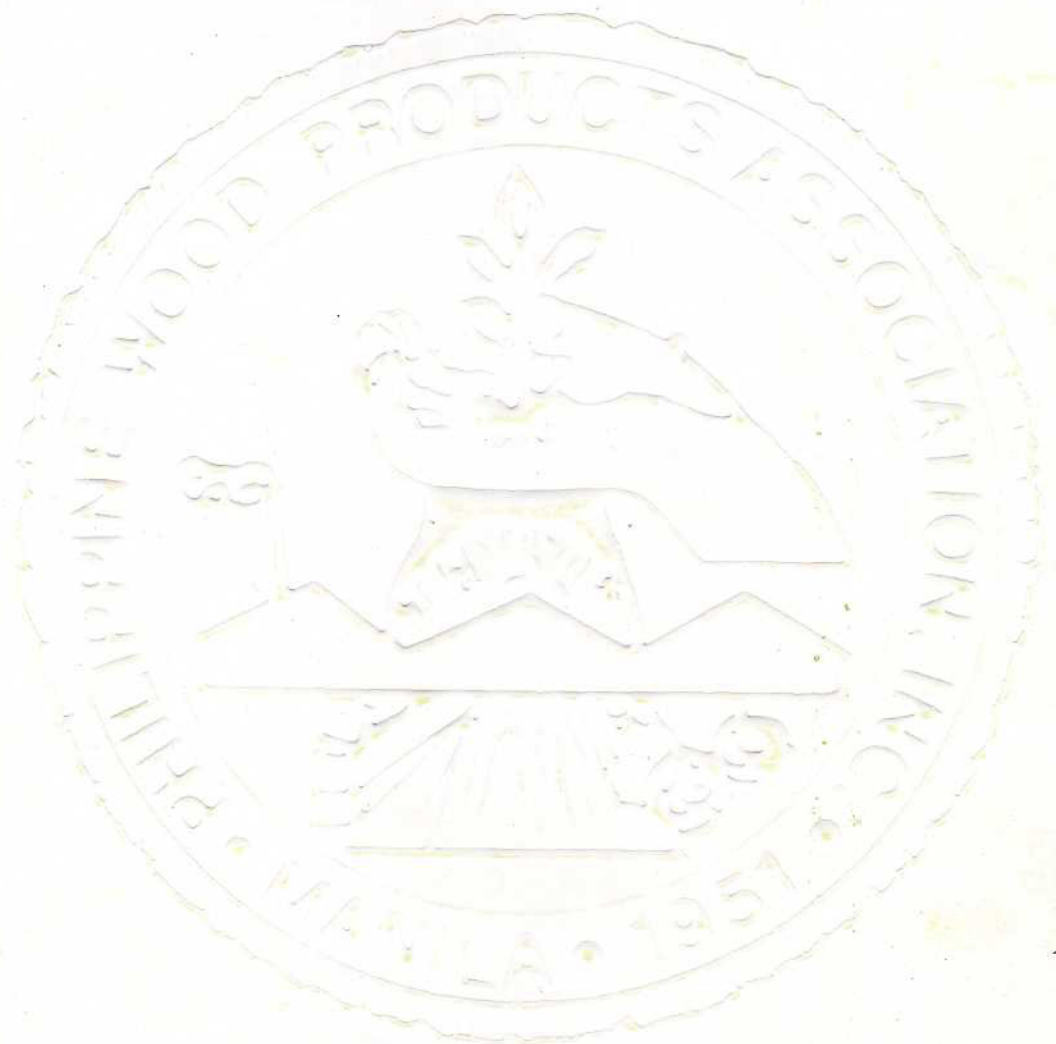



PWPA ANNUAL REPORT 1984



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The Annual Meeting of the Members of Philippine Wood Products Association will be held at 8:00 a.m., May 3, 1985, at the Garden Hall of the Manila Garden Hotel, Makati, Metro Manila pursuant to notice.

INDUSTRIAL HIGHLIGHTS

	1984	1983
Export Sales		
Logs	\$ 85,150,732	\$ 63,033,035
Lumber	106,113,165	144,320,213
Veneer	15,669,630	27,467,734
Plywood	55,402,839	77,409,188
TOTAL:	<u>\$ 262,336,366</u>	<u>\$ 312,230,170</u>
Production (cu.m.)		
Logs	3,675,000	4,411,577
Lumber	896,000	1,129,347
Veneer	66,000	405,846
Plywood	381,000	450,127
Timber Resources		
Allowable Cut (cu.m.)	9,764,810	9,795,000
Licensed Forests (has.)	6,346,610	5,779,000
Association		
Regular Members	178	192
Associate Members	9	5
Revenues	P 1,499,296	P 1,970,515
Expenses	1,793,589	1,497,974
Assets	1,890,595	2,273,276

TO OUR MEMBERS

INDUSTRIAL HIGHLIGHTS

TO OUR MEMBERS

We are now in our 34th year of existence as an Association and we are happy to report that we remain a sound and healthy organization working relentlessly towards the solution of the problems of the wood products industry in the face of an adverse economic environment both local and international.

Realizing the challenges and problems confronting the membership, your Board of Directors instituted an annual planning system in the Association by conducting an initial workshop-session at the Asian Institute of Tourism (AIT) in July last year. This resulted in significantly realigning PWPA's program thrusts to the objectives mandated in its Articles of Incorporation. Our adopted strategy covers the institutionalization of dialogues with government agencies; continuous participation in local and international fora; improvement of services to members; enhancing the unification and integration of PWPA; regionalization of members representation; and improvement of the public image of the wood industry.

This strategy enabled the industry to cushion the ill effects of a sluggish world economy coupled with a very depressed domestic situation. However, primarily because of this economic recession, the number of active members of your association declined by 7 per cent in 1984. As a corollary to this reduction, our financial statements show a deficit for the first time amounting to ₱294,293.00 or about 20 per cent of revenues last year. Finally, the continuing general economic recession as well as related economic and financial difficulties coupled with the deteriorating peace and order situation and the logging ban in some areas of the country imposed by President Ferdinand E. Marcos on August 18, 1984, caused a drop in log production to about 4 million cubic meters or a decline by 9 percent from that of the preceding year.

World demand for logs and wood products did not register any substantial increase, while oversupply in plywood coupled with depreciation of other currencies vis-a-viz the US dollar depressed plywood prices. In fact, the export price of plywood has dropped by almost 40 percent over the last four and a half years. Likewise world prices of logs dropped 23 percent, lumber 17 percent, and veneer 14 percent over the last five years.

The domestic housing industry suffered a severe slump due to the high cost of money, the limited credit available and the erosion of disposable income caused by excessive inflation which has sapped housebuilders' confidence in their ability to repay mortgage loans. This slump contributed to the drop in plywood and lumber production.

The PWPA during the past year has worked hard to alleviate the wood industry from these serious economic and financial difficulties. In response to President Marcos' call on the wood industry to make an export contribution worth \$500 million to the national recovery program your Association was instrumental in obtaining the Presidential grant of 995,000 cubic meters of Log Export Quota for 1984. The PWPA also successfully obtained authorization in December, 1984 for exportation of unexpended balances to continue up to March 31, 1985.

TO OUR MEMBERS

Leadership of the Ministry of Natural Resources (MNR) changed hands on July 19, 1984. Newly appointed Minister Rodolfo P. del Rosario in one of his first public addresses, sounded a renewal call for forest conservation in consonance with explicit instructions from the President. In this regard, our officers initiated a system of periodic dialogues with MNR and the Bureau of Forest Development (BFD) which so far has produced some effective results. For instance, while the ban on highlead yarding was revived, your Association succeeded in obtaining an amendment to Forestry Administrative Order (FAO) No. 1-85 which exempts Timber License Agreement (TLA) holders who are following forest conservation regulations.

Your Association also secured a favorable regulation governing the Log Supply Purchase Agreement/Equity Participation agreement (LSPA/EPA) policy to cushion the impact of EPA on processor-members without timber concessions. Under this regulation, PWPA members belonging to the Greater Manila Chapter are exempt from the EPA requirements. The PWPA likewise obtained MNR-BFD agreement to defer the implementation of FAO 85, which would effectively reduce log harvest per hectare by 30 to 70 percent, pending submission of timber inventory results and other related data.

Moreover, representations of your Association with the Philippine Ports Authority (PPA) relieved local log shippers from paying a 700 percent increase in arrastre rates. These would have adversely affected the competitive position of our members who ship their logs to the Metro Manila area.

With the soft market for processed products in mind and cognizant of the need to assist loggers-processors to survive the current crises, PWPA has also made representations with MNR to obtain a Presidential authorization for a 1985 Log Export Quota. We are following up this matter vigorously.

Your Association, realizing the dire consequences of a wood shortage by the turn of the century and the futility of generating concessional financing from abroad, has proposed the diversion to a Loan Fund of some ten percent of the export duties on logs and wood products for relending to Industrial Tree Plantations (ITP) proponents among TLA holders. This proposal has the sympathetic support of top government officials and will be submitted to the Batasang Pambansa as a bill.

As its contribution to the simplification of export procedures and the elimination or reduction of red tape, your Association, working with the Philippine Exporters Foundation (PEF), initiated the move for the removal of commodity clearances, which President Marcos ordered removed on March 25, 1985. The beneficial effects of this new policy will be felt by our members in due time. Also, your Association submitted a request for the reduction of export duties on logs and wood products. Effective January 1, 1985, this need has been partly served by the reduction of export duties on logs from 25 to 20 percent on lumber and veneer, from 6 to 4 percent and the elimination of the 2 percent tax on plywood exports.

TO OUR MEMBERS

The Chairmanship of the Asean Panel Products Federation (APPF) was passed on to PWPA in July 1984 and since then, we have tried to introduce innovative measures to arrest the decline in world prices of plywood. We expect some results from these efforts soon. Your Association has likewise been active in the ASEAN Chamber of Commerce and Industry and is deeply involved in the preparations for the meeting in May 1985 in Manila. On August 18, 1984, your President was appointed member of the Presidential Productivity Council (PPC), a top level private sector advisory body to president Ferdinand E. Marcos on business matters and was subsequently appointed chairman of its Export Committee.

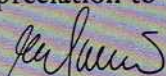
Your officers have been active as speakers and discussants in workshops organized by the Forestry Development Center (FDC), the U.P. School of Economics, the Natural Resources Management Center (NRMC), and the Philippine Institute of Development Studies (PIDS). Your officers are represented in the Governing Council of Philippine Council for Agriculture and Resources Research and Development (PCARRD), the Board of Trustees of Forest Resource Institute (FORI) and the Advisory Council of FDC.


Your Association was also involved in the 10th Philippine Business Conference (PBC), Productivity Congress, the Committee on Food Agriculture and Forestry, and the Committee on Industry of the Philippine Chamber of Commerce and Industry (PCCI), the general meetings of the Employers Confederation of the Philippines (ECOP) and the Confederation of the Philippine Exporters (COPE). At every opportunity, your voice is being heard through your officials and Board members with the aim of securing favorable consideration and solution of the problems of the wood products industry sector which we represent.

With the scarcity of wood an ever-increasing problem, it becomes more than ever essential that the wood industry maximize the utilization of wood resources as well as the productivity of logging and wood-processing operations. In this regard, your Association cooperated with the National Productivity Commission (NPC) in identifying major problems and issues affecting productivity in the wood industry. In addition, it is close touch with the other forest-based Associations like the Chamber of Furniture Industries of the Philippines (CFIP), the Philippine Chamber of Handicraft Industries (PCHI), and the Wood Preservers Association of the Philippines (WPAP) to achieve closer cooperation and integration.

It is because of this pressing need for integration and coordination that we have chosen as our new theme for 1985 "INTEGRATION FOR SURVIVAL." For indeed, we now all face a survival situation that we can only overcome primarily through our own resources and integrated efforts. By integration, we refer not only to unity of objectives, cohesion and harmony. We also refer to the entire political, social, economic and technical integration of our concerted efforts needed to attain our common goals and aspirations for a more viable, revitalized and progressive wood products industry that will enhance the best interests of our individual membership as well as those of our beloved country. We realize that integration in this context is a formidable and herculean task. But with the full and whole-hearted support of our membership, we have absolutely no doubt that we can and should succeed.

In behalf of the Board of Directors and the executive officers who have unselfishly shared their valuable time, energies and expertise to keep your Association going, we wish to express our deep appreciation to each and every one of you for your support and confidence.


ERNESTO F. SANVICTORES
President


ARISTEO G. PUYAT
Chairman

BOARD OF DIRECTORS

ARISTEO G. PUYAT

Chairman
(Surigao Development Corp.)

EDITH I. ALCANTARA

(C. Alcantara & Sons, Inc.)

PEDRITO M. ARAGON

(Paper Industries Corp., of the Phils.)

EDUARDO C. ARROYO, JR.

(T.H.V alderama & Sons)

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.)

ALFONSO B. MENDOZA

(Zamboanga Wood Products)

ANTONIO C. OLIZON

(Timber Industries of the Phils.)

ROBERTO V. REYES

(Zamboanga Wood Products)
Chairman, Advisory Council

ERNESTO F. SANVICTORES

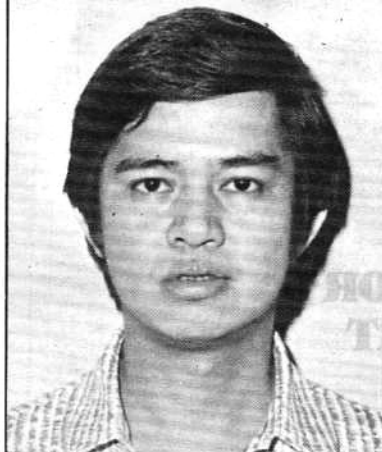
(Aras-Asan Timber Co., Inc.)

ANGELITO M. SARMIENTO

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

ROMEO C. TRASPE

(Pagdanan Timber Products, Inc.)



PUYAT



ALCANTARA



ARAGON



ARROYO



BALTAZAR I



BERNAS



CHAN



CUA



DRAGON



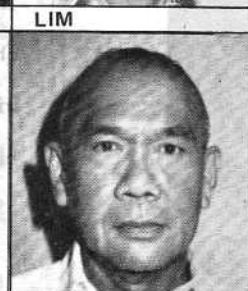
LIM



MENDOZA



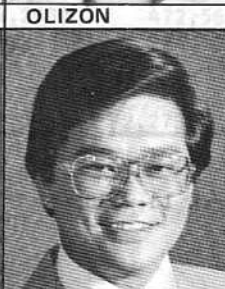
OLIZON



REYES



SANVICTORES



SARMIENTO



TRASPE

AUDITOR'S REPORT

SGV
THE SGV GROUP
PHILIPPINES
TAIWAN
THAILAND
INDONESIA
MALAYSIA
SINGAPORE
KOREA
HONG KONG
SAUDI ARABIA
MACAU

SGV & Co.
SYCIP, GORRES, VELAYO & CO.
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817-03-01
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TELEX: 22160 SGV PH
48096 CERTIFY PH
63743 SGV PH
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6780 AYALA AVENUE
MAKATI, METRO MANILA
PHILIPPINES
BRANCH OFFICES:
CEBU • DAVAO • BACOLOD
ILOILO • ILIGAN
CAGAYAN DE ORO
BATAAN • ZAMBOANGA
TACLOBAN • SAGUIG

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, 1984 and 1983, 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, 1984 and 1983, 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. 5037262 I
January 18, 1985
Makati, Metro Manila

March 13, 1985

BALANCE SHEETS

PHILIPPINE WOOD PRODUCTS ASSOCIATION, INC. (A Nonprofit, Nonstock Corporation)

BALANCE SHEETS
DECEMBER 31, 1984 AND 1983

	1984	1983
A S S E T S		
CURRENT ASSETS		
Cash	₱ 50,451	₱ 548,750
Short-term investments	560,148	-
Due from members (net of allowance for doubtful accounts of ₱641,421 in 1984 and ₱508,478 in 1983)	254,283	631,369
Prepaid expenses and other current assets	87,685	107,833
Total Current Assets	952,567	1,287,952
PROPERTY AND EQUIPMENT - At Cost		
Condominium office building (Note 2)	1,010,396	1,010,396
Office furniture, fixtures and improvements	114,778	114,778
Office equipment	131,453	69,553
	1,256,627	1,194,727
Less accumulated depreciation	324,799	223,403
Net	931,828	971,324
OTHER ASSETS	6,200	13,950
	₱1,890,595	₱2,273,226
LIABILITIES AND MEMBERS' EQUITY		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	₱ 92,903	₱ 156,933
DUES COLLECTED IN ADVANCE	107,864	132,172
MEMBERS' EQUITY		
Balance at beginning of year	1,984,121	1,511,553
Excess (deficiency) of income over expenses	(294,293)	472,568
Balance at end of year	1,689,828	1,984,121
	₱1,890,595	₱2,273,226

See accompanying Notes to Financial Statements.

STATEMENTS OF INCOME AND EXPENSES

PHILIPPINE WOOD PRODUCTS ASSOCIATION, INC.
(A Nonprofit, Nonstock Corporation)
STATEMENTS OF INCOME AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 1984 AND 1983

	1984	1983
INCOME		
Membership dues	₱ 943,850	₱1,009,350
Assessment dues	323,522	289,347
Associate membership dues	31,000	45,168
Income from the Eighth Asian Plywood Manufacturers' Conference (Note 3)	-	359,384
Special assessment dues	-	243,300
Interest and other income	200,924	23,966
	<u>1,499,296</u>	<u>1,970,515</u>
EXPENSES		
Salaries and wages	404,463	326,576
Provision for doubtful accounts	377,766	211,622
Regional chapters' share in dues collected (Note 4)	181,449	144,770
Meetings and conferences	155,703	168,177
Representation and entertainment	118,506	16,388
Transportation	104,529	70,054
Depreciation	101,396	93,475
Office supplies	79,034	65,266
Telephone, telegram and postage	60,276	35,434
Office rent, light and water	48,662	43,794
Donations and gifts	45,271	25,760
Printing	37,011	31,370
SSS, medicare and Pag-ibig contributions	21,466	17,828
Maintenance and repairs	15,544	6,522
Professional services	13,971	45,056
Subscriptions and publications	10,726	5,332
Contributions	3,500	30,818
Taxes and licenses	1,334	24,734
Special assessment remittance	-	125,270
Miscellaneous	12,982	9,701
	<u>1,793,589</u>	<u>1,497,947</u>
EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES	(₱ 294,293)	₱ 472,568

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN FINANCIAL POSITION

PHILIPPINE WOOD PRODUCTS ASSOCIATION, INC.
(A Nonprofit, Nonstock Corporation)
STATEMENTS OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 1984 AND 1983

	1984	1983
WORKING CAPITAL WAS PROVIDED FROM		
Excess (deficiency) of income over expenses	(P294,293)	P472,568
Add depreciation - an item not requiring working capital	101,396	93,475
Total from (used for) operations	(192,897)	566,043
Decrease in other assets	7,750	10,564
	(185,147)	576,607
WORKING CAPITAL WAS USED FOR		
Acquisition of property and equipment	61,900	16,671
Decrease in dues collected in advance	24,308	34,971
	86,208	51,642
INCREASE (DECREASE) IN WORKING CAPITAL	(P271,355)	P524,965
WORKING CAPITAL INCREASED (DECREASED) BY		
Cash	(P498,299)	P465,484
Short-term investments	560,148	(101,458)
Due from members	(377,086)	131,777
Prepaid expenses and other current assets	(20,148)	65,567
Accounts payable and accrued expenses	64,030	(36,405)
INCREASE (DECREASE) IN WORKING CAPITAL	(P271,355)	P524,965

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS EXPENSES

PHILIPPINE WOOD PRODUCTS ASSOCIATION, INC.
(A Nonprofit, Nonstock Corporation)
STATEMENTS OF INCOME AND EXPENSES

PHILIPPINE WOOD PRODUCTS ASSOCIATION, INC.
(A Nonprofit, Nonstock Corporation)
NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 1984 AND 1983

INCOME

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.

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.

OUR OBJECTIVES

EXECUTIVE
OFFICERS

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

ERNESTO F. SANVICTORES
President

ANGELITO M. SARMIENTO
Executive Vice-President

JOSELITO C. BALTAZAR I
Vice-President— Forestry

PEDRITO M. ARAGON
Vice-President— Timber

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
Director — Secretary

LOUIS L. LAUDENCIA
Manager



SANVICTORES



SARMIENTO



BALTAZAR



ARAGON



CUA



TRASPE



LIM



ALCANTARA



BERNAS



LAUDENCIA



Philippine Wood Products Association

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Telex:

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Meantime contact ITT - 40404/TXBox NBR 5713

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PLYWOOD Manila