



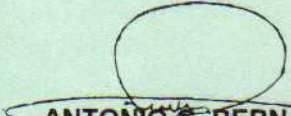
**PHILIPPINE
WOOD
PRODUCERS
ASSOCIATION**



*1997
ANNUAL
REPORT*

BOARD RESOLUTION

The Board of Directors of the Philippine Wood Producers Association, 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, 1997.


ANTONIO G. BERNAS
Chairman


FERNANDO A. LU
President



CONTENTS

2	Board Resolution
3	Comparative Statistical Highlights
4	Report to Our Members
6	1997-1998 Major Industry Issues
8	List of Members
10	Board of Directors and Officers
14	Report of Auditors

COMPARATIVE STATISTICAL HIGHLIGHT

INDUSTRY PERFORMANCE

• RESOURCES

	1996	1997p	Percentage Change
TLA's in existence, number	35	26	(25.71)
Annual allowable cut, '000 cu m	517	854	65.18
Forest area under license, '000 ha	802	1,310	63.34
ITPLA's (IFMA), number	200	179	(10.50)
ITPLA'S (IFMA), area, '000 ha	422	405	(4.03)

• PRODUCTION (Volume in '000 cum)

	1996	1997p	Percentage Change
Logs (Saw- and Veneer-)	400	498	24.50
Lumber	313	349	11.50
Plywood	508	340	(33.07)
Veneer	82	62	(24.39)

• EXPORT (Volume in '000 cum; Value in '000 US\$, FOB)

	1996		1997p		Percentage Change	
	Volume	Value	Volume	Value	Volume	Value
Logs	-	-	4	266	-	-
Lumber*	145	23,196	141	21,852	(2.76)	(5.79)
Plywood	a	78	a	17	-	(78.21)
Veneer	26	12,856	31	14,385	19.23	11.89
Other wood-based panel	12	4,430	14	5,147	16.67	16.19
Other wood-based manufactured articles ('000 GK)	70,328	150,014	99,314	132,266	41.22	(11.83)
Furniture, n.e.s. of wood ('000 GK)	19,910	84,947	25,212	102,040	26.63	20.12

• IMPORTS (Volume in '000 cum; Value in '000 US\$, CIF)

	1996		1997p		Percentage Change	
	Volume	Value	Volume	Value	Volume	Value
Logs (Saw- and Veneer-)	878	127,412	768	117,821	(12.53)	(7.53)
Lumber	567	161,972	412	112,639	(27.34)	(30.46)
Plywood	1	674	1	478	0.00	(29.08)
Veneer	95	26,424	86	27,569	(9.47)	4.33
Other wood-based manufactured articles ('000 GK)	3,135	6,305	6,675	9,212	112.92	46.11

Source: Data furnished by FMB/DENR, 07 July 1998, (p-preliminary, a-less than 1,000 cu m)

* - Finished lumber products only, raw lumber not allowed for export.

ASSOCIATION INFORMATION

	1996	1997p	Percentage Change
Regular Members	94	82	(13.83)
Associate Members	3	3	-
Revenues	P 6,165,068	P 4,384,520	(28.88)
Expenses	P 4,394,960	P 4,075,593	(7.26)
Assets	P 2,995,187	P 3,223,409	7.61

WOOD-BASED INDUSTRIES IN REVIEW

Two whammies, one after the other, hit the wood-based industries during the year under review.

The first. Because of the dilly-dally of the DENR in approving the integrated operation plans (IAOPs) of TLA-holders, operations were delayed and log production came in trickle.

By its extension, the manufacture of wood products slowed down in the first semester. The later attempt at the recovery of production, however, was overtaken by the succeeding, more serious, wallop.

The second. The regional financial storm that visited the country in July of the year under review lingered on throughout the second semester with no end in sight.

The depreciation of the Philippine peso against the American dollar and other strong world currencies affected seriously the national economy, in general, and the wood-based industries, in particular.

Importation of raw wood materials such as logs and lumber initially became expensive while cheap imported plywood continued to flood the domestic market and seriously affected local production of plywood. The cost of production of most local firms increased while local demand for wood products softened, as housing starts and construction practically ground to a halt.

Before the regional currency crisis one of the head-aches of the wood-based industries was, and still is, the import tariff. Its accelerated rate of reduction under various programs, such as AFTA-CEPT, MFN, APEC, or WTO has caused grave concern to the local wood industries. Unprepared with the so-called safety nets the government promised, their competitiveness has rested on the gradual, rather on the early and steep, tariff reduction schedule.

Relative to the previous year, by value, the export of primary wood products inched a bit forward but that of wood-based manufactured articles and furniture of wood inched a bit backward.

In sum, the year under review gave the wood-based industries not only an almost **flat growth** but also an indication of a scenario of more hard times to come that the industries would likely be faced with.

ROUNDWOOD OR LOG SUPPLY

The log supply made available for wood processing totalled to 1.27 million cum almost equal the previous year's 1.28 million cum. However, imported logs consisted 60% of the total supply as against the previous year's nearly 70% (Table 1).

Table 1 - Log Supply, in 000 cu m			
Source	1996	1997	% Change
Local	400	498	25
Import	878	768	(12)
Total	1,278	1,266	1
% Import	69	61	(9)

Data from: Economics Division, FMB, DENR

Actually, there were only 19 TLA-holders, excluding 2 in ARMM, that were allowed to operate in 1997. The 498,000 cu m log production was only a little over 50% shy or short of the total log annual allowable cut granted them because of the very late approval by the DENR of the IAOPs of key TLA-holder-players.

Log buyers held back on their importation as cost increased and demand for wood products decreased. Import of logs decreased by 12% relative to the previous year's.

PRODUCTION AND IMPORTATION OF WOOD PRODUCTS

Indicative of the hard times the wood-based industries experienced during the period under review was the low availability of the volume of primary wood products - lumber, plywood, and veneer - in the round form. Availability diminished by 20% compared to the previous year's (Table 2).

TO OUR MEMBERS

Table. 2 - Aggregate Primary Wood Products, in 000 cu m

Source	1996	1997	% Change
Local	903	751	(17)
Import	663	499	(25)
Total	1,566	1,250	(20)
% Import	42	40	(2)

Data from: *ibid.*

Local production of primary wood products decreased by 17% relative to the previous year's. The increase in lumber production by about 12% (from 313,000 cu m to 349,000 cu m) was overshadowed by the 32% decrease in plywood and veneer production (from 590,000 cu m down to 402,000 cu m). On the other hand, aggregate import, particularly lumber, decreased by 25%.

From the available aggregate volume, about 40% of the primary wood products, notably lumber, came from importation.

WOOD MARKETS AND TRADE BALANCE

During the year under review tropical or non-coniferous logs were imported from PNG, Solomon Islands, Malaysia, western and central Africa and South America, among others, while coniferous logs were imported from New Zealand and USA, among others.

Primary wood products, principally lumber, were exported to Taiwan, Thailand and Japan, among others. The US remained the principal market for furniture, chair and seats of wood and other markets were Japan, UK, Australia, etc. UK, Japan and US were main markets for wooden doors and frames as well as builder's joiner and carpentry of wood.

Under the period under review, aggregate values of import and export in relation to the previous year's may be appreciated in Table 3.

Table. 3 - Aggregate Export Import, in 000 US\$

	1996	1997	(%) Change
Export, fob			
Primary wood products	40,560	41,667	2.7
Downstream wood products	234,961	234,306	(0.3)
Total	275,521	275,973	0.2
Import, CIF			
Logs and lumber	316,482	258,507	(18.3)
Downstream wood product	6,305	9,212	46.6
Total	322,787	267,719	(17.0)

Data from: *ibid.*

MAJOR ISSUES FACED

The major issues (see following Major Industry Issues) faced by wood-based industries during the period in review are summarized below:

- The failure of many existing TLA-holders to obtain their 1997 cutting/logging permits on account of new DENR regulations and guidelines.
- The policy of the government to implement on schedule the tariff reduction rates on wood products despite the absence of safety nets to enable the industries to compete.
- The changing policy of the DENR on IFMA thus setting back ITP development and its policy giving focus to community-based forestry management (CBFM).
- The impact on TLA tenurial system caused by the enactment of RA No. 8371, The Indigenous People's Rights Act of 1997.
- The effects of the regional currency crisis on the future of the wood-based industries.

ASSOCIATION

Mr. Antonio G. Bernas of M & S Co., Inc. assumed the chairmanship of the Board and Mr. Fernando A. Lu of Pacific Timber Export Corp. was elected president of the Association.

Messrs. Felix L. Sy and Wellington C. Yao of Bulacan Integrated Wood Ind. Corp. and Panel Products Ind. Corp., respectively joined the rest of the members of the Board of Directors during the year under review.

The Association hosted the 38th APPF Meeting on December 1996 and the 10th APTO Meeting on November 14, 1997.

Notwithstanding the environment of unstable and unencouraging policies of the government and the regional financial crisis, the Association tried to gather resolve and spirit to continue working for a place in the sun, as it were.

ANTONIO G. BERNAS
Chairman

FERNANDO A. LU
President

1997 MAJOR INDUSTRY ISSUES

ISSUES	POSITION TAKEN BY PWPA	STATUS
A. ARISING FROM DENR		
1. Importation of Wood Products. The issuance of DAO No. 97-08 dated March 18, 1997, that prescribes, among others, the procedures of inspection, discharge, storage and processing of imported wood products, was viewed by PWPA as unnecessary and duplicatory and could cause delay in business operations.	PWPA called the attention of the DENR that major provisions of DAO No. 97-08 seem to have no legal basis. The inspection and clearance of imported wood, like any other imported articles are legal functions of the Bureau of Customs and the Plant Quarantine Office, in accordance with E.O. No. 292, the Administrative Code of 1987 and their respective IRRs.	The DENR Secretary himself instructed his officials to review DAO No. 97-08. On December 8, 1997, DAO No. 97-35 was issued amending and clarifying DAO No. 97-08 that, in effect, sustains the position of PWPA that inspection and clearance of imported wood materials are functions of BOC and BOQ.
2. Environmental Impact Assessment. A condition for the approval of IAOP is the prior approval of EIA and the grant of Environmental Clearance Certificate (ECC) following DAO No. 96-37 dated December 2, 1996. Environmental Guaranty Fund (EGF) and Multipartite Monitoring Fund (MMF) upon issuance of ECC have to be set up by a TLA-holder.	PWPA submitted the position that DAO No. 96-37 is appropriate for new projects and that for old, recurring activities or projects like logging or forestry a much simpler EIA system should be adopted in conformity with DAO No. 97-18. Also, in lieu of cash deposits for EGF and MNF, a combination of cash, bond, and bank certification should be allowed therefor.	The DENR prepared a so-called EIA Manual for Forestry Projects to simplify the EIA but pending its approval, it (DENR) insisted on so-called full-blown EIA thus limiting the number of IAOPs approved. TLA-holders granted ECCs were allowed to negotiate the amount and mode of EGF and MNF deposit. Later, the Secretary approved a checklist form of EIA but was never implemented
3. Port Integrated Clearance of Domestic Vessels and Cargoes. DENR Memo Order No. 97-01 dated March 18, 1997 would subject logs and other wood products carried by domestic vessels to inspection and clearance by PPA, BOC, BOQ, BAI, BPI, PSO, NTC, PCE, PNP, and FMB.	PWPA contested this Order, purportedly getting mandate from Memo Circular No. 129 issued by the Office of the President on April 16, 1991, as business-unfriendly and contrary to the deregulation policy of the present Administration.	Because of the "surfacing" of E.O. No. 493 dated December 3, 1991 mandating the removal of red tape, etc. and simply delegating PPA as the sole clearing agency of incoming and outgoing vessels, DENR issued Special Order No. 97-1314 revoking its Memo Order No. 97-01.
4. Allowing a Two-Year Operations Plans. Under a DENR Memorandum Order to all REDSs dated May 23, 1997, a two-year operations plans may be opted by TLA-holders in lieu of the IAOPs, only if they updated their respective Medium-Term Forest Management Plan (MTFP).	PWPA has proposed this scheme in order to have a longer continuity of operations by TLA- and IFMA-holders. However, the DENR failed to reckon that it once suspended the effectivity of existing MTFPs and that there is a need to lift said suspension before they can be updated. However, in the light of new policies, new MTFPs have to be prepared.	One or two TLA/IFMA-holders succeeded in having a two-year operations plans by updating their respective "old" MTFPs. Others who are in current IAOPs may possibly follow before the lapse of these IOAPs.

1997 MAJOR INDUSTRY ISSUES

ISSUES	POSITION TAKEN BY PWPA	STATUS
<p>5. Suspension or Cancellation of TLAs or IFMAs. The operations particularly of a number of IFMAs were suspended purportedly pending the issuance of new guidelines or orders therefor.</p> <p>Some TLAs were cancelled for no apparent valid cause, except, perhaps the desire of DENR to trim down the number of TLAs, and IFMAs.</p>	<p>PWPA submitted the position that IFMAs granted under then existing regulations should continue in operation under such regulations and not to be subjected to subsequent regulations.</p> <p>On the other hand, TLA-holders should be accorded the modicum of due process before any action on cancellation would be taken.</p>	<p>The IFMA regulations have been muddled to the point of confusion and loss of heart on the part of investors or developers to pursue ITP any further.</p> <p>Some holders whose TLAs have been cancelled went to the motion of appeal.</p>
<p>B. ARISING FROM THE TARIFF COMMISSION AND BUREAU OF CUSTOMS</p>		
<p>1. From the Tariff Commission. The Tariff Commission continued pursuing the accelerated reduction of tariff rates on imported wood articles.</p>	<p>Unable to defer the tariff rates reduction last year, the Association pursued a move for a more gradual rates of reduction of import tariff on various wood articles vis-à-vis the AFTA-CEPT, MFN, and APEC-EVSL programs.</p>	<p>A zero tariff rate on imported logs, as requested by the Association, was allowed. However, a gradual and rescheduled rate of reduction vis-à-vis AFTA-CEPT and MFN was worked out by PWPA, especially for plywood.</p>
<p>2. From Bureau of Customs. The entry <i>albeit</i> dumping particularly of cheap plywood from neighboring ASEAN countries, through mis-declaration and improper tax creditation, has caused the price of locally made plywood uncompetitive.</p>	<p>The Association, on several occasions, has called the attention of the Bureau of Customs, the Department of Finance and the Department of Trade and Industry about juxtaposed practices by certain importers not connected with the Association. The Association also volunteered its cooperation with the Bureau of Customs in physically monitoring importation of plywood.</p>	<p>The Bureau of Customs at the Port of Manila has taken positive steps to minimize such practices and accepted the cooperative service of PWPA. However, same action and cooperation need to be done by the Bureau of Customs in the other ports now utilized by importers trying to perpetrate such anomalous practices.</p>
<p>C. ARISING FROM THE CONGRESS</p>		
<p>1. From the Lower House. Through the tireless efforts of the Chair of the Natural Resources Committee, the bill on Sustainable Forest Management Act of 1997 was given more emphasis than the logging ban bill.</p>	<p>The bill on Sustainable Forest Management Act of 1997 was actually an administration bill the Association and other NGOs, supported to be passed by Congress.</p>	<p>The Lower House succeed in passing the Sustainable Forest Management Act on third and final reading and was supposed to be endorsed to the Senate as a counterpart bill. Further action by it was overtaken by the next elections.</p>
<p>2. From the Upper House, or Senate. Unlike the Lower House, the Senate opted for the passage of a total logging ban bill as it did during the 8th and 9th Congresses.</p>	<p>The PWPA voiced its opposition to the total logging ban bill during public hearings of the Senate. The efforts of the Association was a case of <i>déjà vu</i>.</p>	<p>The Senate passed on third and final reading the total logging ban bill. Because there were two contrasting bills from the two Houses, the Conference Committee failed to meet on them.</p>

OUR MEMBERS

REGULAR MEMBERS

CAR

Furniture Group, Inc.
R-273 Wellington Bldg.,
Plaza Ruiz, Binondo, Manila
Mr. Florio Buñag

REGION II

La Peña Sawmill Co., Inc.
560 Padilla de los Reyes Bldg.,
232 Juan Luna St.,
Binondo, Manila
Mr. Francisco U. Peña

Liberty Logging Corp.
123 Kaingin Road,
Quezon City
Mr. Wilson Lim

Luzon Mahogany Timber Ind., Inc.
44 Edison St.,
U.E. Tech. Subd.
Malabon, Metro Manila
Atty. Bienvenido Rillo

Monte-Alto Timber Res. Corp.
R-407 Anita Building
1300 Quezon Avenue
Quezon City
Mr. Romeo Y. de Jesus

Sierra Madre Wood, Ind., Inc.
c/o Emco Plywood Corp.,
G/F W&W Building
106 Aguirre St.,
Legaspi Village, Makati City
Mr. Vicente Chan

Southern Plywood Corp.
No. 220 Wilson St., Greenhills,
San Juan, Metro Manila
Mr. Osmundo R. Quijano

GMWPA

A & A Wood Corp.
205 Maysan Road
Valenzuela, Metro Manila
Mr. Manuel Anbio

Alaska Lumber Co., Inc.
2071 Int. Raxa Bago St.,
Juan Luna, Tondo, Manila
Mr. Felipe Lee

Atlanta Wood Development Corp.
12 T. Santiago St., Canumay,
Valenzuela, Metro Manila
Mr. Tan Chin

Atlas Wood Industries, Inc.
387 McArthur Highway, Malinta,
Valenzuela, Metro Manila
Mr. Jim Lim

Bulacan Integrated Wood Industries Corp.
Marilao, Bulacan
Mr. Felix L. Sy

Catmon Sales International Corp.
909-913 Gen. Kalentong St.
Mandaluyong City
Mr. Antonio Toh/Mr. Tomas Toh

Century Hardwood & Lbr. Co., Inc.
2627 T. Earnshaw St.,
Tondo, Manila
Mr. Tay Chun Lai

East Asia Sawmill Corp.
1235 T. Earnshaw St.,
Tondo, Manila
Mr. James Lee

Elco Wood Processing Corp.
San Juan, Balagtas, Bulacan
Mr. Juan L. Santiago

Extensive Wood Processing Corp.
Km. 15 McArthur Highway,
Dalandanan, Valenzuela,
Metro Manila
Mr. Johnny Chan

Golden Star Industrial Corp.
Bo. Patubig, Marilao,
Bulacan
Mr. Edward Coquinco

Grand Pacific Ent., Inc.
17-1/2 Km. McArthur Highway,
Meycauayan, Metro Manila

Great Wood Corp.
Vicente Reales St.,
Valenzuela, Metro Manila
Mr. Guillermo Go/Mr. Pinsing Ng Chua

Great World Ind'l. Int'l. Corp.
Bo. Canumay, Valenzuela,
Metro Manila
Mr. Benjamin Coquinco

Sta. Ana Industrial Corp.
2735 Old Panaderos St.,
Sta. Ana, Manila
Mr. Benjamin Coquinco

Tabang Sawmill, Inc.
Tabang, Guiguinto, Bulacan
Mr. Jose Ong, Jr.

OUR MEMBERS

Region III

Emerson Wood Ind., Inc.
Km. 24 McArthur Highway,
Marilao, Bulacan
Mr. Peter S. L. Santos

Goodyear Timber Products Corp.
27-C Compound, Bagbagundo,
Valenzuela, Metro Manila
Mr. Benny Coquinco

Industrial Timber Corp.
R-504 ITC Building
337 Sen. Gil J. Puyat Ave.,
Makati City

Dr. Tomas T. Tangsoc, Jr.

Maple Resources Dev. Corp.
Pandayan, Meycauayan, Bulacan
Mr. Jimmy A. Ng

M R Board, Inc.
G/F Metrobank Building
Ortigas Ave. cor. Wilson St.,
Greenhills, San Juan, Metro Manila
Mr. Pedro C. Bernardo/Mr. Jimmy Ng

New Olympic Industrial Corp.
25 Km. McArthur Highway,
Bunlo, Bocaue, Bulacan
Ms. Imelda Rogando

Panel Products Industries Corp.
436 A. Juan St.,
San Juan, Metro Manila
Mr. Wellington C. Yao

Rosewood Processing Inc.
1012 E. delos Santos Ave.,
Project 7, Quezon City
Mr. Julian Ong

Scala Sawmill
R-560 Padilla delos Reyes Bldg.,
232 Juan Luna St., Binondo, Manila
Mr. Francisco U. Peña

Region IV

Industries Development Corp.
IDC Compound
E. Rodriguez, Jr. Ave.,
Ugong Norte, Quezon City
Mr. Joselito Ong

Inter-Pacific Forest Res. Corp.
R-203 Anita Building
1300 Quezon Avenue
Quezon City
Mr. Alfredo Ong

Mt. Banahaw Wood Ind., Inc.
24 Dancalan St., Damar Village
Quezon City
Mr. Rafael Tantuco

Pacific Timber Export Corp.
2/F LGI Bldg., Ortigas Avenue
Greenhills, San Juan, Metro Manila
Mr. Fernando A. Lu/Gen. Felizardo R. Tanabe

San Roque Sawmill, Inc.
Dingalan, Aurora

Tableria Tan Tao Sawmill, Inc
c/o Seven Brother, 5/F APMC Bldg.
135 Amorsolo St.,
Legaspi Village, Makati City
Mr. Domingo Tan/Mrs. Sandra Yu Shaw

Verdant Agro-Forest Dev. Corp.
G/F Metrobank Building
Wilson St., cor. Ortigas Avenue
Greenhills, San Juan, Metro Manila
Mr. Jimmy A. Ng

NCR

Asia Pacific Timber & Plywood Corp.
Bo. Pantok, Meycauayan, Bulacan
Mr. Ramon Lim

International Plywood Corp.
518 Baesa Road
Caloocan City
Mr. Manuel Young

Republic Wooden Commodities Mnfg. Corp.
#917 Susano Avenue,
Novaliches, Quezon City
Mr. Rosendo Dy

Region IX

First Plywood Corp.
4/F DACON Building
2281 Pasong Tamo Ext.,
Makati City

Atty. Antonio G. Bernas

Mindanao Estates Timber Corp.
2227 Jose Abad Santos Avenue
Tondo, Manila
Mr. Jose Dy

Sirawai Plywood & Lumber Corp.
4/F DACON Building
2281 Pasong Tamo Ext.,
Makati City
Atty. Antonio G. Bernas

Westmin Forest Products, Inc.
Formerly El Salvador Timber
Rm. 506 Heritage Bldg.
1851 Vasquez St., Malate, Manila
Mr. Guilbert Go

Zamboanga Plywood, Inc.
Rm. 272 Wellington Building
Plaza Ruiz, Binondo, Manila
Mr. Celso E. Abastillas

BOARD OF DIRECTORS

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M & S Company, Inc.

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C. Alcantara & Sons, Inc.

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PICOP Resources, Inc.

SEVERINO T. DE GUZMAN
Industries Dev. Corp.

ALFONSO C. KEH, JR.
Emco Plywood Corp.

ROBERT W. KUA
Timber Industries of the Phil., Inc.

JOSE A. LORENZO
Casilayan Softwood Dev. Corp.

FERNANDO A. LU
Pacific Timber Export Corp.

JIMMY A. NG
Maple Res. Dev. Corp.

ANTONIO C. OLIZON
TIPI Wood Products Corp.

ARISTEO G. PUYAT
Surigao Dev. Corp.

ERNESTO F. SANVICTORES
Aras-asan Timber Co., Inc.

FELIX L. SY
Bulacan Integrated Wood
Industries Corp.

FELIX T. TAMESIS
Nasipit Lumber Company, Inc.

WELLINGTON C. YAO
Panel Products Industries Corp.

LEONARDO D. ANGELES
Secretary of the Board



BERNAS



ALCANTARA



ARAGON



DE GUZMAN



KEH, JR.



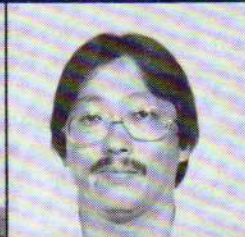
KUA



LORENZO



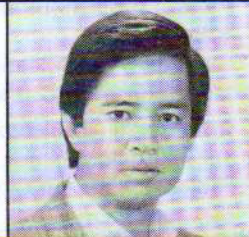
LU



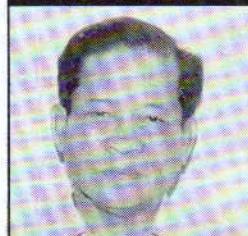
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OLIZON



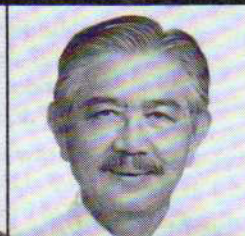
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SANVICTORES



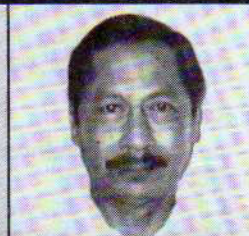
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ANGELES

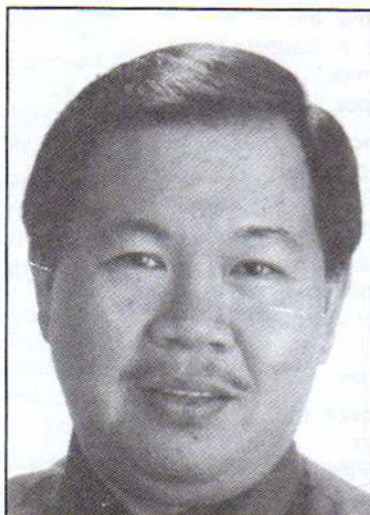
ADVISORY COUNCIL

TEDDY G. BERNARDINO
MANUEL L. MORATO

JOSE T. CHING
RUFINO T. NASSER

PETER T. ROXAS

EXECUTIVE OFFICERS



LU

FERNANDO A. LU
President

ALFONSO C. KEH, JR.
Executive Vice-President

ANTONIO C. OLIZON
VP-Information Education & Communications

ROBERT W. KUA
VP-Membership Relations

FELIX T. TAMESIS
VP-Timber

JOSE A. LORENZO
VP-Forestry & Environment

ERNESTO F. SANVICTORES
VP-International Relations

FELIX L. SY
VP-Lumber & Related Products

WELLINGTON C. YAO
VP-Particleboard & Fiberboard

JIMMY A. NG
Treasurer

JIMMY A. NG
VP-Plywood & Related Products

SEVERINO T. DE GUZMAN
VP-Legal & Government Relations

LEONARDO D. ANGELES
Executive Director



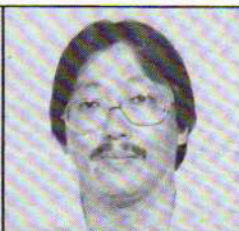
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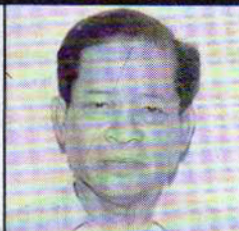
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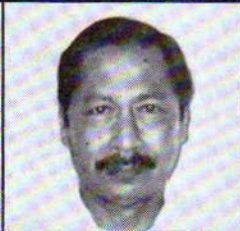
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ANGELES



DUCAY



SERAFICO

SECRETARIAT

LEONARDO D. ANGELES
Executive Director

CELIA P. DUCAY
Administrative Officer

REGINO M. SERAFICO
Account Officer

OUR MEMBERS

Region X

Agusan Plywood Corp.

R-502 APC Building
1186 Quezon Avenue
Quezon City

Mr. William L. Perez

Agusan Wood Ind., Inc.

R-504 ITC Building
Sen. Gil J. Puyat Ave.
Makati City

Dr. Tomas T. Tangsac, Jr.

Anakan Lumber Co.

5/F Maritima Building
117 Dasmariñas St.,
Binondo, Manila

Atty. Felix T. Tamesis

Casilayan Softwood Dev'l. Corp.

211 Pasong Tamo cor. Tindalo St.
Makati City

Mr. Tomas E. Bacalso

Emco Plywood Corp.

G/F W & W Building
106 Aguirre St.,
Legaspi Village, Makati City

Mr. Alfonso C. Keh, Jr.

JCA Lumber & Plywood Ind., Inc.

Unit 15, 3/F Legaspi Towers 300
Roxas Blvd. cor. Vito Cruz St., Manila
E. Rodriguez, Jr., Ave., Quezon City

Mr. Hernani S. Pasion/ Mr. Joseph Li. Edralin

Liberty Forest, Inc.

91 Sen. Gil J. Puyat Avenue
Makati City

Mr. Jose T. Ching

Mainit Lumber. & Dev. Co., Inc.

91 Sen. Gil J. Puyat Avenue,
Makati City

Mr. Jose T. Ching

Master Wood Ent. Corp.

Phividec Ind'l. Estate, Baluarte,
Tagoloan, Misamis Oriental

Mr. Willie Tan

Nasipit Lumber Co., Inc.

5/F Maritima Bldg.,
117 Dasmariñas St.,
Binondo, Manila

Atty. Felix T. Tamesis

Phil. Wallboard Corp.

5/F Maritima Bldg.,
117 Dasmariñas St.,
Binondo, Manila

Atty. Felix T. Tamesis

Provident Tree Farms, Inc.

PHIMCO Compound, A. Bautista St.
Punta, Sta. Ana, Manila

Mr. Lutgardo F. Lopez

Royal Match Co., Inc.

2111 Pasong Tamo cor. Tindalo St.,
Makati City

Mr. Antonio M. Cruz

TIPI Wood Products Corp.

R-502 State Condominium I,
Salcedo St., Legaspi Village,
Makati City

Mr. Antonio C. Olizon

Top Forest Developers, Inc.

G/F Cordova Building,
Valero St., Salcedo Village,
Makati City

Mr. Robert W. Kua

Union Plywood Corp.

R-502 State Condominium I,
Salcedo St., Legaspi Village,
Makati City

Mr. Antonio C. Olizon

United Wood Industries Corp.

111 A. 6th Street cor. 6th Avenue
Grace Park, Caloocan City

Mr. Stanley Tan/Stephen Tan

Woodland Domain, Inc.

Unit R Times Plaza Building
Pamplona, Las Piñas,
Metro Manila

Mr. Danny Dragon

Region XI

Aras-Asan Timber Co., Inc.

Rm. 404 Concorde Building
Benavidez St., Legaspi Village,
Makati City

Mr. Ernesto F. Sanvictores

C. Alcantara & Sons, Inc.

3/F Alsons Building
2286 Pasong Tamo Ext.,
Makati City

Ms. Edith I. Alcantara

Consolidated Plywood Ind., Inc.

R-202 Cityland III,
Herrera cor. Esteban St.,
Legaspi Village, Makati City,

Mr. Henry C. Wee

Davao Enterprises Corp.

28 Ramon Magsaysay Avenue
Davao City

Ms. Evelyn Uy

OUR MEMBERS

Davao Plywood Co., Inc.

Km. 24 Bunawan, Davao City

Mr. Gokim Leng

Mindanao Lumber Dev. Co., Inc.

15/F Antonino Bldg.,

T.M. Kalaw St., Manila

Ms. Magnolia W. Antonino

PICOP Resources, Inc.

2297 Priscilla 100 Building

Pasong Tamo Ext.,

Makati City

Mr. Pedrito M. Aragon

San Manuel Wood Products, Inc.

Daliao, Toril, Davao City

Mr. Manuel G. Ting/Mr. Faustino B. Lim Suan, Jr.

Super Plywood Corp.

#608 Echelon Tower

2001 A. Mabini St.,

Malate, San Andres, Manila

Mr. Conrado Lo

Surigao Dev't. Corp.

4/F ENZO Building

399 Sen. Gil J. Puyat

Makati City

Mr. Aristeo G. Puyat

Ventura Timber Corp.

VTC Compound

No. 88 R. Castillo St.,

Beside Salonga Motors

Lanang, Davao City

Mr. Jainal B. Uy

Region XII

Ever Sun Dev. Ltd.

2nd Flr. Kings Court Bldg.,

Pasong Tamo

Makati City

Mr. Kevin Cheng

Findlay Millar Tbr. Co.

Unit C, G/F, Cordova Building

cor. Sedeno & Agustin Sts.,

Salcedo Village, Makati City

Ms. Maria Teresita N. Kua

M & S Company, Inc.

4/F DACON Bldg.,

2281 Pasong Tamo Ext.,

Makati City

Mr. Antonio G. Bernas

ARMM

Cotabato Timberland Co., Inc.

4/F DACON Bldg.,

2281 Pasong Tamo Ext.,

Makati City

Mr. Antonio G. Bernas

Timber Industries of the Phils., Inc.

Unit C, G/F Cordova Building,

Valero St., cor. Sedeno St.

Salcedo Village, Makati City,

Mr. Rufino T. Nasser/Mr. Robert W. Kua

Vicmar Dev. Corp

Unit C, G/F Cordova Building

Valero, cor. Sedeno St.,

Salcedo Village, Makati City

Ms. Maria Teresita N. Kua

ASSOCIATE MEMBERS

AG&P Co., Inc.

Pasong Tamo Ext.,

Makati City

Mr. Fernando Garcia

Borden Int'l. Phils., Inc.

Suite 1001, Ayala Life Building

Ayala, Avenue, Makati City

Mr. Rolando del Rosario Sison

Resins, Inc.

E. Rodriguez, Jr., Ave.,

Bagong Ilog, Pasig City

Mr. Meneleo Carlos, Jr.

SGV & Co

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Trustees
Philippine Wood Producers Association, Inc.

SyCip Gorres Velayo & Co
An Arthur Andersen Member Firm

6760 Ayala Avenue
1226 Makati City Philippines
632 891 0307
632 819 0872 Fax

We have audited the accompanying statements of assets, liabilities and members' equity of Philippine Wood Producers Association, Inc. (a nonstock, nonprofit corporation) as of December 31, 1997 and 1996, and the related statements of revenues and expenses and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and members' equity of Philippine Wood Producers Association, Inc. as of December 31, 1997 and 1996, and its revenues and expenses and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

SyCip Gorres Velayo & Co

April 14, 1997

PHILIPPINE WOOD PRODUCERS ASSOCIATION, INC.**(A Nonstock, Nonprofit Corporation)****STATEMENTS OF ASSETS, LIABILITIES AND MEMBERS' EQUITY**

	December 31	
	1997	1996
ASSETS		
Current Assets		
Cash and cash equivalents	₱951,750	₱927,771
Receivables - net (Note 3)	2,260,770	2,005,742
Total Current Assets	3,212,520	2,933,513
Property and Equipment - net (Note 4)	1,189	51,974
Other Assets	9,700	9,700
	₱3,223,409	₱2,995,187
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	₱121,937	₱202,642
Members' Equity		
Balance at beginning of year	2,792,545	1,022,437
Excess of revenues over expenses	308,927	1,770,108
Balance at end of year	3,101,472	2,792,545
	₱3,223,409	₱2,995,187

See accompanying Notes to Financial Statements.

PHILIPPINE WOOD PRODUCERS ASSOCIATION, INC.**(A Nonstock, Nonprofit Corporation)****STATEMENTS OF REVENUES AND EXPENSES**

	Years Ended December 31	
	1997	1996
REVENUES		
Membership and assessment dues (Note 5)	₱3,869,377	₱5,922,007
Interest and others	515,143	243,061
	4,384,520	6,165,068
EXPENSES (Note 5)		
Salaries, wages and employee benefits	1,227,106	1,054,933
Provision for doubtful accounts	862,000	—
Office expenses	472,911	509,204
Professional fees	331,750	307,784
Condominium expenses, light and water	243,321	286,458
Meetings and conferences	222,718	240,082
Transportation and travel	148,814	321,888
Membership dues	105,115	65,790
Public relations and information	92,755	245,811
Telephone, telegram and postage	92,440	90,055
Donations and gifts	66,582	164,289
Taxes and licenses	52,150	21,789
Depreciation and amortization	50,785	115,749
Insurance	50,206	22,143
Write-off of receivables	—	352,275
Special projects	—	339,438
Regional chapter expenses (Note 5)	—	187,970
Others	56,940	69,302
	4,075,593	4,394,960
EXCESS OF REVENUES OVER EXPENSES	₱308,927	₱1,770,108

See accompanying Notes to Financial Statements.

PHILIPPINE WOOD PRODUCERS ASSOCIATION, INC.**(A Nonstock, Nonprofit Corporation)****STATEMENTS OF CASH FLOWS**

	Years Ended December 31	
		1996
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	₱308,927	₱1,770,108
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	50,785	115,749
Provision for doubtful accounts	862,000	—
Write-off of receivables	—	352,275
Changes in assets and liabilities:		
Increase in receivables	(1,117,028)	(1,455,160)
Increase (decrease) in:		
Accounts payable and accrued expenses	(80,705)	(170,099)
Dues collected in advance	—	(135,000)
Net cash provided by operating activities	23,979	477,873
CASH FLOWS FROM INVESTING ACTIVITY		
Additions to property and equipment	—	(11,690)
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	23,979	466,183
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
	927,771	461,588
CASH AND CASH EQUIVALENTS AT END OF YEAR		
	₱951,750	₱927,771

See accompanying Notes to Financial Statements.

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

1. Organization

The Philippine Wood Producers Association, Inc. (Association) is an association of corporations, partnerships and individuals engaged in logging, sawmilling, veneer and plywood manufacture, wood preservation, and other related activities. Incorporated as a nonstock, nonprofit corporation, the Association aims to achieve unity in the wood industry under a single integrated association that would serve as spokesman for the entire wood industry in its continuing dialogue with government authorities. Its services, programs and activities are all geared towards the promotion and development of the lumber and plywood industry.

The Association is exempt from payment of income tax with respect to revenues received in accordance with the provisions of Sec. 26 (f) of the National Internal Revenue Code.

2. Summary of Significant Accounting Policies

Cash Equivalents

The Association considers all highly liquid debt instruments purchased with maturities of three months or less from date of acquisition to be cash equivalents.

Membership and Assessment Dues

Membership dues of Timber License Agreement (TLA) holders, sawmillers and associate members are based on fixed monthly rates. Assessment dues of TLA holders are computed based on the annual allowable cuts.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method based on the estimated useful lives of the assets ranging from 5 to 10 years. Ordinary repairs and expenditures which do not benefit future periods are expensed as incurred.

3. Receivables

This account consists of:

	1997	1996
Members	₱3,095,000	₱1,997,000
Others	124,045	105,017
	3,219,045	2,102,017
Less allowance for doubtful accounts	958,275	96,275
	₱2,260,770	₱2,005,742

4. Property and Equipment

This account consists of:

	1997	1996
Condominium office building	₱1,010,396	₱1,010,396
Office furniture, fixtures and improvements	129,043	129,043
Office equipment	247,789	247,789
	1,387,228	1,387,228
Less accumulated depreciation and amortization	1,386,039	1,335,254
	₱1,189	₱51,974

5. Association's Regional Chapters

The Association maintains a number of regional chapters within the Philippines. These chapters act as extensions of the Association in their respective regions. Dues collected by these chapters are turned over to the Association. Ten percent of such collections are remitted back to the chapters to cover their administrative expenses. Such amounts are treated as expenses upon receipt of the chapters' collections.



Implementing the Vision of Sustainable Forest Resources*

Doable strategies, plans, and programs for the recovery of the forestry sector must address the following issues to achieve the vision of sustainable forest resources:

- Stop the shrinking of the areas of natural mangrove, dipterocarp, pine, and mossy forests;
- Speed up the rate of reforestation and industrial tree plantation development;
- Remove threats to biodiversity and the water carrying capacity of the watersheds;
- Ameliorate the socio-economic conditions of the stakeholders in the uplands and forestlands; and
- Stem the decreasing contribution of the environment and natural resources sector to economic development.

If these challenges were hurdled, the prospects of forestry in the 21st century may look as follows:

- Sustainably managed natural and plantation forests that can serve as: 1) a land cover (to protect soil from erosion, regulate water flows, sequester carbon dioxide, and provide sanctuary for wildlife); 2) crops (to provide the country self-sufficiency in timber and minor forest product); and, 3) a haven or site for recreation, biodiversity, and aesthetic and scientific studies;
- Actively cooperating stakeholders (individuals, communities, non-government agencies and institutions, and corporations) managing both forestlands and forests; and,
- A strong network of forestry and allied institutions performing educational, research, extension, management, and financing activities as well as body of essential and appropriate laws and policies that would serve as guideposts for sustainable forestry development.

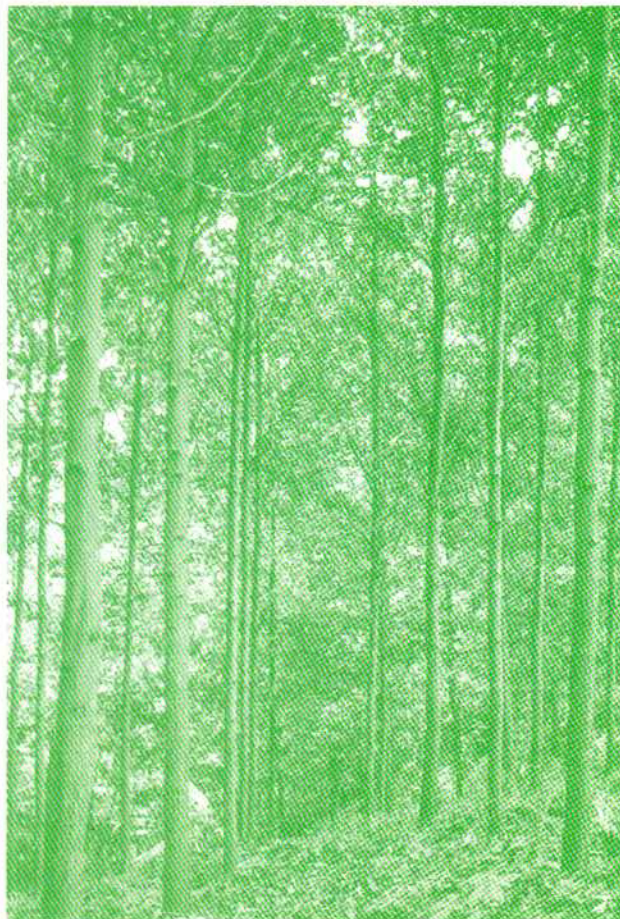
More than anything else, the government's visible hand must become a helping hand. It must decide, first of all, that the forestry sector has place and a role to play in national development. Then it must provide the stable legal framework that the forestry sector needs to enable itself to pursue sustainable forest management.

It must specify what the roles are, who among the players should perform which roles, and what the expectations are. It must provide the commensurate incentives that have proved effective elsewhere in the world, as in Chile and New Zealand. Finally, it must change its management posture: from that of a cop on the block to that of a partner in progress.

* An excerpt from the article "Forestry: Fighting for a Place in the Sun" by Engr. Ernesto F. Sanvictores, formerly PWPA Chairman or President and ITTO Chairman and currently Chairman of APPF and PWPA Director, published in the "100 years of Philippine Agriculture", the Food and Agriculture Centennial Book, University of Asia and the Pacific, 1998.



Ground view of Dipterocarp forest.



Acacia mangium Plantation forest

"The forests must be, and will be, not only preserved, but used; and the experience of all civilized countries that have faced and solved the questions show that ... the forests, like perennial fountains, may be made to yield a sure harvest of timber, while at the same time all their far-reaching beneficent uses may be maintained unimpaired."

**JOHN MUIR
1895**