

**Memorandum Circular**  
**No. 14**  
**July 25, 1990**

**SUBJECT: Additional Guidelines on the Renewal of  
Wood Processing Plant Permit**

To assure wood processing plants of sustained milling operations, the following additional guidelines in the renewal of permits by the Regional Executive Director pursuant to DENR Administrative Order No. 38, series of 1990 are hereby issued for the guidance and compliance of all concerned:

**SECTION 1.** Wood processors without backup concessions can enter into Log Supply Purchase Agreement (LSPA) only with holders of existing Timber License Agreements/Provisional Timber Production Agreements (TLAs/PTPAs), foreign suppliers and other valid timber permits/licenses including logs cut from areas covered by Private Land Timber Permit (PLTP) and Industrial Tree Plantations (ITP).

**SECTION 2.** The volume of logs that may be allowed to be supplied or committed to wood processors by legitimate log suppliers as provided for under Section 1 hereof including the latter's own log requirements for their own processing plants, should be within the annual allowable cut (AAC) authorized under the approved Integrated Annual Operations Plan (IAOP) for the current year.

**SECTION 3.** For purposes of monitoring and control of future log deliveries, the total volume committed by the log suppliers should be recorded at the Community Environment and Natural Resource Office (CENRO) to be submitted and consolidated at the Regional Office copy furnished the Office of the Undersecretary for Field Operations.

**SECTION 4.** In case the log supplier does not come from the same region where the wood processing plant is located, the CENRO concerned where the timber license area is located shall approve the LSPA copy furnished the Regional and CENR Offices where the wood processing plants are located.

**SECTION 5.** In cases where the log requirements are to be satisfied by imported logs, wood processing plant permit shall be renewed using the LSPA executed by and between the supplier and the importer, PROVIDED that the effectivity shall commence at the time of the arrival of the logs. For this purpose, a schedule of shipments should be indicated in the LSPA.

**SECTION 6.** The wood processing plant must be assured of log requirement equivalent to a minimum of six months; otherwise, such permit should not be renewed. In consonance with Section 10 of Ministry Administrative Order 50, series of 1986, wood processing plants without timber concessions shall have a tenure of a maximum of two years.

**SECTION 7.** Processing of logs coming from sources other than the approved legitimate log suppliers as provided for under Section 1 hereof shall be construed as a violation which will subject the processor to the cancellation of his/her permit. Such processor is heretofore disqualified from operating a wood processing plant.

This Order takes effect immediately.

**FULGENCIO S. FACTORAN, JR.**  
Secretary