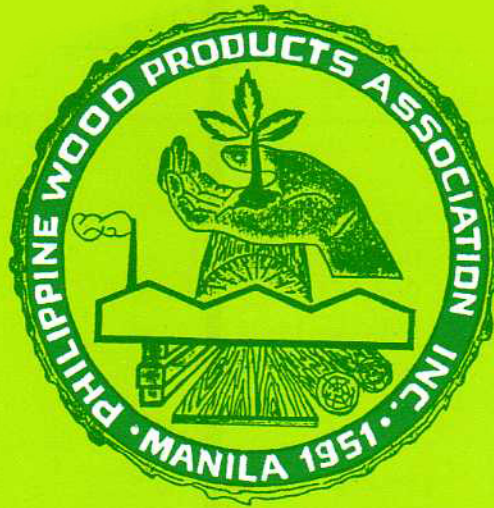


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**PHILIPPINE
WOOD
PRODUCTS
ASSOCIATION**

1986 ANNUAL REPORT

BOARD RESOLUTION

The Board of Directors of the Philippine Wood Products Association, Inc., by unanimous concurrence, submits herewith the Statement and Annual Report of the Chairman of the Board and the President as its Report to the Members for the year ended December 31, 1986.

ARISTEO G. PUYAT

Chairman

ERNESTO F. SANVICTORES

President

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COMPARATIVE HIGHLIGHTS



INDUSTRY HIGHLIGHTS

	1986	1985	Variance
SALES, EXPORT			
LOGS	\$22,579,000	\$39,230,930	-42%
LUMBER	\$95,953,000	\$90,396,679	+ 6%
VENEER	\$10,328,000	\$13,924,180	-26%
PLYWOOD	\$51,779,000	\$53,847,116	- 4%
TOTAL	\$180,639,000	\$197,396,905	- 8%
PRODUCTION (CU M)			
LOGS	3,433,774	3,800,000	-10%
LUMBER	973,408	1,200,000	-19%
VENEER	72,689	105,000	-31%
PLYWOOD	428,312	506,000	-15%
TIMBER RESOURCES			
ANNUAL ALLOWABLE CUT (CU M)	7,346,413	7,351,373	- 1%
LICENSED FOREST AREAS (HA)	4,522,243	4,534,543	- 1%

ASSOCIATION HIGHLIGHTS

	1986	1985	Variance
REGULAR MEMBERS	170	168	+ 1%
ASSOCIATE MEMBERS	9	5	+80%
REVENUES	P 1,248,567	P 1,346,293	- 7%
EXPENSES	P 1,652,274	P 1,587,925	+ 4%
ASSETS	P 1,515,131	P 1,719,471	-12%

TO OUR MEMBERS



*There is a time for everything.
A time for sorrow. A time for joy.
And a time for building.*

Ecclesiastes 3:1

THE WOOD INDUSTRY IN REVIEW

As we all know the wood industry has gone through one crisis after another — beginning in 1980 and deepening in 1985 — when the whole country itself tried to survive a nightmare brought about by an economic recession, business reverses, political instability, and breakdown in the peace and order conditions.

Indeed, that was a long period of sorrow for all of us, so-to-speak, as we helplessly witnessed many firms in our industry went under. Those remaining struggled to survive amidst poor or negative financial returns, declining market prices, spiralling production costs and carrying charges, restive labor, and a shaky peace and order situation prevailing particularly in our respective areas of operation.

How much longer would this economic and political agony last? Where is hope? These were then the pressing questions uppermost in our collective troubled mind as we prayed for any miracle in the middle of a stuporous economic state.

Suddenly 1986. A joyful year of stupendous events.

First came the dramatic, yet non-bloody, political upheaval, the February People's Power Revolution that deposed a dictatorial regime and ushered in a popular one. Freedom was restored.

Then, the approval of the new 1986 Constitution (subsequently ratified by the people through a plebiscite in February 1987). Justice and order gradually returned as public confidence in government was restored.

And, slowly streaking behind these events were signals for the beginning of an economic recovery: the return of single-digit inflation, the dip-

ping of interest rates, the stabilization of the exchange rate, the consecutive rollback of fuel prices, the increase in production and consumption, etc. . . contributing to and culminating in a GNP growth of plus 1.51 per cent in 1986, truly a quantum jump from the negative growth during the preceeding years. Investment confidence was revived.

This then was the substantive local environment in 1986 that strongly influenced our industry and our Association — as it entered, and survived, its 36th year of existence. For us, it was an eventful year, if only for suffusing us with hope, and even with optimism. It could have been worse had the fortitious events not intervened.

Overall Performance

The industry's 1986 performance in production and particularly in export sales was rather mixed.

The production of logs and processed wood products, such as lumber, veneer, and plywood, declined abruptly, by 10 percent and 22 percent, respectively, from the previous year. However, inspite of discouraging low production and slight drop in volume of processed wood products export, total export sales receipts decreased by only 8 percent from the previous year. Export receipts from lumber, veneer, and plywood — notwithstanding a decrease in their sales volume — were similar to that of 1985 and this was due principally to price improvements. Export receipts from logs, however, slumped by 42 percent from the previous year.

Log Production

The industry's log production declined sharply by 365,000 cu m, or by 10 percent, from the previous year (3,434,000 cu m vs. 3,800,000 cu m). The principal reasons for this were:

- The voluntary cessation of operation by some firms in the industry because of continuous financial and/or peace and order problems;
- The suspension and/or cancellation of timber licenses of about 33 firms in the industry by the new government because of violations of forestry regulations;
- The rising costs of production brought about mainly by thinning timber stands, difficult operating areas and the increasing hauling distance of operation; and
- The curtailment in the export of logs from the natural forests since August 21, 1986.

Processed Wood Production

Finished or processed wood production declined sharply by 340,000 cu m, or by almost 20 percent, from the previous year (1,470,000 cu m vs. 1,811,000 cu m). The main reasons for this were:

- The acute shortage of logs for wood processing because the aforementioned reasons;
- The persistent low prices of processed wood products, beginning in mid-1984, deteriorating towards the whole of 1985, becoming somewhat cyclically erratic in the first three quarters of 1986, and improving only during the last quarter of 1986, forcing many major wood processing firms to slow down in production to minimize losses; and
- The suspension and/or cancellation of the timber licenses of logging firms and the banning of logging operations in several areas which deprived processing mills of their normal supply of logs.

On an end-product basis, lumber production went down by 227,000 cu m, or by 19 percent; veneer down by 32,00 cu m, or by 30 percent; and plywood down by 82,000 cu m, or by 16

percent, from the previous year.

Export Sales and Markets

Translating production in terms of export sales or revenues alone, the industry's performance was as follows:

- Revenue receipts from export sales of raw logs were US\$ 22,579,000, down by \$16,562,000, or by 42 percent, from the year previous because export volume decreased from 414,000 cu m in 1985 to 254,200 cu m in 1986, down by 38 percent (export of logs was banned beginning August 21, 1986);
- Revenue receipts from export sales of processed wood products — lumber, veneer, and plywood — in spite of a slight decrease in volume — was maintained at US\$158,000,000 (decline in revenue receipts was 11 percent between 1984 and 1985);
- Overall revenue receipts from the export of both logs and processed wood products totalled \$180,639,000, down by \$16,758, or by only 8 percent from the year previous (decline in total revenue receipts was 25 percent between 1984 and 1985).

The following external factors or forces, aside from the all important stabilization of the local environment, contributed to the easing of the pain of adjustment by the industry:

- The perking up of the world market demand for, and prices of, Southsea wood products (average export price indices of all Philippine products improved, from 1985 to 1986, by 2% for logs, 4% for lumber, 10% for veneer, and 7% for plywood);
- The belated rationalization of marketing of Indonesian plywood by the Indonesian Panel Products Association prevented the dumping of plywood in traditional markets and encouraged the entry into new markets as this activity enjoyed some incentives.

Our principal external markets and their share of our exports in 1986 were as follows:

Commodity	Market	Share
LOGS	Japan	71%
	Taiwan	12%
	France	8%
	Others	9%
LUMBER	United Kingdom	31%
	Japan	25%
	Hong Kong	15%
	USA	14%
	Others	15%
VENEER	USA	47%
	Japan	39%
	Others	14%
PLYWOOD	USA	27%
	United Kingdom	23%
	HongKong	22%
	China	10%
	Others	18%

THE ASSOCIATION

The flagship of the wood industry, our Association, simply reflected the performance of the entire industry.

The suspension and/or cancellation of the timber licenses of some of our members and the ban on logging in several areas obviously affected our financial situation. It was only in the latter part of the year, when some of the licenses were restored and the campaign for associate membership bore fruit, did our revenues somewhat improve.

Income and Expenses

In 1965, we stood at 170 regular members and 9 associate members bringing in 82 percent of the total income of P1.25 million, down by 7 percent from the previous year of P1.35 million. Interest earnings and other income constituted the rest of our revenues.

Much as we desired a judicious utilization of our limited income — living within our means, so-to-speak — some important activities, described as mandatory, had to be performed, necessitating expenditures. Also the steep rise in utility and donation expenses ate into our resources. Thus,

our expenses were recorded at P1.65 million, exceeding the previous year by 4 percent. For 1986, excess of expenses over income stood at about P404,000.

To help buoy up our collective position, especially those of our members who had legitimate reasons for the restoration of their operations and to mitigate the tide of adverse publicity against the integrity of our Association and the justifiability of continued logging, our very lifeline, required resources and talent which your Association adequately provided within its means.

Accomplishment Highlights

In the field of government relations, our Association maintained contact on a high-level with the leadership of the Ministry (now Department) of Natural Resources (MNR), the Ministry (now Department) of Trade and Industry and other key offices of the government.

Although there were three successive changes of heads at MNR, our Association thru its institutionalized periodic dialogue was able to obtain the necessary reliefs from some of the most severe problems plaguing the industry. The reliefs, *inter alia*, included:

- The lifting of the ban on the use high-lead logging or yarding in timber harvesting from forest concessions;
- The return of the calculation of annual allowable cut based on Min. Adm. Order No. 74, s. 74, rather than on BFD Adm. Order No. 3-85, which alleviated the abrupt decrease in annual allowable cut;
- The use of a simplified forest inventory system in lieu of the complicated procedures provided for in Forestry Circular No. 13-85;
- The allowing of the cutting of small diameter trees in conformance with selective logging regulations;
- The allowing of continuity in logging operations on the basis of operational plans favorably endorsed by the BFD regional director to the Department Head in lieu of the erstwhile tedious procedure of having such

plan approved first by the higher authority before operations could commence or resume;

- The removal of the Equity Participation Agreement, an erstwhile requirement for the renewal of timber licenses without processing plants and sawmill permits;
- The allowing of the free movement of logs to urban-based wood processing plants, located in such cities as Cebu, Iloilo, Cagayan de Oro, Davao, and Zamboanga — similar to that already being enjoyed by Greater Manila wood processors — through the use of Domestic Log Sale Declaration and Certificate of Timber Origin documents;

Our Association successfully caused the revision of sales taxes on logs, lumber, and wood panels to 10 percent from the previous 20 percent under Presidential Decree No. 2031.

Our Association was also in the forefront of government-sponsored hearings. At the Constitutional Commission hearings, our Association successfully convinced the ConCom Committee concerned to set aside the proposal to ban logging operations in forestlands for the next 20 years. Our Association also succeeded in arguing against moves to impose or collect unreasonably high fees from timber licensees for various purposes.

In the regional and international relations, our Association maintained active participation.

Your President was elected as one of the Vice-Chairmen of the Southeast Asia Lumber Producers' Association (SEALPA) during its 19th Council Meeting in January, 1986 in Kuching, Malaysia. During that meeting, Mr. Junie Cua was elected Chairman of the Committee on Lumber and Related Products and Atty. A. G. Bernas played a major role in the amendment of SEALPA's constitution and by-laws, which expanded SEALPA's concern not only on raw logs but also processed wood products as it strengthened its role in improving the position of producers thru regional cooperation and close interaction with

consuming countries.

Your President participated as a resource person on forest products at the First International Seminar on Commodities in Kuala Lumpur on July 21-25, 1986 sponsored by the Malaysian government.

In August, your President joined President Corazon C. Aquino's party to a state visit in Indonesia and Singapore mainly to assist Minister E. M. Maceda in meeting with our counterparts in Indonesia thus forging closer regional relationship in rattan supply, plywood marketing and technology transfer on furniture.

Your Executive Vice President attended a Seminar on Asian Timber Market Information System in Bangkok, Thailand, on 17-19 November 1986 sponsored by the FAO/UNDP Forest Industries Development Group.

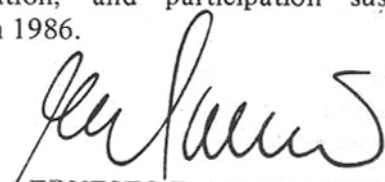
The Asean Panel Products Federation (APPF) held its 3rd Biennial and 21st Council Meeting in November in Indonesia, after more than a year of inactivity. In that meeting, Your President turned over the APPF chairmanship to Mr. Bob Hasan, Chairman of APKINDO, who will serve the regulatory two-year term. The meeting praised APKINDO for its successful plywood marketing rationalization which benefited all member countries. Minimum prices for plywood for all markets for the first quarter of 1987 was agreed at the Meeting.

We have overcome the worst of crises.

From hereon, the wood industry, as a whole, and our Association, in particular, face new challenges under a new environment, United, as always, we will overcome any obstacle to our rebuilding.

We wish to thank all the members of the Association for keeping faith with us — your members of the Board of Directors and Officers. Your collective faith, trust and confidence, cooperation, and participation sustained us through 1986.


ARISTEO F. PUYAT
Chairman


ERNESTO F. SANVICTORES
President

BOARD OF DIRECTORS

ARISTEO G. PUYAT
Chairman
(Surigao Development Corp.)

EDITH I. ALCANTARA
(C. Alcantara & Sons, Inc.)

EDUARDO C. ARROYO, JR.
(T.H. Valderama & 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.)

SEVERINO DE GUZMAN
(Industries Development Corp.)

LAWRENCE V. LIM
(Taggat Industries, Inc.)

ALFONSO B. MENDOZA
(Zamboanga Wood Products)

PEDRO A. NISPEROS
(Nasipit Lumber Co.)

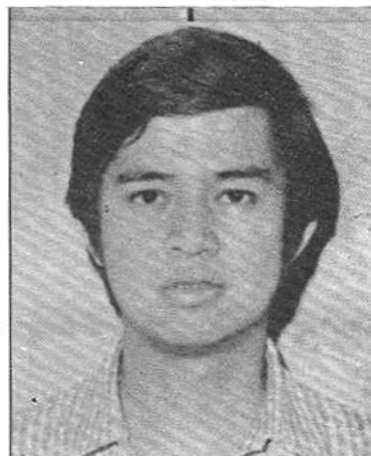
ANTONIO C. OLIZON
(Timber Industries of the Phils.)

ERNESTO F. SANVICTORES
(Aras-Asan Timber Co., Inc.)

PABLO M. SARMIENTO, JR.
(L. S. Sarmiento & Co., Inc.)

ROMEO C. TRASPE
(Pagdanan Timber Products, Inc.)

ROBERTO V. REYES
Chairman, Advisory Council
(Zamboanga Wood Products)



PUYAT



ALCANTARA



ARROYO



BALTAZAR



BERNAS



CHAN



CUA



DE GUZMAN



LIM



MENDOZA



NISPEROS



OLIZON



SANVICTORES



SARMIENTO



TRASPE



REYES



SANVICTORES

EXECUTIVE OFFICERS

ERNESTO F. SANVICTORES
President

ANTONIO G. BERNAS
Executive Vice-President

JOSELITO C. BALTAZAR I
Vice-President – Forestry

ROMEO C. TRASPE
Vice-President – Timber

JUNIE E. CUA
Vice-President – Lumber

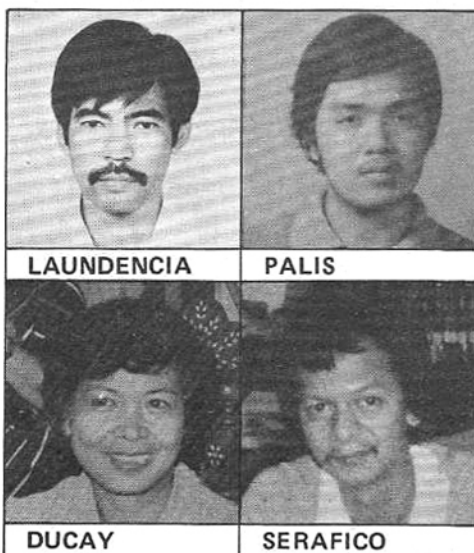
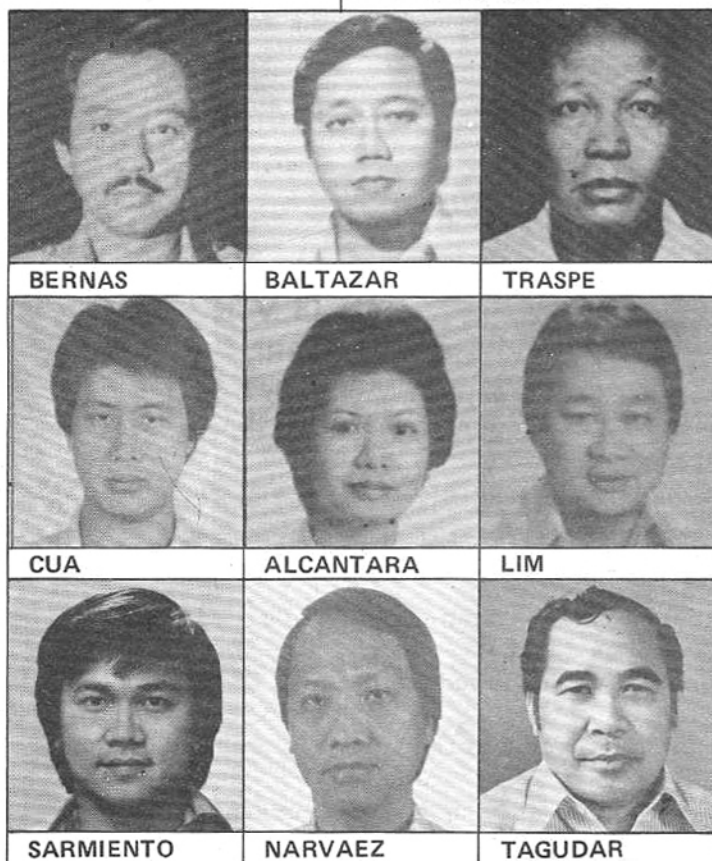
EDITH I. ALCANTARA
Vice-President – Plywood

LAWRENCE V. LIM
Vice-President – Marketing

PABLO M. SARMIENTO, JR.
Treasurer

EVARISTO M. NARVAEZ
Assistant Treasurer

EULOGIO T. TAGUDAR
Executive Secretary



SECRETARIAT

LOUIS L. LAUDENCIA
Manager

EDUARDO S. PALIS
Assistant Manager

CELIA P. DUCAY
Administrative Officer

REGINO M. SERAFICO
Accounts Officer

AUDITOR'S REPORT



THE SGV GROUP

PHILIPPINES
TAIWAN
THAILAND
INDONESIA
MALAYSIA
SINGAPORE
KOREA
HONG KONG
SAUDI ARABIA

SGV & Co.
SYCIP, GORRES, VELAYO & CO.
CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 589, MANILA 2800
PHILIPPINES

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PHILIPPINES

BRANCH OFFICES:
CEBU • DAVAO • BACOLOD
ILOILO • ILIGAN
CAGAYAN DE ORO
BATAAN • ZAMBOANGA
TACLOBAN • BAGUIO
DUMAGUETE

The Board of Directors
Philippine Wood Products Association, Inc.

We have examined the balance sheets of Philippine Wood Products Association, Inc. (a nonstock, nonprofit corporation) as at December 31, 1986 and 1985, 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, 1986 and 1985, 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. 068119

January 23, 1987
Makati, Metro Manila

BALANCE SHEET



PHILIPPINE WOOD PRODUCTS ASSOCIATION, INC.
(A Nonstock, Nonprofit Corporation)
BALANCE SHEETS
DECEMBER 31, 1986 AND 1985

	<u>1986</u>	<u>1985</u>
<u>A S S E T S</u>		
CURRENT ASSETS		
Cash	₱ 73,682	₱ 86,882
Short-term investment	417,826	415,910
Due from members (net of allowance for doubtful accounts of ₱501,000 in 1986 and ₱799,117 in 1985)	168,563	216,135
Prepaid expenses and other receivables	9,111	167,866
Total Current Assets	<u>669,182</u>	<u>886,793</u>
PROPERTY AND EQUIPMENT - At Cost		
Condominium office building	1,010,396	1,010,396
Office furniture, fixtures and improvements	114,778	114,778
Office equipment	118,705	118,705
	<u>1,243,879</u>	<u>1,243,879</u>
Less accumulated depreciation	507,630	420,901
Net	<u>736,249</u>	<u>822,978</u>
OTHER ASSETS	<u>109,700</u>	<u>9,700</u>
	<u>₱1,515,131</u>	<u>₱1,719,471</u>
<u>LIABILITIES AND MEMBERS' EQUITY</u>		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	₱ 385,396	₱ 159,917
DUES COLLECTED IN ADVANCE	<u>85,266</u>	<u>111,378</u>
MEMBERS' EQUITY		
Balance at beginning of year	1,448,176	1,689,828
Excess of expenses over income	(403,707)	(241,652)
Balance at end of year	<u>1,044,469</u>	<u>1,448,176</u>
	<u>₱1,515,131</u>	<u>₱1,719,471</u>

See accompanying Notes to Financial Statements.

STATEMENTS OF INCOME & EXPENSES



PHILIPPINE WOOD PRODUCTS ASSOCIATION, INC.
(A Nonstock, Nonprofit Corporation)
STATEMENTS OF INCOME AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 1986 AND 1985

	<u>1986</u>	<u>1985</u>
INCOME		
Membership dues	₱ 763,500	₱ 841,334
Assessment dues	250,065	259,736
Associate membership dues	10,500	18,000
Interest and other income	224,502	227,203
	<u>1,248,567</u>	<u>1,346,273</u>
EXPENSES		
Salaries and wages	412,818	414,706
Transportation and travel	192,772	178,015
Condominium expenses, light and water	142,063	94,509
Regional chapters' share in dues collected (Note 2)	119,570	167,304
Donations and gifts	105,348	36,041
Meetings and conferences	97,947	103,010
Depreciation	86,729	105,085
Professional services	68,948	9,751
Contributions	66,818	43,060
Telephone, telegram and postage	63,399	51,278
Provision for doubtful accounts	49,587	198,136
Office supplies	49,275	47,018
Printing	44,033	28,521
Taxes and licenses	30,168	669
Separation pay	26,839	-
Advertising and publicity	22,112	-
SSS, Medicare and Pag-ibig contributions	19,614	28,339
Subscriptions and publications	17,396	10,176
Representation and entertainment	15,420	29,291
Insurance	9,524	10,483
Maintenance and repairs	8,645	4,267
Foreign exchange loss	179	15,119
Miscellaneous	3,070	13,147
	<u>1,652,274</u>	<u>1,587,925</u>
EXCESS OF EXPENSES OVER INCOME	<u>₱ 403,707</u>	<u>₱ 241,652</u>

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN FINANCIAL POSITIONS



PHILIPPINE WOOD PRODUCTS ASSOCIATION, INC.
(A Nonstock, Nonprofit Corporation)
STATEMENTS OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 1986 AND 1985

	<u>1986</u>	<u>1985</u>
WORKING CAPITAL WAS USED FOR		
Excess of expenses over income	₱403,707	₱241,652
Items not requiring working capital:		
Depreciation	(86,729)	(105,085)
Recognition of dues collected in advance	-	38,598
Gain on trade-in of office equipment	-	1,983
Total used for operations	<u>316,978</u>	<u>177,148</u>
Decrease in dues collected in advance	26,112	-
Transfer of other receivable to other assets	100,000	-
Acquisitions of office equipment	-	9,252
Deposit for office equipment	-	3,500
	<u>443,090</u>	<u>189,900</u>
WORKING CAPITAL WAS PROVIDED FROM		
Additional dues collected in advance	-	42,112
Proceeds from sale of office equipment	-	15,000
	<u>-</u>	<u>57,112</u>
DECREASE IN WORKING CAPITAL	<u>₱443,090</u>	<u>₱132,788</u>
WORKING CAPITAL DECREASED (INCREASED) BY		
Cash	₱ 13,200	(₱ 36,431)
Short-term investment	(1,916)	144,238
Due from members	47,572	38,148
Prepaid expenses and other receivables	158,755	(80,181)
Accounts payable and accrued expenses	<u>225,479</u>	<u>67,014</u>
DECREASE IN WORKING CAPITAL	<u>₱443,090</u>	<u>₱132,788</u>

See page 15 for accompanying Notes to Financial Statements.

BRIEF HISTORY OF PWPA



The Philippine Wood Products Association (PWPA) traces its history from various local wood-based associations.

Its quintessential root was the Philippine Lumber Producers Association (PLPA) which was first organized on 9 October 1939 by the then leading men of the lumber industry: A. W. Robertson, as president, representing Findlay Millar, F.C. Kauffman of Anakan, R.H. Whitefield of AG & P, H.C. Pope of Insular, F.S. Baker of Cadwallader Gibson, G. See Se Kiat of Philippine Lbr. Mfg. Co., and the Filipino business pioneer Don Vicente Madrigal of Port Lamon Lbr. Co.

After World War II, on 8 June 1949, PLPA was reorganized absorbing the Philippine Hardwood Manufacturers and Exporters Association (PHMEA). PLPA was joined in by such distinguished achetype Filipino entrepreneurs as Don Antonio de las Alas, who was to serve as president for 16 consecutive long years, representing Marsman Development and later Cantilan, Don Carlos Fernandez of Nasipit, Don Tomas Morato of Sta. Cecilia, Don Felipe Buencamino of Dingalan, Don Gonzalo Puyat of Gonzalo Puyat & Sons, Manuel Diaz of Sta. Clara, Daniel Aguinaldo of ADECOR and Meneleo Carlos of Golden Ribbon.

On 23 May 1951, PLPA was finally registered with the SEC. In the meanwhile, PLPA was participated in by such industry trail-blazers as Don Jose G. Sanvictores of Arasasan, Senator Gaudencio Antonino of Western Mindanao, Nicolas Capistrano of Misamis, P.M. Picornell of Bisling Bay, Judd Elliot of Lianga Bay, Conrado Alcantara and J.J. Tirador of the firms bearing their names, and Foresters Florencio Tamesis, Luis J. Reyes and Guillermo Ponce — who joined in or formed their own timber firms.

Second generation wood industrialists, succeeding their pioneering forebears, would later take over the stewardship of the Association. In 1972, PLPA, then headed by Renato Arevalo of Sta. Clara, and the 1952 — established Plywood Manufacturers Association of the Philippines (PMAP), then headed by Benjamin Sanvictores, were merged adopting the name Philippine Lumber and Plywood Manufacturers Association (PLPMA).

Sometime in 1960, another wood-based association was established that, in 17 August 1964, was incorporated as Philippine Chamber of Wood Industries (PCWI) by such intrepid wood industry entrepreneurs as Lorenzo Sarmiento, Rosauo Dongallo, David Puzon, Gaudencio Manalac, Teodoro Araneta, Jose Puyat, Jr., Teodoro Juliano, J.J. Tirador, Arturo Say, and Jose de la Rosa. Manalac, Valencia, Sarmiento, Valeriano Bueno, Puyat and de la Rosa were to become presidents of PCWI.

With increasing commonnes in objectives and memberships, and in line with the collective desire of many in both associations to simply have a unified voice for the entire wood-based industry, PLPMA, then headed by Renato Arevalo, and PCWI, then headed by Ernesto F. Sanvictores, were merged on 25 April 1979 forming the present Philippine Wood Products Association with Ernesto F. Sanvictores as its first president. In its early years, PWPA had 330 members firms, accounting for more than 90 percent of the entire production of the wood-based industry.

PWPA, now under the stewardship of Chairman Aristeo G. Puyat and President Ernesto F. Sanvictores, has indeed come a long way.

KEY OBJECTIVES OF PWPA



1. 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 of the country.
2. To foster cooperation among members particularly in support of any measure that will promote the collective interest and welfare of its members.
3. To promote activity on any matter pertaining to the industry (hereinafter understood to include pulp and other wood products and forest plantation) intended to increase and improve production, manufacturing and marketing of wood products.
4. To improve trade relations and to bring about, alone or in cooperation with other organizations of similar nature, a stable international market for Philippine wood products.
5. To make representations with any government authority, agency or instrumentality and private concern or agency, in behalf of its members, on any matter that will protect their interests and of the entire industry.
6. To encourage, in cooperation with the government, efficiency in the administration of Philippine forests that will bring about better forest conservation, proper development and utilization of timber and other forest resources, and widespread equitable sharing of the socio-economic benefits of the forest patrimony.
7. To intensify and accelerate reforestation and afforestation in order to assure the conservation and/or perpetuity of our forest resources.
8. To attain recognition, appreciation, protection and stability of the investments in the wood-based industry and in the development of forest resources;
9. To collect, assemble and disseminate information related to the industry, in particular, and forestry, in general, in the Philippines, the United States, Europe, Japan and other countries and to act as a forum and as a medium for exchange of ideas and information among its members and with the general public; and
10. In general, to safeguard the welfare and interests of the industry.

PHILIPPINE WOOD PRODUCTS ASSOCIATION, INC.
(A Nonstock, Nonprofit Corporation)
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. 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 collections are remitted back to the chapters to cover their administrative expenses. For purposes of accounting, such amounts are treated as expenses upon receipt of the chapters' collections.



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