders. Retaining the involvement of stakeholders beyond the initial project design period retains good will and reduces risks of poaching or malicious damage. Stakeholders can be further incentivised through the transfer of technologies and the implementation of activities that will directly benefit the community.

11Q: There is an estimate of projected carbon revenues by corresponding period of

development of a forest plantation, e.g. every 5 years up to 20 years. Is this stream of revenue being collectable at every end of each period, or is collectable revenues deferred until the last period (end of rotation at 20 years)?

11A: Typically, when the carbon credits are verified, the buyer will want to take them as quickly as possible. The project developer however can choose the payment option (agreed in the ERPA) to suit their specific needs.

12Q: What are the advantages (or disadvantages) between the Kyoto Protocol and the Voluntary principles of carbon credits/trading?

12A: To be short, the Kyoto Protocol is a highly structured and has many requirements, including the use of verified and tested modalities and procedures for project registration. The Voluntary scheme offers more flexibility hereby, although the additionality criteria is still present in the scheme, there are no set rules and structures that the project developer is bound too and thus can develop projects as he chooses. The factor that determines the project validity is the ultimate verification of the sequestration of the trees by a third party verification team (DOE). However, due to the lack of structure in the Voluntary Scheme, prices for the carbon credits are typically lower than those found in the CDM.

For inquiries/questions regarding carbon development mechanisms, you may email the editor at:

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pwpa@greendot.com.ph
philforest@greendot.com.ph

PWPA Represented ...

(Continued from page 5)

companies who manufacture machineries and equipment producing bioenergy.

The exhibits in the World Fair for the Forestry and Wood Industries, on the other hand, showed the latest advances in forest technology, new products and innovations ranging from timber harvesting and recovery to machineries and equipment designed to help meet increasing stringent environmental requirements.

Conference Proper

The papers presented gave an overview of the role of bioenergy production in the context of sustainable timber and energy production in the tropics and worldwide and an examination of the technology and economics of energy generation from logging residues and wood processing wastes.

Some conclusions derived from these papers were:

- + A well-planned wood-based bioenergy sector can generate additional revenue that can finance sustainable forest management; improve resource-use efficiency; reduce energy costs in the timber-processing sector; offset greenhouse gas emissions from burning fuels; and provide local employment;
- + The raw material for the wood-based bioenergy sector can be augmented by the use of uncollected forest-based and industry residues; increase use of lesser known species; and development or expansion of short-rotation wood biomass crops; and
- + Wood-based bioenergy sector in tropical countries are not yet organized and fully developed and needs help to grow to maximize its contribution to the sustainable development.

Some recommendations were:

- ❖ Ensure that measures to increase the use of wood-based bioenergy must always be within the limits of sustainable forest management; and
- ❖ Policies developed and their implementation should not create market distortions.

Study Tours

FAGUS-Grecon Plant

The plant is known for its state-of-the-art finger-jointing technology.

Juhnde Bioenergy Village

The village produces its own heat and electricity by using renewable biomass from silage and wood chips. The following are installed in the village, as its source of power:

- anaerobic digestion plant with a block type thermal power station fed with silage - gathered yearly from an area of about 300 hectares - and liquid manure that produces about 4,500,000 kWh of electricity and about 3,000,000 kWh of equivalent heat satisfying 67% of the annual heat demand.
- wood chip burning boiler that produces 1,200,000 kWh of equivalent heat particularly demanded during winter corresponding to 32% of the annual heat demand.
- boiler for extreme heat demand is a stand-by in case of complete break-down of the plant which is powered by oil and produces 5% of the annual demand for heat.

A brainchild of the Gottingen University and the Federal Ministry of Food, Agriculture and Consumer's Protection, the project cost is about € 7M and benefiting about 142 households and avoiding 3,300 tons of CO₂ emission per year.

Forum on...

(Continued from page 5)

tree species to bring back the original forest.

The Bureau of Water and Soil Management, according to Dr. Gina Nilo, is combating desertification, land degradation, drought and human poverty by way of implementing watershed management project, promoting water and soil conservation and extending technologies to enhance local farmers' income from organic farming and biogas production.

Desertification results from increasing recurrence of seasonal cycle of extreme dryness.

Botanist Leonardo Co of the Conservation International Philippines discussed the documentation of the botanical richness of the Philippines but many plant species are yet to be publicized.

3. Carbon Development Mechanisms

World Agroforestry Centre (ICRAF) also shared its experiences about carbon development mechanisms and their implementation potentials in the Philippines.

PWPA forestry & environment coordinator Maila Vasquez represented the PWPA in this forum.

Condolences

With sincerest condolences to the bereaved families of:

- + *Ms. Leoncia Puyat Reyes, aunt of PWPA director Aristeo G. Puyat, who passed away last June 1, 2007;*
- + *Mr. Luisito Samsin, husband of Ms. Mely Samsin of the Sirawai Plywood & Lumber Company, who passed away last June 4, 2007; and*
- + *Mr. Jose Valenzuela of the Luzon Mahogany Timber Industries, Inc., who passed away last June 16, 2007.*

03 May 2007

Follow-up Meeting re: PGMA State Visit to New Zealand
DENR, Quezon City

16 May 2007

PWPA Board Meeting
PWPA Boardroom, Makati City

16-21 May 2007

International Conference on Wood-based Bioenergy
Hannover, Germany

21 May 2007

PWPA Meeting re: PGMA State Visit to New Zealand
PWPA Boardroom, Makati City

22 May 2007

Philippine-NZ Business Council Meeting
Ambassador's Residence, Makati City

24-25 May 2007

Lecture/Film Showing on Biodiversity & Climate Change
UP Diliman, Quezon City

26-29 May 2007

PGMA State Visit to New Zealand
New Zealand

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

29 May 2007

Validation Workshop on the 11 ASEAN Priority Integration Sector
Malate, Manila

02 June 2007

Breakfast Forum on Climate Change
Club Filipino, Greenhills, San Juan

05 June 2007

World Environment Day
CCP, Roxas Blvd. Manila

08 June 2007

Meeting with Laos Prime Minister
Sofitel Philippine Plaza Hotel, Pasay City

13 June 2007

PWPA Board Meeting
DZAO Vietnamese Bistro, Makati City

19 June 2007

Trees for Life, Remembering Rizal, the Environmentalist
Orchidarium, Manila

28 June 2007

Meeting with PAWB Dir. T. M. Lim re: DAO 2007-01(Threatened Plant Species)
PAWB, Quezon City

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