



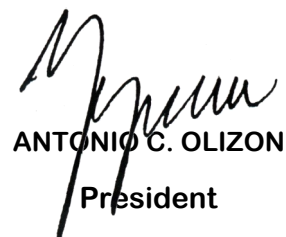
ANNUAL REPORT

2013



*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 of
Directors and the President of the Association as its
Report to the Members of the Association
for the year ended December 31, 2013.*


FERNANDO A. LU
Chairman


ANTONIO C. OLIZON
President

Vision

A strong and dynamic organization committed to the economic and environmentally sound development of the Wood Industry in the Philippines

Mission

In partnership with government and all concerned stakeholders, we shall:

- *Conserve and protect the environment through the sustainable management of natural and plantation forests;*
- *Utilize technology and best practices for the production of high quality wood products at competitive prices;*
- *Promote and encourage the use of high quality wood products;*
- *Work for appropriate legislation and good governance to ensure the sufficiency of wood resources and enhance the competitiveness of the wood industry;*
- *Contribute to the well-being of workers and communities where the wood industry operates.*

About the cover: A veneer of *Dao (Dracontomelon dao)*, a native tree in the Philippines, where it occurs in primary or secondary, evergreen, or semi-deciduous (monsoon) forest at low altitude in areas with high rainfall or less and frequently in areas with a short dry season. It is found scattered on well drained to poorly drained clay to stony soils, mainly alluvial flats and swampy areas. The wood of *dao* is used in light construction like *bancas*, rafters, and furniture. It can also be utilized for sliced ant rotary veneers, cabinet works, tables, crates, boxes, and matches. It is also used to make furniture, plywood, interior trim, and light frames. It is one among the main sources of timber in the country. It is classified as vulnerable species per DENR Administrative Order 2007-1 (Establishing the National List of Threatened Philippine Plants and their Categories, and the List of Other Wildlife Species).

Executive Officers

ANTONIO C. OLIZON
President

FERNANDO A. LU
Chairman

ALFONSO C. KEH, JR.
Executive Vice-President
VP-Plywood

CALVIN T. DAVID
Asst. Treasurer / Director

EVARISTO M. NARVAEZ, JR.
VP-Timber

MAILA R. VASQUEZ
Deputy Executive Director

RAMON Y. UY
Treasurer /
VP-Lumber & Related Products

MAILJOSE A. LORENZO
Adviser-Forestry & Environment

CHARLIE H. LIU
VP-International Relations

ROBERT W. KUA
VP-Membership Relations

63rd Annual General Assembly

Director In-Charge

CALVIN T. DAVID

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PWPA Board of Directors 2013-2014



FERNANDO A. LU
Chairman
Pacific Timber Export Corp.



ANTONIO C. OLIZON
President
Union Plywood Corporation



ALFONSO C. KEH, JR.
Executive Vice President
EMCO Plywood Corporation



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



VICTOR A. CONSUNJI
M & S Company, Inc. /
Sirawai Plywood & Lumber Corp.



ROBERT W. KUA
Vicmar Development Corp.



CHARLIE H. LIU
MATIMCO, Incorporated



EVARISTO M. NARVAEZ, JR.
ARTIMCO Incorporated



ARISTEO G. PUYAT
Surigao Development Corp.



STANLEY Q. TAN
Philippine Softwood Products, Inc.



RAMON Y. UY
Consolidated Wood Products Inc.



JHONNY M. YOUNG
Asia-Pacific Timber & Plywood Corp.



CALVIN T. DAVID
Worldwood Trading Corporation /
Ventura Timber Corp.

Financial Report

PHILIPPINE WOOD PRODUCERS ASSOCIATION, INC.
(A Nonstock, Non-profit Corporation)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2013	2012
ASSETS		
Current Assets		
Cash (Note 4)	P355,940	P165,897
Receivables (Note 5)	3,001,411	2,763,017
Total Current Assets	3,357,351	2,928,914
Noncurrent Assets		
Property and equipment (Note 6)	9,256	10,500
Other noncurrent asset	9,700	9,700
Total Noncurrent Assets	18,956	20,200
TOTAL ASSETS	P3,376,307	P2,949,114
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 7 and 8)	P346,542	P470,556
Income tax payable	8,262	-
Rent deposit (Note 9)	38,914	-
Total Current Liabilities	393,718	470,556
Noncurrent Liability		
Retirement benefits liability - net of current portion (Note 8)	670,262	640,674
Total Liabilities	1,063,980	1,111,230
Members' Equity	2,312,327	1,837,884
TOTAL LIABILITIES AND MEMBERS' EQUITY	P3,376,307	P2,949,114

See accompanying Notes to Financial Statements.

PHILIPPINE WOOD PRODUCERS ASSOCIATION, INC.
(A Nonstock, Non-profit Corporation)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	P500,217	P562,198
Adjustments for:		
Depreciation (Note 6)	12,194	7,500
Unrealized foreign exchange loss (gain)	(2,328)	2,171
Dividend income	(700)	(1,034)
Interest income (Note 4)	(664)	(497)
Excess of revenue over expenses before working capital changes	508,719	570,338
Increase in receivables	(238,394)	(475,300)
Increase (decrease) in:		
Accounts payable and other current liabilities (Note 7)	(124,014)	(10,732)
Rent deposit (Note 9)	38,914	-
Retirement benefits liability (Note 8)	29,588	(45,467)
Cash generated from operations	214,813	38,839
Creditable withholding tax	(17,512)	-
Dividend received	700	1,034
Interest received (Note 4)	664	497
Net cash from operating activities	198,665	40,370
CASH FLOW FROM AN INVESTING ACTIVITY		
Acquisition of office equipment (Note 6)	(10,950)	(18,000)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	2,328	(2,171)
NET INCREASE IN CASH	190,043	20,199
CASH AT BEGINNING OF YEAR	165,897	145,698
CASH AT END OF YEAR (Note 4)	P355,940	P165,897

See accompanying Notes to Financial Statements.

PHILIPPINE WOOD PRODUCERS ASSOCIATION, INC.
(A Nonstock, Non-profit Corporation)

STATEMENTS OF REVENUE AND EXPENSES

	Years Ended December 31	
	2013	2012
REVENUE		
Membership and assessment dues	P2,717,336	P3,166,984
Rental income (Note 9)	350,230	-
Dividend	700	1,034
Interest (Note 4)	664	497
Registration and entrance fees	-	923,540
Others	248,691	132,284
	3,317,621	4,224,339
EXPENSES		
Salaries, wages and other employee benefits	433,028	600,315
Provision for bad debts	396,500	-
Professional fees	372,600	591,700
Rent, light and water	351,797	636,487
Transportation and travel	224,896	331,105
Telephone, telegram and postage	223,970	210,676
Representation and entertainment	187,904	259,246
Office supplies	147,069	145,212
Public relations and information	89,070	282,894
Donations and gifts	84,117	79,734
Insurance	46,928	71,494
Subscription and publication	43,826	43,221
Meetings and conferences	43,038	82,392
Taxes and licenses	38,067	53,974
Retirement benefits cost (Note 8)	29,588	-
Repairs and maintenance	18,731	111,051
Depreciation (Note 6)	12,194	7,500
Others	74,081	155,140
	2,817,404	3,662,141
EXCESS OF REVENUE OVER EXPENSES	500,217	562,198
PROVISION FOR INCOME TAX (Note 10)	25,774	-
OTHER COMPREHENSIVE INCOME	-	-
EXCESS OF REVENUE AND OTHER COMPREHENSIVE INCOME OVER EXPENSES	P474,443	P562,198

See accompanying Notes to Financial Statements.

Report to the Members

The Association in 2013

The year 2013 is also a challenging year for the wood industry. It was the second year of implementation of Executive Order No. 23-Moratorium on the Harvesting of Trees in the Natural and Residual Forests and the Creation of the Anti-Illegal Logging Task Force. The substandard plywood imports from China perpetuates, hence making it difficult for our members who manufacture plywood, to compete with the market as China plywood is being sold cheaper than the locally manufactured ones.

These concerns are addressed thru these various efforts done by our association:

Extra-Judicial

Appeals to the Senate

On 15 January 2013, the PWPA wrote Senator Miriam Defensor-Santiago requesting her to set in motion the conduct of the public hearing on the Senate Resolution P. S. R. No. 506 entitled:

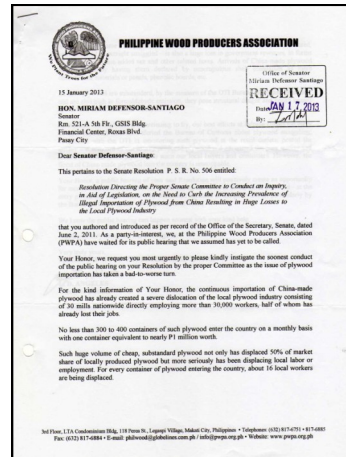
Resolution Directing the Proper Senate Committee to Conduct an Inquiry, in Aid of Legislation, on the Need to Curb the Increasing Prevalence of Illegal Importation of Plywood from China Resulting in Huge Losses to the Local Plywood Industry

which she authored and introduced as per record of the Office of the Secretary, Senate, dated June 2, 2011.

The PWPA said that the issue of plywood importation has taken a bad-to-worse turn and informed her that the continuous importation of China-made plywood has already created a severe dislocation of the local plywood industry consisting of 30 mills nationwide directly employing more than 30,000 workers, half of whom has already lost their jobs.

No less than 300 to 400 containers of such plywood enter the country on a monthly basis with one container equivalent to nearly P1 million worth and such huge volume of cheap, substandard plywood not only has displaced 50% of market share of locally produced plywood but more seriously has been displacing local labor or employment. For every container of plywood entering the country, about 16 local workers are being displaced.

She was also informed that such huge volume of plywood entering the country - undeclared, misdeclared, underdeclared or outright smuggled – is also a huge loss in government revenues, in forms of import tax, value-added tax and other related taxes. Arrivals of China-made plywood escape taxes by having them declared by unscrupulous shell companies as mere construction materials or panels, phenolic boards, etc.



Hence, such plywood are substandard, by the measure of the DTI Bureau of Product Standard, and are also high in formaldehyde emission, they pose structural danger and health hazard to workers, users, and home occupants.

PWPA said that it is continuing their best efforts at helping curtail the entry of such plywood and have alerted the Bureau of Customs about plywood smuggling; cooperated with the DTI in

monitoring such plywood at the retail outlets; posted the quality and standard of our locally produced plywood and advertised the poor quality and hazard of China-made plywood to warn our local buyers and consumers. However, the flood of China-made plywood into the country is unstoppable.

PWPA added that a public hearing of the said Resolution will positively create an opportunity for more effective ways and means of combating the flood of China-made plywood – at the entry points and retail outlets – by concerned agencies of the government, particularly by the Bureau of Customs and the Department of Trade.

In Plantation Logs/Lumber Grading Meeting

The Philippine Wood Producers Association (PWPA), as a member of the technical committee (TC) of the PCAARRD-assisted project “Efficient Utilization of Technologies for Selected Industrial Tree Plantation Species (ITPS) in CARAGA Region,” joined the Forest Products Research and Development Institute—Department of Science and Technology (FPRDI-DOST) in its first Technical Committee meeting/dialogue last June 20, 2013 at the DENR CARAGA, Butuan City. The meeting/dialogue, in coordination with the Bureau of Products Standards, set the preliminary discussion on the development and formulation of logs and lumber grading rules for ITPS in CARAGA.

Forester Jeremias Bruzon, OIC Regional Technical Director for Environmental Research and Development Services in the region,



(Clockwise) DTI/BPS Tes del Rosario, PWPA Maila Vasquez, FECPCAR Victor Plaza and Julius Mabando, DENR-CARAGA Jerry Bruzon, FPRDI-DOST Robert Natividad, DOST CARAGA Marie Kris Delarmente and Richmond Plywood Inocencio Atenta.

Report to the Members

welcomed the group and said the the project is an opportunity to standardize the marketing of tree plantation species in CARAGA. He said that once developed and implemented in CARAGA, it can be a model which can be used by other regions. He said that he wanted CARAGA to be a real timber corridor not only in name but also to be recognized as producer of world class plantation timber.

Forester Robert Natividad of the FPRDI-DOST gave the rationale of the project. He said that as early as the 90's he already figured out that tree plantation will be the source of raw materials of the wood industry. He added that about 82% of the timber production of the country is from plantation of which 60% comes from CARAGA, the reason why the project has targeted the region.

He said that the project was conceptualized due to the observation that the grading of logs and lumber were based on diameter only. He said that bidding was made in bulk. With the project, he said that the quality of raw materials may improve due to the additional criteria for the grading of logs and lumber. He also said that with the new grading, there will be high price of raw materials for the farmers while the manufacturers will get quality raw materials thereby getting a higher recovery as well as high cost of the wood products.

He added the project covers only five plantation species, namely: 1) falcata; 2) gmelina; 3) mangium; 4) mahogany; and 5) bagras.

Department of Trade and Industry/Bureau of Product Standards (DTI/BPS) representative Tes del Rosario made a presentation about how they formulate standards. She said there is no need to re-invent the wheel as they are formulating standards based on what is already there. They use the international standard so that what can be developed will already be acceptable in the international market.

Engineer Victor Revilleza presented the draft standard they have prepared as a working document. He presented different specifications for grading logs and lumber. The grading factors they have identified were: a) diameter; b) length; c) standard or allowable defects; and d) percent soundness.

Forester Maila Vasquez of PWPA, during the open forum, said that developing standards will be beneficial both to the producers, the manufacturers and end-users/consumers. She said it is good that the formulation is already anchored with the international standards, however, the grouping of said species and the ease and practicality of implementing the standards are also very important.

After consideration of all the comments presented by the TC members, Forester Natividad said they will revise the draft standards and same will be presented again to them in August 2013.

The meeting was also attended by Engineer Ruben Zamora of FPRDI-DOST, Miss Marie Kris Delarmente of DOST-CARAGA, Mr. Inocencio Atenta of Richmond Plywood Corp., Mr. Julius Mabando, Chairman of the Federation of CBFM PO in CARAGA, Inc. (FECPCAR), and Mr. Victor Plaza of FECPCAR.

Joins Technical Committee Meeting on the Formulation of Logs and Lumber Grading Standards for ITP Species in Caraga

The PWPA joined the Technical Committee Meeting on the Formulation of Logs and Lumber Grading Standards for ITP Species in Caraga on August 29, 2013 in Butuan City. It is part of a series of meetings to continue discussion on the formulation of logs and lumber grading standards for ITP species in Caraga.

Representatives from DENR-CARAGA, FPRDI, DTI, CBFMA Federation, private tree plantation farmer and PWPA attended the meeting.

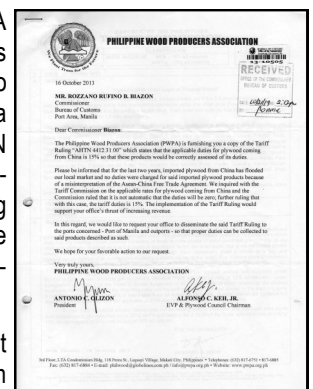
After the discussion on the technical aspects related to the drafting of the grading standards, the following issues were raised and discussed.

On the matter of buying and selling logs being market-based. Everyone agreed that selling and buying logs depends on the market however, the standards may influence it in the future since the objective of the standards is advantageous both to the farmers/ plantation owners/developers and the wood manufacturers. The FPRDI representative said that the system exists because of the limited sources of raw materials but may change in the future. He said once approved, its implementation will also be monitored.

On the matter of limited raw materials. There was a suggestion from the CBFMA Federation representative that since they have the land to be developed, why not get the support of the wood processors in developing such areas as a contract growing style. He said the government should have intervention in this aspect.

Liaises with the Bureau of Customs

On October 16, 2013, the PWPA sent a letter to Bureau of Customs (BOC) Commissioner Rozzano Rufino B. Biazon furnishing BOC a copy of the Tariff Ruling "AHTN 4412.31.00" which states the applicable duties for plywood coming from China is 15% so that these products would be correctly assessed of its duties.



PWPA informed him that for the last two years, imported plywood from China has flooded the local market and no duties were charged for said imported plywood products because of a misinterpretation of the Asean-China Free Trade Agreement. Upon inquiry with the Tariff Commission on the applicable rates for plywood coming from China and the Commission ruled that it is not automatic that the duties will be zero; further ruling that with this case, the tariff duties is 15%. PWPA said the implementation of the Tariff Ruling would support

Report to the Members

his office's thrust of increasing revenue.

The PWPA requested his office to disseminate the said Tariff Ruling to the ports concerned - Port of Manila and outports - so that proper duties can be collected to said products described as such.

Attends 16th Congress' Organizational Meeting of the Special Committee on Reforestation

The PWPA attended the 16th Congress' Organizational Meeting of the special Committee on Reforestation on October 23, 2013 at Mitra Building, House of Representatives, Quezon City. The meeting was called to present the Committee's vision, objectives and legislative agenda.

The meeting was chaired by the House Representatives' Special Committee on Reforestation Chairman Susan Yap (2nd District of Tarlac). Other attendees of the meeting are representatives from DENR led by Undersecretary Ernesto Adobo and Non-Governmental Organizations.

Representative Susan Yap thanked and welcomed all the attendees for the first meeting of the Committee on Reforestation and presented the committee's vision, objectives, and accomplishments during the last Congress and its present legislative agenda. She also introduced the members of the committee.

FMB Director Ricardo Calderon made a presentation about the National Greening Program (NGP) its objectives, strategies, targets and its accomplishment.

Representative from the Philippine Tropical Forest Conservation, Inc. also presented its objectives, strategies and accomplishments.

Open forum ensued the presentation. Major concerns focused on the 1) implementation of NGP where some of the members has positive insights on NGP while others has their apprehensions and 2) cancellation of the co-production agreement of the DENR with Shannalyne, Inc. in CARAGA where the DENR was given until next year to finalize its cancellation since the Committee has made the recommendation in 2012.

The Committee also recommended for the re-filing of the SFMA to have stable and updated law on the forestry sector.

Administrative

PWPA, UPLB Sign Deed of Book Donation

The Philippine Wood Producers Association (PWPA), over the many years, has accumulated volumes or collections of books, journals and other reference materials pertaining particularly to the wood industry. To have access to, and share their value especially



Partnership in Education. PWPA Executive Vice President A. C. Keh, Jr. (third from the left) and UPLB Chancellor Rex Victor Cruz (second from the right) shows the Deed of Book Donation. Flanking them from the left UPLBCFNR Chief Librarian Andriette Valdez, PWPA Deputy Executive Director Maila Vasquez and UPLB CFNR Dean John Pulhin.

to students and researchers, the PWPA thought of donating all of them to the UPLB College of Forestry and Natural Resources (UPLBCFNR) at Los Banos, Laguna.

On February 6, 2013, Executive Vice President Alfonso Keh, Jr. and Deputy Executive Director Maila Vasquez of the PWPA and UPLB Chancellor Rex Victor Cruz and UPLBCFNR Dean John Pulhin formalized the donation by having a simple Deed of Donation signing ceremony at the UPLBCFNR library.

Chancellor Cruz said the collections do not only have material but also historical value since many materials were published way back in the 1930's.

Also present during the signing ceremony were UPLBCFNR College Secretary Mutya Manalo, Chief Librarian Andriette Valdez and other College staff.

Attends Workshop on Sustainable Forest Management

The Philippine Wood Producers Association (PWPA) joined other forestry institutions from government, academic, non-government organizations and the private sector in a workshop on Setting a Unified Forest Management Framework on February 7-8, 2013 at Fersal Hotel, Quezon City.

The objective of the workshop is to review the working paper prepared by Dr. Adolfo Revilla, retired professor and dean of UPLBCFNR, entitled "Framework for Sustainable Forest Management (SFM) in the Philippines" with the view of consolidating a unified framework to guide the sustainable management of the Philippine forests.

The workshop is part of the project of the Department of Environment & Natural Resources – Forest Management Bureau (DENR-FMB) and Food And Agriculture Organization (FAO) on the Non-Legally Binding Instruments (NLBI).

Report to the Members

FAO-NLBI Project Coordinator Guillermo Mendoza said the workshop was strongly recommended by a multi-stakeholder FAO-NLBI consultation held a year ago. He said he has requested different representatives from forestry sector to review the paper of Dr. Revilla and to present their views thereon in the workshop that hopefully would strengthen the objective of SFM.

The review-presentors were (a) FMB Director Ricardo Calderon presented the Vision and Road Map for Sustainable Forest Management from the perspective of the government; (b) WISE President Marlea Munez, her review from the perspective of Community Forestry and Gender Issues; (c) Dr. Ernesto Guiang, an international forestry consultant, his review from the perspective of governance and general forestry; (d) PWPA ED L. D. Angeles, his and For. M. R. Vasquez' review from perspective of their experiences in the wood industry; and (e) UPLBCFNR Dean John Pulhin, his review from academic and scientific community.

Former DENR Usecs Ric Umali and Renato de Rueda served as moderators of the lively workshop. Dr. Guiang summarized the results of the review and ensuing discussion as that the SFM principles and general policy should be generic application to overall forest development. However, specific SFM strategies, plans and programs should apply separately to different forestland uses and situations; e.g. watershed and biodiversity protection, timber production, agroforestry, ecotourism, etc. Research, training and capacity building on SFM in general should be pursued.

Meets Perusahaan Kosinar SDN. BHD.

The Philippine Wood Producers Association (PWPA) met with Perusahaan Kosinar SDN. BHD executive director A. Onogi in March 26, 2013 to discuss the potential of the Philippines as a market for plywood.

Mr. Onogi informed PWPA President Antonio Olizon that their company has downgrade/utility grade plywood the PWPA members may be interested in. He discussed the details of the plywood as: 3' x 6' in size, JAS standard fall down with thickness of 9mm, 12mm, 15mm, 32mm, 24mm. The downgrade is due to overlap, short core; thin in thickness with-variance to the actual size -2mm.

He said the veneer wood used for face & back is mix OT; while the core is OT medium softwood. He said the face veneer is whole while the back veneer, jointed. They use phenol glue. The volume is about 3-4 40-footer container/month.

President Olizon told Mr. Onogi that 3' x 6' plywood in the Philippines is a special size because the standard is 4' x 8'. However, he said he would check with certain special users of the 3m x 6m plywood.

President Olizon then asked the terms of payment as Mr. Onogi told him the following: LC at sight, TT is also on; no credit/consignment; CNF basis, buyer pay the taxes.

Mr. Onogi also informed President Olizon about Genuine Beyond Sdn Bhd who is a supplier of logs and sawntimber in Sabah, Malaysia. He said the members of PWPA might be interested to buy logs and sawntimber from it.

Meets Mega Maderas of Guatemala

Philippine Wood Producers Association (PWPA) Vice President for Lumber and Director Ramon Uy welcomed the Mega Maderas representatives Project Manager Paulina Alvarado and Fiji Operations Manager Carlos Arriola at the PWPA office on April 15, 2013.



PWPA Director Ramon Uy (center) with Mega Maderas Project Manager Paulina Alvarado and Fiji Operations Manager Carlos

Mega Maderas, an international trader of Mahogany (*Sweitenia macrophylla*) sawntimber/lumber based in Guatemala, Central America and with field office in Fiji Island came over to seek information from PWPA about the local sources/availability of Mahogany lumber of different grades and sizes they can possibly market abroad on sustainable basis (at least 20 container vans per month).

Director Uy said there are many small mahogany plantations in Panay and in Mindanao; however, the trees have not grown to their fullest because of close planting and no thinning. He said most of the trees are about 30 cm in diameter only and are cut by chainsaw, hence of poor surfaces. He estimated the Philippines has a potential volume of 2-3 million board feet of Mahogany lumber.

Director Uy then referred the Guatemalan visitors to someone who, he knows, produces Mahogany lumber of different grades and sizes. He added that this person may be able to supply them with the volume they require. He also suggested that they make contact with big lumber consolidators who maybe able to assure them of the sustainability of the supply of the desired volume of Mahogany lumber they need.

ED Angeles inquired about the long-term global market future of Mahogany lumber and to which Mr. Arriola said that based on their experience, the market is growing as the requirement for Mahogany lumber is increasing in the US, Europe, Latin America, the Caribbean and Australia which are their active markets.

Report to the Members

Ms. Alvarado and Mr. Arriola again thanked the PWPA and said they will leave with a positive feeling about what they can do here in the Philippines.

Meets FPI Chair Emeritus

The Philippine Wood Producers Association (PWPA) met with Federation of Philippine Industries (FPI) Chairman Emeritus Meneleo Carlos, Jr. last April 18, 2013 in his office at the RI Chemicals, Inc. compound in Pasig City to discuss means of controlling plywood smuggling mainly coming from China and a possible cooperation between the PWPA and the FPI in effectively implementing smuggling-deterrent measures.



The PWPA expressed to Chair Carlos interest in the media campaign being arranged by the FPI for the petroleum industry to combat oil smuggling that the wood industry may model from against plywood smuggling. Chair Carlos said the media campaign's purpose is to bring out to the public the evil of petroleum smuggling. He added the campaign will be in the form of investigative journalism, the like of Philippine Center for Investigative Journalism (PCIJ) does; however, hard facts are essentially needed: how smuggling is being done, who are behind it, where it is happening and effects on the country.

Chair Carlos said the FPI would like to do similar campaign for all industries affected by smuggling. He added plywood smuggling can be one, however, there should be a good story to tell based on hard facts that answer the how, who and where questions.

PWPA Executive Director (ED) L. D. Angeles inquired about the possibility of PWPA directors and plywood manufacturers meeting with him and other FPI officers on the matter of anti-plywood smuggling campaign. Chair Carlos said he is willing to have it done.

On another matter, ED Angeles asked if plywood could be included in the list of 'sensitive' commodity imports, like oil, entering only in accredited ports. Chair Carlos there should be a strong argument for such a need for local plywood.

He said the argument could center on the danger the China-made plywood poses to body and health, in case of its failure in its use, because of its weaknesses like warping, emission and wet strength as tested by RI Chemical Corp. Parenthetically, Chair Carlos intimated the need to include these properties in the PNS standard for plywood.

Chair Carlos was with Ms. Carolina Carlos and Mr. Bernie

Bagaman of RI Chemicals, Inc. while ED Angeles was with Deputy Executive Director Maila Vasquez and Wood Industry Coordinator Ricardo Patawaran.

35th Foundation Anniversary of the Forestry Development Center



The PWPA was invited to make a presentation about the observations and experiences of the private sector on both NGP and logging moratorium in a symposium during the 35th Foundation Anniversary of the Forestry Development Center (FDC) last July 25, 2013 at the Nicolas Lansigan Auditorium, UPLBCFNR, College, Laguna.

The symposium, themed "Towards More Meaningful Policy Implementation and Advocacy in Forestry, Natural Resources and Environment," was attended by representatives from UPLB led by Chancellor Rex Victor Cruz, UPLBCFNR by Dean John Pulhin, FDC by Director Antonio Carandang, DENR led by FMB Director Ric Calderon, Senior Forester's group, NGO's, CBFMA representatives, and the private sector including the PWPA by President A. C. Olizon and Deputy ED M. R. Vasquez

The Symposium was opened by UPLBCFNR Dean John Pulhin who welcomed all its speakers, guests and participants.

He said FDC organizes symposium on current issues in the field of forestry and natural resources so that it can be reviewed towards a more meaningful policy implementation and advocacy in forestry, natural resources and environment. He said the symposium highlights two equally important policies with cross-cutting issues, the Executive Order (EO) No. 23 "Moratorium on Harvesting Trees in Natural and Residual Forest and the Creation of the Anti-Illegal Logging Task Force" and the EO No. 26 "National Greening Program."

He said Dr. Manuel Bonita, an international forestry practitioner and consultant, will present a paper entitled "Enhancing the Philippine Forest Policy: Ten-Point Agenda Focusing on Enhancing NGP." He said discussants from the peoples' organization, academe and the private sector were invited to share their insights and views on the paper presented.

UPLB Chancellor Rex Victor Cruz gave a message saying that he is a witness to the FDC's growth as the Forestry policy research team of the UPLB and has been actively participating in shaping forestry policy in the Philippines.

He said FDC has a big role and challenge in finding true and lasting solutions to the problems in the forestry sector through advocating the right information and sending it to the right people especially the decision makers.

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With the threat of climate change, he said that the country is vulnerable to its adverse impacts. However, while there is an urgent need for the protection and rehabilitation of the watershed areas, the production aspect of the watershed should not be taken for granted. Experiences show that protection and production can go hand in hand.

The FDC gave an Almaciga Award to DENR Secretary Ramon Paje. The award was received by FMB Director Ricardo Calderon. The award is given to someone who has significant and outstanding achievement and has left a positive impact on the enhancement of forestry and natural resources and environment in the aspect of policy development.

FMB Director Calderon made a presentation about the National Greening Program (NGP). He said NGP is beyond reforestation since it also considers food security, poverty alleviation, environmental protection, biodiversity, among others. He said that harmonization, incentives, maximization of available science and technology are among the strategies being adopted by the program.

He said that the DENR encourages the participation of all sectors in the program as it targets 1.5 billion trees in 1.5 million hectares nationwide within the period of 6 years.

Dr. Manuel Bonita, in his paper, suggested a ten-point agenda on how the NGP could be enhanced. He said NGP should not only focused on planting trees but most especially on how these planted trees could be managed into a forest. He said there should be enabling mechanisms that will encourage stakeholders to develop and manage forest/agroforestry plantations.

He recommended that NGP areas should be under responsible managers; consultation and extension should be with the direct implementers; sustainable livelihood and application of appropriate technology is necessary; and people-private sector partnership is very important.

He said that with the unwavering support of the President who committed about P30 billion for the program, NGP should attain its goal.

Kapit Bisig Farmers Association, Inc. President Nelly Alzula shared their experiences as CBFMA partners. She said they do not get big areas from the government for planting, instead they accept an area which they can plant, develop and manage. She said that their association puts planting trees in their heart and they would want to see these trees grow into a forest.

She suggested that the DENR should identify all open areas so that planted areas will not be included in the target of NGP.

Dr. Leonida Bugayong of FDC presented a paper showing the process how policy formulation is done by the FDC and said that in policy formulation, correct information is very important in order to get the right choice of options or alternatives that will meet the objectives of the policy being formulated, the NGP policy in this case.

She shared some of their experiences in the review of the policy and said that proper consultation with the stakeholders and direct implementers of the program is very important so that appropriate strategies and actions will be considered in the policy.

PWPA President Antonio Olizon shared the observations and experiences of the private sector on both NGP and logging moratorium. He said that with the big budget allocated for the implementation of NGP, the DENR should be serious in the attainment of its target.

He made confirmation on the observation of Dr. Bonita that in issuing the logging moratorium, the few sustainably managed production forests are now open-access, law enforcement agencies are now having difficulty in protecting the forests, and law-abiding producers of planted timber are open to harassment.

He also gave recommendations/suggestions to be considered for the implementation of the NGP program.

Open forum followed after said presentation. The program was closed by FDC Director Antonio Carandang thanking all the sponsors, speakers, guests and participants of the symposium.

Meets with DENR-NCR

The PWPA meets with the DENR-NCR on July 26, 2013 to discuss arrangements for the proposed tree planting activity of the Philippine Lumber Merchant Association (PLMA) and made courtesy call to RTD Antonio Manila.

The tree planting activity was discussed with Forester Barry Calderon, Chief of the Urban Forestry Division. He advised the PWPA that the DENR-NCR has already identified the area, La Mesa Watershed, where the tree planting will be held. He said they just need the exact date so that they can schedule the site inspection and preparation activities (brushing and hole digging) in the area. He said preparatory activities need 3 days for planting 250 seedlings, approximately a half-hectare area. He added that the tree planting will be part of the maintenance activity for the DENR-NCR's project in La Mesa Watershed.

Forester Calderon also said that the DENR NCR can supply the seedlings because of its accessibility and proximity to the target area. He suggested the available seedlings of PWPA at the Muntinlupa nursery could be used for boundary planting at the south expressway.

Director R. Y. Uy thanked Forester Calderon and said the target date is in August but he will be informing him immediately the exact date once PLMA decided on it. He added that the tree planting at the south expressway would be another project that could be planned later.

PWPA also made a courtesy call to RTD Antonio Manila. Director Uy mentioned to him the tree planting activity being arranged by the PLMA with the DENR NCR. Director Manila appreciates the effort of the Association in partnering with them in their tree

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planting program.

He mentioned that the Philippine Native Plants Conservation Society, Inc., of which he is the president, is having a symposium on November 15-16, 2013 at Pampanga Agricultural College, Magalang, Pampanga. He said the PWPA could submit a paper and present it during the Symposium. He sent the attached solicitation letter (for sponsorship and advertisement contract) and announcement and call for paper for information and reference.

Bookshelves repair and books arrangement at UPLBCFNR Library

After the signing of the Deed of Book Donation last February 6, 2013, the transfer of books and bookshelves, including the bookshelves repair and books arrangement were completed last August 1, 2013.

PWPA have properly coordinated the transfer and the book arrangement with the UPLBCFNR librarian, Ms. Andriette Valdez.

The UPLB CFNR library could also use a 2-horsepower air condition unit, hence if you have a spare unit that can be donated, please coordinate with the Secretariat for this matter.

Joins Strategic Meeting on EU-FLEGT Due Diligence

The PWPA joins the Chamber of Furniture Industries of the Philippines (CFIP) last September 10, 2013 to discuss key strategies to comply with the EU-FLEGT requirements on Due Diligence at the CFIP Boardroom, Strata 100 Bldg., Ortigas Jr., Pasig City.

The meeting was attended by representatives from CFIP led by President Nicolaas de Lange, Green Choice Philippines Executive Director June Alvarez, Global Forestry Services (GFS)-Malaysia's Mr. Bill Maynard and the PWPA led by President Antonio Olizon

CFIP President Nicolaas de Lange welcomed and thanked all the attendees and said that they have invited Mr. Bill Maynard of GFS-Malaysia, an international expert who was responsible for coming up with the Malaysian model on due diligence. He said that he might be able to help the private sector as well as the government in coming up with the Philippine model.

PWPA President Antonio Olizon inquired, for a common understanding, what is due diligence.

Mr. Maynard said that due diligence focus on the legality of the products. Legality simply means following the law of the country where the products are being sourced. He said that depending on the country's law, sustainability of the source of the wood products may or may not be included in due diligence.

He added that the first person who first brought the products to Europe is liable. He also said that credible due diligence is very important to make sure that such person is bringing in legal timber.

Everyone in the meeting agreed that the due diligence model in the country should be made simple and practical.

It was suggested to come up with a template or checklist for the due diligence model. Documentation requirements should be checked for every scenario; identify the gaps and necessary measures to fill said gaps.

It was also recommended to check agencies that can fund such activity like FAO and AUSAid. If GFS would be considered, they might also know other funding sources.

Joins Forest Certification Forum

The PWPA was invited to present about the Philippine Wood Industry Experiences, Insights, and Case Studies at the Forest Certification Forum last September 26, 2013 at the Crowne Plaza Hotel, Ortigas Center, Quezon City.



The Forum was funded by North Head, an international consulting company - pursuing its advocacy on the importance of certification considering the different international laws regarding legality and chain of custody - and was organized in coordination with the Philippine Business for the Environment (PBE) and the Philippine Center for Environmental Protection and Sustainable Development (PCEPSD), the Society of Filipino Foresters (SFF) and the PWPA.

The Forum aimed to provide information on how to adapt and comply with the changing policies, choose the appropriate certification options for the domestic and international markets, and consequently bring legal, certified forest products to market.

It was attended by representatives from PCEPSD, PBE, SFF, PWPA, North Head and government agencies and institutions and other industry sector.

The Forum was opened by For. Tommy Valdez, President of the Society of Filipino Foresters as he welcome and thanked all the participants who attended the Forum. It was followed by North Head Executive Robert Magyar who gave the overview of the Forum.

Three international speakers made presentation from the global perspective (by Kayt Watts, CEO of Ingenu Consultancy, a former head of the Australian Forestry Standard); regional

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perspective and the progress in their country (by Mr. Benson Yu of PEFC China Initiative); and national perspective (by Dr. Liana Bratasida, CEO of the Indonesian Pulp and Paper Industry Association).

FMB Director Ricardo Calderon made a presentation on the emerging policies on Forest Certification in the Philippines while ED June Alvarez of PCEPSD the Philippine National Eco-labeling Program and Green Procurement followed by the presentation of PWPA President Antonio Olizon.

An open forum ensued moderated by Mr. Robert Magyar.

The program was closed by PBE Executive Director Bunar Laureto.

The details of the presentation can be found in the link below:

<http://northheadcomms.com/ver2/certification-forum-2013-manila.html/>

Attends Meeting on the DBP Facility on ITP Development

The PWPA attended the meeting to discuss the Development Bank of the Philippines' (DBP) facility on ITP Development on October 16, 2013 at the FMB Conference Room, Quezon City. Aside from the PWPA, the meeting was attended by representatives from FMB, DBP and other IFMA holders.

FMB Director Ric Calderon chaired the meeting and said that it is a preliminary meeting for a larger forum to promote DBP's tree plantation financing program.

DBP VP Aurora Maghirang gave a background about how the financing program and that constant coordination with the DENR was done especially with regards to the policy of the government.

DBP Manager Elaine Pagkanlungan made a presentation about the tree plantation financing scheme and provided the attendees the brochure for more details on the financing program.

An open forum ensued after the presentation. Aside from questions regarding the financing program, questions on the stability of the government policies were also raised.

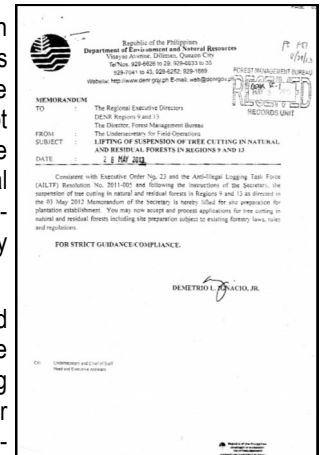
News Updates

DENR Lifts Suspension of Cutting in Natural and Residual Forests - For Plantation Development in Regions 9 & 13

The Department of Environment and Natural Resources (DENR), on its memorandum dated May 28 May 2013, consistently with Executive Order No. 23 of February 2011 and the Anti-Illegal Logging Task Force Resolution No. 2011-005, lifted the suspension of cutting in natural and residual forests in Regions 9 and 13

for site preparation for plantation establishment. The lifting allows the DENR regional executive directors of both regions to accept and process applications for tree cutting in natural and residual forests including site preparation subject to existing forestry laws, rules and regulations.

On June 5, 2013, the DENR issued a clarificatory memorandum to the May 28, 2013 memorandum stating that the suspension is lifted only for site preparation for plantation establishment in degraded residual forests.



Preliminary US anti-dumping duties for plywood imports from China

The US Department of Commerce announced on April 30 the preliminary anti-dumping duties on decorative plywood imports from China.

These duties were to come into effect on July 17 but, because two of the affected companies requested the postponement of the deadline the entry into force was delayed to allow for further investigation.

Those investigations have been concluded and the duties will come into effect in July. The new duties will be added to the existing preliminary countervailing duties, which range from 0.22% to 27.16%.

Two companies will not pay any anti-dumping duties (Linyi San Fortune Wood Co. and Jiangyang Group).

Over 100 companies were assigned a preliminary anti-dumping duty of 22.14%. All other producers will pay the China-wide duty of 63.96%.

Plywood from China has an estimated 30% market share in the US. All hardwood and decorative plywood is subject to the investigation and duties, including plywood with face and back veneer made from softwoods or bamboo.

Structural plywood and shaped plywood are excluded from the investigation.

Source: ITTO Tropical Timber Market Report, Volume 17 Number 11, June 1-15, 2013.

Report to the Members

EU FLEGT Update from EFI

The European Forest Institute's (EFI) EU FLEGT Facility, in cooperation with the EU FAO FLEGT Programme and the European Union, publishes regular updates on progress in negotiating and implementing VPAs. The following is extracted from the recent EFI Update.

Côte d'Ivoire and EU prepare for their first VPA negotiations

The EU and Côte d'Ivoire have begun preparations for the first VPA negotiation session scheduled to take place on 20-21 June. Three technical working sessions have taken place since the end of March. Participants in these preparatory meetings included forestry officials and representatives from civil society and the private sector.

VPA implementation in Cameroon gets a positive review

Work on implementing Cameroon's VPA received a positive evaluation during the first 2013 meeting of the Joint Monitoring Committee on 25–26 April. The Committee noted that considerable progress had been made.

Technical progress includes the development of a methodology to assess private certification schemes and procedures for issuing legality certificates, as well as the organization of an independent audit.

Other notable efforts were the adaptation of the regulatory framework to meet VPA requirements, with three related decrees published, and in communication and transparency, with progress made on the annual report, website and information to be made public.

Other progress includes the establishment of structures to monitor the VPA, namely the National Monitoring Committee, Joint Monitoring Committee and Joint Implementation Council.

In the coming months, work will be undertaken to fulfill commitments for documents to be put into the public domain (Public Information Annex), through a website which is under development.

In addition, the Committee agreed to a strategy for developing an updated version of the legality verification system, as the work to date does not yet meet VPA requirements. With the EU Timber Regulation already in force but FLEGT licensing not yet in place, Cameroon's timber producers and exporters must demonstrate their compliance with the country's legal framework.

The Joint Monitoring Committee highlighted the need to prioritize the issuing of 'certificates of legality' and to be able to explain why certificates are not yet available to help businesses respond to questions from their European buyers.

Source: ITTO Tropical Timber Market Report, Volume 17 Number 11, June 1-15, 2013.

62nd Annual General Assembly

The Philippine Wood Producers Association (PWPA) held its 62nd Annual General Assembly of Members last December 4, 2013 at the MAN Multipurpose Hall, Quezon City – exclusively for PWPA members only.



With the theme: “The Wood Industry: Moving in a New Direction,” the meeting updated the members on the status of the wood industry and updated them on the status of the logs, lumber and plywood sector including policy trends in the wood industry. The meeting also heard from members insights and recommendations as guides for the PWPA to move forward the industry vis-à-vis Executive Order No. 23, the logging moratorium in natural, residual forest and on the entry of substandard plywood from China.

Chairman Fernando A. Lu gave the opening statement welcoming the members and also expressed the PWPA appreciation and gratitude to the assembly presenters R.I. Chemical Corporation and its sister CTNi.

He said the meeting has been prepared to be as informative so the members will be able to be updated about the industry and its current trends. He expressed the hope that members will also share their ideas and recommendations to help the industry to move forward.

Chairman Emeritus Meneleo Carlos, Jr. of the Federation of the Philippine Industry, who is also the President of the RI Chemical Corp., the co-presenter of the General Assembly, gave the message about the government's backlog on low-cost housing especially after Typhoon Yolanda. He said that government tends to look at concrete and steel instead of wood and that very little emphasis has been given to plywood as structural materials. He said that the image of the industry at present is furniture and paneling but he said that it could be changed and convey a message that wood and housing are synonymous, that wood and structures are synonymous.

During the business meeting, President Olizon presented the efforts made by the Association for the year while Director Ramon

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Y. Uy summarized the PWPA 2011 financial report prepared by SGV as he requested for the continuous support of the members to the Association.

Presentations on the updates on the log sector, lumber and wood working sector and the plywood sector as well as the policy trends in the wood industry were made by Forestry and Environment Adviser Jose A. Lorenzo, VP-Director Charlie H. Liu, Director Jhonny M. Young and Deputy Executive Director Maila R. Vasquez, respectively.

Forestry and Environment Adviser Lorenzo made a presentation on Logs/Timber situationer, the causes of its decline and its future.

VP-Director Liu gave a presentation on the macroeconomic indicators for Philippine construction, a few updates on the Philippine lumber Sector and the challenges and opportunities in the Philippine lumber sector.

VP-Director Young gave updates on the plywood sector as he presented the challenges being faced by the sector, the efforts being done by the Association and its opportunities.

Deputy ED Vasquez presented the policy trends related to the industry, international and local policies that were issued and talked also about certification and the ASEAN Economic Integration.

President Olizon told the members that the PWPA will continue to extend its efforts to make the industry's voice be heard. We hope that together, we would face the roadblocks that would come our way and would propel us to move forward.

With the postponement of the election as moved and seconded by the members, the incumbent directors and officers will continue to serve as directors of the Board and officers for the year 2013-2014, namely: Ms. Edith Alcantara, Mssrs. Victor Consunji, Calvin Tan David, Alfonso Keh, Jr., Robert Kua, Fernando Lu, Charlie Liu, Evaristo Narvaez, Jr., Antonio Olizon, Aristeo Puyat, Stanley Tan, Ramon Uy and Jhonny Young.

The principal presenters of the General Assembly were RI Chemical Corp. and CTNi of the Resins Inc. Group of Companies.

have been easy since there is no restriction from harvesting plantation timber however, difficulties getting permits and some vague instructions made it hard for the planters/developers to do their purpose.

Importing raw materials continued to supplement the raw material needs of the manufacturing plants. Influx of imported substandard plywood also continued to enter the local market which put the local plywood into a disadvantage as it cannot complete with the low market prices.

About 10 plywood mills have temporarily stopped operations, with the rest in partial operations as power is also one of difficulties met by plywood manufacturers especially in Mindanao.

The influx of substandard plywood from China still continues hence local producers have difficulty in competing with the low market prices.

Projection for 2014. With the situation continuing and the EO 23 not being lifted, it is projected that many wood processing mills will slowdown their operations, if not stop operations due to the limited supply of raw materials. The raw materials will come from a) tree plantation; and b) imports but with difficulty because of policies of exporting countries on value-adding, export quotas and taxes and the high cost of imported wood. If not prevented, imported substandard plywood and illegal logs may continue to supply needed demand.


FERNANDO A. LU
Chairman


ANTONIO C. OLIZON
President

Wood Industry Assessment

2013 Assessment. It is already more than two years when President Benigno S. Aquino III issued Executive Order No. 23, otherwise known as, "Declaring a Moratorium on the Cutting and Harvesting of Timber in the Natural and Residual Forests and Creating the Anti-Illegal Logging Task Force" on February 2011. The issuance of EO stopped all tenurial holders to operate in natural and residual forests as equipment were brought down from the forest area.

Because of the Executive Order, only timber coming from plantation forests could be cut/harvested and transported. It should

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Strawberry Road Trading
Strong Lumber Enterprises
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Top Asia Corp.
Trion Trade, Inc.
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Silangan Lumber
Soon Chiong Trading Corp.
Star Ace Lumber Corp.
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Timberyard Inc.
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Triumph Lumber and Construction Supply
Union Lumber Co., Inc.
Viva Lumber Co., Inc.

In the know

Commentary of the Private Wood Industry on the Paper of Dr. Manuel Bonita Entitled:

Enhancing the Philippine Forestry: Ten-Point Agenda Focusing on Enhancing NGP¹

By

Antonio C. Olizon²

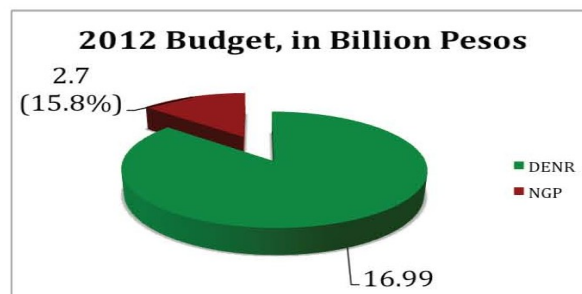
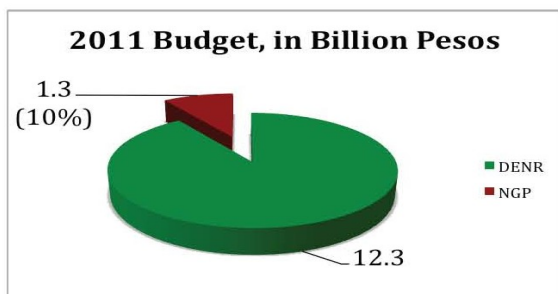
I. Comparative Budget of DENR budget vis-à-vis NGP budget (How big is the NGP Budget compared with DENR Budget?)

	2011	% NGP	2012	% NGP	2013	% NGP	2014
DENR	12.3 B	10.6	16.99 B	15.89	23.6 B	24.57	
NGP & Cadastral Survey	1.3 B		2.7 B		5.8 B		6.2 B

Sources: <http://www.gov.ph/>
<http://www.dbm.gov.ph/>
<http://denr.gov.ph/transparency-governance/denr-budget-a-financial-reports.html>
<http://ngp.denr.gov.ph/index.php/site-map/ngp-budget>

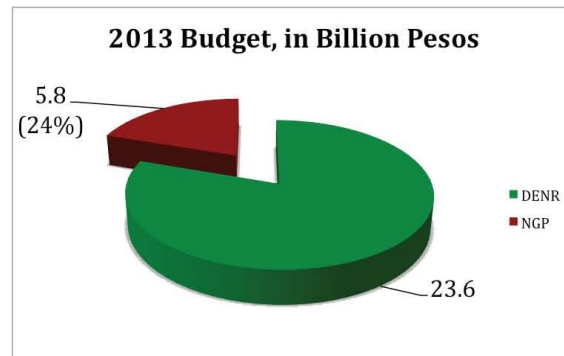
For 2013, the remaining 75% budget of the DENR will be shared by the following:

1. DENR Central Office
2. Regional Offices
3. Bureaus
 - a. Land Management Bureau
 - b. Environmental Management Bureau
 - c. Forest Management Bureau
 - d. Protected Areas and Wildlife Bureau
 - e. Mines and Geosciences Bureau
 - f. Ecosystem Research and Development Bureau
4. Attached Agencies



¹ Paper presented during the 35th Foundation Anniversary Symposium of the Forestry Development Center held at the UPLB-CFNR Auditorium on July 25, 2013.

² President of the Philippine Wood Producers Association



II. Is the DENR Really Serious with the National Greening Program?

Case in Point:

1. The Claveria Tree Nursery, Inc. located in Misamis Oriental has offered to help the DENR to lower cost of seedlings through the establishment of Barangay nurseries. These nurseries will mass-produce genetically superior seedlings (cloned seedlings) which cost only P7.00/seedling. The DENR was not interested.
2. Xavier Ecoville Resettlement Project, assisted by the Philippine Wood Producers Association (PWPA). The project beneficiaries are the Sendong victims relocated to Lumbia, Cagayan de Oro area. 50,000 seedlings were raised by Sendong victims, mostly housewives. The seedlings were offered to DENR at P10.00/seedlings but the DENR is not interested even with the appeal of the Xavier University priest.
3. PWPA, during its 60th Anniversary, offered to supply 1 million seedlings to be distributed throughout the country. But the DENR did not show interest, in fact, DENR did not sign the prepared Memorandum of Agreement.

Is the DENR really serious with the National Greening Program?

NGP cost of buying seedlings is at high of P12.00/seedling.

III. On the Consequences of Cancellation/Suspension of IFMA

We confirm Dr. Bonita's statement "After a series of ecological disasters struck, an exasperated President declared a logging moratorium through EO 23. The economic incentive for SFM was lost and resource managers cut back on their investment to protect the natural forest in their tenured areas. The consequences are that what little sustainably managed production forests that remained are now open to access by illegal loggers, law enforcement agencies are now getting their hands full in protecting forests

In the know

from illegal loggers, and law-abiding producers of planted timber are open to harassment by corrupt enforcers.”

Case in Point: When PICOP license was not renewed/extended for whatever reasons valid or otherwise.

Effect: PICOP, which was once one of the biggest and best-managed forest area, was encroached by illegal loggers.

The DENR was emphatic that they could protect the areas that were cancelled or suspended.

Fact: Area of PICOP is now one of the major sources of illegal logs in the vicinity of Mindanao.

The DENR and other agencies were not able to contain illegal logging in the area. PICOP, the former showcase of the government and wood industry, is now the haven of illegal logging activities.

More recently, the case of Surigao Development Corp. (SUDECOR) is suffering the same fate. Since the implementation of EO 23, all equipment were brought out from the area, people operating said equipment went down including security. This area is now the second haven of illegal loggers. It is also so pathetic that the illegal loggers stealing from SUDECOR area established its own processing plant.

Although hard to admit, but everybody is aware that undocumented logs is easier to transport than legally documented logs.

To further prove that rampant illegal logging are being conducted in the former IFMA areas - is the fact that some plywood plants still have full operations without interruption even in the absence of good Philippine Mahogany logs for face and back materials.

IV. On Capacity Building

We also agree when Dr. Bonita said that “Capacity building has turned into meetings and conferences at high and middle levels among forestry practitioners, rather than cascading to the grassroots level in the training of frontline forest resource managers.”

Meetings and conferences did not really produce measurable results. Sad to say, these meetings and conferences became outings/vacations for some of us. Meetings discussions, recommendations and resolutions were not confirmed nor implemented and no firm reactions from higher officials.

V. On the Position of the Filipino Foresters

It will be difficult for the Filipino foresters to accept challenges or to take an opposite view from the DENR considering that many of our foresters are fully employed or have consultancy contract with the DENR. They cannot make public their opposition and we should understand them because they are the bread winners of their family.

VI. On EO 23 Implementation

At this point, we would like to state a provision of EO 23 that was not complied with and a provision that was not successfully implemented:

a. Section 2.3 of EO 23 that state:

“The DENR shall review/evaluate all existing IFMAs, SIFMAs, CBFMAs and other forestry agreements/contracts and immediately terminate/cancel the agreements of those who have violated the terms and conditions of their contracts/agreements as well as existing forest laws, rules and regulations at least twice. Furthermore, said agreements shall likewise be immediately terminated/cancelled if the holders thereof engage in logging activities in any natural or residual forest or abet the commission of the same”

was never implemented. Because of its non-implementation, those responsible tenure holders were not able to prove their sincerity in implementing Sustainable Forest Management.

b. The Anti-Illegal Logging Task Force created under the EO was a dismal failure. People from the private sector were harassed by some members of the task force who do not even know how to identify the species of wood they are confiscating.

This also happened in the last (recent) administration when task forces were sent to processing mills. They were mostly police or military officials who do not know or cannot identify the species being processed by the mills. They were fondly called “Ask Forces” and not task forces.

This is a sad reality but no one seem to talk about it for fear of vengeance from them.

VII. Point of Clarification

In NGP, there will be payment for the first three years for maintenance and protection. How about from the 4th year onwards? Who will take care of the plantation? Can the plantation be harvested legally? If it can be harvested, who will harvest and who will guard during harvesting? What is the scheme? Is there a monetary incentives for guarding it from the 4th year onwards?

VIII. Recommendations

Here are some of our recommendations:

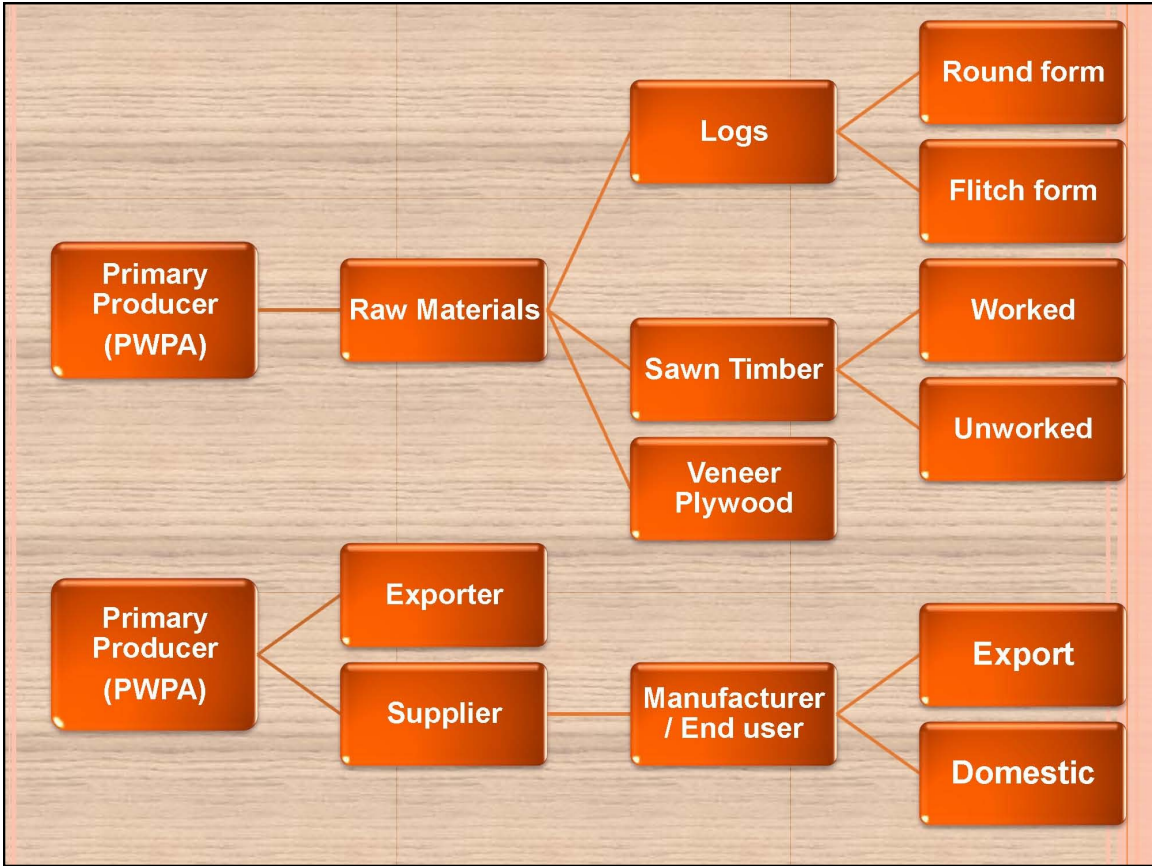
- a. Encourage the private sector to invest in tree plantation. This will **not** entail cost to the government and yet the investors have all the reasons to protect and manage the plantation considering that they invested their own money for a business venture. But the government policy must not keep on changing.
- b. Promote usufruct rights on government lands provided that the usufruct holders will plant and protect their areas. It is a long-term tenure instrument which will give the holders sense of ownership. Non-compliance will mean recalling the usufruct rights.
- c. Consider new species taking into consideration the following: 1) site specific; and 2) good commercial value or returns to the people planting. Example would be planting of oil palm which will give a return after 3 years. When it reached its marginal productivity, oil palm can be used as sawn timber material. This experience/model could be seen in the massive plantations in Malaysia and Indonesia.
- d. Evaluate DENR programs/projects
 - We should evaluate the results of the Upland Development Program which was undertaken in the latter part of the Arroyo/Atienza administration. How much did it really spent? Accordingly, out of the P2.5 B, only P1.5 B was released. But what can the P1.5 B show? Only a few pilot projects were implemented. When we started talking about it during one meeting, a lady from the DENR said we should stop talking about it because the COA might start an investigation/audit.
 - We should also take a closer look at CBFMAs. Out of the 1,790 CBFMAs, how many can be considered as successful?
 - The Challenge! We challenge the UPLBCFNRR to evaluate the IFMA areas and to answer the question - was the government successful in protecting from intrusion these suspended and/or cancelled IFMA areas?
- e. Use third party evaluators. We could request UPLB CFNR to ask the senior students to help in the evaluation of the areas. An example would be the Factoran experience.
- f. We should also anticipate the reasons to be given later why the NGP will not be successful- - PEST infestations; severe weather condition, etc.



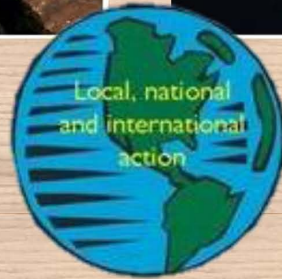
**RESPONSIBLE SOURCING AND
PROCUREMENT OF WOOD
PRODUCTS:**

Experiences/Case Studies, Insights
& Recommendations

Antonio C. Olizon
President, Philippine Wood Producers Association
Crowne Plaza Hotel, Ortigas, Quezon City
26 September 2013



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EARTH SUMMIT

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations

PHILIPPINE EXPERIENCES/CASE STUDIES: CAUSE OF FOREST LOSS



Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations

PHILIPPINE EXPERIENCES/CASE STUDIES: CAUSE OF FOREST LOSS

Forest Cover Loss, in 000 ha. (1934-1990)

Period	1934-1945	1945-1955	1955-1965	1965-1975	1975-1985	1985-1990	Total '34-'90	Ave. Ann. Loss	% Forest Cover Loss
Beginning Balance	17000	15700	13900	11600	8600	6600	-	-	
Less: Losses due to									
Forest conversion	1260	1740	2200	2835	1880	460	10375*	185	95%
Logging damage	40	60	100	165	120	40	525**	9	5%
Total	1300	1800	2300	3000	2000	500	10900	194	100%
Ending Balance	15700	13900	11600	8600	6600	6100	-	-	-

Note: Up to the mid 1970's TLA-holders must harvest at least 60% of their annual allowable cut or else the TLA is cancelled.

Reference: Summarized from Notes and References, p. 47, Appendix 2, Main Report, Master Plan for Forestry Development, DENR-Jaakko Poyry Oy (Finland)-MADECOR (Phil.) TA 933 PHI of ADB-FINNIDA. 30 June 1990

* - Total Forest Cover Loss. ** - Damage out of 5,300,000 Hectares Logged.

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations

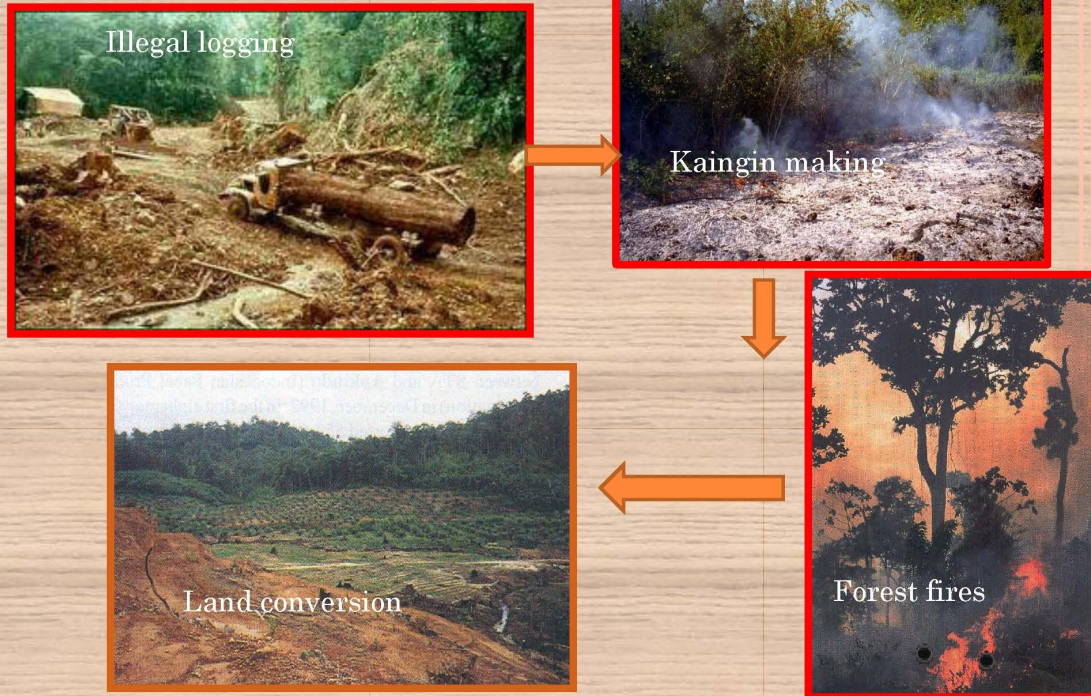
PHILIPPINE EXPERIENCES/CASE STUDIES: CAUSE OF FOREST LOSS

Period	Coverage of Logging Ban
Marcos 1979 and 1983	Entire country, except Palawan, Samar, Mindanao and Cagayan Valley
Cory Aquino 1986, 1989 and 1992	Entire country, now including Palawan, Samar and Cagayan Valley (except southern Isabela Province). Also included in the logging ban: Bukidnon, Cotabato, Misamis Occidental and Basilan in Mindanao
Arroyo 2004	Entire country under logging suspension in December 2004; but lifted in mid 2005; only in CARAGA and Davao Regions and in Zamboanga del Norte, Sultan Kudarat and South Cotabato in Mindanao and in the southern part of Isabela, northern part of Aurora and Apayao in Luzon.
Benigno Aquino III Feb 1, 2011 to date	Entire country in logging moratorium

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations

In the know

Philippine Experiences/Case Studies: Cycle of Forest Destruction



PHILIPPINE EXPERIENCES/CASE STUDIES: CAUSE OF FOREST LOSS

Situation	Before Cancellation	Nine-years after cancellation	Percent change
Population, no.	121,300	154,300	+27
Employment, no.	30,000	9 (equipment guards)	(100)
Upland farmers family, no.	49	230	+370
Land-use change, in hectares (All 33 TLAs in 7 regions)	602,000	136,000	(77)
Old growth forest	445,500	438,700	(2)
Second growth forest	276,000	132,000	(55)
Other forest	<u>338,000</u>	<u>963,800</u>	+185
Cultivated/Open	1,661,500	1,661,500	-
Total area			

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations



PHILIPPINE EXPERIENCES/CASE STUDIES: CAUSE OF FOREST LOSS

CASE IN POINT: THE PICOP EXPERIENCE

PICOP license not renewed/extended for whatever reasons, valid or otherwise

EFFECT:

PICOP, once one of the biggest and best-managed forest area, encroached by illegal loggers



PHILIPPINE EXPERIENCES/CASE STUDIES: CAUSE OF FOREST LOSS

CASE IN POINT: THE PICOP EXPERIENCE

DENR emphatic, they could protect areas cancelled or suspended

FACT:

- ✓ PICOP area is one of the major sources of illegal logs in Mindanao
- ✓ DENR and other agencies are not able to contain illegal logging

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations



PHILIPPINE EXPERIENCES/CASE STUDIES: CAUSE OF FOREST LOSS

CASE IN POINT: SUDECOR

With EO 23, SUDECOR – another best-managed area – stopped operation

- ✓ All equipment brought down from the area
- ✓ People operating the equipment also went down including security personnel
- ✓ Becoming second haven of illegal logging in Mindanao

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations



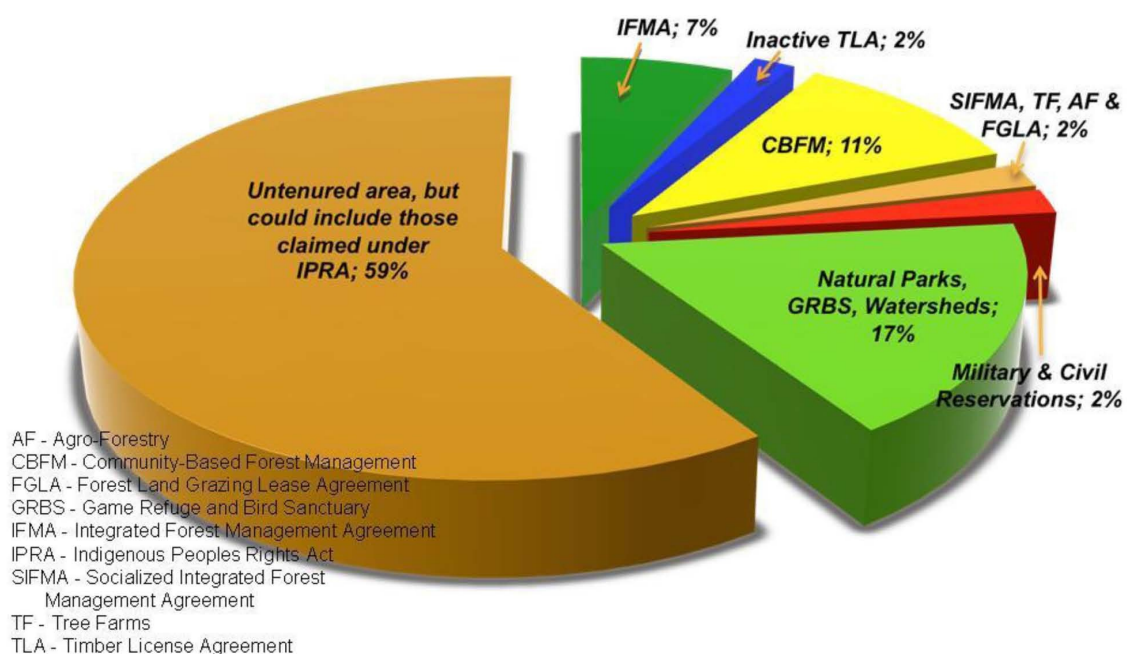
PHILIPPINE EXPERIENCES/CASE STUDIES: CAUSE OF FOREST LOSS

CASE IN POINT: SUDECOR

- ✓ PATHETIC! Illegal loggers in SUDECOR established its own processing mills
 - ✓ FACT: Illegal logging continues, undocumented logs easier to transport than legally documented logs
- PROOF: Some plywood mills operate without interruption even in the absence of good Philippine Mahogany logs

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations

SOME TENURIAL INSTRUMENT IN FOREST LANDS



PHILIPPINE EXPERIENCES/CASE STUDIES: PREVIOUS POLICIES TO ADDRESS FOREST LOSS

- Log Export Ban
 - Revitalize the wood industry
 - Improve the sustainability of log supply and provide incentives for wood-based industrialization
 - Redirect quality logs into domestic processing and encourage value-adding

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations

PHILIPPINE EXPERIENCES/CASE STUDIES: PREVIOUS POLICIES TO ADDRESS FOREST LOSS

- Prohibition of Logging in Old-growth Forest
 - Department of Environment and Natural Resources (DENR) Administrative Order no. 1991-24
 - Required the TLA and TPSA holders to conduct and submit timber inventory of their second-growth forests

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations

PHILIPPINE EXPERIENCES/CASE STUDIES: PREVIOUS POLICIES TO ADDRESS FOREST LOSS

○ Prohibition of Logging in Old-growth Forest

- TLA holders failed to submit inventory forfeit right to continue operations
- TLA holders who do not meet minimum requirement on total forest cover – asked to stop logging operations

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations

PHILIPPINE EXPERIENCES/CASE STUDIES: PREVIOUS POLICIES TO ADDRESS FOREST LOSS

○ Selective Logging System

- Ensure sustainable management and maximize the growth and yield rates of premium timber species in the natural forest.
- Assumed that after every harvest, the forest will be left to recover for a specific period of time before another harvest

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations

PHILIPPINE EXPERIENCES/CASE STUDIES: PREVIOUS POLICIES TO ADDRESS FOREST LOSS

- Prior to the promulgation of Executive Order No. 23 (EO 23) of 2011, upstream sector was able to supply the direct consumer and the downstream sectors with affordable lumber, plywood and veneer
- Importation of timber/logs and primary wood products means FOREX drain for the country and subsidizing the labor in exporting countries.

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations

PHILIPPINE EXPERIENCES/CASE STUDIES: SUSTAINABLE FOREST MANAGEMENT PRACTICES AND CHALLENGES

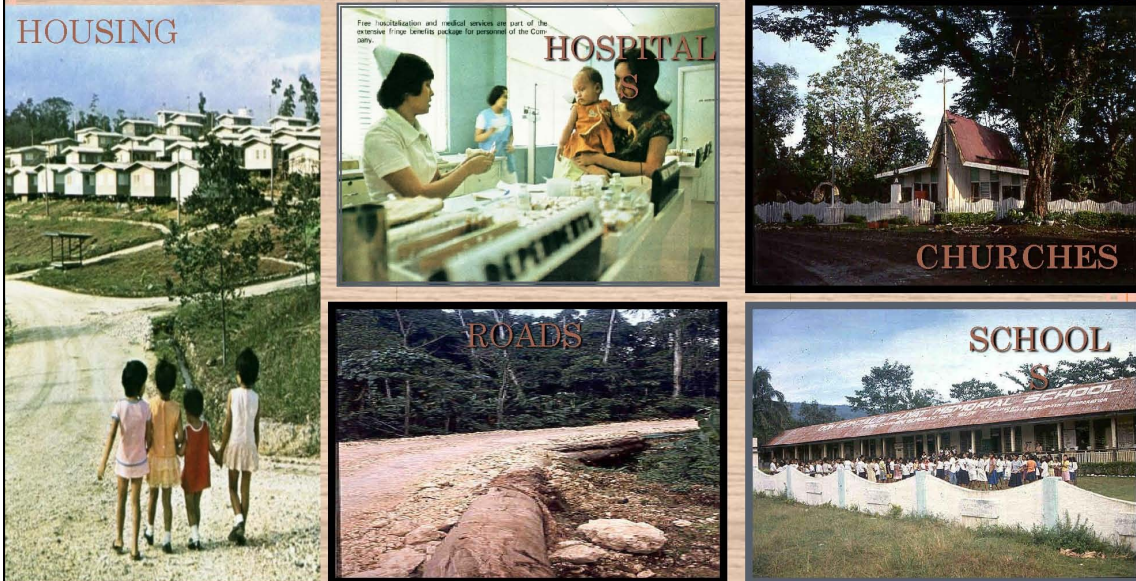
SFM Practices and Challenges

- PWPA members in second-growth/residual forests
- At present, due to EO 23, we stopped operations in areas which we have been managing for more than 50 years; some are on its third cutting cycle
- On manufacturing side, maximize recovery of raw materials; waste materials used for fuelwood requirement
- CSR activities also suspended due to EO 23

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations

CSR activities

SOCIAL, EDUCATION, HEALTH & INFRASTRUCTURAL SERVICES



PHILIPPINE EXPERIENCES/CASE STUDIES:

SUSTAINABLE FOREST MANAGEMENT PRACTICES AND CHALLENGES

Item	Before EO No. 23	With EO No. 23
IFMA (#, Area)		
Total	140 – 1.0 M ha	115 – 0.6 M ha
Operating in NF	25 – 0.4 M ha	0
Production (cum)		
Local (Total – NF)	0.7 M – 0.15 M	0.55 M – 0
Import	0.56 M – 0.56 M	Falcata lumber being exported to China Decreased by almost ½ due to exporting countries' policy, high price and marked slow-down of operations, further aggravated by relentless plywood smuggling
Investments	P 30 Billion	Idled/underutilized

PHILIPPINE EXPERIENCES/CASE STUDIES: SUSTAINABLE FOREST MANAGEMENT PRACTICES AND CHALLENGES

Item	Before EO No. 23	With EO No. 23
Plywood Mills (no.)	37	8 stopped operations; the remaining in partial operations
Employment (no.) Upstream (PWPA) Downstream (Furniture Only, CFIP)	0.60 – 0.65 M 1.5 M	About 0.20 M
Taxes Forest Charges Vat	About ₱2 B	₱210 M ₱75.6 M Loss of other taxes such as corporate, personal income, realty, etc and employers- employees contributions)

PHILIPPINE EXPERIENCES/CASE STUDIES: SUSTAINABLE FOREST MANAGEMENT PRACTICES AND CHALLENGES

Item	Before EO No. 23	With EO No. 23
Commitment MOA with IPs and communities like royalties, livelihood projects, scholarship, etc.)	Present	Suspended
CSR (education, health, etc.)	Present	Suspended
Prices of wood		Price increase is minimal



PHILIPPINE EXPERIENCES/CASE STUDIES: SUSTAINABLE FOREST MANAGEMENT PRACTICES AND CHALLENGES

- EO 23 also resulted to the proliferation of illegal trade in timber and timber products
- Illegally-harvested timbers from natural forests enter the system that prejudice sustainability of the forest resources and viability of legitimate wood industry.
- Significant volume of plantation timber, including natural timber, are unlawfully exported through the country's container ports and also exited through the country's backdoor.

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations

Philippine Experiences/Case Studies: Sustainable Forest Management Practices and Challenges

Unaccounted timber production

Annual Wood Consumption

Annual wood industry share

Wood Consumption-Supply (in cum roundwood equiv., 3-yr ave. – 2009-2011)

Type of Wood	Apparent Consumption	Local Production	Import	Unaccounted/ Presumed illegal
Industrial Wood	2.0 M	0.74 M	0.56 M	0.7 M
Fuel wood	40 M	40 M	nil	n.k.

(Source: Local & Import, 2011 Phil. Forestry Statistics. DENR/FMB. Fuelwood, FAO per Rebugio).

PHILIPPINE EXPERIENCES/CASE STUDIES: SUSTAINABLE FOREST MANAGEMENT PRACTICES AND CHALLENGES

- Unrecorded export of plantation timber
 - In northern and southern Mindanao, significant volume of falcata logs being exported to China
 - Being purchased, loaded and transported in container vans uninspected
 - 25% export tax not paid
 - About 100 40-foot container vans per week from Davao port; 150-200 containers per week from Cagayan de Oro

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations

PHILIPPINE EXPERIENCES/CASE STUDIES: SUSTAINABLE FOREST MANAGEMENT PRACTICES AND CHALLENGES

- Unrecorded export of plantation timber
 - Small tree farmers denied of opportunity to maximize profits
 - Does not complement with the government's program on poverty alleviation, promoting environmental protection and climate adaptation and ensuring timber supply
 - Small tree farmers remain at the mercy of traders
 - Cutting of young trees deprives the industry and the country with future wood supply

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations

PHILIPPINE EXPERIENCES/CASE STUDIES: SUSTAINABLE FOREST MANAGEMENT PRACTICES AND CHALLENGES

○ Plywood Smuggling

- About 300-400 40-foot container loads of plywood from China on a monthly basis
- A container load equivalent to nearly P1 million worth
- September – December 2012 record:

Bureau of Customs – China

DTI Bureau of Import
Services – Philippines

US\$29.8 million in value

US\$1.9 million in value

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations

PHILIPPINE EXPERIENCES/CASE STUDIES: SUSTAINABLE FOREST MANAGEMENT PRACTICES AND CHALLENGES

○ Plywood Smuggling

- No payment of right duties; either misdeclared or outrightly smuggled in
- Denies government with millions of pesos in duties and taxes
- Undercut the prices of locally-manufactured plywood

For every container of plywood smuggling, 16 local workers lose their jobs

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations

INSIGHTS:

ACHIEVING SUSTAINABLE FOREST MANAGEMENT

Sustainable forest management – process of managing a forest to achieve one or more clearly specified objectives with regard to production of a continuous flow of desired forest products and services without undue reduction of its inherent values and future productivity and without desirable effects on the physical and social environment

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations



INSIGHTS:

IMPLEMENTING DOABLE CERTIFICATION

- Forest certification – promotes well-being not only of forests but also the communities depending on it
- Stakeholders aware and practice responsible forest management

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations



INSIGHTS:

IMPLEMENTING DOABLE CERTIFICATION

- Recognized certification schemes for SFM and Chain of Custody:
 - International scheme – Forest Steward Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC)
 - National scheme
- Adaptable in the country where it is being implemented
- Consultation among concerned stakeholders important

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations



INSIGHTS:

IMPLEMENTING DOABLE CERTIFICATION

- Certification of wood and wood products from tree plantation, disposition should be uncomplicated

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations



INSIGHTS:

INCLUSIVE RESPONSIBILITY FOR CERTIFICATION

- Certification – credibility of wood and wood products sources
- Everyone should be responsible - on the lookout and observant to ensure that the products consumed are certified.

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations



RECOMMENDATIONS:

IMPLEMENTING SFM AND CERTIFICATION

- Pass into law SFMA
 - Provide stable policy for the forestry sector
 - Production and protection forest delineation
 - Promote investment on tree plantation development
- Formulate policy on certification
 - Can level the playing field for wood and wood products
 - Local consumers need not import

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations



RECOMMENDATIONS: MONITORING COMPLIANCE

- Regular monitoring by a third party
- Focus not only on the locally manufactured products but also products coming in
- Ensure locally manufactured products have same level of playing field in the market

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations



RECOMMENDATIONS: CERTIFICATION OF TREE PLANTATION SPECIES

- Waiver of certification for tree plantation species – raw materials came from planted trees
- Disposition should be uncomplicated and relaxed

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations




RECOMMENDATIONS: NEED FOR DOABLE GLOBAL STANDARD ON CERTIFICATION

- PWPA, fully support principles and standard for certification system
- Recognize its global importance
- Equally important, it is doable in the country where it is being implemented
- Principles and criteria should be on the level the country can achieve.

Responsible Procurement and Certification of Wood Products: Experiences/Case Studies, Insights and Recommendations





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