



PWPA Holds 57th General Assembly

RI Chemical Corp. and CTNi as Co-Presenters

The Philippine Wood Producers Association (PWPA) together with RI Chemical Corp. and its sister company, Claveria Tree Nursery, Inc. (CTNi) co-presented the 57th Annual General Assembly of PWPA members on November 7, 2008 at the Manila Golf and Country Club, Forbes Park, Makati City.

RI Chemical Corp. is the manufacturer/distributor of glues used in plywood manufacturing. CTNi propagates and markets genetically superior cloned forest tree seedlings.

The Department of Environment and Natural Resources (DENR) Secretary Jose Atienza, Jr., the guest speaker of the Assembly wherein he highlighted the importance of the wood industry in the national economy.

He said his department will help it all the way; provided, it polices its ranks to ensure the proper observance of the

(Continued on page 2)



Meeting of the Minds. DENR secretary Jose Atienza, Jr. (3rd from the left) is the guest speaker of the 57th Annual General Assembly of PWPA Members. (Left-right) RI Chemical Corp., Inc. President and Federation of Philippine Industries, Inc. Chairman Mineleo Carlos, Jr., PWPA Chairman Fernando Lu, PWPA President Antonio Olizon, Isabela Province Governor Maria Gracia Padaca and Isabela 2nd District Congressman Edwin Uy.

Atienza Expresses Wood Industry Support

Department of Environment and Natural Resources (DENR) Secretary Jose Atienza, Jr., expressed the DENR's full support to the wood industry being represented by the Philippine Wood Producers Association (PWPA).

As the guest of honor and speaker of the 57th Annual General Assembly of the PWPA members, held on November 7, 2008 in Makati City, Secretary Atienza pointed out that wood is fundamental for a comfortable human life that is why the wood industry is "critical" yet one of the most "criticized."

"Legitimate and legal organizations must be given the opportunity to conduct their businesses, like the wood industry that is vital to our national economy; but they need to do their share in responsibly performing their business within the limitations provided by law," Atienza said.

The wood producers are important partners of the



Supporter of the Wood Industry. DENR secretary Jose Atienza, Jr. speaks before the members and guests of the Philippine Wood Producers Association during its 57th Annual General Assembly.

DENR, and the department would help them to the extent it can, he added.

At the same time, Atienza said that under his leadership, the DENR has been very careful in issuing wood-cutting licenses, especially now that adverse climate change is already happening all over the world.

"It's a delicate balance (between environment and development) to always keep," said Atienza.

Atienza also said that the DENR will apply a new reforestation strategy that would involve upland dwellers, including Indigenous Peoples (IPs) and People's Organizations (POs), who will be his department's partners in reforestation. The strategy is a part of the poverty allevia-

(Continued on page 2)

FLASH!

DENR Reassigns Regional Executive Directors

Department of Environment and Natural Resources (DENR) Secretary Jose Atienza, Jr. recently issued a special order reassigning his regional executive directors (REDs) nationwide.

“The reassignment of our regional executive directors is part of our continuing organizational development. No less than President Gloria Macapagal-Arroyo expects from the department a more vibrant management of our environment and natural wealth and we will do just that,” Atienza said.

“While we have done so much last year, I believe we can do more. With the new team, I expect more effective environmental governance, particularly in the enforcement of envi-

(Continued on page 5)

Atienza Expresses...

(Continued from page 1)

tion program of the national government to help poor Filipinos.

Upland community dwellers themselves will plant, nurse, and maintain the seedlings until they mature into trees. They would be the direct beneficiaries of the produce of their timber.

Isabela Governor Grace Padaca, who was a special guest of the occasion and recipient of the prestigious PWPA Molawin Award, commended Atienza for his genuine efforts to protect the environment and properly manage the natural wealth of the country.

She would not have been successful herself in curbing illegal logging and in pushing reforestation if not for Atienza’s commitment and support.

Main source: <http://www.denr.gov.ph>

PWPA Holds...

(Continued from page 1)

pertinent laws.

He also informed the Assembly that his department will be applying a new strategy in reforestation by tapping upland dwellers to plant forest and fruit tree seedlings and to maintain them so that future products or fruits therefrom would be for them to enjoy.

As a token of gratitude, the PWPA donated to Secretary Atienza 100 tree seedlings, to be delivered to and planted by the PWPA for a charitable institution of his choice. Father Antonio Molavin, SDV, of Tuloy sa Don Bosco in Alabang, Muntinlupa City, accepted from Secretary Atienza the symbolic seedling as he thanked him for choosing his organization.

Isabela Governor Grace Padaca received the PWPA’s rarely-presented Molawin Award in recognition of her successful anti-illegal logging campaign being undertaken jointly with the DENR in her province. She said the award is better than any of her other awards *(see related story on page 3)*.

The General Assembly started-off with the PWPA business meeting presided over by Chairman Fernando Lu. President Antonio Olizon presented the annual cum financial report. The meeting was concluded by the elections of all previous directors.

The 2008-2009 incoming directors of the Board are Ms.

Edith Alcantara and Msrs. Antonio Bernas, Victor Consunji, Alfonso Keh, Jr. Robert Kua, Charlie Liu, Fernando Lu, Evaristo Narvaez, Jr., Manuel Ng, Antonio Olizon, Alex Ong, Aristeo Puyat, Stanley Tan, Ramon Uy and Jhonny Young (see their photos on p. 6).

Secretary Atienza officiated the taking of their Oath of Office later in the evening.

Following the business meeting was a lively colloquium on the topic: “Genetically Superior Clone Seedlings: Getting Much More From Forest Trees.” RI Chemical Corp. president Mineleo Carlos, Jr. introduced the paper-presentors: retired general Victor Corpuz, former head of the National Resources Development Corp. and now RI consultant, and genetics consultant of Claveria Tree Nursery, Inc., Forester Cesar Nuevo, Ph.D.

Foresters Rene de Rueda, president of the Society of Filipino Foresters (SFF) and Oscar Gendrano past president of the SFF, were discussants of the colloquium that was moderated by Dr. Leuvina Tandug, OIC Director of the DENR’s Ecosystems Research and Development Bureau.

After the main program highlighted by the speech of Secretary Atienza and while having a sumptuous dinner, the guests and participants of the General Assembly were entertained by Mr. John Lesaca, one of the Philippines’ best saxophone players.

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PWPA Honors Padaca with Molawin Award

Ms. Maria Gracia Cielo Magno Padaca, Governor of the Province of Isabela, was recognized by the Philippine Wood Producers Association (PWPA) with a Molawin Award for Forest Conservation and Environment Protection Par Excellence.

The Molawin Award is very rarely given by PWPA and only to a person or organization of exemplary and distinguished achievement beyond compare, superior, or par excellence. It was first awarded in 1971 jointly by the predecessors-in-interest of the PWPA - the Philippine Lumber Producers Association, the Plywood Manufacturers of the Philippines and the Philippine Chamber of Wood Industry and the Society of Filipino Foresters. MOLAWIN stands for Most Outstanding Leadership in the Wood Industry of the Nation.

Maria Gracia Cielo Magno Padaca, recipient of the Kilosbayan's 2004 Woman of the Year, the International Association of Business Communicator's First CEO Excel Award in 2005, the 2006 US Embassy's Benigno S. Aquino Jr. Fellowship for Professional Development, the US Embassy's 2007 Woman of Courage, and the prestigious 2008 Ramon Magsaysay Award for Government Service, has deserved the MOLAWIN Award.

Born in 1963 and had the stigma of polio that crippled her in childhood, "Grace", as she is fondly called by friends, found solace not in sympathy but in silent struggle for excellence. She was valedictorian in elementary and high schools, a magna cum laude in college where she obtained the degree of Bachelor of Science on Business Administration major in account-



Champion of Forest Conservation and Environment Protection. DENR Secretary Jose Atienza, Jr. (leftmost) congratulates Isabela Governor Maria Gracia Cielo Magno Padaca (rightmost) for receiving the PWPA Molawin Award as PWPA chair (2nd to the left) hands the award citation and PWPA president Antonio Olizon (2nd to the right) looks on.

ing and a year after successfully passed the CPA Licensure Examination. Nature, her parents were both school teachers, and culture, the environment of scholarship and discernment, as it were, shaped her early character she used to propel herself to success.

Her profession landed for her the first job with the Bombo Radyo in Cauayan, Isabela. No sooner, and almost serendipitously, she was a broadcaster which suited her, she says, because "I could be heard but not seen." Everyday, for the next 14 years, her voice was heard over the radio on the burning issues of the day in Isabela Province. Not only issues on politics like gambling and corruption nor socio-economics, like rural poverty and apathy; but, also on illegal logging and kaingin-making and their ravaging impact on the fragile environment were her constant radio topics.

Frustration over the seemingly infinite inertia of development that has long-plagued the Province, and with little money and no political base, she ran for Congress in 2001. She won the hearts and votes of the people but she

lost it in the House of Representatives Electoral Tribunal because the ballots that merely contained the word "Grace" were all invalidated, even as no candidate locally and nationally used the name "Grace," as opined by Justice Vitug.

In 2004, she ran for a higher office, the governorship of Isabela Province. Against the dominant political party and dominating political dynasty and on her platform: "Free Isabela", she won overwhelmingly.

She practiced what she advocated over the radio. In no time Isabela Province was in the blue, financial-wise. Among others, she increased the budget for reforestation, made inroads against illegal logging even if she hurt the marginalized people dependent upon it. Political will and personal leadership slowly morphed into the Province's much improved socio-economic and physical environment. Lately, together with the DENR, she confiscated more than 10 million board feet of logs cut by illegal loggers even from the Sierra Madre Natural Park. And she is working with the DENR to modify the disposition of these logs in order to discourage or stop illegal logging in her Province.

Rare are elected public officials to go against the grain of the status quo. Maria Gracia Cielo Magno Padaca, indeed, belongs to the rare breed of public servants worthy of emulation by others.

In choosing Maria Gracia Cielo Magno Padaca to receive the Molawin Award, the PWPA recognizes, and expresses its profound gratitude, for her example of conserving our forest, which is the lifeblood of the wood industry, and by its extension, the protection of the environment, which is the lifeline of humanity.

Tree Planting Now Required Before Tapping Water from Watersheds



Drinking water in or near a watershed? You've got to plant a tree first before you could get a permit to do so.

Environment and Natural Resources Secretary Lito Atienza imposed the condition to assure the long-term survival and responsible use of the country's watersheds. "The availability and quality of our water supply depends on our watersheds. Therefore, we should see to it that they (watersheds) are protected and preserved which can be effectively done through the planting of trees in these areas," said Atienza, who is also the chairman of the National Water Resources Board (NWRB).

Tree planting, he said, will make people who apply for permit to extract surface and groundwater from watersheds to become more responsible and aware of the consequences of unhampered exploitation of watersheds.

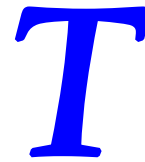
Relative to this, a technical working group will be created to formulate the guidelines to implement said new requirement, in coordination with the DENR's Forest Management Bureau.

According to NWRB Executive Director Ramon Alikpala, water permit applications received by his office are intended for any of the following: municipal, recreational, industrial, irrigation, power generation, fisheries, and livestock-raising, among others.

NWRB data show that as of 2007 a total of 19,744 water permits for the different uses were issued nationwide by the Board, amounting to a total of 8,038,321.30 liters per second (LPS), broken down as follow: municipal use, 6,501 permits amounting to a total of 196,625.46 LPS; irrigation, 10,310 permits amounting to a total of 2,122,534.84 LPS; industrial, 1,393 permits amounting to a total of 232,959.0 LPS; fisheries, 481 permits amounting to 23,885.14 LPS; power generation, 240 permits amounting to 3,437,638.70 LPS; livestock, 173 permits amounting to a total of 462.74 LPS; recreational, 196 permits amounting to 7,691.56 LPS; and other uses, 450 permits amounting to 17,503.78 LPS.

Main source: <http://www.denr.gov.ph>

Atienza: P2-billion Reforestation Funds to be Awarded



The Department of Environment and Natural Resources (DENR) has adopted a new approach to ensure that the "poorest of the poor" upland dwellers will benefit from the P2-billion reforestation fund allotted by President Gloria Macapagal-Arroyo.

In a "big policy shift," DENR Secretary Lito Atienza said that reforestation contracts will be directly awarded to upland communities starting next year, as contractors who may only use the upland dwellers as laborers will be eliminated from the process.

Atienza said that the DENR regional offices are already conducting inventories of communities residing within upland areas that will be tapped for the massive reforestation campaign using the P2-billion fund which has been included in DENR's 2009 proposed P12.4-billion budget presently undergoing review at the Senate.

Atienza said the move will improve DENR's performance under its contract reforestation scheme as the agency will go directly to host communities that have genuine concern over the success of reforestation projects within their jurisdiction. Under the old scheme, reforestation contracts were bided out to private groups to reforest certain open and denuded areas over a three-year period with as much as 50 hectares awarded to a single contractor.

Incidents of abandonment were noted, following the release of funds to contractors after the first or second year of the contract when the clearing activity and planting operation had been made, respectively. The most crucial stage of a reforestation activity, however, is in the third year when maintenance and monitoring activities of the planted trees are at their peak to ensure that the planted trees can grow into full maturity with little or no assistance.

Atienza explained that checks and balances will be strengthened in coordination with mayors and governors "to remove whatever potential pitfalls may arise."

Main source: <http://www.denr.gov.ph>

DENR Employee in Aurora in Hot Water Over P40.8 M Shortfall

Environment and Natural Resources Secretary Lito Atienza today issued a formal charge against an employee of a local DENR office in Aurora for failing to remit to the government some P40.8 million in forest charges paid by a logging firm from 2003 to June 2008.

Formally charged for falsification of public documents, malversation of public funds, dishonesty and conduct prejudicial to the best interest of the service was Vilma Ade Ritual, a bill collector assigned at the Community Environment and Natural Resources Office (CENRO) in Casiguran, Aurora.

Aside from Ritual, also issued show-cause memoranda were four officials and four other personnel from the provincial and community offices of the DENR in Aurora. The four officials asked to explain why they should not be charged administratively for negligence included Benjamin Miña, provincial environment and natural resources officer (PENRO) of Aurora; Luisito Pontigon, CENRO of Casiguran; Ederlinda Rabe, PENRO Accountant, and Roger Esteves, head of Forest Management Section, of CENRO-Casiguran.

"This office finds prima facie case against Ritual for falsification of public documents, malversation of public funds, dishonesty and conduct prejudicial to the best interest of the service," Atienza noted, stressing that the actual amount re-

mitted by Ritual to the Bureau of Treasury through a document called "Report of Collections and Deposits" (RCD) showed a discrepancy of some P40.8 million based on the official receipts she issued to Industries Development Corp. (IDC) for payments of forest charges and other related fees.

Investigations revealed that there were evidences that Ritual had been engaged in understating the amounts IDC paid as early as 2003 by indicating a smaller amount in the duplicate copies of the ORs issued to IDC.

Relatedly, DENR Undersecretary for Legal Mary Ann Lucille Sering wrote IDC president Joselito Ong last November 24, 2008 asking him to explain why IDC should not be held liable for negligence as to why his firm agreed to pay in cash "affording Ms. Ritual a wide latitude in handling payment of forest charges."

Ong was given five days, from receipt, to explain in writing citing that failure to give reasonable grounds for entering into such an arrangement with Ritual could lead to the cancellation of their IFMA in Aurora.

IDC operates two Integrated Forest Management Agreements (IFMAs) in Aurora and Quirino provinces, covering 9,466 hectares and 48,877 hectares, respectively.

Main source: <http://www.denr.gov.ph>

DENR Regional Executive Directors ...

(Continued from page 2)

ance, particularly in the enforcement of environmental laws," the DENR chief added.

According to Atienza, the regional officials will not only exercise authority but also observe accountability. "Any illegal activity in their respective jurisdictions, especially illegal logging, illegal mining and degradation of water bodies and protected areas, the REDs will be made responsible and liable. If warranted, charges will be filed against negligent DENR officials," Atienza stressed.

The newly assigned regional executive directors are as follows: Primitivo Galinato, Jr. - Cordillera Administrative Region (formerly detailed to the Legal Division of the Forest Management Bureau); Corazon Davis - Region 1 (formerly RED of DENR-NCR); Laureano Lingan, Jr. - Region 2 (formerly Regional Technical Director for Forestry, Region 2); Antonio Principe - Region 3 (formerly with the Office of Undersecretary for Field Operations); Jose Andres Diaz - National Capital Region (formerly Assistant Director of Protected Areas and Wildlife Bureau); Nilo Tamera - Region 4-A; Marcial Amaro, Jr. - Region 4-B; Joselin Marcus Fragada - Region 5; Ricardo L. Calderon - Region 6 (formerly RED of Region 11); Leonardo R. Sibbaluca - Region 7; Regidor de Leon - Region 8 (formerly RED of Region 3); Maximo Dichoso - Region 9 (formerly RED of Region 10); Ernesto Adobo, Jr. - Region 10 (formerly RED of Region 9); Jim Sampulna - Region 11 (formerly RED of Region 12); Raquil-ali Lucman - Region 12 (formerly Provincial Environment and Natural Resources Officer (PENRO) for Misamis Occidental, Region 10); Edilberto Buiser - Region 13.

Under DENR Special Order No. 2009-01, all the newly assigned REDs are directed to report to their new assignment on January 9. As such, they were ordered to clear themselves from all their accountabilities from their prior assignments.

To emphasize their accountability to DENR resources, the reshuffled officials were barred from bringing their service vehicles to their new assignments.

Main source: <http://www.denr.gov.ph>

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Glimpses from the PWPA 57th Annual General Assembly

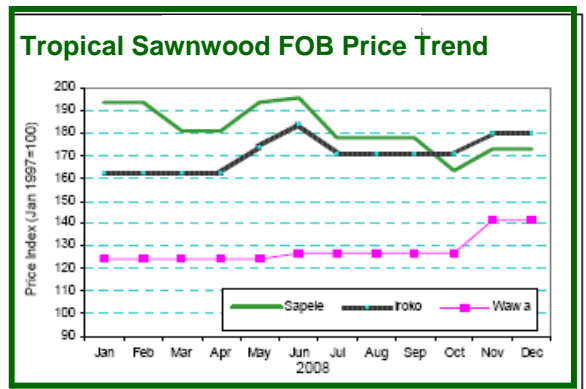
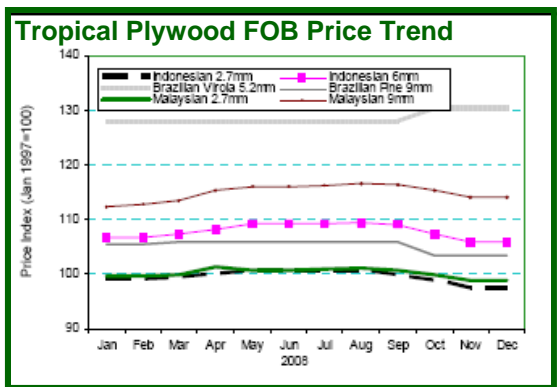
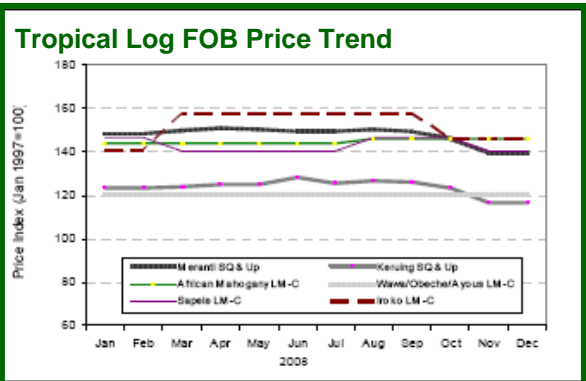


Snapshot of the Tropical Timber Market



Overall, the tropical timber trade slumped due to weak global economic conditions and low demand ahead of the Christmas and New Year's holiday. Producer countries searched for markets to boost exports in 2009, Tropical wood traders were hopeful that markets in the Middle East, China and some parts of Africa would boost demand for their products.

Producer countries were preparing for the implementation of the amended US Lacey Act, which is expected to take effect in 2009. Indonesia, for example, set up a committee to explore how the country would comply with the amended guidelines for timber imports. The US Lacey Act, as amended, prohibits all trade in plant and plant products that are illegally sourced from any US state or any foreign country; requires importers to declare the country of origin of harvest and species name of all plants contained in their products; and establishes penalties for violation of the Act, including forfeiture of goods and vessels, fines and jail time..



Source: ITTO Market Information Service, Volume 13 Number 23, 1-15 December 2008

In lieu of the PWA President's regular column "Wood for Thought", President Tony Olizon invites everyone to join the Philippines, and the World, to **Switch off your Lights** for the Earth Hour 2009 on March 28, 2009 between 8:30 pm - 9:30 pm.

Let us unite with the world in taking a stand on global warming.

For more details, you can visit the following sites: www.earthhour.org; www.earthhourphils.multiply.com; and www.greenarmynetwork.net.



Carbon Trading in the Philippines

By Arturo Pasa**

Forests provide enormous environmental services to various societies on earth. However, in many countries – such as the Philippines – the undue pressure imposed on forests by increasing populations has relentlessly damaged these ecosystems. The Philippines was the world's leading tropical hardwood producer in 1975, but became a timber importing nation in 1994 (Chiong-Javier 2001). The Philippine Government has since designed various programs to protect and conserve the remaining forest¹. The Community-Based Forest Management Program (CBFMP) introduced in 1995 in particular recognized the indispensable role of local people in managing the remaining forest resources in the country. The focus of forest management has thus shifted from technical commercial forestry to a more people-oriented social forestry. The more recent scenario is a paradigm shift in the forestry sector to small-scale, multiple-product-based, people-oriented, and community-based sustainable forest management (Mangaoang 2002). However, improving the socioeconomic condition of the rural populace (particularly smallholders) remains a challenge for the Philippine government.

One opportunity for farmers to increase their annual income is through some form of payment for the environmental services they provide, since vegetation in their small-scale tree farms, agroforestry farms and Community-Based Forest Management Projects undoubtedly sequester and store carbon, enhance biodiversity as well as conserve soil and water resources. At present, however, there is very limited information in the Philippines about rewards and rewarding approaches with reference to forest environmental services. This is particularly true in the case of carbon trading mechanisms. This article attempts to fill this information gap.

Rewarding environmental services

Rewarding – or as more commonly known – payment for environmental services (PES) is an emerging initiative in forestry and agroforestry development programs. For example, the program 'Rewarding the Upland Poor for their Environmental Services (RUPES)' explores new ways of addressing poverty (Van Noordwijk 2007). The goal of the program is to enhance livelihood and resource security for the upland poor in Asia, and maintain or enhance environmental functions (De los Angeles 2007). Opportunities exist for local farmers to maintain or restore local agro-ecosystem functions that protect watersheds, conserve biodiversity and sequester carbon. These include financial incentives and resource security that promote conservation. In addition, new market mechanisms that have the potential to reward the upland poor communities for effective and sustainable natural resources manage-

ment, are emerging. These opportunities are supported by the global political commitment of halving poverty by 2015 (RUPES 2002).

RUPES trials are currently underway at the Kalahan Reserve in Luzon, the Philippines and Kulekhani watershed in Nepal (Chandler 2004). Other trials are being conducted in Bakun Reserve, an indigenous cultural community in northern Luzon, the Philippines as well as in Singkarak and Bungo, Indonesia (Van Noordwijk 2007). While there is no carbon trading yet by the two trial sites in the Philippines, both are working towards this (Pindog and Rice 2007).

Carbon trading

Currently, the Philippines is implementing three World Bank supported greenhouse gas (GHG) emission reduction projects. These include the watershed rehabilitation project of Laguna Lake focusing on reforestation and agroforestry, the Laguna de Bay watershed project focusing on methane emission reduction from waste management projects and the North Wind Bangui Bay project in the northern tip of Luzon focusing on carbon-free energy generation (www.carbonfinance.org 2007).

Potential opportunities exist for smallholders to increase their annual income through forestry carbon trading. Calderon (2002) pointed out that despite the uncertainties regarding the inclusion of carbon forestry projects under Clean Development Mechanism (CDM), many parties are already engaging in forestry carbon trading. While the price per ton of carbon varies, it is clear that substantial amounts of money are involved. In Australia, the Sydney Futures Exchange has already established a carbon credit trading market, and many carbon emitters are already buying credits from forest growers (AAS n.d. cited by Calderon 2002). In December 2006, the total Carbon Financial Instrument (CFI) volume traded on the Chicago Climate Exchange (CCX) platform was 10 272 400 metric tons (mt) of carbon dioxide while the European Climate Exchange traded 443 496 000 mt of carbon dioxide (CCX 2006).

Challenges

There are several reasons why carbon trading in the Philippines has not drawn much attention among smallholders. These are also challenges that need to be overcome and are described in some detail here.

1. Price stability and profitability of carbon

Carbon as a commodity will be in the form of carbon emission reduction certificates that will be traded between the buying and selling parties. The price

will be determined through the interaction of the parties involved. For the sellers, the main consideration will be how much it would cost them to establish and maintain the carbon offset project, as well as the foregone values or opportunity costs. The buyers, on the other hand, would be interested to buy the carbon credits only if these are cheaper than the cost of reducing emissions at source (Calderon 2002). These market forces lead to instability of carbon price per tCO₂e. The CCX market 2006 report showed that the price of carbon ranged from \$1.75 to \$4.5 per tCO₂e. A farmer in Claveria, Misamis Oriental, Philippines can earn in 120 days php30 000 or \$640 per hectare from growing corn. This means that in a year, a farmer would generate \$1920 (assuming three croppings per annum). If one has a hectare of land planted with *Gmelina arborea* ten years ago with 400 stems having an average diameter of 25 cm and average height of 20 meters, he would have an income of \$3383.65 (assuming 45% of plant biomass is carbon with 15% carbon added from roots, leaves, branches and twigs at \$4.5 per tCO₂e). But that return comes only after ten years of growing *Gmelina*. If the farmers in Claveria can earn more than five times per hectare from corn instead of *Gmelina* after ten years, it is no surprise why few have engaged in forest carbon trading. Besides, the risk of planting trees due to diseases, forest fires, and other anthropogenic factors (in view of the long gestation period) is very high. Mercado (2007) concluded that carbon trading would not be attractive to the rural poor unless a more profitable carbon trading mechanism could be established.

2. Complicated transactions and the need for intermediary body

Like in the Philippines, many people in Southeast Asian countries expect substantial financial returns from carbon after a multi-year investment in planting trees. But generating funds from forestry carbon projects through the Afforestation/Reforestation Clean Development Mechanism (AR-CDM) under the Kyoto Protocol is an enormous task. In most cases, smallholders alone cannot solely accomplish the required documents. In Vietnam, SNV (Netherlands Development Organization) as an intermediary organization is helping farmers obtain benefits from forestry carbon through the AR-CDM (Doets 2007). Their work now is in progress but despite their effort, many problems still exist including among others the inaccessibility and variability of spatial and landuse data necessary to develop an AR-CDM Project (Doets, Son and Tam 2006).

Such experiences provide a glimpse of the complicated processes required before benefits from forestry carbon project can be obtained. The

(Continued on page 10)

Carbon Trading ...

(Continued from page 9)

presence of an intermediary agency officially designated by the government to support smallholders is crucial. In the Philippines, the Department of Environment and Natural Resources (DENR) could serve such a role since it has regional offices throughout the country that could assist smallholders to benefit from emerging carbon trading.

3. Absence of clear trading schemes

A clear and transparent carbon trading scheme specifying the quantification method, price per tCO₂e, payment scheme and harvesting modalities is necessary to attract the smallholders. If established, there would be greater flexibility on the part of smallholders to work towards AR-CDM projects or participate in carbon trading schemes. Profitable carbon trading could also result in increased supply of timber for the wood industry as there would be more people engaged in tree farming. Questions regarding carbon price, payment scheme, future utilization of mature trees, the need for designated regional markets where the harvested timber (that passed through carbon trading) could be sold still need to be resolved.

4. Small landholdings, land tenure and land ownership

Aggregating environmental services, particularly carbon, into saleable form from small-scale farms is beset by the issue of land ownership. While it is relatively easy to process documents from a single, big land owner, it requires more effort to integrate varied aspirations and demands from the fragmented small-scale tree farm owners. This would likely discourage carbon buyers from negotiating with the small land holders unless a unified and smooth agreement can be achieved. Besides, many small-scale farmers may not actually own the land they are currently cultivating. The original owners would still dictate the land use, which might prevent the tenant's participation in any carbon trading scheme.

5. Natural calamities

The implementation of a clear and transparent carbon trading scheme in the Philippines is made more complicated by the frequent calamities (particularly typhoons) that have cost the country so much. Millions of dollars in damages to roads, bridges, and public buildings are incurred annually. Due to the prevalence of destructive typhoons, the Philippines National Disaster Coordinating Council must come up with a scheme to insure smallholder tree farms.

6. Long-term security and stakeholder participation

Many smallholders are rightly skeptical of poverty alleviation schemes promoted by the government. In the past, the Philippine government implemented several forestry initiatives geared toward eradicating poverty in the rural communities but their success has been marginal. Only when smallholders find that carbon trading truly provides long-term benefits to them will their participation in such schemes be assured.

7. Insufficient information dissemination

The Philippines is taking a major and innovative step into a new renewable energy era with the signing of the first GHG reduction purchase agreement (ERPA) for a wind farm project in the ASEAN Region, under the CDM of the Kyoto Protocol (www.carbonfinance.org 2007). The watershed rehabilitation project of Laguna de Bay is also a major and ground-breaking development in carbon trading in the Philippines with potential benefits for smallholders. However, information on these developments has not reached the majority of smallholders. There is still a need to disseminate such information so that necessary steps can be taken by the various stakeholders (including smallholders in the Visayas and Mindanao Islands) to obtain benefits from carbon trading under these and other projects.

Conclusion

Carbon trading is a potential means by which smallholders could enhance their revenue from small-scale tree farming and agroforestry systems. If the above challenges can be resolved, thereby providing a clear and transparent trading mechanism for carbon, smallholders engaged in tree farming are expected to benefit. Smallholders from selected sites in Leyte Province are already counting on the Philippine government and non-government organizations to help them play a greater role in carbon trading in the country.

The Philippine government intends to establish a PES program in the country. On 9 March 2007, the Philippine government conducted the National Multi-Sectoral Forum on 'Costing for Environmental Services: Implications to Policies' as a formal recognition of the PES program in policy formulation. However, implementing the programs articulated during that forum remains a great challenge. Although initial progress has been made (e.g. the three World Bank-supported projects), expanding the scope of projects to the national level is important.

The government has a clear role to play to ensure that the rural poor or smallholders generate financial benefits from these mechanisms, including establishing links between carbon buyers and seller, providing extension services to tree farmers, etc. The successful implementation of a clear and beneficial carbon trading scheme in the country will not only provide benefits to smallholders but also widen the supply of timber for the wood industry.

Main Source: Tropical Forest Update
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*The author, Mr. Arturo Pasa, is from the College of Forestry and Natural Resources, Visayas State University in Leyte, Philippines.

Average Plywood and Substitute Prices Survey in NCR

	Before (Nov. 17, 2008)	Now (Jan. 20, 2008)		Before (Nov. 17, 2008)	Now (Jan. 20, 2008)
	(in Pesos/piece)			(in Pesos/piece)	
3mm (1/8) plywood	215	211	18 mm (3/4) plyboard	790	728
4 mm (3/16) plywood	282	279	1/8 lawanit	193	200
5 mm (1/4) plywood ordinary	306	288	3/16 lawanit	256	260
5 mm (1/4) plywood marine	348	324	1/4 Hardiflex	390	383
10 mm (1/2) plywood	564	494			
18 mm (3/4) plywood ordinary	875	817			

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

Cloning, The CTNi Way



Clonal Test at Site 2, Stand No. 71. Clone No. 7153012, Age 6 yrs 9 mos. Photo taken Oct 2008. Source: Navejo C.C. 2001. Cloning Practices at PTFI, Talacogon, Agusan del Sur. 99 pp.

Clavertia Tree Nursery Inc.

TOOLS OF GENETIC IMPROVEMENT: CLONING

- Cloning is the process of making exact genetic replicas of the original individual. The process can either be microsomatic or macrosomatic.




Microsomatic Cloning Macrosomatic Cloning

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TOOLS OF GENETIC IMPROVEMENT: SELECTING TREES FOR CLONING

- Take advantage of captured genotypes by selecting the best trees already available in existing tree plantations or in natural stands



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Gmelina arborea Rooted Clone

Clavertia Tree Nursery Inc.




CHU

Clavertia Tree Nursery Inc.

CLONING AT CTNI

CLONE DEMO-TREE FARM



Gmelina arborea. 1-year & 1-month



Clavertia Tree Nursery Inc.



Tree Planting at Malinao Ilaya National High School. The Philippine Wood Producers Association (PWPA) provided 300 seedlings (molave, mahogany and narra) for the tree planting activity of the Malinao Ilaya National High School last October 11, 2008 in Atimonan, Quezon. Mr. Ryan Villamel (first on the right, left photo), fourth year teacher of the school led the event.



PWPA in Events

Date	Meetings/Events	PWPA Representatives
November 7	57 th PWPA Annual General Assembly of Members Manila Golf & Country club, Makati City	PWPA Officers, members & staff with DENR secretary Jose Alierza, Jr. and Isabela governor Maria Gracia Cielo Padaca
14	PCARRD Governing Council DOST Bicutan, Taguig City	ED L. D. Angeles
18	Meeting with Ms. Odette Alcantara of Earth Day Network Philippines CYMA Restaurant, Shangri-la Mall, Mandaluyong City	Chair Fernando Lu, President Antonio Olizon, EVP Alfonso C. Keh, Jr., and FEC Maila Vasquez
19	PWPA Board Meeting Makati City	PWPA directors and officers
20	Carbon Cutting Congress vs Climate Change Heroes Hall, Malacanang Palace, Manila	FEC Vasquez
	PPSQF Board Meeting DTI Bldg. Makati City	ED Angeles
	Plywood Council Meeting ZAO Vietnamese Restaurant, Bonifacio Global City, Taguig	EVP Keh, Jr. and members. Host: Alsons, Inc.

Date	Meetings/Events	PWPA Representatives
December 10	Meeting with Congressman Rufus Rodriguez Chateau 1771, Makati City	President Olizon, ED Angeles, FEC Vasquez
	PWPA Board Meeting & Christmas Party Via Mare Oyster Bar, Greenbelt 3, Makati City	PWPA directors, officers and staff
12	Zero Basura Olympics Update Blue Ridge, Quezon City	FEC Vasquez
16	Meeting on Operations of IFMA in Natural Forest PWPA Board Room, Makati City	Chair Lu, President Olizon, Directors Evaristo Narvaez Jr. and Aristeo Puyat, FEA Jose Lorenzo, FEC Vasquez, Mssrs. Wilson Lim and Richmond Ng, Foresters Renato de Rueda, Arthur Pascua and Ceferino Feliciano, Jr.
18	PPSQF Board Meeting DTI Bldg. Makati City	ED Angeles
	Plywood Council Meeting Annapolis Seafood, Greenhills, San Juan City	EVP Alfonso C. Keh, Jr., and members. Host: Mt. Banahaw Wood Industries, Inc.
19	PCARRD Governing Council DOST Bicutan, Taguig City	ED Angeles

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



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