

PWPA ANNUAL REPORT 1982



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The Annual Meeting of the members of Philippine Wood Products Association will be held at 9 a.m., April 22, 1983 at the Grand Ballroom of the Manila Mandarin Hotel, Makati, Metro Manila, pursuant to notice.

INDUSTRIAL HIGHLIGHTS

	1982	1981
Export Sales:		
Logs	\$ 78,476,709	\$ 76,995,708
Lumber	123,661,992	125,724,652
Veneer	22,093,969	34,357,173
Plywood	67,351,127	110,740,629
Production (cu.m.)		
Logs	4,600,000	5,399,523
Lumber	1,151,006	1,218,906
Veneer	367,568	552,771
Plywood	328,855	457,037
Timber Resources		
Allowable Cut (cu.m.)	14,544,000	14,958,000
Licensed Forests (has.)	7,700,000	7,744,000
Association		
Regular members	333	317
Associate members	28	30
Revenues	₱ 1,521,532	₱ 1,718,622
Expenses	1,342,799	1,237,272
Assets	1,799,224	1,788,012

To Our Members

As we mark our fourth and final year at the helm of your Association, we look forward to April 22, 1983 to turn-over to the new officers a united, inspired and financially well-endowed organization prepared to carry out our traditional task of advancing the welfare of the wood industry, enhancing the competitive position of Philippine wood products and promoting the conservation of our forest resources for the benefit of the present and future generations.

The Philippine Wood Products Association traces its roots to the Philippine Lumber Producers Association (PLPA), organized on October 9, 1939, reorganized on June 8, 1949, after World War II, and formally incorporated on May 30, 1951. To achieve unity in the wood industry under a single integrated association that would serve as its voice in its continuing dialogue with the government authorities, the PLPA first absorbed the Philippine Hardwood Manufacturers Export Association (PHMEA). On May 25, 1972, it merged with the Plywood Manufacturers Association (PMAP) and took the name Philippine Lumber and Plywood Manufacturers Association (PLPMA).

It has been four years since the (PLPMA) merged with the Philippine Chamber of Wood Industries (PCWI) to give birth to the Philippine Wood Products Association (PWPA). At that time, we had 92 regular and 22 associate members in our rolls. Now, we have 333 regular and 28 associate members. Collectively, our membership is responsible for 90 per cent of total national production in the forestry sector.

Our numerous members of varied expertise, knowledge, and resources have contributed to the steady growth and accumulated strength of our Association. While we have experienced difficulty in obtaining information from you and getting your consensus when necessary, our collective pool of human resources has been instrumental in the pursuit and attainment of our Association's objectives. Therefore, the active participation and representation of members have been foremost in our planning of Association activities. We have eight

ASSOCIATION GROWTH

MEMBERSHIP SERVICES

active regional chapters covering 84 per cent of our members.

We have expanded *THE LOG*, our bi-monthly newsletter, into a quarterly magazine, the *WOODMAG*.

We have started a Monthly Economic Survey to monitor the supply, demand and price levels of the country's primary wood products.

When the present leadership took over, the Association had an income of ₱271,398, assets worth ₱151,432, and a budget of ₱289,322. We are now happy to report an income of ₱1,521,532 assets valued at ₱1,799,224 and a surplus of ₱178,733 for 1982. This was made possible despite reduction in rates of membership dues by 10 per cent and timber assessment dues by 40 per cent. Although this meant a foregone income of about ₱586,000, it was temporarily instituted to help relieve our financially distressed members. At the same time expenses were reduced through a belt-tightening program.

Our Association employs a group of full-time professional staff responsive to the call for action on problems facing the industry and its members. Feeling the growing pains of PWPA's transformation into a service association, it constantly keeps in touch with the legislative and regulatory government machinery, steadily assessing the industry's economic situation, and incessantly monitoring the actions of other interest groups. Our staff will progressively be better equipped to improve its services and thus relieve our members of much of the tedious work required by our Association.

Our Association has extended its full support to the government program on industrial tree plantations. Several members have cooperated with the National Industrial Tree Corporation (NITC) by submitting feasibility studies on their respective plantation projects.

We also advised the Ministry of Natural Resources (MNR) on effective measures to control log smuggling as contained in a position paper. The MNR in turn has involved the PWPA, through our Regional Chapters, as members in log export audit teams.

FINANCIAL RESULTS

STAFF CAPABILITY

GOVERNMENT RELATIONS

Upon representation by our Association with the Product Standards Agency (PSA) of the Ministry of Trade and Industry (MTI), metrication of lumber products in the domestic market was tabled for further discussion.

Our Association was instrumental in the resumption of log exports as a financial relief for the wood industry. We supported the MNR effort by providing them relevant information from our members and by assisting them in the analysis for purposes of log export quota allocation.

We have been adequately represented in policy planning workshops such as the Leonidas S. Virata Round Table on Development Policies of the Development Academy of the Philippines (DAP); the 50-Year Forestry Development Plan of the Forestry Development Center (FDC); and the Seminar on Economic Impact of Price Intervention Policies on Forestry Development by the Philippine Institute on Development Studies (PIDS).

Your President was appointed member of the Governing Council of the Philippine Council for Agriculture and Resources Research and Development (PCARRD) to represent the natural resources private sector.

To encourage further development of the wood industry, we have on-going discussions with government officials on the establishment of wood processing centers.

On June 15-18, 1982 we hosted, in behalf of the Southeast Asian Lumber Producers Association (SEALPA), the ESCAP-SEALPA Workshop on the Utilization of Lesser-Known Species (LKS) of Tropical Timber at Los Banos, Laguna.

We actively participated in the 8th Philippine Business Conference and the Multisectoral Congress on Productivity sponsored by the PCCI on November 3-5 1982.

Your President has been elected member of the Board of Directors of Philippine Chamber of Commerce and Industry (PCCI) for 1983 and subsequently appointed Chairman of its Committee on Food, Agriculture and Forestry.

We actively participated in the 8th Philippine Business Conference and the Multisectoral Congress on Productivity sponsored by the PCCI on November 3-5, 1982.

INDUSTRIAL DEVELOPMENT

INTERNATIONAL RELATIONS

To improve trade relations abroad and bring about a stable market for Philippine wood products, the Association was actively involved in the council meetings of the Asean Panel Products Federation (APPF) and the SEALPA. For both bodies we hold the Vice-Chairmanship.

We participated in the annual convention of the International Hardwood Products Association at Maui, Hawaii, on March 1-5, 1983.

We will host the Eighth Asian Plywood Manufacturers Conference (APMC) on October 17-20, 1983, at the Manila Hotel, a biennial meeting of plywood manufacturers and traders from 16 countries.

Your President was privileged to be called upon by the United Nations (FAO/UNDP) to present a paper on "Stimulating Action for a More Rational Development of the Wood-Based Panel Products Industry in the Asia-Pacific Region" at the New Delhi Technical Consultation on Wood-Based Panels on January 13-17, 1983. He was designated by Minister Teodoro Q. Pena to represent the Philippines at the Global Preparatory Meeting for the First Consultation on Wood and Wood Products Industry at Vienna, Austria on January 24-26, 1983 sponsored by the United Nations Industrial Development Organization (UNIDO). In March 1982, he chaired the Regional Preparatory meeting for the First Consultation on Wood Products Industry in Manila.

On December 8, 1982 he keynoted the 8th Anniversary of the Forest Research Institute (FORI) where he called for a closer coordination between FORI and the private sector on forest research.

On the domestic front, our Association has always endeavored to make representations with government authorities in behalf of members on matters protecting the collective interest of the wood industry.

On July 3, 1983, Minister Teodoro Q. Pena created a Deregulation Committee, with representation from our Association, to simplify forestry regulations and abolish such administrative orders and rules that impede forest development and thus rationalize the regulatory environment of the wood industry. The final outcome of this committee's work shall be a codification of all forestry rules and regulations governing the wood industry as a handy reference for all concerned.

Our Association has actively participated in the discussion on the phase-out of the Log Transaction Form Scheme and on the government program Equity Partici-

REGULATORY REFORMS

pation Agreements between timber licenses and wood processors. We will be further involved in planning the rationalization of the sawmilling industry in Metro Manila.

Considering the slow world economic recovery visible in the horizon after almost three years of recession, the thrust of government to house the masses for which P11 billion has been pledged by various financial institutions, and the authorization by President Ferdinand E. Marcos to allow the exportation of 1.48 million cubic meters of logs in 1983 by 115 companies, the total business outlook for our industry is much better.

However, problems at the timber resource end of the wood industry have been aggravated by the further depletion of our remaining forests mainly by *kaingin* farming and the unstable peace and order conditions in most logging areas.

Realizing the urgency of industrial tree plantations and the rationalization of wood-processing including the utilization of forest and mill residues, our Association, is therefore, extending its full support to government programs that attain these objectives.

In behalf of the members of the Board of Directors and the Executive Officers, who have set the pace by sharing their time and energy with the Association, we thank the directors and officers of our regional chapters and our members for a job well done.

BUSINESS OUTLOOK

ACKNOWLEDGMENT



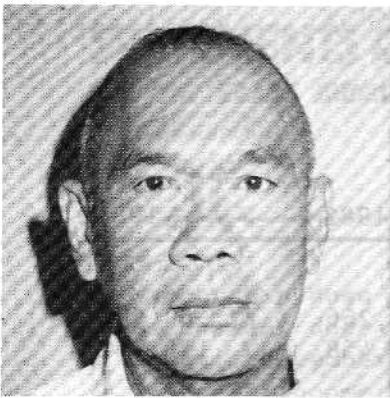
ERNESTO F. SANVICTORES
President



ROBERTO V. REYES
Chairman

April 22, 1983

BOARD OF DIRECTORS



ROBERTO V. REYES



EDITH I. ALCANTARA



PURA D. ALMARIO



GERMAN B. ARAÑEZ



JOSELITO C. BALTAZAR I



JUNIE E. CUA



SANTIAGO P. DE GUZMAN



RENATO P. DRAGON



LAWRENCE V. LIM



PEDRO A. NISPEROS



ANTONIO C. OLIZON



EULOGIO T. TAGUDAR



ARISTEO G. PUYAT



ERNESTO F. SANVICTORES



ROMEO C. TRASPE

ROBERTO V. REYES
CHAIRMAN
(ZAMBOANGA WOOD PRODUCTS, INC.)

EDITH I. ALCANTARA
(C. ALCANTARA & SONS, INC.)

PURA D. ALMARIO
(FINDLAY MILLAR TIMEBER CO.)

GERMAN B. ARAÑEZ
(GERMAN B. ARAÑEZ, INC.)

JOSELITO C. BALTAZAR I
(PALAWAN LUMBER MFG. CO., INC.)

JUNIE E. CUA
(FCA TIMBER CO., INC.)

SANTIAGO P. DE GUZMAN
(INSULAR LUMBER CO., INC.)

RENATO P. DRAGON
(KALILID WOOD INDUSTRIES CORP.)

LAWRENCE V. LIM
(TAGGAT INDUSTRIES, INC.)

PEDRO A. NISPEROS
(NASIPIT LUMBER COMPANY)

ANTONIO C. OLIZON
(TIMBER INDS. OF THE PHILS., INC.)

EULOGIO T. TAGUDAR
(PAPER INDS. CORP. OF THE PHILS.)

ARISTEO G. PUYAT
(SURIGAO TIMBER CO., INC.)

ERNESTO F. SANVICTORES
(ARAS-ASAN TIMBER CO., INC.)

ROMEO C. TRASPE
(PAGDANAN TIMBER PRODUCTS, INC.)

COMPARATIVE BALANCE SHEETS

DECEMBER 31, 1982 AND 1981

A S S E T S	1982	1981
CURRENT ASSETS		
Cash	₱ 83,266	₱ 89,935
Short-term investments (Note 2)	101,458	178,942
Due from members (net of allowance for doubtful accounts of ₱296,816 in 1982 and ₱110,737 in 1981)	499,592	666,208
Other current assets.	42,266	38,127
Total Current Assets	726,582	973,212
PROPERTY AND EQUIPMENT - At Cost		
Condominium office building (Note 3)	1,010,396	690,896
Office furniture, fixtures and improvements	111,705	90,840
Office equipment	55,955	57,655
	1,178,056	839,391
Less accumulated depreciation	129,928	61,269
Net	1,048,128	778,122
OTHER ASSETS	24,514	36,678
	₱1,799,224	₱1,788,012
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	₱ 120,528	₱ 31,227
Current portion of long-term debt (Note 3)	-	56,725
Total Current Liabilities	120,528	87,952
LONG-TERM DEBT - Net of Current Portion (Note 3)	-	203,266
DEFERRED INCOME		
Dues collected in advance	167,143	163,974
MEMBERS' EQUITY		
Balance at beginning of year	1,332,820	851,470
Excess of income over expenses	178,733	481,350
Balance at end of year	1,511,553	1,332,820
	₱1,799,224	₱1,788,012

See accompanying Notes to Financial Statements.

STATEMENTS OF INCOME AND EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 1982 AND 1981

	1982	1981
INCOME		
Membership dues	₱1,109,250	₱1,213,250
Assessment dues	245,217	386,807
Associate membership dues	51,000	59,000
Interest income	40,434	50,182
Miscellaneous	75,631	9,383
	<u>1,521,532</u>	<u>1,718,622</u>
EXPENSES		
Salaries and wages	299,505	271,278
Regional chapters' share in dues collected (Note 4)	190,300	136,300
Provision for doubtful accounts	186,078	65,734
Meetings and conferences	179,826	206,088
Transportation	95,278	35,265
Depreciation	68,659	28,477
Office supplies	65,462	39,719
Professional services	34,807	-
Donations and gifts	32,702	79,156
Telephone, telegram and postage	27,739	22,826
Contributions	27,728	23,916
Office rent, light and water	25,928	55,984
Printing	25,262	22,694
Interest	18,948	28,527
Taxes and licenses	12,060	-
Maintenance and repairs	11,423	9,773
SSS and medicare contributions	11,142	10,710
Advertising and publicity	1,750	126,630
Miscellaneous	28,202	74,195
	<u>1,342,799</u>	<u>1,237,272</u>
EXCESS OF INCOME OVER EXPENSES	<u>₱ 178,733</u>	<u>₱ 481,350</u>

See accompanying Notes to Financial Statements.

by: R. R. Velasco

April 11, 1983

NOTES TO FINANCIAL STATEMENTS

1. DEPRECIATION POLICY

Property and equipment are depreciated on the straight-line method based on the estimated useful lives of the assets ranging from 5 to 20 years.

2. SHORT-TERM INVESTMENTS

Included in the account balance as of December 31, 1981 were amounts held by a local bank under an Investment Management Agreement entered into between the Association and the bank in February 1981.

3. CONDOMINIUM OFFICE BUILDING

This represents the cost of a condominium unit acquired by the Association in 1981 and an additional space in 1982. The 1981 acquisition was partially financed by a loan from a local bank. The loan was fully paid in 1982.

4. ASSOCIATION'S REGIONAL CHAPTERS

The Association maintains a number of regional chapters within the Philippines. These chapters (organized during the latter part of 1979 and during 1980), act as extensions of the Association in their respective regions. Dues collected by these chapters are turned over to the Association. Twenty percent of such collection is remitted back to the chapters to cover their administrative expenses. For purposes of accounting, such amounts are treated as expenses upon remittance to the chapters.

AUDITOR'S REPORT



THE SGV GROUP

PHILIPPINES
TAIWAN
THAILAND
INDONESIA
MALAYSIA
SINGAPORE
KOREA
HONG KONG
BRUNEI
SRI LANKA
SAUDI ARABIA

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CEBU • DAVAO • BACOLOD
ILOILO • ILIGAN
CAGAYAN DE ORO
BATAAN • ZAMBOANGA
TACLOBAN • BAGUIO

The Board of Directors
Philippine Wood Products Association, Inc.

We have examined the balance sheets of Philippine Wood Products Association, Inc. (a nonprofit, nonstock corporation) as at December 31, 1982 and 1981, and the related statements of income and expenses for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Philippine Wood Products Association, Inc. as at December 31, 1982 and 1981, and its income and expenses for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Sycip, Gorres, Velayo & Co.

April 11, 1983

EXECUTIVE OFFICERS

ERNESTO F. SANVICTORES
PRESIDENT

GERMAN B. ARANEZ
EXECUTIVE VICE PRESIDENT

EULOGIO T. TAGUDAR
VICE-PRESIDENT — FORESTRY

ROMEO C. TRASPE
VICE-PRESIDENT — LUMBER

SANTIAGO P. DE GUZMAN
VICE-PRESIDENT — PLYWOOD

PURA D. ALMARIO
VICE PRESIDENT — LUMBER

LAWRENCE V. LIM
VICE-PRESIDENT — MARKETING

RENATO P. DRAGON
VICE-PRESIDENT — REGIONAL AFFAIRS

EDITH I. ALCANTARA
TREASURER

CELIA P. DUCAY
ASSISTANT TREASURER

ANTONIO G. BERNAS
EXECUTIVE SECRETARY

LOUIS L. LAUDENCIA
ASSISTANT SECRETARY & MANAGER



ERNESTO F. SANVICTORES



GERMAN B. ARAÑEZ



EULOGIO T. TAGUDAR



ROMEO C. TRASPE



SANTIAGO P. DE GUZMAN



PURA D. ALMARIO



LAWRENCE V. LIM



RENATO P. DRAGON



EDITH I. ALCANTARA



CELIA P. DUCAY



ANTONIO G. BERNAS



LOUIS L. LAUDENCIA

Our Objectives

1. To promote such activity on any matter pertaining to the lumber and plywood industry (hereinafter understood to include veneer, pulp and other wood products) intended to increase and improve production, manufacturing and marketing of logs, lumber, plywood, veneer, pulp and other wood products;
2. To promote the efficient and scientific utilization of timber into lumber, plywood, veneer, pulp and other wood products; to encourage and expand the sale of these products in the Philippines and abroad;
3. To foster cooperation among members and to bring about the unity of those engaged in the lumber and plywood industry particularly in support of any measure that will promote the collective interest and welfare of its members;
4. To collect and assemble information related to the lumber and plywood industry in the Philippines, the United States, Japan and other foreign countries and to act as a forum for exchange of ideas and information among its members;
5. To make representations with any government authority, agency or instrumentality, private concern or agency in behalf of its members on any matter that will protect their individual interests and of the lumber and plywood industry;
6. To improve trade relations abroad and to bring about alone or in cooperation with other organizations of similar nature a stable market for Philippine Mahogany in the United States and other foreign countries;
7. To encourage in cooperation with the government, efficiency in the administration of Philippine forests that will bring about efficient forest conservation and wider utilization of timber;
8. To study and promote an efficient system and procedure in the grading of logs, lumber, plywood, veneer, pulp and other wood products within the context of law and regulation;
9. To intensify and accelerate reforestation and afforestation, in order to assure the perpetuity of our forest resources.
10. To encourage further development of the wood based industry requiring a higher degree of technology and active marketing strategy of finished and semi-finished wood products.
11. To attain recognition and appreciation of the investments of the private sector in the wood-based industry and in the development and meaningful exploitation of our forest resources, and to insure the protection and stability of such investments.
12. To give support to the government policy of:
 - a) Banning of log exports;
 - b) Encouragement of processing of raw logs into finished and semi-finished wood products, particularly non-traditional wood for marketing in the world market.
13. To attain unity among all elements in the wood-based industry under one single representation and one integrated association that would serve as spokesman for the entire wood industry for the country and as an effective media of representation and dialogue with government authorities.
14. In general, to safeguard the welfare and interests of the lumber and plywood industry. As incidental to such purpose, the corporation shall have the power:
 1. To purchase, hold, convey, sell, lease, let, mortgage, encumber, or otherwise own real properties in any part of the Philippines as the purpose for which this corporation is formed may permit or as may be reasonably and necessarily required for the transaction of the lawful business of the corporation.
 2. To have and to exercise any and all powers and privileges now or hereafter conferred by the laws of the Philippines upon corporations formed thereunder or under any act amendatory or supplemental thereto or substituted therefor.



Philippine Wood Products Association

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