



2.6 Chainsaw milling in the Philippines

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Introduction: the giant butaka

In 2004 the municipal government of Ilagan, the capital of Isabela province, placed a four-metre wooden chair in the town centre to promote the local furniture industry. This giant “butaka” features prominently in tourist brochures and visitors are brought there to take pictures. Few people know that the hardwood for its legs was illegally harvested in the Northern Sierra Madre Natural Park. The butaka symbolizes the problem of regulating chainsaw milling in the Philippines. In theory, logging is strictly prohibited in protected areas (PAs). In practice, however, it is tolerated by the Department of Environment and Natural Resources (DENR) and by local governments.

Government officials turn a blind eye to small-scale logging activities by rural communities. They claim that environmental legislation cannot be enforced, since the poor depend on timber revenues. Banning rural communities from utilizing forest resources is considered illegitimate and ineffective.

We dispute this reasoning. Rural poverty is not the driving force of illegal logging in the Northern Sierra Madre Natural Park. Timber harvesting in the park is controlled by a few businessmen, who operate in collusion with government officials and capture most profits. The pro-poor rhetoric of DENR and local government officials is in fact a pretext for organized crime and corruption.

Slash-and-burn farming, fuel wood gathering and bamboo harvesting are important income-generating activities for poor rural households, although these activities are illegal. There are, however, important differences in the level of illegality of these activities (Inoguchi, Soriaga and Walpole 2005; Colchester et al. 2006). The environmental impact of gathering non-timber forest products such as bamboo, rattan or resin is relatively minor. Agricultural encroachment contributes to deforestation in the northern Sierra Madre but is, unlike timber extraction, primarily motivated by subsistence needs.



CHAINSAW MILLING IN THE NORTHERN SIERRA MADRE IS NOT A SMALL-SCALE LIVELIHOOD

ACTIVITY BY THE RURAL POOR BUT THE COMMERCIAL EXTRACTION OF LARGE VOLUMES OF HARDWOOD BY FINANCIERS IN COLLUSION WITH GOVERNMENT OFFICIALS.

From corporate logging to chainsaw milling

Logging companies started operating in the forests of the northern Sierra Madre in the 1960s. Companies were granted 25-year Timber Licensing Agreements for the sustainable harvest of timber. Cronyism, corruption and anarchy characterized the corporate logging industry during the administration of President Ferdinand Marcos (1965–86). Forestry regulations were violated to maximize profits, logging operations were sub-contracted to local entrepreneurs, logging roads were improperly constructed, annual allowable cuts (AACs) were exceeded, protected tree species were cut, logging took place outside concessions, and reforestation efforts were minimal. These unsustainable and illegal practices were ignored by government foresters in exchange for favours and bribes. The lion's share of the profits was captured by political cronies of Marcos; very little was invested in the local economy (Vitug 1993).

The democratization and decentralization that followed the People Power revolution of 1986 had profound effects on corporate logging. Sustainable development, social justice and the devolution of power to local governments became guiding principles for the country's forest policy. In 1992, in the wake of the Ormoc tragedy — in which more than 5,000 people died in mudslides on the island of Leyte — the Aquino administration (1986–92) issued a ban on logging in all primary forests in Isabela (Persoon and van der Ploeg 2003). Timber Licence Agreements were revoked and sawmills closed. Only three logging companies continue to operate in the forests of Isabela.



Under President Ramos (1992–98) community-based forest management (CBFM) became the national strategy to ensure equitable access to forest resources. It provides a legal framework for chainsaw milling in the Philippines (Lasco and Pulhin 2006). Cooperatives were granted permits to harvest and sell timber under long-term tenure arrangements; 19 community-based management agreements were issued to communities in Isabela, covering more than 49,000 hectares (ha).

Civil society activism and international funding led to the proclamation of the Northern Sierra Madre Natural Park in 1997. A large part of the forests of the province (287,861 ha) were included in the park (Figure 1). Logging is strictly prohibited inside the park, although timber continues to be harvested illegally in all its lowland forests.

Chainsaw milling

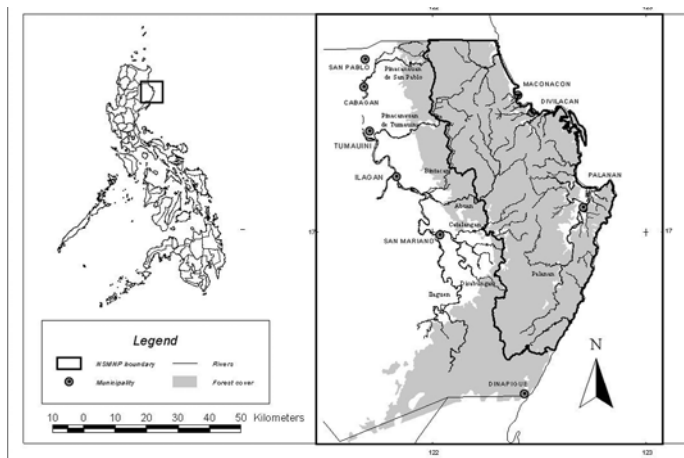
It is estimated that 20,000–35,000 m³ wood per year is illegally extracted from the park, representing a minimal market value of US\$4,750,000. The total AAC of the three remaining legal logging concessions in Isabela Province is 37,794 m³.

Illegal logging operations, or *salabadiok*, are financed by a few prominent businesspeople. In most cases these financiers are registered lumber dealers or timber plantation owners, which enables them to legalize illegal wood. They operate through middlemen in the

remote villages. The intermediaries — often local government officials — organize specialized logging teams to harvest timber in the forest. Without connections to an intermediary and financier, it is impossible to transport or sell timber in Isabela. Intermediaries claim exclusive extraction rights to specific areas in the forest: the so-called “area-area” system. Sometimes these informal concessions are marked with signboards. Financiers place an order for a certain amount of timber and provide a cash advance for fuel and supplies, which is deducted from payment when the timber is delivered.

Figure 1. The Northern Sierra Madre Natural Park

Source: Merlijn van Weerd, 2010



Timber harvesting

Timber is harvested by logging teams of surveyors, chainsaw operators, helpers and transporters. Surveyors identify suitable trees for harvesting. The chainsaw operators (*atcheros*) are often former skilled employees of logging companies. The helpers carry the equipment, fuel and supplies, maintain the chainsaw and prepare the food. The transporters (*bugadores*) transport the timber to the hauling points. Most of them are young men between 16 and 30 years old who are recruited from villages along the forest frontier. Around 3,000 people work for illegal logging operations: approximately half the households in the villages in or adjacent to the park earn income from harvesting or transporting timber.

The logging teams make temporary camps along the rivers. The chainsaw operator fells the tree and saws the log into square flitches at the felling site. All trees that exceed a diameter of 30 cm are harvested. Narra (*Pterocarpus indicus*) is preferred: the red hardwood is used to make furniture. Loggers also harvest other species (so called soft wood) for construction. Timber is primarily harvested in riparian forest. Loggers light fires to aid in surveying and skidding. Water buffaloes (*carabaos*) are used to skid the square logs to the camps, which function as log landings. Here the square flitches are sawn into boards five cm thick (*dos lapad*). Large rafts, sometimes more than 25 m long, are constructed to carry the boards to a hauling point, where they are loaded into trucks and transported to clandestine sawmills. There it is further processed. From there the wood is distributed to lumber dealers or furniture makers in the Cagayan Valley, or transported to urban centres in Central Luzon.

In general, logging teams are paid per board foot of lumber (see Table 1). A chainsaw operator receives US\$.04–.05 per board foot, depending on the species. This amounts to a daily income of around US\$8. *Bugadores* and helpers receive around US\$3 per day. This makes logging one of the most profitable activities in the forest frontier (van den Top 1998; Aquino 2004). Intermediaries are also paid by the volume produced. All payments are done on consignment, which means that if illegal timber is confiscated by the authorities, the *atcheros* and *bugadores* are not paid. This credit system is an important characteristic of chainsaw milling in the area, and makes it difficult to determine production volumes, profit margins and spending patterns. It creates a strong patronage bond between the intermediaries and the *bugadores* that extends beyond logging; credit for agricultural inputs is often paid back with logging revenue. Timber revenues are also often used to pay school fees or buy consumer goods. A considerable part of the money earned in logging is spent on alcohol, tobacco and prostitutes. Many young unmarried men are attracted to the outdoor work and easy money.

Table 1. Cost of wood production in the northern Sierra Madre

| | costs per board foot (PhP) | % of total cost |
|----------------------------------|----------------------------|-----------------|
| direct costs | | |
| fuel (gasoline and motor oil) | 0.5–1.0 | 2–4 |
| supplies (food, cigarettes, gin) | 0.5–1.0 | 2–4 |
| labour costs | | |
| surveyor | 1.0–1.5 | 4–6 |
| chainsaw operator | 2.0–3.0 | 8–12 |
| helper | 1.0–1.5 | 4–6 |
| hauler | 1.5–2.0 | 6–8 |
| transport (truck) | 1.0–2.0 | 4–8 |
| middleman | 3.5–5.0 | 14–20 |
| bribes | | |
| DENR | 0.0–1.0 | 0–4 |
| NPA | 0.0–1.0 | 0–4 |
| AFP | 0.0–0.5 | 0–2 |
| PNP | 0.0–0.5 | 0–2 |
| profits | | |
| financiers | 5.0–14.0 | 20–56 |

Note: US\$1 = PhP 50

Standard operating procedures

Although the harvesting of timber is illegal in the park, the processing and marketing of wood is legal. The furniture industry is the largest manufacturing sector in the province: there are approximately 150 furniture workshops in the five municipalities bordering the

park, employing more than 1,500 people (Greenpeace 2006). Most furniture shops obtained permits from the Department of Trade and Industry and pay taxes to their local government. In addition, eight registered lumber dealers in these municipalities legally sell and transport timber to Central Luzon.

Embezzlement and fraud attend this incongruence of illegally harvested timber and the legal sale of lumber and furniture. Logging entrepreneurs and DENR officials collude to authenticate illegal wood through a variety of legal loopholes. For example, DENR officials issue certificates to collect driftwood or residual tops and branches left by logging companies; these certificates are misused to harvest timber in the park. On several occasions the furniture shops were allowed to sell their timber stocks in return for a promise to shift to wood from plantations. But these old stocks were over-declared and are continuously replenished. In other cases permits are forged or recycled: (several wood transports are covered by the same permit). But in most cases wood is simply sold without any permits or receipts.

Financiers bribe government officials to ignore environmental legislation, evade fees and maximize profits. Intermediaries bribe forest guards to issue certificates and secure passage for the logging trucks at the checkpoints. These bribes are called "standard operating procedures." In many areas the amounts are fixed. It is estimated that US\$160,000 to 280,000 per year is paid in bribes to DENR officials in Isabela. Other government officials also get a piece of the pie: US\$30 per truck is required to pass the checkpoints of the Armed Forces of the Philippines and the Philippine National Police. Several villages have set up roadblocks and demand US\$1 per logging truck. Maoist rebels also claim "revolutionary taxes" from the loggers.



Humanizing the law

Forest protection in the northern Sierra Madre is a farce. In 2006 the DENR confiscated 478 m³ of illegal lumber, less than 2.5% of the total volume of wood cut yearly in the PA. None of these confiscations have led to a conviction in court. DENR officials claim that the strict implementation of forestry regulations would aggravate rural poverty. They therefore tolerate illegal logging activities by the rural poor, a strategy locally called "humanizing the law." This reasoning, however, is based on flawed assumptions about the scale and organization of the timber trade and the dependency of rural communities on timber revenues, and it masks resource capture and corruption.

In fact, small-scale timber poaching undermines sustainable development by destroying the resource base on which rural communities depend, by eroding the rule of law, and by distorting wood markets. Illegal logging in the northern Sierra Madre is highly exploitative: more than half the profits from timber harvesting are captured by seven financiers. The costs of uncontrolled timber harvesting are borne by society at large. Farmers along the forest frontier complain that logging trucks destroy roads, raising transport costs

for corn and rice. Fishermen claim that fish catches are declining as a result of erosion. Indigenous people say that loggers disturb wildlife, destroy swiddens and harass women (Minter and Ranay 2005). The wives of the *bugadores* are concerned about the harsh working conditions in the forest. In the lowlands, corn and rice farmers have been severely affected by flooding attributed to illegal logging (Chokkalingam et al. 2006). People are increasingly concerned about the environmental impacts of deforestation, and indignant about the corruption in the public service and the failure of government to address the basic needs of rural communities. Illegal logging epitomizes lawlessness in remote areas in the remote areas.



DENR's failure to enforce forest policy hampers efforts to create an alternative supply of legal wood. Throughout the province farmers have established yemane (*Gmelina arborea*) and mahogany (*Swietenia macrophylla*) plantations, but the availability of cheap illegal hardwood depresses the price of legal wood (Masipiqueña, Masipiqueña and de Groot 2008). Weak law enforcement also compromises CBFM (Box 1). All CBFM agreements were suspended in 2003 when it was found that they were widely misused to authenticate illegal timber (Lasco and Pulhin 2006).

Box 1. Strengthening environmental law enforcement at the local level

Although illegal logging is deeply entrenched in Isabela's political economy, democratization and devolution creates opportunities to strengthen environmental law enforcement at the local level. In 2008, the reform-oriented governor of Isabela, Grace Padaca, pressured by local environmental groups and the church, and concerned about the well-being of rural communities, took unprecedented steps to control illegal logging. Four checkpoints were set up and operated by staff of the provincial government, the army and volunteers of the environmental law group *Tanggol Kalikasan*. In 18 months a provincial task force confiscated more than 4,000 m³ of illegal timber (Lagasca 2009). Clandestine sawmills were raided, criminal cases were filed in court against lumber dealers, and the provincial director of DENR was replaced (although promptly reassigned in neighbouring Cagayan Province by the DENR Secretary). The national media covered the activities extensively, which gained Padaca nation-wide recognition. In the remote villages along the forest frontier many people see the enforcement of forest policy as a legitimate and positive change. The *atcheros* and *bugadores*, unable to transport timber, now plant rice, corn and banana. There is broad societal support for the campaign, especially after flooding in 2008 claimed more than 100 lives and caused US\$96 million damage to crops and infrastructure.

Conclusion

Chainsaw milling in the northern Sierra Madre is not a small-scale livelihood activity by the rural poor but the commercial extraction of large volumes of hardwood by financiers in collusion with government officials. In the northern Sierra Madre, uncontrolled resource extraction in a relatively small forest area will lead to irreplaceable environmental damage. The strict enforcement of environmental legislation is not anti-poor, as often claimed, but a catalyst for poverty alleviation and CBFM. Much can be gained if local forest protection initiatives, such as the provincial anti-illegal logging task force (Box 1), would get more international attention and support. Law enforcement is a prerequisite for sustainable forest management and poverty alleviation. The next step is to build a giant butaka of yemane!

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