

# The Need for an Integrated Forest Industry

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This afternoon I would like to take you for a stroll in the bush and show you what there is in store for us, but that is impossible. So let me try to bring the bush to you and to project into your imagination things I wanted to show you.

Take this room as representing the total land area of the Philippines which is around twenty-nine million hectares. A little over one-fifth of this room, just that little space in that corner, to represent the agricultural portion or the cultivated regions, and the remaining four-fifths to represent the kingdom of the Bureau of Forestry consisting of forest, marshes and grass lands. Within that one-fifth is confined what we call the life-blood of our country. All our agricultural products are derived therefrom. Embraced in this one-fifth also are our cities, towns and barrios and the twenty million inhabitants.

Now let us see what is in store for us within the greater portion or the four-fifths of the area. This represents the rough and rugged sections filled with valuable natural resources. Many of these have as yet no definite known value. There are the minerals, and the potential source of white coal. Besides these, of course, are the valuable and replaceable products of the forest. Within this area, if you peep carefully thru the bush and the leaves, you will find visible wealth in the form of standing mature timber and other minor forest products ready to be harvested.

From our conservative estimate the amount of timber available from this area,

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which represents over 78% of the total land area of the country, reaches the staggering figure of over 464 billion board feet of commercial timber. This vast timber resource is presently being exploited to the extent of over one billion five hundred million board feet a year. Our pre-war production was about one billion board feet annually. In our present exploitation there is over 80 million pesos worth of capital investment. The lumber trade now is valued over one hundred fifty million pesos a year. The direct revenue in forest charges and other fees amount to over five and a half million pesos yearly with an expenditure of over two and a half million pesos.

With our present system of exploitation, utilization, management and financing, it seems that it will take us four hundred years to use up our timber resource, so why worry. But the fact is that such length of time is needed by us to keep our forest in perpetuity. Under judicious use of this resource, however, we can still triple our production without sacrificing the capital investment which is the timber growing stock. But to do this, is not an easy matter at this stage of our so-called radical changes development without radical changes in policy and administration.

In the general planning of our economy a great deal of emphasis is given on the agricultural expansion. The landless cries loud for his humble share but the landlords even clamor louder. As administrator of this vast resources, I find it exceedingly difficult to stop the spread of destruction into this valuable public asset. While I, as Director of Forestry, have no grudge against agricultural

expansion (as a matter of fact my bureau is helping a great deal in this program of the government by releasing as quickly as possible potential agricultural lands) still I feel it a crime to waste valuable timber just to give way to unregulated agricultural expansion. Alarming forest destruction by professional squatters is presently going on which needs drastic remedy. If we could not stop this because of the inability of the government to provide means to do it, at least better planning should be evolved so that the utilization of the forest products could go hand and hand with agricultural development.

If you figure the commercial value of the 464 billion board feet of standing timber based on a minimum market value of ₱100 per thousand board feet, you will get a thrilling figure of no less than 46 billion pesos. Anybody that has such asset would necessarily think twice before destroying it. Unfortunately, however, the general mental attitude of our people is that the forest is a deterrent to the development of our country. What a paradox! Here the agricultural minded people are breaking their heads on how to raise their crops and obtain government aid for the purpose yet the utilization of the natural products which could be an immediate source of income is given very little attention and the industry needing aid is given no encouragement. Fortunately enough, the lumber industry has developed itself through private initiative but this is not all. The lumber industry is only one of the many industries that should be developed in conjunction with the utilization of our forest products and more encouragement should be given particularly in its financing. The greatest difficulty of the lumber and its allied industries arises from poor financing organization and lack of coordinated industrial planning. Because of such condition the industry naturally follows the line of least resistance and inevitably falls into the hands of those who have the money, the foresight and the industry. As a sequence, our lumber industry branches out into three

distinct phases, namely: (1) the production, which is by the Filipinos and Americans, (2) the distribution, and remanufacturing, dominated by aliens, and (3) the retail marketing, 99% of which is in the hands of aliens. Which of the three phases makes more money, I am leaving that to you to figure out. Certainly the majority of those in the trading business are not there for their health. Unless a radical change is made in the financing of the lumber industry, therefore, the exploitation of this tremendous resource will remain at the mercy of the moneyed few.

An integration of the various forest industries such as lumbering, pulp and paper, plywood, fiber boards and even furniture making properly financed is, I believe, one of the most essential steps this country should look into and adopt corresponding remedial measures.

I wonder what is going to happen to us when the supply of cellulose is exhausted because the trees of Canada, United States, and the Scandinavian countries are all used up or are no longer obtainable. When we can no longer import paper or pulp, we will naturally deprive ourselves of reading matters including comic strips. I would like to enumerate all important things that humanity must use which are derived from our forest products, but our time is limited. So I would like to simply bring to your attention that here in our country is a valuable asset already in existence ready to be harvested and with a little care could perpetually be harvested and yet very little encouragement is given for its proper protection and exploitation.

Why do we have to send logs to Japan or to the United States to be manufactured into various utility goods only to compete with our own struggling industry. Why could Japan send plywood made from Philippine woods to the United States, England, Australia and Africa and beat our very products in those markets? There are of course many answers to this question. To my mind, however, the most important point is the lack of

an organization to undertake a coordinated development in this country. Likewise, why do we have to depend on the United States for the supply of our ceiling-boards when in the process of our lumber production two-thirds of the volume of a tree is wasted? With proper husbanding such wastes could be converted into valuable commodity goods which we are now importing. Why do we have to import such items as tool-handles and wooden wares, spending large sums of money annually when these things could be manufactured locally from our wood? All the satisfactory answers to these questions are within our reach if we have a little foresight in our industrial endeavors. For years I have tried to secure a small equipment with which to test the different kinds of woods we have in this country as to their suitability for tool-handles, and the like, but my efforts in calling attention to its necessity did not impress people on the top level of our government and now we are paying for it.

A while ago I mentioned that the value of our standing, visible and replaceable timber resource amounts to about 46 billion pesos which, at the present rate of stumpage alone, would yield the government about two billion seven hundred eighty four million pesos. Statement alone on value will remain an academic discourse. What the country needs is the realistic appreciation of such value. In many European countries like Finland, Switzerland and Sweden, their government are considerably financed from the income of their integrated forest industries. As far as I could recollect, the percentage of the forest area of Finland is just a little better than ours. She has 64% while we have 61%. The financing of her various allied industries, like the pulp, the soft and the hardboard, the plywood, the lumber and others, is from funds raised by floating government bonds guaranteed by her forest. The operations are not necessarily governmental, but the government and the public pool their finances and the operating entities conduct the manage-

ment on purely business proposition. And because of a very systematic and business-like procedure, the forest of Finland contributes over 50% of the total expenditures of her government.

I believe one of the safest bond issues that our government could float is that which could be guaranteed by the income of our forest and its integrated industries. Being visible and replaceable resource and proven to be of value to the country and industry, the public should not hesitate to buy such bonds in preference to a mere promissory or speculative venture. Our forest resource will always be considered by the public as a hindrance to our agricultural development if we do not set a value to it so that each and every citizen of this country would realize that he is an owner of such a tremendous asset. It is a pity that such a valuable resource is ignored in our economic planning. We in the profession think of years and not of today in treating such resources and we feel that the longer this is not considered, the worse will our economy be. If no correlation is made with what we have and what we should have, we will always meet a stumbling block in our economic planning. We should not forget that as long as human beings exist there must exist the necessity for wood and its derivative products which are essential commodities in life.

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The man who never alters his opinion is like standing water, and breed reptiles of the mind.

—Blake, *Proverbs of Hell*

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LOST, yesterday, somewhere between Sunrise and Sunset, two golden hours, each set with sixty diamond minutes. No reward is offered for they are gone forever.

—Horace Mann, *Lost, Two Golden Hours*

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When a man wants to murder atiger he calls it sport; when a tiger wants to murder him he calls it ferocity.

—Bernard Shaw, *Maxims for Revolutionists*

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No man ever did a great work for hire.

—Luther Burbank