OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as "developed", "industrialized" and "developing" are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

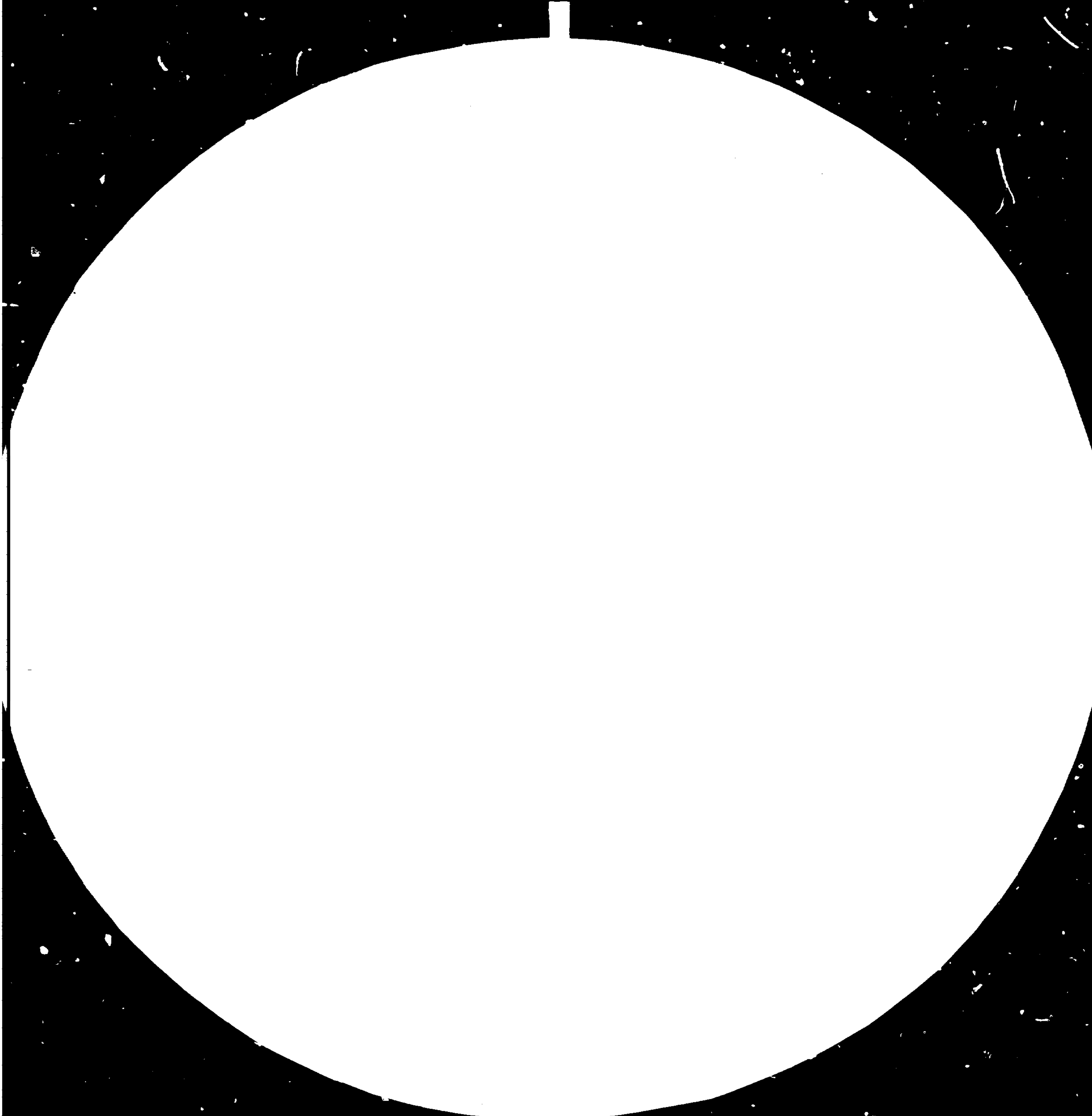
Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

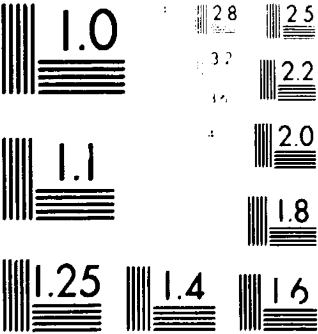
CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria
Tel: (+43-1) 26026-0 · www.unido.org · unido@unido.org





MICROCOPY RESOLUTION TEST CHART

11407

Distr.
LIMITED
ID/WG.371/11
29 April 1982
ENGLISH

United Nations Industrial Development Organization

Regional Preparatory Meeting for Asia in preparation of the First Consultation on the Wood and Wood Products Industry
Manila, Philippines, 22-26 March 1982

A BRIEF BACKGROUND OF THE PHILIPPINE WOOD AND WOOD PRODUCTS INDUSTRY *

by

Enrique C. Amio **

* The views expressed in this paper are those of the author and do not necessarily reflect the views of the secretariat of UNIDO. This document has been reproduced without formal editing.

** Chief, Forest Products Industries Development Division, Forest Products Research and Industries Development Commission, Laguna

V.82-25283

INTRODUCTION

The Philippines is a country comprising of about 7,000 islands and covering a total land area of about 30 million hectares. Its forest cover is approximately 41.52 percent. The commercial or productive forest is about 10,698,000 hectares or approximately 35.66 percent.

The Philippine forest which is principally a tropical rain forest has about 3,800 species of trees comprising of mostly tropical broadleafed hardwoods, predominantly of the dipterocarps species and two species of pines.

About 2,000 species attain a diameter of 30 cm. or more but only about 200 species, mostly dipterocarps, are commercially utilized and exploited. The Philippine Mahogany, a trade name for some Philippine woods belong to this dipterocarps species.

The standing timber1/ is estimated at 1.748 billion cu.m.

1/ Based on the Forest Resources Inventory conducted by BFD in August-September 1981.

of which 694 million cu.m. are available for commercial extraction, broken down as follows:

Dipterocarps	661.00 million cu.m.
Pines	28.71 million cu.m.
Mangrove	3.94 million cu.m.
TOTAL	693.65 million cu.m.

Most of the Philippine forests are part of the public domain and belong to the State. While the development and utilization of the forests are left to private entrepreneurs by a system of long-term licensing, the State, thru the Bureau of Forest Development, Ministry of Natural Resources, exercises jurisdiction and control over the administration of these public forests.

1.0 WOOD-BASED INDUSTRIES

The term wood-based industries loosely connotes the industries that are dependent on timber as the principal raw material. These include such industries as logging, sawmilling, veneer and plywood manufacturing, reconstituted wood, poles and pile, furniture and fixtures manufacturing.

1.1 Timber Licensees

As of December 31, 1980, there are 261 timber licensees covering an area of 7,938,315 hectares with an annual allowable cut (AAC) of 16,786,711 cu.m. broken down as follows:

Type of License	No.	Area (Ha.)	AAC (m^3)
Timber License Agreement 2/	191	6,500,189	13,669,156
Ordinary Timber	41	704,583	981,960
Pulpwood-TLA	7	524,657	1,214,629
Special Timber License	2	13,374	68,307
Provisional Timber License	11	118,782	232,923
Civil Reservation Timber License	6	62,688	380,742
Mangrove Timber License	1	834	15,213
Softwood Timber License	1	12,300	2,030
Land Grant Timber License	1	908	221,751
TOTAL	261	7,938,315	16,786,711

1.2 Processing Mills

1.2.1 Number

As of December 1980, there was a total of 448 processing mills in the country, utilizing mostly round timber as raw materials. Following is the list of the processing mills together with its annual log requirements:

Mills	No.	Aggregate Daily Rated Capacity	Annual Log Requirement
Sawmill	375	7,654,400 BF	7,718,997 m^3
Plywood	34	2,736,859 MSF	3,090,196
Veneer	23	1,448,914 MSF	1,224,294
Blockboard	12	49,473 MSF	206,769

2/ Lease of forest areas granted to entrepreneurs for exploitation and management for a period of 25 years.

1.2.2 Capital Investments

Available data (1976-1978) show that the capital investments in the wood industry amount to P4.6 billion, the details of which are shown below:

Industry	1976	1977	1978 3/
Logging	P3,501.3	P3,151.3	P2,955.0
Sawmilling/woodworking	494.[illegible]	312.2	933.2
Veneer	587.1	518.5	572.9
Blockboard	55.8	55.0	47.7
	P4,638.9	P4,037.0	P4,508.8

1.2.3 Employment

Employment in the wood industry is as follows:

Industry	1975	1976	1977	1978	1979	1980
Logging	39,325	35,311	32,486	22,148	50,600	47,900*
Sawmilling/ woodworking	7,110	10,665	9,451	21,494	20,320	22,630
Veneer	3,190	3,761	4,438	4,629	5,200	5,280
Plywood	9,000	11,250	11,812	8,889	18,490	18,980
TOTAL . . .	58,625	60,987	58,187	57,160	94,610	94,790

1.2.4 Export

Exports (in million dollars) of selected forest products are as follows:

3/ In million pesos (P) US $ = P7.00

* Projected based from the 1974-78 data.

Sector	1975	1976	1977	1978	1979	1980
Logs	283	135	134	145	144	92
Lumber	29	68	67	85	198	181
Plywood	21	43	41	71	85	104
Veneer	8	18	20	22	35	15
TOTAL . .	341	264	262	323	462	392

In 1980, with the total $3.1 billion export earnings of the country for its top 15 export commodities, logs, lumber and plywood at $392 million occupied 12,38 %.

From January to September 1981, forest products exports registered $332 million or 7.8% of the total $4.4 billion exports.

1.3 INDUSTRY PROFILES

Annexes I - V indicates the yearly performance of the different industry sectors.

2.0 WOOD INDUSTRY RATIONALIZATION PROGRAM

The increased demand for wood and wood products brought about a tremendous pressure on the forests, resulting in the over production of timber and thereby making imperative the promulgation of policies for the sound and effective management of the forests and wood industries.

The policy of the Government on the wood industrialization hinges on the wood industry rationalization program. The programs envision the increased domestic wood processing promote self-sufficiency in building and construction materials, effecting efficient and higher timber utilization and counteract the rapid denudation of forests.

Stated below are five (5) policy objectives to forestry which the government adopts:

1. Protect and maintain the remaining good forests;
2. Renew barren and poorly stocked forests;
3. Create new sources of supplementary wood from artificial forests to augment wood supplies in the future;
4. Judiciously allocate whatever timber supply is available through restrictions on log export and promotion of local wood processing; and
5. Make forestry as a means to developmental equity and aspirations of the society.

CONCLUSION

The Philippine wood and wood products industry is facing a very critical period. The number of logging firms decreased from 471 in 1976 to 261 in 1980. On the otherhand, the number of sawmills increased from 325 in 1976 to 375 in 1980. This shift was brought about by a policy of government by partially banning the exportation of raw logs beginning in 1976 in favor of the exportation of processed and semi-processed wood products.

The number of veneer and plywood mills and blockboard plants remained the same during the same period.

The wood industry rationalization program of the government is envisioned to ease the critical economic situation obtaining in the forest based industries. The government plans to stabilize the industry through the promotion of a continuous resource base and by allowing industrial tree plantation within the concession areas and thereby effect forest conservation.

The government further envisions to develop a stable and progressive wood industry and effect higher wood utilization and wood recovery rate.

We look forward to developing a totally independent self-sufficiency in the wood industry in the Philippines if necessary being taken will be faithfully implemented.

Annex I

LOGGING PROFILE

YEAR	No. of Timber Licensees	Annual Allowable Cut ('000 cu.m.)	Log Production ('000 cu.m.)	% Production to Allowable Cut
1976	471	21,885	8,645	40
1977	376	21,071	7,873	37
1978	315	18,672	7,169	38
1979	284	17,453	6,578	38
1980	261	16,817	6,352	38
AVERAGE			7,323	38

Annex II

SAWMILL

YEAR	No. of Mills	Daily Rated Capacity ('000 cu.m.)	Production ('000 cu.m.	% Capacity Utilization
1976	325	17.64	1,609	33
1977	341	18.17	1,567	31
1978	356	17.14	1,781	37
1979	371	17.89	1,445	29
1980	375	18.05	1,529	30
AVERAGE			1,586	32

Annex III

VENEER PLANT

YEAR	No. of Mills	Daily Rated Capacity ('000 cu.m.)	Production ('000 cu.m.)	%Capacity Utilization
1976	23	1.14	272	80
1977	23	1.14	363	106
1978	23	1.14	546	160
1979	23	1.14	634	185
1980	23	1.14	660	193
AVERAGE			493	145

Annex IV

PLYWOOD PLANT

YEAR	No. of Mills	Daily Rated Capacity ('000 cu.m.)	Production ('000 cu.m.)	% Capacity Capitalization
1976	33	5.28	416	26
1977	32	5.21	489	31
1978	32	5.21	490	31
1979	32	5.21	503	32
1980	35	5.28	553	35
AVERAGE			522	33

Annex V

BLOCKBOARD PLANT

YEAR	No. of Mills	Daily Rated Capacity ('000 cu.m.)	Production ('000 cu.m.)	% Capacity Utilization
1976	12	279	24,200	41
1977	12	279	34,000	41
1978	12	279	25,660	31
1979	12	279	22,030	26
1980	13	280	Not Available	
AVERAGE			20,998	35