



## PWPA Holds 59th General Assembly

### INDUSTRY GROWTH BARRIERS AIRED

**T**he Philippine Wood Producers Association (PWPA) held its 59th Annual General Assembly of Members last August 20, 2010 at the Manila Polo Club in Makati City - its first in the new administration of President Benigno Aquino III - in an atmosphere of hope for a benign change after a decade of no growth of the wood industry.



Movers of the Forestry Sector. (L-R) Forest Management Bureau Director Marlo Mendoza, PWPA Chair Fernando Lu, DENR Secretary Ramon Paje, PWPA President Antonio Olizon and FPI Chair Emeritus Meneleo Carlos, Jr.

With the theme: “The Wood Industry: New Orientation in the Aquino III Administration” and with newly-appointed Department of Environment and Natural Resources Secretary Ramon JP Paje as guest of honor and speaker, the main program started-off with a message from Federation of the Philippine Industry Chairman Emeritus Meneleo Carlos, Jr. who said that much is now expected of the wood industry as an even stronger generator of jobs and incomes as its natural resources are trees which are renewable as they also mitigate global warming. (See related story on page 8)

Three well-respected persons presented papers on the topic: “Key Constraints and Possible Solutions to Developing a Healthy Wood Industry/Forestry Sector,” from

their respective expertise perspectives: UPLB College of Forestry and Natural Resources Forestry Development Center Director Dr. Antonio Carandang on policy issues; Society of Filipino Foresters President Renato de Rueda on governance issues; and ARTIMCO Director Evaristo Narvaez, Jr. on the wood industry issues.

They presented that the government’s unstable and unfriendly investment policies, poor governance and over-regulation are constraining the development and growth of the forestry sector and the wood industry.

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## “Revive the Wood Industry:” Secretary Paje

**“I** am very serious about it. Under the leadership of President Noynoy, I will try very hard to revive the forestry industry and make it a winning industry again,” said Department of Environment and Natural Resources Secretary Ramon Paje before the members of the Philippine Wood Producers Association during its 59<sup>th</sup> Annual General Assembly last August 20, 2010 at the Manila Polo Club in Makati City.

He added, however, that being its secretary, his concern is not only forestry. Thus, his first two programs are actually on the environment: access to clean air and water because these are fundamental human rights as was



New ENR Champion. DENR Secretary Ramon Paje during the 59th Annual General Assembly of PWPA Members.

confirmed by the United Nations days after he announced it to his people at DENR. He said by doing so, he is protecting the rights of the future generations of Filipinos.

Paje said his third program, on forestry, which he said he has submitted to President Noynoy, is about making productive every hectare of the country’s 8 million (M) hectares of denuded and open forestland.

He said from only 4.2 M hectare of such lands, Malaysia is able to generate annually 4.3 billion (B) ringgits (about P60 B), so that the Philippines, from a conservative income of only

(Continued on page 9)

## Export of Small Falcata Logs Alarms CARAGA Wood Processors

**W**ood processing plant owners and operators in Agusan del Norte appealed to the Office of the Governor to restrict the export of small diameter logs of Falcata (*Paraserianthes falcataria* Nielsen) by traders which export is causing the dislocation of their operations and the livelihood and income of many of their constituents.

Accordingly, about 100 40-ft container vans per week of Falcata logs from Surigao del Sur are being exported through Davao City, while 100-150 40-ft container vans per week of Falcata logs from Agusan provinces are being exported through Cagayan de Oro City.

CARAGA has been the main source of raw logs for the wood processing mills in Mindanao. According to the report of DENR R-13, 52% of the nationwide demand for logs is sourced from CARAGA and about 86% of its log production consists of plantation tree species, wherein Falcata is the most abundant due to its rapid growth and suitability for lumber and plywood manufacture. Veneer and plywood mills in CARAGA utilize Falcata logs, which consist of 55% to 80% of their requirement, mostly cut from eight-year and older Falcata plantations.

Sixty one out of 117 WPP permittees in CARAGA are located in Agusan del Norte and Butuan City, making the province a major source of veneer, lumber, plywood, and block-board which are used by downstream mills within and outside the region.

While allowed by law (PD 1559), the continuous export of small diameter Falcata logs, however, will have a devastating economic impact in CARAGA. Downsizing or eventual closure of major manufacturing mills for lack of raw material logs would create a domino effect to other industries such as the downstream wood millers, glue manufacturers, local truckers and shippers, hardware stores and services sector.

From the data of five wood processing plants alone in Agusan del Norte and Butuan City, their closure will directly displace at least 3,850 employees and 12,060 of their dependents. This translates to a loss of a monthly payroll of almost P30,000,000.00 and social benefits, like SSS, PAG-IBIG and Philhealth, of over P3,000,000.00. The potential government revenue, in various taxes and fees that may be lost is estimated at P20,000,000.00 annually.

The premature cutting, for export, of small-diameter Falcata timber of less than five years old denies the trees to mature and reach

their optimum economic value. They also lose the opportunity to sequester more carbon dioxide to help mitigate climate change even as their early or premature cutting adversely affects the ecosystem.

The export of Falcata logs is subject to the Tariff and Custom Code of the Philippines. An export duty of 20% is levied on the gross FOB value of the logs at the time of shipment based on the prevailing rate of exchange. There are reports, however, that no export duty is being collected from the export of said Falcata logs which are being declared at \$25 per cubic meter (cum) FOB when the prevailing market price is \$70 per cum FOB.

Thus, at an average volume of 40 cum per container van and at a market price of \$70 per cum, the value of logs being exported is worth \$ 2.24M – \$ 2.80M per month and the estimated revenue loss is \$ 0.45M - \$ 0.56M or P20.16M – P25.20M per month (exchange rate of \$1.00 = P45.00).

The uncontrolled exportation of young, small-diameter Falcata logs and sawntimber not only has alarmed the local wood industry players who are losing the raw materials needed by their mills in the future but it has also revealed that the local and national governments are losing much in taxes.

## DENR to turn over all hot logs to DepEd for use in schools

**T**UGUEGARAO CITY, Cagayan – As part of the new administration's intensified anti-illegal logging drive, Environment officials have been ordered to turn over all confiscated illegal lumber or logs in the region to the Department of Education (DepEd).

Forester Benjamin Tumaliuan, regional executive director of the Department of Environment and Natural Resources (DENR), yesterday said that all seized lumber have to be donated to DepEd to address the shortage of classrooms, chairs and desks in public schools.

**"We have already directed our personnel to facilitate the turnover of these forest products to DepEd for them to be utilized in its school building program," he said.**

For the police and NBI, they have to turn over the seized lumber under their custody to the DENR, except those under court litigation.

The order was in compliance with the directive of new DENR Secretary Ramon Paje for all seized illegal logs to be donated to the DepEd. The order, Tumaliuan added, is also part of the new government's intensified drive, as well as well-defined program, to totally eradicate illegal logging in the country.

The DENR, he said, can now proceed with the implementation of the directive even without the usual nod of the National Resources Development Corp. (NRDC), a government entity tasked to undertake bidding or disposal of confiscated forest products.

Tumaliuan said the move was also to discourage secret financiers of illegal logging from biddings for confiscated logs (through the government's NRDC) to recover their cost and sell them for a higher profit. DENR sources said Cagayan Valley has the record of most confiscated illegally-cut logs in recent years.

(Source: The Philippine Star, July 8, 2010)

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## Key Constraints To and Solutions for Developing a Healthy Forestry Sector: From the Perspective of Experts<sup>17</sup>

Dr. Antonio Carandang  
UPLBCFNR FDC

### Introduction

The Philippines' forestry sector is declining in economic significance and bio-physical conditions. The institutions mandated to implement forest policies have not been equipped to fully address the situation while poverty in the uplands exacerbates environmental degradation.

The development of the forestry sector is a pre-requisite to its sustained growth and the protection of the environment.

### Key Constraints

- Lack of updated, legislated forestry policy that results to inadequacies of legal instruments, weaknesses of the organizational structure of forest administration and management and conflicts of regulations.
- Overlapping tenure system or legal claims that, notwithstanding many open access forests, yet saddle with problems those forests under formal management system.
- Poor credibility of the sector that even neutral term activities such as legal timber harvesting sometimes connote forest destruction and corruption (it lacks champions in media and has lost the trust of mainstream civil society).
- Lack of investment-friendly policies that keeps the industry from pursuing long-term sustainable forest development programs.

### Doable Solutions/Recommendations

- Pass an updated forest policy and strengthen the forestry institutions (Congress must enact SFM laws).
- Develop a system or framework for resolving forest land management/jurisdiction conflicts.
- Initiate and intensify a PR program to temper negative public perception.
- Formulate investment portfolios for the sector.

Forester Renato de Rueda  
President, Society of Filipino Foresters

### Introduction

The Philippines' forest resources, once a pillar of the national development, presently may not be enough to sustain the needs of the country for timber and environmental services.

The key constraints hampering the development of the forestry sector must be therefore

addressed to halt its further decline.

### Key Constraints

- Unstable implementation of forest policies due to "constant" changes of top leadership that result to the stalling or changes of program and project priorities and as a consequence, minimal investments in forestry particularly in tree plantation.
- Unstable peace and order because of insurgency and banditry in the rural areas, that discourages the legitimate forest developers to invest more in forest management and plantation development.
- Overlapping of tenure instruments in TLA and IFMA areas brought about by new laws such as Mining Act, IPRA, and NIPAS Act that result to confusion in forest resource management.
- Lack of good governance that results to illegal logging; the presence of many road-check points; recycling of official transport documents; and difficulty of securing appropriate permits.

### Doable Solutions/Recommendations

- Pass the long-delayed Sustainable Forest Management Act (SFMA) by Congress.
- Pending the above, issue relevant administrative orders/memo circulars consistent with EO 318 and the new climate change act.
- Systematize the licensing process by adopting the "portfolio approach" which will require the DENR to do all the prerequisites before a subject area is offered for application and licensing.
- **Shift the DENR's role in the management of the natural resources- from the regulatory to developmental mode.**

Mr. Evaristo Narvaez, Jr.  
Director, ARTIMCO

### Introduction

The forest is a vital ecosystem, especially in a tropical setting like the Philippines. Wood is an essential part of the Filipino life wherein needed annually are:

- 2.5 – 3.0 M m<sup>3</sup> industrial timber
- 40.0 M m<sup>3</sup> fuelwood and charcoal.

The key constraints to the development and growth of the healthy wood industry need to be resolved by doable market-based solutions/approaches.

### Key Constraints

- Government policy is regulatory instead of developmental.
- The programs and action plans to undertake massive reforestation do not employ market-based instruments of control and incentives to promote private sector investments

- The corporate sector has acquired a negative image and has been routinely blamed for every major natural disaster that has visited the country.

### Doable Solutions/Recommendations

- Reduce the cost of doing business without sacrificing effectiveness in law enforcement.
- Promote security and stability of tenure.
- Design suitable and attractive investment schemes for tree plantation development and wood manufacturing.
- Intensify information campaign as to the role played by the forestry sector in sustainable forest management and adaptation to climate change.
- Devise short-term and long-term "ACTION PLANS," designed to create significant impacts, including the Institution of extension and techno-transfer services.

### Some Specific Solutions

- From Congress
  - Enact into law the National Land Use Policy Act and the Sustainable Forest Management Act
- From the Executive (DENR, NCIP, DTI/BOI, etc.)
  - Formulate the IRR of EO 318 (in lieu of impassable SFMA).
  - Establish the Timber Industry Board (after Malaysia's MTIB).
  - Implement a development roadmap for the wood industry, including a government/private sector partnership to implement investment-ready large scale tree plantation development.
  - Open to qualified, responsible and accountable stakeholders the second-growth forest areas, through bidding for production-sharing agreement or through stumpage-sale, the management and utilization plans therefor for direct implementation by professional foresters.
  - Generate government revenue, through **user's fee, to fund forest development and watershed development programs.**
  - Explore the use of other crops such as African Oil Palm and fruit trees in appropriate forestland.

<sup>17</sup> Summarized from the papers presented by the authors during the 59th Annual General Assembly of PWPA Members on August 20, 2010, Manila Polo Club, Makati City

## Paje Assumes Top DENR Post, Meets Stakeholders

### PWPA Joins Turn-over of DENR Top Post

The Philippine Wood Producers Association (PWPA) joined the officials and employees of the Department of Environment and Natural Resources (DENR) as well as former DENR officials and officers of natural resources-based industry organizations in witnessing the changing of the guards, as it were, from outgoing Secretary Horacio Ramos to incoming Secretary Ramon Paje through a simple turn-over ceremonies held last July 2, 2010 at the DENR Social Hall in Quezon City.

Paje, a forester and holder of a doctorate degree in public administration and a top-rank Career Executive Service Officer (CESO I), is the second rank-and-file employee to have attained

the proverbial "bottom-to-top" success in the DENR's 23-year history, the first being outgoing Secretary Ramos, a mining engineer and a fellow career executive officer.

In his farewell address, Ramos thanked the employees and officials of the DENR as well as the stakeholders for making his short stint fruitful and successful.

Paje said he will be a listening secretary and will afford everyone dissent as he extolled Ramos' as a good and firm leader.

He announced that President Aquino has given him six (6) marching orders: 1) clean the air; 2) clean the water – in Metro Manila, especially; 3) put into productive use every hectare of forest through reforestation and plantation; 4) protect

the forest, including completing its line, and marine resources; 5) plan and implement an honest to goodness climate change mitigation/adaptation program; and 6) institute a well-defined, effective anti-corruption administration.

He gave direct instructions to his regional executive directors, who were present, to stop illegal logging in 30 days as he announced that all spurious contracts will be reviewed. He also said he will put CCTV to all DENR offices in 90 days for monitoring and communication purposes.

Paje was before DENR's Undersecretary for Field Operations and the Executive Director of the Minerals Development Council under the Office of the President.

### SFF Briefs Paje of Key Forestry Concerns

The Senior Foresters Caucus of the Society of Filipino Foresters (SFF) - including those connected with the Philippine Wood Producers Association (PWPA) - led by SFF President Renato de Rueda, met and briefed new DENR Secretary Ramon Paje last July 10, 2010 at the Visitors Center, PAWB, Quezon City.

Paje greeted the senior foresters present saying he is lucky to have colleagues in the profession as allies in the forestry sector as past SFF President Ric Umali, in behalf of the 8,500 SFF members, congratulated him for his new top position at the DENR.

De Rueda briefed Paje on the position paper of the forestry sector

the SFF submitted earlier to the office of newly-elected President Noyoy Aquino.

In response, Paje said he will: a) request the President to certify the bills on SFMA and the permanent forest line; b) endorse to NEDA the adoption of the Revised Master Plan for Forestry Development; c) address graft and corruption issues at the DENR, strengthen its coop to be the supplier/provider of DENR requirements, and install CCTV cameras in all Regional, PENR and CENR offices; d) implement forest and timber certification and audit; and e) not sign any new IFMA application involving the cutting of natural timber.

The SFF, as a body, committed to support Paje in his forest good governance programs.

### PWPA Makes Courtesy Call to DENR Secretary Paje

The directors and officers of the Philippine Wood Producers Association (PWPA) made its traditional courtesy call to newly-appointed Department of Environment and Natural Resources (DENR) Secretary Ramon Paje last August 9, 2010 at his office in Quezon City.

Paje started to inform them of the Adopt the Estero Program he presented to President Aquino III at zero cost to the government through public and private partnerships as he encouraged the PWPA to identify and adopt one estero of its liking.

He also said that in the 2010 national

budget, for the first time, environmental security will be an item together with extant social, economic and infrastructure services.

PWPA thanked him for his accepting its invitation to be the guest of honor and speaker at its 59<sup>th</sup> Annual General Assembly to be held on August 20, 2010 at the Manila Polo Club, Makati City. (Please see related stories on p. 1 and photos on p. 7)

Paje said the Chamber of Mines and the PWPA seem to have a similar problem in that not all companies or players are members of their respective associations. He said the Chamber of Mines agreed with him to include as a condition in the mining production agree-

ment that its holder be a member of the Chamber or else he will not approved the agreement.

He suggested, and the PWPA agreed, that the same condition can be done in IFMAS and other permits. He said the DENR regional offices will be instructed not to approve any permit if the provision of mandatory membership in PWPA is not accepted by the applicant. He requested, however, that the PWPA police its ranks.

On export of small diameter falcata plantation logs, he said he will sign a memorandum stopping it temporarily subject to its review. (See related story on p. 2)

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## PWPA Co-Hosts 13th ASEAN Meeting of Senior Officials on Forestry

The Philippines through the Forest Management Bureau (FMB) of the Department of Environment and Natural Resources (DENR) and the Philippine Wood Producers Association co-hosted the 13th ASEAN Senior Officials on Forestry (ASOF) and its related meetings held on July 26-31, 2010 at The Peninsula Manila, Makati City.

ASOF was organized in 1998 and meets annually to formulate and implement regional cooperation activities in support of the following strategic thrusts: ensuring sustainable forest management and conservation of natural resources; strengthening ASEAN cooperation and joint approaches in addressing international and regional forestry issues; promotion of intra and extra ASEAN trade in forest products and private sector participation; increasing productivity and efficient utilization of forest products; and capacity building and human resources development.

High level and senior forestry officials from ASEAN countries comprising of Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Singapore, Thailand, Vietnam and the Philippines discussed major policies, programs and issues that affect the forestry sector in the ASEAN region. The following side activities were also held back to back with the main meeting: meetings of the Experts Group on Herbal and Medicinal Plants and Experts Group Meeting on Forest Product Development; as well as the 11th Seminar on Current International Issues Affecting Forestry and Forest Products.

PWPA Chair Fernando Lu, President Antonio Olizon, EVP Alfonso Keh, Jr., VP Evaristo Narvaez, Jr., Executive Director L. D. Angeles, Forestry and Environment (F&E) Adviser Joe Lorenzo and F&E Coordinator M. R. Vasquez represented the PWPA at the different program-activities of the ASOF.

## PWPA Attends Bishops-Businessmen's Conference

The Philippine Wood Producers Association led by President Antonio Olizon and Director Aristeo Puyat attended the Bishops-Businessmen's Conference for Human Development held last July 8, 2010 at the Pope Pius XII Catholic Center, UN Avenue, Manila.

With the theme: "The Challenge of Climate Change: Restoring Creation and Promoting Integral, Human Development," papers were presented by Most Rev. Antonio Ledesma, Dr. Esteban Godilano, board member of the Climate Change Congress of the Philippines and Prof. Rene Ofreneo, Director of the Center for Labor and Justice, UP School of Labor and Industrial Relations.

Ledesma said the environment being a gift from God should be responsibly stewardshipped so that future generations may benefit from it. Esteban related the impacts of climate change if no adaptation or mitigation measures were made on the Philippine watersheds. Ofreneo dealt on the imperativeness to shift towards a green/greener economy as the key to a sustainable path for the country.

Most Rev. Broderick Pabillo, chairman of the CBCP's Commission on Social Action, Justice & Peace, Mr. Robert Togle, general manager of CTNI and B. Gen. Victor Corpuz,

OIC, Philippine Veterans Affairs, were reactors to the presented papers. Pabillo said one of the roles of the Church is to call on everyone to act together for the development for all and not only to the select few as he cited that logging and mining are an environmental injustice. Togle said fast growing tree species is one of the best ways to fight climate change because young forests sequester more carbon dioxide, and its wood is the best carbon sink/trap. Corpuz, on the other hand, related his experiences when, as an officer of the 3<sup>rd</sup> Infantry Division in Antique, he engaged the natives to plant trees.

During the open forum, PWPA President Olizon, in reaction to the statement of Pabillo, said logging is not bad when carried out sustainably as mandated by regulations and as practiced by the members of PWPA. He said it is to the interest of business to perpetuate the forest so it will have a continuous source of raw materials.

A clergyman commented that planting fast growing tree species is not pro-God's creation as it is not pro-biodiversity, but pro-similarity only.

The Most Rev. Ramon Villena, D.D. of Bayombong closed the conference by calling on everyone to collaborate and have social responsibility in creating a circle of care for creation, home, society and universe."

## PWPA Makes Courtesy...

(Continued from page 4)

On the African oil palm, he said it can be planted as a part of the upland agriculture in appropriate forestland.

On the issue of IFMA areas in ancestral lands, the PWPA requested Paje's intercession on easing the difficulty of obtaining FPIC

from the indigenous communities as their demands for royalty and benefits, usually-coached by outsiders, invariably border on the impossibility. PWPA opined that some forms of standards may be needed. Paje suggested a dialogue with NCIP, which is administratively under the DENR, to have the issue resolved.

# Glimpses at the 59th Annual General Assembly of PWPA Members 20 August 2010, Manila Polo Club, Makati City



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### *Glimpses at the 13th ASEAN Senior Officials on Forestry Meeting 26-30 July 2010, Manila Peninsula Hotel, Makati City*



## The Wood Industry: New Orientation in the Aquino III Administration

### Small Tree Farmers: Key to Wood Supply

by Mr. Meneleo J. Carlos, Jr., FPI Chairman Emeritus<sup>1</sup>

Thank you for inviting the Federation of Philippine Industries for a message aligned with your theme: **“New Orientation in the Aquino III Administration.”** It is a pleasure to be here with a very dynamic member of the Federation – the Philippine Wood Producers Association.

We are indeed fortunate that our good Secretary, the Honorable Ramon Paje, has chosen to be with us, because he is a seasoned forester and understands our ideas and our concerns.

It is timely for us to address your theme. Let us take the cue from P-Noy when he said : **“I-pasa na po natin ang National Land Use Bill.”** The Bill aims to classify lands that are for production or commercialization and for protection and preservation. It enables our government to plan for the use of the land that we need to employ our people to grow trees.

Amidst the threats of climate change, we expect you to become an even stronger generator of jobs and incomes because your natural resources are trees that not only are renewable but also mitigate global warming.

This reminds me of the directions that **President Cory (the new President's mother)** embarked on when she took over after 14 years of martial rule. Poverty was at an its extreme and joblessness was our main problem in industries that suffered the devastating devaluation of our currency and the resulting high cost of interest.

We, who survived that economic holocaust of the martial law era, are ready again to heed the call of P-noy to alleviate poverty and provide jobs to our people.

In a recent business forum with government leaders, I emphasized the need to invest in the countryside where many of our poor are situated and who have largely been deprived of attention and funds for development. I asked the BSP to demand their agent banks to apply seriously the requirements to extend credit to the agri-sector and to investigate the reasons why not enough credit is getting into this sector. I reminded them that while we have a stable inflation rate today, things can change rapidly if the climate goes against agricultural productiv-

ity, so that they better look into this situation to ensure an adequate sustainable food supply for our people

This is where you in the wood industry come in. If you support our tree farmers, you help in the reforestation of our watersheds that provide the water supply needed by our agricultural farms. I believe that because of our **topography, the Philippines is closest to God's** creation of farms amidst forests. This a factor that could compensate for our lack of arable land that per capita is smaller compared to our neighboring rice exporting countries like Vietnam, Thailand, and Cambodia. However, properly supported and managed, our land can produce sufficient rice per hectare for our own needs well into the future.

But let me get closer to your business of processing wood. When you raise the quality of wood to a useful and durable product through your processes, you are able to lock up the carbon dioxide that is in it for decades. By doing so, you become the strongest agent in mitigating global warming. For the better the quality of your wood products, the longer is the likelihood they will be kept in service, and therefore the longer will its carbon dioxide content remain locked up in them. Let me add that there are plywood grades that are designed to last a lifetime or more, known to us as marine plywood. This should be the trend among our wood users who appreciate nature and understand the real value of wood products.

We know that your immediate concern is the steady supply of wood for your mills. I believe it is a good beginning that you have proven to everyone that thousands of small tree farmers are able to supply almost all of your wood requirements, and you should be congratulated for that. Now it has been scientifically proven that with the use of cloned seedlings of superior trees the wood productivity of tree farmers will increase making more than adequate their supply of wood for your use.

Let us look at our people who are mired in poverty, on one hand, and, on the other hand, at our depleted natural resources, **abused and abandoned by “kaingeros” as denuded, idle lands.**

This is where the New Orientation of the P-noy Administration comes in, because it presents to us the golden opportunities:

- to solve the issue of poverty that would create peace and order finally in the countryside;
- to restore forest on our denuded forestlands and watersheds, our sources of timber that arrest global warming; and
- to help this government establish a vibrant agro-industry based on our natural resources.

It will be a massive development efforts of global proportions. After all, there was a time when we were the largest exporter of timber in this part of the world, and the land resources are still there.

However, the key to this massive forest development efforts is to have more partakers, for example, in the CBFMA program, when the individual participants – I repeat, individual participants – **are provided with “tenurial rights”** so that individually they can obtain needed financing and are assured of harvesting the **trees they planted. With today's clonal technology, it is estimated a hectare of trees at today's prices would fetch about P1million, on an “as is, where is” basis. On an average 10 year growing cycle that, to a tree farmer, would be P100,000.00/ha/year. With several hectares to his care, that would provide him with enough money to sustain his family and send his children to college.**

So perhaps, if providing tenurial rights to the individuals that can be set in motion by the DENR, through our distinguished Secretary, or as a key provision in the National Land Use Act which P-Noy is batting for, that might be the key to providing sustained wood supply and at the same time, solving the twin problems of poverty and deforestation.

Think about it. If we were able to replant our denuded forests and export the wood to China, India and other growing economies, our forests can easily contribute \$5Billion for every million hectares. And we will be doing more than our share in mitigating global warming while providing the jobs to our people.

<sup>1</sup> Slightly abridged from the paper read by the author during the 59th Annual General Assembly of PWPA Members, Turf Room, Manila Polo Club, Makati City, August 20, 2010



## PWPA Holds...

*(Continued from page 1)*

They said these major issues have to be positively resolved to be able to create job and livelihood opportunities and contribute to the poverty alleviation program of the Aquino III Administration and at the same time restore the forest to make the country self-sufficient in wood and mitigate climate change.

Secretary Paje, who, in his well-applauded speech, essentially responded to the issues raised by the paper presentors. He said that during President Aquino III's (P-noy) term, he will try his best to revive the glory of the wood industry. He said P-noy has authorized him to put into productive state the idle forestland.

In line with it, he asked the PWPA to form a study group to help him to develop proposals pertaining to investment in forest plantation. He instructed the Forest Management Bureau Director Marlo Mendoza to initiate the creation of the Forest Development Board and to streamline the processing and approval of all permits pertaining to forestry, and to design an incentive system together with the BOI.

He added that if the PWPA wanted to help its industry, it should help itself reduce its transaction cost by denying the people of his Department the opportunity for graft. He said he will run after his erring staff but the PWPA should also run after its erring members. *(See related story on p. 1)*

During the business meeting, preceding the main program, the PWPA members re-elected all the incumbent directors of the Board for the year 2010-2011, namely: Ms. Edith Alcantara, Mssrs. Antonio Bernas, Victor Consunji, Alfonso Keh, Jr., Robert Kua, Fernando Lu, Charlie Liu, Evaristo Narvaez, Jr., Manuel Ng, Antonio Olizon, Alex Ong, Aristeo Puyat, Stanley Tan, Ramon Uy and Jhonny Young. *(See photos on p.7)*

The principal sponsors and presenters of the PWPA General Assembly were RI Chemical Corp. and CTNi - both members of the Resins Inc. Group of Companies - while the major sponsors were DMCI Power Corp. and DMCI Masbate Power Corp. as well as Matimco, Inc., Bondtite Pty. Ltd., L.P. Pacific Films and TTT.

## “Revive the Wood Industry”

*(Continued from page 1)*

10,000.00ha/year from the 8 M hectares, P80B additional income could be added to the coffers of the Philippines. “This is opportunity lost by not developing the country's idle and denuded lands,” he said he reported to the Cabinet of President Noynoy.

Paje said the President has granted him the authority to implement certain projects within his forestry program together with the Department of Agriculture and the Department of Agrarian Reform for food production and for tree plantations. He said the DENR will identify initially 200 hectares in every province, or a total of 15,000 hectares nationwide, for their activity-convergence on food production .

He said having lost 59% of our forest in 59 years should be considered as a challenge and an opportunity to open up the entire 8M hectares for investment under the portfolio approach his department is now preparing.

Paje further outlined some of his program-directions for the forestry sector, such as to:

- Initiate immediately the establishment of the Forestry Development Board;
- Streamline the processing of all documentation and approval of permits to the extent of downloading some of them, like the approval of the OPs or IEEs to the regional field level;
- Continue the government's respect for existing contracts, especially those involving the development of tree plantations such as the IFMAs;

- Push for the forestry certification system to contain illegal logging and to gain international trade recognition;
- Support the PWPA proposal for designing an incentive system together with the Board of Investments;
- Review the export of small diameter plantation logs; and
- Abolish unnecessary checkpoints.

But he also asked of the PWPA and its members to:

- Put up a study group to recommend proposals pertaining to investment, particularly in tree plantation;
- Help reduce transaction cost of the wood industry by not bribing his people; and
- Install CCTV camera in processing plants, which he will also do in the DENR, as a 24-hour monitoring for everyone.

Paje said the wood industry must participate in good governance. He said he will run after his staff but PWPA has also to run after its own members. He added that those who tow the line would be helped; however, those who do not would be weeded out.

“We have to correct the wood industry if we want to shine again. We want P-Noy to succeed; we want this government to succeed; we want this country to move on. We have to help each other,” he said as he recalled that he has started as a casual employee in the Department and now that he is its secretary, he wants to do well.

He committed to clean his Department and that he will make sure that it will work well and shine, just like his promise to the wood industry for it to also shine.

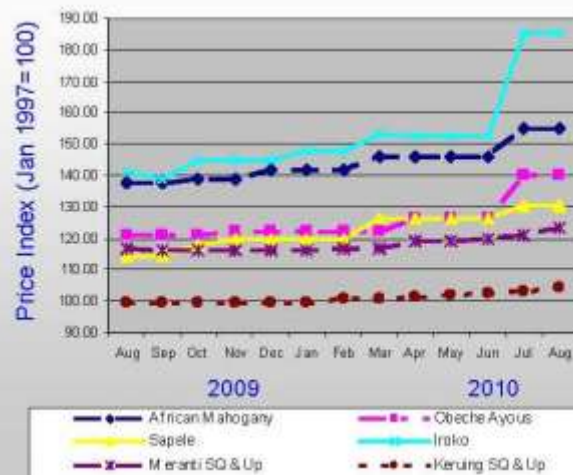
## Snapshot of the Tropical Timber Market

### US tropical timber imports picked up in June

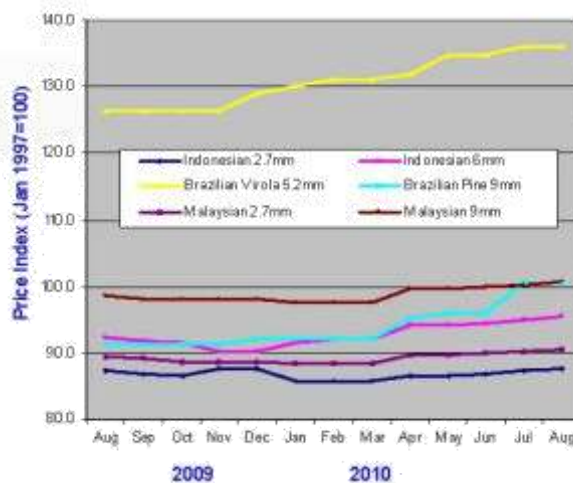
The US imported 20,657 cu.m of tropical sawnwood in June 2010, up from 14,652 cu.m in May. In June, imports of species from South East Asia and Africa picked up significantly due to the exhausted inventories and low availability from South America. In Brazil, some sawmills have reportedly shut down and the domestic market is consuming all the production leaving little for export. The depreciation of the Euro against the US dollar pushed up the imports of African tropical sawnwood much of which is priced in Euro.

Hardwood moulding imports showed a slight decline year-to-date June 2010 even compared with the low levels seen in 2009. However, US imports of hardwood plywood will likely exceed 2009 volumes, based on year-to-date imports of 1.1 million cu.m, which is 32% higher than in the same period last year.

### Tropical Log Price Trends

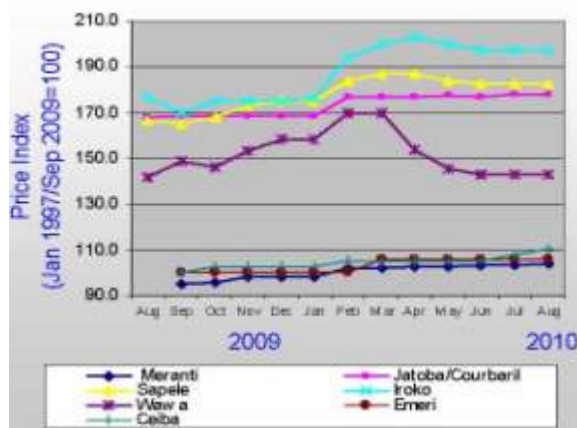


### Tropical Plywood Price Trends



Source: Tropical Timber Market Report  
Volume 15, Number 16, August 16-31, 2010

### Tropical Sawnwood Price Trends



## Average Plywood and Substitute Prices Survey in NCR

	Before (Aug. 17, 2010)	Now (Sept. 20, 2010)		Before (Aug. 17, 2010)	Now (Sept. 20, 2010)
3mm (1/8) plywood	205	215	18 mm (3/4) plyboard	821	825
4 mm (3/16) plywood	287	292	1/8 lawanit	218	215
5 mm (1/4) plywood ordinary	315	315	3/16 lawanit	305	307
5 mm (1/4) plywood marine	343	350	1/4 Hardiflex	405	404
10 mm (1/2) plywood	514	531	Gypsum Board	379	377
18 mm (3/4) plywood ordinary	835	855			

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

## MATIMCO Launches Trusswood House

The Philippine Wood Producers Association (PWPA) joined one of its member-companies, the MATIMCO, in celebrating another milestone in its history last September 10, 2010 at the Frontera Verde, Pasig City.

MATIMCO, Inc., a Cebu-based firm has been in the wood business for 46 years and has survived the complexities of this challenging business through its innovation and strong CSR principles. It has never been shy in investing and plowing back into the business new wood technology and innovation. Hence, today, It is proud to be one of the pioneering wood companies in the Philippines ever to launch three separate brands, namely: Matwood, its flagship brand, took the lead in innovation strategy by celebrating its 10<sup>th</sup> worry-free years of beauty and elegance in the interiors of your homes, pre-stained and protected by the ever reliable Solignum treating agent using state-of-the art double vacuum treatment process; the

Weatherwood, with specially formulated preservatives and carefully selected radiata pine materials gives you 25 years of worry-free outdoor living; and PCW engineered wood, is the response to the country's massive housing needs, uses cheaper alternative of fast-growing plantation species from all over the globe and combining it with new wood fabrication technologies to make strong bonded wood materials, hence can supply and make available quality wood products at very affordable costs.

Each brand has its own distinct technological advantage and positioning to the domestic construction and housing markets.

During the event, MATIMCO unveiled their latest brand, the Trusswood - their answer to the market's clamor for an easy, fast, durable and economical wood-building solution. It is also their entry to the structural segment of the building industry. It is also so easy to construct.

Trusswood is the combination of MATIMCO's knowledge and experi-

ence in wood with the best state of the art wood building technology, mixing the best of both worlds – steel and wood.

Aside from the launch, the event also highlighted the signing of a fifty-hectare joint reforestation project with the local DENR through a MEMORANDUM OF AGREEMENT (MOA) for an Upland Agro-Forestry Development Plan located at Barangay Inayagan, Municipality of Naga, Province of Cebu. DENR Secretary Ramon Paje and local DENR officials were present to sign and witness MATIMCO's commitment to develop this area as part of their CSR and their way of giving back to mother-nature which has been so good and kind to them.

Another highlight is the ceremonial donation of one unit PNOY Library to the AGAPP Foundation as part of their 'Silid Pangarap' program. The donation was formally accepted by none other than the Foundation Chairperson herself, Ms. Pinky Aquino-Abellada.

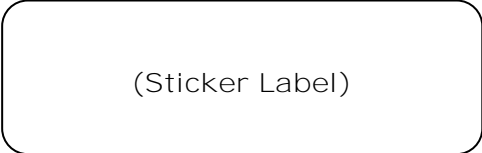
### PWPA in Events

Date	Meetings/Events	PWPA Representatives
July 1-2	Discussion Workshop on the National REDD Plus Strategy, Quezon City	ED Leonardo Angeles and FEC Maila Vasquez
2	DENR Turn-over Ceremony of DENR Sec. Horacio Ramos to Sec. Ramon Paje, DENR, Quezon City	ED Angeles, FEC Vasquez and FEA Jose Lorenzo
8	Bishops-Businessman's Conference for Human Development Manila	President Antonio Olizon, Director Aristeo Puyat, FEC Vasquez and Forester Ricardo Umali of SUSTECH
10	SFF Luncheon Meeting with DENR Sec. Ramon Paje, Quezon City	ED Angeles, FEC Vasquez and FEA Lorenzo
13	PWPA Board Meeting, PWPA Boardroom, Makati City	PWPA directors and officers
15	Round Table Discussion on Sustainable Forest Management, Q. C	ED Angeles
	PPSQF Board Meeting, BPS Conference Room, Makati City	IC Ricardo Patawaran
15-16	Conference on Mainstreaming Native Species-Based Forest Restoration NISMED, UP Diliman, Quezon City	ED Angeles, FEC Vasquez & Mr. Florio Bunag of Furniture Group, Inc.
22	Meeting with National Artist Arc. Santos, Jr., Makati City	EVP-Director Alfonso Keh, Jr., ED Angeles and FEC Vasquez
23	<b>EDNP Council of Advisers' Meeting, Blue Ridge, Quezon City</b> Plywood Council Meeting, Gloria Maris, Greenhills, San Juan City	FEC Vasquez Director and Plywood Council President Keh, Jr. and members, ED Angeles and FEC Vasquez
26-30	ASEAN Senior Officials on Forestry, Manila Peninsula Hotel, Makati City	Chair Fernando Lu, President Olizon, EVP-Director Keh, Jr., Director Evaristo Narvaez, Jr., FEC Vasquez and FEA Lorenzo
30	Meeting with the Korean Green Promotion Agency, Makati City	ED Angeles and FEC Vasquez


Date	Meetings/Events	PWPA Representatives
August 2	Meeting with RI Chemicals Inc., Pasig City	EVP-Director Keh, Jr., Directors Ramon Uy and Jhonny Young, ED Angeles, FEC Vasquez
9	PWPA Board Meeting, DENR, Quezon City	PWPA directors and officers
	Courtesy Call to DENR Secretary Paje, DENR, Quezon City	Chair Lu, President Olizon, Directors Keh, Jr., Ong, Puyat, Tan and Uy, ED Angeles, FEA Lorenzo, FEC Vasquez and Mr. F. M. Bunag
10	Dinner-Meeting with the Malaysian Timber Council Golden Fortune Restaurant, Manila	President Olizon, Directors Keh, Jr. and Uy, ED Angeles, FEA Lorenzo, FEC Vasquez, Manager Serafico, & Mr. Charlie Lu of PATECO.
	Meeting with 59 <sup>th</sup> Annual General Assembly Steering Committee, PWPA Boardroom, Makati City	President Olizon, Directors Keh, Jr. and Uy, ED Angeles, FEC Vasquez and Manager Serafico
20	59 <sup>th</sup> Annual General Assembly of PWPA Members Manila Polo Club, Forbes, Makati City	PWPA directors and officers, members, staff with DENR Secretary Ramon Paje as guest of honor and special guest, with other guests
31	Meeting on Government Share and IP Royalty Issues Makati City	EVP-Director Keh, Jr., Director Narvaez, Jr., ED Angeles, FEC Vasquez, FEA Lorenzo, Mssrs. R. M. Cabuay of Sirawai, D. Mendoza of PATECO and Ms. S. Cortes of Alsons

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

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



## RI CHEMICAL CORPORATION





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

**A trusted player in the synthetic resins industry**

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- ◆ Serving several essential industries locally and internationally.
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