

PWPA
ANNUAL
REPORT
1983



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THE ANNUAL MEETING OF THE MEMBERS OF PHILIPPINE WOOD PRODUCTS ASSOCIATION WILL BE HELD AT 1:00 P.M., MAY 25, 1984 AT THE MAIN HALL OF MAX'S RESTAURANT GREENBELT PARK, MAKATI, METRO MANILA PURSUANT TO NOTICE.

INDUSTRIAL HIGHLIGHTS

1983

1982

Export Sales:

Logs	\$ 63,033,035	\$ 78,476,709
Lumber	144,320,213	123,661,992
Veneer	27,467,734	22,093,969
Plywood	77,409,188	67,351,127
Total:	\$312,230,170	\$291,583,797

Production (cu.m.)

Logs	4,411,577	4,133,000
Lumber	1,129,347	1,151,006
Veneer	405,846	367,568
Plywood	450,127	328,855

Timber Resources:

Allowable Cut (cu.m.)	9,795,000	14,544,000
Licensed Forests (has.)	5,779,000	7,700,000

Association

Regular members	192	333
Associate members	5	28
Revenues	P 1,970,515	P 1,521,532
Expenses	1,497,947	1,342,799
Assets	2,273,226	1,799,224

To Our Members

In our 33rd year of existence during which time we enjoyed steady growth and progress, we still face the continuing problem of keeping our members united and thoroughly satisfied about the role that your association plays in ensuring the survival of the industry in the face of changing government policies and debilitating economic developments. The year past has seen a decrease in the ranks of our log producing members as a result of the logging ban and the more restrictive measures taken by the government on sawmillers outside Metro Manila.

However, concerned about the declining contribution of the wood industry to foreign exchange earnings and the stiff competition from Indonesian plywood, President Marcos on January 18, 1984, upon strong recommendations from PWWA announced a restudy on the release of 1984 log export quota followed by His Excellency's policy decision approving same last May 5th. Furthermore, the Ministry of Natural Resources (MNR) has been very receptive to the clamor from the private sector for deregulation and a series of workshops on this program were held.

To further minimize timber smuggling and at the same time expand the role of PWWA in policing its ranks, the regulation on the use of Domestic Log Sale Declaration (DLSD) was issued, which in effect recognizes this document as a permanent scheme to comply with Sec. 30 of P.D. 1559. As an added show of concern, collection of the Special Deposits under FAO 64 was suspended. The government also rolled back the export tax on plywood exports to 2% upon representation by your association.

Likewise, the Ministry of Natural Resources (MNR) favorably considered the postponement of the ban of the use of yarders which could have adversely affected 70% of the country's timber production. The rules for permanent exemption from this ban are being worked out by your association with MNR.

As of the first quarter of 1984, there were 192 regular members and 5 associate members, a decrease of 42% and 82% respectively, from the 1983 level of 333 regular members and 28 associate members. This is attributed to poor economic conditions and government policies on the industry.

Your Association has been very active in working for the reinstatement of operations of members affected by the Presidential Directive of August, 1983 banning logging operations in the entire country except in nine areas resulting in the reinstatement of operations of several members.

PWPA likewise cooperated with the Bureau of Forest Development (BFD) in the institution of the National Forest Co-Managership (NAFCOM) program, which stresses close cooperation between the government and licensees in overseeing proper management of operations. Your Association participated also in the review of check points in certain parts of the country and succeeded in its demand to reduce same for a smoother flow of products to the market. We succeeded in the simplification of documentation demanded under BFD Circulars 8, 9 and 10.

Our Association continuously participated in the formulation, implementation and evaluation of plans, programs and research on forestry with agencies and institutions like the Philippine Council for Agriculture and Resources Research Development (PCARRD), the Philippine Council for Integrated Energy Resources Development (PCIERD), the Forestry Department Center (FDC), Forest Research Institute (FORI) and Presidential Committee on Wood Industries Development (PCWID).

We actively participated in the 9th Philippine Business Conference sponsored by the Philippine Chamber of Commerce and Industries (PCCI) and the Employees Confederation of the Philippines (ECOP), which serve as fora for wood industry positions as part of the entire business community in relation to government regulations and policies on aspects relating to labor, export procedures, taxation, financing, etc.

Our Association is likewise a founder of the Forest Products Research Foundation, which was organized to promote advancement of forest research in the country. To foster cooperation on price stabilization of wood products in the international markets and enhance the exchange of valuable information on its trade, PWPA was actively involved in the Asean Panel Products Federation (APPF), the chairmanship of which will pass on to the Philippines at the next council meeting. In conjunction with APPF, our Association successfully prevented an increase in the Australian tariff on plywood.

PWPA successfully hosted the Eighth Asian Plywood Manufacturers Conference (APMC) last October 17-20, 1983 at the Manila Hotel, wherein almost 200 foreign delegates, observers and visitors from sixteen (16) countries exchanged views about timber resources, manufacturing and market trends and the outlook for panels in the future.

During the year, our Association witnessed a changed in leadership with the resignation of President Santiago de Guzman, Vice President for Plywood and Veneer, Pura D. Almario, Vice President for Forestry, Leonardo D. Angeles and Director German B. Aranez. Your Board of Directors promptly installed Renato P. Dragon as President, Romeo C. Traspe as VP-Plywood and Veneer, Angelito Sarmiento as VP-Timber, Eulogio Tagudar as VP-Forestry and Martin Chan and Pedro Nisperos as directors thus avoiding a disruption in the continuity of its operations.

Our theme for this year is "Revitalizing the Wood Industry". The national economic crisis which jelled in the latter part of 1983 has awakened us on the importance of increasing exports not only to repay our foreign debts but also to provide foreign exchange for domestic industries. The government has therefore called upon the wood industry to contribute \$500 million to the export earnings of the country for 1984. To meet this challenge, your Association is calling on its members to close ranks so we can, together, contribute towards revitalizing our industry and thus enable it to regain its former position as a major pillar of the nation's economy. PWPA, for its part, will endeavor to marshal its resources to protect and promote our common interest and thereby pave the way for our industry's increased role in nation building.



RENATO P. DRAGON
President



ERNESTO F. SANVICTORES
Chairman



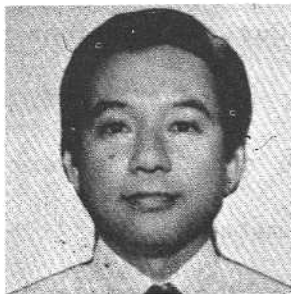
ERNESTO F. SANVICTORES



EDITH I. ALCANTARA



JOSELITO C. BALTAZAR I



ANTONIO G. BERNAS



MARTIN S. CHAN



JUNIE E. CUA



RENATO P. DRAGON



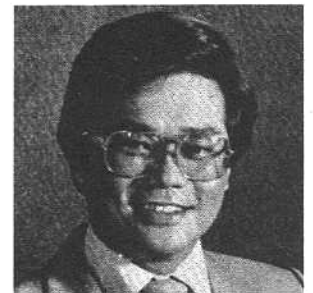
LAWRENCE V. LIM



PEDRO A. NISPEROS



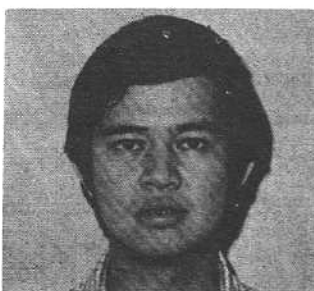
ANTONIO C. OLIZON



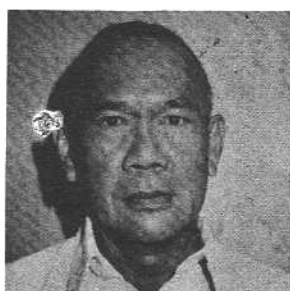
ANGELITO M. SARMIENTO



EULOGIO T. TAGUDAR



ARISTEO G. PUYAT



ROBERTO V. REYES



ROMEO C. TRASPE

BOARD OF DIRECTORS

ERNESTO F. SANVICTORES

Chairman

(Aras-Asan Timber Co., Inc.)

EDITH I. ALCANTARA

(C. Alcantara & Sons, Inc.)

JOSELITO C. BALTAZAR I

(Palawan Lumber Mfg. Co., Inc.)

ANTONIO G. BERNAS

(Kalinan Timber Corp.)

MARTIN S. CHAN

(Extensive Wood Processing Corp.)

JUNIE E. CUA

(FCA Timber Development Corp.)

RENATO P. DRAGON

(Kalilid Wood Industries Corp.)

LAWRENCE V. LIM

(Taggat Industries, Inc.)

PEDRO A. NISPEROS

(Nasipit Lumber Co.)

ANTONIO C. OLIZON

(Timber Industries of the Phils.)

ANGELITO M. SARMIENTO

(L.S. Sarmiento & Co., Inc.)

EULOGIO T. TAGUDAR

(Paper Industries Corp. of the Philippines)

ARISTEO G. PUYAT

(Surigao Development Corp.)

ROBERTO V. REYES

(Zamboanga Wood Products)

ROMEO C. TRASPE

(Pagdanan Timber Products, Inc.)

AUDITOR'S REPORT



THE SGV GROUP

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

SGV & Co.
SYCIP, GORRES, VELAYO & CO.
CERTIFIED PUBLIC ACCOUNTANTS
P. O. BOX 589, MANILA 2800
PHILIPPINES

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817-03-01
CABLES: CERTIFIED
TELEX: 22180 SGV PH
45088 CERTIFY PM
83743 SGV PH
-
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8780 AYALA AVENUE
MAKATI, METRO MANILA
PHILIPPINES
-
BRANCH OFFICES:
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, 1983 and 1982, and the related statements of income and expenses and changes in financial position 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, 1983 and 1982, and its income and expenses and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Sycip, Gorres, Velayo & Co.

PTR No. 0860953 F
January 31, 1984
Makati, Metro Manila

March 14, 1984

COMPARATIVE BALANCE SHEETS

DECEMBER 31, 1983 AND 1982

	<u>1983</u>	<u>1982</u>
<u>A S S E T S</u>		
CURRENT ASSETS		
Cash	₱ 548,750	₱ 83,266
Short-term investments	-	101,458
Due from members (net of allowance for doubtful accounts of ₱508,478 in 1983 and ₱296,816 in 1982)	631,369	499,592
Prepaid expenses and other current assets	107,833	42,266
Total Current Assets	<u>1,287,952</u>	<u>726,582</u>
PROPERTY AND EQUIPMENT - At Cost		
Condominium office building (Note 2)	1,010,396	1,010,396
Office furniture, fixtures and improvements	114,778	111,705
Office equipment	69,553	55,955
	<u>1,194,727</u>	<u>1,178,056</u>
Less accumulated depreciation	223,403	129,928
Net	<u>971,324</u>	<u>1,048,128</u>
OTHER ASSETS	<u>13,950</u>	<u>24,514</u>
	<u>₱2,273,226</u>	<u>₱1,799,224</u>
<u>LIABILITIES AND MEMBERS' EQUITY</u>		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	₱ 156,933	₱ 120,528
DUES COLLECTED IN ADVANCE	<u>132,172</u>	<u>167,143</u>
MEMBERS' EQUITY		
Balance at beginning of year	1,511,553	1,332,820
Excess of income over expenses	472,568	178,733
Balance at end of year	<u>1,984,121</u>	<u>1,511,553</u>
	<u>₱2,273,226</u>	<u>₱1,799,224</u>

See accompanying Notes to Financial Statements.

STATEMENTS OF INCOME AND EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 1983 AND 1982

	1983	1982
INCOME		
Membership dues	₱1,009,350	₱1,109,250
Income from the Eighth Asian Plywood Manufacturers' Conference (Note 3)	359,384	-
Assessment dues	289,347	245,217
Special assessment dues	243,300	-
Associate membership dues	45,168	51,000
Interest and other income	23,966	116,065
	<u>1,970,515</u>	<u>1,521,532</u>
EXPENSES		
Salaries and wages	326,576	299,505
Provision for doubtful accounts	211,622	186,078
Meetings and conferences	184,565	179,826
Regional chapters' share in dues collected (Note 4)	144,770	190,300
Special assessment remittance	125,270	-
Depreciation	93,475	68,659
Transportation	70,054	95,278
Office supplies	65,266	65,462
Professional services	45,056	34,807
Office rent, light and water	43,794	25,928
Telephone, telegram and postage	35,434	27,739
Printing	31,370	25,262
Contributions	30,818	27,728
Donations and gifts	25,760	32,702
Taxes and licenses	24,734	12,060
SSS and medicare contributions	12,118	11,142
Maintenance and repairs	6,522	11,423
Advertising and publicity	1,000	1,750
Interest	-	18,948
Miscellaneous	19,743	28,202
	<u>1,497,947</u>	<u>1,342,799</u>
EXCESS OF INCOME OVER EXPENSES	<u>₱ 472,568</u>	<u>₱ 178,733</u>

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN FINANCIAL POSITION

	<u>1983</u>	<u>1982</u>
WORKING CAPITAL WAS PROVIDED FROM		
Excess of income over expenses	₱472,568	₱178,733
Add depreciation - an item not requiring working capital	<u>93,475</u>	<u>68,659</u>
Total from operations	566,043	247,392
Decrease in other assets	<u>10,564</u>	<u>12,164</u>
	<u>576,607</u>	<u>259,556</u>
WORKING CAPITAL WAS USED FOR		
Acquisition of property and equipment	16,671	338,665
Decrease (increase) in dues collected in advance	34,971	(3,169)
Reduction of long-term debt	<u>-</u>	<u>203,266</u>
	<u>51,642</u>	<u>538,762</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u>₱524,965</u>	<u>(₱279,206)</u>
WORKING CAPITAL INCREASED (DECREASED) BY		
Cash	₱465,484	(₱ 6,669)
Short-term investments	(101,458)	(77,484)
Due from members	131,777	(166,616)
Prepaid expenses and other current assets	65,567	4,139
Accounts payable and accrued expenses	(36,405)	(89,301)
Current portion of long-term debt	<u>-</u>	<u>56,725</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u>₱524,965</u>	<u>(₱279,206)</u>

See accompanying Notes to Financial Statements.

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 15 years.

2. CONDOMINIUM OFFICE BUILDING

This represents the cost of a condominium unit acquired by the Association in 1981 and an additional space in 1982.

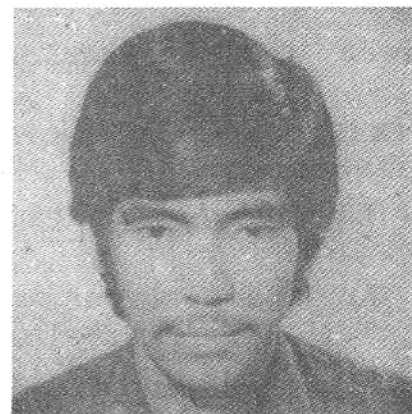
3. INCOME FROM THE EIGHTH ASIAN PLYWOOD MANUFACTURERS' CONFERENCE

This represents the excess of the registration and other fees over expenses incurred by the Association in hosting the Eighth Asian Plywood Manufacturers' Conference held on October 17 to 20, 1983.

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.

STAFF



LOUIS L. LAUDENCIA
Manager



EDUARDO S. PALIS
Assistant Manager



CELIA P. DUCAY
Administrative Officer



REGINO M. SERAFICO
Accountant



ANTONIO V. PAZ
Information Officer



AUREA G. MIRA
Secretary



CORAZON G. SANTOS
Communications



AUREA C. LANSIGAN
Librarian



GENEROSO P. FLORES
Bookkeeper



BENIGNO B. MIRA
Clerk



BENJAMIN G. BERENA
Messenger

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.

EXECUTIVE OFFICERS

RENATO P. DRAGON
PRESIDENT

JOSELITO C. BALTAZAR I
EXECUTIVE VICE PRESIDENT

ANGELITO M. SARMIENTO
VICE PRESIDENT — TIMBER

EULOGIO T. TAGUDAR
VICE-PRESIDENT — FORESTRY

JUNIE E. CUA
VICE-PRESIDENT — LUMBER

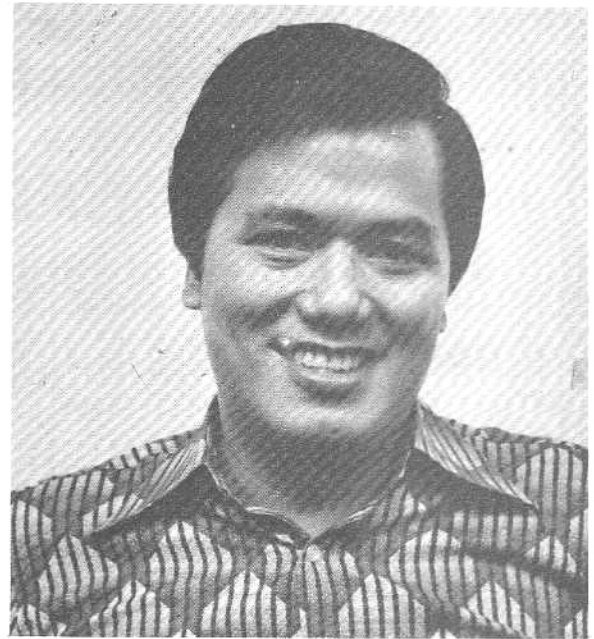
ROMEO C. TRASPE
VICE-PRESIDENT — PLYWOOD

LAWRENCE V. LIM
VICE-PRESIDENT — MARKETING

EDITH I. ALCANTARA
TREASURER

ANTONIO G. BERNAS
EXECUTIVE SECRETARY

LOUIS L. LAUDENCIA
MANAGER



RENATO P. DRAGON



JOSELITO C. BALTAZAR I



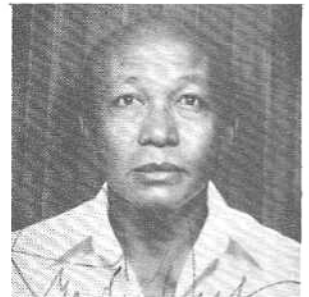
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JUNIE E. CUA



ROMEO C. TRASPE



LAWRENCE V. LIM



EDITH I. ALCANTARA



ANTONIO G. BERNAS



LOUIS L. LAUDENCIA



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PLYWOOD Manila