

1999

ANNUAL

REPORT



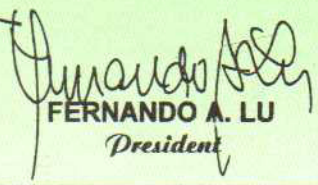
PHILIPPINE
WOOD
PRODUCERS
ASSOCIATION

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, 1999.


ANTONIO G. BERNAS
Chairman


FERNANDO A. LU
President

Contents

2	Board Resolution
3	Comparative Statistical Highlights
4	Report to Our Members
6	1999 Major Industry Issues
8	List of Members
10	Board of Directors and Officers
14	Report of Auditors

Comparative Statistical Highlights

INDUSTRY PERFORMANCE

• RESOURCES

	1998	1999p	Percentage Change
TLA's in existence, number	20	20	0.00
Annual allowable cut, '000 cu m	822	551	-32.97
Forest area under license, '000 ha	1,208	904	-25.17
ITPLA's (IFMA), number	179	188	5.03
ITPLA'S (IFMA), area, '000 ha	405	506	24.94

• PRODUCTION (Volume in '000 cum)

	1998	1999p	Percentage Change
Logs*	634	717	13.09
Lumber	220	260	18.18
Plywood	244	212	-13.11
Veneer	59	84	42.37

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

	1998		1999p		Percentage Change	
	Volume	Value	Volume	Value	Volume	Value
Logs	-	-	-	-	-	-
Lumber**	41	5,543	69	8,738	68.29	57.64
Plywood	a	80	1	343	-	328.75
Veneer	32	11,748	5	2,890	-84.38	-75.40
Other wood-based panel	6	1,907	11	3,415	83.33	79.08
Other wood-based manufactured articles ('000 GK)	75,305	117,433	72,440	128,591	-3.80	9.50
Furniture, n.e.s. of wood ('000 GK)	29,138	112,595	31,990	114,805	9.79	1.96

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

	1998		1999p		Percentage Change	
	Volume	Value	Volume	Value	Volume	Value
Logs	435	54,875	584	69,450	34.25	26.56
Lumber	296	71,188	381	116,772	28.72	64.03
Plywood	2	651	1	550	-50.00	-15.51
Veneer	63	16,586	138	40,249	119.05	142.67
Other wood-based manufactured articles ('000 GK)	6,711	7,755	5,771	9,035	-14.01	16.51

Source: Data furnished by FMB/DENR, 19 July 2000, (p-preliminary, a-less than 1,000 cu m)

* - All forms including plantation logs.

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

ASSOCIATION INFORMATION

	1998	1999p	Percentage Change
Regular Members	78	58	-25.64
Associate Members	3	4	33.33
Revenues	P 3,773,266	P 5,099,698	35.15
Expenses	P 4,488,464	P 5,082,577	13.24
Assets	P 2,672,726	P 2,659,337	-0.50

To Our Members

THE WOOD INDUSTRY IN REVIEW

The healing of the national economy, first hit in July of 1997 by the regional financial crisis, was slightly reflected in the better performance of the local wood industry in 1999 than in the previous year.

Some significant factors made possible this slight upturn.

At the regional level, the stabilization measures implemented by international development agencies, particularly the **WB** and **IMF**, had their positive impact on the macro-economies of affected countries, that by extension, prevented a serious dislocation of the intra-trade in wood products, particularly logs, the Philippines needed badly.

At the national level, the rationalization of the housing industry particularly the streamlining of the operations of government housing agencies and the policy taken by the **Estrada Administration** to pour more funds in housing starts created moderate demand for construction materials, including wood.

At the industry level, the continuing perception of a fair-minded new DENR Secretary, in the person of **Honorable Antonio H. Cerilles**, who, even at the very beginning of his stint, has actually demonstrated the capacity to balance environmental and economic development imperatives, was a strong motivation for the wood industry to look further ahead than ever before.

Thus, despite the continuous implementation of the government program on tariff rates reduction and non-tariff measures taken by log-exporting countries as well as the non-action by Congress on urgent forest policy reforms, the industry achieved a modest positive growth during the year under review.

Up to the end of 1999, at least 8 TLA-holders were able to operate continuously against 4 or 5 during the previous year.

In 1999, the apparent domestic consumption of wood raw material (logs) and primary wood products (lumber, veneer,

and plywood), relative to the previous year's, increased by 22% and 23%, respectively. The good price offering by the domestic market somewhat postponed the export of primary wood products.

Any improvement from this performance in the immediate years to come would be determined by the stability of the regional and national economies.

ROUNDWOOD OR LOG SUPPLY

The supply of logs for the manufacture of primary wood products summed up to 1.30 million cu m, an increase of 22% from the previous year's (Table 1).

Table 1 – Log Supply, in 000 cu m			
Source	1998	1999	%Change
Local	634	717	13.09
Import	435	584	34.25
Export	-	-	-
ADC	1,069	1,301	21.70
% Import from ADC	40.70	44.89	4.19

Source: See comparative statistical highlights herein.
ADC- Apparent Domestic Consumption

Compared to the previous year, the 1999 local production and the import of logs increased by 13% and 34%, respectively. Imported logs constituted 45% of total log supply versus 41% in 1998.

PRODUCTION AND IMPORTATION OF WOOD PRODUCTS

Indicative of the slight upturn the wood industry experienced in 1999 was the 23% increase in apparent domestic demand for primary wood products, from 0.81 million cu m in 1998 to nearly a million cu m in 1999 (Table 2).

Table 2 – Aggregate Primary Wood Products Supply, in 000 cu m			
Source	1998	1999	%Change
Local	523	556	6.30
Import	361	520	44.04
Export	79	86	8.86
ADC	805	990	22.98
% Import from ADC	44.84	52.52	7.68

Source: Ibid.

To Our Members

However, 53% of the demand was met by supply from imports that increased by 44% from the previous year's, mainly of lumber and veneer.

Imports were heightened because the local production of primary wood products only made a 6% improvement from the previous year's.

From the available supply of primary wood products totalling 1.16 million cu m, a small 7% went to exports, notably lumber and veneer coming from local production. However, 1999 export performance was still a 9% improvement over the previous year's.

WOOD MARKETS AND TRADE BALANCE

During the year under review logs were imported principally from Solomon Islands, PNG, Malaysia, Indonesia and New Zealand. Except plywood, primary wood products, principally lumber, were imported from Malaysia and New Zealand, among others.

Taiwan, Thailand and Japan were the principal markets for the country's primary wood products, except plywood which is being reintroduced in the European market as softwood panels. The US remained the principal market for the country's furniture of wood while UK, Japan and US, for wooden doors and frame.

In sum, exports made a slight hop but imports made a strong jump in terms of aggregate values of primary and downstream wood products (Table 3).

Table 3 – Aggregate Export-Import, in 000US\$			
	1998	1999	% Change
Export, fob			
Primary wood products	19,278	15,386	-20.19
Downstream wood products	230,028	243,396	5.81
Total	249,306	258,782	3.80
Import, cif			
Primary wood products, industry logs	143,300	227,021	58.42
Downstream wood products	7,755	9,035	16.50
Total	151,055	236,056	56.27

Source: Ibid.

MAJOR ISSUES FACED

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

- The sluggish awakening of the housing and construction sectors due to the slow healing of the local economy.
- The non-action by Congress to pass the sustainable forest management act.
- The implementation of tariff reduction by the government and the non-tariff measures by log exporting countries as well as the failure of the government to curb smuggling of wood products.

THE ASSOCIATION

During the year under review, Messrs. **Antonio G. Bernas** and **Fernando A. Lu**, Chair of the Board of Directors and President of the Association, respectively, together with the directors and officers of PWPA, steered the wood industry in yet precarious water, as it were.

The PWPA attended all public hearings of Congress on forestry and industry bills and of the Tariff Commission on duties issues as it actively kept its commitments with the APPF, APTO and IHPA.

An unprecedented government and industry collaboration has been established between DENR and the PWPA through a Memorandum of Agreement (**Memo Circular No. 99-24**). This was initiated by the DENR Secretary **Antonio H. Cerilles**, who wanted the industry to actively participate in implementing his policy of sustainable development of the forests, the communities, and the industry in a holistic manner.

ANTONIO G. BERNAS
Chairman

FERNANDO A. LU
President

1999 Major Industries Issues

ISSUES	POSITION TAKEN BY PWPA	STATUS
A. ARISING FROM DENR		
<p>1. Transport and disposition of imported wood. DENR field offices continued to require CTO, CLO, etc. to transport imported wood products from ports to mills to retail outlets invoking inapplicable rules.</p> <p>DENR-NCR in particular cited DAO 97-35 and DAO 98-05 in preventing transport and/or milling of imported debarked or untreated logs.</p>	<p>PWPA cited to DENR intent of DAO No. 97-35 as clarified its May 1998 RADMESS that sales invoices and/or delivery receipts and authenticated copies of import documents were sufficient to transport imported wood products.</p> <p>Invoking international agreement on quarantine matters and marketing practices of log exporting countries, PWPA requested that imported logs be treated on a country-to-country logs origin basis.</p>	<p>All DENR field offices were again advised through February 1999 RADMESS that indeed the position of PWPA was correct and for them to act accordingly.</p> <p>The international repercussion a rigid quarantine requirement could bring and losing Philippine source of logs imminent, the new DENR Secretary changed previous order by issuing DAO 99-46.</p>
<p>2. Transport of Logs and Wood Products outside of ARMM. Reacting to NGO rallies and despite guidelines in Memo Order 99-24, the DENR suspended, lifted, again suspended and lifted transport of logs and forest products outside of ARMM.</p>	<p>Representing ARMM - situated members, PWPA participated in various dialogues with NGOs, the Church, communities and the DENR, the latest of which was at the meeting of the LLWPDC in Cagayan de Oro.</p>	<p>The DENR gave specific time for ARMM-members to transport their logs for legal and economic reasons as it, together with LLWPDC, tried to resolve alleged social or environmental issues by way of a comprehensive study and survey of situations.</p>
<p>3. Streamlining the Implementation of EIS System for Forestry Projects. Extant rules and processing flow invariably prolonged approval of IAOPs and other forestry projects.</p>	<p>PWPA expressing gratitude to new DENR Secretary, Honorable Antonio H. Cerilles, for removing complicated hurdles for getting ECC, PWPA recommended, for expedience, that processing of forestry projects be handled by FMB who has the expertise therein.</p>	<p>Noting prior principles adopted by his predecessors, Secretary Cerilles issued DAO 99-15 in May 1999 designating FMB as lead agency in the implementation of EIS System for forestry projects. Its implementation was held in abeyance, however.</p>
<p>4. New Rules on IFMA. The development of ITP has long held back by the ever-changing rules on ITPLA or IFMA, perhaps some 20 rules since PD 705 of 1976, were already issued by DENR.</p>	<p>The latest rules, DAO 97-04, practically stopped development of ITP in last two years so that PWPA submitted the position that it be modified into a more incentive-friendly regulations.</p>	<p>DENR Secretary Cerilles issued DAO 99-53 (Integrated Forest Management Agreement) repealing all previous IRRs on the matter.</p>
<p>5. Unifying the Wood industry. In unity there is strength, so the saying goes, but hardly achieved by an industry long fractured by unfriendly policies, economic woes and receding rank.</p>	<p>DENR-influenced resource-based industries were asked by Secretary Cerilles what DENR could do to make them not only to survive but also to develop fully. Unity within the industry, policy dynamism, and beneficial collaboration were advanced by PWPA.</p>	<p>A Memorandum of Agreement was signed on 18 October 1999 between the DENR and PWPA and later issued as DENR Memo Circular 99-24, that would implement principles of such close collaboration (See A Milestone in this Report).</p>

1999 Major Industries Issues

ISSUES	POSITION TAKEN BY PWPA	STATUS
B. ARISING FROM TARIFF COMMISSION, BUREAU OF CUSTOMS AND BUREAU OF PRODUCT STANDARDS.		
1. From the Tariff Commission. The Tariff Commission continued implementing agreements on the accelerated reduction of tariff rates on imported wood articles continuously losing their competitive edge.	Taking cue from a presidential pronouncement of helping distressed industries by way duties relief, PWPA asked TC for a much slower if not temporary suspension of tariff reduction.	The response was negative. Alternatively, PWPA requested government offices concerned to help ease non-tariff barriers being imposed by log exporting countries. BOI would take the matters up in bilateral talks in late 2000.
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.	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.	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.
3. From BPS/DTI. Beset by intelligence networking and basic resources but very sincere to perform its mandate, BPS could hardly monitor the market for substandard plywood.	The Plywood Council of PWPA proposed to BPS/DTI joint efforts and measures to curtail production, importation and marketing of substandard plywood.	BPS/DTI and PWPA on October 13, 1999 entered into a Memorandum of Agreement jointly undertaking monitoring and controlling proliferation of plywood without PS marks and below standards.
C. ARISING FROM THE CONGRESS		
1. Lower House. Notwithstanding the tireless and sincere efforts of the Chair of the Committee on Natural Resources, Congresswoman Zenaida Ducut the bill on Sustainable Forest Management (SFM) remained unacted by it.	Appreciating the importance of the bill becoming a law that can put stability to tenurial systems and development of forest resources vital to the wood industry, PWPA continued to support its possible enactment.	Fast-tracked to 2000: During the first quarter, the Committee on Natural Resources finally unanimously approved the SFM bill but it has yet to be approved by the Committees on Ways and Means and Appropriations.
2. Upper House. In spite of three changes in its chairmanship, the Committee on Environment, was able to make its Report that, however, remained to be unscheduled for second reading by the Senate.	Appreciating the importance of the bill becoming a law that can put stability to tenurial systems and development of forest resources vital to the wood industry, PWPA continued to support its possible enactment.	Fast-tracked to 2000: Since the Committee on Environment had put out its Reports late last year, the SFM bill has yet to see the light, as it were, of a second reading by the Senate.

Our Members

REGULAR MEMBERS

CAR

FURNITURE GROUP, INC.

R-273 Wellington Building, Plaza Ruiz,
Binondo, Manila
Mr. Florio Buñag

REGION II

LA PEÑA SAWMILL CO., INC.

No. 7 Damar Loop, Damar Village,
Quezon City
Mr. Francisco U. Peña

LIBERTY LOGGING CORP.

123 Kaingin Road, Balintawak,
Quezon City
Mr. Wilson Lim

LUZON MAHOGANY TIMBER IND., INC.

44 Edison St., U.E. Tech. Subdivision,
Malabon, Metro Manila
Atty. Bienvenido Rillo

MONTE-ALTO TBR. RES. CORP.

R-407 Anita Bldg., 1300 Quezon Ave.,
Quezon City
Mr. Romeo de Jesus

GMWPA

ATLANTA WOOD DEVELOPMENT CORP.

12 T. Santiago St., Canumay,
Valenzuela, Metro Manila
Mr. Tan Chin

CATMON SALES INTERNATIONAL CORP.

909-913 Gen. Kalentong St.,
Mandaluyong City
Mr. Antonio Koh

EAST ASIA SAWMILL CORP.

1235 E. delos Santos Avenue
Balintawak, Quezon City
Mr. James Lee

ELCO WOOD PROCESSING CORP.

San Juan, Balagtas, Bulacan
Mr. Juan L. Santiago

EXTENSIVE WOOD PROCESSING CORP.

Km. 15 Mc Arthur Highway, Dalandanan,
Valenzuela, Metro Manila
Mr. Johnny Chan

GREAT WOOD CORP.

Vicente Reales St., Valenzuela
Metro Manila
Mr. Alfredo Go

GREAT WORLD IND'L. INTL. CORP.

Bo. Canumay, Valenzuela, Metro Manila
Mr. Benjamin Coquingo

GOLDEN STAR IND. CORP.

Bo. Patubig, Marilao, Bulacan
Mr. Edward Coquingo

STA. ANA INDUSTRIAL CORP.

2735 Old Panaderos St.,
Sta. Ana, Manila
Mr. Benjamin Coquingo

REGION III

EMERSON WOOD IND., INC.

Km. 24 Mc Arthur Highway,
Valenzuela, Metro Manila
Mr. Peter S. L. Santos

GOODYEAR TBR. PRODUCTS CORP.

27-C Compound, Bagbagundo,
Valenzuela, Metro Manila
Mr. Benny Coquingo

INDUSTRIAL TIMBER CORP.

R-504 ITC Bldg., Sen. Gil J. Puyat Ave.,
Makati City
Dr. Tomas Tangsoc, Jr.

M R BOARD INC.

G/F Metrobank Bldg., Ortigas Ave.,
cor. Wilson St., Greenhills, San Juan, M.M.
Mr. Jimmy A. Ng

NEW OLYMPIC INDUSTRIAL CORP.

Km. 25 Mc Arthur Highway, Bunlo,
Bocaue, Bulacan
Ms. Imelda Rogando

PANEL PRODUCTS INDUSTRIES CORP.

436 A Juan St., San Juan, Metro Manila
Mr. Wellington C. Yao

Our Members

REGION IV

INDUSTRIES DEVELOPMENT CORP.
IDC Compound, E. Rodriguez Jr. Ave.,
Ugong Norte, Quezon City
Mr. Joselito Ong/Atty. Severino T. de Guzman

INTER-PACIFIC FOREST RES. CORP.
Rm. 203 Anita Bldg., 1300 Quezon Ave.,
Quezon City
Mr. Leoncio Ruiz

MT. BANAHAW WOOD IND., INC.
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

TABLERIA TAN TAO SAWMILL, INC.
Rm. 7-E, 7/F Tucsan Bldg., Legaspi Village,
Makati City
Mrs. Sandra Yu Shaw

VERDANT AGRO-FOREST DEV'T CORP.
G/F Metrobank Bldg., Wilson St. cor.
Ortigas Ave., Greenhills, San Juan, M.Mla.
Mr. Jimmy A. Ng

N C R

ASIA-PACIFIC TBR. & PLYWOOD CORP.
14-A Trinidad St., Victoria Village,
East Canumay, Valenzuela, Metro Manila
Mr. Ramon C. Lim

INTERNATIONAL PLYWOOD CORP.
197 Mc. Arthur Highway, Valenzuela,
Metro Manila
Mr. Felix Sy

**REPUBLIC WOODEN COMMODITIES
MANUFACTURING CORP.**
917 Susano Avenue, Novaliches,
Quezon City
Mr. Benjamin Uy

REGION IX

MINDANAO ESTATES TIMBER CORP.
2227 Jose Abad Santos Avenue,
Tondo, Manila
Mr. Jose Dy

SIRAWAI PLYWOOD & LUMBER CORP.
4/F DACON Bldg., 2281 Pasong Tamo Ext.,
Makati City
Atty. Antonio G. Bernas

REGION X

MASTER WOOD ENT. CORP.
Phividec Ind'l Estates, Baluarte,
Tagoloan, Misamis Oriental
Mr. Willie Tan

PHIL. SOFTWOOD PRODUCTS, INC.
111 A 6th St. cor. 6th Avenue,
Grace Park, Caloocan City
Mr. Stanley Q. Tan

RICHMOND PLYWOOD CORP.
111 A 6th St. cor. 6th Avenue,
Grace Park, Caloocan City
Mr. Stephen Q. Tan

TIPI WOOD PRODUCTS CORP.
R-502 State Cond. I, Salcedo St.
Legaspi Village, Makati City
Mr. Antonio C. Olizon

UNION PLYWOOD CORP.
R-502 State Cond. I, Salcedo St.
Legaspi Village, Makati City
Mr. Antonio C. Olizon

UNITED WOOD INDUSTRIES CORP.
111 A 6th St. cor. 6th Avenue,
Grace Park, Caloocan City
Mr. Stanley Q. Tan

WOODLAND DOMAIN, INC.
24 Real St., Zapote,
Las Pifas, Metro Manila
Mr. Danny Dragon

REGION XI

C. ALCANTARA and SONS, INC.
3/F Alson's Bldg., 2286 Pasong Tamo Ext.,
Makati City
Ms. Edith I. Alcantara

CONSOLIDATED PLYWOOD IND., INC.
Km. 15 Panacan, Davao City 8000
Mr. Henry C. Wee

Board of Directors

		<p>Chairman ANTONIO G. BERNAS M & S Company, Inc.</p>		
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ALCANTARA	ARAGON	DE GUZMAN	KEH, JR.	KUA
				
LORENZO	LU	NARVAEZ, JR	NG	OLIZON
				
PUYAT	SY	TAMESIS	YAO	ANGELES

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C. Alcantara & Sons, Inc.

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PICOP Resources, Inc.

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Emco Plywood Corp.

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

JOSE A. LORENZO
Casilayan Softwood Dev. Corp.

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

JIMMY A. NG
Maple Res. Dev. Corp.

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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

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President

ALFONSO C. KEH, JR.
EVP & Treasurer

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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



Advisory Council

TEDDY G. BERNARDINO
PICOP Resources, Inc.

RUFINO T. NASSER
Timber Industries of the Philippines, Inc.

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

Secretariat

LEONARDO D. ANGELES
Executive Director

CELIA P. DUCAY
Administrative Officer

REGINO M. SERAFICO
Financial Officer

Our Members

REGION XII

EVER SUN DEV'T. LTD.

Unit 102, 1357-B Paz St.,
Paco, Manila
Mr. Kevin Cheng

FINDLAY MILLAR TIMBER CO.

Unit C, G/F Cordova Bldg., Sedeño St. cor.
Valero St., Salcedo Village, Makati City
Ms. Maria Teresita N. Kua

M & S COMPANY, INC.

4/F DACON Bldg., 2281 Pasong Tamo Ext.,
Makati City
Atty. Antonio G. Bernas

ARMM

COTABATO TIMBERLAND CO., INC.

4/F DACON Bldg., 2281 Pasong Tamo Ext.,
Makati City
Atty. Antonio G. Bernas

TIMBER IND. OF THE PHIL., INC.

Unit C, Cordova Bldg., Valero St. cor.
Sedeño St., Salcedo Village, Makati City
Mr. Rufino T. Nasser/Mr. Robert W. Kua

VICMAR DEV'T. CORP.

Unit C Cordova Bldg., Valero St. cor.
Sedeño St., Salcedo Village, Makati City
Mr. Robert W. Kua

CARAGA

AGUSAN PLYWOOD CORP.

R-502 APC Bldg., 1186 Quezon Avenue,
Quezon City
Mr. William C Perez

ANAKAN LUMBER CO.

5/F Maritima Bldg.,
117 Dasmariñas St., Binondo, Manila
Atty. Felix T. Tamesis

ARAS-ASAN TIMBER CO., INC.

Rm.404 Concorde Bldg., Benavidez St.,
Legaspi Village, Makati City
Mr. Evaristo M. Narvaez, Jr.

CASILAYAN SOFTWOOD & DEV'T. CORP.

211 Pasong Tamo cor. Tindalo St.,
Makati City
Mr. Antonio J. Lim/Mr. Jose A. Lorenzo

EMCO PLYWOOD CORP.

G/F W & W Bldg., 106 Aguirre St.,
Legaspi Village, Makati City
Mr. Alfonso C. Keh Jr.

NASIPIT LUMBER COMPANY, 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

PICOP RESOURCES, INC

2/F Moredel Bldg.,
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Phimco Compound, A. Bautista St.,
Punta, Sta. Ana, Manila
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ROYAL MATCH CO., INC.

2111 Pasong Tamo cor Tindalo St.,
Makati City
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SURIGAO DEVELOPMENT CORP.

4/F ENZO Bldg.,
399 Sen. Gil J. Puyat Ave., Makati City
Mr. Aristeo G. Puyat

ASSOCIATE MEMBERS

A G & P CO.

Pasong Tamo Ext., Makati City
Mr. Fernando Garcia

BORDEN INT'L. PHIL., INC.

10/F Filipinas Life Bldg.,
Ayala Ave., Makati City
Mr. Rolando del Rosario Sison

GRF CORPORATION

Unit-503 SB Skyland Plaza Cond.,
Sen. Gil J. Puyat Ave., Makati City
Mr. Gabriel Formoso

RESINS INCORPORATED

Bagong Ilog, Pasig City
Mr. Ernesto Lichauco

A Milestone

THE MEMORANDUM OF AGREEMENT BETWEEN THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES AND THE PHILIPPINE WOOD PRODUCERS ASSOCIATION* (EXCERPTS)

"NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenant hereafter contained, the parties hereto have agreed as follows:

1. DENR OBLIGATIONS AND RESPONSIBILITIES:

- 1.1 The DENR shall extend moral support to PWPA: (a) at policing its own ranks; (b) at ensuring that obligations of its members to the conditions of their licenses, agreements or permits and pertinent implementing rules and regulations of the DENR are monitored and/or complied with; and (c) at enabling it to meet certain responsibilities assigned to it by lawful orders or instructions.

To these ends and in order to attain unity of actions by PWPA, the DENR shall require that before it and/or its field offices concerned will act on any application or request of any individual or corporation engaged in logging; industrial tree plantation development; wood processing such as sawmilling, veneer and plywood making; importing and/or exporting of wood products such as logs, lumber, veneer and plywood as well as in the dealership of the same, he or it shall first submit with the DENR and/or its field offices concerned an updated Certificate of Good Membership Standing issued by PWPA.

- 1.2 The DENR shall suspend or cancel any license, agreement or permit issued to any individual or corporation only under the due process of law except when demanded by the national interest.

To this end, the DENR may call upon the PWPA to attend any and all hearings thereof in order to help to protect the interest of said member(s).

- 1.3 The DENR shall formulate and implement policies and/or implementing rules and regulations deemed at making competitive, viable and stable the wood-based industry sector.

To this end, the DENR may create an industry desk, a task force or a technical/policy group composed of representatives from the DENR and PWPA who shall recommend or formulate appropriate policies or IRRs for the consideration of the Secretary.

2. PWPA OBLIGATIONS AND RESPONSIBILITIES:

- 2.1 The PWPA shall be responsible in informing all its members or all concerned about this Memorandum of Agreement and about the required Certificate of Good Membership Standing herein aforementioned.

- 2.2 The PWPA shall assist the DENR to monitor and evaluate the performance of PWPA members relative to the terms and conditions of relevant IRRs with end and view of recommending adjustments, if any, in their operations necessary to keep them on proper course.

To this end, the DENR shall prescribe reportorial frameworks that PWPA members shall regularly accomplish and submit to the DENR through PWPA;

- 2.3 The PWPA shall continue to exercise certain delegated responsibilities such as: (a) the reforestation compliance or obligations of its members under DENR DAO 63, series of 1988, as amended; and (b) the conduct and submission of aerial photography - as the coordinating body for all TLA and TPSA holders - mandated under DENR DAO 17, series of 1992, and other relevant regulations on the matter.

To these ends, no management or operations plan shall be acted upon by the DENR or its field offices concerned without the certification by PWPA, by way of its issuance of a Certificate of Good Membership Standing, that conditions therein prescribed have been satisfied by concerned members.

- 2.4 The PWPA shall ensure that the manufacture or production and sale of wood products, such as logs, lumber, veneer and plywood by its members or by other parties concerned conform to relevant national and/or international grades or standards.

To this end, the PWPA shall coordinate the monitoring of the sale of wood products in market outlets with the DENR and/or the Bureau of Products Standards of the Department of Trade and Industry.

- 2.5 The PWPA shall by its own, or in coordination with the DENR, disseminate relevant information and help in the transfer of technology involving forestry and the wood industry as it shall continue to represent the country in meetings of international wood industry associations to which it is a member or an observer.

To these ends, consultation on strategies and programs shall be coordinated and effected between the DENR and the PWPA.

* - From the DENR Memorandum Circular No. 99-24 issued on November 15, 1999 containing the full text of MOA as signed on October 18, 1999 between DENR Secretary Antonio H. Cerilles and PWPA President Fernando A. Lu.

TENTATIVE DRAFT

**PHILIPPINE WOOD
PRODUCERS ASSOCIATION, INC.**

**FINANCIAL STATEMENTS
DECEMBER 31, 1999 and 1998**

(Tentative Draft - Prepared for the Annual Meeting of Members of the Association.)

TENTATIVE DRAFT

PHILIPPINE WOOD PRODUCERS ASSOCIATION, INC.

(A Nonstock, Nonprofit Corporation)

STATEMENTS OF ASSETS, LIABILITIES AND MEMBERS' EQUITY

	December 31	
	1999	1998
ASSETS		
Current Assets		
Cash	₱353,123	₱242,660
Receivables - net (Note 3)	2,296,514	2,420,366
Total Current Assets	2,649,637	2,663,026
Other Assets	9,700	9,700
	₱2,659,337	₱2,672,726
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	₱255,942	₱286,452
Members' Equity		
Balance at beginning of year	2,386,274	3,101,472
Excess (deficiency) of revenues over expenses	17,121	(715,198)
Balance at end of year	2,403,395	2,386,274
	₱2,659,337	₱2,672,726

See accompanying Notes to Financial Statements.

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

	Years Ended December 31	
	1999	1998
REVENUES		
Membership and assessment dues	₱3,587,273	₱3,456,551
Interest and others	1,512,425	316,715
	5,099,698	3,773,266
EXPENSES		
Provision for doubtful accounts	985,725	736,000
Retirement benefits	862,000	150,000
Salaries, wages and employee benefits	814,392	1,031,421
Transportation and travel	561,716	339,124
Professional fees	413,000	335,000
Office expenses	271,289	303,078
Condominium expenses, light and water	263,522	276,885
Meetings and conferences	220,328	159,477
Representation and entertainment	188,456	215,434
Telephone, telegram and postage	146,545	162,818
Donations and gifts	117,581	71,298
Public relations and information	73,217	403,025
Subscription and publication	52,517	32,307
Insurance	51,374	30,942
Taxes and licenses	34,885	31,398
Membership dues	10,932	105,942
Reforestation project	—	85,700
Depreciation and amortization	—	1,189
Others	15,098	17,426
	5,082,577	4,488,464
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	₱17,121	(₱715,198)

See accompanying Notes to Financial Statements.

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

	Years Ended December 31	
	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	₱17,121	(₱715,198)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by (used in) operating activities:		
Provision for doubtful accounts	985,725	736,000
Depreciation and amortization	—	1,189
Changes in assets and liabilities:		
Increase in receivables	(861,873)	(895,596)
Increase (decrease) in accounts payable and accrued expenses	(30,510)	164,515
Net cash provided by (used in) operating activities	110,463	(709,090)
CASH AT BEGINNING OF YEAR	242,660	951,750
CASH AT END OF YEAR	₱353,123	₱242,660

See accompanying Notes to Financial Statements.

TENTATIVE DRAFT

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

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:

	1999	1998
Members	₱3,189,931	₱3,057,153
Others	151,583	177,488
	3,341,514	3,234,641
Less allowance for doubtful accounts	1,045,000	814,275
	₱2,296,514	₱2,420,366

4. Property and Equipment

The Association owned the following property and equipment which have been fully depreciated as of December 31, 1998.

Condominium office building	₱1,010,396
Office furniture, fixtures and improvements	129,043
Office equipment	247,789
	1,387,228
Less accumulated depreciation and amortization	1,387,228
	₱-

KUNG TAYO'Y MAGTATANIM

(MAGTANIM AY DI BIRO)

**KUNG TAYO'Y MAGTATANIM
DADAMI ANG PAGKAIN
GIGINHAWA ANG BUHAY
YAYAMAN PA ITONG BAYAN**

**MAGTANIM, MAGTANIM
MAYROON KANG AANIHIN
MAGTANIM, MAGTANIM
MAYROON KANG ISASAING**

**SA KUBO KA MATULOG
KATAWAN MO'Y LULUSOG
SA BUKID KA MANIRAHAN
KAY LINIS NG AMIHAN**

**ANG SABI NG DIYOS NATIN
AY DAPAT NATIN SUNDIN
ANG LAHAT NG KAKANIN
SA PAWIS MANGGAGALING**

**MAGTANIM, MAGTANIM
MAYROON KANG AANIHIN
MAGTANIM, MAGTANIM
MAYROON KANG ISASAING**

**HALINA MAGSIKAP
UPANG UMUNLAD
SA BAYAN MAGLINGKOD
KA NG TAPAT**

**KAPAG NAGSIKAP
TAYO'Y UUNLAD
PARA SA ARAW NG BUKAS**

- ERAP

Accordingly, from His Excellency, President Joseph E. Estrada, which:

- He recited as a poem in one of his addresses to the Filipino people;
- He sang to the tune of "Magtanim ay di Biro" during a recent birthday of his mother; and
- Now Adm. Order No. 122, S. 2000, authorizing said lyrics to be taught and sung to the tune of "Magtanim ay di Biro", in all schools.



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