

**DENR Memorandum Circular**

**No. 18**

**May 25, 1994**

**SUBJECT : Approval of Log/Lumber Supply Contract.**

In furtherance to the provisions of DENR Administrative Order No. 08, Series of 1994 on the additional requirements on the issuance of new sawmill permits and certificates of registration as lumber dealers, including renewals thereof, and in accordance with DENR Administrative Order No. 38, Series of 1990 on the revised guidelines, the following clarificatory guidelines on the approval of Log/Lumber Supply Contracts are hereby issued for the information and compliance of all concerned:

1. Log Supply Contracts or Lumber Supply Contracts to be submitted by applicants for a new sawmill permit or certificate of registration as lumber dealer, respectively, or for their renewal, shall be approved by the Regional Executive Directors. Log/lumber supply contracts entered into by and among TLA/IFMA/PLTP/SPLTP holders, sawmill owners/operators and lumber dealers within the same region shall be approved by the RED concerned. For contracts entered into by and between parties from different regions, the RED who has jurisdiction over the suppliers, i.e. TLA/IFMA/PLTP/SPLTP for Log Supply Contract and sawmill for Lumber Supply Contract, shall approve the same.
2. The REDs who shall approve the supply contracts shall see to it that the volume committed by the TLA/IFMA/PLTP/SPLTP holders and sawmill owners/ authorized volume/capacities and therefore can be complied with. Holders of TLA/IFMA/PLTP/SPLTP or sawmill permits who shall commit to supply logs/lumber beyond their capacities shall be warned as this implies cutting/milling outside the limits of the license/permit which is one cause for the suspension, cancellation or non-extension of the same in accordance with pertinent guidelines on the matter.
3. For supply contracts entered into with an exporter of logs from a foreign country with the port of entry in the Philippines, the RED who has

jurisdiction over the sawmill/lumber dealer shall approve the said contracts.

4. Applicants for a new sawmill permit and/or certificate of registration as lumber dealer or for their renewal which have back-up TLAs or IFMAs may not submit approved Log/Lumber Supply Contracts, provided that the rated capacities of the sawmills are within the allowable cut/authorized volume granted to their TLA or IFMA.
5. The REDs shall submit on a quarterly basis a report on the Log/Lumber Supply Contracts their respective offices have approved indicating therein the sawmills/lumber dealers and their suppliers with the corresponding volume commitments and a separate list of operating TLAs/IFMAs/ PLTPs/SPLTPs and the sawmills with which they have entered into supply contracts.

This Order takes effect immediately.

**ANGEL C. ALCALA**  
Secretary