



PWPA Co-Hosts National Forest Investment Forum With DENR, FAO and ITTO



Co-organizers All. PWPA's Director Aristeo Puyat, FAO's Patrick Durst and Axelle Boulay, ITTO's Ramon Carillo Arellano and FMB's Director Marlo Mendoza.

The Philippine Wood Producers Association (PWPA) together with the Forest Management Bureau of the Department of Environment and Natural Resources (DENR), the Tokyo-based International Tropical Timber Organization (ITTO) and the Bangkok-based regional Food and Agriculture Organization (FAO) of the United Nations co-organized the August 12-14, 2009 National Forum to strengthen Policies and Opportunities for Forest Investment in the Philippines at the Asian Institute of

Management in Makati City, Metro Manila.

The Forum brought together about 145 participants from the government agencies, private investors, local financial institution such as the Development Bank of the Philippines (DBP) and the Land Bank of the Philippines and bilateral funding agencies such as the World Bank (WB) and the Asian Development Bank (ADB) as well as from the NGOs and the academic/research community.

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Atienza Calls for Review of RP's Forestry Policies Means to lure investments in forestry and revitalize the wood industry

Environment and Natural Resources Secretary Jose Atienza, Jr. is seeking a review of forestry policies to revitalize the sector and lure investments to boost the economy, even as he called for intensified efforts to help mitigate global warming.

Secretary Atienza urged for the crafting of a "more definitive and acceptable action plan" in the development of tree plantations, which would embrace economic consideration, social development, and environmental protection.

He also pushed for the creation of a **forestry-based industry board** that should sustain all actions in coming up with more acceptable and popular principles that provide for "an enabling policy for investment."

"The DENR is firm on the conviction that resources should be harnessed for the benefit of our people, and effectively, for the Philippine economy," Atienza stressed.

"And for forestry to become a legitimate investment environment, it should be a source of economic benefit at a time when we are looking for ways to improve the economy," he also said.

Atienza spoke the other day (August 12) before a gathering of international, government and private organizations involved in the country's wood-based industry.

At the opening of the **National Forum to Strengthen Policies and Opportunities for Forest Investments in the Philippines** at the Asian Institute



Advocate of Change,
DENR Secretary Jose Atienza, Jr.

of Management in Makati City, Atienza asked participants to draft a **comprehensive action plan** on how the industry can revitalize itself with renewed investors interest while asserting itself as an ally in the government's efforts in mitigating the impacts of global warming.

The DENR chief particularly encouraged participants to contribute to the DENR's legislative efforts to craft an alternative to Presidential Decree 705, the current national law that governs the country's forest administration system.

According to Atienza, PD 705, a Martial Law decree, was "used and abused by those who benefited by that regime of dictatorship."

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Atienza Underscores Benefits of Green Industry

Department of Environment and Natural Resources Secretary Lito Atienza underscored over the weekend the importance of green industries not only in softening the impact of climate change, but also in generating jobs and incomes.

"Increase jobs and incomes while slowing down climate change. Perk up the economy with, through, and for the environment," said Atienza in a press statement released earlier relative to the forthcoming International Conference on Green Industry in Asia slated on Sept. 9-11, 2009 at the Philippine International Convention Center in Manila.

Atienza said the conference will bring together Asia's green experts and high-ranking government officials to speak on the challenges and opportunities for green investments. A ministerial declaration on green industry is also expected to be forged during the event by some 25 Asian countries participating in the conference.

Atienza welcomed the holding of the green confab in the country, saying it will highlight the Philippines' potentials for clean development projects.

According to Atienza, green industries are among the important components of a "green economy," a still evolving concept based on sustainable development. Green industries are those that employ eco-friendly processes and practices.

He also said that green industries are among the fastest-growing sectors in the global economy, attributing the surge to a "realization" that in order for industries and entrepreneurs to be competitive, they must "develop practices and products that can slow down, if not reverse, global warming and environmental degradation."

The top 10 in the list of green industries, according to him, include advanced biofuels, retrofitting of buildings, geothermal energy, green chemistry, green manufacturing, smart grid, solar energy, sustainable agricul-

ture, sustainable green retailing, and wind energy.

According to the DENR chief, the government has long been promoting responsible, eco-friendly enterprises. He identified three program mechanisms being implemented by the DENR that support local industries' shift to green operations. These include the Philippine Environment Partnership Program (PEPP), the Industrial Ecowatch System, and the Clean Development Mechanism (CDM) under the Kyoto Protocol.

President Gloria Macapagal-Arroyo designated the DENR to spearhead the country's hosting of the green conference by virtue of Administrative Order 256, with support from the United Nations Industrial Development Organization (UNIDO), the United Nations Environment Programme (UNEP) and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP).

Source: The Philippine Star, September 1, 2009

PWPA Co-Hosts...

(Continued from page 1)

In his keynote address, DENR Secretary Jose Atienza, Jr. urged a paradigm shift in forest policy and a new forestry law from highly regulatory and punitive to widely developmental in orientation. He batted for the crafting of a comprehensive forestry plan or roadmap that would attract investments the wood industry and intensify forest renewal as also mitigating mechanisms against global warming or climate change.

On the part of the private investors, PWPA President Antonio Olizon emphasized the importance and the need for the government particularly the DENR, to attune toward investment-friendly its policies and

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Atienza Calls...

(Continued from page 1)

"We have to craft now a law that addresses the present and future situations," Atienza explained. "A new forestry law would put the country in footing with other countries that are effectively using their natural resources while being very conscious about climate change and global warming." (The bill on the purported new law, the Sustainable Forest Management Act, has been in the burner since the 10th Congress. Ed.)

Atienza said government and private organizations involved in the country's wood-based industry play a crucial role in the development of policies that provide incentives, particularly in sourcing investments in the forestry sector

*Source: Article by Katherine G. Adraneda
The Philippine Star, August 16, 2009*

WoodStock

Bi-monthly publication of the
Philippine Wood Producers Association

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Wood Producers Press DENR for Investment Marketing Help

Wood producers and processors want the government to create a marketing arm that will facilitate the entry of investors in the underdeveloped local forest industry.

"The government wants investments. We proposed to the Environment department that it should also focus on regulatory and governance functions," Antonio Olizon, president of the Philippine Wood Producers Association (PWPA), said yesterday (August 12) in an interview at the sidelines of a **forestry investment forum** in Makati City.

Olizon said the Environment department should set up a marketing arm to package all potential investment areas in forestry, which would then be presented to investors.

"When the project is already packaged, investors will just have to bring in their capital," he said.

Oscar Gendrano, a consultant of community-based forest management projects, concurred, saying that "the

marketing arm will provide all the necessary information to all investors to come in easily."

The country imports about \$1 billion of wood and paper products annually from countries like Malaysia, New Zealand, the US, China and Indonesia, data from the Environment department showed.

"The idea of simplifying things for potential investors is very clear in any country. They will know the situation, they can minimize the transaction costs...it is a very attractive thing," Patrick Durst, senior forestry officer for Asia and the Pacific of the United Nations' Food and Agriculture Organization, said in a separate interview.

"We want a perpetual supply of logs for our processing plants. But how can you assure the supply by relying on importing," Olizon said, adding that Japan, Korea and Europe are also importing wood and paper products.

The PWPA is the national association of more than 500 corporations and partnerships involved in natural forest management, forest plantation development, manufacture of lumber,

vener, plywood, and other wood products as well as in trading, shipping and sales of these products.

"We think we still have two to three million hectares of forest land available for upland development," Marlo Mendoza, director of the Environment department's Forest management bureau, told reporters.

"The next potential area for development is forestry. This has renewable resources," Mendoza added.

The Environment department target is to increase the country's forest cover to some 14 million hectares in 10 years from current 7.2 million hectares.

"The Philippines has a lot of advantages in terms of good growing conditions and a history of forest industry," Durst said.

"But there are also a lot of concerns like consistency of policies and creating a more favorable environment for people to invest," he added.

*Source: Article by Neil Jerome C. Morales
Business World, August 13, 2009*

DENR favors scrapping of checkpoints

The Department of Environment and Natural Resources (DENR) is in favor of scrapping the notorious checkpoints on the transport of logs which have become a source of corruption in the forestry industry.

Environment and Natural Resources Secretary Jose Atienza, Jr. yesterday (August 13, 2009) told the participants of the **National Forum to Strengthen Policies and Opportunities for Forest Investment in the Philippines** that the checkpoint issue is one of many problems that the DENR is confronted with. He said there is a need to review existing forestry laws.

The Philippine Wood Producers Association has been leading calls for the DENR to reexamine its policies and regulations so that more businesses and financing institutions will be encouraged to put in equity and extend credit to potential investors.

According to Atienza, "we continue to follow laws promulgated under Martial Law. What we need now are laws that address the current Philippine situation."

Director Eriberto Argete of the DENR's Planning and Policy Studies Office said there is a need to do away with a lot of the regulations still governing the Philippine forestry sector.

"We should do away with most of the regulations which were drawn up in

the 1970s. Things are different now," Argete said.

He said the checkpoints are no longer necessary because most of the species of wood harvested come from industrial tree plantations and are quite distinct from those from natural forests.

Tree species in industrial plantations include gmelina arborea, falcata and acacia mangium.

One regulated species that the DENR believes should be delisted and allowed to be propagated in industrial plantations is the native Narra. It is easy to plant, although it takes 20 to 25 years to grow, Argete said.

*Source: Article by Marianne V. Go
The Philippine Star
August 14, 2009*

Parliamentarians adopt RP plan for debt-for-risk reduction swap

Geneva. Parliamentarians adopted here yesterday the Philippine proposal for debts swaps as a creative solution to raise funds for programs aimed at reducing risks associated with disasters around the world.

The parliamentarians, who are attending the Second Session of the Global Platform on Disaster Risk Reduction (DRR), seconded and unanimously adopted the motion of Philippine Senator Loren Legarda to adopt "debt-for-disaster risk reduction investments."

"It's being done for environment where debts of developing nations are swapped for reforestation projects. The same can be done for DRR investments," she said in an interview.

Through a debt swap, the creditor country cancels a portion of debt. In return, the debtor country invests the canceled amount in development projects according to conditions previously agreed by both parties.

Championed by the Philippines in the United Nations' system, debt swaps have surfaced on the agenda of some donor or lending countries as a novel way to finance the UN Millennium Development goals.

The Philippine external debt stood at \$53.8 billion as of end-December 2008. It is projected to incur a deficit of P150 to P250 billion this year, further necessitating foreign borrowings to fund the massive infrastructure projects of the Arroyo administration.

Legarda was thrust into the center stage of global strategy to combat the risks associated with the planet's warming temperature since she became the United Nation's International Strategy for Disaster Reduction champion for disaster risk reduction and climate change adaptation in the Asia Pacific Region.

'Noble idea'

Some projects that can be funded to lessen risks during disasters are the building of safe hospitals and schools, planting mangroves in coastal areas, cleaning up rivers in blighted urban areas and retrofitting unsafe public infrastructure as a protection against imminent earthquake, said the senator.

The Legarda proposal was commended by no less than UN Undersecretary General for Humanitarian Affairs John Holmes who considered it "a noble idea" along with the proposal to use 30 percent of the UN climate adaptation funds for DRR.

Presently, 45 percent of the Philippine annual budget goes to debt service. Legarda said that a small part of it could be renegotiated with donor countries and institutions that she believed "have a moral responsibility to help developing nations insofar as reducing DRR and adopting to climate change."

She said industrialized nations had contributed to global pollution.

"It's a new concept adopted at the UN Global Platform on DRR. This is the easiest as no new funds, financing or resources are needed. This is a creative way of paying for debt and it's a creative collaboration between developed and developing nations. In this effort, nobody loses, humanity wins," she said.

During the parliamentarians' forum, the lawmakers also adopted the Manila Declaration on Climate Change issued by delegates from Asia, Europe, Africa and South America on Oct. 18, 2008, which called on rich nations to create a global fund to help reduce disaster risks brought by rising sea temperatures.

*Source: Article of Michael Lim Ubac
Philippine Daily Inquirer
June 20, 2009*

Goodbye President Cory Aquino

The Philippine Wood Producers Association joins millions of Filipinos who mourned the passing of former President Corazon Aquino last August 1, 2009. She was 76 years old.

She is credited for restoring democracy in the Philippines from the Martial Law dictator Ferdinand Marcos who was overthrown by the bloodless People Power Revolution in 1986.



Wood Pellets Catch Fire as Energy Source

European utilities seeking renewables help market grow

Some of the fastest growing sources of renewable energy in the world are the wind, the sun -- and the lowly wood pellet.

European utilities are snapping up the small combustible pellets to burn alongside coal in existing power plants. The Southeastern U.S. is becoming a major exporter, with pellet factories sprouting and expanding in Florida, Alabama and Arkansas.

Wood pellets -- cylinders of dried shredded wood that resemble large vitamins -- are the least expensive way to meet European renewable-energy mandates, utility executives and industry consultants say.

Made from fast-growing trees or sawdust, pellets are a pricier fuel than coal, but burning them is a less-expensive way to generate electricity than using windmills or solar panels.

The wood-pellet market is booming because the European Union has rules requiring member countries to generate 20% of their electricity from renewable sources by 2020. Europe imported €66.2 million (about \$92.6

million) of pellets and other wood-based fuels in the first three months of 2009.

Until recently, there were only about 40 pellet factories in the U.S., which produced about 900,000 tons a year, mostly used for heating homes.

But in May 2008, Green Circle Bio Energy Inc. opened a pellet plant in Cottondale, Fla., that produces 500,000 tons of pellets a year; it ships them by rail to the coast and then on to Rotterdam, Netherlands.

Another 500,000-ton facility in Selma, Ala., owned by Dixie Pellet LLC, also opened last year. And Phoenix Renewable Energy LLC plans to break ground next month on a 250,000-ton-a-year pellet plant in Camden, Ark., along with a 20-megawatt power plant run off by tree scraps that will feed heat to the pellet plant.

At Green Circle's facility, bark is stripped off the tree and burned to generate steam used in making the pellets. The tree itself is cut up in a wood chipper, dried and hammered into a powder, which is formed into pellets under very high pressure.

Australia, New Zealand, Argentina and Vietnam are also shipping pellets to Europe, as are Canada and South Africa, said Helmer Schukken, CEO of GF Energy BV, a Rotterdam-based trader.

Wood pellets are becoming the newest global commodity, becoming like trading coal.

That will make it easier for England's Drax Group PLC, which is installing equipment at its giant 4,000-megawatt coal-fired power plant in North Yorkshire to use pellets in place of coal for up to 10% of the fuel.

California, which has a goal of producing 33% of its electricity from renewable sources by 2020, is looking at using wood products in coal plants.

If a federal renewable energy standard is approved, "we won't be shipping pellets overseas," said Phoenix Renewable Energy's development director, Steve Walker. "We'll be shipping them domestically."

Source: Condensed from the article by Russel Gold Marketplace, The Wall Street Journal July 8, 2009

UK firm gets 400,000 ha for bio-diesel project

Tokyo. For 50 years and for free, a holding company based in the United Kingdom will be able to plant coconut trees on 400,000 hectares of land in the Philippines, Reuters reported. The total area is a large as Abra or Masbate province.

The Pacific Bio-Fields Holding Plc. said the project would make alternative auto fuel which it plans to sell to Japanese users in five years.

Pacific Bio-Fields said the agreement allows it "to use exclusively public land on the northern main island of Luzon for free over the next 50 years," according to the Reuters report.

Necessary permits have been agreed with the Philippine Department of Environment and Natural Resources, its website says.

In the Philippines, the world's biggest coconut oil exporter, local biodiesel producers have increasingly been using coconut oil as feedstock now that a 2-percent mixture of plant-

origin fuel in diesel for auto use is mandatory.

Coconut oil is traditionally used in food and cosmetics.

Philippine Coconut Authority Director Jesus Arranza said in a phone interview: "It is time for us to shift the use of coconut oil from food to higher value products, like biodiesel."

But the farmers group Alyansa Sa Mga Maglulubi sa Mindanaw had reservations.

The group's cocofarm development coordinator, Miguel Musngi, said: "Initially there is an economic benefit, but (to allocate) such a huge tract of land for foreign investment raises concern about the welfare of small farmers."

Pacific Bio-Fields Holdings Inc. was established in 2008 "to create a large-scale plantation and production facility for the production of coconut methyl ester (CME) biodiesel from coconuts," its website says.

As reported by the Inquirer in an article as early as Jan. 24, 2008 said that Pacific Bio-

Fields has already started a \$600-million coconut plantation project in northern Luzon.

It said Pacific Bio-Fields had teamed up with Philippine firm BioEnergy Northern Luzon Inc. to develop - at the time - about 600,000 hectares of 'public and non-disposable' timberland and forest land into coconut plantations.

BioEnergy president Salacnib Bateria said at that time the coconut plantation would be the biggest in the country.

The article quoted a Pacific Bio-Fields official as saying that the plan was to process the coconut from the plantation into CME.

The entire output of the plant will be shipped to Japan to supply the country's growing demand for biofuels.

Main Source: Condensed from article by Riza Olchondra Philippine Daily Inquirer June 20, 2009

Glimpses from the Forestry Investment Forum



The International Tropical Timber Organization, Food and Agriculture Organization, Department of Environment and Natural Resources and the Philippine Wood Producers Association co-organized the Forestry Investment Forum held on August 12-14, 2009 at the AIM Conference Center, Makati City.

Counterclockwise. PWPA President Antonio Olizon presents his paper and responds to questions from the audience. Representatives of the organizers of the Forum pose for a souvenir photo and gather at the head table with DENR Secretary Jose Atienza, Jr. (4th from left) for the opening of the Forum.

Glimpses from the Forestry Investment Forum



PWPA in the Forestry Investment Forum. Upper Left. PWPA Director Jhonny Young and Alex Ong (front row) give attentive ears to the speaker as Directors Fernando Lu and Aristeo Puyat (second row) discuss a point from the speaker. Upper right. Likewise, attentive are Director Ramon Uy, and behind him, Adviser Joe Lorenzo and Member Sirawai's Rudy Cabuay. Lower left. Federation of Philippine Industries' Chair Meneleo Carlos, Jr., PWPA President Antonio Olizon, Society of Filipino Foresters' President Renato de Rueda listen to the facilitator during the break-up group discussion. Lower right. The PWPA hosts a dinner for the Forum organizers at the Chateau 1771, Greenbelt, Makati City.

PWPA Board Meeting at AIM



The directors of the Board slice a time-out of the Forestry Investment Forum to hold their scheduled regular meeting at the next lower floor of the AIM Conference Center on August 12, 2009.

Investment and Financing in Timber Production and Processing in the Philippines¹

By: Tony Olizon

My paper will tackle, for the most part, four key points:
 First key point...
The Philippines still has vast tracts of land---in areas with year-round favorable climate---which can be developed as industrial tree plantations.

The Philippines' forest areas consist of 16 million hectares with about 7 million hectares with forest cover, mostly of high value hardwood trees.

Some 85 % of the forest cover is government-owned, but less than 30% is with management plans. The 70% forest cover without any known form of management can be turned into a productive venture, benefiting communities around them --- if investors come in with their highly-needed resources, and the blessing of the government.

There are untenured areas, or those still free for investors, totaling three million hectares. But investors may still want to venture into tenured areas, especially those under community-based forest management and socialized industrial forest management, whose tenure holders do not have the financial capability to develop them.

The estimated content of commercial timber from the 7 million hectare forest areas is 387 million cubic meters, two million cubic meters of which can be harvested every year on a sustainable basis, representing import savings of two hundred million dollars, or at current conversion, 9.6 billion pesos per year.

Also, if the government deregulates restrictions on private lands, more than 1/2 million cubic meters of additional timber may be harvested per year.

Let me emphasize that based on a 1979 opinion of the Ministry (now Department) of Justice, trees planted and harvested in private lands are likewise considered agricultural crops and not forest products; and yet private land owners seem to encounter problems transporting timber products out of their private plantations. I bring this up to underscore the need for the Department of Environment and Natural Resources to review its rules covering private lands so as not to discourage businessmen and small farmers from investing in tree plantations.

From the government statistics there are available areas which can still be developed into the plantations making the Philippines' forestry sector a viable investment choice.

Second key point ...

Working with indigenous people with their rights to ancestral domains has been one of our biggest

challenges, but one which could translate to greater productivity for the industry and of greater benefit to communities.

A lot of people believe that working with indigenous communities poses a problem, but we would like to look at working with them as an advantage.

For one, they help protect our investments as they have a stake in our presence and success. And second, they can be our primary source of labor as some in wood and mining companies are presently working hand in hand with indigenous people sharing with them the fruits of the land.

Huge tracts of land under the stewardship of indigenous people are viable areas for investment for tree plantations, giving all involved sectors equitable share in the produce of the land.

Third key point ...

A large demand for wood products exists---bigger than even today, mainly because wood comes from renewable resources and because it is more environment-friendly compared to other materials like plastic, steel and other non-wood materials.

Because of decreasing market demand due to the current global financial crisis and the lack of raw materials for processing, industry players today have dwindled in number such that only half of regular sawmills are operating, only 87% of plywood mills are active, and many mini sawmills have been running on an on and off basis.

However, we in the industry are optimistic that we will soon rebound. Let me tell you the reasons...

We expect the local market to recover, with the processing mills answering the need for increased wood requirements as the country emerges from the shadow of the worldwide economic meltdown. We still see the local market as our main clientele. In fact, some mills have already retooled to cater to smaller diameter logs; thus, increasing their recovery/profitability.

However, in the future, as investors help develop and expand the local wood industry, and with the government creating a climate conducive to investors, we envision a global market ready to buy our wood products.

Moreover, wood being a renewable resource, is now fast becoming a preference by the western countries which are very conscious of preserving the environment. People who are serious about preserving planet earth are more inclined to use natural products like wood versus plastics

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Snapshot of the Tropical Timber Market

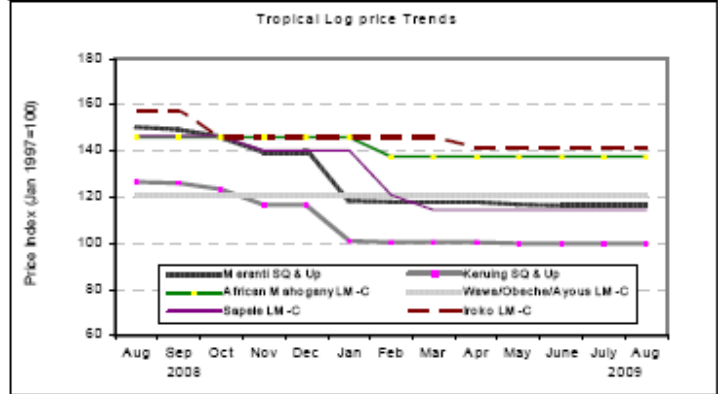
The edition of the *Tropical Timber Market Report* has focused on plantation forests. It offers an overview of the topical issues on plantations and recent price trends where available.

It notes the increased reforestation efforts of the tropics in the anticipation benefits from greater carbon offsetting from forests in a post-Kyoto Protocol regime and to boost local supplies of raw materials. In addition, given the ongoing economic downturn, international and local investors have been using plantation forests as one of the mechanisms to diversify their investment portfolios. Despite the benefits of investing in plantations, such investments come with their share of risks.

ITTO continues to promote sustainable forest management in the world's tropical natural forests. However, it realizes that plantations play an important role in contributing to sustainable land use and land-use change. As such, it is hoped that interest in forest plantation will continue to be pursued in future.

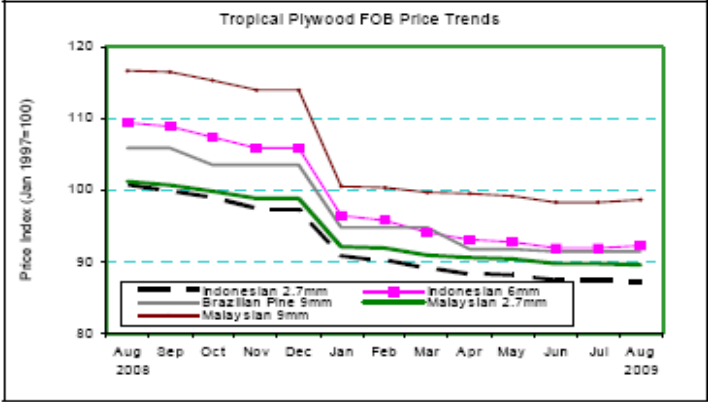
In the meantime, normal report or update on the tropical timber market is in this spread, graphwise .

Tropical Log Price Trends



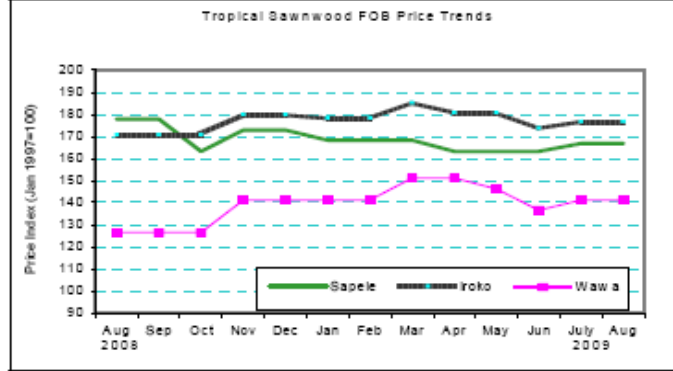
More price trends in Appendix 4, ITTO's Annual Review <http://www.itto.or.jp/live/PageDisplayHandler?pagelid=199>

Tropical Plywood Price Trends



Source: *Tropical Timber Market Report*
Volume 14, Number 16, August 16-31, 2009

Tropical Sawwood Price Trends



Average Plywood and Substitute Prices Survey in NCR

	Before (June 16, 2009)	Now (July 21, 2009)		Before (June 16, 2009)	Now (July 21, 2009)
	(in Pesos/piece)			(in Pesos/piece)	
3mm (1/8) plywood	194	194	18 mm (3/4) plyboard	728	724
4 mm (3/16) plywood	249	253	1/8 lawanit	200	207
5 mm (1/4) plywood ordinary	273	270	3/16 lawanit	185	190
5 mm (1/4) plywood marine	326	329	1/4 Hardiflex	378	383
10 mm (1/2) plywood	512	515	Gypsum Board	330	336
18 mm (3/4) plywood ordinary	810	820			

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

Global Warming's Cheap, Effective Solution

By: Bjorn Lomborg

Copenhagen. Global warming will mean that more people will die from that heat. There will be a rise in sea levels, more malaria, starvation and poverty. Concern has been great, but humanity has done very little that will actually prevent these outcomes. Carbon emissions have kept increasing, despite repeated promises of cuts.

We all have a stake in ensuring that climate change is stopped. We turned to climate scientists to inform us about the problem of global warming. Now we need to turn to climate economists to enlighten us about the benefits, costs and possible outcomes from different responses to this challenge.

World leaders are meeting in Copenhagen this December to forge a new pact to tackle global warming. Should they continue with plans to make carbon-cutting promises that are unlikely to be fulfilled? Should they instead delay reductions for 20 years? What could be achieved by planting more trees, cutting methane or reducing black soot emissions? Is it sensible to focus on a technological solution to warming? Or should we just adapt to a warmer world?

Much of the current policy debate remains focused on cutting carbon, but there are many ways to go about repairing the global climate. Our choices will result in different outcomes and different costs.

The optimal combination of solutions will create the biggest impact for the least money. A groundbreaking paper by economists Eric Bickel and Lee Lane is one of the first – studies of the costs and benefits of climate engineering. Deliberately manipulating the earth's climate seems like something from science fiction. But as President Barack Obama's science adviser, John Holdren, has said, it has "got to be looked at," and many prominent scientists agree.

Bickel and lane offer compelling evidence that a tiny investment in climate engineering might be able to reduce as much of global warming's effects as trillions of dollars spent on carbon emission reductions.

Climate engineering has the advantage of speed. There is a significant delay between carbon cuts and any temperature drop – even halving global emissions by mid-century would barely be measurable by the end of the century. Making green energy cheap and prevalent will also take a long time. Consider that electrification of the global economy is still incomplete after more than a century of effort.

Many methods of atmospheric engineering have been proposed. Solar radiation management appears to be one of the most hopeful. Atmospheric greenhouse gases allow sunlight to pass through but absorb heat and radiate some down to the earth's surface. All else being equal, higher concentrations will warm the planet. Solar radiation management would bounce a little sunlight back into space. Reflecting just 1-2 percent of the total sunlight that strikes the earth could offset as much warming as that caused by doubling pre-industrial levels of greenhouse gases.

When Mount Pinatubo erupted in 1991, about a million tons of sulfur dioxide was pumped into the stratosphere, reacting with water to form a hazy layer that spread around the globe, and – by scattering and absorbing incoming sunlight – cooled the earth's surface for almost two years. We could mimic this effect through stratospheric aerosol insertion – essentially launching material, like sulfur dioxide or soot, into the stratosphere.

Another promising approach is marine cloud whitening, which sprays seawater droplets into marine clouds to make them reflect more sunlight. This augments the natural process, where sea salt from the oceans provides water vapor with the cloud condensation nuclei.

It is remarkable to consider that we could cancel out this century's global warming with 1,900 unmanned ships spraying seawater mist into the air to thicken clouds. The total cost would not lead to permanent atmospheric changes, and could be used only when needed. Turning seawater into clouds is a natural process. The biggest challenge is public perception. Many environmental lobbyists oppose even researching climate engineering. This is startling, given the manifold benefits. If we care most about avoiding warmer temperatures, it seems that we should be elated that this simple, cost-effective approach shows so much promise.

Climate engineering could remain a back-up option in case of necessity. Or we could put it on the agenda today. In either case, there is a commanding case for its serious consideration. We are on track to being the generation that wasted decades bickering over carbon-emission cuts and failed to stop the harmful effects of warming. That would be a shameful legacy – one that could be avoided by rethinking climate policy.

*Main Source: World View, Philippine Daily Inquirer
August 16, 2009*

Investment and Financing in Timber Production...

(Continued from page 8)

and steel which are considered not so eco-friendly.

Final key point...

To attract investors to this sector, the government, particularly the DENR, must be able to put together a package of services which will make it easier for investors to come in.

Foremost among these is for the DENR to designate an undersecretary who will be focused, full time, only on the development of industrial tree plantations that would become a driver for economic growth in the countryside, and for the country as a whole. He should be concerned with marketing rather than regulatory functions.

That undersecretary should be tasked with identifying areas for tree plantations. He should also be responsible for packaging tree plantation development proposals by securing all required government approvals, including the free and prior informed consent from involved indigenous communities.

He should also look after the wood processing sector to ensure its integrated and rationalized development. One of his other concerns should be research and development - so that new wood processes and technologies and new wood products can be utilized and developed for new markets and new needs - and local and foreign markets acquaintance or familiarity.

Thus, it is important for this undersecretary to work closely with other government agencies such as the Department of Trade and Industry, the Department of Science and Technology and the academe.

We also recommend that the DENR reexamines its policies and regulations so that more businesses and financing institutions will be encouraged to put in equity or extend credit to potential investors.

At this point, we would like to state that for any industry to remain healthy and viable, and for investors to seriously consider putting capital, and for financing institutions to provide needed funds, political intervention must be kept to the minimum. A case in point.

A plantation in the south, a joint project between the Philippines and another government started two decades ago, soon became a well-managed tree plantation model. Because of the availability of a reasonably-priced wood from the project area, buyers and users no longer needed to get timber from illegal sources, thus removing pressure on public forest. But, because of political intervention, timber supply from it has practically stopped, creating a demand for wood from whatever source, legal or illegal. The resolution of this case is being closely watched by potential investors as a benchmark for their future decision-making.

We realize that every investor would always look for an even playing field. This is especially critical in the wood processing sector since its products are highly competitive and markets are price sensitive. Any investment necessarily involves risks but investors would always calibrate the risk factor in any business venture.

We want to make this additional statement which should be given much attention. Private investors, most especially owners of processing mills desire a perpetual supply of raw materials. Their investment plan to retool and modernize their facilities is premised on their operating at 100% capacity for an indefinite period.

These investors, like everybody else, love our country, they love our environment but they also have their own - not selfish - but commercial reasons for wanting a perpetual forest for our country, and this we just have to always remember and appreciate.

In closing, we dream of a revived wood industry reminiscent of the 1960s and 70s when it was a major contributor to our country's economic growth. We honestly believe this can be done, as also demonstrated by other countries. And what we need is the firm commitment and support of the government and concerned stakeholders.

¹ - Condensed from the paper presented by Mr. Antonio C. Olizon during the National Forum to Strengthen Policies and Opportunities for Forest Investment in the Philippines, August 14, 2009, AIM Conference Center, Makati City

PWPA Co-Hosts

(Continued from page 2)

governance if the goal of revitalizing the forestry sector is to be attained over a short haul.

Messages of further support for luring forest investments in the Philippines came from the key representatives of the FAO, ITTO, WB and ADB who already are funding on-going

projects in the country.

To expand their investment portfolios to the forestry sector, the local GOCCs like the DBP, LBP and the Social Security System gave hints on how their financial resources maybe tapped for economically sound forestry projects.

Toward the end of the Forum,

action plans and financing strategies were developed and prioritized, and wrapped into the Resolution of the Forum for distribution to and attention of concerned government agencies and financial institutions.

Beside the dinner for the Forum participants, the PWPA also hosted a dinner for the Forum organizers.

Date	Meetings/Events	PWPA Representatives
July 8	PWPA Board Meeting, Makati City	PWPA directors and officers
9-10	FPRDI 59 th Anniversary, Los Baños, Laguna	ED Leonardo Angeles and FEC Maila Vasquez
16	PPSQF Board Meeting, DTI Bldg., Makati City	ED Angeles
20	DOST and NST Week, Manila Hotel Roxas Blvd. Manila	Chair Fernando Lu, President A. Olizon, Director Alex Ong and ED Angeles
30	Legal Forum on Environment Club Filipino, Greenhills, San Juan	ED Angeles, Manager Regino Serafico and IC Ricardo Patawaran
31	Meeting with FMB Director Marlo Mendoza Manila Peninsula, Makati City	President Olizon, ED Angeles and FEC Vasquez
Aug. 12	PWPA Board Meeting AIM Conference Center, Makati City	PWPA directors and officers
12-14	National Forum to Strengthen Policies and Opportunities for Forest Investments in the Philippines AIM Conference Center, Makati City	Chair Lu, President Olizon, Directors Ong, Aristeo Puyat, Ramon Uy, Jhonny Young, ED Angeles, FEC Vasquez, FEA Jose Lorenzo, SPLC's Mr. Rudy Cabuay and Pateco's Forester Dennis Mendoza.

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

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