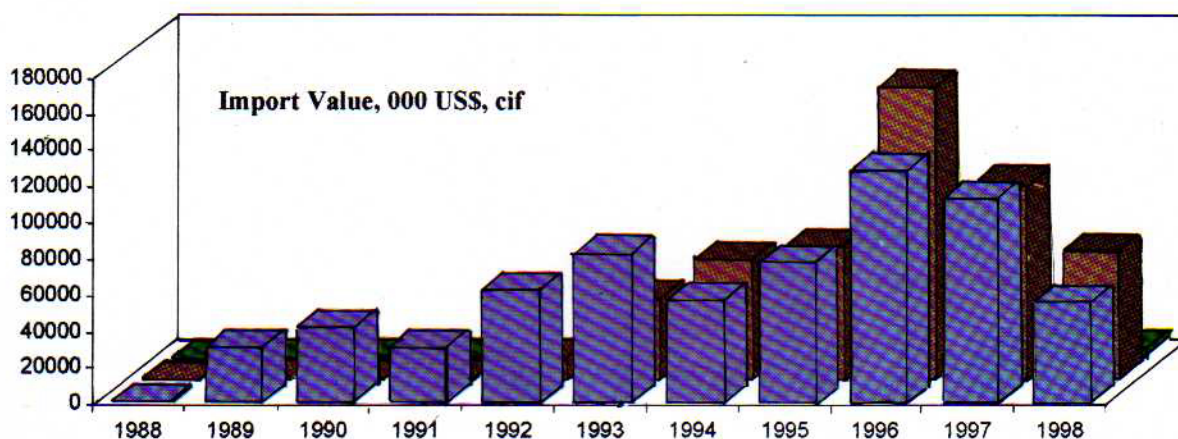
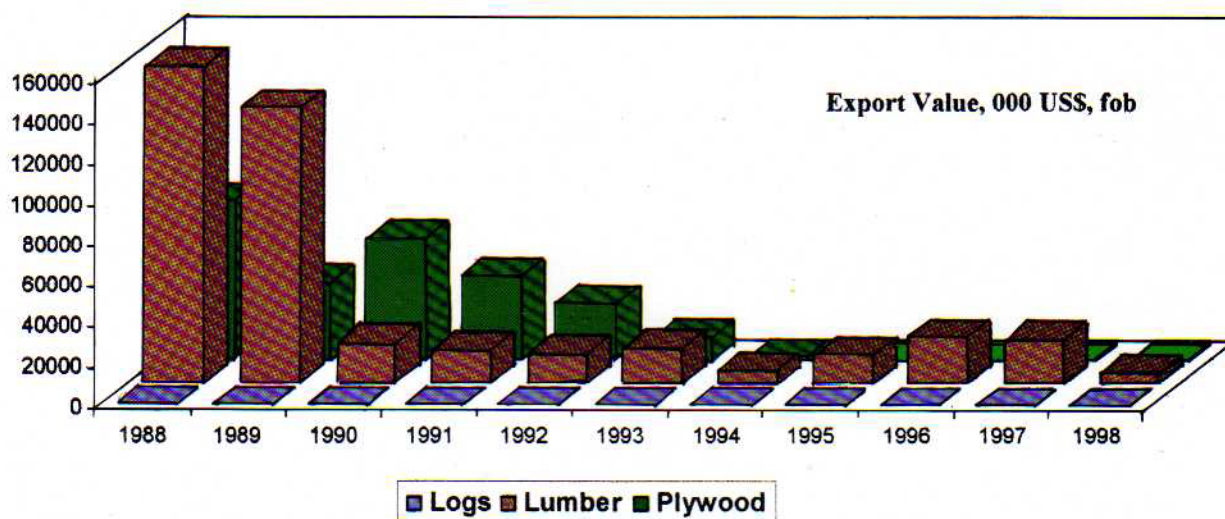




1998 ANNUAL REPORT

PHILIPPINE WOOD PRODUCERS ASSOCIATION



STATE OF WOOD INDUSTRY THROUGH THE TRADE MIRROR



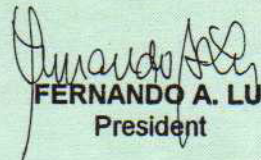
BOARD RESOLUTION



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, 1998.



ANTONIO G. BERNAS
Chairman



FERNANDO A. LU
President



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4	Report to Our Members
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8	List of Members
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COMPARATIVE STATISTICAL HIGHLIGHTS



INDUSTRY PERFORMANCE

• RESOURCES

	<u>1997</u>	<u>1998p</u>	<u>Percentage Change</u>
TLA's in existence, number	25	20	(20)
Annual allowable cut, '000 cu m	822	506	(38)
Forest area under license, '000 ha	1,208	934	(23)
ITPLA's/IFMA's, number	179	199	11
ITPLA's/IFMA's, area, '000 ha	405	527	30

• PRODUCTION (Volume in '000 cum)

	<u>1997</u>	<u>1998p</u>	<u>Percentage Change</u>
Logs	556	634	14
Lumber	351	220	(38)
Plywood	484	244	(50)
Veneer	62	59	(5)

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

	<u>1997</u>		<u>1998p</u>		<u>Percentage Change</u>	
	<u>Volume</u>	<u>Value</u>	<u>Volume</u>	<u>Value</u>	<u>Volume</u>	<u>Value</u>
Logs	4	266	-	-	-	-
Lumber*	141	21,852	41	5,543	(71)	(75)
Plywood	a	17	a	80	-	371
Veneer	31	14,385	32	11,748	3	(18)
Other wood-based panel	14	5,147	6	1,907	(57)	(63)
Other wood-based manufactured articles ('000 GK)	99,314	132,266	75,305	117,433	(24)	(11)
Furniture, n.e.s. of wood ('000 GK)	25,212	102,040	29,138	112,595	16	10

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

	<u>1997</u>		<u>1998p</u>		<u>Percentage Change</u>	
	<u>Volume</u>	<u>Value</u>	<u>Volume</u>	<u>Value</u>	<u>Volume</u>	<u>Value</u>
Logs	768	117,821	435	54,875	(43)	(53)
Lumber	412	112,639	296	71,188	(28)	(37)
Plywood	1	478	2	651	100	36
Veneer	86	27,569	63	16,586	(27)	(40)
Other wood-based manufactured articles ('000 GK)	6,675	9,212	6,711	7,755	<1	(16)

Source: Data furnished by FMB/DENR, 23 August 1999, (p-preliminary, a-less than 1,000 cu m)

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

ASSOCIATION INFORMATION

	<u>1997</u>	<u>1998</u>	<u>Percentage Change</u>
Regular Members	82	78	(5)
Associate Members	3	3	-
Revenues	P 4,384,520	P 3,773,266	(14)
Expenses	P 4,075,593	P 4,488,464	10
Assets	P 3,223,409	P 2,672,726	(17)

WOOD-BASED INDUSTRY IN REVIEW

The infectious regional financial crisis continued to debilitate the whole body of the national economy during the entire 1998; *albeit* in less serious degree than the economies of other neighboring countries.

The local wood industry, perhaps together with its counterparts in the region, did not escape the impact of the regional economic crisis, that began in July of 1997, with its tell-tale effect on the wood industry much more evident during the year in review than the preceding year.

As the leading wood-using or consuming sector - the building and housing construction industries - was tremendously pulled down by the regional financial crisis so was its demand for wood products greatly reduced.

Thus, the apparent domestic consumption of wood raw material (logs) and primary wood products (lumber, veneer and plywood) in 1998, relative to the previous year, dropped by 19% and 34%, respectively. The soft demand and low price offering of the domestic market for wood products, perforce downsized wood manufacturing output.

In the meantime, the government continued on with its program of tariff rates reduction. The key wood product lines of the industry were not included in the short list of industries allowed to hold on to existing tariff rates nor were they given temporary upward adjustment of duty rates.

In mid-1998, the newly-elected President, His Excellency J. E. Estrada, assumed office together with his new cabinet team. At the helm of the Department of Environment and Natural Resources is newly-installed Secretary, Honorable Antonio H. Cerilles.

The wood industry, through PWPA, realigned its action programs or agenda with that of the Estrada Administration's. PWPA centered its action programs on 1) rural employment and livelihood; 2) rural development and social services; and 3) food, wood and environment security.

The Association submitted to Secretary Cerilles major issues facing the wood industry that given favorable resolutions would enable the wood industry to realize aforementioned programs.

In sum, the year review gave the wood industry a negative growth, hoping that it already reached its trough so that the beginning of a recovery will be soon in sight.

ROUNDWOOD OR LOG SUPPLY

The log supply made available for wood processing totalled to only 1.07 million cum, 19% lower than the previous year's. Imported logs consisted about 40% of the total supply as against the previous year's nearly 60% (Table 1).

Table 1 - Log Supply, in 000 cu m			
Source	1997	1998	% Change
Local	556	634	14
Import	768	435	(43)
Export	4	-	-
ADC	1,320	1,069	(19)
% Import from ADC	58	41	(29)

Source: 1997 Philippine Forestry Statistics, and the Economics Division. FMB/DENR

Note: ADC- Apparent Domestic Consumption

Log buyers held back their importation, even as world log prices were low, because the demand for wood products softened.

There were actually only 9 TLA-holders, who were allowed to operate in 1998, producing 635,000 cu m of logs.

PRODUCTION AND IMPORTATION OF WOOD PRODUCTS

Indicative of the hard times the wood-industry experienced during the period under review was the low production of primary wood products - lumber, plywood, and veneer. Their availability diminished by 35% compared to the previous year's (Table 2).

Table 2 - Aggregate Primary Wood Products Supply, in 000 cu m			
Source	1997	1998	% Change
Local	897	523	(42)
Import	499	361	(28)
Export	172	73	(57)
ADC	1,224	811	(34)
% Import from ADC	41	44	7

Source: Ibid.

Note: ADC- Apparent Domestic Consumption

Local production of primary wood products decreased by 42% relative to the previous year's. Also, the aggregate import, particularly lumber and veneer, decreased by about 28%.

Apparent domestic consumption of primary wood products decreased by 34% from last year's 1.22 million cum.

WOOD MARKETS AND TRADE BALANCE

During the year under review logs were imported from PNG, Solomon Islands, Malaysia, western and central Africa, South America, New Zealand and USA. Primary wood products, principally lumber, were imported from Malaysia and New Zealand, among others.

Taiwan, Thailand and Japan, were principal markets for local primary wood products. The US remained the principal market for furniture while UK, Japan and US, for wooden doors and frames.

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\$			
	1997	1998	(%) Change
Export, fob			
Primary wood products	41,667	19,278	(54)
Downstream wood products	234,306	230,028	(2)
Total	275,973	249,306	10
Import, CIF			
Primary wood products including logs	258,507	143,300	(45)
Downstream wood product	9,212	7,755	16
Total	267,719	151,055	(44)

Source: ibid.

Note: See Comparative Statistical Highlights p. 3 herein, for breakdown of wood products.

MAJOR ISSUES FACED

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

- The effects of the regional currency crisis on the immediate performance of the industry.
- The policy of the government relative to schedules of tariff rates reduction.
- The changing policy of the DENR on IFMA.
- The failure of the government to craft access to and tenurial systems for forests.
- The impact on TLA areas by the implementation of the Indigenous People's Rights Act of 1997 or R.A. No. 8371.
- Too many regulations on EIS and ECC.
- The fate of the Sustainable Forest Management Act in the 11th Congress.

ASSOCIATION

Mr. Antonio G. Bernas continued on as the chairman of the Board of Directors and Mr. Fernando A. Lu, as president of the Association.

All directors of the board, including Mr. E. M. Narvaez, Jr. who rejoined the Board, ably assisted aforementioned officers in running the affairs of the Association. Mr. Ernesto F. Sanvictores was elevated to the position of Chairman Emeritus.

With a new DENR Secretary in the person of Atty. Antonio H. Cerilles, PWPA looks forward to a stable and the workable policies relative to the wood industry. A strong collaboration and cooperation between the DENR and PWPA will spell the future of the wood industry.

ANTONIO G. BERNAS
Chairman

FERNANDO A. LU
President



ISSUES

POSITION TAKEN BY PWPA

STATUS

A. ARISING FROM DENR

1. **Another Rules on IFMA.** DAO No. 97-04, the latest rules on IFMA, perhaps the 20th of its kind since P. D. No. 705 of 1975, contains key provisions less attractive to investment than its predecessor regulations.

PWPA interpreted DAO No. 97-04 as more stringent than previous related regulations. It limits ITP development in grasslands, brushlands and open and denuded forestlands only; precludes automatic conversion of TLA into IFMA; and skews toward socialized type of management. A contract by definition, yet it is a permit in essence that may be suspended or cancelled by the government.

Promulgated at the time of DENR Secretary Victor Ramos without public consultation, as usual, PWPA knew no one of its members nor any significant investors ever applied for ITP under this order. However, PWPA raised this IFMA issue with new DENR Secretary Antonio Cerilles and was promised a DENR review thereof.

2. **Importation of Wood Products.** DAO No. 97-35 requires the holder of TLA, IFMA, or WPP, who intends to import wood products, to undergo the rigors of registering with the DENR to qualify to import as if he were an ordinary agent, contractor, or dealer of wood products as called for under DAO No. 94-17.

PWPA submitted to the DENR its position that TLA, IFMA, or WPP holders are not in the same category of agents, contractors, or dealers who merely trade in wood products. The former not only are in the business of wood processing but already are inherently holders of log and lumber dealer permits and therefore must be exempted from another registration.

DENR admitted certain omission and typographical errors in DAO No. 97-35 and rectified them by issuing DAO No. 98-08 exempting TLA, IFMA, or WPP holders from said registration. Instead, a mere stamping of their existing log or lumber dealer permits with "valid to import wood materials" shall be sufficient documentation.

3. **Temporary Lifting of the Ban on Lumber Export.** DAO No. 98-11 was promulgated by Secretary Ramos lifting the ban on the export of lumber, imposed under DAO No. 89-19, purportedly in consultation with DTI to help stabilize FOREX of the Philippine peso affected by the regional financial crisis.

Asked by DTI/BOI how the government can help the industry survive said crisis, PWPA recommended that the government opens wood trade freely up, including the re-export of imported wood materials; e.g. lumber from imported logs. That DAO No. 98-11 pertains to exporting lumber from locally produced logs was never in the consultation process.

Published in the dailies, DAO No. 98-11 entered the vortex of intense if not debased debate, with environmentalist NGOs and media severely criticizing the DENR and even the industry. The lifting of the lumber export ban was equated to the lifting of the logging ban. No less than President Ramos ordered the rescinding of DAO No. 98-11 to tone down attendant controversy.

4. **IEE and EIS for IFMA.** DAO No. 97-04 prescribes the submission and approval of IEE or Project Description and obtaining an ECC before an IFMA is awarded and after the award of the IFMA, the submission and approval of EIS and obtaining an ECC again is required prior to the approval of the CDMP.

PWPA submitted the position that stringent environmental requirements for IFMA, as contained in DAO No. 97-04, are too much of a disincentive for a supposedly, if not in fact, environment-friendly or environmentally-sound project as ITP or IFMA.

The DENR under new Secretary Cerilles issued DAO No. 98-66 that deleted the requirement of Project Description called for under DAO No. 92-21 and DAO No. 97-04; amended the requirement of EIS and ECC into IEE and ECC in the approval of CDMP; and revised the multiple need for PD, IEE and EIS into mere IEE and ECC to be complied with after IFMA grant.



ISSUES	POSITION TAKEN BY PWPA	STATUS
<p>5. EIS System Preparation. EMB Circular No. 98-02 issued at the "twilight" of Secretary Ramos stint at the DENR has made EIS requirement, and obtaining ECC, difficult for TLA, IFMA, etc. holders to grapple with.</p>	<p>PWPA submitted the position that the preparation, review and approval of EIS - to qualify for an ECC - has taken a long circuitous process that has very significantly impeded operations. It seems the EIS System not only has become an exclusive domain of a select environmental experts but has become stereotyped or threadbare and expensive.</p>	<p>The DENR under Secretary Cerilles issued DENR Memo Order Circular No. 98-15 temporarily suspending the EIA Preparer Accreditation System promulgated under EMB Memo Circular No. 98-02. that, in effect, busted the exclusiveness of the select preparers of the IES System.</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 under AFTA-CEPT, MFN and APEC-EVSL programs.</p>	<p>The Association attended public hearings and pursued a move for a more gradual if not favorable reduction of import duty rates on various wood articles vis-à-vis juxtaposed tariff programs.</p>	<p>A more gradual reduction of duty rate vis-à-vis AFTA-CEPT and MFN was worked out by PWPA for plywood and vis-à-vis MFN, for lumber. APEC-EVSL program is still being worked out.</p>
<p>2. From Bureau of Customs. The dumping and even smuggling, particularly of cheap plywood from neighboring ASEAN countries, through misdeclaration, improper tax credit and illegal entry, has caused the price of locally made plywood uncompetitive.</p>	<p>The Association 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 have yet 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 new Chair of the Natural Resources Committee, the bill on Sustainable Forest Management Act of 1998 became the basic framework for all forestry bills filed in the Lower House of the 11th Congress.</p>	<p>The bill on Sustainable Forest Management Act of 1998, purportedly submitted by the DENR, was supported by Association, the academe, the SFF, and other NGOs as it is deemed definitely superior than the total logging ban bill in sustainably managing local forests.</p>	<p>The Committee on Natural Resources conducted several public hearings including an out-of-town one, in Butuan City. A technical working group, created and tasked by the Committee to redraft the bill, is of multi-sectoral in composition, including PWPA representatives.</p>
<p>2. From the Upper House. Like the Lower House, the Senate, through the Chair of Environment Committee, opted for the Sustainable Forest Management Act as the basic framework for all forestry bills filed in the Senate of the 11th Congress.</p>	<p>The bill on Sustainable Forest Management Act of 1998, purportedly submitted by the DENR, was supported by Association, the academe, the SFF, and other NGOs as it is deemed definitely superior than the total logging ban bill in sustainably managing local forests.</p>	<p>The Committee on Environment conducted several in-house public hearings. A technical working group, created and tasked by the Committee to redraft the bill, is of multi-sectoral in composition, including PWPA representatives.</p>



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. Jimmy 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
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Ugong Norte, Quezon City

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1300 Quezon Avenue
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24 Dancalan St., Damar Village
Quezon City

Mr. Rafael Tantuco

Pacific Timber Export Corp.

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Greenhills, San Juan, Metro Manila

Mr. Fernando A. Lu/Gen. Felizardo R. Tanabe

San Roque Sawmill, Inc.

Dingalan, Aurora

Tableria Tan Tao Sawmill, Inc

Rm. 7-E, 7th Flr. Tuscan Bldg.
114 Herrera St., Legaspi Village
Makati City

Mr. Domingo Tan/Mrs. Sandra Yu Shaw

Verdant Agro-Forest Dev. Corp.

G/F Metrobank Building
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Mr. Jimmy A. Ng

NCR

Asia Pacific Timber & Plywood Corp.

14-A Trinidad Street, Victoria Village
East Canumay, Valenzuela

Mr. Ramon C. Lim

International Plywood Corp.

518 Baesa Road
Caloocan City

Mr. Manuel Young

Republic Wooden Commodities Mnfg. Corp.

P.O. Box No. 169
Novaliches, Quezon City

Mr. Rosendo Dy

Region IX

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4/F DACON Building
2281 Pasong Tamo Ext.,
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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



BOARD OF DIRECTORS



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M & S Company, Inc.

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

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PICOP Resources, Inc.
RUFINO T. NASSER
Timber Industries of the Philippine, Inc.
ERNESTO F. SANVICTORES
Aras-asan Timber Co., Inc.



BERNAS



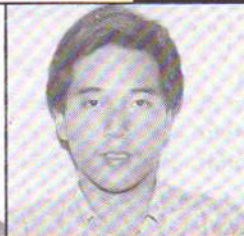
ALCANTARA



ARAGON



DE GUZMAN



KEH, JR.



KUA



LORENZO



LU



NARVAEZ, JR



NG



OLIZON



PUYAT



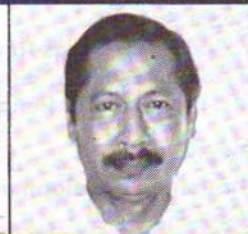
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TAMESIS



YAO



ANGELES

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

PEDRITO M. ARAGON
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.

EVARISTO M. NARVAEZ, JR.
Aras-asan Timber Co., Inc.

JIMMY A. NG
Maple Res. Dev. Corp.

ANTONIO C. OLIZON
TIPI Wood Products Corp.

ARISTEO G. PUYAT
Surigao Dev. Corp.

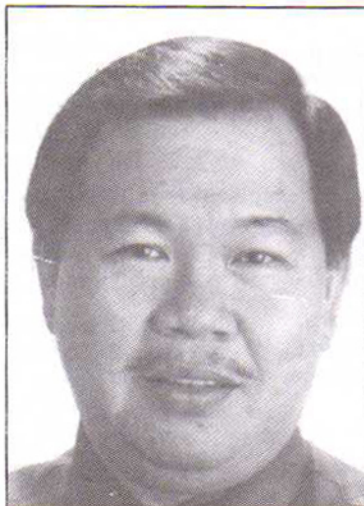
FELIX L. SY
Bulacan Integrated Wood
Industries Corp.

FELIX T. TAMESIS
Nasipit Lumber Company, Inc.

WELLINGTON C. YAO
Panel Products Industries Corp.

LEONARDO D. ANGELES
Secretary of the Board

EXECUTIVE OFFICERS



LU

FERNANDO A. LU
President

ALFONSO C. KEH, JR.
EVP & Treasurer

EV ARISTO M. NARVAEZ, JR.
VP-Information Education & Communications

ROBERT W. KUA
VP-Membership & International Relations

FELIX T. TAMESIS
VP-Timber

JOSE A. LORENZO
VP-Forestry, IFP & Environment

FELIX L. SY
VP-Lumber & Related Products

WELLINGTON C. YAO
VP-Particleboard & Fiberboard

LEONARDO D. ANGELES
Executive Director

JIMMY A. NG
VP-Plywood & Related Products

SEVERINO T. DE GUZMAN
VP-Legal & Government Relations



KEH, JR.



TAMESIS



SY



NG



NARVAEZ, JR.



LORENZO



YAO



DE GUZMAN



KUA



ANGELES



DUCAY



SERAFICO

SECRETARIAT

LEONARDO D. ANGELES
Executive Director

CELIA P. DUCAY
Administrative Officer

REGINO M. SERAFICO
Financial Officer



OUR MEMBERS

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Agusan Wood Ind., Inc.

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Sen. Gil J. Puyat Ave.
Makati City

Dr. Tomas T. Tangsoc, Jr.

Anakan Lumber Co.

5/F Maritima Building
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Binondo, Manila

Atty. Felix T. Tamesis

Casilayan Softwood Dev'l. Corp.

211 Pasong Tamo cor. Tindalo St.
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G/F W & W Building
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E. Rodriguez, Jr., Ave., Quezon City

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

Master Wood Ent. Corp.

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

Mr. Willie Tan

Nasipit Lumber Co., Inc.

5/F Maritima Bldg.,
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Binondo, Manila

Atty. Felix T. Tamesis

Phil. Softwood Products, Inc.

111 A 6th St. cor. 6th Avenue
Grace Park, Caloocan
Metro Manila

Mr. Stanley Q. Tan

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

Richmond Plywood Corp.

111 A 6th St. cor. 6th Avenue
Grace Park, Caloocan
Metro Manila

Mr. Stephen Q. Tan

Royal Match Co., Inc.

2111 Pasong Tamo cor. Tindalo St.,
Makati City

Mr. Tomas E. Bacalso

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. Evaristo M. Narvaez, Jr.

C. Alcantara & Sons, Inc.

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

Ms. Edith I. Alcantara

Consolidated Plywood Ind., Inc.

Km. 15 Panacan,
Davao City 8000

Mr. Henry C. Wee

Davao Enterprises Corp.

28 Ramon Magsaysay Avenue
Davao City

Ms. Evelyn Uy



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.
2/F Moredel Building
2280 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.
4/F Kings Court Bldg. I,
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

GRF Corporation
U-503 SB Skyland Plaza Condominium
Sen. Gil Puyat Avenue
Mr. Gabriel R. Formoso

Resins, Inc.
E. Rodriguez, Jr., Ave.,
Bagong Ilog, Pasig City
Mr. Meneleo Carlos, Jr.

SGV & Co

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

SyCip Gorres Velayo & Co
An Arthur Andersen Member Firm

The Board of Trustees
Philippine Wood Producers Association, Inc.

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, 1998 and 1997, 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, 1998 and 1997, 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.

March 30, 1999

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

	December 31	
	1998	1997
ASSETS		
Current Assets		
Cash and cash equivalents	₱242,660	₱951,750
Receivables - net (Note 3)	2,420,366	2,260,770
Total Current Assets	2,663,026	3,212,520
Property and Equipment - net (Note 4)	—	1,189
Other Assets	9,700	9,700
	₱2,672,726	₱3,223,409
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	₱286,452	₱121,937
Members' Equity		
Balance at beginning of year	3,101,472	2,792,545
Excess (deficiency) of revenues over expenses	(715,198)	308,927
Balance at end of year	2,386,274	3,101,472
	₱2,672,726	₱3,223,409

See accompanying Notes to Financial Statements.

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

	Years Ended December 31	
	1998	1997
REVENUES		
Membership and assessment dues	₱3,456,551	₱3,869,377
Interest and others	316,715	515,143
	3,773,266	4,384,520
EXPENSES		
Salaries, wages and employee benefits	1,181,421	1,227,106
Provision for doubtful accounts	736,000	862,000
Public relations and information	403,025	92,755
Transportation and travel	339,124	148,814
Professional fees	335,000	331,750
Office expenses	303,078	227,999
Condominium expenses, light and water	276,885	243,321
Representation and entertainment	215,434	203,033
Telephone, telegram and postage	162,818	92,440
Meetings and conferences	159,477	222,718
Membership dues	105,942	105,115
Reforestation project	85,700	53,854
Donations and gifts	71,298	66,582
Subscription and publication	32,307	41,879
Taxes and licenses	31,398	52,150
Insurance	30,942	50,206
Depreciation and amortization	1,189	50,785
Others	17,426	3,086
	4,488,464	4,075,593
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(₱715,198)	₱308,927

See accompanying Notes to Financial Statements.

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

	Years Ended December 31	
		1997
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	(₱715,198)	₱308,927
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by (used in) operating activities:		
Provision for doubtful accounts	736,000	862,000
Depreciation and amortization	1,189	50,785
Changes in assets and liabilities:		
Increase in receivables	(895,596)	(1,117,028)
Increase (decrease) in accounts payable and accrued expenses	164,515	(80,705)
Net cash provided by (used in) operating activities	(709,090)	23,979
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	951,750	927,771
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱242,660	₱951,750

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 the payment of income tax with respect to revenues received in accordance with the provisions of Sec. 30 (f) of the amended National Internal Revenue Code which was passed into law effective January 1, 1998.

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 monthly fixed 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 15 years. Ordinary repairs and expenditures which do not benefit future periods are expensed as incurred.

3. Receivables

This account consists of:

	1998	1997
Members	₱3,057,153	₱3,095,000
Others	177,488	124,045
	3,234,641	3,219,045
Less allowance for doubtful accounts	814,275	958,275
	₱2,420,366	₱2,260,770

4. Property and Equipment

This account consists of:

	1998	1997
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	1,387,228	1,386,039
	₱-	₱1,189

As of December 31, 1998, the Association's property and equipment has been fully depreciated.

The final approved version of the *Code of Practice for Forest Harvesting in Asia-Pacific* was recently published and released for distribution by FAO/RAP. The Code, which was developed by the member countries of the Asia-Pacific Forest Commission (APFC) through an extensive participatory process, provides practical guidance toward sustainable forest management, with particular emphasis on timber harvesting in natural forests.

The Code provides detailed guidance on the following important aspects of forest harvesting:

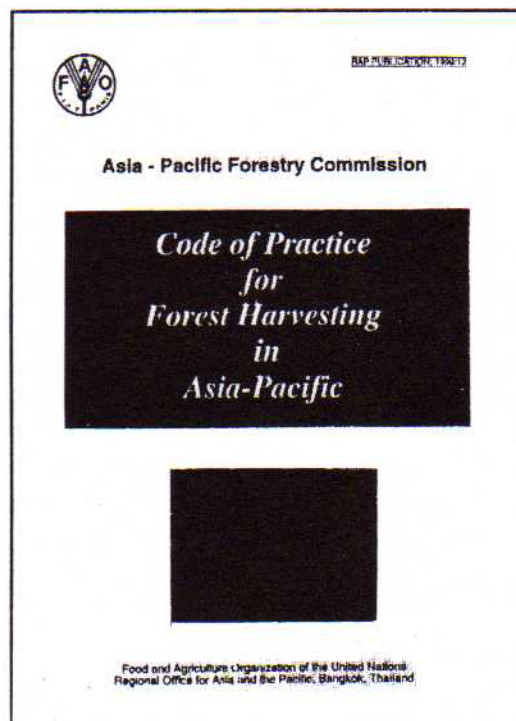
- ☐ staff and stakeholder competencies
- ☐ forest harvest planning
- ☐ harvest exclusion areas (buffer zones and protected areas)
- ☐ road construction and watercourse crossings
- ☐ tree marking and directional felling
- ☐ construction and maintenance of log landings and skid trails
- ☐ log extraction and transport system
- ☐ monitoring and enforcement of harvesting prescriptions
- ☐ revenue collection
- ☐ equipment maintenance
- ☐ worker health and safety
- ☐ fire precautions


The Code of Practice for Forest Harvesting in Asia-Pacific is useful reference document for foresters at all levels, policy makers, and industry leaders.

The Code focuses on timber harvesting in natural forests because of the tremendous economic and biological importance of these forests in the region. The general principles espoused in the Code, however, are relevant in guiding the harvesting of planted forests as well.

The Code is fully consistent with the sustainable forest management approaches recommended by the United Nations' Intergovernmental Panel on Forests and the guidelines for the sustainable management of forests developed by the International Tropical Timber Organization. In fact, the Code represents an attempt to complement these recommendations and guidelines by providing additional guidance for field-level application.

In preparing the Code, members of the APFC *ad hoc* Working Group on Sustainable Forest Management recognized that forest harvesting, particularly timber harvesting, can have major negative impacts on forests if carried out improperly. They further recognized that forest harvesting is the one aspect of forest management where foresters have maximum control of the operations that affect the forest ecosystem.





"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**